University of Leicester: Council Effectiveness Review 2017

EXECUTIVE SUMMARY

1. In July 2016 the University of Leicester Council resolved to undertake a review of its effectiveness. The review would be conducted by Nicola Owen (Chief Administrative Officer and Secretary) and Hilary Hunter (Head of Governance Services) as part of a reciprocal review arrangement with Lancaster University.

2. On the basis of the evidence available to the external review team, we have concluded that the University of Leicester has an effective governing body, but have provided observations and recommendations that it is hoped will further enhance the effectiveness of Council and provide additional resilience into the future.

CONTEXT

3. The review was initiated in line with best practice guidance issued by the Committee of University Chairs (CUC) in its *Higher Education Code of Governance*, published in December 2014. The guidance recommends that effectiveness reviews of governing bodies should take place at intervals of no longer than four years. The last effectiveness review at Leicester was in 2010.

4. The review consisted of:

- an online survey;
- face-to-face interviews with Council members and other individuals;
- a desk top review of relevant governance documentation.

BACKGROUND

What does 'effectiveness' look like in a governing body?

5. An extensive body of literature exists within the HE sector, specifically the CUC's *Higher Education Code of Governance* and material published by the Leadership Foundation for Higher Education (LFHE), as to what constitutes an effective governing body. In 2009, LFHE and CUC published *What is an Effective and High Performing Governing Body in UK Higher Education* in which the following six enablers of effective governance were identified:

1. Effective leadership and governing body dynamics;
2. Effective governance structures and processes;
3. Effective governing body membership;
4. Commitment to vision, organisational culture and values;
5. Effective performance monitoring and measurement;
6. Effective information and communication.

REVIEW METHODOLOGY

6. With these principles in mind the **first part** of the review involved a survey of members of Council and officers who are regularly in attendance. The survey sought respondents' views on an extensive range of issues including:

- the organisation, leadership and culture of Council;
- the organisation and conduct of Council meetings;
- the recruitment and induction of Council members.

18 out of a possible 21 Council members completed the survey. (The full list of questions asked in the survey and responses (excluding qualitative responses) are attached as *Appendix 1*.)

7. The **second** part involved a series of one-to-one and small group interviews with 16 members of Council – 11 lay members, 4 staff members and 1 student member. In addition, interviews were held with 4 members of the executive, including the Registrar and Chief Operating Officer (Secretary to Council) and 7 members of Senate who were not members of Council. (The full list of interviewees is attached as *Appendix 2*.)

8. The **third** part of the review involved a desk based assessment of a selection of documentation relating to the University's governance processes, to confirm that these were consistent with sector expectations, to help set the context, and, along with the survey, to identify issues to be raised during the interviews. (A full list of the documents reviewed is attached as *Appendix 3*.)

ACKNOWLEDGEMENTS

9. Thanks are recorded to the members of Council and other contributors for their positive engagement with the review, and for the frank and open way in which opinions and information were provided and discussed.

Nicola Owen, Chief Administrative Officer and Secretary
Hilary Hunter, Head of Governance Services

Lancaster University

June 2017

EFFECTIVENESS REVIEW REPORT: FINDINGS AND RECOMMENDATIONS

10. Overall, our review found Leicester had an effective Council, which was on a trajectory of becoming increasingly more so following the appointment of the current President and Vice-Chancellor. We heard extensive positive feedback about the leadership of the Chair of Council and the President and Vice-Chancellor. Supporting this there was clear engagement by Council with the executive in the development, implementation and monitoring of the University strategy, as well as a recognition that the structures for monitoring were being developed and enhanced.

11. This report sets out our findings together with our specific recommendations and suggestions for further consideration. The intention is to support the Council in further improving its effectiveness and building capacity to prepare for future internal and external challenges.

ASSURANCE

12. There were a number of areas we identified where there were opportunities to strengthen the level of assurance provided to Council and also strengthen the level of Council's engagement in particular areas of responsibility. Council's agenda and discussion tend to be predominantly finance-focused; however, as stated by the CUC Higher Education Code of Governance Primary Element 1 *The governing body is unambiguously and collectively accountable for institutional activities, taking all final decisions on matters of fundamental concern within its remit*. Council, therefore, should seek to ensure it receives a broad range of assurance and information, particularly in relation to aspects core to the University's business and reputation and the student experience.

Dual assurance

13. In 2015 Council introduced an informal system of dual assurance whereby lay Council members are allocated to a particular thematic area relating to their own skills and experience. This was introduced following a reduction in the number of Council Committees. The stated objectives of this include: an opportunity for members to extend their own understanding of a particular area; and through this to achieve assurance for the area. The review revealed that the success of this initiative has been mixed: some members had found the experience informative and beneficial while others had been less engaged through this mechanism. Perhaps most critically, it was unclear to what extent members' perceived the arrangement as an assurance mechanism and, therefore, the associated individual responsibilities attached to this, also noting that, particularly depending on the thematic area, in theory, the responsibility placed upon a single Council member was substantial. We also found that there was no formal feedback mechanism or obligation to report back to Council.

Recommendation 1: to consider the current arrangements for dual assurance and clarify the purpose of the arrangement: to provide an opportunity for members to broaden their understanding of a thematic area and/or to provide assurance. If it continues to be an assurance mechanism members should be

clear on their responsibility and there should be a formal feedback mechanism to Council and potentially Audit Committee.

Wide-contextual/networking opportunities

14. Feedback suggested there were limited opportunities for members to engage with and develop a broader understanding of the University outside Council meetings and the agenda and papers provided for meetings, with the exception of where members proactively sought out people/information. Such opportunities may provide informal means for members to gain assurance of particular activities, inform wider understanding of a complex organisation for the benefit of formal discussion and decision-making, and allow Council to focus more on its areas of key responsibility and decision-making during formal meetings. In particular, it was noted that Council members had limited interactions with the broader executive membership beyond the President and Vice-Chancellor, the Provost, the Registrar and Chief Operating Officer, and the Director of Finance.

Suggestion 1: to consider other structured opportunities for members to receive information about the University and meet with key individuals outside formal meetings, in order to support a more-developed understanding of the context and the complexities of the organisation. This could include specifically arranged events and presentations outside of the formal Council meetings, invitations to meet staff and departments, invitations to University events, informal dinners, monthly newsletters.

Estates

15. The Estates Committee was disestablished in 2015 and alternative arrangements have not been implemented to allow for broad consideration and detailed scrutiny of estates-related developments beyond financial aspects, including in relation to supporting delivery of the overall University strategy, and for planning and delivery of activities. It was noted that the Finance Committee provided detailed scrutiny of estates matters within its remit, and that Council had been provided with a presentation on the estates strategy during 2016. Whilst there was consensus that there was not an appetite to return to the ineffective arrangements of the previous Estates Committee, some members referred to three estates developments presented to Council for approval in May that would have benefitted from earlier awareness raising and being set within the context of the overall strategy. Given that the University is embarking on a period of complex capital development, it is important to have robust monitoring and review oversight (a suggestion included a task and finish group or to receive regular updates on the implementation of the key projects of the Estates Strategy) and expertise among the lay membership to provide the role of critical friend.

Recommendation 2: to implement clear arrangements for oversight and scrutiny of estates-related activity, in order to provide Council with assurance, and also to ensure Council has sufficient estates expertise among the lay membership.

Student voice

16. Council has overall responsibility for protecting the collective student interest through good governance, including being assured of the student experience and welfare; however, feedback suggested that this did not form a regular part of Council's considerations. In particular, it was noted that there was no regular reporting from the Students' Union President member or other alternative reporting. Council should have an ongoing awareness of performance and issues/challenges with regard to students given the central importance to the delivery of the University's strategic objectives, as well as reputational considerations.

Recommendation 3: to strengthen reporting of student-related matters at Council.

17. It was also noted that the scheduling of the July Council meeting regularly clashed with the student member's availability due to their officer training commitments and the timing of the evening meeting often clashed with other Students' Union meetings and events.

Suggestion 2: to ensure that the meeting timetable took into account the availability of students in relation to other known commitments.

Academic Quality

18. University governing bodies now have a responsibility to provide assurances to HEFCE on academic quality and standards. Arrangements were put in place to allow Council to provide this assurance in 2016 and a lay member is due to be appointed to provide additional expertise in this area. However, it was noted that Council did not have a strong relationship with or reliance on Senate to provide support in discharging these responsibilities. It was also noted that Senate had not undergone an effectiveness review since 2010. However, there was positive feedback about the establishment and comparative effectiveness of the University Executive Board by a number of interviewees who were also members of Senate. The CUC Higher Education Code Element 4 requires that: *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 in order to maintain quality*.

Suggestion 3: to consider whether Senate (as the primary academic body) is providing effective support to Council in providing assurance on academic quality and student related matters.

Suggestion 4: for Council to consider recommending that an effectiveness review of Senate is undertaken.

Finance

19. It was noted that Council agendas were often predominantly finance-focussed and that Council was supported by Finance Committee, which has a broad remit and a substantial upcoming and significant workload. One point we noted with regard to Council's awareness/role, which may merit particular

consideration was that ULT is currently responsible for the approval of tuition fees and given the strategic and reputational issues attached to this it may benefit from being within the governance approval structure with a recommendation coming from ULT. It was also noted that the President and Vice-Chancellor and the Registrar and Chief Operating Officer were not members of and did not attend Finance Committee which could provide discontinuity through absence from key discussions, particularly given that this appeared to be the primary Committee through which estates related items were being considered. It was also noted that many of the items coming to Council had already been considered by the Finance Committee and it appeared at times that there may be risk of duplication.

Recommendation 4: to consider the role of Finance Committee with regard to Council, to ensure complementarity of responsibilities, optimise the efficiency of agendas, while ensuring appropriate assurance and delegation arrangements are in place.

Suggestion 5: to consider whether the President and Vice-Chancellor and the Registrar and Chief Operating Officer should be members of or in attendance at Finance Committee.

Council Advisory Committee

20. The Council Advisory Committee was formed in order to provide an opportunity for the Executive to engage Council members with early consideration and development of emerging strategic issues in advance of Council meetings. It was noted that the Executive had particularly valued this input into the early stages of strategic development activity, but there was a decreasing requirement for meetings and consequently there was consideration about the Committee's future role.

Suggestion 6: to consider retaining the benefits of Executive-lay liaison obtained through the Council Advisory Committee, in order to provide support and advice to the Executive when this would be useful, but as an informal group outside the formal decision-making structure.

Risk Register

21. The current risk register is extremely detailed and Council may benefit from focusing on the key strategic risks to the University rather than the detail.

Suggestion 7: to consider the detail and length of the risk register currently provided to Council and whether this should be reduced.

