

Good Practice Governance Guide for Innovation Centre Boards

Purpose

This document sets out the partners' expectations in the form of guidance on effective governance for Innovation Centres. In the original call for proposals, the IC programme partners stated that 'plans for strong leadership and governance' should be addressed in all submitted proposals. Furthermore, the recent independent review of the IC programme recognised that as ICs evolve, changes to governance may be required. As part of the implementation of the Reid Review, SFC's Board instructed its executive to work with the ICs and programme partners and promote good governance generally including diversity on IC Boards - commencing with an analysis of existing terms of reference to ascertain current Board membership terms and recruitment processes.

This guidance has been developed from this initial analysis of existing IC Boards' terms of reference as well as drawing from other established good practice guides and resources such as the Nolan principles of public life and the UK Corporate Governance Code.

Background

Scottish Funding Council, with partners Scottish Enterprise and Highlands and Islands Enterprise, set up the Innovation Centres programme to support transformational collaboration between universities and businesses. The Centres aim to enhance innovation and entrepreneurship across Scotland's key economic sectors, create jobs and grow the economy.

The Innovation Centres programme is embedded within the Scottish Government's strategy, which is strongly committed to tackling inequality to ensure a more entrepreneurial, innovative and prosperous Scotland. The IC programme is highlighted in Scotland Can Do, the Scottish Government's framework for a 'Team Scotland' approach to supporting innovation and entrepreneurship as well as the revised Scottish Economic Strategy, Programme for Government and Scotland's Innovation Action Plan.

Innovation Centre Governing Boards

Innovation Centre boards are responsible for formulating, directing and guiding the implementation of the policies and strategies of the Innovation Centre. They exist largely to advise the IC senior management team on the strategic direction of the Innovation Centre.

The boards monitor the Innovation Centre's progress through the key performance indicators set out in the IC's most recent business plan and report on this progress via the IC programme partners' established Monitoring and Evaluation Framework (MEF).

Terms of reference

Funders expect each Innovation Centre board to produce terms of reference for the board, which should be reviewed on an annual or bi-annual basis and be made publicly available and kept up to date on the IC's website. IC boards may wish to nominate a 'company secretary' who is responsible for ensuring effective administration before, during and after the meeting (e.g. taking minutes, ensuring quorate is met, papers are sent out in a timely fashion, any compliance issues are dealt with, Board website updates etc.).

Register of Interests

A brief biography for each Board member should be published on the IC's website including current employer and any other relevant appointments. A full register of interest is not required for each Board member. However, all ICs should publish their conflicts of interest policy and process on their website.

Chair

The Chair of the IC board will normally be from the private sector and the role will be a part-time non-executive role which may be remunerated.¹ The primary responsibilities of the Chair are to provide leadership for the IC board and to enable the board to fulfil its obligations and responsibilities in relation to the strategic direction and governance of the IC.

The Chair's term is normally three years with the ability to offer themselves for re-election thereafter. On the retirement of the Chair, the IC Board will be responsible for appointing a new Chair through processes agreed by the administrative hub university.

Recruitment for an IC Chair will be conducted in an open and transparent manner. In terms of advertising the Chair vacancy, the bare minimum expected would be an advert on the IC website and admin hub university website.

¹ SFC's award letter to each admin hub university mandates that an IC may fund up to a maximum of 25% of the Chair's remuneration package from SFC core funding.

Board Membership

Board members will normally be from private companies, the public sector or organisations engaged in Innovation Centre activities with the majority of members representing industry to reflect the demand-led nature of the Innovation Centres. Board membership should be published on the relevant IC website and be kept up to date.

Board member nominees should add credibility to the governing board and be representative of company sizes and industry sectors/sub-sectors relevant to Innovation Centre activities. In terms of academic representation, the board should ensure that the board member selected represents the academic sector appropriately (e.g. a research pool director may be an appropriate representative in some circumstances). In addition, it is essential that the board has appropriate administrative hub university representation recognising that the 'SFC funding contract' is between the SFC and the admin hub university.

Each Innovation Centre board will be expected to have a diverse board in terms of gender, race, disability and other protected characteristics.

