



Schedule of Matters Reserved to the Board

An effective board delegates day to day responsibility to the executive management but there are a number of matters which should only be decided by the board of directors as a whole. The matters reserved to the SRUC Board in respect of the Company and the group are set out below.

The **UK Corporate Governance Code** (the “Code”) states that a board should have a “formal schedule of matters specifically reserved for its decision” and that the “annual report should included a statement of how the board operates, including a high level statement of which type of decisions are to be taken by the board and which are to be delegated to management.”

The Code also states that “The board’s role is to provide entrepreneurial leadership of the company within a framework of prudent and effective controls which enables risk to be assessed and managed. The board should set the company’s strategic aims, ensure that the necessary financial and human resources are in place for the company to meet its objectives and review management performance. The board should set the company’s values and standards and ensure that its obligations to its shareholders and others are understood and met.”

The **Scottish Code of Good HE Governance** (the “HE Code”) states that the “governing body must retain a formal schedule of matters reserved to it for its collective decision. Such matters are likely to include final decisions on issues of institutional strategy, the review and approval of the Institution’s annual budget and Annual Report, and the appointment and dismissal of the Principal and of the Secretary to the governing body.” SRUC is either compliant with the HE Code or reviewing its policies to make them compliant.

1. Strategy and management

- 1.1 Responsibility for the overall leadership of the Company and the direction of the group
- 1.2 Approval of the group’s long term objectives and educational and commercial strategy.
- 1.3 Overall financial control of the company and the group and oversight of any matter deemed to be of material risk.
- 1.4 Approval of the annual operating and capital expenditure budgets and any material changes to, or deviation from them.
- 1.5 Oversight of the group’s operations ensuring:
 - competent and prudent management
 - sound planning
 - an adequate system of internal control

- adequate accounting and other records
 - compliance with statutory and regulatory obligations
- 1.6 Review of performance in the light of the group's strategic aims, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
 - 1.7 Extension of the group's activities into significant new business or geographic areas.
 - 1.8 Any decision to cease to operate or dispose of all or any material part of the group's business

2. Structure and capital

- 2.1 Changes relating to the group's corporate structure including any merger or amalgamation.
- 2.2 Changes to the group's management and control structure.
- 2.3 Review and approval of changes to the Company's Articles of Association.
- 2.4 Consideration and approval of the passing of any members' resolution or the calling of any general meeting.

3. Financial reporting and controls

- 3.1 Approval of any preliminary announcements of the final results.
- 3.2 Approval of the annual report and accounts, including the corporate governance statement
- 3.3 Approval of any significant changes in accounting policies or practices
- 3.4 To ensure adherence to the funding requirements specified by the Scottish Funding Council in its Financial Memorandum and other relevant funding documents, subject to adherence to the responsibilities of the Accountable Officer.

4. Internal controls

- 4.1 Ensuring maintenance of a sound system of internal control and risk management including:
 - approving SRUC's risk appetite statements
 - receiving reports on, and reviewing the effectiveness of, the group's risk and control process to support its strategy and objectives
 - approving procedures for the detection of fraud and the prevention of bribery
 - undertaking an annual assessment of these processes; and
 - approving an appropriate statement for inclusion in the annual report

5. Contracts

- 5.1 Approval of major capital projects (those exceeding £1M) including acquisition or disposal of land and property.
- 5.2 Contracts which are materially, strategically or by reason of size, entered into by the company or, in the case of a subsidiary, recommendations for approval in the ordinary course of business, for example bank borrowings and acquisitions or disposals of fixed assets.
- 5.3 Contracts of the company or any subsidiary not in the ordinary course of business.
- 5.4 Major investments

6. Communication

- 6.1 Approval of press releases concerning matters decided by the Board

7. Board membership and other appointments

- 7.1 Changes to the structure, size and composition of the Board, following recommendations from the Remuneration and Appointments Committee.

- 7.2 Ensuring adequate succession planning for the Board and senior management.
- 7.3 Appointments to the Board, following recommendations by the Remuneration and Appointments Committee.
- 7.4 Selection of the Chairman of the Board and the Principal & Chief Executive
- 7.5 Appointment of the senior independent director to provide a sounding board for the Chairman and to serve as intermediary for the other directors when necessary
- 7.6 Membership and chairmanship of Board committees
- 7.7 Continuation in office of directors at the end of their term of office and otherwise as appropriate
- 7.8 Continuation in office of any director at any time, including the suspension or termination of service of an executive director as an employee of the company, subject to the law and their service contract, and to the terms of the Scheme of Delegation.
- 7.9 Any decision as to whether or not the company is to have a company secretary and the appointment and removal of any company secretary
- 7.10 Appointment, reappointment or removal of the external auditor to be put to the AGM for approval, following the recommendation of A&R
- 7.11 Appointments to boards of subsidiaries

8. Remuneration

- 8.1 Determining the remuneration policy for the directors, company secretary and other senior executives
- 8.2 Determining the remuneration of the non-executive directors

9. Delegation of authority

- 9.1 The delegation to and division of responsibilities between the Chairman, the Chief Executive and other executive directors, which should be in writing
- 9.2 Approval of the delegated levels of authority, including the Chief Executive's authority limited, which must be in writing
- 9.3 The delegation of authority to the Chair to take action on its behalf subject to reporting or recording such actions to the Board in an appropriate manner.
- 9.4 Establishing Board committees and approving their terms of reference, and approving material changes
- 9.5 Receiving reports from Board committees on their activities and taking decisions where required upon recommended courses of action.

10. Corporate governance matters

- 10.1 Undertaking a formal and rigorous review annually of its own performance, that of its committees and individual directors, and the division of responsibilities. Reviews will include periodic externally facilitated reviews of overall Board performance and standardised reviews for individual directors
- 10.2 Appraisal of the performance of the Chair in accordance with the requirements of the HE Code
- 10.3 Determining the independence of non-executive directors
- 10.4 Considering the balance of interests between employees, customers and the community
- 10.5 Review of the group's overall corporate governance arrangements
- 10.6 Receiving reports on the view of the company's stakeholders (Consultative Committees)

11. Policies

- 11.1 Approval of policies, including:
 - Health and safety policy
 - Environmental policy

- Corporate social responsibility policy
- Equality and diversity policy

Approved by the Board of SRUC on 5th June 2018