MEMBERSHIP

22. We observed the strong commitment of individual Council members, and in particular the praise for the Chair. In making the following observations and recommendations we are drawing on our experience of practice elsewhere in the sector, as well as the CUC Higher Education Code of Governance, which suggests under Element 7 that governing bodies should/could consider:

- *Appointing members for a given term, renewable subject to satisfactory performance. Renewals therefore are at the recommendation of the Nominations Committee and not an automatic process. External members not normally serving for more than two terms of four years, or three terms of three years, except where subsequently undertaking a new and more senior role (for example as Chair).*

- *Satisfying itself that plans are in place for an orderly succession of its membership, so as to maintain an appropriate balance of skills and experience with the progressive refreshing of key roles.*

- *Ensure it has rigorous and systematic processes agreed by the governing body for recruiting and retaining governors (including the Chair), on the basis of personal merit and the contribution they can bring to a governing body.*

- *Widely advertising vacancies in order to increase the pool of talent available.*

23. It is important for Council to regularly consider the current suitability of skills, knowledge and expertise available within the membership, particularly from lay members. Collectively, the membership of Council needs to be in a position to respond to the changing priorities of the University and a potentially more volatile future, and should therefore seek to build capacity in response to changing needs.

24. Leicester's Council has a relatively infrequent turnover of membership and exploration with lay members suggested there was a perceived expectation that eligible lay members' terms of office were automatically renewed (notwithstanding that this is subject to formal approval), unless a member indicated they wished to step down. When members did step down it was not uncommon for several members to leave at a similar time. Senior appointments within Council tended to be from the existing lay membership and there was some concern expressed about the potential disruption of appointing to these posts outwith the existing membership.

25. Feedback suggested that Council members tended to be unclear on the current arrangements for recruitment and appointment of new members, and reappointment, notwithstanding that there were regular formal reports from the Nominations Committee to the Council.

Recommendation 5: that Council and/or the Nominations Committee should take a proactive and strategic approach to consider and address the changing requirements for lay membership knowledge, skills and experience, including so that the renewal of members' terms of office fits with identified needs and are not automatic. Members' attendance should also be taken into account as part of reappointment.

Suggestion 8: to consider opportunities to stagger appointments/renewals to reduce the number of members leaving at a similar time.

Suggestion 9: to consider whether to open all lay vacancies, including senior posts, to internal and external applications, in order to ensure that Council is able to select from the widest possible field of candidates.

Recommendation 6: to seek further opportunities to increase Council's engagement with and its knowledge and understanding about the recruitment and appointment process. (This recommendation may necessitate an effectiveness review of the Nominations Committee).

26. The Chair of Council currently commits c.2 days per week to the role, which is comparatively high for the sector, and there was an acknowledged high-reliance on the Chair. Consideration should be given to what the time requirements are for a future Chair in order to ensure the long-term sustainability of the role and provide flexibility for attracting high calibre individuals to the role in the future. There is currently no formal Deputy, with a distinct set of duties, and while there may not be an immediate need for such a role, there was concern expressed that the appointment of a Deputy may encourage the expectation of succession to the role of Chair. We would suggest that the role of Deputy may be a useful consideration at an appropriate point to provide support to a future Chair and that in our experience the expectation of subsequent promotion to Chair can be avoided. Given that there are relatively few Council Committees, it may be helpful to consider the roles and contributions that a wider group of lay members could provide so as to avoid the potential risk of over-reliance on one individual to gain appropriate knowledge and assurance on the governing body's behalf.

Recommendation 7: to consider the time commitment of the Chair with regard to future appointments, including where some responsibilities may be delegated to a Deputy or other lay members.

27. Ordinances 30 and 31 allow for lay members to serve for a maximum of three terms of three years and to retire for at least one full year before being eligible for reappointment; there is also the provision for waiving the conditions on maximum length of service in exceptional circumstances. There is no Ordinance defining the number of years/terms that may be served by those in senior lay roles (i.e. the Chair and the Treasurer) or by the Chair of the Alumni Association. Therefore, the current arrangements allow for almost continued service of ordinary and senior lay members. We understand that in practice where lay members are promoted to senior posts their previous service is discounted, in theory allowing for the possibility of a lay member to serve up to 27 years if they are promoted to more senior roles (i.e. lay member to Treasurer to Chair). The University may wish to consider the current maximum terms and years that a member could be able to serve and ensure they remain within the spirit of the CUC Code and in line with good practice and perceived independence.

Recommendation 8: to consider whether it is appropriate to revise and clarify the current arrangements in order to provide a lower limit on the maximum number of terms/years that a lay member can serve. For example, removing the current arrangement whereby a lay member may retire for a year and then be eligible for reappointment, and capping the terms that an individual may serve in a senior lay position overall (a mini review of practice elsewhere shows ordinary lay member terms limited to three terms of three years and for senior lay posts to be limited to two terms of between three-five years. Where the senior lay member has previously served as an ordinary lay member their previous terms were discounted).

28. Council membership includes four lay members appointed by Court and the Chair of the Alumni Association or a representative. While it was noted that in practice this does not provide obstacles to the recruitment of lay members it is suggested that all lay membership should be appointed by Council. This is not to suggest that Council would not then appoint Court members or the Chair of the Alumni Association, but that it is able to exercise the maximum amount of discretion to ensure the appropriate mix of skills and experience of its members in theory as well as practice.

Recommendation 9: to discontinue the categories of Court-appointed members and the Chair of the Alumni Association and include those positions within the overall Council-appointed lay membership.

29. There were no formal and were limited informal arrangements for members to receive feedback on their contributions and to provide feedback on their experiences or needs. It was noted that the Chair had recently instituted arrangements to meet on an informal basis with members to seek views on the University and Council. A regular review mechanism could assist the work of the Nominations Committee and also the identification of ways to use members most effectively and within the constraints of their availability (e.g. development opportunities, appointment to sub-committees).

Recommendation 10: to introduce a regular review mechanism for Council members to receive feedback on their contributions as a member and to provide feedback, and to use the information to inform the work of Nominations Committee and the use and support of members by the University.

MEETINGS AND ORGANISATION

30. Feedback highlighted a number of issues relating to organisation of Council meetings: that meetings were lengthy in duration; the 4pm start time of meetings was difficult for some members; and that agenda ordering could be enhanced to allow focus on key discussions earlier in the allotted time. It was noted that there would be an additional Council meeting each year from 2017/18, increasing the number from four to five per year, and that this should serve to reduce the current burden of business on meetings.

Recommendation 11: to keep under review whether the increase in meetings provides a reduction in the length of meeting duration and if not to consider further means to reduce.

Suggestion 10: to consider whether the 4pm meeting start time remains appropriate, including with regard to members' other conflicting professional and personal priorities and any potential impact on the opportunity for diversity of Council membership.

Suggestion 11: to consider the optimal agenda ordering of items and whether all items need to be included on the agenda or could be delegated or considered outside the formal meeting.

Suggestion 12: to develop a forward schedule to facilitate the planning of meetings.

31. Feedback suggested that the papers were long and there was opportunity to provide additional clarity.

Recommendation 12: to seek to reduce the length of papers where possible, include executive summaries with salient points, and, particularly for key items of decision-making, include a summary of the review and decision-making process.

32. Feedback generally suggested that Council was too large and this potentially inhibited discussion. However, there was not a collective view on the optimal size or whether it should be reduced. It was noted that there been a reduction from 25 to 21 members in 2016.

Suggestion 13: to give consideration as to whether it is desirable to further reduce the size of Council, noting the issues highlighted above about turnover and terms of appointment for Council members.

OTHER

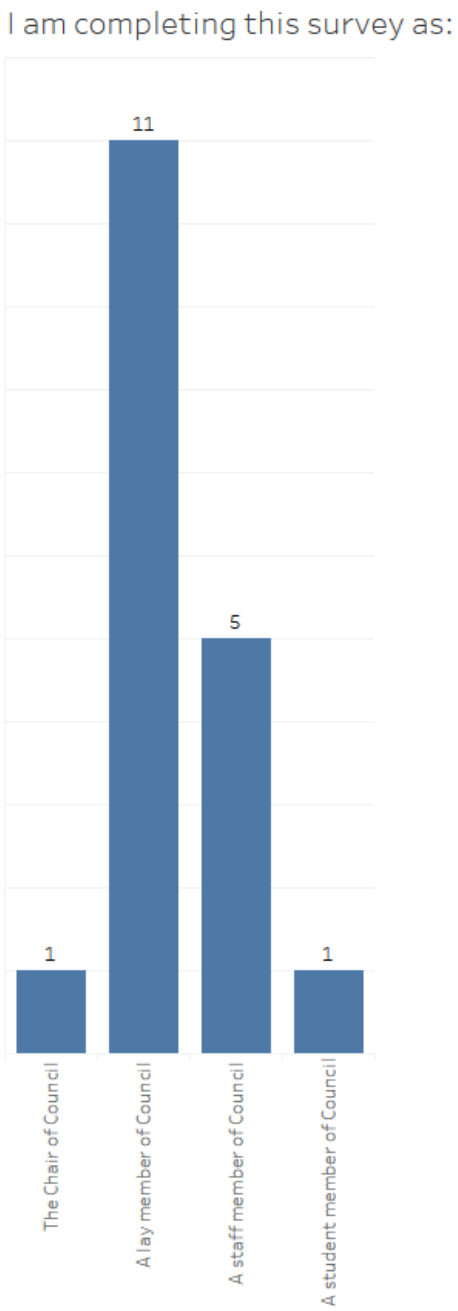
33. Court has responsibility for the appointment of the Chancellor (Schedule of Delegation and Decision-making Powers 37.a). Given the potential significant reputational implications attached to this appointment it is suggested that Council should hold this authority, which is not uncommon within the sector.

Recommendation 13: that Council should have authority for the appointment of the Chancellor.

34. The University prepared an analysis of its compliance with the CUC *Higher Education Code of Governance*, demonstrating compliance with good practice. This is attached as *Appendix 4***.**

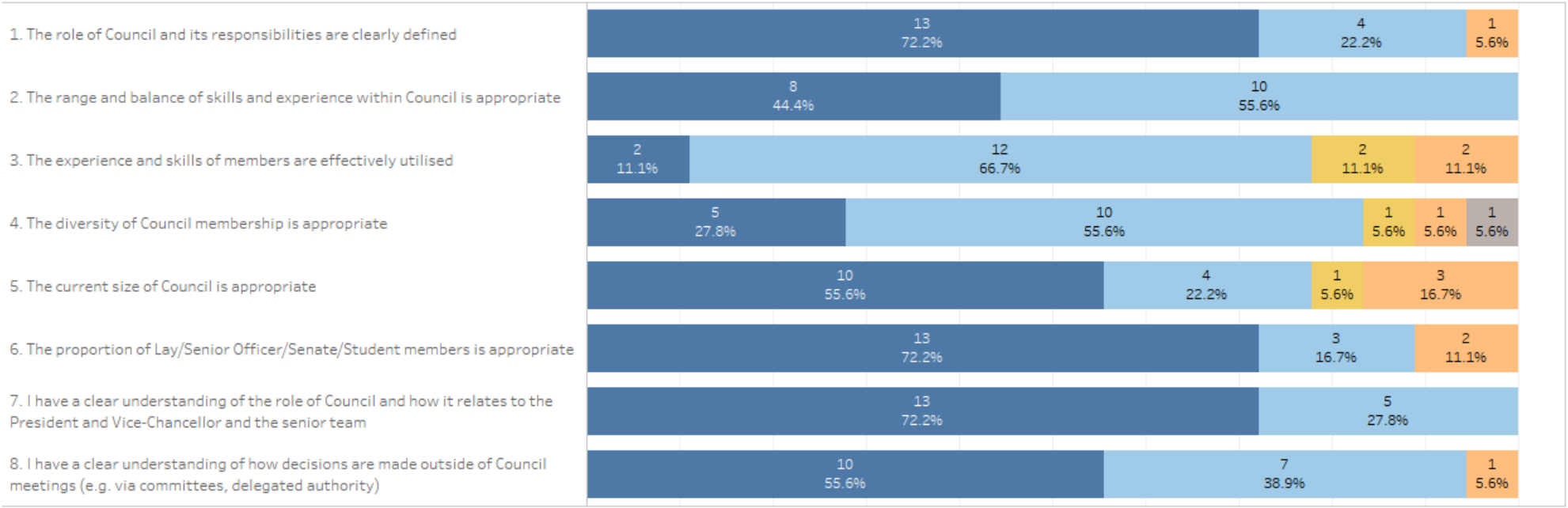
Suggestion 14: To consider whether Council should receive periodic updates on the analysis of compliance with the CUC Code.

