

THE GLASGOW SCHOOL OF ART

Board of Governors

Statement of Corporate Governance 2016/17

Approved by the Board of Governors, October 2016

**(Amendment to paragraph 2.8 approved by the Board of
Governors, December 2016)**

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1. Introduction

The Glasgow School of Art (GSA or 'the School') is a Higher Education Institution (HEI). It forms part of the Higher Education sector in Scotland as recognised by the Further and Higher Education (Scotland) Act 1992 and, for funding purposes, by the Scottish Funding Council (SFC). While the constitutional arrangements for Scottish and UK HEIs vary according to the age and types of institution, they all share fundamental characteristics, namely that they are:

- legally independent corporate institutions;
- bodies with charitable status;
- accountable through a governing body which carries ultimate responsibility for all aspects of the institution.

As an HEI, some aspects of the School's governance arrangements are defined by the Privy Council through an Order of Council (a Scottish Statutory Instrument), derived from the Further and Higher Education (Scotland) Act 1992. This Order was last amended in 2005 and specifies, among other things, the composition of the Board of Governors, including the appointment of Chair and Vice-Chair(s), periods of office, the composition of the Academic Council, and the existence of the Students' Association.

It is important to note that GSA is also a Company Limited by Guarantee. The School is therefore legally required to carry out certain actions as defined by the Companies Act, notably providing annual returns and accounts to Companies House, holding an Annual General Meeting, and maintaining an updated list of directors. The Governors of GSA are also the Directors (and Members) of the Company. The Memorandum and Articles of Association for the Company were last updated in 1997.

Given that GSA receives a significant proportion of its income in the form of grants from the Scottish Funding Council (SFC), the School is also bound by the conditions of the SFC Financial Memorandum. In addition to specific financial conditions, notably those relating to audit, the Memorandum also emphasises the importance of HEIs having appropriate and effective governance arrangements in place.

A final point to be borne in mind is that the School (like all HEIs) has charitable status and therefore has obligations under the Charities and Trustee Investment (Scotland) Act 1995, including responsibility for making annual returns to the Office of the Scottish Charity Regulator (OSCR). The Governors and School's Directorate are the charity Trustees.

Until 2013, the definitive source of guidance for Scottish HEIs on governance was the Governance Code of Practice published by Committee of University Chairs (CUC), which incorporated good practice as influenced by such sources as the Lambert Report (2003). The CUC Code (revised in 2009) remains influential, but in July 2013 a further source of guidance became available, namely the Scottish Code of Good HE Governance, drawn up by an independent Steering Group on behalf of the Committee of Scottish Chairs. This new Code drew upon the existing UK-wide Code, while seeking also to respond to issues raised by the Scottish Government's Review of Higher Education Governance in 2011. The School's Statement of Corporate Governance seeks to comply with the Scottish Code of Good HE Governance, while also complying with the various requirements arising from the School's status (as

mentioned above) as an HEI subject to Statute, a Company Limited by Guarantee, a charity, and a body receiving funds from the Scottish Funding Council.

(Note: the Scottish Parliament passed the Higher Education Governance (Scotland) Bill in March 2016, which includes changes to the composition of the governing bodies of Scottish Higher Education Institutions. The School will receive guidance in due course on the implementation of this legislation and how it relates to the School's Order of Council.)

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2. Board of Governors: Statement of Primary Responsibilities

The Board of Governors has the following responsibilities:

- .1 To consider and approve the mission and strategic vision of the School, including:
 - approval of the School's long-term strategic plans (academic and business), ethos, major investment decisions, risk assessment, and academic and financial sustainability;
 - oversight of the School's autonomy, academic freedom and the appropriate participation in decision-making of key constituents, including staff and students.
- .2 To be the principal financial and business authority of the institution, to ensure that proper books of account are kept, to approve the annual budget and financial statements, to oversee borrowing, to approve the Annual Accounts, to ensure adherence to the Scottish Funding Council's Financial Memorandum, to approve the creation (and monitoring) of subsidiary bodies, and to have overall responsibility for all the institution's assets.

