

Board Meeting

Date of Meeting	Friday 1 July 2016
Paper Title	Governance Matters
Agenda Item	10
Paper Number	BM7-G
Responsible Officer	Paul McAllister, Secretary to the Board
Status	Disclosable
Action	For noting

1. Report Purpose

- 1.1. This paper provides information on GCRB and national governance guidance in respect to the participation of college members on the GCRB Board in assigned college funding decisions.

2. Recommendations

- 2.1. The Board is invited to **note** this paper.

3. Background

- 3.1 A key function of regional strategic bodies is the funding of assigned colleges.
- 3.2 It is important that the process developed by GCRB for considering and allocating assigned college funding meets the highest standards of governance.
- 3.3 The arrangements GCRB develop as a new body, therefore need to be informed by relevant governance advice, both in respect of GCRB governance regulations, and in terms of national codes.

4. Governance Advice

- 4.1 Among other things the actions of the Board members must comply with the GCRB Code of Conduct. This applies equally to all Board members without differentiation, Chairs, staff members, student members and ordinary members. Section 5 of the Code addresses the question of 'Declaration of Interests'. Paragraph 5.3 specifically provides:

"In considering whether to make a declaration in any proceedings, you must consider not only whether you will be influenced but whether anybody else would think that you might be influenced by the interest. You must, however, always comply with the objective test ("the objective test") which is whether a member of the public, with

knowledge of the relevant facts, would reasonably regard the interest as so significant that it is likely to prejudice your discussion or decision making in your role as a member of a public body.”

- 4.2** All members have the same duty to act in the best interest of GCRB when they sit on the GCRB Board and all other interests are subservient to that.
- 4.3** In reaching a decision on whether there is a conflict, Board members should err on the side of caution. The GCRB Code is based on the Model Code of Conduct for Members of Devolved Bodies. The Standards Commission for Scotland provides a useful Guide on interpreting the Code. In relation to section 5 it provides guidance for individuals who are members of more than one public body. This states that:

“Sometimes members may sit on the boards of more than one public body. It is also possible that a member of staff of one public body may be a member of another. This can bring considerable benefits of experience and expertise to each board. Being a member of more than one public body is unlikely, by itself, to result in a conflict of interest, but there can be instances where this will occur.”

- 4.4** The Model Code of Conduct highlights an example directly concerning potential conflict of interest in relation to making funding decisions relating to the body to which the individual is a member. The advice states:

“In issues involving approval of funding from one body to another, there can be no dubiety; you must declare an interest and withdraw if you are a member of the body potentially receiving the funding.”

- 4.5** GCRB and its Board members have no choice about whether to comply with the GCRB Code of Conduct. There is no obvious reason not to abide by the terms of the Commission’s Guidance on the Code which makes it clear that those on the GCRB Board who are also members of the assigned colleges must withdraw from funding discussions which relate to the assigned colleges.
- 4.6** As all Board members have the same obligations. This provision applies equally to the Chairs, student members and staff members.

5. Risk Analysis

- 5.1** Whilst GCRB does not yet have fundable body status, demonstrating the capacity to make funding recommendations is a significant element within the assurances required by the Scottish Funding Council (SFC) as conditions to granting GCRB fully operational fundable body status.

6. Legal Implications

- 6.1** The specific legal issues relevant to these matters are addressed within the paper.

7. Financial Implications

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

8. Regional Outcome Agreement Implications

8.1 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.