APPENDIX 1 - UNIVERSITY OF LEICESTER - REVIEW OF COUNCIL'S EFFECTIVENESS 2017 - SUMMARY OF ON-LINE SURVEY RESPONSES MEMBERS' RESPONSES ONLY



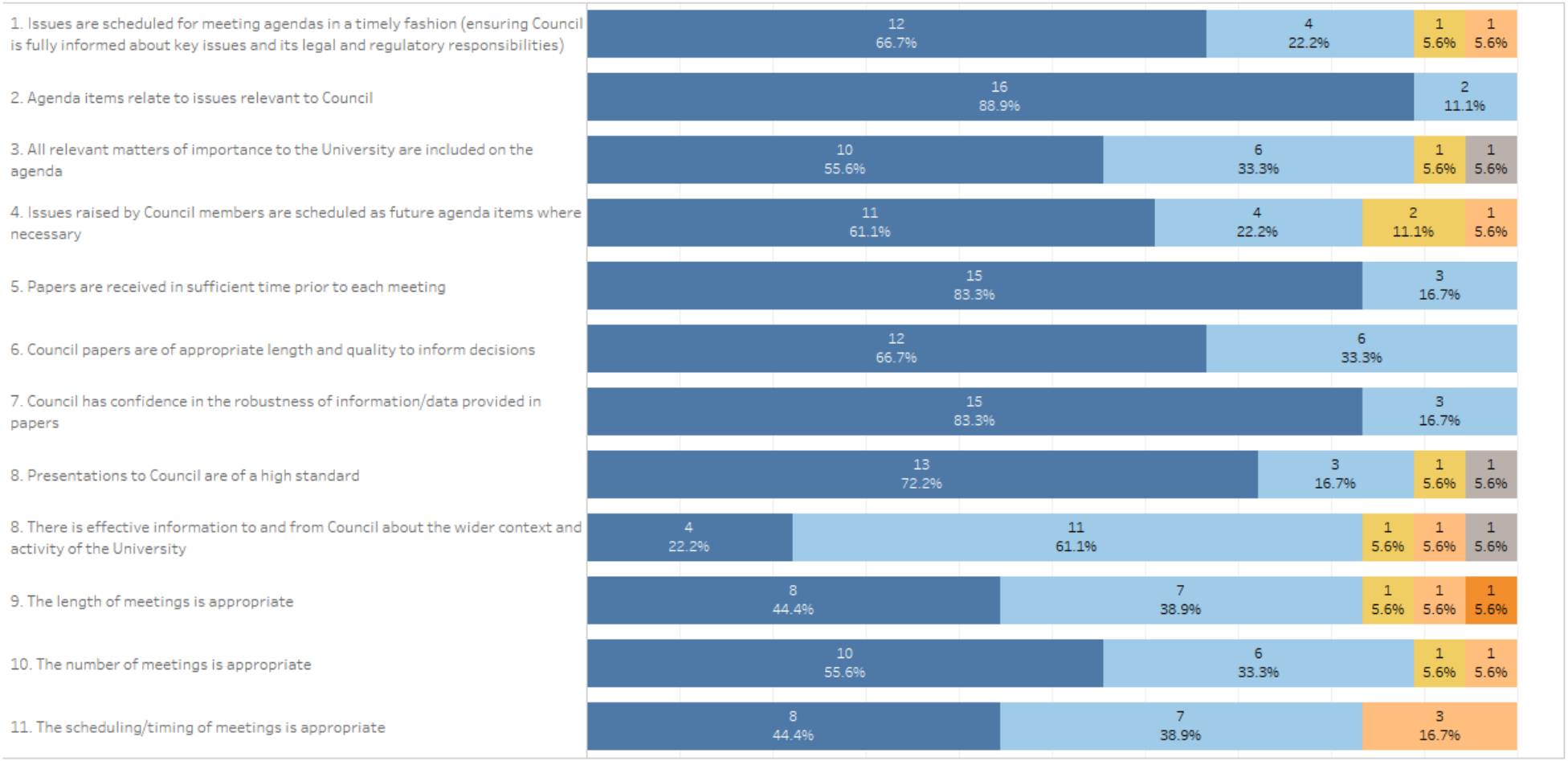
1.

Role and organisation of Council



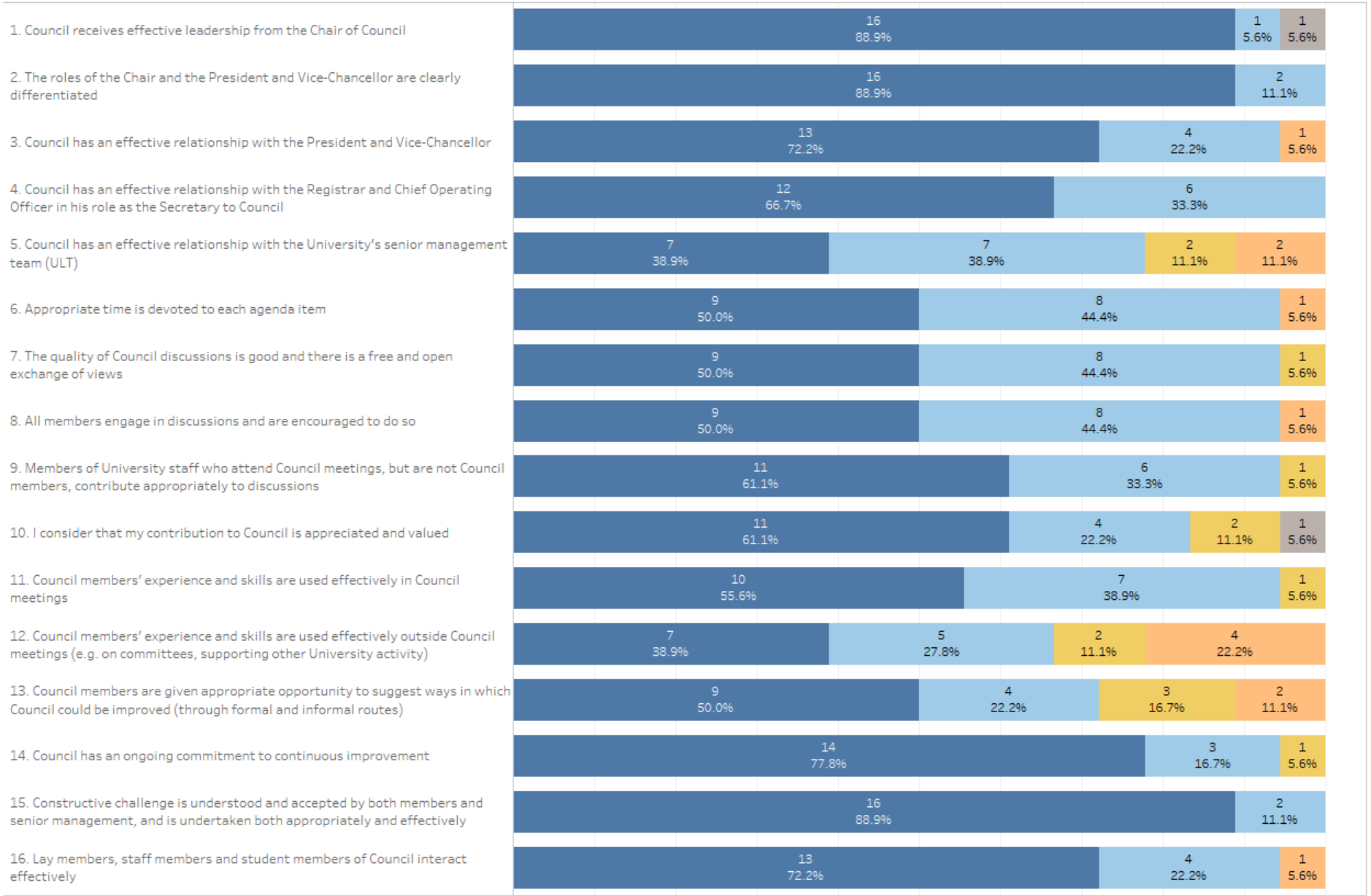
2.

Conduct and organisation of Council meetings



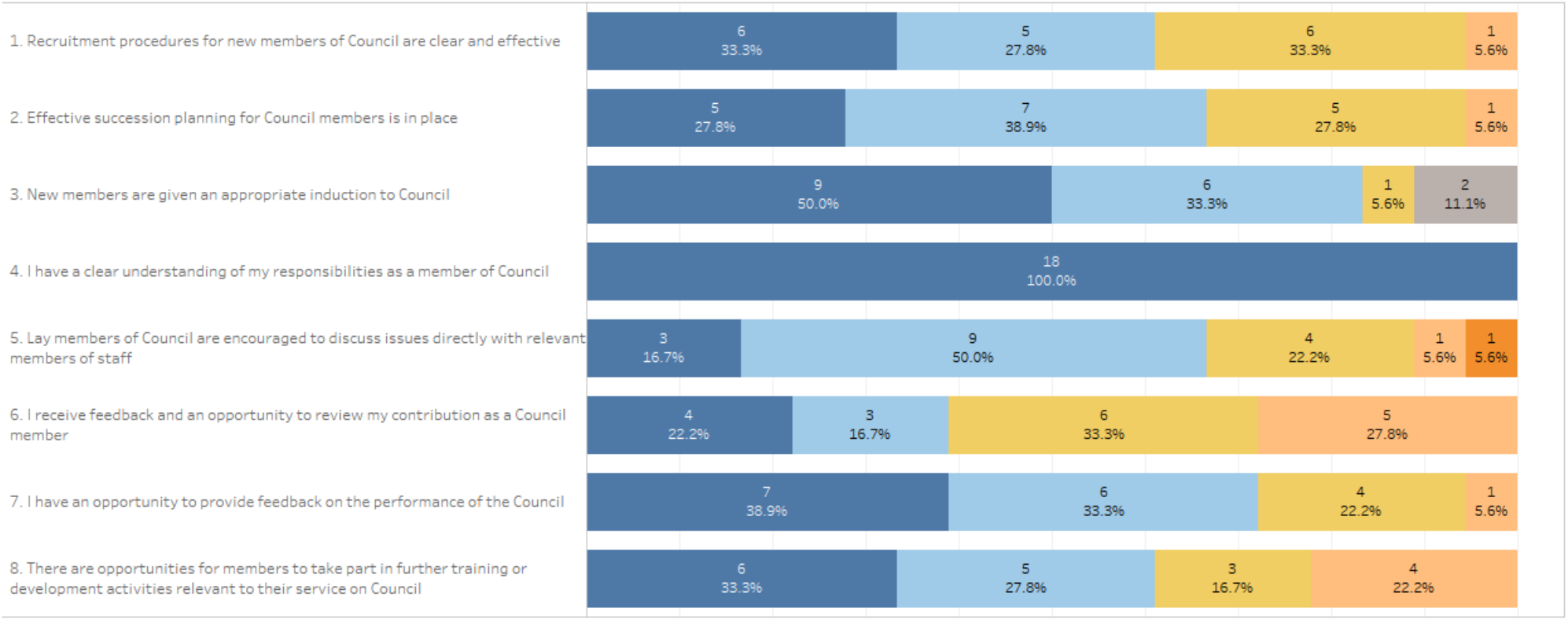
3.