[Note: investment levels for which authority from the Board is required are shown in the Schedule to the Corporate Governance Statement]
- .3 To appoint the Chair of the Board of Governors, to appoint up to two Vice Chairs, and to appoint new Governors (see also section 3. overleaf).
- .4 To appoint the Director (Chief Executive) of the School, and to delegate authority to the Director for the academic, corporate, financial, estate and human resources management of the School, and to put in place suitable arrangements (including consultation with all Governors) for monitoring his/her performance.
- .5 To appoint the Secretary to the Board (presently the Registrar and Secretary) and ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.
- .6 To advise on the appointment of the Director of Finance and Resources, given this post-holder's Company Secretary responsibilities, and to ensure that, if the persons appointed have managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.
- .7 To appoint the Deputy Director of the School (should such a post be part of the School's management structure).
- .8 To ensure the establishment and monitoring of systems of control and accountability, including financial and operating controls and risk assessment, and procedures for handling internal grievances, 'whistleblowing' complaints, conflicts of interest, and any issues relating to inappropriate gifts or hospitality (as outlined in the Bribery Act).

The School has an agreed Risk Management Framework which sets out how risk is identified, assessed and reported. The School's approach to internal control is through management reports to the Board and its committees, and specifically includes an Audit Committee which receives reports from appointed, independent, auditors.

- .9 To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the institution against the plans and approved Key Performance Indicators, which should be – where possible and appropriate – benchmarked against other comparable institutions.
- .10 To establish processes to monitor and evaluate the performance and effectiveness of the Board of Governors itself and revise structures and processes where necessary in light of such evaluation, including a major externally-facilitated review at least every five years of the effectiveness of the Board, its committees and the Academic Council. This five-year review shall include assessment of the Board's effectiveness in relation to both this Statement of Corporate Governance and the Scottish Code of Good HE Governance. There will also be interim annual reviews of the Board's effectiveness.
- .11 To conduct its business in accordance with best practice in higher education corporate governance and with accepted standards of ethics and behaviour in public life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership). Members shall exercise their responsibilities in the interests of the School rather than as representatives of specific constituencies. The Board shall also have due regard to the interests of all stakeholders, including the wider public.
- .12 To be the employing authority for all staff in the institution, to be responsible for establishing a human resources strategy, and to oversee payments and allowances to staff, and allowances (expenses) to Governors.
- .13 To determine and review the remuneration of those senior staff members whose salaries are not included within national pay scales. (This function is delegated to the Remuneration Committee).
- .14 To ensure that systems are in place for meeting all the institution's legal obligations, including those relating to health and safety, and the observance of good practice in equality and diversity, the governing instruments of the School and its charitable status.
- .15 To appoint, and receive reports from, the Academic Council and to ensure the quality of institutional educational provision and adherence to externally-defined academic quality assurance standards and to foster a suitable environment whereby knowledge may be advanced and the potential of learners fulfilled.
- .16 To make such provision as appropriate for the general welfare of students, in consultation with the Academic Council.
- .17 To form, and receive regular reports from, Committees to consider major areas of activity. Board Committees will all be chaired by Lay Governors. *The present list of Board committees is shown in the Schedule to the Corporate Governance Statement.*

- .18 To approve the constitution and functions of the Students' Association
- .19 To safeguard the reputation and values of the institution.
- .20 To take all final decisions on matters of major concern to the School.

