

Nominations and Remuneration Committee

Date of Meeting	Monday 10 October 2016
Paper Title	Options for GCRB Corporate Governance Support
Agenda Item	11
Paper Number	NRC2-G
Responsible Officer	Robin Ashton, GCRB Executive Director
Status	Disclosable
Action	For Approval

1. Report Purpose

- 1.1. To consider how GCRB can be provided with appropriate corporate governance support.

2. Recommendations

- 2.1. The Committee is invited to:

- **note** that the existing Board Secretary for GCRB has resigned from employment at Glasgow Kelvin College and therefore GCRB requires to identify a new Board secretary;
- **note** that sector and Scottish Government guidance highlights the importance of the Board Secretary role in providing independent advice and support to the Board and individual Board members;
- **consider** options for the recruitment of a new Board Secretary for GCRB; and
- **agree** a recommended approach to the recruitment of a new Board Secretary for GCRB to be considered by the GCRB Board at its next meeting.

3. Background

- 3.1. At its meeting on 27 October 2016, the Board of GCRB agreed that GCRB's corporate governance requirements would be provided by Glasgow Kelvin College as part of wider regional arrangements for shared resources with the assigned colleges.
- 3.2. Since this date, Paul McAllister has provided GCRB with corporate governance support, equivalent to approximately 0.4 FTE. (Glasgow Kelvin College provided the financial resource for this staff cost.)
- 3.3. Paul McAlister moved to new employment in September 2016 and ceased duties for GCRB at this point.

4. Recruitment of GCRB Board Secretary

- 4.1. As part of work to review and strengthen governance across Scotland's colleges, Colleges Scotland developed a model role description for a Board Secretary which is attached as Annex 1.
- 4.2. This sectorial guidance on the scope of the Board Secretary role highlights the important governance role of the Board Secretary in advising the Board and individual Board members and supporting good governance. The guidance also suggests that the Board Secretary should be accountable to the Board through the Chair and that if the Board Secretary was a member of the senior management team in their board secretary capacity, they should not hold any other senior management team position at the same time so as to ensure independent advice is given and to avoid potential conflicts of interest arising.
- 4.3. The model job description provides an overview of the main functions of the role alongside specifying recommended education and qualifications, experience, and skills and attributes.
- 4.4. The resignation of the existing GCRB Board Secretary provides an opportunity to assess current corporate governance needs and consider a range of appropriate recruitment options. The following sections of this report consider these four options:
 - 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

A shared arrangement with one of the assigned colleges

- 4.5. As stated above, until recently, the GCRB Board Secretary also undertook Board Secretary duties at Glasgow Kelvin College. Whilst no significant issues were experienced with this arrangement, there were additional complexities faced in relation to conflict of interest and in particular, the provision of independent advice by the Board Secretary in relation to assigned college member participation in regional funding decisions. In relation to this, the Colleges' Scotland model role Board Secretary description highlights the importance of ensuring the Board receives high quality and independent governance advice. An arrangement for the recruitment of a GCRB Board Secretary which did not involve any of the assigned colleges would avoid any such potential conflict of interest issues. However, this would incur additional costs to GCRB, although these same costs would otherwise be borne by the assigned college, so the cost to the region as a whole would not increase.

A standalone employee

- 4.6. Another option would be to employ a Board Secretary as an additional GCRB employee. Estimated costs for 0.4 FTE would be approximately £20k -25k per year. This option would require either GCRB or one of the colleges to act as employer. Currently, GCRB are overseeing work to resolve employment issues related to secondment arrangements and pension liabilities so this option could be challenging to implement in the short to medium term.

A contractual arrangement with a professional firm

- 4.7.** This option would provide the advantages of independence, but not require either GCRB or one of the colleges to act as the employer. Costs could be slightly higher than the direct standalone employee option but it is not thought that there would be a significant difference in cost. In addition, 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.

A shared arrangement with another partner organisation

- 4.8.** One possibility within this option could be a partnership arrangement with a local HEI. This would deliver greater independence, but at the expense of understanding the business. It was also the case that initial discussions previously undertaken by GCRB with local HEIs to explore this option in 2015 indicated that for operational reasons, GCRB was unlikely to be able to establish a suitable arrangement.

5. Conclusion

- 5.1.** It is suggested that after weighing up the pros and cons of each recruitment option, 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. 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.

6. Risk Analysis

- 6.1.** This paper addresses the risk that GCRB does not have access to appropriate corporate governance support.

7. Legal Implications

- 7.1.** There are no specific legal issues associated with this paper.

8. Financial Implications

- 8.1.** The approach proposed in this paper will increase GCRB's direct budget requirement for running costs, because the services of a Board Secretary will be a direct expense. However, it should be noted that a similar level of costs was previously being borne by Glasgow Kelvin College, so the cost to the region will not increase.

9. Regional Outcome Agreement Implications

- 9.1.** There are no specific implications for the Regional Outcome Agreement associated with this paper.