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| HIGH LIFE HIGHLAND  REPORT TO BOARD OF DIRECTORS  23 April 2014 | AGENDA ITEM  REPORT No HLH/ /14 |

## **RECRUITMENT TO VACANT BOARD POSITIONS**

## **Report by Company Secretary**

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| **Summary** This report informs Directors of proposals to fill the vacant Board position which has resulted from the resignation of Mrs B McArdle in December 2013 and how it is proposed to fill the vacancies arising from the next two Directors who are due to stand down/seek re-election at the Board’s next Annual General Meeting (AGM) in February 2015.  It is suggested that the Board:-   1. agree the revised Skills Set, with specific skills being identified in the accompanying advert; 2. agree to advertise for a Director to fill the vacancy created as a result of Ms McArdle’s resignation; 3. agree that the annual recruitment process for two Independent Directors commence immediately and the vacancies are advertised in tandem with the vacancy as detailed above; 4. following on from (iii) above: 5. agree that individual Directors consider if they wish to retire with effect from the AGM, bearing in mind that they can intimate their intention to seek re-election; 6. should no Independent Director indicate their intention to resign, note the terms of office and, consequently, those Independent Directors scheduled to stand down/seek re-appointment; 7. note that one Director’s term of office would take effect from the end of June 2014 while the remaining two Directors’ terms of office would take effect from the next AGM, scheduled at present for February 2015. | |
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| **1.** | **Business Plan Contribution** |
| 1.1 | This report contributes to the achievement of the High Life Highland (HLH) Business Plan’s Outcomes “A positive company image” and “A growing company”. |
| **2.** | **Background** |
| 2.1  2.2  2.3 | The Nominations Committee met in November/December 2013 and appointed two Independent Directors to the Board, in accordance with the Articles of Association. Shortly after this time, on 9 December 2013, Ms B McArdle resigned as a Director of High Life Highland. The Nominations Committee agreed collectively not to fill her vacancy from any of the candidates they had interviewed during that recruitment process.  In addition, in recognising Directors’ desire to avoid or minimise any prolonged periods when the Board’s membership is incomplete, amendments to the Articles of Association were agreed by the Highland Council at its meeting on 19 December 2013.  The Independent Directors who are due to stand down/seek reappointment are the two who have been longest in office since they were last appointed/re-appointed However, a situation could arise whereby Independent Directors who are not the longest-serving choose to resign, as it is now possible for such Directors to self-nominate. The amendments to the Articles of Association require Independent Directors to intimate at a Board meeting, six months or more prior to the AGM, whether or not they intend to retire with effect from the conclusion of the AGM. The Nominations Committee would then be convened to fill the vacancies and recommendations made to the Highland Council before the date of the AGM. |
| **3.** | **Proposed Director Recruitment Process** |
| 3.1  3.2  3.3  3.4  3.5 | As agreed at the last Board meeting, a project group was established to carry out an assessment of the overall skills mix required by the Board and how the mix could be integrated with future recruitment of Independent Directors. This group met on 1 April 2014 and amended the Skills Set, as detailed in **Appendix 1**, for use as a generic document in the recruitment process. Where specific skills are required, such as retailing, marketing, sport, arts etc, this can be specified in the accompanying advert.  The project group was also of the view that the current vacancy should be filled as soon as possible to avoid the Board membership operating below capacity for a prolonged period of time. Accordingly, should the Board agree to the revised Skills Set, it is proposed to advertise as soon as possible to fill this vacancy.  In addition, to avoid a perception of the Board frequently seeking new Directors, it was suggested that the process for the annual recruitment of two Independent Directors take place at the same time. Should the Board agree to the processes commencing, Independent Directors will then be required to consider individually if they wish to retire from the Board with effect from the next AGM. In so doing, they can also indicate if they would be seeking re-appointment. A declaration by an Independent Director of their intention to resign/seek reappointment would be binding and only in exceptional circumstances could this declaration be withdrawn. If no Director(s) came forward, the process would revert to the retiral of Directors longest in office. The terms of office for current Directors, for reference, is detailed in **Appendix 2.**  It is hoped that the recruitment process for all three Independent Directors could be completed in time for the Highland Council to consider the recommendations of the Nominations Committee at its meeting scheduled for 26 June 2014. This would necessitate the vacancies being advertised as soon as possible, a closing date being set for the start of June and the shortleeting and interviewing taking place in the following two weeks.  For clarification, the appointment of Directors takes effect when the Highland Council notifies the Company Secretary. So, it is proposed that one Director would be in place from the date of the Highland Council’s June meeting while the other two Directors’ would commence with effect from the next AGM, scheduled for February 2015. Although the date of the Highland Council meeting is after the Board’s next meeting this would allow one Independent Director’s induction to take place over the summer months and the other two Independent Directors Designate to have a lead-in period during which they could familiarise themselves with High Life Highland. |
| **4.** | **Implications** |
| 4.1  4.2  4.3 | Resource Implications – depending on the degree of advertising this can be done within existing budgets. However, there would be a resource implication should the Board wish to purchase advertising.  Legal Implications – the need for two Independent Directors to retire at each AGM is a requirement of the Company’s Articles of Association.  Risk Implications - there are no risk implications arising from the content of the report but there could be governance risks if the Board operated below full membership capacity for a prolonged period. |
| **Recommendation** It is recommended that the Board:-   1. agree the revised Skills Set, with specific skills being identified in the accompanying advert; 2. agree to advertise for a Director to fill the vacancy created as a result of Ms McArdle’s resignation; 3. agree that the annual recruitment process for two Independent Directors commence immediately and the vacancies are advertised in tandem with the vacancy as detailed above; 4. following on from (iii) above: 5. agree that individual Directors consider if they wish to retire with effect from the AGM, bearing in mind that they can intimate their intention to seek re-election; 6. should no Director indicate their intention to resign, note the terms of office and, consequently, those Directors scheduled to stand down/seek re-appointment; 7. note that one Director’s term of office would take effect from the end of June 2014 while the remaining two Directors’ terms of office would take effect from the next AGM, scheduled at present for February 2015. | |

