The Institution of Engineering and Technology

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PAPER CLASSIFICATION: OPEN

Board of Trustees

PROPOSED GOVERNANCE REVIEW 2023

(Paper by Mr Andrew F Wilson. If you have any questions on this paper before the meeting please contact Mr Andrew F Wilson on +44 (0)20 7344 5415 or by email afwilson@theiet.org)

1. Issue

To note the arrangements for the next external governance review.

2. Timing

Board of Trustees meeting, 5 September 2022.

3. For Recommendation

The Board of Trustees is invited to approve the arrangements for the next external governance review, in the Session 2022/23.

4. Background

The Board of Trustees agreed in 2004 that external governance reviews should be conducted at regular intervals. The most recent governance review was in 2019.

5. Specification

The draft specification for the governance review is attached as an Appendix.

6. Timescale

6.1. The expected timescale is as follows:

6.1.1. Approval by Board of Trustees – September 2022.

6.1.2. Invitations to tender issued – October 2022.

6.1.3. Shortlist created – November 2022.

6.1.4. Shortlist interviewed – November 2022.

6.1.5. Governance Review undertaken – January-March 2023.

6.1.6. Report to the Board of Trustees – May 2023.

6.1.7. Report to Council – June 2023.

7. Oversight

The governance review will be overseen by a Panel comprising Trustees, former Trustees and Council members and the Director of Governance and External Engagement.

8. Risk

No risks associated with this report have been identified.

9. Resources

The estimated cost of the review will be included in the budget for 2023.

Appendix to T(22)68

Introduction

1. The Board of Trustees and Council of the IET wish to be satisfied that arrangements are in place to deliver the IET's agreed objectives efficiently and effectively and to ensure that sound governance arrangements are in place and operating effectively. To this end the IET commissions periodic independent reviews of the governance of IET's management structures and operations. These are high-level reviews of the IET's governance structures which are intended lead to recommendations for improved governance.

The IET

2. The Institution of Engineering and Technology (IET) is one of the world's leading professional societies for the engineering and technology community, with more than 155,000 members in 125 countries and offices in Europe, North America and Asia-Pacific. The IET provides a global knowledge network to facilitate the exchange of ideas and promote the positive role of science, engineering and technology in the world. The Institution of Engineering and Technology is registered as a Charity in England & Wales (no 211014) and Scotland (no SC038698).

The Review

3. The purpose of the review is to examine the upper levels of the governance of the IET and consider the effectiveness of the current arrangements for the organisation and its activities. It will examine the Board of Trustees, which is the trustee body of the charity, and the individual Trustees. It will also cover the three Main Boards that report to the Board of Trustees, the significant Committees reporting to the Main Boards, including the Communities Resourcing Committee and the seven Communities Committees, the four Committees that report to the Board of Trustees, the Council, and the Members Annual Information Event (incorporating the Annual General Meeting).

4. The review will identify those aspects of the governance that perform in accordance with the expectations that have been set for them, and those which do not meet such expectations. The review will make recommendations for improvements based on observation of the current situation, best practice within the sector and where governance arrangements can be more effective. A key reference for the Review will be the *Charity Governance Code for Larger Charities*.

5. The IET undertook some major governance changes in 2016. The review should look at the overall effectiveness of the new structure and its fitness for purpose. An internal review of whether some of the benefits of the changes have been achieved will have taken place before this review commences and will be made available.

Recent Reviews

6. The review will follow on from previous reviews and, in particular, the last substantive review in 2015. The review will be made with awareness of the following previous reviews, and the recommendations that arose from those reviews.

   Review of Effectiveness of the Board of Trustees: PKF (June 2004)
   Board Effectiveness Review: Dr Tracy Long (July 2007)
   Board Effectiveness Review: Dr Tracy Long (March 2009)
   Governance Review: PKF (June 2011)

Governance Review: Grant Thornton (June 2015)
Governance Review: Crowe UK LLP (June 2019)

Managing and Conducting the Review

7. A briefing for the review will be provided by a Panel comprising Trustees, former Trustees and Council members and the Director of Governance and External Engagement. Copies of Board Minutes and documents and correspondence will be provided.

Scope of Review

8. The review will include:

- desk research and interviews with suitably targeted internal and external interviewees;
- attendance at Board of Trustees meetings and, if time and costs permit, attendance at Council and other Main Boards and Committees;
- analysis of the information collected and supplied.

9. The Review should assess:

- how effective the existing governance arrangements have been to date in meeting the IET's overall aims;
- how cost-effective the existing governance arrangements have been to date;
- the strengths and weaknesses of the existing governance arrangements;
- the appropriateness of existing KPIs.

10. The review should include consideration of arrangements for comparable organisations in the science, engineering and technology sector (eg other Engineering Institutions and Learned Societies) and arrangements for charitable membership organisations in other (ie non STEM) sectors.

Code of Conduct

11. It is important that those interviewed feel free to speak fully and frankly to the Reviewer. Consequently no comment or opinion should be either attributed or attributable in the final report or otherwise. It is also important that all of the observations and recommendations in the final report are clearly based on evidence – rather than individual opinion or anecdote. The report should identify areas of good practice as well as areas for improvement.

Oversight

12. The review will be overseen by a Panel comprising Trustees, former Trustees and Council members and the Director of Governance and External Engagement.

Reporting and Recommendations

13. It is expected that the review report will include strategic recommendations for improved IET governance, with an indication of the relative priority (on a 3 point priority scale, Significant (do straightaway), Desirable (do by suggested time), Recommended (beneficial, but not pressing – do in due course)) and with suggested timescale for implementation.

14. A draft report will be prepared and discussed with the Panel and any factual inaccuracies addressed. The final report with detailed analysis and recommendations will be submitted in April 2023. The report will be presented to a meeting of the Board of Trustees in May 2023 and it is expected that the Reviewer will attend this meeting to present their findings.

15. The final report should address how the existing governance arrangements could be improved, simplified, or streamlined and should include the potential benefits and potential risks of doing so.

Reviewer Criteria

16. The reviewer should have:

- Experience of carrying out governance review work.
- Experience of carrying out external (management consultancy) and/or in-house organisational consultancy, specifically:
  - Consultancy in the charity/membership organisation sector;
  - Change management in the charity/membership organisation sector.
- Able to produce independent, concise, clearly presented, well-targeted and influential analytical reports to an agreed timetable.

Suggested List of Interviewees to Include

17. The interview list will include:

Role
President
Chief Executive and Secretary
Director, Finance and Planning
Director, Governance and External Engagement
Director, International Strategic Marketing and Engagement
Director, Knowledge Services and Solutions
Director, Membership and Professional Development
Head of Governance
Chair, Audit and Risk Process Committee
Chair, Finance and Investment Committee
Chair, Nominations and Succession Committee
Chair, Remuneration Committee
Chair, Knowledge Services and Solutions Board
Chair, Membership and Professional Development Board
Chair, Volunteer Engagement Board
Recent Past Presidents
Honorary Treasurer
Chair of Council

Appendices

18. The terms of reference of the Boards and Committees to be reviewed and the lists of the current members of each Board and Committee will be appended to the specification.