Guidance Note – Conducting Externally Facilitated Effectiveness Reviews

Scope

1. The Code of Good Governance (2022) states that:

   D 24 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 every three to five years. The board should determine the timing for this externally facilitated review as part of the annual effectiveness review. 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.

2. The Board Member Development Framework published in November 2015 offered guidance to the sector on board training and evaluation in general. This Guidance Note builds on that and provides more detailed guidance on conducting an externally facilitated evaluation of board effectiveness.

3. Every board will be slightly different and at a different stage of its own development. It is important therefore that the evaluation focuses on the issues of most importance to the development of the board, but the review is also a mechanism to provide assurance to college funding bodies that the level of governance in each organisation is appropriate. It is suggested therefore that the output from an externally facilitated evaluation should be both a basic level of assurance relating to core governance requirements plus an agreed list of actions on areas that board members wish to develop their governance further.

4. This external evaluation process is not intended to duplicate routine work undertaken by internal auditors to assess the governance processes of the organisation either as part of the normal annual audit programme or in order to support the Annual Statement of Compliance in the annual report. Audit reports will however provide helpful background material and should be made available to the external facilitator if appropriate (see below).

Timeframe

5. External Effectiveness Reviews (EERs) should be carried between three to five years after the previous review.

6. The Board should determine the timeframe for the next external review as part of their annual effectiveness review, considering progress against the action plan that resulted from the previous review and the outcome of the annual effectiveness review. The timeframe should meet the governance related development needs of the board and should be responsive to the dynamic nature of governing as a process and may change year on year.

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8. The CDN report **Overview of The External Governance Effectiveness Reviews For Scotland's Colleges 2020/21** highlighted that many college boards are 'in transition', and some college boards are in significant transition where several elements are in flux, including the appointment of a new Chair, new Principal, new Board Secretary and / or the appointment of significant numbers of new Board members. In such circumstances it may be advisable for the board to plan for the external review within a shorter timeframe, possibly at the three-year point.

9. For other boards, that might not be facing significant governance issues or challenges the timeframe might be longer, up to five years.

10. It is important that the funding body is kept informed of the board's plans. The time frame agreed by the board should form part of the annual self-evaluation and board development plan that is submitted to its funding body. This should also be published online.

Evaluation Process

11. It is suggested that the effectiveness review should cover the five sections of the Code of Good Governance:

    - **Leadership and Strategy**
    - **Quality of the Student Experience**
    - **Accountability**
    - **Effectiveness**
    - **Relationships and Collaboration**

12. A board may choose to add to those topics if it so wishes. A summary of the detailed requirements covered in each section of the Code and two simple questions that a board may wish to use to evaluate itself are set out in Annex A.

13. The process of the review itself should include a number of steps:

Process
1. Board to agree the areas to be covered in the review (all sections of the Code as a minimum), the process and timescales required.
2. Recruit the independent facilitator who is to provide external validation and agree the proforma or questionnaire to be used.
3. Board members and senior staff who work closely with the board, provide their views to the facilitator on (a) board performance to date (b) areas for future development using a proforma/questionnaire. This process can be done in a range of ways including: i. A board workshop is held that results in an agreed summary of views; or ii. Members and senior staff complete the proforma/questionnaire and the facilitator summarises the results; or iii. The facilitator undertakes 1 to 1 interviews with some or all board members and staff based on the proforma/questionnaire.
4. The facilitator pressure tests the views expressed at step 3 by, as a minimum: o Observing at least one board meeting. o Undertaking a desktop review of: o a sample of board and committee remits, minutes, agendas and papers. o a sample of corporate documents to examine alignment between corporate objectives, the objectives of supporting strategies such as HR, estates and finance and the performance information coming to the board and its committees. o the risk register and a sample of recent audit reports. o the current board and board member development plans, appraisal and induction processes and the skills matrix used. o recent staff, student or stakeholder surveys and any board responses. o any audit reports on governance that are used to underpin the Statement of Compliance in the annual report. o If step 3iii above is not chosen, conducting 1 to 1 interviews with a sample of board members and senior staff including a staff and student board member.

5. The facilitator draws up a draft report summarising the output for steps 3 and 4. The board is given an opportunity to discuss and comment on the facilitator's findings and to draw up an action plan for areas of development over the next 12 months.
6. A final report is provided by the facilitator to the board and the board chair writes to the relevant funding body as required by the Code of Good Governance.

External Facilitator

14. It is common across the public and private sectors for annual governance self-evaluations to be alternated every few years by an external review that is independent of the organisation and is used as a means of validating/calibrating the board's view of itself. A number of companies and individuals undertake this work. It is for each board to decide who it wishes to contract with but the successful person should meet the following minimum criteria:

    - A clear understanding of how to undertake an external governance review of the type required.
    - Independent of the board and the college/strategic body being evaluated.
    - 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.

