

CODE OF PRACTICE FOR COUNCIL MEMBERS

1. Background

- 1.1 This Code of Practice sets out the basis on which Council members should seek to discharge their responsibilities. Until 2006 NERC used the generic Government Code, but this NERC-specific document has been produced at the request of, and with the agreement of, S & IG.

2. Relationship with the Sponsor Department

- 2.1 The Secretary of State for Innovation Universities and Skills is answerable to Parliament for the policies and performance of NERC, including its use of resources and the policy framework within which it operates. The respective roles of NERC and its sponsor department, the Science and Innovation Group (S & IG) (within the Department of Innovation Universities and Skills (DIUS) are reflected in the Management Statement and Financial Memorandum
(http://www.nerc.ac.uk/about/work/boards/documents/mgt_statement05.pdf)
(http://www.nerc.ac.uk/about/work/boards/documents/fin_memo05.pdf)

3. Council Membership

- 3.1 Council Members are drawn from the academic and user communities served by the Council, including Government departments. They should be able to reflect and express authoritatively the perspective and views of their research or user communities, while contributing as a body to the Council's successful pursuit of its mission. Council Members are required to complete a Register of Interests.
- 3.2 Council Members are expected to commit about 20 days a year to Council business. Council meetings are held five times a year. In addition to Council meetings, Members are expected to attend occasional strategy discussions and to participate in the work of Council's boards and/or committees.
- 3.3 Council has agreed to regularly review its performance.
- 3.4 Council reviews its agendas every year, allowing members to pinpoint issues they wish to consider.
- 3.5 Council Members are expected to abide by NERC's policy on vested interests, (paragraph 8.1).

4. Role of the Chair of Council

- 4.1 The Chair of Council has particular responsibility for providing effective strategic leadership on matters such as:

- formulating Council's strategy for discharging its mission as given by the objects in its Royal Charter;
- ensuring high standards of propriety, and promoting the efficient and effective use of staff and other resources throughout NERC;
- ensuring that Council takes proper account of guidance provided by the Secretary of State of Innovation Universities and Skills or S & IG in reaching decisions;
- representing the views of Council to the general public;
- providing a regular assessment of performance of individual Council members.

4.2 The Chair should ensure that Council meets at regular intervals throughout the year and that the minutes of meetings accurately record the decisions taken and, where appropriate, the views of individual Council members.

4.3 The Chair is formally responsible to the Secretary of State of Innovation Universities and Skills. Communications between Council and the Secretary of State of Innovation Universities and Skills will normally be through the Chair, except where Council has agreed that an individual member should act on its behalf. Nevertheless, an individual member has the right of access to Ministers on any matter that they believe raises important issues relating to their duties as a Member of Council. In such cases the agreement of the rest of Council should normally be sought. The main point of contact between NERC and S & IG on day-to-day matters will normally be the Chief Executive or another member of staff who is authorised to act on behalf of NERC.

5. Collective Responsibilities of Council Members

5.1 Council Members have collective responsibility for ensuring that NERC complies with any statutory or administrative requirements for the use of public funds under its control.

5.2 Other collective responsibilities of Council members include:

- ensuring that high standards of corporate governance are observed at all times;
- establishing the overall strategic direction of NERC within the policy and resources framework agreed with the Secretary of State of Innovation Universities and Skills;
- overseeing the delivery of planned results by monitoring performance against agreed strategic objectives and targets;

- ensuring the Council operates within the limits of its Royal Charter and any delegated authority agreed with S & IG, and in accordance with any other conditions relating to the use of public funds;
- ensuring that, in reaching decisions, Council has taken into account any guidance issued by S & IG;

5.3 In discharging these responsibilities, Council must, at all times:

- observe the highest standards of propriety involving impartiality, integrity and objectivity in relation to stewardship of public funds and management of NERC;
- maximise value for money through ensuring that services are delivered in the most efficient and economical way, within available resources, and with independent validation of performance achieved wherever practicable;
- be accountable to Parliament, users of services, individual citizens and staff for the activities of NERC, their stewardship of NERC funds and the extent to which key performance targets and objectives have been met;
- in accordance with Government policy on openness, comply fully with the principles of the Freedom of Information legislation.