Council leadership and culture



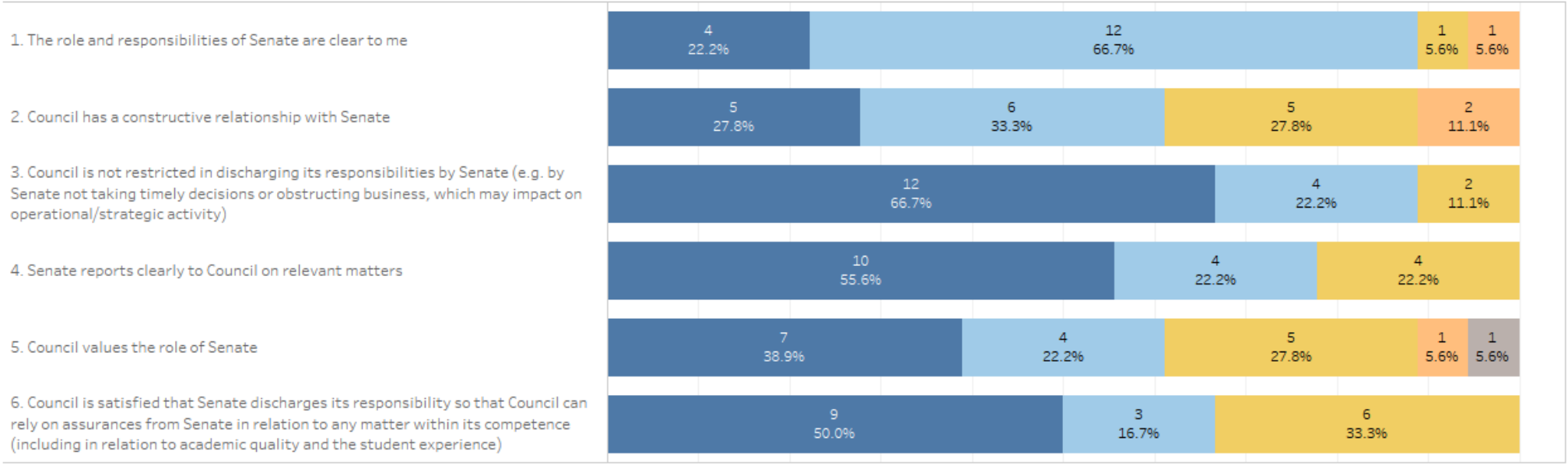
4.

Council membership, induction and development



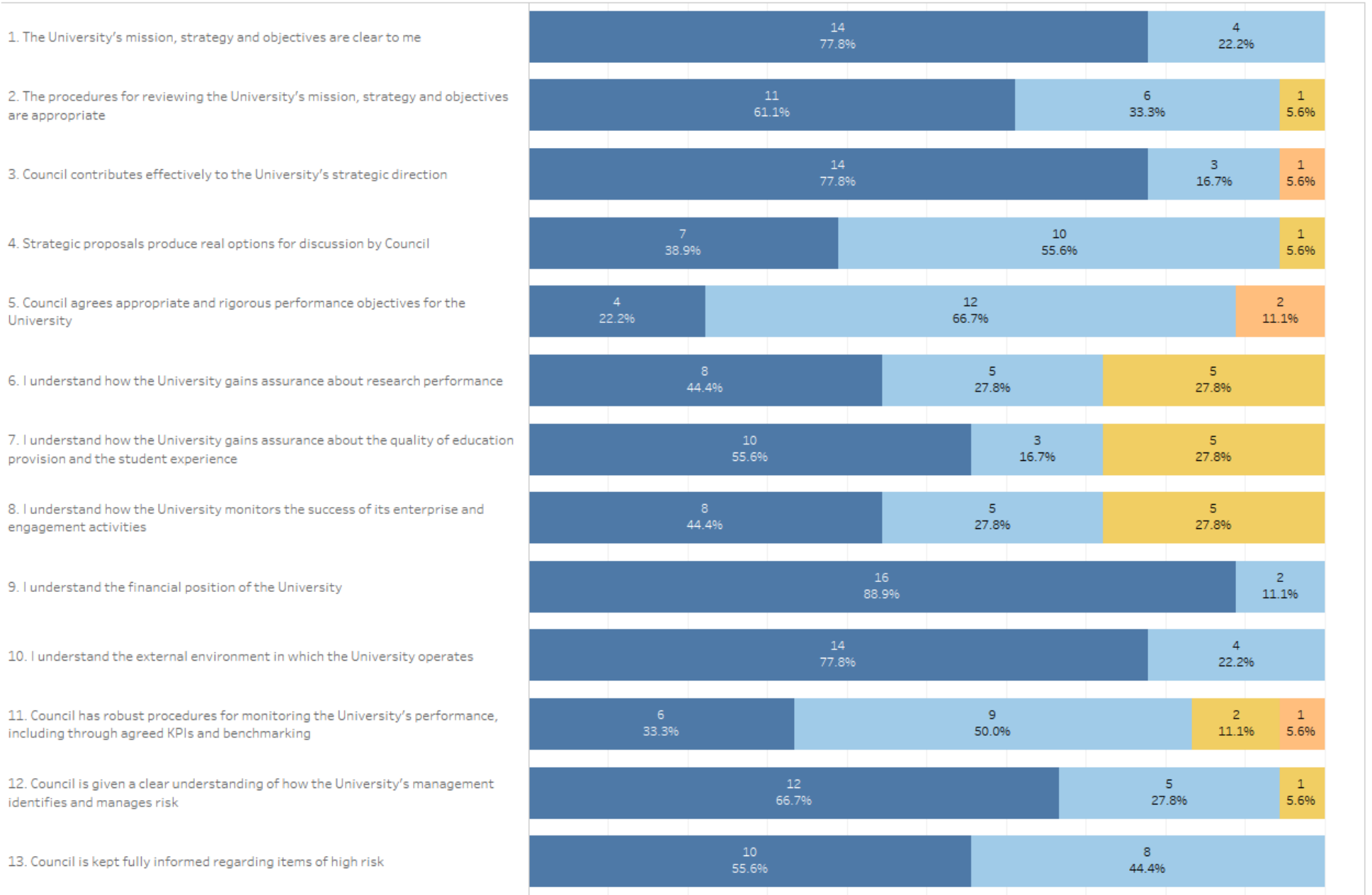
5.

Senate


1. The role and responsibilities of Senate are clear to me
4 22.2%
12 66.7%
1 5.6%
1 5.6%
2. Council has a constructive relationship with Senate
5 27.8%
6 33.3%
5 27.8%
2 11.1%
3. Council is not restricted in discharging its responsibilities by Senate (e.g. by Senate not taking timely decisions or obstructing business, which may impact on operational/strategic activity)
12 66.7%
4 22.2%
2 11.1%
4. Senate reports clearly to Council on relevant matters
10 55.6%
4 22.2%
4 22.2%
5. Council values the role of Senate
7 38.9%
4 22.2%
5 27.8%
1 5.6%
1 5.6%
6. Council is satisfied that Senate discharges its responsibility so that Council can rely on assurances from Senate in relation to any matter within its competence (including in relation to academic quality and the student experience)
9 50.0%
3 16.7%
6 33.3%

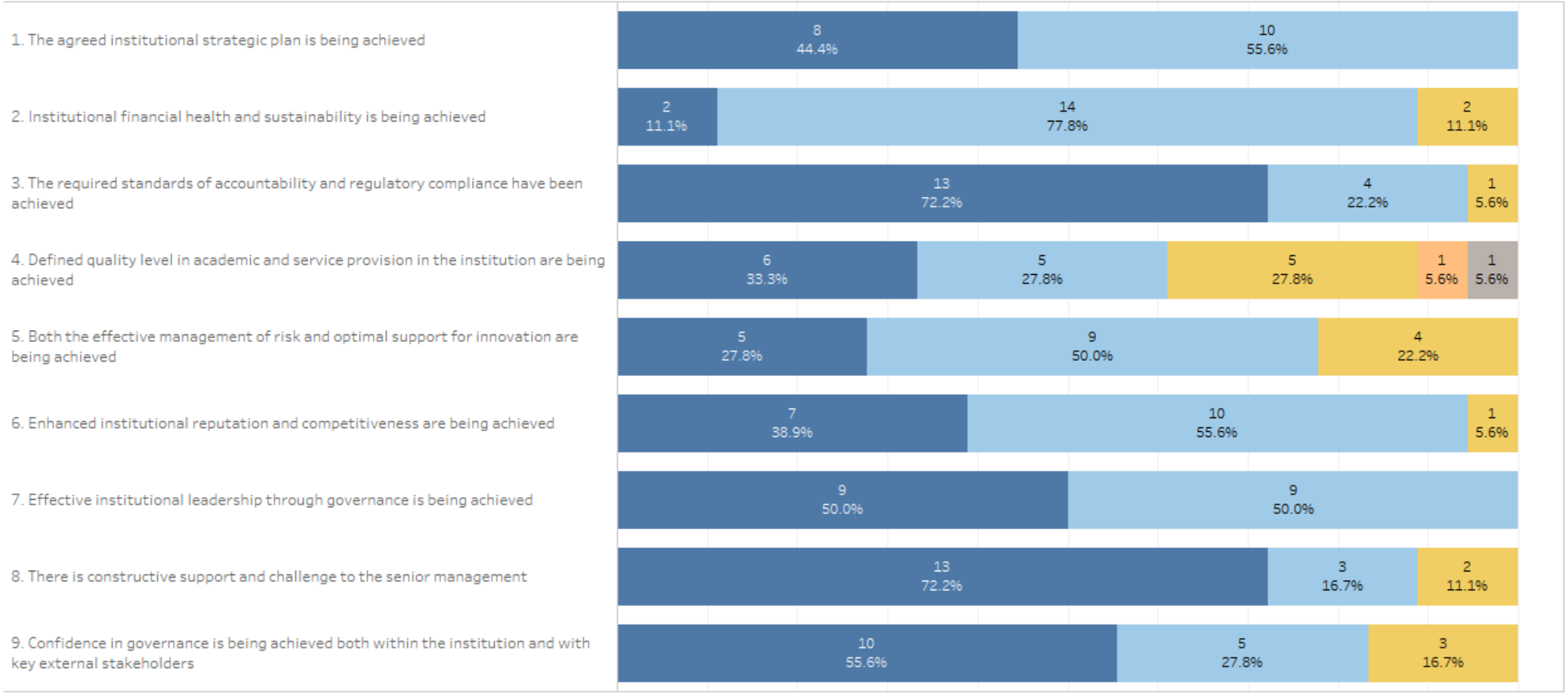
6.