15. Each board will agree the terms of the contract with their reviewer but, as a rough guide, if the reviewer were asked to undertake steps 3-6 above, this might require 5-9 days of their time (step 3iii may require more days if chosen).

September 2022

Code of Good Governance Criteria	Our performance in the last 12 months (including evidence)	Development required during the next year
LEADERSHIP AND STRATEGY 1. Board decisions and behaviour reflects the boards Code of Conduct and Nine Principles of Public Life. 2. We determine the vision, direction, educational character, values and ethos of the college. 3. Our performance management system is adequate, identifying KPIs and we monitor progress. 4. Relevant stakeholders are engaged in compiling the outcome agreement. 5. We provide leadership on ethics, equalities, diversity and staff welfare. 6. We have regard to the social and economic needs of our area.		
QUALITY OF THE STUDENT EXPERIENCE 1. The voice of students and the quality of their experience is central to our decisions including monitoring student surveys and any resulting action plans. 2. We have open ongoing engagement with students, working in partnership and encouraging a strong independent student association having regard to the Student Association Framework. 3. Our Student Association is adequately resource, operates fairly and in a democratic manner, fulfilling its duties; it has a written constitution that the board has reviewed in the last five years.		

Code of Good Governance Criteria	Our performance in the last 12 months (including evidence)	Development required during the next year
4. We are aware of and foster good relationships with partner organisations that help us provide coherent learning, including employability. 5. Mechanisms ensure effective oversight of quality and inclusiveness of learning.		
ACCOUNTABILITY 1. We fulfil our primary accountability to our funding body by: a. delivering our outcome agreement. b. fulfilling our statutory duty and terms of our grant. 2. We fulfil our accountability to students, public, employers and our community for provision of education that enhances social and economic wellbeing. 3. We manage conflicts of interest and disclose our register of interests. 4. Our decision making is transparent, informed, rigorous and timely and associated documentation is adequate. 5. Our scheme of delegation to staff and committees is clear and fit for purpose with appropriate two way communication with the board. We ensure: a. we have audit, remuneration, finance and nominations/appointments committees. b. the staff charged with advising each committee are clear. c. committee minutes go to the next meeting of the board.		

Code of Good Governance Criteria	Our performance in the last 12 months (including evidence)	Development required during the next year
6. We set the risk appetite, balancing risk and opportunity and this is known to senior staff. 7. We ensure sound risk management and supporting review systems. 8. The Audit Committee: a. Reviews the comprehensiveness, reliability and integrity of all our assurances on the governance, risk and control frameworks, engaging with internal and external auditors and monitoring any actions recommended. b. Members are all non-executive, objective and independent with at least one having recent relevant financial or audit experience. c. Can hold all or some of its meetings in private, meeting internal and external auditors privately at least once a year. 9. The Remuneration Committee: a. Members understand their role and are trained in it: the chair is not board chair. b. Implements a procedure agreed by the board for setting the principal's salary, including consulting staff and students. 10. We ensure our body's sustainability, complying with the SFC FM the SPFM, ensuring adequate reporting and monitoring and economic, efficient and effective use of our funds. 11. We ensure compliance with charities provisions.		

Code of Good Governance Criteria	Our performance in the last 12 months (including evidence)	Development required during the next year
12. As an employer we: a. promote positive employee relations. b. ensure effective management: union partnerships. c. comply with the Staff Governance Standard. d. comply with any national collective agreements placed on us. e. ensure fair and effective staff management.		
EFFECTIVENESS 1. The board chair provides leadership and ensures board effectiveness, working well with the principal and board secretary. 2. Our board and committees have the right balance of skills, experience, independence and knowledge of the college to fulfil their role effectively. 3. We abide by collective responsibility, taking decisions in the interests of the body and managing conflicts of interest appropriately. 4. Staff and student members are treated as full board members. 5. We have an open and transparent process for recruiting and setting the performance measures for our principal; staff and students can contribute to it. 6. There is a clear understanding of the responsibilities delegated to the principal and the respective roles of the chair, board members and executive staff.		

Code of Good Governance Criteria	Our performance in the last 12 months (including evidence)	Development required during the next year
7. The board secretary is: a. appointed by the board with the appropriate skills and experience and is not a member of the senior management team in any other capacity. b. available to advise all board members and committees and has adequate time to fulfil the role. 8. We have a formal and open board member recruitment process that reflects Ministerial guidance. 9. We have appropriate arrangements for student and staff member recruitment. 10. All members undertake training tailored to their needs (including committee training), new members receive formal induction tailored to their needs and there are records of training. 11. We review the board's effectiveness annually using a robust self-evaluation process, externally facilitated at least every three years.		
RELATIONSHIPS AND COLLABORATION 1. We work in partnership at a local, regional and national level to: a. secure coherent education provision in our locality. b. achieve commonly agreed outcomes. c. develop agreed priorities. d. address local needs as well as national priorities and specialisms.		