

Shadow Board – Shetland Merger Project

Committee	Shadow Board
Subject	MAA as updated to adhere to the Code of Good Governance for Scotland's Colleges
Action requested	<input type="checkbox"/> For information only <input type="checkbox"/> For discussion <input checked="" type="checkbox"/> Special Resolution
Brief summary of the paper	MAA has been updated to bring adhere to the Code of Good Governance for Scotland's Colleges
Resource implications [if yes, please provide detail]	No Click here to enter text.
Risk implications [if yes, please provide detail]	No
Date paper prepared	03-Feb-20
Date of committee meeting	12-Feb-20
Author	Principal Designate
Equality and diversity	No
Status	Non-confidential
Freedom of Information Can this paper be included in 'open' business?*	Yes

Recommendation:

- 1) This paper proposes a Special resolution to amend the MAA as per Anderson Strathern Comments and UHI amendments
- 2) Agree the recommendation of the revised version for approval by the fully established Board of Directors

1. Background	
1.1	The Board approved the MAA and submitted it for final due diligence at its meeting on 25 th September 2019. A due diligence report was requested. Anderson Strathern were commissioned to do this. Review of this MAA at the meeting indicated that it did not adhere to the Code of Good Governance for Scotland's Colleges
2. Report authors	
2.1	Principal Designate
3. Context	
3.1	Due to the previous deadline for vesting, the existing MAA was used to establish a company to enable progress on arrangements for vesting. The company was established on 6 th November 2019. It has not yet been submitted to OSCR. Members of the full Board of Directors when fully established will become Directors. At present one Non-Executive Director has agreed to be a Director in order to establish the company.
3.2	The company name used was Shetland UHI as no confirmation of the request to use the term "Institute" has been received to date.
3.3	Changes to the MAA with Companies House is by submission of the revised MAA and a copy of the Special Resolution
4. Risks	
5. Dependencies	

1. Anderson Strathern amendments

Title page	Shetland UHI Ltd ("the company")
Section 2 'Interpretation'	No changes but sections 2.1 to 2.10 re-ordered alphabetically.
Generally	Change the term 'clause' to 'article' Change Company to company
Objects	Deletion of 7.12 as similar to 7.35 – "To do anything which may be incidental or conducive to the attainment of any of the objects of the company" Addition to 7.25 to borrow <i>or raise</i> money Addition 7.33 To establish, operate and administer (and/or otherwise acquire) any separate trading company or association, <i>whether charitable or not.</i> Addition 7.34 <i>To construct, convert, improve, develop, conserve, maintain, alter and demolish any buildings or erections whether of a permanent or temporary nature; and manage and operate (or arrange for the professional or other appropriate management and operation of) the property of the company.</i>

Application of income and property	<p>Query by AS of article 11.1 about what this would cover:</p> <p>11.1 In the case of the Chair, an annual amount (to be decided upon from time to time by the Board) to cover various incidental costs that cannot be covered in the article above, or</p> <p>Addition of text</p> <p>11.2 Reasonable payment in return for particular services (not being of a management nature <i>normally carried out by a Director of a company</i>) actually rendered to the company, or</p>
Board representation	Change to two student representatives
General meetings	<p>Amend cross referencing as below</p> <p>26. The reference to “clear days” means that the period of notice does not include the day after the notice is given in accordance with article 34 nor the day on which the meeting is held.</p>
Proceedings at general meetings	<p>Amend to include for provision for directors as well as advisors to attend meetings remotely</p> <p>38. Directors (and advisors or other attendees including for the avoidance of doubt, the eligible members or their proxies) may attend meetings by telephone conference, video conference and other electronic means provided that they can communicate with each other during the meeting.</p>
Query on number of directors	<p>Suggested change from 16 and 12 for consistency with a regional college:</p> <p>59. The maximum number of directors shall be 18; the minimum number of Directors shall be 13</p>
Delegation to committees of directors and holders of office	<p>Amendment</p> <p>105. The directors may put in place a structure of committees and may delegate any of their powers to any committee consisting of two or more directors; <i>alternatively</i>, they may also delegate to the chair or director holding any office such of their powers as they consider appropriate.</p>
	<p>Query by AS: There is no definition of this in the UHI articles. Is it the equivalent role to an Independent Director?</p> <p>64.10 No Independent Director shall serve concurrently as an Independent Governor of the Court of UHI. An Independent Director may be nominated to serve in the Court of UHI as academic partner chair.</p> <p>Response by F Larg, UHI Further to your query below this would not be the equivalent of an independent governor.</p> <p>It refers to 12.1c in the university’s articles which reads: “two Appointed Governors, each being the chair of an Academic Partner, appointed by the Academic Partners in each case appointed by inviting nominations from the Academic Partners, and in the event of more than two nominations being received, by way of an election in which each Academic Partner shall be entitled to vote for two nominees. In the event of a tie</p>

	<p>among more than two nominees for the highest number of votes cast in any such election, the outcome of the election will be determined in accordance with rules made by the Court from time to time.”</p> <p>These governors would not be regarded as independent on Court.</p>
	<p>Amendment</p> <p>132. <i>Except as specifically set out in these Articles, any notice to be given in pursuance of these articles shall be in writing; the company may give any such notice to a member either personally or by sending it by post in a prepaid envelope addressed to the member at her/his registered address or by leaving it at that address; alternatively, at the member’s electronic address to be used for this purpose.</i></p> <p>133. <i>Except where otherwise specifically provided for in these Articles, any notice sent by post shall be deemed to have been given at the expiry of 24 hours after posting; for the purpose of proving that any notice has been given, it shall be sufficient to prove that the envelope containing the notice was properly addressed and posted.</i></p>

2. UHI amendments to bring the document into line with Code of Good Governance for Scotland’s Colleges

Changes related to this are visible as tracked changes in the Revised Memorandum and Articles attached. For information the Code of Good Governance for Scotland’s Colleges is also attached.

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Appendix 01

The Companies Act 2006

Company Limited by Guarantee and not having Share

Capital

**Articles of Association of
Shetland UHI Ltd (the “company”)**

Shetland UHI

Contents

General	Constitution of the company, defined terms, objects, powers, restrictions on use of assets, limit on liability, general structure.	
Membership	General, qualifications, admission, subscription, register, cessation	
General Meetings	General, notice of meetings, resolutions, quorum, voting, written resolutions	
Composition of the Board	Number, appointment, vacating office	
Directors: offices etc	Offices, personal interests, conduct, remuneration, powers	
Meeting of Directors	Calling of meetings, voting, quorum, committees of directors	
General	Nominations Committee, Audit Committee, secretary, minutes etc	

Shetland UHI

Constitution

1. The model articles of association as prescribed in schedule 2 to The Companies (Model Articles) Regulations 2008 are excluded in respect of this company.

Interpretation

2. In these articles of association:
 - 2.1 “Academic Partner” means an institution admitted into academic partnership by ordinary resolution of the Court, but “partner” is not to be construed as creating any form of partnership under the provisions of the Partnership Act 1890 or any other enactment;
 - 2.2 “charitable purpose” means a charitable purpose under section 7 of the Charities and Trustee Investment (Scotland) Act 2005 which is also regarded as a charitable purpose in relation to the application of sections 505 and 506 of the Income and Corporation Taxes Act 1988;
 - 2.3 “charity” means a body which is either a “Scottish charity” within the meaning of section 13 of the Charities and Trustee Investment (Scotland) Act 2005 or a “charity” within the meaning of section 96 of the Charities Act 1993;
 - 2.4 “Code of Good Governance” means the Code of Good Governance for Scotland’s Colleges (originally published in December 2014) as amended and updated, amended and replaced from time to time;
 - ~~2.4~~ 2.5 “the Companies Act” means the Companies Act 2006 (including any statutory modification or re-enactment of the Companies Act 2006 in force at the relevant time);
 - ~~2.5~~ 2.6 “Court” means the Board of Governors of UHI;
 - ~~2.6~~ 2.7 “the Institution” means the Shetland UHI, known as “Shetland UHI” administered by the company;
 - ~~2.7~~ 2.8 “Operating Area” has the meaning set out in article 5.1;
 - ~~2.8~~ 2.9 “property” means any property, heritable or moveable, real or personal, wherever situated (and including, for the avoidance of doubt, any form of intellectual property);
 - ~~2.9~~ 2.10 “Regional Strategic Body” means a body designated in section 7B and Schedule 2A of the Further and Higher Education (Scotland) Act 2005 (as inserted by section 8 of the Post- 16 Education (Scotland) Act 2013) and for the purposes of these articles of association shall be UHI; and
 - ~~2.10~~ 2.11 “UHI” means the University of the Highlands and Islands.
3. Subject to Article 2, any words or expressions defined in the Companies Act shall have the same meaning in these articles of association but excluding any statutory modification not in force at the date of adoption of these articles of association.
4. 1 References in these articles to the singular shall be deemed to include the plural.
4.2 These articles of association have been developed in compliance with the Code of Good Governance. In the event that the express terms of these articles of association conflict with the Code of Good Governance, the members shall use reasonable endeavours to give effect to the Code of Good Governance.

Commented [AC1]: We have changed the order so that this is alphabetical which makes it easier to find. The actual definitions themselves have not changed.