6 Individual Responsibilities of Council Members

6.1 Individual Council Members are expected to abide by the Seven Principles of Public Life set out in the Second Report of the Nolan Committee on Standards in Public Life, May 1996:

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.

6.2 Individual Council members should be aware of their wider responsibilities as Members of Council. Council members must:

- undertake on appointment to comply at all times with the Code of Practice for Council members and with rules relating to the use of public funds;
- act in good faith and in the best interests of NERC;
- not misuse information gained in the course of their public service for personal gain or for political purposes, nor seek to use the opportunity of public service to promote their private interests or those of connected persons, firms, businesses or other organisations;
- ensure they do not accept gifts or hospitality in circumstances where it could impact on their ability to function as a Council member or give rise to questions of impartiality.

6.3 Council members are expected not to occupy paid party political posts or hold particularly sensitive or high profile unpaid roles in a political party. Subject to that, members are free to engage in political activities, provided that they are conscious of their general public responsibilities and exercise discretion, particularly in regard to the work of Council. On matters directly affecting that work, they should not make political speeches or engage in other public political activities.

6.4 The restrictions in Paragraph 6.3 do not apply to Council members who are Members of Parliament (in those cases where MPs are eligible to be appointed), to local councillors or to Peers in relation to their conduct in the House of Lords.

- 6.5 Individual Council members may be removed from office if they fail to perform their duties to the standards expected of persons who hold public office.
- 6.6 Because executive Non Departmental Public Bodies (NDPB) are required, other than exceptionally, to follow generally accepted accounting practice, Council members must facilitate compliance with the need for material transactions with related parties to be disclosed in financial statements. "Related parties" include (in addition to business contacts) close members of the family of an individual, who are defined for the purposes of the standard as those family members, or members of the same household, who may be expected to influence, or be influenced by, that person in their dealings with the reporting entity.

7. Personal Liability of Council Members

- 7.1 Although any legal proceedings initiated by a third party are likely to be brought against NERC, in exceptional cases proceedings (civil or, in certain cases, criminal) may be brought against the Chairman or other individual Council members. For example, a Council member may be personally liable if they make a statement which results in loss to a third party. A Council member who misuses information gained by virtue of their position may be liable for breach of confidence under common law or may commit a criminal offence under insider dealing legislation.
- 7.2 Individual Council members who have acted honestly, reasonably and in good faith will not have to meet, out of their own personal resources, any personal civil liability which is incurred in execution or purported execution of their Council functions save where the member has acted recklessly.
- 7.3 Council members who need further advice should consult the Secretary to Council.

8. Handling Conflicts of Interest

- 8.1 The Chairman and other Council members should declare any personal or business interests which may conflict with their responsibilities as Council members. NERC has drawn up a policy on vested interests (<http://www.nerc.ac.uk/about/work/policy/vestedinterests.asp>) that ensure such conflicts are identified at an early stage and that appropriate action can be taken to resolve them.
- 8.2 These rules include the keeping of a [Register of Interests](#) appropriate to the NERC's activities. The Register lists direct or indirect pecuniary interests, which members of the public might reasonably think could influence judgement. It also includes non-pecuniary interests of Council members which relate closely to the NERC's activities and interests of close family members and persons living in the same household as the Council member.

- 8.3 The Register of Interests is available to the public and is up-dated regularly. Council members are required to notify the Secretary to Council of any changes to their interests as they occur.
- 8.4 It is Council policy that:
- On taking up their appointments, all Council members must declare any private, professional or commercial interests that could conflict, or be perceived to conflict, with NERC's interests.
 - NERC will register the declarations of interest centrally and update them every year. Members should, however, provide updated information as changes occur. NERC will put the Register on its website so the public can inspect it, and the website detail will be published in the NERC Council's Annual Report.
 - The Chairperson of a meeting will be briefed on interests using the Register, and will draw attention to any possible conflicts of interests before the meeting starts.
 - Normally, members with vested interests should leave the meeting while the proposal or issue is being discussed or considered.
 - If the Committee agrees, the Chairperson may use their discretion to allow members with vested interests to remain in the meeting, if their absence will compromise the Committee's expertise, or if they are invited to speak on 'matters of fact'.
 - NERC will remove all papers and background information relating to a vested interest from the respective member's meeting papers.
 - All Committee members are expected to abide by the *in confidence* nature of much of the business conducted at meetings. This is set out in the papers provided for each meeting.
 - All vested interests declared, and actions taken, should be recorded in the Committee minutes, ensuring a proper audit trail.
- 8.5 Where, in accordance with the above, Council members do not participate in the discussion or determination of a matter, they should normally withdraw from the meeting, even if it is held in public. This is because the continued presence of someone who had declared an interest might be thought likely to influence the judgement of the other members present.
- 8.6 Whether or not Council members are able, in the light of the considerations above, to participate in the discussion or determination of a matter, they should declare as soon as practicable after a meeting begins if they have an interest, pecuniary or other, in a matter being considered. They should also disclose any interests in it of which they are

