

The Higher Education Code of Governance and the Guildhall School

Executive Summary

This report addresses the implications for the Guildhall School of the Higher Education Code of Governance published by the Committee of University Chairs. The report sketches the background to the new Code, including a number of changes in the HE landscape that are putting additional pressures on institutions and their governing bodies. Annex 1 tabulates the main provisions of the Code, the School's analysis and the Town Clerk's response. Annex 2 proposes some 'quick wins', points for further discussion and remaining areas of difficulty.

Recommendation:

That the Governance and Effectiveness Committee considers the issues raised in this report, instructs the School's officers on next steps and advises the Board of Governors on action to be taken.

Main Report

Background

The Committee of University Chairs published a revised Higher Education Code of Governance in December 2014, applicable 'with immediate effect'. Whereas previous versions of the code had been broadly advisory and voluntary, the 2014 Code is premised on an 'apply or explain' basis (p. 6).

This tougher stance on university governance is part of a growing trend and follows the very public failure of corporate governance at London Metropolitan University in 2009. HEFCE has put considerably greater emphasis on the responsibilities of governing bodies in its revised financial memorandum with institutions, and has since indicated that it will review compliance with the new CUC Code at its next assurance review, due to take place on 28 April 2016.

The Guildhall School enjoys a unique constitutional status within the UK HE system in being a designated higher education institution (HEI) while remaining a non-incorporated department of the City of London Corporation. Since designation in 2006, the Guildhall School has received public funding in the form of grants and fees by virtue of a series of undertakings given by the Court of Common Council in December 2005. Among these undertakings was an agreement to comply with the CUC Guide for Members of Higher Education Governing Bodies in the UK then in force.

Since designation, the School has successfully demonstrated compliance with the spirit if not the letter of the guidance, most notably during the evaluation by the Quality Assurance Agency of the School's application for taught degree-awarding powers in 2013/14. However, the School's principal challenge in demonstrating compliance with the CUC Code lies the fact that the Board of Governors is not

‘unambiguously and collectively accountable for institutional activities, taking all final decisions on matters of fundamental concern within its remit’ (p. 9).

Other areas of concern

A number of other factors have contributed to growing sector-wide demands on institutions and governing bodies, many of which are of particular concern to conservatoires and drama schools and/or to the Guildhall School:

- implementation of Lord Browne’s review of student funding from 2012 has created an extremely competitive international market for students
- the perceived high cost of UK HE is creating market resistance among international students in particular
- institutions are having to put more resources into fundraising for scholarships, and both revenue and capital costs
- tighter visa restrictions and the high cost of visas are also putting pressure on international recruitment
- lower government spending is already impacting adversely on funding council grants to institutions and this trend is expected to grow following the Chancellor’s autumn spending statement on 25 November
- BIS has announced the implementation of a teaching excellence framework (TEF) linked to fee levels in and after AY 2017/18. Governing bodies are expected to be asked to play a much greater role in quality assurance as part of this initiative

At the same time, significant developments within the City Corporation are putting the School under further strain:

- cuts in City Corporation funding following the service-based review will reduce the City’s financial stake in the School to a little over 20% by 2017/18
- following establishment of the common platform with the Barbican Centre and the subsequent centralisation of financial services under the Chamberlain, the School now has no professional services staff wholly dedicated to its interests other than the Academic Registrar

It is clear that the creation of a competitive market in HE and reduced public funding in the current economic climate will put increasing strain on both the management and governance of HE institutions. Put simply, the role of the Board of Governors will need to move beyond simply hiring and firing the Principal and agreeing a strategic plan. In future, the Board will need much greater input from the industries for which the School is training its students; it will need to develop an advocacy role that supports the brand and identifies opportunity in a wide range of political, artistic and international contexts; and it will need to take a leadership role in income generation and fundraising. These roles are widely understood within the sector and are being taken extremely seriously by our competitors.

The view of the School’s senior management is that the current governance arrangements for the School will not equip it to meet these and other demands, and that it will become increasingly difficult for the School to remain educationally and

artistically competitive without broader and stronger governance support. It is also becoming more difficult to explain and justify non-compliance with key aspects of the CUC Code and the 2016 assurance review may be very challenging as a result.

Following the approval of degree-awarding powers, the School proposed a number of amendments to the Instrument and Articles of Government designed to broaden the membership of the Board, but these were overturned by the Policy and Resources Committee. More recently, in response to a question concerning the balance of responsibilities to the City and the School, the Board was advised that its primary responsibility is to protect the interests of the City, not those of the School, its staff and its students.

This being the case, the School will need to identify alternative means of supporting the core business of training students for professional life, building advocacy for its work and identifying a more diverse range of financial support. The senior management team has therefore decided to form an advisory group of industry professionals and other potential advocates who have agreed to work more closely with the School to provide the range of professional advice and support not otherwise available to the management team. The senior management team are also giving urgent consideration to ways of strengthening the management of institutional development (fundraising and external affairs) and gaining the level of financial support that would normally be provided by a Director of Finance.

Points for consideration

As requested by the Governance and Effectiveness Committee, the Principal and Academic Registrar have analysed the provisions of the CUC HE Code of Governance and have identified a number of areas where adjustments could quickly be made to the current arrangements to bring them more closely into line with the Code.

Annex 1 sets out the provisions of the Code, the School's analysis and, in the third column, the Town Clerk's response to the School's analysis.

Annex 2 consists of the Academic Registrar's proposals for discussion and consideration, colour-coded into three categories: contentious (red), scope for discussion (amber) and quick wins (green).

Recommendation

That the Governance and Effectiveness Committee considers the issues raised in this report, instructs the School's officers on next steps and advises the Board of Governors on action to be taken.

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