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Objects	<p>5. The company's objects are:</p> <p>5.1 To advance education, and primarily further and higher education (in keeping with the Further & Higher Education Scotland Acts 1992 and 2005) of people within the Shetland Islands ("the Operating Area") and elsewhere, and the provision of training in skills of all kinds (particularly such skills as will assist the participants in obtaining paid employment) and all industries, including all aspects of the Shetland Fishing Industry, marine and coastal industries;</p> <p>5.2 The advancement of education by fostering links with Scotland, the UK and international learners, researchers and education providers to further the objects of the Shetland UHI to increase individual and collective knowledge and understanding, skills and expertise;</p> <p>5.3 To carry out and promote research relevant to industry, community development, the protection and sustainability of marine and coastal environments, arts, heritage and culture; and to make evidence available to educate, provide training and promote best practice;</p> <p>5.4 To promote, protect, conserve, rehabilitate and improve the marine and coastal environment, including all animal and plant life, in the Shetland Islands and elsewhere;</p> <p>5.5 To prevent and relieve poverty, and in particular, among residents of the Operating Area and other areas of Scotland, the UK and internationally, by facilitating accessible learning opportunities and imparting skills, and life skills, which enable learners to secure employment and contribute to their community;</p> <p>5.6 To relieve unemployment for the public benefit in such ways as may be thought fit, including assistance to find employment;</p> <p>5.7 To advance citizenship and community development (including through the promotion of trade and commerce), wellbeing, inclusion, citizenship and community development;</p> <p>5.8 To advance the arts, heritage and culture; of all aspects of island and sea-going life, and</p> <p>5.9 To promote, establish, operate and/or support other similar schemes and projects which further charitable purposes;</p> <p>5.10 To act as an Academic Partner with UHI as Regional Strategic Body;</p> <p>5.11 To collaborate with public bodies and other academic partners of UHI, to advance and support services, strategies, plans and projects to meet the needs of the Shetland Islands population and environment.</p> <p>6. The company's objects are restricted to those set out in article 5.</p>
Powers	<p>7. In pursuance of the company's objects (but not otherwise) the company shall have the following powers:</p> <p>7.1 To establish and operate learning centres in the Operating Area and elsewhere.</p> <p>7.2 To employ and train staff.</p> <p>7.3 To recognise employee Trades Unions and consult with representatives of their Trades Unions.</p>

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	<p>7.4 To provide, equip and maintain buildings for teaching and research, residential accommodation, libraries, canteens and other facilities appropriate to the needs of staff and students.</p> <p>7.5 To establish, provide and administer educational and technical programmes within the Operating Area and elsewhere for students at all levels.</p> <p>7.6 To promote links between the community, potential employees and employers.</p> <p>7.7 To provide for the recreational, social and spiritual needs of the students.</p> <p>7.8 To participate in and contribute to the funding of the Highlands and Islands Students Association.</p> <p>7.9 To assist individuals in finding paid employment and to liaise with potential employers with a view to developing vocational and other training schemes which are aligned with the requirements of businesses, including paid or unpaid work experience, placements and other projects linking students to employers and industry.</p> <p>7.10 To promote, support (whether financially or otherwise) and/or conduct educational and training courses, programmes. Conferences, seminars, workshops and events.</p> <p>7.11 To design, prepare, publish and/or distribute printed, digital and media content of any kind for sharing information.</p> <p>7.12 To provide and/or assist in the provision of information, advisory, support and/or consultancy services which advance any of the aims of the company.</p> <p>7.13 To liaise with international, UK, Scottish and local government authorities and agencies, further or higher education establishments, economic development agencies, voluntary sector bodies and others, all with a view to maximising the effectiveness if the company in pursuing its objectives.</p> <p>7.14 To enter into any arrangement with any organisation, government or authority which may be advantageous for the purposes of activities of the company and to obtain from any such organisation, government or authority any right, privilege or concession.</p> <p>7.15 To enter into any arrangement for co-operation or mutual assistance with any charity, whether incorporated or unincorporated.</p> <p>7.16 To accept subscriptions, grants, donations, gifts, legacies and endowments of all kinds, either absolutely or conditionally or in trust, for any of the objects of the company.</p> <p>7.17 To take such steps (by way of personal or written appeals, public meetings or otherwise) as may be deemed expedient for the purpose of procuring contributions to the funds of the company, whether by way of subscriptions, grant, loans, donations or otherwise.</p> <p>7.18 To carry out any of these objects in any part of the world as principal, agent, contractor, sub-contractor, trustee or any person acting in any other capacity and either alone or in conjunction with others.</p> <p>7.19 To promote companies whose activities may further one or more of the above objects or may generate income to support the activities of the company, acquire and hold shares, stocks, debentures and other</p>
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Commented [AC2]: This is similar to 7.35

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	<p>interests in such companies and carry out in relation to any such company which is a subsidiary of the company, all such functions as may be associated with a holding company.</p> <p>7.20 To acquire and take over the whole or any part of the undertaking and liabilities of any person entitled to any property or rights suitable for the objects of the company.</p> <p>7.21 To purchase, lease, hire, take in exchange, and otherwise acquire any property and rights which may be advantageous for the purposes of the activities of the company.</p> <p>7.22 To improve, manage, enhance, develop, turn to account and otherwise deal with all or any part of the undertaking, property and rights of the company.</p> <p>7.23 To sell, let, hire, licence, give in exchange and otherwise dispose of all or any part of the undertaking, property and rights of the company.</p> <p>7.24 To lend money and give credit to any person, with or without security, and to grant guarantees and contracts of indemnity on behalf of any person;</p> <p>7.25 To borrow or raise money and give security for the payment of money by, or the performance of other obligations of, the company or any other person.</p> <p>7.26 To draw, make, accept, endorse, discount, negotiate, execute and issue cheques and other negotiable financial instruments.</p> <p>7.27 To invest in funds not immediately required for the purposes of the company's activities in such investments and securities (including land in any part of the world) and that in such a manner as may from time to time be considered advantageous (subject to compliance with any applicable legal requirement) and to dispose of and vary such investments and securities.</p> <p>7.28 To establish and support any association or other unincorporated body having objects altogether or in part similar to those of the company and to promote any company or other incorporated body formed for the purpose of carrying on any activity which the company is authorised to carry on.</p> <p>7.29 To subscribe and make contributions to or otherwise support charities, whether incorporated or unincorporated, and to make donations for any charitable purpose connected with the activities of the company or with the furtherance of its objects.</p> <p>7.30 To remunerate any individual in the employment of the company and to establish, maintain and contribute to any pension or superannuation fund for the benefit of, and to give or procure the giving of any donation, pension, allowance or remuneration to and to make any payment for and towards the insurance of, any individual who is, or was, at any time in the employment of the company and the spouse, widow/er, relatives and dependants of any such individual; to establish, subsidise and subscribe to any institution, association, club and fund which may benefit any such person.</p> <p>7.31 To oppose or object to any application or proceedings which may prejudice the company's interests.</p> <p>7.32 To effect insurance against risks of all kinds.</p> <p>7.33 To establish, operate and administer (and/or otherwise acquire) any separate trading company or association, whether charitable or not.</p> <p>7.34 To construct, convert, improve, develop, conserve,</p>
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maintain, alter and demolish any buildings or erections whether of a permanent or temporary nature; and manage and operate (or arrange for the professional or other appropriate management and operation of) the property of the company.

- 7.35 To do anything which may be incidental or conducive to the attainment of any of the objects of the company.

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<p>Application of income and property</p>	<p>8. The income and property of the company shall be applied solely towards the promotion of its objects.</p> <p>9. No part of the income of the property of the company shall be paid or transferred (directly or indirectly) to the members of the company by way of dividend, bonus or otherwise.</p> <p>10. No director of the company (other than Executive Directors and Staff Representative Directors) shall be appointed as a paid employee of the company; no director (other than Executive Director and Staff Representative Directors) shall hold any office under the company for which a salary or fee is payable.</p> <p>11. No benefit (whether in money or in kind) shall be given by the company to any director except:</p> <p>11.1 Repayment of out of pocket expenses</p> <p>11.2 In the case of the Chair, an annual amount (to be decided upon from time to time by the Board) <u>may be payable at some point in the future in the event that services are provided by the Chair and it is normal for Chair's to be remunerated in this regard (for the avoidance of doubt, this is not an absolute right and will be dependent on the points set out in this Article 11.2), to cover various incidental costs that cannot be covered in the article above,</u> or</p> <p>11.3 Reasonable payment in return for particular services (not being of a management nature normally carried out by a Director of a company) actually rendered to the company, or</p> <p><u>11.4</u> In the case of Executive Directors and Staff Representative Directors only, reasonable remuneration, and reasonable pension and/or other benefits, paid or provided to her/him in her/his capacity as an employee of the company. <u>Only a minority of the directors shall be entitled to the payment in good faith of any reasonable and proper remuneration subject to the provisions of Chapter 9 of the Charities and Trustee Investment (Scotland) Act 2005, whether in respect of his or her office as director [or as holder of any other position of office].</u></p>
<p>Limit on members' liability</p>	<p>12. The liability of members is limited.</p> <p>13. Each member undertakes that if the company is wound up while she/he is a member (or within one year after she/he ceases to be a member), she/he will contribute – up to a maximum of £1 – to the assets of the company, to be applied towards:</p> <p>13.1 Payment of the company's debts and liabilities contracted before she/he ceases to be a member;</p> <p>13.2 Payment of the costs, charges and expenses of winding up; and</p> <p>13.3 Adjustment of the rights of contributories among themselves.</p>

