

Nominations & Remuneration Committee

Date of Meeting	Tuesday 22 August 2017
Paper Title	Ethical Standards/Scottish Government Research into Board Diversity
Agenda Item	9
Paper Number	NRC1-E
Responsible Officer	Penny Davis, Board Secretary
Status	Disclosable
Action	For Consideration and Comment

1. Report Purpose

- 1.1 To bring to the Committee's attention a request to participate in research being carried out by the office of the Commissioner for Ethical Standards in Public Life in Scotland and the Scottish Government into the impact of diversity on public sector boards.

2. Recommendations

- 2.1. The Committee is invited to **consider** and **comment** on the report.

3. Background

- 3.1. The Commissioner for Ethical Standards in Public Life in Scotland and the Scottish Government have launched a jointly developed research project and have written to the Chair of every regulated body in Scotland inviting them to participate in the project.
- 3.2 The project seeks to review the difference that diversity, in its broadest sense, is making to the governance of Scotland's public body boards.

4. Detail

- 4.1. Chairs have been invited to complete and return a stage one questionnaire and to review and respond to a document entitled *What do we mean by Diversity in Governance*, both of which are appended.
- 4.2. Given the Committee's remit with regard to appointments, diversity succession planning, and development, members are invited to discuss the appended documents and contribute any feedback they may have prior to the Chair's submission of a response on behalf of GCRB.
- 4.3. No boards or individuals will be identifiable from the research unless they specifically ask to be in order to share good practice with others.
- 4.4. Once the first stage is complete, there will be a further request for participation in a survey based on boards' self-assessments and some qualitative research involving voluntary interviews with chairs and board members.

5. Risk Analysis

5.1 There are no risks associated with this paper.

6. Legal Implications

6.1 There are no legal implications arising from this paper.

7. Financial Implications

7.1 There are no financial implications associated with this paper.

8. Regional Outcome Agreement Implications

8.1 This paper is not directly relevant to the Regional Outcome Agreement.

What do we mean by 'Diversity in Governance'?

Diversity simply means difference. In relation to board diversity and its contribution to good governance we use it to refer to two distinct, but related, concepts:

- members' differing skills, experience, knowledge and other relevant attributes, such as personal values and insights
- the demographic make-up of members in relation to their protected characteristics as defined by The Equality Act 2010.

Both aspects of diversity are important and should be reflected in public bodies' appointment, development, performance and succession planning.

Diverse boards benefit from fresh perspectives, new ideas, vigorous challenge and breadth of experience. A more diverse membership and skillset enables a board to keep pace with often changing contexts. A board that understands and reflects the people and communities that it serves is more likely to have credibility with them; this in turn promotes public trust in board decision-making.

No two boards of public bodies are exactly alike. They have different structures, functions and obligations and can be operating in very different contexts. While membership can change, an effective diverse board does not happen by accident; it requires work and effort on the part of the members and the chair to harness its diversity in a positive way.

The following simple model is not exhaustive but can be adapted as a simple self-assessment tool for any board considering what difference diversity makes to its activities. It shows how behaviours, impacts and measures must be considered together and provides examples of some of the positive indicators associated with delivering enhanced governance through diversity.

The three pillars of Diversity in Governance

DIVERSITY

“The difference that diversity makes”

How we act	What effect our actions have	How we know it is working
<p>BEHAVIOURS (e.g):</p> <ul style="list-style-type: none"> • Board discussions are characterised by members airing disparate viewpoints which are welcomed and afforded equal weight • Board members recognise the limitations of their personal skills, knowledge and experience and understand where individual and shared agendas diverge • The Board understands, reflects and engages effectively with its diverse stakeholders and communities • The Board is able to consider its own role and performance through the eyes of those who are affected by its actions • Strong personalities and cliques do not dominate debate or decision-making • Board members listen intelligently and learn from others in areas where they have less knowledge or experience • Board members use their diverse backgrounds and experiences to tap into different resources and knowledge 	<p>IMPACT (e.g.):</p> <ul style="list-style-type: none"> • Thoughtful analysis of diverse inputs allows a broader range of options to be generated that take account of a wider range of factors • The Board collectively has sufficient breadth of expertise to hold each executive function properly to account and provide appropriate support • Enhanced engagement allows greater knowledge exchange and resource sharing so that co-production can increase • Board members become more sensitive to the impact of their work on a wider variety of audiences • Different skills, knowledge, experience and perspectives are deployed, allowing more comprehensive challenge • The diverse attributes of the whole board are enhanced over time by the particular strengths of diverse individuals • The Board’s collective ability to access particular skills and support externally is enhanced 	<p>MEASURES (e.g):</p> <ul style="list-style-type: none"> • Final decisions prove fit-for-purpose. There are fewer U-turns or inappropriate modifications and external audiences recognise how hard choices are made • The Board’s overall strategy is effectively delivered by each functional area of the body without gaps or weaknesses that limit achievement and/or increase risk • Stakeholder and staff surveys and user engagement indices show increased trust and confidence in the organisation • Fewer examples of public discord or campaigns as the Board can demonstrate they have considered broader impact • Board members are satisfied that robust testing of ideas precedes implementation • When planning appointments or succession, all Board members can show how their skills have developed • The organisation is better able to lead and adapt in times of change or crisis by leveraging broader expertise / support

“Creating Boards that are diverse in substance, practice and delivery – not just in appearance or numbers”

DIVERSITY IN GOVERNANCE – PERSONALISED SELF-ASSESSMENT

This form lists all of the indicators from the document entitled "What do we mean by Diversity in Governance - self assessment - Apr 2017".

You should enter "Y" in the relevant box against any that you believe are applicable to your board. You can also amend any of the indicators that you wish to or create your own (see below).

