

A+DS Board Member Pack (2010 Appointments)

Board Pack 2010

1. On Board, Scottish Government 2006 (modified 2009)
2. Members Model Code, Standards Commissioner for Scotland 2002
3. Members Model Code – Guidance note, Standards Commissioner for Scotland 2002
4. Ethical Standards in Public Life etc (Scotland) Act 2000
Ethical Standards in Public Life etc (Scotland) Act (Code of Conduct for Members of certain Scottish Public Authorities) Order 2006
5. A+DS Register of Interests Form
Do I have a declarable interest? Flowchart
Register of Interests Example - NHS Shetland
Register of Interests Example – SEPA
Register of Interests Example – VisitScotland

1. “On Board”

On Board was published by the Scottish Government in 2006 and amended in 2009. The aim of this guide is to provide new board members with much of the basic information that you will need to understand the role of a Board Member of a public body.

The document sets the scene, provides the principles of corporate governance, sets out the roles, responsibilities and relationships as well as the effective financial management and expected standards of behaviour.

Board Members should pay specific attention to the Registration of Interests on page 77 as well as the examples of the Register of Interest from NHS Shetland and SEPA. To fulfil our legal obligations the Register will be placed on the web as well as in hard copy.

2. “Members’ Model Code”

The *Members Model Code* was published by the Standards Commission for Scotland. This Code has been adopted in full by a number of NDPBs, such as VisitScotland and the Scottish Law Commission, sets out the standards of behaviour expected of those involved in public life in Scotland.

Attention should be drawn to Section 4, Registration of Interests which provides a 3 page break down explanation of the categories required to be registered as well as declarations of interests, lobbying and general conduct.

An example copy of the board register of interest form, *do I have a declarable interest* diagram and examples of board registers from NHS Shetland, SEPA and VisitScotland are enclosed for information.

3. “Guidance Note to Devolved Public Bodies in Scotland and their Members”

The Standards Commission for Scotland produced the document “*Guidance Note to Devolved Public Bodies in Scotland and their Members*” in 2008 which focuses on the duties of public bodies to promote high standards of conduct and outlines why interests have to be registered and declared.

4. Ethical Standards in Public Life etc. (Scotland) Act 2000 and the Ethical Standards in Public Life etc (Scotland) Act (Code of Conduct for Members of certain Scottish Public Authorities) Order 2006

The *Ethical Standards in Public Life etc. (Scotland) Act 2000* was included in the board pack for information. The Act sets out the requirement for devolved public bodies to have and maintain a code of conduct for its members. A+DS was not included in the initial schedule as stipulated by section 28 of the Act but by a later Scottish Statutory Instrument (No. 26) in 2006.

5. A+DS Register of Interests Form **Do I have a Declarable Interest? Flowchart** **Register of Interest Example – NHS Shetland** **Register of Interest Example – SEPA** **Register of Interest Example – VisitScotland**

The *A+DS Register of Interests Form* contain a note outlining each registerable interest category, the relevant *Standards Commissioner for Scotland Model Code* reference and a description. A copy of the Register of Interests Form is at the end.

The *Do I have a Registerable Interest? flowchart* provides guidance on whether a Board Member should declare an interest at a meeting. This responsibility lies solely with the Board Member.

Three examples of *Registers of Interests* are attached for information. It is intended to place all registers of interest on the A+DS website as part of our openness and accessibility policy.

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The Scottish Executive is particularly grateful to David Nicholl, Head of the Chartered Institute of Public Finance and Accountancy (CIPFA) in Northern Ireland, for the invaluable advice, guidance and support provided during the preparation of this Guide.

The Scottish Executive recognises the encouragement and support provided by the Chief Executives' Forum in Northern Ireland whose earlier publication inspired this production. *On Board: A Guide for Board Members of Public Bodies in Northern Ireland* was first published in 1998 by the Chief Executives' Forum and CIPFA Northern Ireland.

Preface: What is a Public Body?