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Structure of the company	<p>14. The structure of the company consists of:</p> <p style="padding-left: 20px;">14.1 The MEMBERS – who have the right to attend the annual general meeting (and any extraordinary general meeting) and have important powers under the articles of association and the Companies Act; in particular, the members take decisions in relation to changes to the articles themselves</p> <p style="padding-left: 20px;">14.2 The DIRECTORS – who hold regular meetings during the period between annual general meetings, and generally control and supervise the activities of the company; in particular, the directors are responsible for monitoring the financial position of the company.</p> <p>Members</p> <p style="padding-left: 20px;">15. The members of the company shall consist of such individuals as are admitted to membership from time to time under articles 17-20:</p> <p style="padding-left: 20px;">16. A member may not transfer her/his membership to any other individual or body.</p> <p>Qualifications for membership:</p> <p style="padding-left: 20px;">17. Membership is open to:</p> <p style="padding-left: 40px;">17.1 The individual holding the post of Principal of the Institution;</p> <p style="padding-left: 40px;">17.2 The staff representatives, as elected;</p>
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	<p>17.3 The 2 students representative <u>(for the avoidance of doubt student membership may include students of the Institution regardless of whether they are a student of the college or the university)</u>, as elected;</p> <p>17.4 The directors appointed.</p> <p>18. No employee of the company (other than the Executive Director and the Staff Representative Directors) may become a member; a person (other than the Executive Director and the Staff Representative Directors) ceases to be a member if she/he becomes an employee of the company.</p> <p>Application for membership:</p> <p>19. Any individual eligible for membership who wishes to become a member shall lodge with the company a written application for membership (in such form as the directors require), signed by him/her.</p> <p>20. An individual eligible for membership shall automatically become a member of the company immediately on receipt by the company of a signed application for membership.</p> <p>Membership subscription</p> <p>21. For the avoidance of doubt no member shall require to pay a membership subscription, either at the time of admission as a member or on any annual or other periodic basis.</p> <p>Register of members</p> <p>22. The directors shall maintain a register of members, setting out the full name and address of each member, the date on which she/he was admitted to membership, and the date on which any individual ceased to be a member.</p> <p>Cessation of membership</p> <p>23. Membership shall cease on death</p> <p>24. An individual admitted to membership shall automatically cease to be a member of she/he (for whatever reason) ceases to be a director of the company</p> <p>25. Any individual who wishes to withdraw from membership shall lodge with the company a written notice of retiral (in such form as the directors require), signed by her/him; on receipt of the notice by the company, she/he will cease to become a member.</p>
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Commented [AC3]: A board under the Post 16 Education (Scotland) Act 2013 specifies that there should be 2 student representatives – there only seems to be one- is there a reason for this?

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General meetings	<p>26. The directors shall convene an annual general meeting in each year.</p> <p>27. Not more than 15 months shall elapse between one annual general meeting and the next.</p> <p>28. The directors must convene a general meeting if there is a valid requisition by members (under section 303 of the Companies Act) or a requisition by a resigning auditor (under section 518 of the Companies Act).</p> <p>29. Subject to the provisions of article 28, the directors may call general meetings at any time.</p> <p>Notice of general meetings</p> <p>30. At least 14 clear days' notice of a general meeting must be given to all the members and directors and (if auditors are in office at the time) to the auditors.</p> <p>31. The reference to "clear days" means that the period of notice does not include the day after the notice is given in accordance with article 34 nor the day on which the meeting is held.</p> <p>32. A notice calling a meeting shall specify the time, date and place of the meeting, and:</p> <p style="padding-left: 40px;">32.1 Indicate the general nature of any business to be dealt with at the meeting;</p>
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Commented [AC4]: This does not fit with the statement in article 34 that electronic notice shall be given – we have proposed some amendments,

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	<p>32.2 If a special resolution (or a resolution requiring special notice under the Companies Act) is to be proposed, shall also state that fact, giving the exact terms of the resolution; and</p> <p>32.3 Contain a statement informing members of their right to appoint a proxy.</p> <p>33. Notice of annual general meetings shall specify the meeting is to be an annual general meeting.</p> <p>34. Notice of every general meeting shall be given in electronic form, except where members specifically request hard copy form.</p>
<p>Special Resolutions and Ordinary Resolutions</p>	<p>Special Resolutions</p> <p>35. A "special resolution means a resolution of the members, which is either:</p> <ul style="list-style-type: none"> a) passed by 75% or more of the votes cast in favour of the resolution at a general meeting (with no account taken of abstentions or members absent from the meeting who have not appointed a proxy), providing proper notice of the meeting and if the intention to propose the resolution has been given in accordance with correct procedure or b) passed by members representing not less than 75% of the total voting rights of eligible members, where passed by way of written resolution. <p>36. The provisions of the Companies Act allows the company, by special resolution, to:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Alter its name; and/or <input type="checkbox"/> Alter any provision of these articles or adopt new articles of association. <p>Ordinary resolutions</p> <p>37. An ordinary resolution is either:</p> <ul style="list-style-type: none"> a) Passed by majority vote in favour of the resolution, providing proper notice of the meeting and if the intention to propose the resolution has been given in accordance with correct procedure or c) Passed by members representing a simple majority of the total voting rights of eligible members, where passed by way of written resolution.

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Proceedings at general meetings	<p>38. Directors (and advisors or other attendees including for the avoidance of doubt, the eligible members or their proxies) may attend meetings by telephone conference, video conference and other electronic means provided that they can communicate with each other during the meeting.</p> <p>39. No business shall be transacted at any general meeting unless a quorum is present; the quorum shall be six members, present in person or represented by proxy.</p> <p>40. If the quorum required is not present within half an hour of the appointed time for the meeting, or if during a meeting a quorum ceases to be present, the meeting shall stand adjourned to such time and place as may be fixed by the chairperson of the meeting; if, at the adjourned meeting, a quorum is not present within half an hour of the appointed time for the meeting, the members present shall form a quorum.</p> <p>41. The Chair of the company shall (if present and willing to act as a chairperson) preside as chairperson of each general meeting; if the Chair is not present and willing to act as chairperson within 15 minutes of the appointed time for the meeting, the Vice Chair shall (if present and willing to act as chairperson) preside as chairperson of the meeting.</p>
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Commented [AC5]: We note that there is provision for directors to attend remotely as well as advisors to "other attendees" – we have made it explicit that this also applies to members – I assume that this is okay?

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	<p>42. If neither the Chair nor the Vice Chair of the company is present and willing to act as chairperson within 15 minutes of the appointed time for the meeting, the directors present at the meeting shall elect from among themselves the person who will act as chairperson of that meeting.</p> <p>43. The chairperson may, with the consent of the majority of members present at the meeting (and must, if a majority of members present at the meeting request her/him to do so), adjourn the meeting but not for a period in excess of thirty days; no notice need be given of an adjourned meeting.</p> <p>44. A resolution put to the vote of a meeting shall be decided on a show of hands unless, before the show of hands, or immediately after the result of a show of hands is declared, a secret ballot is demanded by the chairperson or by any other person present at the meeting and entitled to vote (whether as a member or proxy member).</p> <p>45. If a secret ballot is demanded in accordance with the article above, it shall be taken at once and shall be conducted in such a manner as the chairperson may direct; the result of the ballot shall be declared at the meeting at which the ballot was demanded.</p>
Voting at general meetings	<p>46. Every member shall have one vote (whether by show of hands or secret ballot) which may be given in person or by proxy.</p> <p>47. A member who wishes to appoint a proxy to vote on his/her behalf at any general meeting shall lodge with the company, at the company's registered office or electronic address, a written or electronic instrument of proxy (in such a form as the directors require), signed by him/her.</p> <p>48. The instrument of proxy must be received not less than 48 hours before the time for holding the meeting. In calculating the 48 hour period, no account shall be taken of weekends or public holidays.</p> <p>49. A proxy need not be a member of a company.</p> <p>50. A member shall not be entitled to appoint more than one proxy to attend the same general meeting.</p> <p>51. A proxy appointed to attend and vote at any general meeting instead of a member shall have the same right as the member who appointed her/him to speak at the meeting.</p> <p>52. The chairperson of a general meeting shall be entitled to a casting vote if an equality of votes arises in relation to any resolution.</p> <p>53. No objection may be raised as to the validity of any vote tendered at a general meeting, except at the meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting shall be valid; any such objection shall be referred to the chairperson of the meeting whose decision shall be final and conclusive.</p>
Written resolutions	<p>54. A written resolution can be passed by the members of the company (having been proposed by either the members or the directors in accordance with the procedures detailed in Chapter 2 of Part 13 of the Companies Act) and will have effect as if passed by the members of the company in general meeting; a written resolution is passed when the required majority of eligible members have signified their agreement to it by sending to the company (in hard copy or electronic form) an authenticated document which identifies the resolution to which it</p>

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	<p>relates and which indicates the members' agreement to it (which agreement cannot thereafter be revoked).</p> <p>55. For the purposes of the preceding article:</p> <p>55.1 The reference to "eligible members" is to those members who would have been entitled to vote on the resolution on the circulation date of the resolution (which is either (a) the date on which copies of the written resolution are sent or submitted to the members in accordance with the procedures detailed in Chapter 2 of Part 13 of the Companies Act; or (b) if copies are sent or submitted to members on different days, the first of those dates);</p> <p>55.2 The reference to "required majority" is to the majority required to pass an ordinary or special resolution under the Companies Acts as follows:</p> <p>55.2.1 In order to pass an ordinary resolution by way of written resolution, it must be passed (in accordance with Article 80) by members representing a simple majority of the total voting rights of eligible members;</p> <p>55.2.2 In order to pass a special resolution by way of written resolution, it must be passed (in accordance with Article 80) by members representing not less than 75% of the total voting rights of eligible members and the resolution must specifically state that it was proposed as a special resolution.</p> <p>56. A resolution to remove a director (under section 168 of the Companies Act) or a resolution to remove an auditor (under section 510 of the Companies Act) cannot be proposed as a written resolution under article 80.</p> <p>57. For the purposes of article 80 a proposed written resolution will lapse if it is not passed before the end of a period of 28 days beginning with the circulation date (defined as the date the resolution was first distributed), and the agreement of any member to a written resolution will be ineffective if signified after the expiry of that period.</p>
Categories of director	<p>58. For the purposes of these articles:</p> <p>58.1 "Executive Director" means a director appointed in pursuance of article 61</p> <p>58.2 "Staff Director" means a director appointed in pursuance of article 62</p> <p>58.3 "Student Director" means a director appointed in pursuance of article 63</p> <p>58.4 "Independent Director" means a non-executive director appointed in pursuance of article 64.</p>
Number of directors	<p>59. The maximum number of directors shall be 16¹⁸; the minimum number of Directors shall be 12¹³</p> <p>60. Subject to any vacancies which may exist from time to time, the composition of the board of directors shall be as follows:</p> <p>60.1 Executive Director (being the Principal of the Institution) 1</p> <p>60.2 Staff Representative Directors (one teaching and one non-teaching) 2</p> <p>60.3 Student Representative Director 1²</p> <p>60.4 Independent Directors up to 12¹³</p>

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Commented [AC6]: Again these numbers are not consistent with the numbers set out for a college which is not a regional college which is between 13-18 in terms of the 2013 Act – it may be that you have taken a view for a different reason

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Appointment,
vacating office

Executive Director

61.1 The Directors shall (subject to article 87), at the first meeting of ~~the Directors which is held after the appointment of any~~ individual to the post of Principal of the Institution, appoint that individual as an Executive Director of the company; she/he will then be entitled to apply for membership.