The University's strategy, performance and risks



7.

The outcomes achieved by Council



INTERVIEWS **Appendix 2**

Interviews were held with individuals listed below.

Lay members of Council:
Mrs Janet Arthur
Mr Gary Dixon
Ms Mehmooda Duke
Mr Martin Hindle
Mr Ian Johnson
Mr Peter Lawson
Dr Dominic Luckett
Mr David Moore (Treasurer)
Dr Vijay Sharma
Ms Carole Thorogood
Dr Bridget Towle (Chair)

Staff members of Council:
Professor Paul Boyle (President and Vice-Chancellor)
Professor Paul O'Brien (Senate member)
Professor Mark Peel (Provost)
Professor Emma Raven (Senate member)

Student member of Council:
Rachel Holland, President, Students' Union

Members of the Executive:
Professor Philip Baker (Pro-Vice-Chancellor)
Ms Kate Bradley (Director of Human Resources)
Mr Martyn Riddleston (Director of Finance, Council attendee)
Mr David Hall (Registrar and Chief Operating Officer, Secretary to Council)

Members of Senate:
Professor Helen Atkinson
Professor Julie Coleman
Dr Roger Dickinson
Professor Francois du Bois
Professor Graham Martin
Mr Alex Mitchell
Ms Caroline Taylor

Documentation reviewed **Appendix 3**

The following documentation was reviewed as part of desk-based assessment.

University Charter, Statutes and Ordinances
Schedule of Delegation and Decision-Making Powers
Council Standing Orders
Council Statement of Primary Responsibilities
Membership of Council
Membership of Court
Membership of Senate
Biographies of Council members
Unreserved minutes of Council meetings from past 12 months
Committee Structure for Standing Committees of Council, Senate and joint committees
Information on University Governance published on website
List of lay members serving on standing committees
Attendance record at Council meetings 2015-16
Risk Register – Spring 2017 update
Council Effectiveness Review Report 2010 and summary of actions taken in response to the recommendations
Induction arrangements for new members of Council
Summary of findings from recent effectiveness surveys of Audit, Finance, Nominations, Remuneration Committees
Lay member of Council role description
Chair of Council role description
Initial report considered by Council in relation to compliance with the CUC Code
Analysis of current compliance with the CUC Code of Governance
Changes to Constitution of Council – July 2016 report
Changes to the Governance Structure – Implications for Council 2015 report
Committee Servicing guidelines
Skills matrix for Council members
Summary of results from online Council Effectiveness survey

APPENDIX 4 - CUC CODE OF GOVERNANCE AND UNIVERSITY OF LEICESTER POSITION – CURRENT SUMMARY APRIL 2017

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

Requirements/must be in place	University of Leicester position	In meeting these legal obligations the governing body should:	University of Leicester position	Options the governing body could consider:	University of Leicester position
1.1 The governing body has a responsibility for all decisions that might have significant reputational or financial implications (including significant partnerships or collaborations). It **must** therefore seek assurance that the institution meets all legal and regulatory requirements imposed on it as a corporate body, including through instruments of governance such as statutes, ordinances and articles.	1.1 This responsibility rests with Council. The President and VC, Provost, Registrar and Chief Operating Officer, Director of Finance, pro-vice-chancellors and other senior officers, provide most of this assurance. This is supplemented through the advice and opinions it receives from sub-committees. Annual opinions on risk, internal control and governance arrangements are presented to Council by Audit Committee and the internal auditors, always with opportunities to question or seek further information from senior management.	S1 Seek assurance that decisions which might have significant reputational or financial risks undergo a rigorous process of due diligence.	S1 Matters are fully discussed at, and assurances are provided by, sub-committees and senior managers in the relevant areas.	C1.1 Adopting a clear scheme of delegation. C1.2 Asking its Audit Committee to ensure due diligence processes are reviewed	C1.1 An approved Schedule of Delegation has been in place for many years and is revised and updated on a regular basis. 'Reserved' powers are not delegated. The last update was approved by Council in 2015 and a further update is underway now. Approved terms of reference for all committees, reviewed annually. C1.2 Due diligence processes in relation to fundraising activities are currently being reviewed and will require Council approval. Due diligence updates provided in annual fundraising report to Council.
1.2 The regulatory and legal requirements will vary depending on the constitution of individual HEIs, but, for most governing bodies, members are charitable trustees and **must** comply with legislation governing charities and case law in the exercise of their duties. Some institutions are constituted as companies, and governing body members are normally the company's directors; the primary legislation in this case will be the requirements of the Companies Acts.	1.2 HEFCE is the charity law regulator for the sector and Council complies with all requirements. A comprehensive report on the University's public benefit activities is published annually in the Financial Statements.	S2 Obtain assurances that appropriate policies and procedures are consistently applied, and that there is compliance with relevant legislation	S2 Currently derived mainly from internal audit reviews, the work of key committees, and oversight from senior officers in the relevant areas. Compliance with relevant legislation, ownership and mitigation of risks, features on the Corporate Risk Register.	C2 Including an opinion to this effect within the annual Audit Committee Report by the governing body	C2 Could potentially consider for inclusion in the Audit Committee's Annual report, but further thought required on the definition of 'appropriate policies', and how assurance could be provided.

APPENDIX 4 - CUC CODE OF GOVERNANCE AND UNIVERSITY OF LEICESTER POSITION – CURRENT SUMMARY APRIL 2017

Requirements/must be in place	University of Leicester position	In meeting these legal obligations the governing body should:	University of Leicester position	Options the governing body could consider:	University of Leicester position
1.3 In both instances members are required to discharge their duties in line with the accepted standards of behaviour in public life, ultimately accepting individual and collective responsibility for the affairs of the institution. The main accountability requirements falling upon the governing body in respect of public funding are set out in financial memoranda issued by the funding bodies and these **must** be followed	1.3 The University complies with the requirements of the HEFCE Memorandum of Assurance and Accountability. Relevant assurances are received from Audit Committee, Finance Committee, external auditors and senior management.	S3 Conduct its affairs in an open and transparent manner.	S3 Governance website publishes comprehensive information on the role, responsibilities, operating rules and membership of Council.	C3.1 Including in its annual report a corporate governance statement which sets out the institution's governance arrangements (including the extent to which it has adopted this Code), policies on public disclosure and making the report widely available. C3.2 Publishing agendas and minutes of its meetings.	C3.1 This is done. C3.2 Unreserved minutes of Council meetings are published on the Governance website.
1.4 Student and staff members of the governing body share the same legal responsibilities and obligations as other members and **must not** be routinely excluded from discussions	1.4 Staff members participate fully in all discussions except where they have a direct personal interest in the matter under discussion. The only routine item in this category is the remuneration of named officers/members of Council. Student members of Council are not routinely excluded from any discussions (no examples in recent memory of any exclusions).	S4 Clearly define and communicate the scope of its own responsibilities in the context of legislation, governing instruments and guidance including the HE code through a Statement of Primary Responsibilities	S4 Council has a Statement of Primary Responsibilities. This is published on the Governance website and is also published annually within the *Financial Statements.*		

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Element 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.

Requirements/must be in place	University of Leicester position	In meeting these legal obligations the governing body should:	University of Leicester position	Options the governing body could consider:	University of Leicester position
2.1 In protecting the reputation of the institution the governing body will want to ensure the highest standards of ethical behaviour among its members, who **must** act ethically at all times in line with the accepted standards of behaviour in public life, and in the interests of the institution	2.1 Consider this is done.	S1 Approve a policy framework on ethics which includes appropriate measures of assurance.	S1 Not Clear what the Code is referring to on this point. The University has a suite of ethics-related policies eg on fundraising/donations, conduct of research, bribery and corruption, gifts and hospitality.	C1.1 Receiving an annual report on the work of appropriate institution committees, possibly supplemented by the work of the Audit Committee. C1.2 Developing specific policies of compliance and reporting in relation to aspects of research governance which raise particular sensitivities (e.g. animal experimentation) and which have well-established codes of practice	C1.1 Council receives an annual assurance report on Research Integrity. C1.2 Relevant compliance policies are already in place on research governance (e.g. research ethics, animal testing). Lay members, including some lay Council members, serve on the various research ethics committees.
2.2 As such, members of governing bodies **must** act, and be perceived to act, impartially, and not be influenced by social or business relationships. A member who has a pecuniary, family or other personal interest in any matter under discussion **must** disclose the interest. A member does not necessarily have a pecuniary interest merely because he/she is a member of staff or a student.	2.2 In place. The University maintains a register of interests and all agendas (Council and committees) include a standard declaration of interests item. Members are able to declare any interests during individual discussions and the full Register is formally updated annually or as required.	S2 Approve a whistleblowing policy.	S2 The University has an approved whistleblowing policy.	C2.1 Seek assurance that whistleblowing is effectively managed, for example by getting an annual report on numbers and outcomes of any whistleblowing; it might also ask about the extent to which the associated protocols are widely known within the institution. C2.2 Asking its Audit Committee to get assurance on 'whistleblowing'.	C2.1 Whistleblowing cases are reported to the Audit Committee and are summarised in the Audit Committee's Annual Report. C2.2 See above. The Whistleblowing Policy is reviewed and updated on a 3-year cycle, and presented to the Audit Committee for approval.
2.3 The governing body **must** ensure that its decision-making processes are free of any undue pressures from external interest groups, including donors, alumni, corporate sponsors and political interest groups.	2.3 Council acts independently and free from undue pressures; external interests are declared comprehensively.	S3 Receive assurance that its publications provide accurate and honest information about its activities.	S3 The principal, wide ranging and comprehensive publication about the University's activities is the Financial Statements. The content of this publication is reviewed comprehensively by the Audit Committee, Finance Committee, the external auditors, and finally by Council.	C3 Asking for an audit review of quality management systems within the publications process.	C3 Internal audit review of compliance with CMA requirements conducted during 2016-17 and reported to Audit Committee.

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Requirements/must be in place	University of Leicester position	In meeting these legal obligations the governing body should:	University of Leicester position	Options the governing body could consider:	University of Leicester position
2.4 Members whose views are not consistent with the decisions of the governing body should abide by the principle of collective decision making and avoid putting specific interests before those of the institution. Individually they **must not** make any agreement for which they do not have authority.	2.4 This principle is adhered to. Members are reminded of their responsibilities, including as charity trustees, at the first meeting of Council in each new academic year, and it also features in induction materials for new members.	S4 Benchmark institutional policies and practice against sector practice and external requirements.	S4 We would expect policies and practice to be developed in line with external requirements, and to reflect sector best sector practice where relevant.	C4 Requesting its Audit Committee discuss with internal auditors how the institution compares with other organisations in areas undergoing audit.	C4 We are asking the internal auditors to consider whether they would be able to facilitate such a discussion at Audit Committee.
2.5 Legislation requires that the governing body **must** take practical steps to ensure that the students' union or association operates in a fair, democratic, accountable and financially sustainable manner. This requirement is ***in addition to*** corporate and charity legislation that many student organisations are independently subject to.	2.5 Council reviews the constitution of the Students' Union every five years; the next review is due in 2020. There is also a Memorandum of Understanding which defines the nature of the relationship (Code of Practice) between the University and the Union. The Students' Union budget and accounts are reviewed by the Finance Committee.				

