

**Loughborough College  
Further Education Corporation**

**Corporate Governance - Code of Conduct for Corporation Members**

**Introduction**

1. This Code is intended as a guide for Corporation members:
  - (a) to indicate the standards of conduct which are expected of them;
  - (b) to enable them to understand their legal duties; and
  - (c) to assist them both in carrying out their duties and in their relationship with the Corporation and the Principal.
2. This Code is therefore aimed at promoting effective and well-informed College governance, and is not intended to be a definitive or authoritative statement of the law. However, ultimate responsibility for the appropriateness of conduct as a member of a corporate body, and for any act or omission in that capacity, rests with the individual member.
3. This Code applies to every committee or other subsidiary body of the Corporation to which members may be appointed.
4. In adopting this Code, the Corporation also expects its members to observe the Seven Principles of Public Life identified by the (Nolan) Committee on Standards in Public Life:

*Selflessness*

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

*Integrity*

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

*Objectivity*

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

*Accountability*

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

### *Openness*

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

### *Honesty*

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

### *Leadership*

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

5. Acceptance of appointment as a member of the Corporation will be construed as acceptance of this Code.

## **Duties**

6. Members owe a fiduciary duty to the College. This means that they should show it the highest loyalty and act in good faith in its interests. Each member should act honestly, diligently and, subject to the provisions appearing in the later section of this Code relating to *Collective Responsibility*, independently.
7. Whatever decisions members take at meetings of the Corporation, its committees and other subsidiary bodies, must be for the benefit of the College as a whole and not for any improper purpose, or for personal motive. The “benefit of the College” can be taken to mean, first and foremost, the interests of its students and other users of the College’s services, and the safeguarding of public funds. Members should have regard to those interests, and must not allow any sectional interest to take precedence. In particular, members are not appointed as ‘representatives’ or ‘delegates’ of any outside body, and may not lawfully be bound by mandates given by others. This imperative is made explicit in *Corporate Governance - Standing Orders*: Standing Order 22.
8. Members must observe the provisions of the College’s Instrument and Articles of Government and in particular those responsibilities given to the Corporation by Article 3(1) of the Articles of Government.
9. Members should also have regard to the different, but complementary, responsibilities given to the Principal as the College’s Chief Executive. Whereas it is the Corporation’s function to decide strategic policy and overall direction and to monitor the performance of the Principal and any other Senior Post-holders, it is the Principal’s rôle to implement the Corporation’s decisions, and to manage the College’s affairs, within the budgets and framework fixed by the Corporation. Members should work together so that the Corporation and the Principal perform their respective rôles effectively.

10. Members are collectively responsible for observing the duties set out in the Financial Memorandum which the College enters into with the Learning and Skills Council (LSC) as a condition of receiving public funds.
11. Although the LSC is the main provider of funds to the College, members should note that they are also responsible for the proper use of income derived from other public sources, such as the Higher Education Funding Council for England (HEFCE), any local LSC, and the European Union (EU).

### **Skill, care and diligence**

12. A member should, in all his/her work for the College, exercise such skill as he/she possesses and such care and diligence as would be expected from a reasonable person in the circumstances. This will be particularly relevant when members act as agents of the College; for example, when functions are delegated to a committee of the Corporation or the Chair. A member should be careful to act within the terms of reference of any committee or other subsidiary body on which he/she serves.

### **Powers**

13. Members are responsible for taking decisions which are within the powers given to the Corporation by Sections 18 and 19 of the Further and Higher Education Act 1992. If a member thinks that the Corporation is likely to exceed its powers by taking a particular decision, he/she should immediately refer the matter to the Clerk to the Corporation for advice.

### **Conflicts of interest**

14. Like other persons who owe a fiduciary duty, members should seek to avoid putting themselves in a position where there is a conflict (actual or potential) between their personal interests and their duties to the Corporation. They should not allow any conflict of interest to arise which might interfere with the exercise of their independent judgment.
15. Under Clause 11(1) of the Instrument of Government, a member must not take or hold any interest in any of the College's properties or receive any remuneration for his/her services (save as a member of the College's staff) without the written approval of the Secretary of State.
16. Under Clause 11(2) of the Instrument of Government, a member must disclose to the Corporation any financial interest which he/she has, or may have, in:
  - (a) the supply of work or goods to or for the purposes of the College;
  - (b) any contract or proposed contract concerning the College; or
  - (c) any other matter relating to the College
17. However, an interest does not have to be merely financial for the purposes of disclosure. If an interest is likely or would, if publicly known, be perceived as being likely to interfere with the exercise of a member's independent judgment, then the interest, financial or otherwise, should:

- (a) be reported to the Clerk to the Corporation; and
- (b) be fully disclosed to the Corporation before the matter giving rise to the interest is considered.

