



# **Citizens Advice Scotland – Response to Independent governance review**

FINAL DRAFT REPORT

# CAS Response to the Independent Governance Review

## CHAIR'S INTRODUCTION

The CAS Board has noted the Independent Governance Review undertaken by Deloitte and is pleased to present its response. The timeline included in this response sets out an ambitious framework for implementing improvements to our governance arrangements. This plan, in conjunction with CAS's response to the recommendations within the RSM financial review will ensure that, as the recipients of public funds, the CAS governance and operating environment reflects good practice and ensures good value for taxpayers money.

In their Independent Governance Review, Deloitte set out 32 recommendations, including 13 high priority recommendations, which the Board approved unanimously at the CAS Board meeting of 20 July 2016.

This document sets out a high level response and associated delivery timescale for each of these recommendations and should be read in conjunction with the attached timeline. Together these documents set out the Board's commitment to delivering and recommending to members the changes set out in the Deloitte report.

This work will be taken forward by the newly appointed Transition Committee, established as part of the response to recommendation 28 of the Deloitte report. This new group is made up both external and bureaux representatives and will work with the Senior Management Team within CAS to deliver against the recommendations. The group will oversee a number of work streams including;

**Articles:** to make the necessary changes to the organisation's 'Articles of Association' which will allow the recommendations to be delivered

**Recruitment:** to develop and implement a new recruitment and selection process for all Board members in line with the recommendations

**Member engagement:** to plan and deliver the necessary consultations and events required to engage the members in the governance review and the recommendations

**Communications:** to support the successful publication of the report and the ongoing communications required throughout the implementation period to ensure full transparency

The Transition committee will develop in depth detailed delivery plans for each of the areas identified above over the coming weeks, with the continued ongoing support of Deloitte, who will be retained to support the membership consultations and to provide subject matter expertise.

There is much work to be done. However, as has been evidenced by the achievements which CAS has already delivered to date in response to the first delivery plan, there is a clear commitment to deliver the recommendations made. CAS remains dedicated to upholding the principles of good governance and welcomes the opportunity to present this implementation plan as the next stage in ensuring that the organisation continues to meet the needs of clients, members, staff and funders alike.

**Agnes Robson**

**Acting Chair**

# CAS Response to the Independent governance review

## Key to classification of findings and recommendations:

### Priority (P)

-  • **High priority** - implementation to be agreed immediately with a view to action, or agree action with Members, as soon as possible. These have been approved by the Board on 6 July 2016.
-  • **Medium priority** - implementation to be agreed immediately and actions implemented within 6 - 12 months.
-  • **Low priority** - implementation to be agreed immediately and actions implemented within 12 - 18 months.

### Owner (O)

**B** = Board

**M** = Management/SMT

**N** = New Board

**TC** = Transition Committee

# Independent governance review

## Response to Recommendations and Timeline

Theme	Recommendation/Deliverable	Priority	Owner	Timescale
Board structure	<p>The Board should establish a sub-committee of the Board known as the Transition Committee. This committee will have responsibility for overseeing the preparation and implementation of the action plan in response to the recommendations in this Draft Report.</p> <p>This committee shall comprise a maximum of 7 members, to include the Interim Chair and a balance of External Trustees and Bureau Trustees. The COO will support the Transition Committee and attend all meetings. The remit, composition and reporting lines of the committee should be set out in writing.</p> <p><i>(Recommendation 28)</i></p>	●	Transition Committee	Complete
	<p>The Board should convene an AGM/EGM in accordance with the Companies Act and the Articles to seek the Member approval of an amended memorandum of articles. This should include a short briefing document on the key changes to the Articles alongside an updated version of the Articles for Member review and approval.</p> <p><i>(Recommendation 29)</i></p>	●	Transition Committee	November 2016
	<p>A new independent Chair with the skills and capabilities to lead an organisation of CAS' scale and complexity should be appointed in line with the selection process noted in recommendation 3.</p> <p><i>(Recommendation 6)</i></p>	●	Transition Committee	Vote on proposed changes to Articles November 2016 Appointment of new Chair by March 2017
	<p>CAS needs to create a new Board that has the relevant skills, experience and capabilities to provide strategic leadership and effective governance of the organisation, based on the potential skills identified during this Review.</p> <p>A General Meeting should be convened in early 2017 to appoint the new Board.</p> <p><i>(Recommendation 27)</i></p>	●	Transition Committee	Vote on proposed changes to Articles November 2016 Appointment of new Board by March 2017
	<p>The structure of the new Board should comprise a balance of External Trustees and Bureau Trustees* and an independent Chair.</p> <p><i>(Recommendation 1)</i></p>	●	Transition Committee	Vote on proposed changes to Articles November 2016 Appointment of new Chair by March 2017
	<p>The requirements for Board size should include a minimum composition of 11 Trustees and maximum composition of 13 Trustees.</p> <p><i>(Recommendation 2)</i></p>	●	Transition Committee	Vote on proposed changes to Articles November 2016 Appointment of new Chair by March 2017

