

OVERVIEW OF IFR GOVERNANCE - OBJECTIVES, ROLES RESPONSIBILITIES AND RELATIONSHIPS

1. The BBSRC

BBSRC sponsored institutes are in place to support the BBSRC's mission in accordance with its Royal Charter.

To:

- promote and support high-quality basic, strategic and applied research and related postgraduate training relating to the understanding and exploitation of biological systems;
- advance knowledge and technology, and provide trained scientists and engineers, which meet the needs of users and beneficiaries (including the agriculture, bio-processing, chemical, food, healthcare, pharmaceutical and other biotechnological related industries), thereby contributing to the economic competitiveness of the United Kingdom and the quality of life;
- provide advice, disseminate knowledge, and promote public understanding in the fields of biotechnology and the biological sciences.

Institutes are funded in part by the BBSRC through several mechanisms, including Core Strategic Grants and by grants for buildings, facilities and scientific equipment, and minor works. Compliance criteria for how these grants may be used, and related matters concerning the operation of the institute, are set out in their Conditions of Grant Agreement.

To reflect their predominantly “public good” and “not for profit” research missions, institutes are established constitutionally as companies limited by guarantee and registered charities. Their charitable objects and powers are set out in Memoranda of Association, and their internal regulation is governed by the Company's (Institute's) Articles of Association.

A Governing Body oversees each institute's activities.

The governing documents reserve certain rights to the BBSRC, recognising its influence and involvement in sponsored institutes, particularly through funding and employment. The Chief Executive is de facto a 'shadow director' as defined by the Companies Act i.e. “A person who is not formally appointed as a director, but in accordance with whose directions or instructions the directors of a company are accustomed to act.”

The BBSRC also nominate governing body members and set out arrangements for appointment of Institute Directors and Secretaries. The appointment details for Institute Directors vary slightly between institutes, but the process is a joint one involving the BBSRC Chief Executive and the Governing Body chairman as chair of the appointment panel.

A number of mechanisms are in place to facilitate effective interaction between the Institute and BBSRC. These include biannual business plan meetings, an annual presentation by the Director to BBSRC Council, (the Governing Council Chair is invited to these meetings), an annual meeting between Institute Governing Council Chairs and BBSRC Council. Periodic invitations are made to the BBSRC Chief Executive to attend the Institute Governing Council.

2. The Governing Body

The Chairman and Governing Body have responsibility for the stewardship of the institute, as laid down in the Memorandum and Articles of Association and the Conditions of Grant and ensuring compliance with the requirements of the Companies Act and charitable registration.

The responsibility for ensuring that the Institute complies with this Agreement and takes account of related guidance rests with the Governing Body acting through the Director.

Governing Body members serve on a part time non-executive basis. Responsibility for day-to-day matters is delegated to the Institute Director and his staff to the maximum extent practicable, within an agreed and clearly understood framework of strategic control endorsed by the Governing Body. This framework should reflect the BBSRC Conditions of Grant and/or other guidance referred to within the Conditions such as Staff Code and Finance Guide.

The Governing Body may also decide to delegate responsibility for specified matters to individual members, or sub-committees, for example the Finance and General Purposes Committee. The Governing Body has ultimate responsibility for actions undertaken by individual members, sub-committees or the institute staff. Where delegation takes place, the arrangements should be properly documented. The documentation should identify clearly those matters reserved for decision by the Governing Body.

In particular the Governing Body shall:

- develop, with the Director, the long-term vision for the Institute
- advise and oversee the Director in:
 - managing and furthering the Institute's mission, aims and objectives
 - reviewing and monitoring the quality and relevance of all aspects of the Institute's work
 - monitoring the Institute's management and administration and in matters concerning efficiency, effectiveness and economy in the use of resources (funds, staff, tangible and intangible assets and liabilities)
 - ensuring an appropriate balance and synergy between the core, strategic and other research programmes
 - administering and being accountable for Institute funds in accordance with the BBSRC financial requirement
 - ensuring compliance with statutory requirements, and following best practice in corporate governance and risk management.
- The Governing Body should have a Finance and General Purposes Committee to assist in exercising the normal company and charity stewardship responsibility placed on the members of the Governing Body.
- The Governing Body of the Institute shall appoint an Audit Committee and make appropriate arrangements for internal and external audit

The liability of individual members is limited to £1 provided they act prudently, lawfully and in accordance with their terms of reference. The Institute carries professional indemnity insurance on behalf of the members and paragraph 38 of the BBSRC code states that the BBSRC will indemnify individual members who act honestly, reasonably and in good faith.

