

Text of an email sent to the Presidential Commission on 23 April 2019

For the attention of David Orr

Dear David

Unfortunately, I am unable to get to London to attend any of your evidence sessions so I hope that you will accept my comments in writing.

I would like to wish you well in your work as chairing the Presidential Commission into ICE Governance. I served on Council from 2004 to 2007 and was subsequently Chair of the Glasgow and West of Scotland Region and then of ICE Scotland so I understand the needs of ICE. I have also chaired a number of charitable organisations, chartered bodies and companies including the University of Stirling and during that time I was appointed as a member of the Prondzynski Review which prepared a Code of Governance for Scottish Higher Education Institutions. There are principles of governance which cut across different sectors so I would like to take the opportunity of highlighting one or two which I believe are important when considering the governance arrangements for ICE.

1. There is often confusion in this country about the different roles of governance and management. Most companies in UK have a single board of management so governance and management are combined. This is not true in some other countries, particularly Germany, where the Supervisory Board and the Board of Management are separate. It is often argued that splitting the roles allows better long term performance which is one reason why that German companies tend to last longer than UK ones. It is important that any structure for ICE enables it to last for a long period.
2. The confusion is not helped by the Charities Commission suggesting a maximum number of Trustees for an organisation which is based on the assumption that the governing body (or trustees) also act as the management. In practice, the Charities Commission are content with larger numbers of Trustees and in the Code of Governance which I helped to prepare we recommended a maximum of 25 members.
3. The main purpose of a governing body is to set strategy and monitor performance to ensure that the management achieves its performance targets. While doing this the governing body will set budgets, approve accounts and approve policies.
4. It is the medium and long term success of the organisation that is the fundamental concern of the governing body while it is the management who should ensure the short term health of the organisation.
5. The governing body needs to be the ultimate controlling body of the organisation with the power to appoint and, in extremis, to dismiss the executive or management.
6. The method of appointing members of a governing body is very important in giving them the necessary status to carry out their work and in giving the ordinary members of ICE confidence that they are capable of looking after their interests.
7. Once the structure of the governance and management boards is determined, then the need for other consultative bodies can be considered. However, if the basic structure is fit for purpose, there should be no need for other consultative bodies. Consultative bodies are

usually expensive, time consuming and of little use. When I was on the UKRAC, it was only a talking shop and at least one future president treated it with a degree of contempt.

Once the fundamental purposes and principles of governance are established, then different structures and mechanisms can be considered for achieving them. However, I believe that it is very helpful for the governing body to represent the different stakeholders of the organisation. For a membership organisation such as ICE these are likely to include different membership groups and people from different geographic areas. In seeking to include these different groups, the numbers of people are likely to be over 15 while the management board or executive team are likely to be much smaller, perhaps six or eight. It is also possible to consider including people who are not members of ICE on the governing body if they are important stakeholders such as, perhaps, the Engineering Council. However, it is the numbers of stakeholder groups that should determine the size of the governing body rather than selecting an arbitrary number of people and then seeing how to allocate the places.

If changes are to be made in the structure of the governance of ICE, which I believe is the case, I think that it would help if new names were given to the different bodies involved in governance and management. This will help clarify that it is a new structure with slightly different terms of reference and remits for each part of the structure.

I hope that the above comments are helpful. If you would like to discuss any of the points, I would be happy to do so.

Best regards

Alan

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