

## Board Meeting

Date of Meeting	Monday 31 October 2016
Paper Title	Governance matters
Agenda Item	13
Paper Number	BM2-J
Responsible Officer	Robin Ashton, GCRB Executive Director
Status	Disclosable
Action	For Approval

### 1. Report Purpose

**1.1.** This paper seeks the Board's approval for a range of governance-related matters in relation to: changes to GCRB Board and Committee Membership, proposals for GCRB Board Secretary arrangements, amendments to terms of reference of GCRB committees and the GCRB Scheme of delegation, and a commitment to gender balance on boards.

### 2. Recommendations

**2.1.** The Board is invited to:

- **agree**, on the basis of an election overseen by the National Union of Students, that Ian Gilmour and Amparo Fortuny join the GCRB Board as student members with a term end date of 31/07/17;
- **agree** to the recommendation of the Nominations & Remuneration Committee that Paul Buchanan be made Chair of the GCRB Audit Committee for the remainder of this academic year;
- **consider** and **agree** arrangements for the appointment of a senior independent member for GCRB;
- **agree** to the recommendation of the Nominations & Remuneration Committee that GCRB recruit an independent Board Secretary through a contractual arrangement with a professional firm;
- **agree** the revised terms of reference for the Nominations & Remuneration Committee set out at Annex 1;
- **agree** the revised terms of reference for the Performance & Resources Committee set out at Annex 2;
- **agree** with the recommendation of the Audit Committee to amend the GCRB scheme of delegation; and

- **agree** to sign up to the Partnership for Change and to set a voluntary commitment for gender balance on their boards of 50/50 by 2020

### **3. Background**

**3.1.** Background information on the recommendations in respect of new members, the Executive Director of GCRB, arrangements for the consideration of second term appointments, the terms of reference of the Nominations & Remuneration Committee, appointment of GCRB's internal auditor, GCRB's scheme of delegation and the financial sustainability strategy is provided in the following sections.

### **4. Changes to GCRB Board and Committee Membership**

- 4.1.** On Friday 14<sup>th</sup>, a meeting of the Glasgow Region Student Executive was held. At the meeting, an election process was overseen by representatives from the National Union of Students and Ian Gilmour and Amparo Fortuny, student association presidents from City of Glasgow College and Glasgow Clyde College respectively, were elected as student members of the GCRB board. Their period of term will end on 31 August, 2017.
- 4.2.** As agreed previously by the Board, the remaining Glasgow College student association president (David Walker, from Glasgow Kelvin College) will be invited to attend GCRB Board meetings as an observer.
- 4.3.** Members will be aware that Leonie O'Connor has resigned as a GCRB Board member and that a new Chair of the Audit Committee requires to be identified.
- 4.4.** Given the resignation of the Audit Committee chair, and the skills and experience held by Paul Buchanan, it is recommended to the Board by the Nominations and Remuneration Committee that they approve the appointment of Paul Buchanan as Chair of the Audit Committee. As Paul is also a member of the Performance and Resources Committee, it is suggested that this appointment is made for this academic year and that a further review of committee membership is undertaken in the summer of 2017.
- 4.5.** The updated Code of Good Governance for Scotland's Colleges advises that the board must appoint one of the non-executive members to be the senior independent member to provide a sounding board for the chair and to serve as an intermediary for the Executive Director, other board members and the board secretary when necessary. The senior independent member should also be available where contact through the normal channels of Chair, Executive Director or Secretary has failed to resolve an issue or for which such contact is inappropriate.
- 4.6.** The Board is asked to consider and agree arrangements for the appointment of a senior independent member for GCRB.

### **5. Proposed GCRB Board Secretary Arrangements**

**5.1.** At the previous meeting of the Board, members noted the resignation of the existing GCRB Board Secretary and asked the Nominations and Remuneration Committee to assess current corporate governance needs and consider a range of appropriate recruitment options. The four options were considered by the Committee at its meeting of 10<sup>th</sup> October 2016:

- A shared arrangement with one of the assigned colleges
- A standalone employee
- A contractual arrangement with a professional firm
- A shared arrangement with another partner organisation

**5.2.** Following consideration of the pros and cons of each recruitment option, the Committee agreed that recruitment through a contractual arrangement with a professional firm would provide the most appropriate solution for GCRB in the short to medium future. This option should ensure that GCRB receives independent and high quality corporate governance support, but without either GCRB or one of the assigned colleges having to act as the employer, and therefore providing GCRB time to resolve the current issues with regards secondment arrangements and pension liabilities.

**5.3.** In terms of the financial impact of this course of action, GCRB financial projections for 2016/17 suggest that the costs for a contractual arrangement with a professional firm could be met from existing GCRB finances for this academic year.

