

Nominations & Remuneration Committee

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| Date of Meeting | Monday 18 December 2017 |
| Paper Title | Nominations and Remuneration Committee Annual Report |
| Agenda Item | 10 |
| Paper Number | BM3-M |
| Responsible Officer | Penny Davis, Board Secretary |
| Status | Disclosable |
| Action | For Information |

1. Report Purpose

- 1.1 Consider the contents of the Nominations and Remuneration Committee’s annual report to the Board of GCRB.

2. Recommendations

- 2.1 The Board is invited to **note** the draft annual report of the Nominations and Remuneration Committee.

3. Background

- 3.1 It is good practice for committees to produce annual reports to their boards that summarise their activity over the course of the year and priorities for the year ahead.
- 3.2 The report seeks to provide the Board with an overview of business conducted between September 2016 and October 2017 (the period of the previous year’s report having ended in August 2016).

4. Meetings

- 4.1 During the period from September 2016 to October 2016 the committee met on seven occasions, as follows:

- 10 October 2016
- 6 February 2017
- 14 March 2017
- 11 April 2017
- 2 May 2017
- 22 August 2017
- 13 October 2017

- 4.2 All meetings were quorate.

- 4.3** The Committee met with greater frequency than would normally be expected due to several matters arising, notably the need to review staffing in the context of achieving full fundable body status and the need to oversee the departure and appointment of an Assigned College Principal.
- 4.4** Minutes of the Committee's meetings have been a standing item on Board agendas throughout the period of this report.
- 4.5** Minutes and papers are published on the website, except where exemptions apply under the Freedom of Information (Scotland) Act 2002.
- 4.6** All papers presented to meetings of the Committee provided for consideration of risk and strategic and resource implications.

5. Remit

- 5.1** The Committee's terms of reference set out three main areas of responsibility:
- Staffing matters, including GCRB staff and certain duties relating to staff of Assigned Colleges;
 - GCRB and Assigned College board member appointments; and
 - Board evaluation.
- 5.2** The Committee has reviewed its terms of reference regularly and has recommended to the Board amendments to its remit in the past year to ensure the Board fulfils its role effectively in relation to the appointment of assigned college principals and to GCRB and assigned college severance arrangements.

6. Membership

- 6.1** The Committee's terms of reference have been amended in the past year to ensure a non-executive majority in membership and in decision-making, to align practice better with the requirements of the Code of Good Governance.
- 6.2** The gender balance of the Committee has been 3:2 in favour of female members for the greater part of the reporting period. Latterly, the balance has shifted further in favour of female membership with the appointment of the new Student Member. The recent resignation of the Staff Member has resulted in a current 3:1 ratio of women to men.
- 6.3** In the course of the year, the Committee's membership has comprised:
- Jackie Russell (Chair, Non-executive Member)
 - Lesley Garrick (Non-executive Member)
 - Grahame Smith (Non-executive Member)
 - Clare Ireland (Staff Member, resigned from Committee in September 2017)
 - Ian Gilmour (Student Member, until July 2017)
 - Karoline Gasiorowska (Student Member, from October 2017)
- 6.4** Margaret Cook attended meetings of the Committee in her capacity as Board Chair until her departure in July 2017.

6.5 Meetings were attended by the Board Secretary or, where a GCRB Board Secretary was not in post (October 2016 to February 2017), appropriate provision was made for the Committee to receive governance advice and support. Members of the executive were in attendance to report on matters as appropriate.

7. Activity between September 2016 and October 2018

Staffing Matters

7.1. The Committee undertook considerable work during the period of this report to assess and implement appropriate staffing arrangements in the context of GCRB becoming fully operational (April 2017). This work included comparison of options for secondment versus employment and detailed consideration of pensions, VAT and payroll implications. Recommendations were made to the Board in June that GCRB should be the preferred body for the employment of staff and that the Board should support the principle of GCRB becoming a member of the Strathclyde pension scheme.

7.2. The Committee considered GCRB's overall staffing needs and recommended to the Board a collaborative approach to fulfilling several areas of GCRB's responsibilities in the interests of efficient and effective working across the region.

7.3. In preparation for appointing a strategic finance officer, the Committee oversaw the commissioning of an independent evaluation of both the finance and Executive Director roles, and sought and considered comparative data from a range of sources including the SFC, Scottish Government and college sector to develop appropriate salary bandings for recommendation to the Board in September 2017.

7.4. The Committee received a report from the Chair of the Board further to a six-month performance review of the Executive Director.

7.5. The Committee oversaw arrangements to ensure appropriate governance advice and support was in place further to the departure of the Kelvin College board secretary who had been providing support to GCRB.