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Element 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

Requirements/must be in place	University of Leicester position	In meeting these legal obligations the governing body should:	University of Leicester position	Options the governing body could consider:	Lancaster University position
3.1 The governing body is responsible for the mission, character and reputation of the institution at a strategic level, and members will need to be adequately informed in order to carry out this key responsibility. They can expect the head of the institution to help them by providing strategic advice and guidance on the mission and strategic development of the institution	3.1 Council is the approving body for the University's overall strategy, and for all of its supporting strategies. Council receives regular strategic updates at meetings and awaydays, and strategic/KPI monitoring reports are now presented to Council twice yearly, in May and November.	S1 Be assured that the strategy is realistic, supported by, and aligned to other institutional strategies	S1 There is an established, ongoing process of considering the overall strategy and supporting strategies; and emerging new strategic themes.	C1.1 Considering, approving and reviewing a number of sub-strategies. This will vary according to type of institution, but might, for example, include the widening participation strategy, financial and other resource strategies and internationalisation strategy. C1.2 Looking to the head of the institution to provide reports and updates on those aspects of the strategic plan being implemented in the year in question, and the resulting actions and results (such a report might explicitly demonstrate how the different sub-strategies are aligned and support the delivery of the overarching strategy). C1.3 Requiring an annual report including appropriate benchmarks to be produced and published	C1.1 Eight supporting strategies have so far been developed, and these have all been presented, discussed and approved at Council. C1.2 Senior management provides regular updates to Council on the implementation of the strategic plan and supporting strategies. See also the comments in column 2 of this section. C1.3 An online Annual Review report is produced, which is a brief document. Comparator benchmarking information is considered by the Finance Committee.
3.2 The strategic plan plays a crucial role in ensuring the successful performance of the institution, and the governing body will want to demonstrate its commitment to and support for the plan by formally approving or endorsing it in accordance with its constitution. Aligned to this, it **must** ensure there is an appropriate financial strategy and be responsible, without delegation, for the approval of the annual budget	3.2 Without delegation Council approves the strategic plan, five-year financial forecasts and annual budget	S2 Be clear how institutional performance is measured, and identify what institutional-level KPIs and other performance measures are to be adopted within a risk-based framework and monitor these on a regular basis.	S2 Council has approved the KPI/performance monitoring and reporting arrangements for the overall strategic plan and its supporting strategies. See also 3.1.	C2 Taking advice from the head of institution and other relevant sources (such as the ASSUR (annual sustainability assurance report) guidance), while being clear that the adoption of agreed KPIs is a governing body responsibility.	C2 Council reviews an annual sustainability report for submission to HEFCE.

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Requirements/must be in place	University of Leicester position	In meeting these legal obligations the governing body should:	University of Leicester position	Options the governing body could consider:	University of Leicester position
3.3 It **must** rigorously assess all aspects of the institution's sustainability, in the broadest sense, using an appropriate range of mechanisms which include relevant key performance indicators (KPIs) not just for the financial sustainability of the institution but also for its impact on the environment.	3.3. Council has approved and is now receiving bi-annual reports on a comprehensive set of key performance measures linked directly to the new strategic plan and its supporting strategies. Strategic commitment to the development of an environmentally sensitive campus and facilities.	S3 Be confident that the needs and interests of all stakeholders are adequately reflected in the strategic plan.	S3. The development of the new strategic plan and its supporting strategies was informed by comprehensive, wide ranging and transparent consultation with all relevant stakeholder groups.	C3 Look for specific references to some or all indicators of student satisfaction, research quality, business engagement, student experience and supporting graduate employment.	C3 A wide range of relevant indicators are included.
3.4 In ensuring sustainability, the governing body **must** be in a position to explain the processes and the types of evidence used and provide any assurances required by funders. Where such assessments indicate serious issues which could affect future sustainability, the governing body **must** undertake appropriate remedial action.	3.4 Council is supported in this by advice from senior management and the operation of its committees. Council agrees an annual sustainability statement for submission to HEFCE. As the body responsible for ensuring the long term viability of the University, Council would undertake appropriate remedial action where issues arose.	S4 Have oversight of its approach to corporate and social responsibility.	The University is considering the development of a specific supporting strategy around corporate and social responsibility.	C4 Receive reports from an appropriate committee, or agree a policy and ask for monitoring reports on implementation.	C4 Covered through Finance Committee reports, VFM reports, financial forecasting process, risk management updates.
Regulatory requirements					
3.5 The governing body **must** receive assurance that the institution is meeting the conditions of funding as set by regulatory and funding bodies and other major institutional funders which include the requirements of the financial memoranda. These include the need to: use public funds for proper purposes and achieve good value for money; have a sound system of risk management, financial control and governance; ensure the use of regular, reliable, timely and adequate information to monitor performance and track the use of public funds; and safeguard institutional sustainability.	3.5 Consider that this is done. Key sources of assurance are reports from Audit Committee, Finance Committee, internal and external audit opinions, research grant audits, HEFCE risk assurance letter.	S5 Have clear policies on a range of institutional-level processes that it deems significant.	S5 Institutional policies established across a range of areas.	C5.1 Periodically reviewing policies, for example, on access, alumni and development, treasury management, investment management, debt management and grants and contracts. C5.2 Requesting that these processes are properly examined by the institution's auditors.	C5.1 Policies are periodically reviewed. C5.2 Internal audit plan includes regular reviews of these policy/procedure areas
3.6 The governing body **must** periodically review the delegated authority of the accountable officer (usually the Vice Chancellor) and inform its funding body of any 'material adverse' change in its circumstances and any serious incident which, in the judgement of the accountable officer and the governing body, could have a substantial impact on the interests of the institution.	3.6 The Schedule of Delegation and other relevant documents eg Financial Regulations are reviewed and updated as required. The HEFCE Memorandum of Assurance and Accountability includes requirements on serious incident reporting, and this would be followed by the University	S6 Have confidence in the arrangements for the provision of accurate and timely financial information, and in the financial systems used to generate such information.	S6 Consider this is in place.	C6 Relying on assurances from its auditors.	C6 This is in place

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Requirements/must be in place	University of Leicester position	In meeting these legal obligations the governing body should:	University of Leicester position	Options the governing body could consider:	University of Leicester position
3.7 Requirements of governing bodies as stipulated by the funding bodies relating to audit include: appointing the Audit Committee; considering and, where necessary, acting on the annual report from the Audit Committee; appointing the external auditors; considering the annual report of the internal audit service; and receiving and approving the audited annual financial statements (this responsibility to be reserved to the governing body for its collective decision, without delegation).	3.7 These provisions are in place.	S7 Understand the financial implications of its institution's pension arrangements and any potential deficits.	S7 Finance Committee and Council both receive reports on this matter.	C7.1 Asking for a briefing from its Director of Finance. C7.2 Commissioning an independent review by appropriate external firms.	C7.1 Director of Finance gave a presentation on this topic to the last meeting of Council (March 2017). C7.2 Done as required.
3.8 Data submitted for funding purposes on behalf of the governing body **must** comply with directions published by the respective funding body and includes: annual accountability returns; any data requested by the Higher Education Statistics Agency (HESA); any information needed for the purpose of charity regulation; and other information the funding body may reasonably request to understand the institution's risk status.	3.8 These provisions are in place.	S8 Obtain assurance that potential deficits on pension funds are properly reported in the annual accounts.	S8 This operates through reporting from Finance Committee, Audit Committee and external auditors.	C8 Receiving assurance from its auditors.	C8 Arrangements are in place.
Day-to-day operations					
3.9 Operational financial control will be exercised by officers of the institution under delegation from the governing body, and responsibility for financial management and advising on financial matters is generally delegated to the Director of Finance (or equivalent). That individual **must** have access to the head of the institution whenever he/she deems it appropriate.	3.9 These provisions are in place.				
3.10 The governing body **must** get assurance that there are effective arrangements in place for the management and quality assurance of data. To do so the governing body could seek assurance from the Audit Committee about data quality	3.10 These provisions are in place and are a HEFCE requirement. Internal audit programme includes reviews of relevant data management/quality assurance processes.				

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Requirements/must be in place	University of Leicester position	In meeting these legal obligations the governing body should:	University of Leicester position	Options the governing body could consider:	University of Leicester position
Audit					
3.11 The Audit Committee needs to be a small, well-informed authoritative body which has the expertise and the time to examine risk management control and governance under delegation from the governing body. It cannot confine itself to financial matters, and its role extends to all areas of institutional activity. While responsibility for devising, developing and maintaining control systems lies with the Executive, internal audit provides independent assurance to the governing body which should have an approved annual audit plan *(it can delegate to its Audit Committee the power to agree the plan on its behalf)*.	3.11 These provisions are in place. The Audit Committee agrees the internal audit plan on behalf of Council.	S9 Ensure that the Audit Committee undertakes regular reviews of its effectiveness, including bench-marking against good practice for audit committees in HE and more widely as appropriate.	S9 All standing committees of Council and Senate, including the Audit Committee, are required to undertake periodic reviews of their own effectiveness.	C9 Incorporating an assessment of compliance within any assessment of governance effectiveness.	C9 Scope of existing effectiveness questionnaire could be expanded for the Audit Committee to cover extra elements.
3.12 The Audit Committee **must** be composed of a majority of independent members (who may also be drawn from outside the governing body) and produce an annual report for the governing body, including: its opinion on the adequacy and effectiveness of the institution's risk management, control and governance arrangements; processes for promoting value for money (VFM) through economy, efficiency and effectiveness; and (in institutions receiving funding body support) the management and quality assurance of data.	3.12 These provisions are in place.	S10 Have an agreed annual audit plan.	S10 The annual audit plan is discussed with and approved by the Audit Committee.	C10 Delegating to its Audit Committee the power to agree the plan.	C10 This power rests with the Audit Committee under the Schedule of Delegation.
Remuneration					
3.13 The proper remuneration of all staff, especially the Vice-Chancellor and his/her immediate team, is an important part of ensuring institutional sustainability and protecting the reputation of the institution. Accordingly governing bodies **must** establish a Remuneration Committee to consider and determine, as a minimum, the emoluments of the Vice-Chancellor and other senior staff as prescribed in constitutional documents or by the governing body.	3.13 These provisions are in place	S11 Approve financial regulations.	S11 The Finance Committee approves the financial regulations under the Schedule of Delegation.		
3.14 The Remuneration Committee composition **must** include the Chair of the governing body, be composed of a majority of independent members (who, as with audit, may also be drawn from outside the governing body) and have appropriate experience available to it. The Vice-Chancellor or other senior staff may be members of, or attend, the Remuneration Committee but **must not** be present for discussions that directly affect them.	3.14 These provisions are in place.	S12 The annual corporate governance statement should describe the work of the Remuneration Committee.	S12 The corporate governance statement includes a dedicated section on the work of the Remuneration and Senior Staff Pay committees.		