3. The Institute Director

The Director is appointed by the BBSRC following consultation with the Governing Body and is responsible for the institute. S/he is responsible to the Governing Body through the Chairman for determining its organisation, strategy and management, so as to achieve the objectives and targets set for it by the Governing Body.

The Institute Director is accountable to the BBSRC Chief Executive for scientific leadership and the efficient organisation and the financial and human resource management of the Institute within the delegated authority and lines of accountability set out in the Conditions of Grant Agreement.

Particular responsibilities shall include:

- promoting excellence in research and training and fostering an effective partnership between the Institute and BBSRC
- formulating the long-term vision of the Institute
- providing strategic direction and scientific leadership of the Institute
- establishing internal mechanisms to monitor and review the quality and relevance of the Institute's research programme
- representing the Institute nationally and internationally
- overseeing the implementation of BBSRC staff and other relevant management policies
- representing the BBSRC as agreed with the Chief Executive
- providing the primary link between the Institute and the BBSRC
- maintaining the impartiality, integrity and objectivity with which the Institute carries out its functions
- assuring funders that science activity is carried out to appropriate quality assurance standards
- ensuring the Institute is economically sustainable through the effective management and use of the Institute's financial and other resources, with particular reference to:
 - the quality and performance of the administration of the Institute
 - operating effective systems of internal control to ensure that all funds available to the Institute are used for purposes for which they are intended and that all resources, including capital assets, equipment and staff, are used efficiently, effectively and economically
 - identifying and evaluating key risks, maintaining a risk management framework and drawing up effective action plans
 - complying with statutory requirements
- ensuring that proper project management systems are in place and regularly reviewed to reflect best practice
- ensuring that the development and installation of all business critical systems are subject to proper project management disciplines and that sound contingency plans are in place.

Governing Body Terms of Reference

The Institute of Food research is a BBSRC 'Supported' Institute and a company limited by guarantee, governed by both company and charity law.

The Governing Body has responsibility for the stewardship of the institute, as laid down in the Memorandum and Articles of Association and the Conditions of Grant. It must ensure compliance with the requirements of the Companies Act and charitable registration.

Governing Body members serve on a part time non-executive basis. Responsibility for day-to-day matters is delegated to the Institute Director and his staff to the maximum extent practicable, within an agreed and clearly understood framework of strategic control endorsed by the Governing Body.

The Governing Body will ensure that IFR:

1. has strategic direction which supports the spirit and central aims of the BBSRC mission as laid down by Royal Charter.
2. operates in accordance with its 'Conditions of Grant' agreement with the BBSRC.
3. meets its legal obligations as a Company Limited by Guarantee and registered charity as defined in the Institute's Memorandum and Articles of Association.

It will achieve this by overseeing and advising the Director in:

1. Developing and maintaining a realistic long-term vision and operational strategy for the Institute.
2. Ensuring that Institute has systems, processes and procedures in place which are appropriate for managing, reviewing and controlling all elements of the business in accordance with the law and its Conditions of Grant.
3. Developing and maintaining the quality and relevance of all aspects of the Institute's work
4. Ensuring an appropriate balance and synergy between the core, strategic and other research programmes
5. Monitoring the Institute's management and administration and in matters concerning efficiency, effectiveness and economy in the use of resources
6. Administering and being accountable for Institute funds in accordance with the BBSRC financial requirement
7. Ensuring compliance with statutory requirements, and following best practice on corporate governance, risk management and quality systems.

To assist the above activities, the Governing Body will have in place a:

1. Finance and General Purposes Committee to assist in exercising the normal company and charity stewardship responsibility placed on the members of the Governing Body including financial, business risks and health and safety function (see TORS for F&GP). The F&GP will incorporate a formal Audit Committee function (see TORS for Audit Committee)
2. Science Committee to assist the development and maintenance IFR's science in relation to direction, balance, strategic relevance and quality (see TORS for Science Committee).

Membership

- The membership of the Governing Body shall be 14, drawn normally from the academic community, the food industry and public representatives and covering a range of skills including business and risk, science and technology and social and ethical responsibility.
- All appointments shall be made by the BBSRC

Meetings

- 3 times per year
- The Director and Company Secretary shall normally be in attendance
- Minutes of the meeting will be kept

Governance

Minutes of the meetings will be circulated to all Governing Body members and attendees and the Chief Executive of the BBSRC.