**5.4.** In addition, the Committee agreed that some of the more administrative aspects of governance support, such as work associated with Board and member evaluation, could be undertaken by the GCRB Executive assistant in order to ensure that the requirements for external governance support were limited to areas which require specialist governance advice.

## **6. Amendments to GCRB Committee terms of reference**

**6.1.** The Nominations and Remuneration Committee's current terms of reference were reviewed at its meeting in August 2016. Due to new requirements within Colleges' Scotland Code of Good Governance for Colleges the GCRB Board is obliged to evaluate the performance of assigned college chairs and a revised version of the Committee's terms of reference reflecting this were approved for recommendation to the Board. A copy is provided at Annex 1.

**6.2.** The Performance and Resources Committee's current terms of reference were reviewed these at its meeting in October 2016. Members agreed that it should explicitly reference GCRB's statutory obligation to monitor the quality of fundable education of the assigned colleges and a revised terms of reference is provided at Annex 2.

## **7. Amendments to the GCRB Scheme of Delegation**

**7.1.** As advised by the internal auditor and endorsed by the GCRB Audit Committee at its meeting on 7 October, it is recommended that within Part 1: Board's delegated authority to the Chair that an additional delegation for the Chair to be able to sign off the Executive Director's expense claims is included to reflect practice

## **8. Proposed commitment for gender balance on boards**

**8.1.** The Scottish Government's Programme for Government encourages public, private and third sector organisations to sign up to the Partnership for Change and to set a voluntary commitment for gender balance on their boards of 50/50 by 2020.

**8.2.** Further information on the Partnership for Change can be found on the One Scotland website at:

<http://onescotland.org/equality-themes/5050-by-2020/>

**8.3.** Members should note that other Scottish Government guidance states that a regional board should aim to have membership which, as far as possible, reflects the diversity of the people in the region and comprises at least 40% men and 40% women.

**8.4.** The GCRB Board is asked to agree to the commitment for gender balance on their boards of 50/50 by 2020.

**8.5.** With regard to current gender balance of GCRB, of the non-executive Board members recruited by GCRB, the current balance is 2/3 female, 1/3 male. GCRB is currently working to recruit two further non-executive board members.

**8.6.** In terms of the total current membership of the GCRB Board, taking account of the appointment of two new student members, the gender balance of GCRB will be 8 males and 8 females.

## **9. Risk Analysis**

**9.1.** Most of matters dealt with in this paper are concerned with GCRB's governance arrangements. By ensuring that these matters are properly addressed GCRB will ensure that its governance meets the expectations of the Scottish Funding Council, Scottish Government and other relevant stakeholders.

## **10. Legal Implications**

**10.1.** The specific legal issues relevant to these matters are addressed within the paper or were considered by the relevant committee.

## **11. Financial Implications**

**11.1.** There are no specific new financial consequences that arise from the matters addressed in this paper.

## **12. Regional Outcome Agreement Implications**

**12.1.** As already noted, most of the matters dealt with in this paper are concerned with GCRB's governance arrangements. Putting in place proper governance arrangements is a significant part of the criteria for achieving fully-operational fundable body status which will in turn allow GCRB to play its full part in development and delivery of the regional outcome agreements.

## **Annex 1. Nominations and Remuneration Committee Terms of Reference**

### **1. CONSTITUTION**

**1.1** The nomination and remuneration committee is constituted as a committee of the Glasgow Colleges' Regional Board (hereinafter referred to as the Board).

**1.2** The committee's terms of reference may be amended at any time by the Board.

### **2. AUTHORITY**

**2.1** The committee is authorised by the Board to investigate any activity within its terms of reference and to undertake any other appropriate related task as delegated to it by the Board. It is authorised to seek any information it requires from any of its employees who are directed to co-operate with any request made by the committee. It is authorised to seek any information from its colleges which it may reasonably require for the purposes or in connection with the exercise of any of its functions.

**2.2** The committee is authorised by the Board to obtain external legal or other professional advice and to secure the attendance of anyone it considers has relevant experience, expertise or knowledge.

### **3. MEMBERSHIP**

**3.1** The committee shall be appointed by the Board from amongst its members and shall consist of not less than three members.

**3.2** The board shall appoint the committee chair who shall be a non-executive director. In the absence of the committee chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting, who would qualify under these terms of reference to be appointed to that position by the board. The chairman of the board shall not be chair of the committee.

**3.3** The period of members' appointment will last from their date of appointment until the earlier of: the end of their current period of appointment as a Board member; and a date determined by the Board. The Board will review the membership of all committees at least annually.

**3.4** The Board Secretary shall act as Secretary to the committee.

### **4. MEETINGS**

**4.1** The committee shall meet as determined by the Board and when necessary in terms of their remit.

**4.2** The quorum necessary for the transaction of the business of the committee shall be at least two committee members.