# Independent governance review

## Response to Recommendations and Timeline (Ctd)

Theme	Recommendation/Deliverable	Priority	Owner	Timescale
Board structure	Establish clear terms of office limits in line with good practice which do not allow any Trustee to serve for more than a 6 year period, to include consecutive or accumulated time. These terms limits should be strictly adhered to. <i>(Recommendation 5)</i>	●	Transition Committee	Vote on proposed changes to Articles November 2016
	All Trustee appointments should be based on merit and their skills and experience. There should be a robust and competitive appointments process established, whereby all Trustees are assessed against clear and objective criteria. <i>(Recommendation 3)</i>	●	Transition Committee	Development of new recruitment process by end October 2016  Vote on proposed changes to Articles November 2016  Appointment of new Board by March 2017
	Introduce a mechanism to hold a vote of no confidence to encourage an individual to resign as a Trustee where they are in breach of their Letter of Appointment or the Code of Conduct, or are underperforming in role. This should form part of the rules for removing a Trustee under the Articles which will make it legally binding. <i>(Recommendation 11)</i>	●	Transition Committee	Vote on proposed changes to Articles November 2016
	Members should consider if the distinction between paid and unpaid Bureau Trustees is appropriate. <i>(Recommendation 4)</i>	●	Transition Committee	Vote on proposed changes to Articles November 2016
	CAS needs to clarify its purpose as an organisation and charity which provides central support the Scottish Citizens Advice Bureau across Scotland and is also a direct provider of services. This should be supported with the development of a new 5 year strategic plan prepared by the SMT and new Board, which is agreed with members at the 2017 AGM. <i>(Recommendation 18)</i>	●	New Board	Strategic plan to be presented to 2017 AGM
	The new Board should review the structure of the committees, to include: remit, composition and reporting lines. (This will be subject to completion/progression of recommendation 18.) <i>(Recommendation 24)</i>	●	New Board	Committee Structure to be reviewed in advance of 2017 AGM.
	Engage an external third party to conduct a follow-up review in 9-12 months from the date of the Final Report. The purpose of this will be to check on progress against the recommendations during this period. <i>(Recommendation 30)</i>	●	New Board	Review of progress in 9 – 12 months subject to funding being available.

