

## Nominations & Remuneration Committee

Date of Meeting	Thursday 4 October 2018
Paper Title	Board Self-Evaluation Process 2018-19
Agenda Item	11
Paper Number	NRC1-G
Responsible Officer	Board Secretary
Status	Disclosable
Action	For Decision

### 1. Report Purpose

- 1.1 To allow the Committee to review arrangements for the Board's self-evaluation in 2018-19.

### 2. Recommendations

- 2.1. The Committee is invited to **consider** and **agree** proposed arrangements.

### 3. Background

- 3.1. All sector boards are required by the Code of Good Governance to undertake evaluation annually, with reference to the following excerpts:

*D.22 Extension of the term of office of board appointments requires evidence and the board must ensure appropriate mechanisms are in place to support this.*

*D.23 The board must keep its effectiveness under annual review and have in place a robust self-evaluation process. There should also be an externally facilitated 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.*

*D.24 The board must agree a process for evaluating the effectiveness of the board chair and the committee chairs. The evaluation of the board chair should normally be led by the vice-chair/senior independent member.*

*D.25 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.*

*D.27 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.** The various strands of evaluation activity are not currently aligned to the same point in the year. It would be beneficial in terms of consistent reviewing and reporting on board performance to have all activity aligned as far as possible in future.
- 3.3.** As arrangements stand, individual Board Member evaluations and the review of compliance with the Code of Good Governance are both undertaken towards the end of the academic year.
- 3.4.** The SFC requires that boards submit reports on their effectiveness reviews by 31 March. To allow for board approval, therefore, evaluation activity should take place around the turn of the calendar year.
- 3.5.** While there is a case for aligning evaluation activity to the academic and financial year - this being the usual interpretation of a college sector year, and to allow for up-to-date reporting in the annual accounts - Committee Members may wish to consider whether in future years the timing of all evaluation activities should be aligned to the calendar year as opposed to the academic/financial year as this would better suit the SFC's March reporting deadline.
- 3.6.** The following proposed schedule of activity is aligned to the calendar year and SFC reporting deadline, with the exception of a) individual Board Member evaluations and b) the review of compliance with the Code.
- a) If Members recommend aligning all activity to the calendar year, it would be necessary either to introduce a further individual evaluation around the turn of this year, ie, early 2019, or to leave an 18-month gap between the recent evaluations and a round of evaluations in early 2020.
  - b) With regard to the review of compliance with the Code of Good Governance, this would need to become a two-stage process. It is recommended that the formal review of compliance and report to the Audit Committee and Board remains aligned to the annual accounts, ie, the financial year end, given that a statement of compliance is required in the accounts. In undertaking its performance review activity around December/ January, the Board would refer to the formal review of compliance and reflect more fully on aspects of its performance in that context. (The sector's performance evaluation framework recommends boards evaluate their performance against the Code.)

#### 4. Proposed Schedule of Evaluation Activity

ACTIVITY	DATE
<u>Committee Effectiveness Reviews:</u>	
Nominations & Remuneration Committee	13.12.18
Audit Committee	18.12.18
Performance & Resources Committee	19.12.18
Reports to Board	28.01.19
<u>Evaluation of Board Chair by Senior Independent Member:</u>	
Issue of questionnaire/feedback form to all Members	03.12.18
Return of questionnaire/feedback form	14.12.18
Dialogue/meetings as appropriate with individual Members	07.01.19 – 18.01.19
Meeting with Chair	21.01.19 – 25.01.19
Report to Board (high level)	28.01.19
<u>Full Board Evaluation:</u>	
Issue of questionnaire (ref Code of Good Governance) to all Members	07.01.19
Return of questionnaire	18.01.19
Board evaluation session (review of feedback to questionnaire; follow-up to 20.08.18 session)	28.01.19
<u>Overall Report on Effectiveness Review:</u>	
Report to Board (for approval)	25.03.19
Submit to SFC/publish	31.03.19
<u>Report on Compliance with Code of Good Governance (Board Secretary report):</u>	
Report to Audit Committee	28.05.19
Report to Board	17.06.19
<u>Board Member Individual Evaluations*:</u>	
Issue of self-evaluation forms:	tbc June 2019

One-to-one meetings with Chair:  <i>*These could be brought forward to, eg, February 2019 ref 3.6 a) above.</i>	tbc July 2019
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## **5. Risk Analysis**

**5.1** There are compliance and performance implications of failing to undertake evaluation activities annually in line with the Code of Good Governance. This report is therefore intended to mitigate risk 0011: the capacity and capability of the Board is inadequate and standards of governance fall below the level required, and risk 0012: there is a breach of legislation/ guidance/code of practice and this results in a failure of governance.

## **6. Equalities Implications**

**6.1** The Board's evaluation activities as described in the report are compliant with the sectors' self-evaluation framework and Code of Good Governance. Monitoring of equality and diversity is undertaken through the Diversity Succession Plan and the Review of Membership and Tenure, which are taken account of in the self-evaluation process and reporting.

## **7. Legal Implications**

**7.1** There are no new legal implications associated with this report.

## **8. Resource Implications**

**8.1** There are no new resource implications associated with this report.

## **9. Strategic Implications**

**9.1** This report is not directly relevant to the Regional Outcome Agreement, however, robust governance arrangements are the essential to the effective determination and delivery of GCRB objectives.