61.2 An Executive Director shall continue to hold office as a director of the company unless and until she/he ceases (for whatever reason) to hold the post of Principal of the Institution (and will thus also cease to be a member).

62. Staff Director

62.1 The Directors shall (subject to article 87), at the first meeting of the Directors which is held after the election held by employees of the company of any employee of the company to serve on the Board as an employee ~~representative~~member, appoint that individual as a Staff ~~Representative~~ Director of the company; she/he will then be entitled to apply for membership.

62.2 A Staff Director shall continue to hold office as a director of the company until the conclusion of the second annual general meeting which follows the date on which she/he was appointed, and will thus also cease to be a member. A Staff Director shall be eligible for re-appointment; if re-appointed shall hold office until the conclusion of the fourth annual general meeting which follows.

62.3 A Staff Director who has held office for a period of four years shall automatically vacate office at the expiry of that four year period and shall not be eligible to hold office again as a Staff ~~Representative~~ Director until a period of one year has elapsed.

62.4 The Directors shall, in advance of the annual general meetings referred to (and allowing a reasonable time for completion of the election process) arrange for a ballot of employees of the company to elect the individuals to be appointed or reappointed as the Staff Director; the rules relating to the election process shall be described in the Standing Orders issued by Directors from time to time.

62.5 The period on which an individual becomes a Staff ~~Representative~~ Director and the annual general meeting which follows shall be deemed to be a period of one year unless it is of less than six months' duration, in which case it will be disregarded.

62.6 If a Staff Director ceases to hold office as a director and becomes a Staff Director once more within a period of less than six months, she/he will be deemed to have held office as Staff Director continuously.

62.7 In the event of any vacancy occurring at any time in the office of Staff Director, the Directors shall, as soon as is reasonably practicable, arrange for a ballot of the employees of the company to elect individual(s) to be appointed as the Staff ~~Representative~~ Director(s) to fill the vacancy.

63. Student Director

63.1 The Directors shall (subject to article 87), at the first meeting of the Directors which is held after the election held by the students of the Institution of any student of the Institution to serve on the Board as a student ~~representative~~member, appoint that individual as a Student

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	<p>Representative Director of the company; she/he will then be entitled to apply for membership.</p> <p>63.2 A Student Director shall continue to hold office as a director of the company until the conclusion of the annual general meeting which follows the date on which she/he was appointed, and will thus also cease to be a member. A Student Director shall be eligible for re-appointment.</p> <p>63.3 A Student Director who has held office for a period of three years shall automatically vacate office at the expiry of that three-year period and shall not be eligible to hold office again as a Student Representative Director until a period of one year has elapsed.</p> <p>63.4 The period on which an individual becomes a Student Director and the annual general meeting which follows shall be deemed to be a period of one year unless it is of less than six months' duration, in which case it will be disregarded.</p> <p>63.5 If a Student Director ceases to hold office as a director and becomes a Student Representative Director once more within a period of less than six months, she/he will be deemed to have held office as Student Director continuously.</p> <p>63.6 The Directors shall, in advance of the annual general meetings referred to (and allowing a reasonable time for completion of the election process) consult with the students' association in place in the Institution at the time to seek the individual to be appointed or reappointed as the Student Director.</p> <p>63.7 In the event of any vacancy occurring at any time in the office of Student Director, the Directors shall, as soon as is reasonably practicable, consult with the students' association in place in the Institution at the time to seek the individual to be appointed to fill the vacancy.</p> <p>64. Independent Directors</p> <p>64.1 The Directors may at any time appoint any individual who they consider has the skills and/or experience which would be of assistance to the company, to be an Independent Director, provided she/he is willing so to act; she/he will then be entitled to apply for membership.</p> <p>64.2 Independent Directors should bring the skills, experience and local knowledge required to be of benefit to the company, drawn from a diverse range of local community interest and industry.</p> <p>64.3 Two Independent Directors shall be appointed with specific experience of the fishing and seafood industries, to be nominated by a recognised relevant industry association. The nominated Director will serve the company under the same terms as all Directors.</p> <p>64.4 At the conclusion of every second annual general meeting, one third of the Independent Directors shall vacate office as directors (and will thus cease to become members).</p> <p>64.5 The Independent Directors to vacate office shall be those who have been longest in office as directors (disregarding (a) any period prior to the adoption of these Articles; (b) any period prior to any occasion on which she/he previously vacated office and (c) any period which preceded a gap of six months or more when she/he was not in office as a director); if two or more Independent Directors have been in</p>
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	<p>office for the same period (calculated on that basis), the question of which of them is to retire shall be determined by random method.</p> <p>64.6 Immediately following each annual general meeting at which an Independent Director vacates office, the directors may re-appoint any person who, as an Independent Director, vacated office under the preceding article at the conclusion of that annual general meeting; the directors may alternatively appoint someone in her/his place or resolve not to fill the vacancy.</p> <p>64.7 An Independent Director who has held office for a period of 4 years shall automatically vacate office at the expiry of that 4-year period. An Independent Director shall be eligible for re-appointment; if reappointed shall hold office for a maximum of 8 years. On the expiry of the maximum period, the Independent Director shall not be eligible to hold office again until a period of 1 year has elapsed.</p> <p>64.8 Provisions above relating to the interpretation of the period of 1 year shall apply to Independent Directors as it does to Staff Directors and Student Directors.</p> <p>64.9 No Independent Director shall serve concurrently as an Independent Director of the Court of UHI. An Independent Director may be nominated to serve in-on the Court of UHI as academic partner chair.</p> <p>64.10 The directors shall be guided by the Nominations Committee of the Board in relation to the selection-nomination or election of all other individuals for appointment as Independent Directors.</p>
<p>Disqualification and Removal of Directors</p>	<p>65. A Director shall automatically vacate office if:</p> <p>65.1 She/he ceases to be a director by virtue of any provision of the Companies Act or becomes prohibited by law from being a director or charity trustee (within the meaning of the Charities and Trustee Investment (Scotland) Act 2005);</p> <p>65.2 She/he is sequestered;</p> <p>65.3 She/he becomes incapable for medical reasons of fulfilling the duties of her/his office and such incapacity is expected to continue for a period of more than six months;</p> <p>65.4 She/he ceases (for whatever reason) to become a member of the company;</p> <p>65.5 In the case of an Independent Director, she/he becomes an employee of the company;</p> <p>65.6 In the case of an Executive Director, she/he ceases to hold the post of Principal of the Institution;</p> <p>65.7 In the case of Staff Representative Director, she/he ceases to be an employee of the company;</p> <p>65.8 In the case of Student Representative Director, she/he ceases to be a student of the Institution;</p> <p>65.9 She/he resigns office by notice to the company;</p> <p>65.10 She/he is absent (without permission of the directors) from more than three consecutive meetings of the directors, and the directors resolve to remove her/him for office;</p> <p>65.11 She/he is removed from office by resolution of the directors on the grounds she/he is considered to have committed a material breach of the code of conduct for directors in force at the time;</p>

Commented [AS8]: There is no definition of this in the UHI articles. Is it the equivalent role to an Independent Director?

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	<p>65.12 She/he is removed from office by resolution of the directors on the grounds she/he is considered to have been in serious or persistent breach of her/his duties under section 66(1) or (2) of the Charities and Trustees Investment (Scotland) Act 2005; or</p> <p>65.13 She/he is removed from office by ordinary resolution (special notice having been given) in pursuance of section 168 of the Companies Act.</p> <p>66. The resolutions above shall only be valid if:</p> <p>66.1 The director who is the subject of the resolution is given reasonable prior written notice by the directors of the grounds upon which the resolution for removal is to be proposed;</p> <p>66.2 The director concerned is given the opportunity to address the meeting of directors at which the resolution is proposed, prior to the resolution being put to the vote; and</p> <p>66.3 At least two thirds (to the nearest round number) of the directors then in office vote in favour of the resolution.</p>
<p>Appointments to office</p>	<p>67. The Directors shall elect from among themselves a Chair, Vice Chair and other such office bearers (if any) they consider appropriate.</p> <p>68. A Director shall not be eligible for appointment as Chair if she/he is an Executive Director, Staff Director or a Student Director.</p> <p>69. The office of Chair shall be held for a period of four years, but on the basis that a director vacating office as Chair may be re-appointed as Chair for a further four-year term.</p> <p>70. A director who has held office as Chair for a period of 8 years shall automatically vacate office at the expiry of that 8-year period, and shall not be eligible to hold office again as Chair until a period of one year has elapsed.</p> <p>71. For the purposes above:</p> <p>71.1 The period between the date on which a director is appointed as Chair and the annual general meeting which follows shall be deemed to be a period of one year unless it is of less than six months in duration (in which case it will be disregarded);</p> <p>71.2 The period between one annual general meeting and another shall be deemed to be a period of one year;</p> <p>71.3 If a director ceases to hold office as Chair and is re-appointed as Chair within a period of less than six months, she/he shall be deemed to have held office continuously.</p> <p>72. Each office, other than the office of Chair, shall be held until the conclusion of the annual general meeting; a director whose period of office expires under this article may be re-appointed to that office (provided she/he is willing to act).</p> <p>73. The appointment of any director to an office shall terminate if she/he ceases to be a director of the company or if she/he resigns from that office by notice to the company.</p> <p>74. If the appointment of a director to any office terminates, the directors shall appoint another director in her/his place.</p>
<p>Directors' interests</p>	<p>75. Subject to the provisions of the Companies Act and of the Charities and Trustee Investment (Scotland) Act 2005 and of these articles of association, and provided that she/he has disclosed to the directors the</p>