3. **Composition of the Board of Governors and Appointment of Governors and Senior Board Officers**

.1 Composition of the Board of Governors

The Board of Governors consists of:

- A total membership of not less than 11 and not more than 25 members, of which a majority must be independent (lay) members, i.e. members who are not employed by the School. One of these lay Governors should have experience in local government and one should have experience in the provision of education. The remaining lay Governors should have experience in industrial, commercial or employment matters or the practice of any profession (and particularly those relating to disciplines taught within the School). The balance of skills and experience among lay Governors shall be sufficient to enable the Board to meet its primary responsibilities and to ensure stakeholder confidence. A matrix showing the skills, attributes and experience required across the Board's membership, including attributes and goals (having due regard to applicable law) relating to equality and diversity, shall be prepared and utilised in the recruitment of Governors and be available for public inspection. The composition of the lay Governors shall be assessed against this matrix;
- The Director of the School, the Deputy Director of the School (should such a post be part of the School's management structure) and the President of the Students' Association in the School, as governors ex officio; and
- Staff Governors appointed as follows:
 - i) one who shall be appointed by the Academic Council from among the members of the academic staff of the School who are members of the Academic Council;
 - ii) one who shall be elected by the academic staff of the School;
 - iii) one who shall be elected by the support staff of the School.

.2 Appointment and Period of Office of Governors

- i) Any governor ex-officio shall hold the office of such a governor for the duration of the tenure of the office by virtue of which this person is a governor.
- ii) Lay Governors shall normally be appointed for a period of three years and any governor appointed (and being eligible) may be further

appointed (on the recommendation of the Nominations Committee) on expiry of the term of office.

- iii) A person shall not be appointed as a governor where the term of office, if aggregated with any previous terms of office, would cause that person to serve for more than nine years as a governor.
- iv) The Governors shall make rules for the duration of the terms of office of governors appointed, which may be revoked and replaced or varied by further rules made by the Governors, provided that no governor shall be appointed for a term of office of more than three years;
- v) When vacancies in the Board's membership arise, the Nominations Committee shall advertise and widely publicise, both internally and externally, written descriptions of the role and the capabilities desirable in a new member, with the subsequent appointments to be managed by the Nominations Committee based on a full evaluation of the balance of skills and experience of the Governors and taking into account the desirability of ensuring diversity of the Governors.
- vi) A governor shall be deemed to have vacated the office as governor and the Governors shall declare the place vacant in any of the following circumstances:-
 - where that person intimates in writing to the Governors his/her resignation as a governor;
 - where the estate of the governor is sequestrated or a bankruptcy order is made against the governor or such governor has granted a trust deed for, or entered into an arrangement with, his/her creditors;
 - where such person becomes unable to carry out the duties of a governor by reason of physical or mental illness;
 - where such governor has missed attending four or more consecutive meetings of the Governors or any of their committees or sub-committees other than for a reason approved by the Governors;
 - in the case of a staff governor, when such person ceases to be a member of the Academic Council or the academic or support staff as the case may be.

.3 Appointment of Chair and Vice-Chair

- i) The Governors shall appoint a Chair and at least one Vice-Chair (and may appoint up to two Vice-Chairs) from among the Governors.
- ii) Appointments of the Chair and Vice-Chairs shall be managed by the Nominations Committee (membership of which shall include a staff governor and the President of the Student's Association) and, in the case of the Chair, the appointment shall be advertised, taking into account the Board's skills and attributes matrix (see 3.1 above) and a job specification for the post of Chair detailing the skills required,

expected time commitments and the need for availability at unexpected times. A formal interview process shall be required for the short-listed candidates.

- iii) The following provisions shall apply to any Chair or Vice-Chair so appointed:-
- such person shall hold office for such period as may be determined by the Governors;
 - the period of office shall not extend beyond that person's period of office as a Governor;
 - such person may resign from office;
 - such person may be removed from office by resolution of the Governors; and
 - such person shall cease to hold office if that person is deemed to have vacated office as Governor.

.4 Appointment of Governor to act as Intermediary

The Board shall appoint one of the Lay Governors to act as an intermediary. Governors may appoint this person to raise any concerns regarding the conduct of meetings or the Chair. The Intermediary will hold an annual meeting of the Board in the absence of the Chair in order to appraise the Chair's performance and provide a report to the Chair.