Governing Body – Reserved Powers

1. Authorise borrowings > £100k (excludes BBSRC general cash flow loans).
2. Authorise expenditure on specific projects or items where the total is > £250k (excludes externally funded scientific projects)
3. Authorisation of Annual Statutory Accounts and Business Plans
4. Appointment / removal of Governing Body Members – and Institute Secretary
5. Authorisation of merit pay grades 3 and above (sub-committee of the Governing Body, excluding Chairman)
6. Option to attend appointment meeting (and nominate attendee) of grade 3 and above staff
7. Consultation regarding redundancy / restructuring plans where total costs are likely to exceed £250k
8. Give advice regarding any changes in science strategy

January 2005

Audit Committee Terms of Reference

Responsibilities

The Audit Committee shall be a sub committee of the Governing Body and be comprised of members of that Body. The matters delegated to the Committee shall include:

1. overseeing the process for selecting the external auditor and recommending the audit fee to the Governing Body;
2. agreeing with the external auditor the nature and scope of the year end audit;
3. reviewing the external auditor's audit memorandum and management's response;
4. reviewing the proposed scope of the RCIAS audit and management's response to matters arising from the audit;
5. reviewing and challenging where necessary the actions and judgement of management in relation to the annual financial statements before they are submitted to the Governing Body and paying particular attention to:
 - critical accounting policies and practices and any changes to them
 - the treatment (and disclosure) of any unusual transactions
 - compliance with accounting standards policies
 - reviewing the statement on internal control
 - reviewing risk management procedures

Membership

- 3 or 4 members drawn from, and appointed by, the Governing Body and normally including the Chair of that Body
- Generally membership will be the same as for the F&GP Committee

Meetings

- 3-4 times per year, immediately following an F&GP meeting
- The Head of Finance and/or the external audit partner will normally be in attendance. (There will be at least one discussion per year with the audit partner only present)
- The Director of the Institute would attend by invitation
- Minutes of the meeting will be kept

Governance

Minutes of the meetings will be circulated to the Governing Body. A verbal report on significant issues will be given at Governing Body meetings.

Finance & General Purposes Committee Terms of Reference

Responsibilities

The Finance & General Purposes Committee shall be a sub committee of the Governing Body and be comprised of members of that Body. The matters delegated to the Committee shall include:

1. ensuring that Institute business plans are consistent with the strategic direction of the Institute (see Governing Body Terms of Reference) and based on reasonable assumptions;
2. ensuring that Institute annual plans are consistent with the longer term business plan and properly takes into account the current position;
3. monitoring actual performance and updated forecasts against the annual plan during the year and reviewing the implications of any significant variances;
4. providing advice and guidance on any significant commercial issues that may arise related to the Institute or IFR Enterprises Ltd;
5. reviewing and commenting on any plans for major changes in IT systems or infrastructure;
6. ensuring that the risk management procedures are well maintained and that a risk assessment exercise is carried out at least once per year;
7. participating in the appointment of the Head of Finance for the Institute.

Membership

- 3 or 4 members drawn from the Governing Body and normally including the Chair of that Body
- (Generally membership will be the same as for the Audit Committee)

Meetings

- 4 times per year
- The Institute Director and Head of Finance will normally be in attendance
- Minutes of the meeting will be kept

Governance

Minutes of the meetings will be circulated to the Governing Body. A verbal report on significant issues will be given at Governing Body meetings.

Science Committee Terms of Reference

The Science Committee shall be a sub committee of the Governing Body and be comprised of members of that Body. In addition, it shall have the option to co-opt, on a temporary basis, additional specific skills in relation to scientific matters as it deems necessary. Its role is to promote and support high-quality basic, strategic and applied research output from IFR and to ensure an appropriate level of relevant post-graduate training relating to the understanding and exploitation of biological systems.

Responsibilities

Matters delegated to the Committee shall include working with the Director and senior scientific staff to:

1. Develop and maintain a realistic long-term science strategy which consistently meets the needs of the Institute's major stakeholders;
2. Maintain the quality and relevance of the Institute's science;
3. Establish an appropriate balance and synergy between the core, strategic and other research programmes;
4. Operate and maintain processes which monitor research progress and science direction, identify and agree changes to objectives where appropriate;
5. Establish strategies to grow funding from research in relation to agreed targets;
6. Develop investment strategies which support the aims of the science strategy
7. Act as surrogate IAE Visiting Group to assess and advise on progress towards IFR's objective of becoming a 5* Institute.

Membership

- Members drawn from the Governing Body and normally including the Chair of that Body

Meetings

- 3 times per year
- The Institute Director and Heads of Scientific Divisions will normally be in attendance

Governance

Minutes of the meetings will be circulated to the Governing Body. A verbal report on significant issues will be given at Governing Body meetings.