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	<p>nature and extent of any personal interest which she/he has (unless immaterial) a director (notwithstanding her/his office):</p> <p>75.1 May be a party to, or have some other personal interest in, any transaction or arrangement with the company or associated company</p> <p>75.2 May be a party to, or have some other personal interest in, any transaction or arrangement in which the company or associated company has an interest;</p> <p>75.3 May be a director, or a secretary of, or employed by, or have some other personal interest in, any associated company;</p> <p>75.4 In the case of an Executive Director or Staff Representative Director only, may be an employee of the company; and</p> <p>75.5 Shall not, because of her/his office, be accountable to the company for any benefit which she/he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such company;</p> <p>And no such transaction or arrangement shall be liable to be treated as void on the ground of any such interest or benefit (see also article 81 in respect of voting when there is an interest).</p> <p>76. For the purposes of the preceding article, an interest of which a director has not knowledge and of which it is unreasonable to expect her/him to have knowledge shall not be treated as an interest of hers/his; the references to “associated company” shall be interpreted as references to any subsidiary of the company or any other company in which the company has a direct or indirect interest.</p> <p>77. The directors shall be entitled, for the purposes of section 175 of the Companies Act, to authorise (by way of resolution to that effect) any Conflict Situation that may arise (such that the duty of the director concerned, under that section, to avoid conflicts of interest is not infringed) and to amend or vary any such authorisation; the directors may give such authorisation subject to such terms and conditions as they may consider appropriate and reasonable in the circumstances.</p> <p>78. For the purposes of articles above, a “Conflict Situation” means any situation or matter (other than one which cannot reasonably be regarded as likely to give rise to a conflict of interest) in which any director has or could have a direct or indirect interest that conflicts, or possibly might conflict, with the interests of the company, such that:</p> <p>78.1 The situation and matters that fall within this definition may include (without limitation) (a) a situation where a director of the company becomes an employee, director, member of the management committee, officer or elected representative of a body which is a party to a significant contract with the company (or which is competing with the company in the context of any grant application) and (b) any such situation or matter which relates to the exploitation of any property, information or opportunity (irrespective of whether the company could take advantage of the property, information or opportunity);</p> <p>78.2 “Conflict of interest”, for this purpose, includes a conflict of interest and duty, and a conflict of duties.</p> <p>79. For the avoidance of doubt, these articles shall not apply to a conflict of interest arising in relation to a transaction or arrangement with the</p>
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	company; any conflict of interest of that nature shall be governed by the provision of articles above and to the articles governing code of conduct.
Conduct of Directors	<p>80. It is the duty of each director of the company to take decisions (and exercise her/his other powers and responsibilities as a director) in such a way as she/he considers it will be in the best interests of the company and will promote the success of the company in furthering its objects, and irrespective of any office, post, engagement or other connection which she/he may have with any other body which may have an interest in the matter in question.</p> <p>81. Without prejudice to the principle above, each of the directors shall have the duty, in exercising functions as a charity trustee, to act in the interests of the company; and, in particular, must:</p> <p style="padding-left: 40px;">81.1 Seek, in good faith, to ensure that the company acts in a manner which is in accordance with its purposes;</p> <p style="padding-left: 40px;">81.2 Act with the care and diligence which it is reasonable to expect of a person who is managing the affairs of another person;</p> <p style="padding-left: 40px;">81.3 In circumstances giving rise to the possibility of a conflict of interest between the company and any party responsible for the appointment of that director, put the interests of the company before that of the other party;</p> <p style="padding-left: 40px;">81.4 Where any other duty prevents her/him from doing so, disclose the conflicting interest to the company and refrain from participating in any deliberation or decision of the other directors with regard to the matter in question;</p> <p style="padding-left: 40px;">81.5 Ensure the company complies with any direction, requirement, notice or duty imposed under or by virtue of the Charities and Trustee Investment (Scotland) Act 2005.</p> <p>82. Each of the directors shall comply with a code of conduct (incorporating detailed rules of conflict of interest, and on sanctions available to the board of directors for breach of the code) prescribed by the board of directors from time to time; for the avoidance of doubt, the code of conduct shall be supplemental to the provisions relating to the conduct of directors contained in these articles of association, and the relevant provisions of these articles shall be interpreted and applied in accordance with the provisions of the code of conduct in force at the time.</p>
Directors remuneration and expenses	<p>83. No director may serve as an employee of the company, and no director may be given any remuneration by the company for carrying out her/his duties as a director or as the holder of any office.</p> <p>84. For the avoidance of doubt, Executive Directors and Staff Representative Directors will be employees of the company, and will be entitled to retain all remuneration, pension and/or other benefits, paid or provided to them in their capacity as employees of the company.</p> <p>85. The directors may be paid all travelling and other expenses properly incurred by them in connection with their attendance at meetings of directors, general meetings or meetings of committees of directors, or otherwise in connection with the carrying out of their duties.</p>

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	<p>86. The Chair may be paid appropriate expenses as described in article 11.2.</p>
Powers of Directors	<p>87. Subject to provisions of the Companies Act and these articles and to any directions given by special resolution, the business of the company shall be managed by the directors who may exercise all the powers of the company.</p> <p>88. No alteration of the memorandum of association or these articles and no direction given by special resolution shall invalidate any prior act of the directors which would have been valid if that alteration had not been made or that direction had not been given.</p> <p>89. The powers conferred by the above articles shall not be limited by any special power conferred on the director by these articles.</p> <p>90. A meeting of directors at which a quorum is present may exercise all powers exercisable by directors.</p>
Proceedings of directors	<p>91. Subject to the provisions of these articles, and the Scheme of Delegation (incorporating the Terms of Reference and Standing Orders), the directors may regulate their proceedings as they think fit.</p> <p>92. Any director may call a meeting of the directors or request the secretary to call a meeting of the directors.</p> <p>93. Questions arising at a meeting of directors shall be decided by a majority of votes; in the case of an equality of votes, the Chairperson shall have a second or casting vote (except in the case of a general meeting resolution as described in article 78) – but, subject to that, every director present or otherwise participating in a meeting of directors shall have one vote in relation to each matter which is put to a vote at the meeting.</p> <p>94. The quorum for the transaction of the business of the directors is six.</p> <p>95. A director may participate in a meeting of the directors or a meeting of a committee of directors by means of a conference telephone, video conferencing facility or similar communications equipment whereby all the directors participating in a meeting in this manner can be deemed to be present in person at the meeting.</p> <p>96. The continuing directors or a sole continuing director may act notwithstanding vacancies but if the number of remaining directors is less than the number fixed as the quorum, they or she/he may act only for the purpose of filling vacancies or of calling a general meeting.</p> <p>97. Unless she/he is unwilling to do so, the Chair shall preside as chairperson at every meeting of directors at which she/he is present; if the Chair is unwilling to act as chairperson or is not present within 15 minutes after the time appointed for the meeting, the Vice Chair will preside as chairperson of the meeting.</p> <p>98. If neither the Chair nor the Vice Chair of the company is present and willing to act as chairperson within 15 minutes of the appointed time for the meeting, the directors present at the meeting shall elect from among themselves the person who will act as chairperson of that meeting.</p> <p>99. The directors may, at their discretion, allow any person who they reasonably consider appropriate, to attend and speak at any meeting of the directors; for the avoidance of doubt, any such person who is invited to attend a directors' meeting shall not be entitled to vote.</p> <p>100. A person invited to attend a meeting of the directors under the preceding article shall not be entitled to exercise any powers as a</p>

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	<p>director, and shall not be deemed to constitute a director for the purpose of the Companies Act or any provision of these articles.</p> <p>101. All acts done by a meeting of directors or by a meeting of a committee of directors or by a person acting as a director shall, notwithstanding that it is afterwards discovered there was a defect in the appointment of any director or that any of them was disqualified from holding office or had vacated office or was not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a director and had been entitled to vote.</p> <p>102. A resolution in writing signed by all the directors entitled to receive notice of a meeting of directors or of a committee if directors, shall be as valid and effectual as if it had been passed at a meeting of directors or a committee of directors duly convened and held; it may consist of several documents in the same form, each signed by one or more directors.</p> <p>103. A director shall not vote at a meeting of directors or at a meeting of a committee of directors on any resolution concerning a matter in which she/he has, directly or indirectly, a personal interest or duty (unless immaterial) which conflicts or may conflict with the interests of the company.</p> <p>104. For the purposes of the above articles:</p> <p>104.1 An interest of a person who is taken to be connected with a director under section 252 of the Companies Act shall be treated as a personal interest of a director;</p> <p>104.2 A director shall be deemed to have a personal interest in relation to a particular matter if a body in relation to which she/he is an employee, director, member of the management committee, officer or elected representative has a personal interest in that matter.</p> <p>104.3 For the avoidance of doubt, an Executive Director or Staff Director shall not be entitled to vote in relation to any matter concerning her/his terms and conditions of employment.</p> <p>104.4 A director shall not be counted in the quorum present at the meeting in relation to a resolution on which she/he is not entitled to vote.</p> <p>104.5 If a question arises at a meeting of directors or at a meeting of a committee of directors as to the right of the director to vote, the question may, before the conclusion of the meeting, be referred to the chairperson of the meeting; her/his ruling in relation to any director other than herself/himself shall be final and conclusive.</p>
Delegation to committees of directors and holders of office	<p>105. The directors may put in place a structure of committees and may delegate any of their powers to any committee consisting of two or more directors; alternatively, they may delegate to the chair or director holding any office such of their powers as they consider appropriate.</p> <p>106. Any delegation of powers under the preceding article may be made subject to such conditions as the directors may impose, such as through a Scheme of Delegation, and may be revoked or altered.</p> <p>107. Subject to any condition imposed in pursuance of the preceding article, the proceedings of a committee consisting of two or more directors shall be governed by the articles regulating the proceedings of meetings of directors so far as they are capable of applying.</p>