The member concerned should withdraw from that part of the meeting at which the matter giving rise to the interest is considered, and on no account may vote in relation to the matter.

18. A member must not receive gifts, hospitality or benefits of any kind from a third party which might be seen to compromise his/her personal judgment or integrity. Any offer or receipt of such gifts, hospitality or benefits should immediately be reported to the Clerk to the Corporation.
19. The Clerk to the Corporation will maintain a Register of Members' Interests (Appendix 1 to this Code), which will be open for public inspection. Members are invited to disclose routinely to the Corporation all business interests, financial or otherwise, which he/she or (so far as he/she is aware) his/her spouse or partner, children or other close relatives may have, and the Clerk to the Corporation will enter such interests on the Register.
20. Members should inform the Clerk to the Corporation whenever their circumstances change and interests are acquired or lost. In deciding whether an interest should be disclosed, members should have regard to the meaning given to "interest" in paragraph 17 of this Code.

### **Collective Responsibility**

21. The Corporation operates by members taking majority decisions at quorate meetings. Therefore, a decision of the Corporation, even when it is not unanimous, is a decision taken by the members collectively and each individual member has a duty to stand by it, whether or not he/she was present at the meeting of the Corporation when the decision was taken.
22. If a member disagrees with a decision taken by the Corporation, his/her first duty is to have any disagreement discussed and, if necessary, minuted. If the member strongly disagrees, he/she should consult the Chair and, if necessary, then raise the matter with the Corporation when it next meets. If no meeting is scheduled, the member may be able to persuade four other members of the Corporation to join him/her in giving notice to the Clerk to the Corporation to call a special meeting under Clause 12(4) of the Instrument, meeting the requirements of *Corporate Governance - Standing Orders*: Standing Order 19. Alternatively, the member may decide to offer his/her resignation from office, after consulting the Chair.

### **Confidentiality**

23. Because of the Corporation's public accountability, members should ensure that, as a general principle, students and staff of the College have free access to information about the proceedings of the Corporation. Accordingly, agendas, minutes and other papers relating to meetings of the Corporation are normally

available for public inspection when they have been approved for publication by the Chair.

24. There will be occasions when the record of discussions and decisions will not be made available for public inspection, for example, when the Corporation considers sensitive issues or named individuals and for other good reasons. Such “excluded” items will be kept in a confidential folder by the Clerk to the Corporation and will be circulated in confidence to members. However, staff and student members may not have access to minutes dealing with matters in respect of which they are required to withdraw from meetings under Clause 14 of the Instrument of Government.
25. It is important that the Corporation and its committees have full and frank discussions in order to take decisions collectively. To do so, there must be trust between members with a shared corporate responsibility for decisions. Members should keep confidential any matter which, by reason of its nature, the Chair or the members (or the Chair or members of any committee) of the Corporation are satisfied should be dealt with on a confidential basis. In normal circumstances, this will relate to issues which: affect the security of the College, its students, staff or property; include personal information regarding an identifiable student, client or member of staff; disclose information which would prejudice the College’s position in any legal proceedings; or disclose information which would compromise the Corporation’s negotiating position with regard to suppliers, contractors or trade unions.
26. Members should not make statements to the press or media or at any public meeting relating to the proceedings of the Corporation or its committees without first having obtained the approval of the Chair or, in his/her absence, the Vice Chair. It is unethical for members publicly to criticise, canvass or reveal the views of other members which have been expressed at meetings of the Corporation or its committees.

#### **Attendance at meetings**

27. A high level of attendance at meetings of the Corporation is expected, so that Members can perform their functions properly.

#### **Governance development**

28. Members are encouraged to obtain a thorough grounding in their duties and responsibilities by participating in the College’s governance induction and training programmes, including regular refresher workshops.
29. In order to promote more effective governance, members will carry out an annual review of the performance by the Corporation of its duties and responsibilities, as part of a continuing process of self-evaluation.