7.6. With regard to Assigned College staffing, the Committee ensured that GCRB fulfilled its responsibilities in relation to arrangements for the departure of the Clyde College Principal.

7.7. The Committee subsequently put in place appropriate arrangements to oversee the appointment of the new Clyde College Principal, including the agreement of terms and conditions, and obtained Board approval for the delegation of authority to the Chair of the Board, who participated in the appointment panel, to approve the appointment on the Board's behalf.

7.8. The Committee obtained legal advice on GCRB's role in relation to Assigned College principals' terms and conditions subsequent to their appointment, and made recommendations to the Board to establish a non-executive panel to take the matter forward on the basis of advice received.

GCRB/Assigned College Board Appointments

7.9. The Committee oversaw recruitment arrangements in line with the Scottish Government's appointments guidance and recommended to the Board the appointment of Alastair Milloy as new non-executive member of GCRB in May 2017.

- 7.10.** The Committee oversaw and endorsed, as appropriate, membership arrangements for GCRB committees including the appointment of Paul Buchanan as Chair of the Audit Committee, the appointment of Mike Ward as a member of the Audit Committee, and the appointment of Alastair Milloy as a member of the Performance & Resources Committee.
- 7.11.** The Committee retained oversight of GCRB Board and Committee skills and gender balance and tenure, and received detailed reports to facilitate succession planning. The Committee agreed a Diversity Succession Plan in October 2017.
- 7.12.** The Committee recommended to the Board the appointment of a Senior Independent Member (SIM) in compliance with the requirements of the Code of Good Governance. (Grahame Smith was subsequently appointed by the Board as SIM/Vice Chair; on Grahame Smith's appointment as Interim Chair, Jackie Russell took on the role of Interim SIM).
- 7.13.** Further to Scottish Government's subsequent endorsement of Grahame Smith as Interim Chair between July 2017 and the appointment of a new Chair, the Committee Chair issued the Interim Chair with terms and conditions of appointment and reported this to the Committee and the Board.
- 7.14.** The Committee reviewed the Interim Chair's committee membership and agreed that he should stand down from the Audit Committee during the period of his chairmanship.
- 7.15.** The Committee oversaw changes to the procedure to appoint GCRB Student Members to the Board, to minimise the risk of a gap in student membership over the summer and ensure that in future years elections are held prior to the departure of the previous year's Student Members.
- 7.16.** With regard to the Assigned Colleges, the Committee oversaw arrangements and recommended to the Board the appointment of a new non-executive member of the Clyde College Board (Robert Fraser) and four members of the Kelvin College Board (Robert Doyle, John Hogg, Deborah Thomson, and Laura Birch).

Board Evaluation

- 7.17.** The Committee retained oversight of Board evaluation arrangements for 2016-17 including dialogue with the SFC regarding exemption from the requirement to undertake external validation in that year.
- 7.18.** Latterly, the Committee has considered and agreed detailed plans for external validation in 2017-18.
- 7.19.** The Committee received a report further to an evaluation questionnaire being issued to all Board Members and reported to the Board on emerging development priorities for the year ahead. The Committee then agreed and recommended to the Board a Development Plan that was submitted to the SFC in March 2017 and published on the GCRB website.
- 7.20.** The Committee subsequently agreed a development action plan and continues to monitor progress against the plan.
- 7.21.** The Committee reviewed and agreed revised procedures for evaluation of the Chair and Committee Chairs to ensure arrangements were compliant with requirements set out in the Code of Good Governance.

8. Priority issues for 2016/17

- 8.1.** Members are invited to reflect on progress in the past year, significant developments within GCRB or externally impacting on its area of remit, and discuss and identify priorities for the year ahead.

Members may wish to include consideration of the following areas of activity in looking forwards.

- The self-evaluation and Externally Validated Review process.
- Current appointments priorities including a new Kelvin College Chair.
- Succession planning and Board diversity.
- GCRB's employer arrangements, and living wage status.
- Disclosure/PVG requirements for staff and Board Members.
- Development planning and the potential for relationship building with College Boards.

9. Risk Analysis

- 9.1.** Performance review and reporting is key to effective systems of governance and internal control. Therefore, this report contributes to the mitigation of *GCRB Risk 0011: the capacity and capability of the Board is inadequate and standards of governance fall below the required level.*

10. Legal Implications

- 10.1** No legal implications are identified.

11. Resource Implications

- 11.1.** There are no specific resource considerations arising from this paper.

12. Strategic Implications

- 12.1** Through the conditions of grant associated with the Regional Outcome Agreement, GCRB and the assigned colleges are required to conduct their affairs in accordance with the expected standards of good governance.