

ECC GOVERNANCE ARRANGEMENTS (AMENDED NOV 2016)

Introduction

1. This document sets out ECC's governance arrangements in the form of: the overarching responsibilities of the Board, Directors and Executive Directors; the terms of reference of Board committees; appointment of Directors and duration of office; and the administrative arrangements to support the governance of ECC.
2. ECC is both a not-for-profit membership organisation and a company limited by guarantee. Its function is set out in its Memorandum and Articles of Association and it is required to comply with company legislation.

Board

3. The purpose of the Board is to fulfil the mission of the Consortium and sustain its activities by:
 - a) Overseeing the current implementation of its strategy and monitoring performance against the business plan and key performance indicators;
 - b) Ensuring adequate corporate governance is in place to ensure proper use of the Consortium's resources, compliance with legislative requirements and enactment of the Consortium's policies and standards;
 - c) Identifying the risks and opportunities facing the Consortium and ensuring that adequate action to minimise or mitigate those risks and maximise relevant business opportunities is taken;
 - d) Ensuring compliance with company law, other legal business requirements and enactment of the Consortium's policies and standards;
 - e) Approving policies and standards to ensure that the Consortium's conduct represents best practice;
 - f) Maintaining solvency by exercising good financial propriety and avoiding any potential conflicts of interest and avoiding undue risk taking with property, funds, assets or reputation;
 - g) Approving applications for membership of the Consortium which will be notified to the Board by the Chief Executive;
 - h) Appointing new Directors and renewing their terms of office.

Appointment of directors

4. The Articles of Association specify the process for the appointment of Directors. The following summarises these conditions.
 - a) Directors of ECC are non-executive appointments. Individuals are invited to join the Board by the Chair and their directorship is approved by the Board [by a simple majority of those present]. A General Meeting of the Consortium may also appoint a director [by a simple majority of those present], providing the individual is recommended by the Directors.
 - b) Alternatively if not less than fourteen nor more than thirty-five clear days before the date appointed for the General Meeting, notice signed by a Member qualified to vote at the General Meeting has been given to Company of the intention to propose that person for appointment, together with notice signed by that person of his willingness to be appointed.

5. Directors may be drawn from the membership of the Consortium, bodies representing the members' interests or individuals who are deemed by the Board to be able to make a particular contribution to the Consortium.
6. The Board may co-opt individuals to aid its deliberations. Co-opted members of the Board will not have the right to vote.
7. When appointing new Directors and co-opting individuals, the Board will take account of the principles of equal opportunities and the need for transparency, and to ensure a balance and range of experience and skills are available to the Board.

Duration of term of office

8. The duration of a Director's term of office will normally last for three years. This appointment may be extended for periods of up to three years, following a review of the Director's contribution conducted by the Chair and the approval of the Board. From time to time, the term in office may be extended by one or two years in order to avoid the risk of a number of Directors terms of office ending at the same time.
9. The Executive Directors may serve for an additional three year period with the agreement of the Board.

Compensation

10. The Executive Directors (or their employers if this is the wish of the Director) will be compensated for the time spent on ECC duties, as determined from time to time by the Board.
11. Other directors may claim reasonable expenses, as set out in the Financial Regulations.

Conflicts of interest

12. A conflict of interest may arise when a Director's personal interests or interests which they have in another body clash or appear to clash with those of ECC.
13. In the interests of transparency and good governance, ECC has agreed the following process to deal with a conflict of interest should one arise:
 14. A conflict may appear in a number of different forms:
 - a) Direct financial gain - for example from involvement which provides financial benefit to the Director in an organisation that provides paid for services to ECC;
 - b) Indirect financial gain - for example from the involvement of a Director's spouse or partner which provides financial gain to that individual in an organisation that provides paid for services to ECC;
 - c) Non-financial gain - for example through involvement with another organisation (other than a member or associated member) that contracts with ECC for paid for services;
 - d) Conflict of loyalties.
15. All directors are responsible for declaring any or potential conflicts of interest by reporting their involvement in other organisations which may result in a conflict to the Vice-Chair at the start of each financial year. The register of interests will be reviewed by the Board

annually and it will be the responsibility of the Chair to resolve any actual or potential conflicts of interest.

16. Directors must also declare their interest in any item on a Board, or committee agenda at the start of the meeting. A note of the declaration will be made in the minutes of the meeting.

17. A Director with a declared conflict of interest may participate in the discussion at the discretion of the Chair, but may not vote on that matter.

Membership

18. The maximum and minimum number of Directors currently stands at 20 and 10 respectively.

Meetings

19. The Board will meet at least twice each year and at one meeting will determine the strategic priorities, budget and subscriptions to be levied on members.

20. A meeting of the Board will be quorate if at least one Executive Director and two other directors are present.

21. The decisions will be made on the basis of a simple majority, if a vote needs to be taken. In the event of a tied vote, the Chair may exercise a casting vote in addition to his or her first vote.