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	<p>108. In addition to their powers to designate committees, the directors may delegate their powers to any committee consisting of one or more directors and such other individuals (who need not be directors or employees of the company) as the directors may consider appropriate; the provisions of articles 135 and 136 shall apply to such committees, subject to the qualification that the role of any committee formed under the preceding provisions of this article shall be limited (except to the extent that the directors otherwise determine) to the issue of reports and recommendations for consideration by the board of directors.</p>
<p>Nominations committee and Remunerations Committee and Finance Committee</p>	<p>109. The directors shall establish two<u>three</u> committees (referred to in these articles as the Nominations Committee and, the Remunerations Committee <u>and the Finance Committee</u>), to guide the directors in relation to the selection of appropriate individuals as Independent Directors, and, for reviewing remuneration to <u>employees and for ensuring the financial and institutional sustainability of the Institution.</u></p> <p>110. The Nominations Committee and Remuneration Committee shall each comprise the Chair of the company and a minimum of two further individuals (who can be directors of the company or non-directors of the company) appointed by the board of directors <u>or such membership as is required by the Code of Good Governance.</u></p> <p>111. Subject to the above article, the composition and proceedings of the Nominations Committee shall be governed by such Standing Orders as may be issued by the directors from time to time.</p> <p>112. In carrying out its functions, the Nominations Committee shall give effect to the following principles:</p> <ul style="list-style-type: none"> 112.1 The Nominations Committee should set an appropriate skills matrix to guide it in selecting and evaluating appropriate candidates, and should review and adjust that skills matrix from time to time; 112.2 Nominations for directors falling within the remit of the Nominations Committee should be sought from a range of appropriate sources; 112.3 All expressions of interest should be considered by the Nominations Committee; and 112.4 The Nominations Committee should maintain a register of suitable candidates for future reference. <p>113. The Remuneration Committee is responsible for setting the remuneration of the Principal.</p> <p>114. The Remuneration Committee is also responsible for setting levels of expenses, compensation and payment for services by Directors, in line with the Code of Good Governance for Scotland's Colleges and charity law.</p> <p>115. Members of the Remuneration Committee must undertake training (including online training) within one month of appointment.</p>

Commented [AS9]: Fiona – I have included a high level overview of the role of the Finance Committee (based on the remit set out in the Code of Good Governance), however, please let me know if there is anything further that you would like me to include.

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Audit Committee	<p>116. The directors shall establish a committee referred to as the "Audit Committee" to assist the Board of directors in fulfilling its responsibilities with regard to oversight of (a) the company's financial statements and auditing, accounting and related reporting processes and (b) the company's systems of internal control regarding finances, accounting and financial reporting.</p> <p>117. The Audit Committee shall comprise the chair of the Audit Committee as appointed by the board (who should not be the Chair</p>
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	<p>of the board of directors) and at least two other individuals (who need not be directors of the company) appointed by the board of directors or such membership as is required by the Code of Good Governance.</p> <p>118. The composition and proceedings of the Audit Committee shall be governed by such standing orders as may be issued by the directors from time to time.</p>
Secretary	<p>119. The directors shall (notwithstanding the provisions of the Companies Act) appoint a Company Secretary, and on the basis of the term of office, remuneration (if any) and other terms and conditions attaching to the appointment of the company secretary shall be determined by the directors; the Company Secretary may be removed by the directors at any time.</p>
Minutes	<p>120. The directors shall ensure the minutes are made (in books kept for the purpose) of all proceedings at general meetings, meetings of the directors, and meetings of committees of directors; a minute of a meeting of the directors present or otherwise participating in the meeting, and the minutes of each meeting shall be signed by the chairperson of that meeting.</p> <p>121. The directors shall ensure proper accounting records are maintained in accordance with all applicable statutory requirements.</p> <p>122. An Annual Financial Statement and Accounts shall be submitted to the Office of the Charities Regulator as required by the terms of charity law.</p> <p>123. Annual accounts and financial reports shall be made available to the public.</p>
Specific duties	<p>124. The directors shall appoint an independent auditor for the company and set appropriate remuneration for the auditor's services.</p> <p>125. The directors are responsible for ensuring a Principal is appointed to lead the institution by undertaking recruitment leading to appointment, setting remuneration, conducting performance appraisal and planning for succession.</p> <p>126. In all plans, policies, procedures and delivery, the directors shall ensure that due regard for equality, diversity and inclusion reflects legal requirements and good practice, and is reflected in the values and ethos of the company.</p>
Winding up	<p>127. If on the winding up of the company any property remains after satisfaction of all the company's debts and liabilities, such property shall not be paid to or distributed among the members of the company but shall instead be transferred to some charity or charities (whether incorporated or unincorporated) whose objects are similar to the objects of the company.</p> <p>128. The charity or charities to which property is transferred under the article above shall be determined by the members of the company at or before the time of dissolution, or failing such determination, by such court as may have jurisdiction at that time.</p> <p>129. To the extent that effect cannot be given to the provisions of the articles above, the relevant property shall be applied to some other charitable purpose or purposes.</p>

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Indemnity	130. Every director or officer or auditor of the company shall be indemnified out of the assets of the company (to the extent permitted by sections 232, 234, 235, 532, 533 of the Companies Act) against any loss or
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	<p>liability which she/he may sustain or incur in connection with the execution of the duties of her/his office; that may include, without prejudice to that generality (but only to the extent permitted by those sections of the Companies Act), any liability incurred by her/him in defending any proceedings (whether civil or criminal) in which judgement is given in her/his favour or in which she/he is acquitted or any liability in connection with an application in which relief is granted to her/him by the Court from liability for negligence, default or breach of trust in relation to the affairs of the company.</p> <p>131. For the avoidance of doubt, the company shall be entitled to purchase and maintain for any director insurance against any loss or liability which she/he may sustain or incur in connection with the execution of the duties of her/his office, and such insurance may extend to the liabilities of the nature referred to in section 232(2) of the Companies Act (negligence etc of a director).</p>
Notices	<p>132. Except as specifically set out in these Articles, any notice to be given in pursuance of these articles shall be in writing; the company may give any such notice to a member either personally or by sending it by post in a prepaid envelope addressed to the member at her/his registered address or by leaving it at that address; alternatively, at the member's electronic address to be used for this purpose.</p> <p>133. Except where otherwise specifically provided for in these Articles, any notice sent by post shall be deemed to have been given at the expiry of 24 hours after posting; for the purpose of proving that any notice has been given, it shall be sufficient to prove that the envelope containing the notice was properly addressed and posted.</p>



Code of Good Governance for Scotland's Colleges

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1. Background

The original *Code of Good Governance for Scotland's Colleges* was published in December 2014. In Summer 2016, the Good Governance Steering Group undertook a review and the Code was updated. The Cabinet Secretary's Good Governance Task Group recommendations were also taken into account during the review of the Code.

Colleges Scotland will act as custodian for any future reviews and in keeping with the way that the Code was created, the broad range of stakeholders who developed the Code will be engaged fully with any revisions.

2. Foreword

Colleges in Scotland thrive in the heart of their communities, serving the interests of those communities, students, employers, governments and their agencies and other stakeholders. They have an essential and valuable role in Scottish society. In 2014/15, they enrolled almost 300,000 students and a study by EMSI (Economic Modelling Specialists International) showed that the economic impact of Scotland's colleges to the business community in Scotland is almost £15 billion each year.

Colleges and regional strategic bodies receive substantial public funding and also operate in an increasingly commercial and enterprising way. We value the significant contribution college board members make to governing our colleges and regional strategic bodies, and to their stewardship of taxpayer's money, ensuring its efficient and effective use.

Boards are expected to innovate, pursue new opportunities and take measured risks in delivering what is best for their stakeholders. In recent times, they have gone through major transformational change, embracing regionalisation and post-16 education reforms.

Against this background, it is right and proper that the highest standards of governance and propriety are expected of our boards and those individuals who serve them. This Code of Good Governance codifies the principles of good governance for learners and learning that already exist in our colleges and promotes accountability and continuous improvement in how colleges and regional strategic bodies are governed.

The Code is based on key principles and has been written in a way that is mandatory and anticipates compliance. All colleges that receive funding from the Scottish Funding Council (SFC) or from a regional strategic body must comply with the Code as a term and condition of grant. Exceptions should be rare and must be explained publicly.

In addition to demonstrating good governance, colleges and regional strategic bodies must also ensure compliance with their statutory and other obligations. The Board Secretary role is vital in providing guidance to the board on its legal and other obligations.

Colleges have an important individual and collective role to play in promoting economic, social and cultural well-being. We expect this Code to provide the essential underpinning to help discharge that role to the highest standards possible.

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Hugh Hall, Chair of the Good Governance Steering Group August 2016

3. Code of Good Governance for Scotland's Colleges

Governance and the Code

Corporate governance:

- is the way in which organisations are directed and controlled within a legislative framework
- defines the distribution of rights and responsibilities among the different stakeholders and participants in the organisation
- determines the rules and procedures for making decisions on corporate affairs including the process through which the organisation's objectives are set
- provides the means of achieving those objectives and monitoring performance.