# Independent governance review

## Response to Recommendations and Timeline (Ctd)

Theme	Recommendation/Deliverable	Priority	Owner	Timescale
	<p>Establish a formal induction pack and process for new Board and committee members. This should set out: the role of Board and Committee members; good governance in the charity sector; CAS business model; and services and understanding of the Bureaux network. In addition, it should include interaction with the SMT and staff and provide opportunities to engage with the organisation and CABs.</p> <p><i>(Recommendation 7)</i></p>	●	Transition Committee	Development by February 2017 for new Board
Board structure	<p>Review and update all formal Board governance documentation in line with good practice, to include the following:</p> <ul style="list-style-type: none"> <li>• Role profiles;</li> <li>• Board code of conduct/etiquette policy;</li> <li>• Articles;</li> <li>• Governance handbook; and</li> <li>• Committee Terms of Reference.</li> </ul> <p><i>(Recommendation 31)</i></p>	●	Transition Committee Management New Board	Role profiles to be reviewed and updated by October 2016  Remaining documents to be reviewed and updated for 2017 AGM.
	<p>Introduce comprehensive guidance on conflicts of interest, such as a conflicts of interest policy, that sets out: processes to identify and manage actual or perceived conflicts of interest; meeting procedures; personal responsibilities of Members; and procedures regarding breaches. This should also include details of case studies that reflect on situations that have arisen, or could arise.</p> <p><i>(Recommendation 13)</i></p>	●	Transition Committee New Board	Development by February 2017 for new Board to review to review and for implementation
	<p>Following the establishment of the new Board, hold a workshop on effective Board dynamics and culture that explores Board relationships, constructive challenge and contributing effectively to Board meetings. This should also be provided to new Board members as part of the induction process.</p> <p><i>(Recommendation 12)</i></p>	●	New Board Management	March/April 2017
	<p>Update the CAS website to include detailed information on the skills and experience of Trustees.</p> <p><i>(Recommendation 27)</i></p>	●	New Board	Immediately following appointment of new Board – March 2017

# Independent governance review

## Response to Recommendations and Timeline (Ctd)

Theme	Recommendation/Deliverable	Priority	Owner	Timescale
	<p>Update the forward plan:</p> <ul style="list-style-type: none"> <li>To include an additional meeting or away day to focus specifically on strategy. This should cover CAS's capability, capacity and culture to execute the strategy (to include both human resources and financial resources);</li> <li>To ensure that it covers all Board responsibilities following the revisions to the scheduled of matters reserved for the Board throughout the year.</li> </ul> <p>Similarly structured forward plans should be prepared and maintained for each committee. (<i>Recommendation 21</i>)</p>	●	New Board Management	March/April 2017 as key focus of away day to discuss strategic planning
	<p>Review the role of the Board and consider strategic areas the Board can focus on to add value to the organisation to enhance their stewardship role and support management. In addition, following the Finance and Risk Review consider any updates required to the finance and risk responsibilities of the Board (as distinct from the Finance Committee and Audit and Risk Committee) and information required.</p> <p>Following this the Board should establish a formal schedule of matters reserved for the Board which sets out the key matters requiring Board approval. (There are a number of recommendations in relation to the agenda, forward plan and management information discussed in sections A.8 and A.9, which will enable the Board to effectively discharge its responsibilities.) (<i>Recommendation 17</i>)</p>	●	New Board Management	March/April 2017 as key focus of away day as above
	<p>Formally document the Board's relationship and ways of working with the SMT, to include:</p> <ul style="list-style-type: none"> <li>Defining levels of interaction outside of the Boardroom, including spending informal time together as a group;</li> <li>Structure and frequency of meetings, for example, bi-annual informal one-to-one meetings between the SMT and Trustees;</li> <li>SMT responsibilities in relation to pro-actively briefing Board members;</li> <li>Trustees providing support, advice and guidance to the SMT; and</li> <li>Respectful and professional behaviour.</li> </ul> <p>(<i>Recommendation 14</i>)</p>	●	New Board	March/April away day to include SMT as get to know and develop relationships
	<p>Review the frequency of meetings to determine if additional meetings will be required. As part of this consider SMT resources, meeting budgets and the use of technology for ad-hoc meetings. (<i>Recommendation 20</i>)</p>	●	New Board Management	March/April 2016