4. The Role of the Chair of the Board of Governors

- .1 The Chair of the Board of Governors ('the Chair') shall chair meetings of the Board of Governors. In the absence of the Chair, the Vice-Chair or in the event of there being more than one, one of the Vice-Chairs shall preside. In the absence of both the Chair and a Vice-Chair, the Governors present may appoint one of their own number to preside at any meeting.
- .2 The Chair (or, in his/her absence, the acting Chair) shall convene and chair the Business and Estates Committee and the Nominations Committee and is a member of the Remuneration Committee.
- .3 The Chair shall show leadership to the Board of Governors and represent the best interests of the School on all occasions, including discussions involving external agencies. The Chair shall be ultimately responsible for the effectiveness of the Board of Governors and must also ensure the School is well connected with its stakeholders, including staff and students.
- .4 The Chair shall recommend (for approval by the Board) Governors to sit on the various Committees of the Board
- .5 The Chair shall expect the Director to keep him/her informed at all times regarding the affairs of the School.

- .6 The Chair shall convene regular meetings of the Business and Estates Committee to receive regular reports from the School's senior management regarding the business of the School.
- .7 The Chair shall ensure that new Governors receive a full induction on joining the Board and that opportunities for further development for Governors are provided.
- .8 The Chair shall make arrangements to review annually the performance of the Director, this process to involve consultation with all Governors.
- .9 The Chair shall have powers to act on behalf of the Board of Governors on occasions when in his/her opinion there is no opportunity to call a meeting before the business requires action, provided that such a meeting is convened or all Governors otherwise informed at the earliest opportunity to report on the action taken.
- .10 On occasions that disciplinary matters involving senior staff of the School require independent input, the Chair may be invited to take part in the School's formal processes, or may nominate an appropriate Governor or Committee of Governors to participate in these processes.

5. Discharge of Functions by the Director

- .1 The Governors shall make arrangements to secure that such of their functions as are specified below shall be discharged on their behalf by the Director of the School.
- .2 The Director is the Chief Accountable Officer of the School responsible for providing the Governors with advice on the strategic direction of the School and its management and is the designated officer in respect of the use of Scottish Funding Council funds and compliance with the Council's Financial Memorandum.
- .3 In pursuance of arrangements made under paragraph .1 above, the Director shall discharge the functions of the Governors relating to:
 - the day to day organisation and management of the School and the discipline therein, and
 - with the advice of the Academic Council, the overall planning, co-ordination, development and supervision of the academic work of the School.
- .4 In discharging the functions specified above, the Director shall be subject to the general control and direction of the Governors but otherwise the Director shall have all the powers and duties of the Governors in relation to those functions insofar as they are not reserved to the Board in the above Statement of Primary Responsibilities

6. The Role of Secretary to the Board

The role of Secretary to the Board of Governors is currently held by the Registrar and Secretary. The Secretary to the Board is responsible for ensuring that the business

of the Board is conducted smoothly and efficiently, that the Board operates within its powers, and that the Board follows agreed and proper procedures. The Secretary should ensure the School complies with all relevant statutory and regulatory requirements (including the Order of Council, the Scottish Code of Good HE Governance and the Scottish Funding Council's Financial Memorandum, the latter in collaboration with the Director of Finance and Resources) and must be able to offer impartial advice to the Board and ensure that the proceedings of the Board and its committees are recorded fully and accurately.

Irrespective of his/her other duties within the School, the Secretary is solely responsible to the Board in his/her role as secretary to the governing body and therefore has a direct link to the Chair of the Board for the conduct of governing body business. As specified in the Scottish Code of Good HE Governance, the Secretary is responsible for alerting the Board to any action on the part of either the Director or the Board of Governors itself which might exceed defined limits of authority, and is also responsible for advising the Chair of any matters where conflict may occur between the governing body and the Director.

The Secretary has the right to attend any meeting of the Board, or any meeting of any committee established by the Board, except where any such meeting is deliberating on the remuneration, conditions of appointment, conduct, dismissal or retirement of the appointee (currently the Registrar and Secretary).