The IC programme partners will normally nominate a representative to be a member, with observer status on each IC board. This representative should be included in the circulation of all papers and other documents and communications. These observers will normally not have voting rights. IC programme partners are normally public bodies bound by the Freedom of Information (Scotland) Act 2002 and the Data Protection Act 1998 and will subsequently treat any information held as appropriate under this legislation.

Length of Appointment

Board members will normally serve for a period of two or three years with a potential option to offer themselves for re-election should the Board approve. Board members will normally serve no more than two terms. In order to rotate the membership of the Board on a regular basis, it would be expected that members of the Board would serve staggered terms to ensure a reasonable degree of turnover on an annual basis.

Succession planning and recruitment

Succession planning should be conducted with the dual purpose of ensuring the members of the board have the requisite skills, experience, knowledge and other relevant attributes for the board to perform effectively and ensuring there is diversity in relation to members' protected characteristics. Board succession should be considered in light of the Innovation Centre's long term strategy, recognising existing strengths and acknowledging the skills, experience and knowledge that are needed in the future.

Innovation Centre boards should consider evaluating the existing skills of board members and those that will be needed in the future on an ongoing basis and possibly through a

dedicated Succession Planning Committee. The central purpose in this should be delivery of an effective diverse Board and Boards should think innovatively about the kinds of skills and attributes they need, and the balance of these across members, in order to be as effective as possible.

It is expected that Innovation Centre Boards would normally advertise for new Board members in an open and transparent manner, with the bare minimum being an advert on the relevant IC website. This ensures accountability and transparency for the process as well as producing a diverse applicant pool from which to choose the most appropriate candidate.

Conduct of Board Members

In addition to attending Board meetings, Board members are expected to act as ambassadors for the Innovation Centre. For example, this ambassadorial role may include:

- Attendance at networking events or conferences;
- Promotion of the Innovation Centre activities (e.g. student internships) to other businesses;
- Contribution to marketing campaigns by providing case studies.

Effectiveness – annual review

Evaluating the effectiveness of individual members and how that in turn has an impact on the effectiveness of the board should be an ongoing activity. It would be expected that Innovation Centre boards would undergo an effectiveness review on an annual basis.

Conduct of meetings

It is expected that all relevant papers will normally be sent electronically to board members at least 5 working days before the date of the meeting. Draft minutes will normally be sent to board members within 10 working days of the relevant board meeting for comment and will remain in draft form until formally approved at the subsequent board meeting.

The Chair will be responsible for the agenda of the meeting which will include (but is not limited to):

- Attendance and apologies for absence;
- Conflicts of interest
- Minutes of the previous meeting and matters arising;
- CEO Report (to include financial and KPI report);
- Risk register.

All matters requiring decisions of the Innovation Centre board will be decided by a simple majority of votes with the Chair carrying the casting vote.

Delegation of powers

In the event that a Chair is unable to attend, it is expected that the Chair will nominate a board member, normally not the CEO, to act in that capacity in their absence. The board may also wish to nominate a vice-chair (drawn from the private sector membership) to act in this capacity. In the event that the Innovation Centre CEO is unable to attend, s/he will nominate a deputy to attend in their absence, though this may require approval by the Chair in advance of the meeting. An Innovation Centre board may wish to allow other board members to nominate appropriate deputies and this should be clarified in the board's terms of reference.

Quorate

Each IC will have its own quorate rules that should be adhered to at each meeting. It is expected that a board will normally be quorate if the Chair and CEO (or delegate) is present, there is a minimum of one representative from each of the main stakeholder groups and the majority of members are from the private sector. In addition, the IC board shall only be quorate if at least one representative from the partner agencies is in attendance.

Confidentiality and publication schedule of papers

The IC boards should consider publishing the minutes of their board meetings on the IC website to support transparency of operation.

Some IC boards may wish their members to sign non-disclosure agreements to ensure necessary confidentiality on commercial issues.

Each board paper should denote whether the paper can be 'disclosed' or not should, for example, a Freedom of Information request, is received. IC programme partners would only expect individual papers to be confidential or non-disclosable if there was a large amount of commercially sensitive data within the paper.

Sub-groups and Innovation Centre Governance Structure

It is recognised that the IC board is one component in an IC's governance structure. Innovation Centres should have a diagram of the full governance structure on their websites to ensure full transparency of the decision making process.