

College Governance Update for the Board of Management

Headline Information

Attached is the recent update provided by the Good Governance Steering Group (College Governance Update July 2023). This update was reviewed by the Search and Nominations Committee at their meeting on the 23rd August.

A key change coming forward is the inclusion of Trade Union nominees on college boards. Notwithstanding we are not an incorporated college (so new changes are not required of us). The sub-committee wished to refer the matter for debate to the Board of Management having sought views of staff through LNCC.

The matter was put to staff at the LNCC and the unanimous view was that staff agreed with the national position of both EIS-FELA and UNISON that Trade Union nominees should be elected to UHI Shetland board for the reasons outlined in the Governance document:

'Fundamental to these proposals is a commitment to partnership working, with the introduction of two trade union nominees to college boards in addition to the existing staff members, bringing the college sector into line with changes made in universities by the Higher Education Governance Act 2016.

The introduction of trade union nominees will build on the fundamental principles of the Fair Work Convention, an agenda supported by the Scottish Government, which recognises the positive impact of trade workplace practices that contribute to the health of the economy and civil society in Scotland.'

To balance this the proposal was that two further independent Directors would need to be appointed to the board.

At the Governance Professionals Steering Group, made up of all Governance Professionals across Scotland's Colleges, as well as representatives from CDN and Colleges Scotland, the following information was conveyed:

- 1) The draft order has not yet been laid before Parliament
- 2) Once the draft order is laid, there is 54 day window for amendments before it is law
- 3) The date of implementation of 1st Jan is likely to be delayed, as it cannot be on a holiday date
- 4) The TU Board members will be incorporated into the code of Good Governance changes.
- 5) When the CoGG is changed, the process will include an islands community impact assessment.

Recommendations for the Board of Management

This paper recommends for approval by the Board of Management, the following:

- 1) That the Board of Management agrees in principle to implement the introduction of Trade Union Directors to the Board of Management
- 2) That the Board of Management only agrees to the implementation of Trade Union Directors once:
 - a. The Board of Management has had the opportunity to review the 2024 Code of Good Governance and the Islands Community Impact Assessment supplied with it.
 - b. Search and Nominations Committee have completed their review of the considerations detailed below.
- 3) Once Search and Nominations Committee has completed their work of the considerations below, that the appropriate recommendations for the amendments to the Articles of Association are also laid before the Board of Management for their consideration.

Considerations for Search and Nominations in the preparation of implementing the establishment of Trade Union Directors to the Board of Management

An election procedure has been drafted for review by Search and Nominations Committee, should the Board of Management approve the addition of Trade Union Directors. This would be subject to consultation with Trade Unions. There may be a case to deviate from the nationally proposed procedure. There are concerns that the nationally prepared procedure is less suitable for smaller colleges who naturally have smaller Trade Union branches.

Term Limits

One aspect to draw Search and Nominations Committee's attention to is the proposed term limits for Trade Union Directors. The proposed term of office for Trade Union Directors is 4 years. For incorporated colleges, this matches both Independent Director terms of office, and Staff Director terms of office. However, it does not match our terms office for Staff Directors.

The Search and Nominations Committee are asked to consider what recommendations they wish to make to the Board of Management for approval:

- What the maximum number of years a Trade Union Director can serve
- How many times they're appointment can be renewed at the end of their term of office
- Whether Trade Union Directors should have a term of 4 years or 2 years
- Whether Trade Union Directors and Staff Directors should have the same term of office
- If the answer to the question is 4 years for Staff Directors, which option would the Search and Nominations Committee like to take with regards to the upcoming end of term for Staff Directors:
 - o To automatically extend the term of office for current staff directors to 4 years, and cancel the planned elections
 - o To apply the term of office of four years to any Staff Director appointed in December 2023, with existing Staff Directors permitted to serve a total of 6 years, should they be reappointed in December.

The Search and Nominations Committee are advised of the risk that a member of staff could serve as both a Staff Director and a Trade Union Director concurrently. Managing the timing of the elections, set by term-limits that ran in an overlapping manner, would mitigate against this risk.

Committee Composition

The addition of up to 4 members of the Board of Management, would have an impact on Committee composition. The suggested membership of 'executive' board members is detailed below.

- Teaching Trade Union Director would be added to the prescribed membership of Learning, Teaching, and Research Committee
- One Trade Union Director (either teaching or non-teaching) would be added to the membership of Search and Nominations Committee

- Trade Union Directors would sit on two committees, in total, though neither would be permitted to sit on Audit Committee.

The addition of two Independent Directors grants an opportunity to review the composition structure of Independent Directors on Committees. Two models are presented below. Model One reflects minor adjustments to our existing model. Model Two removes Chairs from other Committees to be included in the 'prescribed membership' of Human Resources and Remuneration Committee, but retains 'prescribed membership' for Chairs of all Committees, and the Vice-Chair of the Board of Management at Search and Nominations Committee.

Model One

Role	Committee 1	Other Committees
Chair of Audit Committee**	Audit	Human Resources and Remuneration, Search and Nominations
Chair of Finance and General Purposes Committee	Finance and General Purposes	Human Resources and Remuneration, Search and Nominations
Chair of Learning, Teaching, and Research Committee	Learning, Teaching, and Research	Human Resources and Remuneration, Search and Nominations
Chair of Human Resources and Remuneration Committee	Human Resources and Remuneration	Search and Nominations + 1 Other
Chair of Board of Management and Chair of Search and Nominations Committee*	Search and Nominations	Human Resources and Remuneration + 1 Other
Vice-Chair of Audit Committee**	Audit	1 Other
Vice-Chair of Finance and General Purposes Committee*	Finance and General Purposes	1 Other
Vice-Chair of Learning, Teaching, and Research Committee	Learning, Teaching, and Research	1 Other
Vice-Chair of Human Resources and Remuneration Committee	Human Resources and Remuneration	1 Other
Vice-Chair of Board of Management and Vice-Chair of Search and Nominations Committee	Search and Nominations	1 Other
Independent Director	1 Committee each that is not Human Resources and Remuneration, nor Search and Nominations	
Independent Director		
Independent Director		
Independent Director		
Independent Director		

*Barred from Audit

**Barred from Finance and General Purposes

Model Two

Role	Committee 1	Committee 2
Chair of Audit Committee**	Audit	Search and Nominations
Chair of Finance and General Purposes Committee*	Finance and General Purposes	Search and Nominations
Chair of Learning, Teaching, and Research Committee	Learning, Teaching, and Research	Search and Nominations
Chair of Human Resources and Remuneration Committee	Human Resources and Remuneration	Search and Nominations
Chair of Board of Management and Chair of Search and Nominations Committee*	Search and Nominations	1 Other*
Vice-Chair of Audit Committee**	Audit	1 Other**
Vice-Chair of Finance and General Purposes Committee*	Finance and General Purposes	1 Other*
Vice-Chair of Learning, Teaching, and Research Committee	Learning, Teaching, and Research	1 Other
Vice-Chair of Human Resources and Remuneration Committee	Human Resources and Remuneration	1 Other
Vice-Chair of Board of Management and Vice-Chair of Search and Nominations Committee	Search and Nominations	1 Other
Independent Director	2 Committees each, not Search and Nominations	
Independent Director		
Independent Director		
Independent Director		
Independent Director		

*Barred from Audit

**Barred from Finance and General Purposes