

## Nominations & Remuneration Committee

Date of Meeting	Friday 13 October 2017
Paper Title	Self-Evaluation 2017-18 and External Validation
Agenda Item	10
Paper Number	NRC2-F
Responsible Officer	Penny Davis, Board Secretary
Status	Disclosable
Action	For Review and Feedback

### 1. Report Purpose

- 1.1 To propose an approach to undertaking the externally validated effectiveness review that is required of GCRB in 2017-18.

### 2. Recommendations

- 2.1 The Committee is invited to **consider** and **approve** the proposed approach to undertaking an externally validated effectiveness review.

### 3. Background

- 3.1. The Code of Good Governance includes the following requirements:

- *Extension of the term of office of board appointments requires evidence and the board must ensure appropriate mechanisms are in place to support this.*
- *The board must keep its effectiveness under annual review and have in place a robust self-evaluation process. There should also be an externally validated self-evaluation of its effectiveness at least every three years. The board must send its self-evaluation (including an externally facilitated evaluation) and board development plan (including progress on previous year's plan) to its funding body and publish them online.*
- *The board must agree a process for evaluating the effectiveness of the board chair and committee chairs. The evaluation of the board chair should normally be led by the vice-chair/senior independent member.*
- *The board must ensure all board members are subject to appraisal of their performance, conducted at least annually, normally by the chair of the board.*
- *The performance of regional chairs will also be evaluated by the Scottish Government as regional chairs are appointed by the Scottish Ministers and are personally accountable to them.*

- *The performance of assigned, incorporated college chairs will also be evaluated by the regional strategic body, as they are appointed by the regional strategic body and are personally accountable to them.*

**3.2** All sector boards were required undergo an externally validated review of their effectiveness in 2016-17. GCRB received an exemption from this requirement due to it being reviewed by the SFC in the same year as part of the the transitional arrangements in the lead-up to the award of full fundable body status. It is required, however, to undergo a further external review in 2017-18.

**3.3** The report from the external review, together with GCRB's Development Plan for 2018-19 is to be submitted to the SFC by 31 March 2018.

**3.4** The Board has delegated authority to the Nominations and Remuneration Committee to appoint an external assessor and progress the review process on the Board's behalf. The name of the proposed assessor will be circulated to the Board in advance to minimise the risk of any unidentified conflicts of interest arising.

**3.5** The following is an outline proposal for:

3.5.1 the content of the review;

3.5.2 the appointment of an external assessor to undertake the review;

3.5.3 a timetable for completion of the process, including GCRB's own annual self-evaluation activities.

## **4 Detail**

### **4.1 Content of the Review**

a) As a minimum, it is expected that reviews should consider performance under the main headings in the Code of Good Governance, ie:

- *Leadership and Strategy*
- *Student Experience*
- *Accountability*
- *Board Effectiveness*
- *Individual Effectiveness*
- *Relationships and Collaboration*

b) Boards may also identify particular areas on which they feel the review should focus. In the light of parliamentary committee comments on a recent Board decision, although the SFC has confirmed that in its view GCRB's systems of governance are sound, the Committee may wish to consider asking the assessor to review, under *Board Effectiveness*:

- the quality of information the Board receives;
- the robustness of the Board's decision-making processes.

- c) Given GCRB's distinct constitution and regional role, the Committee may also wish to consider asking the assessor to look in particular at the effectiveness of *Relationships and Collaboration*, both within the Board itself and with Assigned Colleges.
- d) Additionally, under *Leadership and Strategy*, the review will be informed by the planned internal audit of GCRB's corporate planning and may consider aspects related to the effectiveness of regional approaches to strategy development and implementation.

#### 4.2 Appointment of an External Assessor

The guidance developed by the Good Governance Steering Group suggests that an external assessor should have:

- a clear understanding of how to undertake an external governance review of the type required;
- independence from the board and the college/strategic body being reviewed;
- expertise in board governance with knowledge of college sector governance issues and the requirements placed on its boards;
- an ability to provide rigorous challenge to the board while developing a constructive relationship with it.

The Assigned Colleges completed reviews in 2016-17. Two of the colleges used a consultant who had worked with CDN to produce the development and evaluation framework to conduct their reviews. The third asked their internal auditor to conduct the review.

It is proposed that Henderson Loggie, GCRB's internal auditor should be invited to conduct this review for GCRB on the basis that:

- they meet the criteria set out above;
- as internal auditor to all three Assigned Colleges and GCRB, they have a working knowledge of the complex governance environment in which GCRB operates;
- while for future reviews it may be desirable to invite someone who is more independent from the Glasgow college environment than an internal auditor who already has a defined role in relation to governance, there is at this stage no list of approved or recommended contractors, and for this first review it may be pragmatic to contract someone who meets the relevant criteria and may be relied upon to conduct a robust review that complies with good practice guidance.

