

BOARD GOVERNANCE GUIDELINES

Issued: August 2017

1. Role of the Board

- 1) To set the strategic direction of the company – agreeing the vision, the company mission statement, the values and the long term goals.
- 2) To approve the business plans prepared by management to deliver the strategy – ensuring that comprehensive plans are presented with clear measurable objectives including operational, community engagement, financial and quality objectives.
- 3) To monitor the performance of the company against the agreed strategic objectives.
 - **Steward Role:** stewardship of the company assets, due process, scrutiny, challenge
 - **Ambassador Role:** for the Board and its stakeholders
 - **Leadership Role:** setting direction of organisation and ensuring consistent strategy, plans and policies that focus on outcomes
 - **Expertise:** to enhance that of the Board and the business

2. Responsibilities of Board Members

- Be well informed about the business, the environment in which it operates and the issues it faces
- Attend all Board meetings
- Study relevant papers in advance
- Explain your views on major issues if you cannot attend
- Contribute fully to Board discussions and share responsibility for decisions
- Place skills etc at the disposal of the Board and the Executive Team
- Contribute to Committees, volunteer consultant
- Take part in the induction process and training, reading all associated documents

3. Duties of Charity Trustees (OSCR)

- 1) Act in the interest of the charity. Trustees should put the interests of their charity before their own interests, or those of any other person or organisation
- 2) Operate in a manner consistent with the charity's purpose. Trustees should carry out their duties in accordance with their governing document
- 3) Act with due care and diligence. Trustees should take such care of their charity's affairs as is reasonable to expect of someone who is managing the affairs of another person
- 4) Ensure the charity complies with the provisions of the Charities and Trustee Investment Act (Scotland) 2005 and other relevant legislation

Specific duties of charity trustees include:

- 1) Updating your charity details: Trustees must make sure OSCR hold the latest information about the charity
- 2) Reporting to OSCR: Compliance with the statutory duty

- 3) Financial record keeping and reporting: Keep proper accounting records and prepare statement of account independently audited
- 4) Fundraising: Trustees are responsible for taking control of how their charity fundraisers
- 5) Providing information to the public: Make sure the charity meets legal requirements

4. Principles of conduct for Board Members

- 1) **Selflessness**: take decisions solely in the public interest
- 2) **Integrity**: not be placed under any financial or other outside obligation that might influence your performance of official duties
- 3) **Objectivity**: choices should be made on merit, including making public appointments or awarding contracts
- 4) **Accountability and Stewardship**: accountable for decisions and actions and must submit to appropriate scrutiny
- 5) **Openness**: be as open as possible about all decisions and actions taken and give reasons for decisions
- 6) **Honesty**: duty to declare any private interests relating to public duties and to take steps to resolve any conflicts arising
- 7) **Leadership**: promote and support above principles by leading by example
- 8) **Public Service**: act in accordance with the core tasks and in the interests of the organisation
- 9) **Respect**: respect fellow Board Members and employees and the role they play, treating them with courtesy at all times

5. Conduct at Board Meetings

- Question intelligently
- Listen sensitively to the views of others
- Debate constructively
- Challenge rigorously
- Decide dispassionately
- Declare any personal interest
- Do not use information for personal, financial, political gain, or in a way that brings the Company into disrepute

6. Personal Liability of Board Members

There is no personal civil liability if Board Members act honestly and in good faith.

A Board Member may be dismissed if he or she is bankrupt, convicted of an indictable offence, unable or unfit, performs poorly or attends poorly.

7. Roles and Responsibilities of the Chair

- 1) Board direction
- 2) Board business
- 3) Board monitoring
- 4) Board leadership
- 5) Board membership and development
- 6) Committee Chair’s: roles and responsibilities

8. Roles and Responsibilities of the Chief Executive

- 1) Responsible for the management of the organisation; accountable to the Board
- 2) Manage and safeguard resources and assets
- 3) Develop strategic plans that reflect the longer-term objectives and priorities established by the Board
- 4) Establish a performance management framework
- 5) Provide leadership of management and employees – to implement agreed plans
- 6) Monitor closely operating and financial performance and take corrective action
- 7) Ensure the organisation conforms with all relevant legislation and regulations
- 8) Ensure Board is kept adequately informed
- 9) Act as a conduit between Board and staff

9. Areas of Board responsibility

Board decide:	Staff work out:
<ul style="list-style-type: none"> • WHAT needs changed • WHAT views matter • WHAT future outcomes will look like • WHAT is successful/failing 	<ul style="list-style-type: none"> • HOW to make change happen • HOW to gather opinions • HOW to achieve required outcomes • HOW to measure progress

A list of specific areas of responsibility for Live Borders is set out in Appendix A

10. Assurance Framework

“The Board is responsible for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. The Board should maintain sound risk management and internal control systems and establish formal and transparent arrangements as to how they apply corporate reporting; risk management and internal control principles” 2010 UK Code of Corporate Governance

What are the corporate objectives?