22. The Chief Executive and Senior Consultant will attend Board meetings which will be serviced by the Business Manager.

23. Minutes of Board meetings will be available to members on request.

Responsibilities of Directors

24. Directors are asked to contribute to the work of the Board and Consortium by:

- a) Participating in Board decision making, strategic planning and accepting corporate responsibility for the Board's decisions;
- b) Scrutinising the work of the Consortium and its employees to ensure its policy is being implemented and best practice used;
- c) Exercising reasonable care and skill, by using their knowledge and experience accordingly in the best interest of Consortium members;
- d) Taking on particular responsibilities, such as Chair or Vice-Chair;
- e) Being a member of and or chairing a committee of the Board;
- f) Taking part in specific projects, as identified by the Board;
- g) Participating in performance review and evaluation exercises;
- h) Providing support and information to aid the work of the Consortium and the development of its strategies and policies;
- i) Promoting the Consortium, its products and services and representing the Consortium to its members and other bodies;
- j) Providing leadership to Consortium members by promoting the use of ECC and its products and services.

Responsibilities of Executive Directors

Chair

25. The Chair is an Executive Director and is appointed by a majority of the Directors to lead ECC by:

- a) Performing an ambassadorial role;
- b) Acting executively on behalf of Board;
- c) Leading the Board, agreeing the agenda and chairing its meetings;
- d) Delegating responsibilities for specific projects to the Vice-Chair or other board members, as necessary;
- e) Resolving any conflicts of interest declared by Directors;
- f) Leading the Executive Directors' group;
- g) membership of Remuneration and Employment Committee;
- h) Supporting work of the Chief Executive, acting as line manager, agreeing the role holder's objectives and reviewing his or her performance;
- i) Representing ECC and engaging with external bodies in conjunction with the Chief Executive and where possible influencing external stakeholders' view of the Consortium;
- j) Participating in negotiations with third party suppliers;
- k) Acting as ECC's "named individual".

Vice-Chair

26. The Vice-Chair is an Executive Director and is appointed by a majority of the Directors, deputises for the Chair in his or her absence and has specific responsibilities including:

- a) Performing an ambassadorial role;
- b) Deputising for the Chair in employment matters, as set out in the employment procedures;
- c) Leading on governance issues;
- d) Chairing a Board Committee;
- e) Leading on projects as agreed by Chair and or Board and in accordance with business plan;
- f) Supporting the work of the Executive Group's employed members, where necessary;
- g) Participating in negotiations with third party suppliers.

Committees

Audit and Quality Assurance Committee

27. The committee is responsible for ensure that ECC's services meet its members' needs and expectations and its operations are effective and efficient by:

- a) Reviewing the key performance indicators and quality standards to ensure they assess the critically important aspects of ECC's operations;
- b) Being assured that actions taken are in line with ECC's mission and business plan and that key performance indicators and quality standards are achieved;
- c) Being assured that risks to the achievement of ECC's mission and business plan have been identified and appropriate mitigating actions have been undertaken.
- d) Ensuring that ECC's resources are used effectively and efficiently, in accordance with ECC's mission and business plan;

- e) Monitoring ECC's compliance with its policies and legal requirements, in particular its commitment to equal opportunities

Membership

28. The committee comprises the Vice-Chair and two other directors.

Meetings

- 29. The committee meets at least once a year.
- 30. The meeting is serviced by the Senior Consultant, who will attend if required.
- 31. The decisions of the committee are reported to the Board.

Executive Committee

- 32. The Executive Committee is responsible for ensuring that operations are aimed at achieving ECC's business plan by:
 - a) Implementing the strategic plan through an agreed operating plan;
 - b) Monitoring the achievement of the plan against key performance indicators;
 - c) Taking executive decisions, as set out in the Scheme of Delegations;
 - d) Identifying (and if appropriate approaching) potential Directors;
 - e) Oversee the recruitment and selection of the Chief Executive and to make an appointment recommendation for approval by the full Board;
 - f) Acting exceptionally in the best interests of the Consortium to ensure the smooth operation of ECC's functions. Exceptional decisions should be reported to a full Board meeting at the next available opportunity.

Membership

33. The committee comprises the Chair and Vice-Chair (Executive Directors), Chief Executive and Business Manager (employed members of the Group).

Meetings

- 34. The committee meets as and when it deems necessary for the Consortium's effective and efficient operation.
- 35. The meetings are serviced by the Business Manager.
- 36. The decisions of the committee are reported to the Board.

Remuneration and Employment Committee

- 37. The purpose of the Committee is to ensure that the staffing and resourcing requirements of ECC are adequate and fit for purpose by:
 - a) Recommending employment policies and practices to the Board to ensure effective recruitment, retention and motivation of staff;
 - b) Reviewing the Chief Executive's recommendations relating to Consortium's structure and role definitions to ensure they are fit for purpose and will enable ECC to operate effectively and efficiently;
 - c) Reviewing the Chief Executive's recommendations and deciding changes to remuneration and the award of any performance bonuses, taking into account the level of responsibility and competencies required in the role, market-related factors and the

contribution of each employee/associate to the work of ECC in relation to their agreed objectives;

- d) Deciding on the level of remuneration awarded to the Chief Executive and any Director of the company undertaking specific responsibilities;
- e) Delegating to REC members who are not Executive Directors the responsibility to review and determine ECC's annual financial contribution to employer institutions for Executive Directors' time engaged in ECC duties.

Membership

38. The Committee comprises the Chair and two other directors (one of whom will Chair the Committee).

Meetings

39. The Committee meets at least once a year.

40. The meeting is serviced by the Chief Executive, who will attend if required.

41. The decisions of the Committee are reported to the Board, but matters relating to the employment and remuneration of individuals remain confidential to members of the Committee.