Scotland's colleges refers to colleges either funded by SFC or by a regional strategic body for the provision of education. Such colleges can be incorporated or non-incorporated. The overarching purpose of good governance for Scotland's colleges is to:

- lead the college, region or regional strategic body and set its strategic direction and values
- ensure effective management and financial controls to support the student experience within a framework of public accountability and transparency
- deliver high quality learning and outcomes.

The *Code of Good Governance for Scotland's Colleges* has been developed and is owned by the college sector. Colleges are required to comply with it as a condition of grant from either SFC or their regional strategic body. It establishes standards of good governance practice for all boards and provides the essential foundations for compliance within the legislative framework.

Boards must not only follow the letter but also the spirit of the Code to ensure good governance. Boards must think deeply, thoroughly and on a continuing basis about their overall tasks and the implications of these for the roles of their individual members. Key to this is the leadership of the chair, the support given to and by the principal, and the frankness and openness of mind with which issues are discussed and tackled by all board members.

Statement of Compliance with Good Governance

Each board must state its adoption of the Code in the corporate governance statement contained in its annual financial statement. The chair, on behalf of the board, is expected to report as to how the principles have been applied by the board. Where, for whatever reason, a board's practice is not consistent with any particular principle of the Code, it should make this known to SFC or, if it is an assigned college, the regional strategic body. This should be done immediately they become aware of an inconsistency and, without

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exception, in advance of publishing the information. An explanation for that inconsistency must be clearly stated in its corporate governance statement. Boards will be expected to offer a clear rationale for exceptions in the context of their college's operational model and to identify mitigations.

Individual board members have duty to act on serious concerns about the governance of their body. Information on who board members can approach is included in [The Guide for Board Members in the College Sector](#).

4. Principles

Section A: Leadership and Strategy

Conduct in Public Life

A.1 Every college and regional strategic body must be governed by an effective board that is collectively responsible for setting, demonstrating and upholding the values and ethos of the organisation.

A.2 Every board member must ensure that they are familiar with and their actions comply with the provisions of their board's Code of Conduct.

A.3 The *Nine Principles of Public Life in Scotland*, which incorporate the seven Nolan principles, must be the basis for board decisions and behaviour. These key principles, which apply individually and collectively are:

- Duty/Public Service
- Selflessness
- Integrity
- Objectivity
- Accountability and Stewardship
- Openness
- Honesty
- Leadership
- Respect

Vision and Strategy

A.4 The board is responsible for determining their institution's vision, strategic direction, educational character, values and ethos. Regional strategic bodies must also determine the regional strategy for colleges assigned to them. The board of an assigned college must have regard to the strategy determined by the regional strategic body. Board members have a collective leadership role in fostering an environment that enables the body to fulfil its mission and meet Scottish Government priorities, for the benefit of students and the community it serves.

A.5 The board must develop and articulate a clear vision for the region or college. This should be a formally agreed statement of its aims and desired outcomes which should be used as the basis for its overall strategy and planning processes.

A.6 The board provides overall strategic leadership of the region or college. The

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board is responsible for formulating and agreeing strategy by identifying strategic priorities and providing direction within a structured planning framework.

A.7 The board must ensure that a comprehensive performance measurement system is in place which identifies key performance indicators. It must ensure that it scrutinises performance measures and reports these on their website in a manner that is both timely and accessible to stakeholders. This will allow the board to determine whether or not the vision and mission of the region or the college are being fulfilled and that the interests of stakeholders are being met.

A.8 The board (except in the case of assigned college boards) is responsible for overseeing the negotiation of its outcome agreement with SFC, to meet the needs of the college or region and make best use of available funding, consistent with national strategy. The board must ensure effective engagement with all relevant stakeholders in the development of its outcome agreement and monitor performance in achieving the agreed outcomes.

A.9 The roles and responsibilities of the boards of assigned colleges should be undertaken in the context of the roles and responsibilities of their regional strategic body. Assigned college boards must contribute constructively to the development of the outcome agreement led in its region by the regional strategic body and support the regional strategic body to monitor performance in achieving the agreed outcomes.

Corporate Social Responsibility

A.10 The board must demonstrate high levels of corporate social responsibility by ensuring it behaves ethically and contributes to economic development while seeking to improve the quality of life of the local community, society at large and its workforce.

A.11 The board must exercise its functions with a view to improving economic, cultural and social wellbeing in the locality of the college or region. It must have regard to social and economic needs and social inclusion.

A.12 The board must provide leadership in equality and diversity.

A.13 The board must seek to reflect in its membership, the make-up of the community through offering maximum opportunity of membership to a range of potential members and removing potential barriers to membership, in partnership with its regional strategic body, as appropriate.

A.14 The board must appoint one of the non-executive members to be the senior independent member to provide a sounding board for the chair and to serve as an intermediary for the principal, other board members and the board secretary when necessary (see Annex 1 for the definition of 'non-executive'). The senior independent member should also be available where contact through the normal channels of chair, principal or secretary has failed to resolve an issue or for which such contact is inappropriate. Further information on the role of the senior independent member can be found in [The Guide for Board Members in the College Sector](#).

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Section B: Quality of the Student Experience Student Engagement

B.1 The board must have close regard to the voice of its students and the quality of the student experience should be central to all board decisions.

B.2 The board must lead by example in relation to openness, by ensuring that there is meaningful on-going engagement and dialogue with students, the students' association and as appropriate staff and trade unions in relation to the quality of the student experience. Consultation is essential where significant changes are being proposed.

B.3 The board must consider the outcome of student surveys and other student engagements, and monitor action plans that could impact on the quality of the student experience.

B.4 The college board must have regard to the [Framework for the Development of Strong and Effective College Students' Associations in Scotland](#). It must put in place robust partnership procedures (e.g. partnership agreement) to work together to achieve change and which are supported by regular and open communications.

B.5 The college board must encourage a strong and autonomous students' association and ensure that the students' association is adequately resourced.

B.6 The college board must ensure that the students' association operates in a fair and democratic manner and fulfils its responsibilities.

B.7 The college board must review the written constitution of its students' association at least every five years.

Relevant and High Quality Learning

B.8 The board must seek to secure coherent provision for students, having regard to other provision in the region or college's locality. The board must be aware of external local, national and international bodies and their impact on the quality of the student experience, including community planning partners, employers, skills development and enterprise agencies and employer bodies. The board must seek to foster good relationships and ensure that the body works in partnership with external bodies to enhance the student experience, including employability and the relevance of learning to industry needs.

Quality Monitoring and Oversight

B.9 The board must ensure appropriate mechanisms are in place for the effective oversight of the quality and inclusivity of the learning experience in the college or region. The board must ensure that the college works in partnership with sector quality agencies and other appropriate bodies to support and promote quality enhancement and high quality services for students.

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Section C: Accountability

Accountability and Delegation

- C.1 The board is primarily accountable to its main funder, either SFC or its regional strategic body. Through the chain of funding, the body is ultimately responsible to the Scottish Ministers who are accountable to the Scottish Parliament.
- C.2 The board must ensure delivery of its outcome agreement or in the case of an assigned college, its agreed contribution to the region's outcome agreement.
- C.3 The board must ensure it fulfils its statutory duties and other obligations on it, and that the terms and conditions of its grant are being met.
- C.4 Scottish Ministers have powers to remove by order any or all board members of an incorporated college (except the principal) or a regional board for serious or repeated breaches of a term and condition of grant.
- C.5 The board also has a wider accountability to a range of stakeholders including students (both current and prospective), its staff, the wider public, employers and the community it serves, for the provision high quality education that improves people's life chances and social and economic well-being.
- C.6 Incorporated colleges and regional boards must maintain and publicly disclose a current register of interests for all board members. Board members should declare any conflicts of interest in the business of the meeting prior to the commencement of each meeting of the board and its committees and withdraw from meetings as appropriate.
- C.7 The board must ensure that its decision-making processes are transparent, properly informed, rigorous and timely, and that appropriate and effective systems of financial and operational control, quality, management of staff, risk assessment and management are established, monitored, continuously improved and appropriately impact assessed. This includes:
- a) the prompt production, dissemination and online publication of board/committee agendas, minutes and papers to the public
 - b) every board meeting and every committee meeting having a well-structured agenda circulated timeously in advance
 - c) the retention of all key documentation which help justify the decisions made by the board and its committees.
- C.8 The board may delegate responsibilities to committees for the effective conduct of board business. As a minimum the committees required are Audit, Remuneration, Finance and Nominations/Appointments. Delegation of responsibilities from and matters reserved to the board and its committees must be set out in a scheme of delegation including the functions delegated by the board to the chair, committees, the principal and the board secretary (and any other members of staff). Incorporated college boards and regional boards have no powers to delegate functions to an

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individual board member (except the chair who has no authority to act outwith their delegated powers).

- C.9 The board must ensure every board committee has a specified member of the management team to provide objective, specialist advice to support it to discharge its remit, including by explaining in an accessible way the matters under discussion and the possible implications of different options.
- C.10 The board must consider and have in place procedures to ensure effective working relationships and constructive dialogue amongst the board as a whole and ensure there are effective reporting and two way communications between committees and the board. The board must ensure that discussions and decisions of every committee are accurately recorded and reported to the board, no later than the next meeting of the board.

Risk Management

C.11 The board of a college or a regional body is responsible for the overall management of risk and opportunity. It must set the risk appetite of the body and ensure there is an appropriate balance between risk and opportunity and that this is communicated via the principal to the body's management team.

C.12 The board must ensure that sound risk management and internal control systems are in place and maintained. It must ensure there is a formal on-going process for identifying, reporting, evaluating and managing the body's significant risks and review the effectiveness of risk management, business continuity planning and internal control systems.

Audit Committee

C.13 The Audit Committee must support the board and the principal by reviewing the comprehensiveness, reliability and integrity of assurances including the body's governance, risk management and internal control framework.