Signature:

Designation: Company Secretary

Date: 4 April 2014

**APPENDIX 1**

**Skills Set for Directors**

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| **Category** | **A - Essential Criteria** | **B - Desirable Criteria** |
| Experience | A.1 Good track record in business or community management  A.2 Knowledge of the cultural, learning and / or leisure sector in the Highlands  A.3 Working as part of a Board or Senior Management Team | B.1 Leading a team within a company or community organisation  B.2 Fund raising experience  B.3 Understanding of corporate governance issues including risk management  B.4 Development of strategic policy |
| Skills | A.4 Relevant skills to contribute to the development of the company; such as financial, legal, personnel, marketing, ICT, property and general management  A.5 Analytical skills to understand subject matter that may be complex from written and verbal sources  A.6 Effective communication skills including the ability to listen to other opinions to form a balanced view and to challenge and debate in a constructive manner.  A.7 Ability to contribute effectively to the work of a team or Board for the benefit of the organisation |  |
| Personal  qualities | A.8 Commitment to the success of the charitable objects of the company  A.9 Good team player  A.10 Able to act effectively as an ambassador for the company | B.5 Commitment to the wellbeing of the Highlands  B.6 Positive outlook and approach |
| Other  requirements | A.11 Resident in the Scottish Highlands or connection with the area  A.12 Must be prepared to attend evening meetings | B.7 Appreciation of the status and operation of a charitable organisation  B.8 Appropriate skills and experience to represent the diverse geographical nature of the Highlands |
| Additional  requirements  for Board Chair | A.13 Able to act effectively as main ambassador for the company  A.14 Able to plan and conduct Board meetings effectively  A.15 Previous Board or similar experience | B.9 Developed leadership skills  B.10 Able to maintain an overview of company performance and development and advise accordingly  B.11 Good management skills |

**APPENDIX 2**

**HIGH LIFE HIGHLAND**

**INDEPENDENT DIRECTORS**

**LENGTH OF SERVICE**

**Director Appointed/Reappointed\***

Jenny Clarke 19 December 2013

Ian Ross 19 December 2013

Catriona MacLean 27 June 2013

Douglas Graham \* 7 March 2013

Donald McLachlan\* 7 March 2013

Kenneth Nicol 8 September 2011

Laurence Young 8 September 2011

Notes

\* Where a Director has already been reappointed, the date of reappointment has been used for the purposes of this table to illustrate the position of that Director in the table.

High Life Highland

Schedule of Retiral for Directors Prepared DRRG 23.02.14

Name Appointed 1st AGM Appointed 2nd AGM Appointed 3rd AGM Appointed 4th AGM Appointed 5th AGM Appointed 6th

06.12.12 27.02.14 Feb 2015 Feb 2016 Feb 2017 Feb 2018

C Ewan 08.09.11 **R 15.02.13**

Donald M 08.09.11 **R** 07.03.13 *to resign*

Douglas G 08.09.11 **R** 07.03.13 *to resign*

John Watt 08.09.11 **R**

Linda K 08.09.11 **R**

Laurence Y 08.09.11 *to resign*

Bette M 08.09.11 **R 09.12.13**

Ken N 08.09.11 *to resign*

Catriona M 27.06.13 *to resign*

Ian Ross 19.12.13 { *one to*

Jennifer Clarke 19.12.13 *resign}*

**R = resigned**

**Article 62 – Board meeting 6 or more months in advance of AGM to decide which Directors to retire by rotation**