The Secretary will be responsible for:

- ensuring that the conduct of the business of the Board, and of individual members, accords with the high standards expected of people in public office.
- planning the business of the board and its Committees. This will include:
 - timetabling of meetings
 - preparation for meetings, including agendas; and
 - commissioning and distribution of papers in a timely manner.
- ensuring that meetings of the Board and its Committees are properly run, including ensuring that Governors can receive appropriate advice and that the meetings are minuted properly and appropriate records kept.
- ensuring that Governors are appointed and replaced in accordance with the Order of Council and the Scottish Code of Good HE Governance.

All individual members of the Board shall have access to the advice and services of the Secretary to the Board.

6. The Role of Director of Finance and Resources

The Director of Finance and Resources attends the Board of Governors and relevant Board committees, including the Audit Committee, the Business and Estates Committee, the Mackintosh Restoration Committee and the Remuneration Committee. As part of his/her role, the Director of Finance and Resources undertakes appropriate Company Secretary duties, where appropriate in consultation with the Secretary to the Board. In particular, the Director of Finance and Resources is responsible for ensuring that the School complies with the requirements of the Companies Acts; the Memorandum and Articles of Association of the Company and

(in collaboration with the Secretary to the Board) the Financial Memorandum between the School and the Scottish Funding Council

The Director of Finance and Resources is responsible for ensuring that the Annual Report and Accounts are prepared on time and comply with the Companies Acts and the relevant accounting statements. He/she is also responsible for:

- ensuring that the Registered Office is maintained, its address is correctly recorded with Companies House and that all official notices to the School delivered to the Registered Office are attended to properly.
- arranging general meetings of the Company and ensure that proper notice is issued for the Annual General Meeting and any Extraordinary General Meetings that are called.

All individual members of the Board shall have access to the advice and services of the Director of Finance and Resources.

7. Academic Council

- .1 Subject to paragraph .2 below, the Governors shall appoint, and maintain by further appointment, an Academic Council.
- .2 The proceedings of the Academic Council shall be regulated in accordance with the Order of Council.
- .3 The Governors shall confer on the Academic Council the following functions:
 - i) advising the Director in relation to the overall planning, co-ordination, development and supervision of the academic work of the institution: and
 - ii) such other functions of the Governors as may be assigned to the Academic Council by the Governors:
- .4 In discharging the functions specified in paragraph .3 above, the Academic Council shall have all the powers and duties of the Governors in relation to those functions and shall have the power to make any recommendations to the Governors on such matters relating to those functions as the Academic Council may think fit.
- .5 The Governors shall receive regular reports from the Academic Council and ensure that the Academic Council discharge the functions imposed on them by or under paragraph .3 above.

8. Standing Orders for Meetings of the Board of Governors

.1 Frequency of Board Meetings

The Board shall normally meet a minimum of five times per annum and these meetings shall normally be within academic terms, with the first meeting being held at the beginning of October and the last meeting at the end of June in the following year. The December meeting will coincide with the Annual General Meeting of Glasgow School of Art ('the Company').

.2 Quorum

The quorum necessary for the transaction of business by the Board will be four, none of whom shall be ex-officio or elected staff governors.

.3 Voting

In the absence of consensus, a simple majority shall apply, with the Chair (or the Governor acting as Chair in the Chair's absence) holding both a deliberative and casting vote.

.4 Extraordinary Meetings

Extraordinary meetings of the Board may be called by the Chair (or a Vice-Chair or other Governor acting as Chair) and may also be called by a written requisition specifying the purpose of the meeting and signed by at least half of the Board membership. Unless there are special circumstances, at least five days notice shall be given of Extraordinary meetings.

.5 Conduct of Board Members

Members must attend meetings of the Board regularly and actively participate in its proceedings. The Board shall exercise its responsibilities in a corporate manner, i.e. decisions should be taken collectively by all of the members acting as a body. Members should not act individually or as representatives of a constituency or in informal groupings. Members must act with selflessness, integrity, objectivity, accountability, openness, honesty and leadership in respect of the School.