*[This Code was originally adopted by the Corporation in November 1996 and revised in September 2003]*

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**Register of Members' Interests - Guidance Notes**

1. Any interest, financial or otherwise, which is likely or would, if publicly known, be perceived as being likely to interfere with the exercise of a member's independent judgment should be disclosed to the Corporation. The interest will then be recorded in a Register of Interests which will be maintained by the Clerk to the Corporation. This Register enables members to disclose relevant business interests in a manner which is open and transparent and demonstrates to the public that such interests have not influenced the Corporation's decision-taking process. Members are reminded that the Register is open to public inspection.
2. Members are in the best position to decide what business interests are relevant and should be disclosed. However, they may find it helpful to consider whether any particular interest should be disclosed by reference to the following headings, which are set out as general guidelines:

<b>Category of Interest</b>	<b>Information to be disclosed</b>
Paid employment	<i>Name of employer</i>
Self employment	<i>Names of significant customers/clients accounting for more than, say, 10% of income of individual or firm</i>
Directorships of commercial companies	<i>Name of companies</i>
Significant shareholdings	<i>Name of companies in which the Corporation member owns, say, 5% or more of the issued share capital</i>
Elected office	<i>Name of authority</i>
Trusteeships or participation in the management of charities and other voluntary bodies	<i>Name of body</i>
Public appointments (paid or unpaid)	<i>Name of body</i>
Membership of professional bodies and trade or other associations	<i>Name of body</i>

3. Members are invited to provide the same information. if known to him/her, in respect of his/her spouse or partner, children or other close relatives (i.e. living in the same household or a dependant). A member should ask himself/herself whether members of the public, knowing such information, would reasonably conclude that the relevant interest might influence his or her judgment.

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Register of Members' Interests**

**NAME OF MEMBER:** .....

**Form to be completed by all Corporation members**

Each member is invited to register all business interests, financial or otherwise, which he/she or (so far as he/she is aware) his/her spouse or partner, children or other close relatives may have. A member should inform the Clerk to the Corporation whenever his/her circumstances change and interests are acquired or cease.

Please refer to the attached guidance notes.

<i>Nature of Interest</i>	<i>Date on which interest was disclosed</i>	<i>Date on which interest was changed or ceased</i>

**Signature:**

**Date:**

*Please return to the Clerk to the Corporation.*

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**Sections 18 and 19 of the Further and Higher Education Act 1992**

- 18.** (1) *A further education corporation may—*
- (a) *provide further and higher education, and*
  - (b) *supply goods or services in connection with their provision of education, and those powers are referred to in section 19 of this Act as the corporation's principal powers.*
- (2) *For the purposes of subsection (1) above, goods are supplied in connection with the provision of education by a further education corporation if they result from—*
- (a) *their provision of education or anything done by them under this Act for the purpose of or in connection with their provision of education,*
  - (b) *the use of their facilities or the expertise of persons employed by them in the fields in which they are so employed, or*
  - (c) *ideas of a person employed by them, or of one of their students, arising out of their provision of education.*
- (3) *For the purposes of that subsection, services are supplied in connection with the provision of education by a further education corporation if—*
- (a) *they result from their provision of education or anything done by them under this Act for the purpose of or in connection with their provision of education,*
  - (b) *they are provided by making available their facilities or the expertise of persons employed by them in the fields in which they are so employed, or*
  - (c) *they result from ideas of a person employed by them, or of one of their students, arising out of their provision of education.*
- 19.** (1) *A further education corporation may do anything (including in particular the things referred to in subsections (2) to (4) below) which appears to the corporation to be necessary or expedient for the purpose of or in connection with the exercise of any of their principal powers.*
- (2) *A further education corporation may conduct an educational institution for the purpose of carrying on activities undertaken in the exercise of their powers to provide further or higher education and, in particular, may assume as from the operative date the conduct of the institution in respect of which the corporation is established.*
- (3) *A further education corporation may provide facilities of any description appearing to the corporation to be necessary or desirable for the purposes of or in connection with carrying on*

*any activities undertaken in the exercise of their principal powers (including boarding accommodation and recreational facilities for students and staff and facilities to meet the needs of students having learning difficulties within the meaning of section 4(6) of this Act).*

- (4) A further education corporation may—*
- (a) acquire and dispose of land and other property,*
  - (b) enter into contracts, including in particular—*
    - (i) contracts for the employment of teachers and other staff for the purposes of or in connection with carrying on any activities undertaken in the exercise of their principal powers, and*
    - (ii) contracts with respect to the carrying on by the corporation of any such activities,*
  - (c) borrow such sums as the corporation think fit for the purposes of carrying on any activities they have power to carry on or meeting any liability transferred to them under sections 23 to 27 of this Act and, in connection with such borrowing, may grant any mortgage, charge or other security in respect of any land or other property of the corporation,*
  - (d) invest any sums not immediately required for the purposes of carrying on any activities they have power to carry on,*
  - (e) accept gifts of money, land or other property and apply it, or hold and administer it on trust for, any of those purposes, and*
  - (f) do anything incidental to the conduct of an educational institution providing further or higher education, including founding scholarships or exhibitions, making grants and giving prizes.*
- (5) The power conferred on a further education corporation by subsection (4)(c) above to borrow money may not be exercised without the consent of the appropriate council, and such consent may be given for particular borrowing or for borrowing of a particular class.*