A public body is generally an organization which receives at least 50 percent of its funding from central government. Within this framework some public bodies operate to a greater or lesser extent at arm's length from Ministers and are **not** part of a Scottish Executive Department. These specific bodies are generally referred to as Non Departmental Public Bodies and are managed by a Board whose members are appointed by the Minister. There are five main categories of NDPB:

- **executive NDPBs – with executive, administrative, regulatory or commercial functions, employing their own staff and managing often considerable budgets. They have their own set of accounts. Examples include sportscotland and Scottish Enterprise.**
- advisory NDPBs – set up by Ministers to advise them and their Departments on particular matters. Advisory bodies generally have no staff of their own but are supported by staff from their sponsor Department. Their expenditure is usually no more than members' expenses. They do not have their own set of accounts. Examples include the Scottish Law Commission and the Historic Environment Advisory Council for Scotland.
- tribunals – independent of the Scottish Executive, deciding the rights and obligations of private citizens towards each other or towards a Department or other public authority. Tribunals are established, for example, to decide medical appeals and employment disputes. They do not employ staff and do not incur expenditure on their own account. Examples include the Rent Assessment Panel for Scotland and the Lands Tribunal.
- public corporations and nationalised industries – industrial or commercial enterprises under direct Government control, with responsibility for employing their own staff and managing their own budget.
- National Health Service bodies – bodies which provide management, technical or advisory services within the NHS, and which normally have responsibility for employing their own staff and managing their own budget.

This guidance is specifically, but not solely, directed at Board members who have been appointed to an NDPB which falls into one of the above categories.

You can find a list of all current NDPBs at the Scottish Executive website at:

<http://www.scotland.gov.uk/government/publicbodies>

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Section 1 Introduction

1.1 INTRODUCTION TO THE GUIDE

Welcome On Board - but what exactly is expected of you?

The main purpose of a Board of a Scottish public body, as defined in the preface, is to provide effective leadership, direction, support and guidance to the organisation and to ensure that the policies and priorities of the Minister (and the Scottish Executive) are implemented. The Minister has appointed you as a Board member to make an effective contribution to the work of the Board and to ensure that it discharges its governance functions effectively on his/her behalf.

The Board, therefore, is the bridge between the Minister who approves the Corporate/Business Plans and key performance targets of the Body, and the Chief Executive and Senior Management Team who aim to ensure that the Plans are delivered and targets met through effective and properly controlled executive action.

All Board members of public bodies have a crucial role to play in ensuring that their organisation is run efficiently and effectively. You have been appointed as a Board member to bring your personal expertise and experience to the Boardroom and you are **personally** as well as **corporately accountable** for your actions and decisions as a Board member.

One of the key roles of every Board member is to provide a strong ‘challenge function’, carefully scrutinising plans and underlying assumptions before decisions are taken. In exercising this important role, you should be prepared to question the position adopted by the Chief Executive, other senior officers and, if necessary, other Board members with a view to clarifying issues and securing improvements.

What is the aim of this Guide?

This Guide has been produced to provide you with much of the basic information that you will need to understand your role as a member of the Board of a public body in Scotland and to help make your time with the Board fulfilling and effective. The Guide supplements the information contained in your Letter of Appointment that formally sets out your roles and responsibilities as a Board member. It does not, however, take precedence over either legislation or the Management Statement and Financial Memorandum in place within your public body.

However, the Guide is merely the starting point of your induction into the body that you have just joined. In due course, you should expect to receive induction guidance and training from the organisation on a range of topics, including:

- the structure, governing legislation and work of your public body and links with the sponsor Department;

- the Code of Conduct for Board Members and the Ethical Standards Framework; and
- your corporate roles and responsibilities as a Board member.

Annex 1 provides a checklist of further induction guidance and training that **may** be available from your organisation. You should refer to this checklist when you are discussing your induction requirements with the Chief Executive and/or Chair of your organisation. Your annual appraisal with the Chair will also highlight areas where further training is required.

This Guide is produced in ring binder form to enable you to add material to it that you consider relevant and useful. The Guide will be updated as information changes.

Does this Guide cover your public body?

The Guide is designed to be relevant to Boards of all public bodies, as defined in the preface, regardless of size or function. However, if you are a Board member of an advisory NDPB, a tribunal or an NHS body, some of the content of this Guide may not be directly relevant to you. Board members should seek clarification from the Chair or Chief Executive as to the extent to which separate arrangements apply in your organisation. Nevertheless, the Guide contains much generic information that is essential to enable you to discharge your responsibilities as a Board member of a public body of whatever kind.

1.2 STRUCTURE OF THE GUIDE

The Guide is organised into five main Sections, as follows:

Section 1	The Introduction Sets the scene and provides some reference material.
Section 2	Principles of Corporate Governance Explains the broad principles to be followed in the conduct and management of public business.
Section 3	Roles, Responsibilities and Relationships Outlines the roles and responsibilities of the Board as a corporate body and individual Board members and the key internal and external relationships that must be managed properly for the Board to operate successfully.
Section 4	Effective Financial Management Describes and explains the requirements arising from the Public Finance and Accountability (Scotland) Act 2000 and the Scottish Public Finance Manual including the need to account

for the use of public money and the safe keeping of public assets.