aware on the part of close family members (partners, parents, children (adult and minor), brothers, sisters and the partners of any of these) and persons living in the same household as the member. In addition, Council members should consider whether they need to disclose relevant interests of other persons or organisations which members of the public might reasonably think could influence the Council member's judgement.

- 8.7 NERC has safeguards to prevent conflicts of interests arising from the acceptance of appointments during or after employment, which Council members are expected to comply with.

9. Strategy and Control

- 9.1 One of the main tasks of the Council is the oversight of the production of NERC's Strategy. This is a key document in the process for agreeing with the Department of Innovation Universities and Skills the policy and resources framework within which the Council will seek to discharge its duties; and for determining its key strategic objectives and performance measures. Such objectives and measures should normally cover the delivery of NERC's mission, financial performance, and the efficiency and effectiveness of its operations.
- 9.2 NERC's delivery plan sets out NERC's investment priorities for a spending review cycle (2-3 years) and is updated annually. It highlights the key priorities in the NERC portfolio of activities that will be delivered during the spending review period. NERC's scorecard sets out the activities agreed with NERC for the delivery plan period and is revised annually. Responsibility for annually updating the Delivery Plan and scorecard is delegated by Council to the NERC Executive Board.
- 9.3 NERC introduced a Strategic Management Tool (SMT) in April 2008 to provide a high-level overview of NERC's priorities, decision-making and implementation of the new NERC strategy. Council receives quarterly updates by exception on the SMT (incorporating delivery plan and scorecard targets), and an annual delivery report on NERC's performance, which incorporates information drawn from the delivery plan, scorecard and outputs framework.

10. Accountability for Public Funds

- 10.1 Council members have a duty to ensure the safeguarding of public funds - which for this purpose should be taken to include all forms of receipts from fees, charges and other sources - and the proper custody of assets which have been publicly funded. They must take appropriate measures to ensure that the NERC at all times conducts its operations as economically, efficiently and effectively as possible, with regard to the Charter, relevant statutory provisions and guidance in Government Accounting.

10.2 Council members are responsible for ensuring that NERC does not exceed its powers or functions, whether defined in statute or otherwise, or through any limitations on its authority to incur expenditure. They are normally advised on these matters by the Chief Executive.

11. Council as an Employer

11.1 Council is formally required to ensure that:

- it complies with all relevant legislation and employs suitably qualified staff - for example, in key areas such as finance - who will discharge their responsibilities in accordance with the high standards expected of staff employed by public bodies. All staff should be familiar with NERC's main aims and objectives;
- NERC adopts management practices which use resources in the most economical and efficient manner;
- NERC's rules for the recruitment and management of staff provide for appointment and advancement on merit on the basis of equal opportunity for all internal and external candidates;
- its members, and NERC's staff, have appropriate access to expert advice and training opportunities in order to enable them to exercise their responsibilities effectively.

11.2 Chair of Council monitors, on Council's behalf, the performance of the Chief Executive and other senior staff.

12. Annual Report and Accounts

12.1 NERC is required to produce an Annual Report and Accounts and give it appropriate publicity. It provides a full description of Council's activities, including the extent to which key strategic objectives and agreed financial and other performance targets have been met; lists the names of the current members of Council and senior staff; and provides details of remuneration of Council members and senior staff in accordance with Treasury guidance.

12.2 As part of its responsibilities for the stewardship of public funds, Council is required to include a full statement of the use of such resources in its Annual Report and Accounts. Such accounts are prepared in accordance with the Accounts Direction issued by the Department of Innovation, Universities and Skills and such other guidance as is issued, from time to time, by S & IG and the Treasury, including "Executive Non-Departmental Public Bodies: Annual Reports and Accounts Guidance", a copy of which is available from the Director, Finance and Operations.