# Independent governance review

## Response to Recommendations and Timeline (Ctd)

Theme	Recommendation/Deliverable	Priority	Owner	Timescale
	<p>In light of the suggested changes to the operation of the Board set out within this Report, review the quality and type of information provided to the Board and determine the changes required. This should include:</p> <ul style="list-style-type: none"> <li>• Removal of operation matters from the agenda and associated papers;</li> <li>• The inclusion of a CEO/COO report upfront in the Board pack;</li> <li>• The introduction of a high quality finance report; and</li> <li>• Consistent reports from each committee.</li> </ul> <p>On an annual basis the Board should have a discussion on the quality and quantity of information, with Board members requesting any relevant changes to management. <i>(Recommendation 22)</i></p>	●	Board New Board Management	Implemented September 2016 and reviewed and updated on ongoing basis following new Board appointment.
Board structure	<p>Review the responsibilities of the company secretarial team and HR in relation to induction, training and development and consider additional ways they can support the Chair, as appropriate. <i>(Recommendation 10)</i></p>	●	New Board Management	Review April 2017 following appointment of new Board and decisions regarding other recommendations the current secretariat and HR support to the Board will be reviewed.
	<p>A consistent format is adopted for all reports presented to the Board to include a Cover Sheet with each paper presented to the Board which provides an executive summary to focus the Board's attention on key issues and, where material decisions are required, includes an analysis of options in their Reports, including pros and cons, to facilitate debate. <i>(Recommendation 23)</i></p>	●	Management	Implemented September 2016 and Reviewed April 2017 following appointment of new Board.
	<p>All committees should provide the Board with a short summary report which sets out the key matters discussed, decisions made and decisions being put forward for Board approval. This should be supported with a verbal update from the relevant committee Chair. <i>(Recommendation 25)</i></p>	●	Management	Implemented September 2016 and Reviewed April 2017 following appointment of new Board.
	<p>Update the structure of the agenda to include details of the presenter and allocate appropriate timings for the topics being discussed. <i>(Recommendation 19)</i></p>	●	Management	Implemented September 2016 and Reviewed April 2017 following appointment of new Board.

# Independent governance review

## Response to Recommendations and Timeline (Ctd)

Theme	Recommendation/Deliverable	Priority	Owner	Timescale
	<p>A formal framework for Board and Director development should be established by the Board and consist of two elements:</p> <ul style="list-style-type: none"> <li>• A formal Board training plan, with specific focus on training relevant to CAS; and</li> <li>• This should be supplemented by individual personal development plans for each Board member.</li> </ul> <p><i>(Recommendation 8)</i></p>		<p>Management</p> <p>New Board</p>	Developed for February 2017 for appointment of a new Board to review, amend and implement.
Board structure	<p>Introduce a formal Board, committee and individual Board member assessment process that includes:</p> <ul style="list-style-type: none"> <li>• Annual internal Board and committee assessments led by the Chair of the Board and Chair of the relevant committees, with support from the Secretary to the Board; and</li> <li>• The completion of a self-assessment (or peer assessment) by each Trustee on their contribution which is discussed during a one-to-one session with the Chair on an annual basis.</li> </ul> <p>The results of the above should be used to inform individual Board member and Board training plans.</p> <p><i>(Recommendation 9)</i></p>		<p>Management</p> <p>Transition Committee</p>	As above
	<p>Clarify the frequency and mechanism for Board communication with Members. Examples could include: a summary report from the CEO or Chair on the Board meeting, highlighting key matters discussed and decisions made, webcasts etc. As part of this the Board should seek to determine the responsibilities of CABs to communicate all relevant information within their Bureaux, as appropriate.</p> <p><i>(Recommendation 15)</i></p>		<p>Board</p> <p>New Board</p> <p>Management</p>	Reviewed and implemented throughout 2017.
	<p>Review the approach and format of the AGM and consider ways to use this as a forum to effectively engage with Members. Following the changes to the governance structure resulting from this Review, Members will require enhanced information to inform their decision-making in advance of voting at the AGM. This could include:</p> <ul style="list-style-type: none"> <li>• A report from the Chair on the work of the Board;</li> <li>• Details of Member biographies and a summary of their contribution to the Board in their role as Trustee; and</li> <li>• High quality information on matters requiring Member approval.</li> </ul> <p><i>(Recommendation 16)</i></p>		<p>New Board</p> <p>Management</p>	Reviewed following 2017 AGM and implemented for 2018 AGM.
	<p>Undertake a review of the current Member Bureaux structure and voting system to determine if the current approach is fair and proportionate and in the interests of Members and CAS in 12 – 18 months. <i>(Recommendation 32)</i></p>		New Board	Reviewed in advance of 2018 AGM.