As a rough guide, the process might require 5 days of the assessor's time. Cost implications will need to be considered in the context of delegated financial authority.

#### 4.3 Timetable

Drawing on the outline plan provided in the CDN guidance, the table below sets out key activities and proposed timeframes.

The table also shows, in italics, timings of the annual self-evaluation activities already undertaken, or to be undertaken within the timeframe of the review, on which the assessor will draw.

Members are asked to note that, going forward, it would be helpful to align procedures so that individual, committee and chair evaluations, and the review of compliance with the Code all happen around the same time of year and a consolidated report on evaluation can then be prepared (and, as appropriate, an external review of effectiveness carried out).

Ideally, this would take place around the end of the academic year to align all reviews with the financial year and support up-to-date reporting, consistency (e.g., with data that must be provided on membership and meeting attendance) and continuity from one year to the next in the context of the corporate governance statement which forms part of the annual financial statements.

The SFC's deadline of 31 March to submit external evaluation reports, and the timing of the Scottish Government's performance reviews of regional chairs (to which Boards are expected to submit their own report on the Chair's performance) would both favour mid-year evaluations and reports prepared early in the new year, however, these may be considered more flexible than the annual reporting cycle.

The Committee may wish to consider the timing of evaluation processes in future years and recommend any changes to the Board as appropriate.

Date	Activity	Notes
May 2017	Review and Report to Audit Committee on compliance with Code of Good Governance.	
October 2017	Committee to agree external assessor and any areas of special focus in addition to general review.	Board to be notified by e-mail.
by October 2017	External assessor appointed; scope of work, timing and fees agreed.	Assessor will need to meet with a representative selection of Board Members, if not all members.
October	Initial briefing of external assessor by Board Secretary/Chair/Executive Director as appropriate.  Provision of documentation to external assessor, including: Board and Committee papers; governance framework documents including scheme of delegation and standing orders; policy and procedural documents including appointments, induction, development and evaluation procedures; evaluation records/reports; development plan and reviews; strategy and planning documents as appropriate; internal audit reports; risk register	
November	Assessor circulates questionnaire to Board/meets with Board Members.	Standard questionnaire is provided as annex to

		guidance; additional questions may be added.
Nov/Dec	Assessor observes Committee meeting(s) to test findings from review of documentation, survey and one-to-one meetings.  <i>Committee operational reviews take place.</i>	Bearing in mind impact on days worked, assessor should attend one or more committees
December	Assessor observes Board meeting.  Assessor may test thinking with Board at this stage to inform final report.	May be appropriate for Board to agree that N&R will receive report first on 8 March and progress development plan.
January - February 2018	Assessor undertakes any further research/meetings as necessary to conclude report.	
January –March 2018	Individual Board Member self-evaluation meetings with Chair (includes evaluation of Committee Chairs and evaluation of College Chairs)	
March 2018	Assessor’s report considered by N&R Committee alongside previous year’s Development Plan.	Report circulated to all Board Members for comment. Committee review allows for N&R to recommend actions for development plan.
March 2018	Board receives Assessor’s final report, alongside draft Development Plan for amendment/approval.  Assessor attends for item on report to present and give additional feedback.  Assessor endorses Development Plan.  Board approves Development Plan.	Draft Development Plan to have been circulated to assessor in advance to ensure assessor feels it reflects findings in report.
by end March 2018	Final Report and Development Plan submitted to SFC (and published thereafter on website).	

Note: The next performance review of the Board Chair, led by the Senior Independent Member, will take place after the incoming ministerially appointed Chair has been in post for a reasonable length of time, i.e., this is unlikely to be before summer 2018. However, the Senior Independent Member will discuss objectives at an early meeting with the new Chair.

## **5 Risk Analysis**

**5.1** The approach set out seeks to *mitigate GCRB Risk 0011: The capacity and capability of the Board is inadequate and standards of governance fall below the level required, and GCRB Risk 0012: There is a breach of legislation/ guidance/code of practice and this results in a failure of governance.*

## **6 Legal Implications**

**6.1** There are no direct legal implications.

## **7 Resource Implications**

**7.1** There are unavoidable financial implications arising from the need to appoint a suitably qualified external assessor to undertake around 5 days' work.

## **8 Strategic Plan Implications**

**8.1** Robust governance arrangements are central to the delivery of strategic ambitions.