13. The Role of the Chief Executive

- 13.1 The Chief Executive has responsibility for the overall organisation, management and staffing of NERC and for its procedures in financial and other matters, including conduct and discipline. This involves the promotion by leadership and example of the values embodied in the Nolan Committee's Seven Principles of Public Life. Council members should support the Chief Executive in discharging this responsibility.
- 13.2 The Chief Executive is designated as the Accounting Officer for NERC and is responsible to Parliament and the Accounting Officer of the S & IG for the resources under his or her control. The essence of the role is a personal responsibility for the propriety and regularity of the public finances for which he or she is answerable; for the keeping of proper accounts; for prudent and economical administration; for the avoidance of waste and extravagance; and for the efficient and effective use of all the resources in his or her charge. The Accounting Officer has responsibility to see that appropriate advice is tended to Council on all these matters. Satisfactory performance of these responsibilities is fundamental to the role of the Chief Executive.
- 13.3 More detailed guidance on the role of an Accounting Officer is set out in "The Responsibilities of a NDPB Accounting Officer", a copy of which is available from the Director of Finance and Operations.

14. Delegation

- 14.1 Council members normally serve on a part-time basis. To the extent permitted by the originating legislation and other provisions under which the NERC is established, responsibility for day-to-day management matters is delegated to the Chief Executive and his or her staff in so far as is practicable, within a clearly understood framework of strategic control.
- 14.2 Council may decide to delegate, where it has power to do so, responsibility for specified matters to individual members or committees of Council. The terms of reference of Committees or the delegated authority framework for individual members will be clearly specified in writing. Decisions taken by individual members or committees of Council under delegated powers should be recorded in written minutes available to Council as a whole.

15. The role of NERC Directors

- 15.1 The Directors are accountable, through individual Management Statements, to the Chief Executive for ensuring that the Centres and Swindon Office meet their aims. Directors are required to ensure that within their areas of responsibility, there are measures in place which:
- promote effectiveness and efficiency;

- underpin the reliability of financial and other information;
- comply with internal policies and external legislation and regulations;
- safeguard NERC's assets and interests;
- develop, implement and monitor controls that manage the activities the Directors oversee.

16. Openness and Responsiveness

- 16.1 Council members and NERC employees should conduct all their dealings with the public in an open and responsible way and ensure full compliance with the principles of the Freedom of Information Legislation. Wherever possible, Council should make provision for access to records of their decisions and should publicise the arrangements made.
- 16.2 Council members will need to act consistently with the nature of NERC's business and the possible need for confidentiality on commercial or other grounds, always subject to the rights of Parliament and the Comptroller and Auditor General to obtain information. They should ensure they can demonstrate that they are using resources to good effect, with propriety, and without grounds for criticism that public funds are being used for private, partisan or party political purposes.

17. Induction for Council Members

- 17.1 The Chair should ensure that all members of Council, when taking up office, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities and the rules and procedures of Council. Council Members will be provided with induction briefing on the NERC programme and opportunities for visits to supported research departments and facilities (to ensure an appreciation of its balance and scope).
- 17.2 The Chairman and Council members will receive a description of NERC's organisational structure and a 'Handbook for Council Members' which provides relevant background information about NERC, its structure and how it operates. Through this, they will also receive links to other relevant background material, such as the NERC's combined Management Statement and Financial Memorandum, its latest Strategy and Annual Report and Accounts.
- 17.3 Further information or advice on the Code of Practice may be obtained from the Secretary to Council.

18. Information and Procedures for Council Meetings

- 18.1 The Agenda and papers for meetings will be sent to Members a week prior to the meeting. An electronic version of the papers and papers for information will be available on the Council member's secure designated

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Web pages at <http://www.nerc.ac.uk/about/work/boards/council/>; the username and password will be provided by the Secretary to Council.

18.2 The Minutes of the meeting, both closed and open, will be circulated for Members comments and amendments within eight weeks of the meeting and will be ratified at the next meeting of Council.

BUSINESS CO-ORDINATION
NERC
SEPTEMBER 2008