Section 5

Standards of Behaviour

Outlines the requirements of the Ethical Standards Act and explores some of the practical issues for public bodies, Boards and Board members.

How can this Guide help you to discharge your responsibilities as a Board member?

You will notice that Good Practice Checklists have been included at the end of most of the Sections in this Guide. These checklists are intended to be an aide memoire for you as a Board member to be able to assure yourself that the relevant controls, policies etc. are in place in your organisation. However, please recognise that there may be good reasons why some of the controls, policies etc. are not in place in your public body. It might therefore be advisable to discuss any concerns that you have, in relation to your organisation's compliance with the checklists, with the Chair of your public body.

And what next?

1.3 FURTHER HELP AND GUIDANCE

There is a wealth of sources of further information and guidance and it would be impossible to give an exhaustive list. A list of further reading and useful contacts is provided at Annex 2.

The two main sources of information and guidance will however be the body that you have just joined, particularly the Chair and Chief Executive, and the sponsor Department. Between them, they should be able to provide most of the advice and information that you are likely to need during your time as a member of the Board.

1.4 GLOSSARY OF TERMS

A glossary of terms used in this Guide, with which you may be unfamiliar, is attached at Annex 3.

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Section 2 Principles of Corporate Governance

2.1 INTRODUCTION AND BACKGROUND TO CORPORATE GOVERNANCE

What is corporate governance?

Corporate governance is about the management of management. It was defined in the Cadbury Report¹ as ‘the system by which organisations are directed and controlled’.

Corporate governance is, therefore, concerned with the structures and processes for decision making and accountability, controls and behaviour at the top of organisations. In the private sector, the focus is on the Board. In the public services, in the broadest sense, ‘the Board’ is sometimes difficult to identify and define but the decisions, actions and behaviour of top policy makers and managers in public bodies are equally, if not more, critical.

In whatever way ‘the Board’ is configured, constituted or described, all public bodies must have, at their head, a group which is responsible for:-

- giving leadership and strategic direction;
- defining control mechanisms to safeguard public resources;
- supervising the overall management of the body’s activities; and
- reporting on stewardship and performance.

It is to this ‘Board’ that the principles of corporate governance apply.

Why is corporate governance important?

Corporate governance has been a high profile topic in recent years principally because of public concern at a lack of control at the top of organisations. There is a perception that, in certain cases, senior managers appear to have been able to act without restraint and that inadequately designed systems have failed to prevent fraudulent, inefficient or inappropriate behaviour.

In the early 1990s, developments in corporate governance gained momentum partly as a result of scandals involving Directors or other senior staff in private sector organisations, for example, the Maxwell saga and the failure of BCCI.

In the public sector, a series of reports by the Committee of Public Accounts at Westminster in the 1990s highlighted serious failings in the area of corporate

¹ The Report of the Committee on the Financial Aspects of Corporate Governance (December 1992)

governance, for example the reports on the Welsh Development Agency and the Wessex and West Midlands Regional Health Authorities.

In Scotland, there have been a number of high profile reports and inquiries in recent years highlighting inadequacies in the governance of public bodies. In one report, a Parliamentary Committee concluded that the governance arrangements in an NDPB did not identify or prevent a crisis which it should have done. Although not the primary factor, the Committee believed that the Board failed sufficiently to challenge the Chief Executive over a significant operational development that ultimately failed.

In another report, the Scottish Parliament's Audit Committee concluded that, on the evidence received, 'members of the Board of an NDPB had acted with probity throughout a very difficult period but could not escape criticism for not being aware of problems of which they should have been aware.'

2.2 THE PRINCIPLES OF CORPORATE GOVERNANCE

Developments in the Private Sector

In the private sector, a number of financial reporting irregularities (Maxwell, Polly Peck etc) led to the setting up of the 'Financial Aspects of Corporate Governance Committee' chaired by Sir Adrian Cadbury. The Cadbury Report, published in 1992, made a number of recommendations on the roles and responsibilities of the Chair and Chief Executive, transparency of financial reporting and the need for good internal controls.

In particular, the Cadbury Report identified the need for non-executive Directors to have a clearly defined role in determining how an organisation is directed and controlled. They should 'bring an independent judgement to bear on issues of strategy, performance, resources, including key appointments, and standards of conduct'. Non-executives are expected to act as a counterbalance to executive Directors and senior staff and to challenge them where necessary.

In 1995, following concerns about Directors' pay and share options, the Greenbury Report recommended that there should be extensive disclosure of remuneration in annual reports and that companies should establish a remuneration committee made up exclusively of non-executive Directors.

