

## Shadow Board – Shetland Merger Project

<b>Committee</b>	Shadow Board
<b>Subject</b>	Shadow Board Status of Governance
<b>Action requested</b>	<input checked="" type="checkbox"/> For information only <input type="checkbox"/> For discussion <input type="checkbox"/> For recommendation
<b>Brief summary of the paper</b>	The SIC Full Business Case and subsequent notes of meetings of the Programme Board March to May 2019 report on agreements made in relation to the role and delegated authority of the Shadow Board.
<b>Resource implications</b> [if yes, please provide detail]	No
<b>Risk implications</b> [if yes, please provide detail]	No
<b>Date paper prepared</b>	04-Sep-19
<b>Date of committee meeting</b>	25-Sep-19
<b>Author</b>	Project Manager
<b>Equality and diversity</b>	No
<b>Status</b>	Non-confidential
<b>Freedom of Information</b> Can this paper be included in 'open' business?*	Yes

1. Background	
1.1	<ul style="list-style-type: none"> <li>The Shadow Board recruited new Non-Executive Members who have been attending meetings since May 2019. There has been a difference of opinion on their role and the role of the Shadow Board in relation to preparing the Ministerial Merger Business Case.</li> </ul>
1.2	<ul style="list-style-type: none"> <li>This paper refers to the Shetland Island Council’s Full Business Case and subsequent notes of Programme Board meetings.</li> <li>The 8<sup>th</sup> March meeting was attended by Diane Rawlinson Max Brown Peter Campbell George Smith David Sandison.</li> <li>The 4<sup>th</sup> April meeting was attended by Diane Rawlinson Max Brown Peter Campbell George Smith George Sutherland David Sandison.</li> <li>The 30<sup>th</sup> April meeting was attended by David Sandison (Chair), Peter Campbell, Beth Mouat, Theo Smith, Irene Hambleton, Glenn Gilfillan, Max Brown, Diane Rawlinson, Rory Gillies, Sharon Drysdale (via telephone), Sorcha Kirker (Via VC), Andrew Anderson, Willie Shannon.</li> </ul>
2. Report authors	
2.1	<p><b>Project Manager</b></p> <ul style="list-style-type: none"> <li>The attached paper was developed from an analysis of papers and meeting notes provided by Max Brown, UHI.</li> </ul>

**Governance and the role of the Shadow Board**

**8<sup>th</sup> March 2019**

A paper (no reference number) on the development of the Programme Board to become a Shadow Board quotes from the Full Business Case (which was agreed by the Council). It does suggest that the link with other Boards should be in place but also says that delegated authority must be in place.

Quotes from the Full Business Case:

“The composition of the Board must ensure that the required skills and experience necessary for the Shadow Board to carry out its duties are represented. The following considerations will apply:

- The role of the Shadow Board will be to take forward the merger process
- The Shadow Board will be a formal sub - committee of each Board;
- Members of the Shadow Board will remain as full members of their existing Boards until vesting day for the new college
  - When appointed, the Principal Designate will become a member of the Shadow Board
  - The Shadow Board will keep its composition under review, including the skillset of the overall group, and recruit additional or co - opt new members as required
  - On vesting day, the Board of Management for the new college will be constituted with the members of the Shadow Board.

“The Shadow Board are responsible for ensuring that the needs of key stakeholders are represented and that their needs and requirements are met by the Project. The Board consists of political, Trust, staff and student stakeholders. The prime

responsibility of the Shadow Board is to ensure that all requirements for the merged college, in relation to the governance of the institution, are in place, such as the committee structure, standing orders, scheme of delegated authority and principal office holders. The Shadow Board should also be in a position to endorse and implement the new college's strategic plan from vesting date. The Shadow Board must have delegated authority to:

- provide strategic direction on the merger process prior to vesting day
- provide an overview of the Principal Designate's activities in relation to the merger process
- approve the staffing structure for new college
- approve arrangements for voluntary severance taking account of the approved staffing structure of the new college. The Shadow Board will liaise with the partner Boards with regard to any subsequent voluntary severance requests which arise as a consequence of the implementation of the approved staffing structure
- approve the draft budget for new college
- approve policies and procedures for new college
- approve the name for the new college
- provide strategic direction on the development of a Communications and Staff Engagement strategy to the Principal Designate.

### **4<sup>th</sup> April 2019**

Draft Terms of Reference were first provided for discussion. There was a clear expectation that any members of the Shadow Board would become full Board members to the new college (introductory paragraph to PB2019-05, April 4<sup>th</sup>).

The note of that meeting does not refer to any dissent to this statement.

### **30<sup>th</sup> April 2019**

Revised draft Terms of Reference (PB2019-04) were provided which included the scope described in the paper for 8<sup>th</sup> March.

This draft made new reference to "limits of delegated authority" that the Shadow Board:

"cannot bind the decision making of the SIC or NAFC".

The minute of this meeting shows that there was agreement to this with the addition that

"approving voluntary severance arrangements was outwith the scope of the Shadow Board".

### **30<sup>th</sup> May 2019**

Whilst there was discussion on voting rights (30<sup>th</sup> May), there was no further dissent or change to the scope of the Shadow Board.

### **Summary**

Given the above, a summary of decisions so far appears to be that the Council, when approving the Business Case, and then later the Programme/Shadow Board itself, agreed that:

- the Shadow Board has delegated authority to approve:
  - the draft budget of the new college (i.e. the draft submitted to the Minister for approval)

- the name,
- what the new Principal does in relation to the merger,
- policies, procedures and strategic direction for the new college.
- The Shadow Board can approve options for the staffing structure.
- The Shadow Board cannot approve arrangements for voluntary severance

In relation to the last point, it should be noted that final decisions on restructuring have been deferred to the period post-vesting, as SIC requested that a full TUPE transfer takes place of all staff. Therefore, this point is no longer relevant. Shadow Board decisions on the financial business case and options for staffing structures for the MMBC will not actually be approval for arrangements for voluntary severance, which will be for the new college to propose to the Scottish Funding Council after vesting.

**Limits to decision making: not binding SIC or NAFC Trustees**

This statement refers to any decisions that would alter SIC or NAFC Trustees' ongoing direction of the colleges until vesting, and their final decision to transfer undertakings once the MMBC has been agreed by the Minister..