Requirements/must be in place	University of Leicester position	In meeting these legal obligations the governing body should:	University of Leicester position	Options the governing body could consider:	University of Leicester position
3.15 The Remuneration Committee **must** consider comparative information on the emoluments of employees within its remit when determining salaries, benefits and terms and conditions and ensure that all arrangements are unambiguous and diligently recorded. It **must** report on its decisions and operation at least annually to the governing body; such a report should not normally be withheld from any members of the governing body.	3.15 These provisions are in place.				
3.16 Remuneration Committee members **must** consider the public interest and the safeguarding of public funds alongside the interests of the institution when considering all forms of payment, reward and severance to the staff within its remit.	3.16 Consider that this is done.				

Element 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.

Requirements/must be in place	University of Leicester position	In meeting these legal obligations the governing body should:	University of Leicester position	Options the governing body could consider:	University of Leicester position
4.1 A high-quality student experience and, where appropriate, research portfolio are determinants of institutional sustainability and are therefore core governing body responsibilities which it shares with the wider institutional community. This, taken with the governing body's responsibility for the long-term reputation of the institution, means that it **must** satisfy itself that academic governance is operating effectively.	4.1 Senate is responsible for the academic governance of the University as determined by the Charter, Statutes and Ordinances, and reports of all Senate meetings are submitted to Council. In future it is expected that there will be an annual report from Senate to Council to provide assurances as required by HEFCE concerning teaching quality and the student experience.	S1 Oversee an effective academic strategy that it has approved. This strategy need not be a separate document, but may be embedded in an overall institutional strategy or be articulated in separate teaching, research and other strategies.	S1 Council approves the overall University strategy and its supporting academic strategies, and receives regular reports on their implementation and progress and implementation. It also receives reports on other academic initiatives which contribute to the delivery of the strategy.	C1.1 Receiving reports from Academic Board/Senate and monitoring with relevant performance measures that are credible to the academic community. C1.2 Examining the outcomes of academic governance effectiveness reviews and requesting that they be regularly conducted (nominally every four years). C1.3 Adopting and reviewing an internationalisation strategy (if active internationally).	C1.1Senate submits regular reports. Measures of success and revised KPIs allow monitoring. C1.2 There has been no review of the effectiveness of Senate since 2010. Likely to request that one takes place during 2017-18, to follow on from the Council review in 2016-17. C1.3 Council has approved an international strategy and receives regular reports on progress/implementation.

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Requirements/must be in place	**University of Leicester position**	**In meeting these legal obligations the governing body should:**	**University of Leicester position**	**Options the governing body could consider:**	**University of Leicester position**
4.2 The underlying principles of sound academic governance are based upon collegiality, and it follows that the governing body **must** therefore respect the role, as defined within charters, statutes or articles, of the Senate/Academic Board and other bodies involved in academic governance. However governing bodies will still wish to receive assurance that academic risks (such as those involving partnerships and collaboration, recruitment and retention, data provision, quality assurance and research integrity) are being effectively managed.	4.2 Consider that the role of Senate and its sub-committees is respected.	S2 Have oversight of all major academic partnerships involving significant institutional-level risks.	S2 Council has oversight of such partnerships, through the corporate strategic risk register, considers proposals for new ventures, and receives periodic update/monitoring reports.	C2.1 Agreeing a scheme of delegation and a process of due diligence that defines major risk and allocates responsibility for decisions. C2.2 Receiving annual reports from relevant committees on the current status of high-risk partnerships.	C2.1 Schedule of Delegation in place. Corporate risk Register allocates 'risk owners'. C2.2 This does not happen on an annual cycle, but Council would receive updates and presentations as required, and internal audit would be asked to review any high risk areas.
4.3 The governing body **must** understand and respect the principle of academic freedom, the ability within the law to question and test received wisdom, and to put forward new ideas and controversial or unpopular opinions, without placing themselves in jeopardy of losing their jobs or privileges, and its responsibility to maintain and protect it as enshrined in freedom of speech legislation.	4.3 Written into the Statutes.	S3 Actively encourage student engagement in academic governance.	S3 Consider this is done. Students widely represented across the committee system.	C3.1 Receiving regular reports from students' union or association officers and/or institution/student representation committees. C3.2 Receiving assurance that honest, accurate and timely information is provided to students, stakeholders and the public about all aspects of academic provision.	C3.1 Council receives occasional presentations from the President of the SU- next one due in May 2017. C3.2 See comments under Section 2.3. Also covered in Quality assurance Statement to Council by PVC (Student Experience)
		S4 Seek assurance that student complaints are effectively addressed and that the welfare and wellbeing of students are secured.	S4 Annual report on student complaints and appeals considered by Academic Policy Committee, which reports into Senate.	C4 Requiring that summary reports are produced and considered (at least annually) on student complaints and appeals, taking into account – where appropriate – the requirements of the Office of the Independent Adjudicator.	C4 See S4. To be included in planned annual quality assurance report from Senate to Council, starting autumn 2017.

Element 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.

Requirements/must be in place	**University of Leicester position**	**In meeting these legal obligations the governing body should:**	**University of Leicester position**	**Options the governing body could consider:**	**University of Leicester position**
5.1 As already noted, the governing body has a responsibility to ensure the long-term sustainability of the institution and maintaining its reputation. It will therefore want assurance on external activities with significant potential financial or reputational risks. Where such activities involve commercial transactions, care **must** be taken to ensure that arrangements conform to the requirements of charity law and regulation. This is particularly the case where institutions have established subsidiary entities, for example separate operating companies or charitable trusts.	5.1 Consider this principle is adhered to. Compliance with charity law and other regulation considered by internal and external auditors. Financial Regulations and associated controls in place and reviewed regularly.	S1 Get assurance on external activities with significant, institutional-level financial or reputational risks.	S1 Activities with significant financial and/or reputational risks are reported to Council either specific items or through reports of Senate or individual committees.	C1 Agreeing a scheme of delegation to make clear the authorisation requirements for approving such arrangements, including the circumstances where governing body approval is required.	C1 Schedule of Delegation in place and reviewed at intervals.
5.2 The governing body will also want to ensure that fund-raising, donations, corporate sponsored research and partnerships and similar activities do not inappropriately influence institutional independence, mission or academic integrity.	5.2 Consider this principle is adhered to. There is a gift acceptance policy and an annual fundraising report to Council, including due diligence outcomes. Annual report on research integrity.	S2 Get assurance that the board of any subsidiary entity possesses the attributes necessary to provide proper stewardship and control.	S2 Reporting and monitoring of subsidiaries by Finance Committee (inc. receiving annual reports and accounts). Director of Finance sits on all boards	C2.1 Appointing suitably qualified directors or trustees to its board. C2.2Requiring the entity's board to conduct its business in accordance with a recognised and appropriate code of governance.	C2.1 Appointments made by Nominations Committee. C2.2 External auditors certify that accounts have been prepared in accordance with requirements of the Companies Act 2006.
		S3 Be clear about its responsibilities in relation to any other corporate governance arrangements and associated reporting.	S3 Oversight provided through the Finance Committee.	C3 Incorporating into its standing orders (or equivalent) its responsibilities regarding any group structures.	C3 Included within Finance Committee terms of reference.
		S4 Retain unambiguous responsibility for approving and monitoring a clear institution-wide policy (this would describe clear lines of responsibility and identify the individuals authorised to act) on development and fund-raising which identifies the processes for the scrutiny of proposed donations.	S4 Council has approved a gift acceptance/ethical giving policy, which sets out the overall process and individual authority levels (including where Council must give approval), and receives an annual fundraising report.	C4 Receiving an annual report on development and fund-raising activity.	C4. Annual report to Council.

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

Requirements/must be in place	University of Leicester position	In meeting these legal obligations the governing body should:	University of Leicester position	Options the governing body could consider:	University of Leicester position
6.1 HEIs are required by law to comply with extensive equality and diversity legislation, and governing bodies are legally responsible for ensuring the compliance of their institution. The legislation covers the individual rights of staff and students not to suffer discrimination on the grounds of a number of protected characteristics. Legislation in this area does not distinguish between domestic and international students and staff.	6.1 Consider this principle is adhered to. Council discharges its responsibilities though the Equality, Diversity and Inclusion Committee, which reports directly into Council.	S1 At a minimum, receive an annual equality monitoring report detailing work done by the institution during the year, identifying the achievement of agreed objectives, and summarising data on equality and diversity that institutions are required to produce (e.g. on staff recruitment and promotion).	S1 Council Awayday topic for June 2017; expected to become an annual report thereafter. Also features within EDI reports.	C1 Discussing reports based on HESA data on staff and student profiles, the National Student Survey and material from the Equality Challenge Unit.	C1 Included within EDI reports.
6.2 Beyond this there is evidence that board diversity promotes more constructive and challenging dialogue, which in turn can improve governance outcomes by helping to avoid 'groupthink' and that as a result there is a strong business case for diversity alongside legal and moral expectation.	6.2 Diversity of Council (ethnicity and gender) is regularly reviewed by the Nominations Committee, alongside skills and experience required to fulfil responsibilities of Council and relevant committees. Committee membership rotation rules apply including on the Nominations Committee itself.	S2 Demonstrate through its own actions and behaviour its commitment to equality and diversity in all aspects of its affairs, particularly by agreeing its policy on recruiting new members.	S2 Consider the principle is adhered to. Equality and diversity considerations feature prominently in recruitment and the gender balance in particularly on Council has approved considerably in the last two years.	C2.1 Requiring its committees to explain within their annual reports how decisions have taken account of the institution's equality and diversity policy. C2.2 Setting itself targets in terms of its own membership. C2.3 Advertising vacancies locally and nationally, including in local ethnic-minority publications, and via social media. C2.4 Using alumni, particularly as they may give access to a more diverse and younger pool of potential applicants. C2.5 Drawing on search consultancies who can sometimes access a broader pool. C2.6 Building a diverse pool for the future by providing training for potential governors, appointing them to sub-committees to gain experience, and providing other opportunities for their participation in board-related events.	C2.1 This is not undertaken as an annual report, but a standard clause on equality and diversity responsibilities is written into all committee terms of reference C2.2 See S2. C2.3 Nominations Committee may place external adverts from time to time, but they have not been conspicuously successful in diversity terms. C2.4 Some alumni already on Council and Nominations Committee. C2.5 Would only consider as a last resort as very mixed results in the past. C2.6 Might use occasionally but a significant overhead would be involved to run it on a systematic basis.
Requirements/must be in place	**University of Leicester position**	**In meeting these legal**	**University of Leicester**	**Options the governing body**	**University of Leicester**

		obligations the governing body should:	position	could consider:	position
6.3 The governing body **must** ensure that there are arrangements in place to: • eliminate unlawful discrimination, harassment and victimisation; • advance equality of opportunity between people who do and do not share a protected characteristic; and • foster good relations between people who share and those who do not share a protected characteristic.	6.3 Council discharges its responsibility through the Equality, Diversity and Inclusion Committee, which reports directly into Council.	S3 Approve, review and report on the institution's approach to equality and diversity and its agreed indicators that measure performance.	S3 Approving and reviewing occurs through reporting from Equality, Diversity and Inclusion Committee. Comprehensive equality data and objectives published on the Equalities Unit website.	C3.1 Ensuring that the human resource management strategy takes equality and diversity into account and is monitored. C3.2 Approving and monitoring the delivery of a stand-alone equality and diversity strategy. C3.3 Including in its annual report a description of its policy on diversity, including any measurable objectives that it has set, and outlining progress on implementation. C3.4 Producing a separate equality and diversity report with a simple cross reference to the annual report.	C3.1 This is integral to the University's overall strategic plan and the supporting HR strategy. C3.2 The Equal Opportunities Policy and Action Plan are approved and monitored on behalf of Council by the Equality, Diversity and Inclusion Committee. C3.3/4 See S3.
6.4 This means going further than simply avoiding discrimination, and it requires the active promotion of equality in a number of defined areas. The governing body **must** therefore satisfy itself that agreed action plans to implement the equality and diversity strategy are progressed throughout the institution.	6.4 Monitoring of implementation through the Equality, Diversity and Inclusion Committee.				
6.5 The governing body **must** also routinely reflect on its own composition and consider taking steps to ensure that it reflects societal norms and values.	6.5 Routinely considered by the Nominations Committee, and action taken as required.				