C.14 The scope of the Audit Committee's work must be defined in its terms of reference and encompass all of the assurance needs of the board and the principal. The Audit Committee must have particular engagement with internal and external audit, and must work with management and auditors to resolve any issues in relation to financial reporting.

C.15 The Audit Committee must promptly pursue recommendations arising from audit reports and must monitor their implementation.

C.16 The membership of the Audit Committee cannot include the board chair or the principal. The role of the college executive is to attend meetings at the invitation of the committee chair and to provide information for particular agenda items.

C.17 The Audit Committee terms of reference must provide for the committee to sit privately without any non-members present for all or part of a meeting if they so

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decide. The Audit Committee members should meet with the internal and external auditors without the executive team present at least annually.

C.18 At least one member of the Audit Committee should have recent relevant financial or audit experience.

Remuneration Committee

C.19 It is essential that members of the Remuneration Committee understand their role and responsibilities. Members must undertake the online training module for Remuneration Committees provided by College Development Network within one month of appointment.

C.20 The board must have a formal procedure in place for setting the remuneration of the principal by a designated committee of non-executive members. The board may wish to supplement this by taking evidence from a range of sources. In particular, staff and students should have a role in gathering and submitting evidence in relation to the college principal to the relevant committee.

C.21 The board chair cannot be the chair of the Remuneration Committee (but they can be a member of it).

Financial and Institutional Sustainability

C.22 The board is responsible for ensuring the financial and institutional sustainability of the body. The board must ensure compliance with its Financial Memorandum (either with SFC or the regional strategic body, depending on which is funding it), including in relation to incorporated colleges and regional boards, relevant aspects of the Scottish Public Finance Manual.

C.23 The board must ensure that:

- funds are used as economically, efficiently and effectively as possible
- effective monitoring arrangements are in place
- college staff report relevant financial matters to it.

C.24 For colleges that are charitable organisations, board members are also charity trustees. The board of a college that is a charity must ensure its members are aware of their responsibilities under charity legislation and for complying with relevant provisions as set out by the Office of the Scottish Charity Regulator. See [OSCR Guidance and Good Practice for Charity Trustees](#).

Staff Governance

C.25 The college board as the employer, is responsible for promoting positive employee relations and for ensuring effective partnership between recognised trade unions and management.

C.26 The board must have a system of corporate accountability in place for the fair and effective management of all staff, to ensure all legal obligations are met and all

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policies and agreements are implemented and identify areas that require improvement and to develop action plans to address them.

C.27 The board must comply with the nationally agreed college sector [Staff Governance Standard](#).

C.28 The college board must comply with collective agreements placed on it through national collective bargaining for colleges.

Section D: Effectiveness

The Board Chair

D.1 The chair is responsible for leadership of the board and ensuring its effectiveness in all aspects of its role. The chair is responsible for setting the board's agenda and ensuring that adequate time is available for discussion of all agenda items, particularly strategic issues. The chair must promote a culture of openness and debate by:

- encouraging the effective contribution of all board members
- fostering constructive challenge and support to the principal, executive team and fellow board members
- effective team-working
- positive relations between board members.

The chair must engage with the principal and the board secretary in a manner which is both constructive and effective.

D.2 The board and its committees must have the appropriate balance of skills, experience, independence and knowledge of the body to enable them to discharge their respective duties and responsibilities effectively.

Board Members

D.3 Each board member is collectively responsible and accountable for all board decisions. Board members must make decisions in the best interests of the college and/or region as a whole rather than selectively or in the interests of a particular group.

D.4 Staff and student board members are full board members and bring essential and unique, skills, knowledge and experience to the board. Staff and student board members must not be excluded from board business unless there is a clear conflict of interest, in common with all board members.

D.5 Where the college is a charity, all board members, as charity trustees, including staff and student board members, have legal duties and responsibilities under the Charities Act 2005. This includes registering any personal interests that could be seen as conflicting with the interests of the body. The 'objective test' for judging if there is a conflict of interest is:

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“... 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 decision making in your role as a member of a public body”.

Principal and Chief Executive

D.6 The college board must appoint the principal as chief executive of the college, securing approval for the appointment and terms and conditions of the appointment from the regional strategic body if necessary.

D.7 The college board must ensure there is an open and transparent recruitment process for the appointment. Students and staff must have an opportunity to contribute to the recruitment process.

D.8 The college board must delegate to the principal, as chief executive, authority for the academic, corporate, financial, estate and human resource management of the college, and must ensure the establishment of such management functions are undertaken by and under the authority of the principal.

D.9 The college board must ensure a clear process is in place to set and agree personal performance measures for the principal. This process should seek the views of students and staff. The chair, on behalf of the board, should monitor, review and record the principal's performance, at least annually, against the agreed performance measures.

D.10 The principal, as a board member, shares responsibility for good governance with the chair and all other members of the board, supported by the board secretary. The principal also enables good governance through supporting effective communication and interaction between the body and the rest of the college including staff and students.

D.11 The board provides strategic direction for the region and/or college, and the chair provides leadership to the board. The principal provides leadership to the staff of the body.

D.12 The board must provide a constructive challenge to the principal and executive team and hold them to account.

Board Secretary

D.13 The board as a whole must appoint a board secretary who is responsible to it and reports directly to the chair in their board secretary capacity. The board secretary may be a member of the senior management team in their board secretary capacity, but they cannot hold any other senior management team position at the same time. The appointment and removal of the board secretary is a decision of the board as a whole.

D.14 All board members must have access to the board secretary who has an important governance role in advising the board, the committees and individual board members and supporting good governance. The distinctive board secretary

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role includes:

- facilitating good governance and advising board members on:
 - the proper exercise of their powers, including in relation to relevant legislation
 - the board's compliance with its Financial Memorandum, the Good Governance Code, its Standing Orders and Scheme of Delegation
 - their behaviour and conduct in relation to the board's Code of Conduct.
- providing clear advice to the chair and the board/committees on any concerns the board secretary may have that board members have not been given:
 - sufficient information
 - information in an appropriate form
 - sufficient time to monitor, scrutinise or make informed and rigorous decisions in an open and transparent way.
- attending and providing support to every board meeting and every meeting of every board committee. Where the board secretary is unable to attend, while the board secretary retains overall responsibility, proper arrangements must be made to cover the role with a person who is fully able to discharge the role effectively.
- having an unambiguous right to speak at board and committee meetings to convey any concerns they may have about governance. This extends to someone substituting for the board secretary.
- reporting any unresolved concerns about the governance of the body to the relevant funding body (i.e. SFC or the regional strategic body).

D.15 The board must ensure the board secretary:

- has suitable skills, knowledge and behaviours to carry out their role effectively
- receives appropriate induction, and if new to the role, is mentored by a more experienced board secretary for at least their first year
- has adequate time and resources available to undertake their role effectively.

D.16 The board must ensure arrangements are in place to deal with a board secretary's potential or real conflicts of interest.

Board Member Appointment, Induction and Training

D.17 For boards with responsibility for board appointments, the board must ensure a formal and open procedure is in place for recruiting and selecting new non-executive board members. Boards must have regard to all relevant Ministerial Guidance on board appointments.

D.18 The board is responsible for ensuring appropriate arrangements are in place for the conduct of student elections and nominations, and elections of staff members to the board.

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D.19 The chair must ensure that new board members receive a formal induction on joining the board, tailored in accordance with their individual and collective needs. The board secretary should support the chair in the provision of relevant induction for new board members.

D.20 The board must ensure all board members undertake appropriate training and development in respect of their governance role. The board secretary should support the chair in the provision of relevant training and development opportunities for board members, which should be tailored to meet board members skills and needs. The board secretary must keep records of the development activity of board members, including the chair.

D.21 The board must ensure that new committee members receive a committee induction and have their specific training needs assessed and met.

Board Evaluation

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.26 The performance of regional college chairs will also be evaluated by the Scottish Government, as regional college chairs are appointed by the Scottish Ministers and are personally accountable to them.

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.

Section E: Relationships and Collaboration

Partnership Working

E.1 The board must work in partnership to secure the coherent provision of high quality fundable further and higher education in their localities.

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E.2 The board must ensure effective consultation, local and regional planning and must follow the principles of effective collaborative working: mutual respect, trust and working towards commonly agreed outcomes.

E.3 The board must ensure effective partnership working with local and national bodies including businesses, public and third sector organisations to develop commonly agreed priorities following the principles of effective collaborative working.

E.4 The board must encourage and support effective partnership working and collaboration within and across regions to address local needs and meet national priorities and specialisms.

Annex 1

References and Definitions

- **“college”** means a college funded by either SFC or a regional strategic body.
- **“incorporated college”** means a college with a board of management under part 1 of the Further and Higher Education (Scotland) Act 1992.
- **“assigned college”** means a college assigned to a regional strategic body.
- **“regional board”** means a regional strategic body that has no other functions. There is one regional board – Glasgow Colleges’ Regional Board.
- **“board”** means the governing body of the college or to the regional strategic body.
- **“body”** means the organisation in question, i.e. a college or regional strategic body.
- **“principal”** include where appropriate in the context, the chief officer or equivalent person of a regional strategic body.
- **‘non-executive’** means a member who is not the chair and who does not otherwise hold a specific position on the board i.e. is not a student or staff member; and in the case of a college board, is not the principal; and in the case of a regional board is not the chair of an assigned college.
- In the context of the regional strategic body in the Highlands and Islands, the board means either the Court of the University of the Highlands and Islands (UHI) or the UHI Further Education Regional Board (FERB):
 - The FERB has fully delegated authority from the UHI Court for FE – objectives, outcome agreement, curriculum and finance.
 - The FERB consists of the college chairs, two independents, plus nominees - The college principals meet as a FE Executive Board.
- New College Lanarkshire is the designated regional college and regional strategic body with South Lanarkshire College as an assigned college.

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- Glasgow Colleges' Regional Board; this is the only part of Scotland with a regional strategic body which has been established as an organisation with only this role.