What are the key risks to meeting the objectives?

What controls are in place to manage those risks?

What assurances are received on the operation of these controls?

11. Board Reports

The Board should have information that is fit for purpose – timely, objective, accurate and professional. The purpose of each report should be made clear.

Decision information	Needed to make decisions
Monitoring information	Needed to measure performance against agreed criteria
Information	Everything else “nice to know”

12. Live Borders Board Reports

In order to monitor the performance of Live Borders the Board should receive:

- 1) Regular reports from management for each Board Meeting covering progress against the Performance Framework as well as progress against financial objectives, health and safety objectives and quality objectives.
- 2) Regular reports indicating where progress is on target or not and what action is planned when progress is adverse.
- 3) An annual report should be presented covering aspects of HR performance including absence, staff turnover, internal promotions, qualifications gained.
- 4) An annual report should be presented covering performance against objectives.

13. Live Borders Board Meetings

It is proposed that the following plan be adopted

- 1) Annual plan for Board agendas to be compiled and agreed at last meeting in the preceding year
- 2) Full Board meeting every quarter
- 3) Agenda for each meeting to be set by the Chair in line with the annual plan
- 4) AGM to be followed by review and resetting of Business Plan
- 5) Board papers to be issued one week in advance of the meeting
- 6) Board minutes to be supported by Chair and issued within 2 weeks of meeting

14. Board decisions

- The Board should draw up a formal statement that specifies the types of decisions that are delegated to the Executive and those that are reserved for the Board (A Scheme of Delegation), appendix 1
- Board should state clear objectives for their decisions, what they are trying to achieve (at annual strategy meeting)
- Minutes should be explicit about the criteria, rationale and considerations on which decisions are based

15. Live Borders Board Committees

Board Members may be appointed to one of the following Committees. Each Committee will have a Chairperson with defined roles and responsibilities. Committee membership, including position of Chairperson, will be ratified at the Annual General Meeting.

A. Finance Committee

To deal with financial planning, financial reporting and control, capital projects, and major property issues (through capital budget)

B. Audit and Governance Committee

Strategic objectives, risk management, audit

The terms of reference of each committee should be clearly set out and agreed by the Board.

Each committee Chair should provide a short report to the Board advising when they met, who attended and the subject covered.

16. Health and Safety Forum

The Chief Executive Officer will put in place an operational Health and Safety Forum which will include one nominated Board Member. This Board nomination will be ratified at the Annual General Meeting.

17. Board performance

The critical factors determining the strength of success of any Board are:

- The calibre and personalities of individual Board members
- The blend of skills and expertise of the Board
- How they work together as a group

Appendix 1

A Scheme of Delegation

Heading	Timing	Management Responsibility	Board Responsibility	Committee Scrutiny
Financial/Business Planning				
Strategic Direction	September	Joint Review	Review and Approve	
3 year Business Plan (revenue and capital)	February	Develop and process	Discuss and approve	Finance
Annual revenue budget	February	Prepare, process and present	Discuss and approve	Finance
Annual capital budget	February	Prepare, process and present	Discuss and approve	Finance
Financial Monitoring				
Management accounts	Quarterly	Manage and monitor	Challenge and approve	Finance
Annual accounts	May	Manage and monitor	Challenge and approve	Finance
Auditors Report	August	Submit	Understand and approve	Audit & Governance
Directors Report	August	Draft	Discuss and approve	Audit & Governance
Human Resources				
CEO appointment			Approve	
CEO performance			Chair	
Director appointment		CEO to appoint	Trustee on panel	
Director performance		CEO to appraise		Chair to review
Executive Management structure		CEO to propose	Discuss and approve	
Executive team Grading/salary structure		CEO to propose	Discuss and approve	
Annual Report	May	Manage and monitor	Discuss and approve	
Health and Safety				
Monitoring	Quarterly	Manage and monitor	Discuss and approve	
Annual Report	May	Manage and monitor	Discuss and approve	Trustee rep on H&S Forum
Performance				

Heading	Timing	Management Responsibility	Board Responsibility	Committee Scrutiny
Performance Monitoring	Quarterly	CEO progress report	Discuss and approve	
Risk Management				
Annual report		Manage and monitor	Discuss and approve	Audit & Governance
Governance				
Board performance			Agree	Audit & Governance
Changes to Policies		Prepare and advise	Note	

FINANCE COMMITTEE

Terms of Reference

Purpose and role of the Committee

This committee is designed to:

- scrutinise, monitor and regularly review the financial wellbeing of Live Borders
- assess the business plan
- assess the impact of capital projects
- assess the financial risk management
- bring strategic direction to the development of the business
- take responsibility for overseeing the detail financial aspects of the Trust on behalf of board

Attendees, Quorum and Reporting

All members of the Committee are appointed by the Board

The Committee shall consist of four Trustees in addition to the Chairperson. Good practice dictates that the Chairperson should not be a nominated Trustee

A total of three Trustees are required to be quorate

The Chair of the Trust will have the right to attend meetings

A member of the Executive Management Team will normally be in attendance at all meetings

The Committee will meet at least quarterly, with additional meetings as required

The Chair of the Committee (or in his/her absence, another Trustee member of the Committee) shall report to the Board at the next Board meeting. In addition, the Chair will provide an annual report to Board on the Committee's activity.