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

Requirements/must be in place	University of Leicester position	In meeting these legal obligations the governing body should:	University of Leicester position	Options the governing body could consider:	University of Leicester position
Composition and appointments					
7.1 The governing body **must** have a majority of external members, who are independent of the institution. All members should question intelligently, debate constructively, challenge rigorously, decide dispassionately and be sensitive to the views of others both inside and outside governing body meetings.	7.1 Council has a majority of external members. Consider that Council accords with these behaviours.	S1 Ensure that the governing body has sufficient skills, knowledge and independence, including though the appointment of an independent Chair, to enable it to discharge its responsibilities.	S1 Nominations Committee has oversight of this and regularly reviews and updates Council's 'skills matrix'.	C1.1 Regularly refreshing members' skills and knowledge through development activities funded by the institution, including annual appraisal with the Chair. C1.2 Appointing members for a given term, renewable subject to satisfactory performance. Renewals therefore are at the recommendation of the Nominations Committee and not an automatic process. External members not normally serving for more than two terms of four years, or three terms of three years, except where subsequently undertaking a new and more senior role (for example as Chair). C1.3 Satisfying itself that members are able to allocate sufficient time to undertake their duties effectively. C1.4 Giving an indication of the time expected of its members.	C1.1 Induction programme in place and subsequent development activities are promoted occasionally, but not very systematically, partly reflecting a reluctance to make even more demands on members' time. Annual meetings with the chair in place. C1.2 Provisions all in place. C1.3 Role of the Nominations Committee in considering appointments/ reappointments. C1.4 Discussed as part of the appointment process.
Requirements/must be in place	**University of Leicester position**	**In meeting these legal obligations the governing**	**University of Leicester position**	**Options the governing body could consider:**	**University of Leicester position**

		body should:			
				C1.5 The formalisation of the role of a 'Deputy Chair', a role which – in addition to acting for the Chair in his/her absence – can provide a sounding board for the Chair, can act as an intermediary with other members as may be required, and potentially can be helpful if there are significant differences of view within a governing body or with the Executive. As a Deputy Chair may assume the responsibilities of the Chair, the expectation is they would be similarly independent of the institution. C1.6 Satisfying itself that plans are in place for an orderly succession of its membership, so as to maintain an appropriate balance of skills and experience with the progressive refreshing of key roles.	C1.5 No formal Deputy Chair but Treasurer would preside at meetings if the Chair was absent (written into Standing Orders). C1.6 Oversight through Nominations Committee.
7.2 The governing body **must** have the power to remove any of its members from office, and must do so if a member breaches the terms of his/her appointment.	7.2 Included in Ordinance 33.	S2 Be of sufficient size that its responsibilities can be undertaken effectively and speedily, without being so large that it becomes neither unwieldy nor too small.	S2 Council reduced in size from 25 to 21 members from start of 2016-17.	C2 Establishing a size within the range of 12-25 members, although there is no optimal governing body size, and total membership should depend on numerous factors including the nature and history of the HEI, the range of skills and experience required and the number of internal members deemed necessary.	C2. See S2.
Requirements/must be in place	**University of Leicester position**	**In meeting these legal obligations the governing body should:**	**University of Leicester position**	**Options the governing body could consider:**	**University of Leicester position**

7.3 The governing body **must** establish a Nominations Committee (or similar) to advise it on the appointment of new members and the terms of existing members as well as the perceived skills balance required on the governing body. Normally final decisions on appointment are taken by the governing body.	7.3 This provision is in place.	S3 Ensure it has rigorous and systematic processes agreed by the governing body for recruiting and retaining governors (including the Chair), on the basis of personal merit and the contribution they can bring to a governing body.	S3 Discharged though Nominations Committee.	C3.1 Including written role descriptions and an analysis of the skills, experience and attributes required for membership. C3.2 Widely advertising vacancies in order to increase the pool of talent available. C3.3 Communicating and funding development opportunities within members' networks. C3.4 Appointing external members with direct senior experience of HE could also be considered to provide such understanding.	C3.1 Role descriptions in place for Chair, Treasurer and lay members (also applicable to staff members). C3.2 Approach to recruitment determined by the Nominations Committee. Advertising used from time to time, but see previous comments under 6.2. C3.3 Will need to review approach to development activities in response to any findings from effectiveness review. C3.4 Nominations Committee actively considering this as part of skills and experience requirements.
7.4 The governing body will need to ensure suitable arrangements exist for the continuation of business in the absence of the Chair. In some cases arrangements for a Deputy Chair are codified within institutions' governing instruments; where they are not, the Nominations Committee can advise the governing body on what arrangements should be.	7.4 Provision in place – see previous comment under 7.1.	S4 Issue an annual corporate governance statement describing the work of the key committees.	S4 Provision in place.	C4 Including the governing body's recruitment policy and practices, and a description of its policy on equality and diversity and any measurable objectives that it has set together with progress in their implementation within the corporate governance statement.	C4 Provision in place.

APPENDIX 4 - CUC CODE OF GOVERNANCE AND UNIVERSITY OF LEICESTER POSITION – CURRENT SUMMARY APRIL 2017

Requirements/must be in place	University of Leicester position	In meeting these legal obligations the governing body should:	University of Leicester position	Options the governing body could consider:	University of Leicester position
7.5 The Chair and Secretary will want to ensure all members receive an appropriate induction to their role and the institution as necessary.	7.5 Induction programme in place and will be adjusted as required in response to any findings in the Council effectiveness review.	S5 Annually reflect on the performance of the institution as a whole in meeting strategic objectives and associated measures of performance, and the contribution of the governing body to that success.	S5 Council receives strategic monitoring reports twice yearly in May and November and on other occasions as required. Council's contribution to this will be covered as part of the effectiveness review.	C5.1 Reflecting on the extent to which it and its committees have met their terms of reference and – where they exist – their annual work plans. C5.2 Benchmarking its performance and processes against other comparable HEIs, and relevant institutions outside the HE sector. C5.3 Annual review meetings of members with the Secretary compiling a report on the feedback provided. C5.4 Asking the Clerk to do an annual self-assessment (which could simply be an update from previous year) to assure the governing body that it properly and appropriately adheres to the principles of the Code. C5.5 Taking account of the views of the Executive, and relevant bodies such as the Senate/Academic Board, and staff and student communities.	C5.1 Covered as part of committee effectiveness reviews and at other times as required – two committees have been disestablished during this year. Annual schedule of committee business being prepared for 2017-18. C5.2 Benchmarking is against CUC Code of Governance on best practice governance. Strategic monitoring reports to Council include peer group/sector comparisons. C5.3 No plans to do this at present. C5.4This document will be presented to Council on a regular basis (updated as required). C5.5 Consider this is in place.
7.6 There is an expectation, often enshrined within the constitutional documents of HEIs, that governing bodies will contain staff and student members and encourage their full and active participation.	7.6 Council includes staff and student members and this is laid down in the Statutes.				

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Requirements/must be in place	University of Leicester position	In meeting these legal obligations the governing body should:	University of Leicester position	Options the governing body could consider:	University of Leicester position
7.7 Current normal practice is not to remunerate external members and to pay only travelling and other incidental expenses. However, if the governing body decides it is appropriate to remunerate, it will need to consider the: • **provisions of charity and employment law;** • **implications for the division of responsibilities between the governing body and the executive;** • **public service ethos which applies generally among HE governors;** • **need to be explicit about time commitments;** • **need to apply a formal process of appraisal to the remunerated governor.** Where it is decided to remunerate, payments would need to be both commensurate with the duties carried out and reported in the audited financial statements.	7.7 External Council members are not remunerated. Travel and other incidental expenses are reimbursed.				
Operation					
7.8 The Secretary (or Clerk) is responsible to the governing body for the provision of operational and legal advice in relation to compliance with governing instruments, including standing orders. He/she is also responsible for ensuring information provided to the governing body is timely, appropriate and enables an informed discussion so that it may effectively discharge its responsibilities.	7.8 This provision is in place.				
7.9 All members of the governing body **must** have access to the services of the Clerk. Arrangements for the appointment or removal of the Secretary/Clerk may be defined by governing instruments; where they are not, it **must** be a decision for the governing body as a whole.	7.9 Arrangements for appointment of the Secretary are set out in Ordinances 7 and 9. Removal of the Secretary is not defined in governing instruments so would be a decision for Council as a whole.				
Review					
7.10 Governing bodies need to adopt an approach of continuous improvement to governance, in order to enhance their own effectiveness and provide an example to institutions about the importance of review and evaluation.	7.10 Discharged in particular through effectiveness reviews, and the responsibilities of the Registrar and Chief Operating Officer and Secretary, supported by the Governance Office.				

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Requirements/must be in place	University of Leicester position	In meeting these legal obligations the governing body should:	University of Leicester position	Options the governing body could consider:	University of Leicester position
7.11 Accordingly, governing bodies **must** conduct a regular, full and robust review of their effectiveness and that of their committees, the starting point for which should be an assessment against this Code and the statutory responsibilities alongside those which it has assumed and articulated independently (e.g. through a statement of primary responsibilities). Many governing bodies find an external perspective in this process useful, whether provided by specialist consultants or peer support from other governing bodies.	7.11 Effectiveness review being undertaken in line with this requirement.				
7.12 Codes of governance in other sectors adopt a period of two or three years. Recognising the need to balance the cyclical nature of HE and the impact this can have on the implementation and embedding of new practices, and the swiftly evolving HE and broader legislative environment, reviews **must** be conducted at least every four years with, as a minimum, an annual summary of progress towards achieving any outstanding actions arising from the last effectiveness reviews.	7.12 Four-yearly reviews of Council will be undertaken in future, and progress reports on actions will be presented to Council.				