- 4.3** At the request of the committee any other Board members or senior management staff shall attend meetings.
- 4.4** Meetings of the committee shall be arranged by the Secretary at the request of the Chair.
- 4.5** Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the committee and any other person required to attend, no later than five working days before the date of the meeting. Supporting papers shall be sent to committee members and other attendees as appropriate, at the same time.

## **5. MINUTES OF MEETINGS**

- 5.1** The Secretary shall ensure that a minute of the proceedings and decisions of all committee meetings is kept, which will include the names of those present and in attendance.

## **6. RESPONSIBILITIES**

### **6.1 STAFF**

The committee shall:

- a) be responsible for overseeing remuneration levels, salary awards, pensions, terms and conditions of employment and any other related matters for the executive and other senior posts within the organisation;
- b) provide support in reviewing overall executive performance;
- c) be responsible for the appointment process of the Executive Director and make a recommendation for their appointment to the Board;
- d) be responsible for reviewing the performance of the Executive Director;
- e) consider proposals regarding overall remuneration including pay awards across GCRB, making recommendations to go to the Board; and
- f) be consulted on any proposals for major changes to employee benefit structures.

### **6.2 ALL BOARD MEMBER APPOINTMENTS**

*For the avoidance of doubt, this paragraph applies to both assigned college board members and regional board members. Certain responsibilities in relation to a particular assigned college may be delegated by the Board to the assigned college board, with their agreement.*

The committee shall:

- a) give full consideration to succession planning for all Board members in the course of its work, taking into account the challenges and opportunities facing the region, and the skills and expertise needed on the particular Board (s) in the future;
- b) review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and its Committees and of the assigned

colleges' Boards and make any recommendations to the Board as a consequence;

- c) before any appointment is made by the Board, ensure that a full evaluation of the balance of skills, knowledge, experience and diversity on the relevant Board, has been carried out and that, in the light of this evaluation, an appropriate role description has been agreed; and
- d) ensure that a fair, open and merit based recruitment process is conducted for the appointment of non- executive board members and that all appointments are made in a manner which encourages equal opportunities and the observance of equal opportunity requirements.

### **6.3 REGIONAL BOARD MEMBERS**

The committee shall ensure that it follows the current Scottish Government College Sector Board Appointments Guidance in relation to board appointments and extensions of terms of appointments.

The committee shall make recommendations to the Board for its approval in relation to:

- a) the nomination of board members for appointment to the Board;
- b) the nomination of board members for extension of the period of appointment at the conclusion of their term of office;
- c) the process for the election of staff and student Board members;
- d) the terms and conditions of appointment for non-executive Board members and staff and student board members; and
- e) membership of the audit and remuneration committees, and any other board committees, as appropriate, in consultation with the Chair of the Board and the chair of the relevant committee.

### **6.4 ASSIGNED COLLEGE BOARD MEMBERS**

The committee shall ensure that it follows the current Scottish Government College Sector Board Appointments Guidance in relation to board appointments and extensions of terms of appointments.

Before making a recommendation to the Board arising from a delegation of its process to the assigned college board the committee must satisfy itself that the assigned college board has had regard to the Guidance and any supplementary guidance issued by the Board.

The committee shall make recommendations to the Board for its approval in relation to:

- a) the appointment of non-executive members to the assigned college board;
- b) the extension of the period of appointment of Board members on the assigned colleges' Boards at the conclusion of their term of office;
- c) the appointment and extension of a period of appointment of the chair of an assigned college;

- d) the terms and conditions of appointment for non-executive Board members and for the Chair; and
- e) the delegation to the respective assigned college of the management of all or part of the administrative process for the appointment or extension of a chair or non-executive board member.

## **7. REGIONAL BOARD EVALUATION**

- 7.1** The Committee is responsible for ensuring that the Board reviews its effectiveness annually.
- 7.2** The Committee shall make recommendations to the Board in relation a process for evaluating the effectiveness of the board chair, committee chairs and assigned college chairs.
- 7.3** The Committee shall review the outcomes of Board evaluation processes and consider recommendations for the Board in relation to any identified board member performance issues or development needs.

## **8. REPORTING RESPONSIBILITIES**

- 8.1** A report of the committee's discussions shall normally be considered at the Board meeting following the committee meeting. A copy of the committee meeting minutes will go to the next scheduled board meeting for noting.

## **9. OTHER**

- 9.1** The committee shall, at least once a year, review its own performance and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval.

## **Annex 2. Performance and Resources Committee Terms of Reference**

### **1. CONSTITUTION**

- 1.1** The performance and resources committee is constituted as a committee of the Board of the Glasgow Colleges' Regional Board (hereinafter referred to as the Board).
- 1.2** The committee's terms of reference may be amended at any time by the Board.
- 1.3** The committee may from time to time investigate, discuss or review matters outside its terms of reference if required to do so by the Board.