Agendas and minutes of meetings will be circulated to all Trustees.

Delegated Authority

Approve, within limits agreed by the Board, expenditure of a significant nature on new initiatives (see section xxx of the financial regulations)

Responsibilities

Company Structure

- To ensure the Company structure is appropriate to maximise the benefits of taking all services and subsidiaries into account.
- Chair of Finance Committee will be Director of BSL Enterprises Ltd

Policies and Procedures

- Agree the financial regulations, treasury management policy and other governing documents of the Trust
- Ensure that this is an effective method whereby management is advised of changes to statutory financial policies and procedures
- Act as a sounding board and source of advice to the Director of Business Services

Financial Planning

- Review with management the proposed Business Plan for the next 3 years in order to recommend approval to the Board prior to submission to SBC.
- Review annual budget with management in order to recommend approval to the Board

Capital Planning

- Review and agree with management the list of desirable projects for investment over the next 5 years, including scope for external funding
- Review individual capital projects over £xxk prior to submission for board approval
- Monitor progress of major capital projects
- Ensure that completed capital projects are audited to timetable

Financial Reporting

- Review performance against Plan and budget, receiving explanations from management relating to performance and actions
- Raise with management any trends which are of concern
- Review the detail prior to full Board consideration

Treasury Management

- Approve any investment out with the investment strategy
- As part of the annual budget process
 - Detail anticipated income from externally managed funds, internally managed funds, and expected rate of return, alongside interest expected from other sources;
 - Set out how the Trust will fund its proposed capital programme for the coming year; and
 - Set out how the Trust will meet any debt/loan due for re-payment
- Review cash flow statements

Contract Monitoring

- Receive an annual report to show the major contacts (over £xxk) have been reviewed and re-tendered on an agreed timescale
- Review annual report on contracts over £xx (e.g. system licences as well as contracts)

Energy Monitoring

- Monitor the sustainability of existing and proposed facilities including the benchmarking of energy costs and energy conservation measures

AUDIT AND GOVERNANCE COMMITTEE

Terms of Reference

Purpose and role of the Committee

This committee is designed to:

- Advise on the accounts/financial statements and the annual report of the organisation, including the process for review, the level of error identified, accounting policies and management letter or representation to the external auditors and advise whether the financial statements are fair, balance and understandable to assess performance
- Advise Board on the appointment, reappointment and removal of the external auditor
- Consider planned activity and results of internal and external audits
- Provide board with assurances relating to corporate governance and charity governance requirements for the organisation

Attendees, Quorum and Reporting

All members of the Committee are appointed by the Board

The Committee shall consist of not less than three Trustees in addition to the Chairperson

A total of two Trustees are required to be quorate

The Chair of the Trust will have the right to attend meetings

A member of the Executive Management Team will normally be in attendance at all meetings

The Committee will meet at least biannually, with additional meetings as required

The Chair of the Committee (or in his/her absence, another Trustee member of the Committee) shall report to the Board at the next Board meeting. In addition, the Chair will provide an annual report to Board on the Committee's activity.

Agendas and minutes of meetings will be circulated to all Trustees.

Statutory Audit

- Review draft annual report and financial statements with management and auditors prior to their submission to Board for approval
- Receive annual report from auditors regarding compliance with financial standards noting concerns they may have on policies, procedures or treatment of items in the accounts
- Meet external auditors without staff being present

Financial Control

- Agree with management an annual programme for internal audit and receive reports to show the extent of compliance with procedures
- Review annual report from auditors regarding compliance with financial standards noting concerns they may have on policies, procedures or treatment of items in the accounts

Risk Management

- Review Live Borders risk register
- Review major business and financial risks with management, agree action plans to be carried out

- Review with management the adequacy of insurance cover in relation to the risk at Live Borders

Board assessment

- Evaluating performance of Board
- Review skills matrix of Board

Governance

- Ensure that that system of internal control is satisfactory to deliver regulatory compliance, financial probity and value for money
- Annually review the Live Borders Register of interests and Register of Gifts and Hospitality
- Receive and annual report on information governance

Performance

- Board will consider operational performance against the Performance Framework on a quarterly basis. Should a specific area of performance require further analysis, Board may delegate this analysis to the Audit and Governance Committee