.6 Open Proceedings/Reserved areas of business

The proceedings of the Board of Governors shall be conducted in as open a manner as possible, and information and papers restricted only when the wider interest of the institution or public interest demands, including the observance of contractual obligations.

Where any meeting of the Governors or of any committee of the Governors, as the case may be, is to consider any of the following matters, that is to say, the salary, conditions of service, appointment, promotion, suspension or dismissal of any member of the staff of the School, any governor who is a governor ex officio by virtue of holding office as Convener of the Students' Association, or as a staff governor in accordance with the Order of Council, shall withdraw from the meeting, or that part of the meeting, as the case may be, at which any of the said matters are to be considered, unless invited to remain by virtue of a resolution of the remaining members of the Governors or committee thereof, as the case may be, present at the meeting.

.7 Validity of proceedings of the Governors.

No failure or defect in the appointment of any governor and no vacancy in the office of governor shall prevent the Governors from acting in the execution of their functions, nor shall any act or proceedings of the Governors or any committee appointed by the Governors be invalidated or be illegal by reason

of or in consequence of any such vacancy or of any such defect in the appointment of any one or more governors.

9. Register of Interests

Governors and senior members of staff with significant financial responsibility must notify the Secretary of all membership, directorships and paid employment held by them in public bodies, companies or firms together with any other interests which might influence their judgment. The Register of Interests will be available on request for public inspection. If a Governor or senior member of staff has interest in any proposed contract or other matter that is to be considered by the Board, the Governor or senior member of staff should disclose the interest as soon as possible and before the matter is discussed.

10. Related Companies

The responsibilities of the Board extend to any related companies or other business entities owned or controlled by the School. In this context, the School should be represented on the board of directors of any related companies by independent lay member(s) of the Governors or by individual(s) nominated by the Governors.

11. Annual General Meeting of the Company

The Annual General Meeting of the Company approves the Annual Accounts, considers the report from the (external) auditors, and appoints or reappoints the auditors.

12. Policies

The School has a wide range of formal policies, examples of which are listed in the *Schedule to the Corporate Governance Statement*

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Attached: *Schedule to the Corporate Governance Statement*

Glasgow School of Art: Statement of Corporate Governance 2016/17

Schedule to the Corporate Governance Statement

1. Investment levels requiring approval from the Board of Governors

The School's Financial Regulations state that *"Any new aspect of business, or proposed establishment of a company or joint venture, which will require an investment in buildings, resources or staff time of more than £100,000 should be presented for approval to the Business Committee, with projects in excess of £200,000 requiring the approval of the Board of Governors"*.

2. List of Board Committees

- Business and Estates Committee*
- Audit Committee
- Mackintosh Restoration Committee
- Human Resources Committee
- Remuneration Committee
- Nominations Committee*
- Investment Committee
- Museum and Archive Committee
- Occupational Health and Safety Committee

Board Committees are all chaired by Lay Governors, with those asterisked being chaired by the Chair of the Board of Governors. The remits and memberships of the Committees are contained in a separate document, updated and approved annually by the Board of Governors.

3. School Policies

School policies are available on the website. Examples are:

- Equality Outcomes 2013-17
- Equal Opportunities Statement
- Disability Leave Policy
- Equal Pay Statement
- Student Admissions Policy
- Staff Recruitment Policy
- Complaints Policy (Model Complaints Handling Procedure)
- Data Protection Policy
- Disciplinary and Performance Management Policy and Procedure
- Staff Grievance Policy and Procedure
- Dignity and Respect at Work and Study Policy
- Whistleblowing Policy
- Gifts and Hospitality Policy
- Flexible Retirement Policy

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- Health and Safety Policy
- Staff and Student IT Acceptable Use Policies
- Anti-Bribery and Corruption Policy

Copies of all policies are available on the School's website or from the Secretary to the Board.

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