Section 1 – respondent information

NAME:

BODY:

POSITION HELD:

CONTACT ME ON:

Section 2 - Indicators

BEHAVIOURS

Put a Y in the box for each indicator that's applicable to your board. If you want to provide personalised indicators, use the spaces provided.		Y/N
Standard indicator	Board discussions are characterised by members airing disparate viewpoints which are welcomed and afforded equal weight.	
Personalised indicator		
Standard indicator	Board members recognise the limitations of their personal skills, knowledge and experience and understand where individual and shared agendas diverge.	
Personalised indicator		
Standard indicator	The Board understands, reflects and engages effectively with its diverse stakeholders and communities.	
Personalised indicator		

Put a Y in the box for each indicator that's applicable to your board. If you want to provide personalised indicators, use the spaces provided.		Y/N
Standard indicator	The Board is able to consider its own role and performance through the eyes of those who are affected by its actions.	
Personalised indicator		
Standard indicator	Strong personalities and cliques do not dominate debate or decision-making.	
Personalised indicator		
Standard indicator	Board members listen intelligently and learn from others in areas where they have less knowledge or experience.	
Personalised indicator		
Standard indicator	Board members use their diverse backgrounds and experiences to tap into different resources and knowledge.	
Personalised indicator		

IMPACT

Put a Y in the box for each indicator that's applicable to your board. If you want to provide personalised indicators, use the spaces provided.		Y/N
Standard indicator	Thoughtful analysis of diverse inputs allows a broader range of options to be generated that take account of a wider range of factors.	
Personalised indicator		
Standard indicator	The Board collectively has sufficient breadth of expertise to hold each executive function properly to account and provide appropriate support.	
Personalised indicator		
Standard indicator	Enhanced engagement allows greater knowledge exchange and resource sharing so that co-production can increase.	
Personalised indicator		
Standard indicator	Board members become more sensitive to the impact of their work on a wider variety of audiences.	

Put a Y in the box for each indicator that's applicable to your board. If you want to provide personalised indicators, use the spaces provided.		Y/N
Personalised indicator		
Standard indicator	Different skills, knowledge, experience and perspectives are deployed, allowing more comprehensive challenge.	
Personalised indicator		
Standard indicator	The diverse attributes of the whole board are enhanced over time by the particular strengths of diverse individuals.	
Personalised indicator		
Standard indicator	The Board's collective ability to access particular skills and support externally is enhanced.	
Personalised indicator		

MEASURES

Put a Y in the box for each indicator that's applicable to your board. If you want to provide personalised indicators, use the spaces provided.		Y/N
Standard indicator	Final decisions prove fit-for-purpose. There are fewer U-turns or inappropriate modifications and external audiences recognise how hard choices are made.	
Personalised indicator		
Standard indicator	The Board's overall strategy is effectively delivered by each functional area of the body without gaps or weaknesses that limit achievement and/or increase risk.	
Personalised indicator		
Standard indicator	Stakeholder and staff surveys and user engagement indices show increased trust and confidence in the organisation.	
Personalised indicator		
Standard indicator	Fewer examples of public discord or campaigns as the Board can demonstrate they have considered broader impact.	
Personalised indicator		
Standard indicator	Board members are satisfied that robust testing of ideas precedes implementation.	

Put a Y in the box for each indicator that's applicable to your board. If you want to provide personalised indicators, use the spaces provided.		Y/N
Personalised indicator		
Standard indicator	When planning appointments or succession, all Board members can show how their skills have developed.	
Personalised indicator		
Standard indicator	The organisation is better able to lead and adapt in times of change or crisis by leveraging broader expertise / support.	
Personalised indicator		

Please tell us about anything else that you think is relevant to your chosen indicators:

WHAT DIFFERENCE DOES DIVERSITY MAKE TO BOARD GOVERNANCE?

A CO-PRODUCED RESEARCH PROJECT BEING RUN BY
THE SCOTTISH GOVERNMENT AND
THE COMMISSIONER FOR ETHICAL STANDARDS IN PUBLIC LIFE IN SCOTLAND

Introduction

Thank you for considering taking part in this research project. It seeks to establish what difference diversity, in its widest sense, makes to the governance of public body boards. We know that boards have diverse memberships and that their members bring a range of skills, knowledge, experience, personal qualities and perspectives to their roles. Help us to understand how your board recognises, acknowledges and harnesses the diverse attributes of its members.

How you can help

Stage one of the research project is a desk-based review of board practices.

1. Help us by submitting some documents

Please send a copy of all of the self-assessment tools that your board uses, covering both individual and board level assessments. These will ideally be completed as this will make it easier for us to establish whether diversity is a consideration during these assessments. Whether or not to provide completed as opposed to blank assessment tools, and if so whether or not to redact the content, is entirely the prerogative of your board and the individuals concerned. Personal data will not be put into the public domain and the people running the project will not use the information provided to assess or comment on individual or board performance. It is requested simply to help us to understand whether diversity is a consideration for your board when assessments of any kind are conducted. Please list what you are providing here:

Enter text here

WHAT DIFFERENCE DOES DIVERSITY MAKE TO BOARD GOVERNANCE?

2. Help us by telling us about the particular challenges your board faces in harnessing diversity

We know that boards operate in very different contexts and that they face challenges that are particular to them when it comes to harnessing the diversity of their membership. Please set out below what particular challenges your own board faces. There is space under part three of this form to describe how you overcome those challenges:

Enter text here

3. Help us by telling us about the range of tools and techniques, over and above the standard assessment tools that you have already provided, that your board uses to harness its diversity

Boards will have come up with their own ways of working. We want to discover and share more widely the various techniques and good practices that boards have developed for their own operation. Tell us here what your board does to capitalise on its diversity:

Enter text here