### **2. AUTHORITY**

- 2.1** The committee is authorised:
- a) to seek any information it requires from any employees of the Board in order to perform its duties;
  - b) to obtain, at the Board's expense, outside legal or other professional advice on any matter within its terms of reference;
  - c) to co-opt members for a period of time (not exceeding a year, and with the approval of the Board) to provide specialist skills, knowledge and experience which the committee requires at a particular time; and
  - d) to invite any person to a meeting of the committee as and when required; and
  - e) to seek any information from its colleges which it may reasonably require for the purposes or in connection with the exercise of any of its functions.

### **3. MEMBERSHIP**

- 3.1** The committee shall be appointed by the Board from amongst its members and shall consist of not less than four members, at least one of whom should have recent and relevant financial experience.
- 3.2** The Chair of the committee shall be appointed by the Board.
- 3.3** The period of members' appointment will last from their date of appointment until the earlier of: the end of their current period of appointment as a Board member; and a date determined by the Board. The Board will review the membership of all committees at least annually.
- 3.4** The Board Secretary is Secretary to the committee.

### **4. ATTENDANCE AT MEETINGS**

**4.1** The quorum necessary for the transaction of the business of the committee shall be at least two committee members.

**4.2** Only members of the committee have the right to attend committee meetings. However, other individuals such as the Chair of the Board, members of the Board's staff, Assigned College Principals and Assigned College staff may be invited to attend all or part of any meeting, as and when appropriate.

## **5. FREQUENCY OF MEETINGS**

**5.1** Meetings shall be held at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required.

## **6. NOTICE OF MEETINGS**

**6.1** Meetings of the committee shall be called by the Secretary of the committee at the request of any of its members.

**6.2** Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the committee, any other person required to attend, no later than five working days before the meeting.

## **7. MINUTES OF MEETINGS**

**7.1** The Secretary shall minute the proceedings and decisions of all meetings of the committee, including recording the names of those present and in attendance.

**7.2** The draft Minute shall be agreed with the Chair of the committee or the person acting as Chair of that meeting prior to circulation of the minutes. The Minute will be formally agreed at the next meeting of the committee but may be considered, for information, in draft form, at the Board meeting following the committee meeting.

## **8. FINANCE**

**8.1** The committee shall oversee the Board's financial affairs and in particular:

- a) advise the Board on the proper control and management of the Region's financial resources;
- b) advise the Board in relation to any matter relating to compliance with the Financial Memorandum by any of its assigned colleges;
- c) advise the Board on any matter relating to the making of a grant, loan or other payment and the conditions relating to any such payments;
- d) monitor progress against agreed financial targets as set out in the Regional Outcome Agreement;
- e) advise the Board in relation to ensuring the economic, efficient and effective use of funds;
- f) monitor the agreed annual plan and budget for the GCRB and advise the Board on any matters of concern and consider and recommend to the Board any

proposals for significant of subsequent amendments to the plan or budget during the year.

## **9. PERFORMANCE**

**9.1** The committee shall:

- a) monitor progress against agreed targets as set out in the Regional Outcome Agreement;
- b) advise the Board on all matters relating to the monitoring of performance of the assigned colleges;
- c) advise the Board on all matters relating to monitoring the quality of fundable further and higher education provided by its colleges;
- d) advise the Board in relation to the carrying out of studies designed to improve economy, efficiency and effectiveness in the management or operation of the assigned colleges;
- e) advise the Board on any matter, internal or external to the Region, which might have a significant effect on any regional plan, outcome agreement or budget during the year; and
- f) ensure that a strategy is in place to achieve Best Value and Value for Money.

## **10. PROJECTS**

**10.1** The committee shall:

- a) oversee the implementation of regional projects and make recommendations to the Board in relation to implementation and advise on any matters of concern; and
- b) monitor and keep under review the effectiveness of the implementation of regional projects and receive reports on a regular basis.

## **11. REPORTING PROCEDURES**

- 11.1** The committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 11.2** A report of the committee's discussions shall normally be considered at the Board meeting following the committee meeting. A copy of minutes of the meeting may form the basis of the report.
- 11.3** The committee will provide the Board with an Annual Report, timed to support finalisation of the accounts and the governance statement, summarising its conclusions from the work it has done during the year.

## **12. OTHER MATTERS**

**12.1** The committee shall:

- a) have access to sufficient resources to carry out its duties, including access to the board secretariat for assistance, as required;
- b) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- c) oversee any investigation of activities which are within its terms of reference; and
- d) arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure that it is operating at maximum effectiveness and report the results including recommendations of any changes it considers necessary to the board for approval.