In 1996, the Hampel Committee was established to review the extent to which the recommendations of Cadbury and Greenbury had been implemented and the resulting Hampel Report led to the pulling together of all the key recommendations from Cadbury, etc into a Combined Code of Corporate Governance published in 1998.

Guidance on how to apply aspects of the Combined Code has since been included in a number of reports, including the Turnbull Committee Report (on systems of internal control). In January 2003, the Higgs Report was published and set out a

number of key recommendations to enhance the role and effectiveness of non-executive Directors.

These included:

- Independence** Non-executive Directors must be “independent”. Higgs set out strict tests of independence, particularly around the length of tenure of the role.
- Performance Review** The performance of the Board and each individual Director should be formally assessed at least annually and the details of the assessment published.
- Majority** At least half the members of the Board, excluding the Chair, should be non-executive Directors, who pass the test of independence.
- Attendance** The Annual Report should state the number of times that the Board and its committees met. It should also set out the attendance record of each Director.
- Multiple Directorships** Non-executives must be able to give fully the time that is required to each Board upon which they sit. Being on several Boards is therefore unlikely to be tenable. No-one should be the Chair of more than one company.
- Director Development** Arrangements for the induction of new non-executive Directors, and the development of all non-executive Directors, should be substantially improved and accorded a high priority.

The Combined Code was updated in July 2003 to reflect the recommendations from the Higgs Report. Although there are elements of the Combined Code which are relevant to Board members of public bodies, the Code only applies to companies listed on the primary market of the London Stock Exchange.

While there are a number of similarities between the public and private sectors in terms of corporate governance principles, board members should be aware that it may not always be possible to draw a direct parallel between the two.

Being on the Board of a public body will call for a wider appreciation of how the principles of corporate governance are mediated by the codes of conduct that apply to those who serve in public life.

Developments in the Public Sector

Nolan Principles

In 1995, the Committee on Standards in Public Life (the Nolan Committee) identified seven principles of conduct underpinning public life “for the benefit of those who serve the public in any way” and recommended that public bodies should draw up Codes of Conduct incorporating these principles. The seven Nolan Principles are as follows:

- **Selflessness** Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or other friends.
- **Integrity** Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.
- **Objectivity** In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.
- **Accountability** Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.
- **Openness** Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.
- **Honesty** Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.
- **Leadership** Holders of public office should promote and support these principles by leadership and example.

The Scottish Executive took the Nolan Committee recommendations one step further with the introduction of the Ethical Standards in Public Life etc. (Scotland) Act 2000 which brought in a statutory Code of Conduct for Board Members of Devolved Public Bodies and set up a Standards Commission for Scotland to oversee the ethical standards framework.

The Scottish Executive also identified nine key principles underpinning public life in Scotland, which incorporated the seven Nolan Principles and introduced two further principles:

Public Service Holders of public office have a duty to act in the interests of the public bodies of which they are a Board member and to act in accordance with the core tasks of the body.

Respect Holders of public office must respect fellow members of their public body and employees of the body and the role they play, treating them with courtesy at all times.

These nine principles and their practical implications for Boards and Board members are explored in Section 5.

[Good Governance Standard for Public Services](#)

In 2004, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Office for Public Management established an Independent Commission on Good Governance in Public Services under the Chairmanship of Sir Alan Langlands. The role of the Commission was to develop a common code and a common set of principles for good governance across the public services.

In January 2005, the Commission published its Good Governance Standard for Public Services which builds on the Nolan Principles by setting out six core principles of good governance for public bodies. These six core principles also have their own supporting principles as described below:

Fig. 2.1 Good Governance Standard for Public Services: Principles of good governance.



1. Good governance means focusing on the organisation's purpose and on outcomes for citizens and service users
 - Being clear about the organisation's purpose and its intended outcomes for citizens and service users;
 - Making sure that users receive a high quality service; and
 - Making sure that taxpayers receive value for money.
2. Good governance means performing effectively in clearly defined functions and roles
 - Being clear about the functions of the governing body;
 - Being clear about the responsibilities of non-executives and the executive and making sure that those responsibilities are carried out; and
 - Being clear about relationships between Board members and the public.
3. Good governance means promoting values for the whole organisation and demonstrating the values of good governance through behaviour

- Putting organisational values into practice; and
 - Individual governors behaving in ways that uphold and exemplify effective governance.
4. Good governance means taking informed, transparent decisions and managing risk
- Being rigorous and transparent about how decisions are taken;
 - Having and using good quality information, advice and support; and
 - Making sure that an effective risk management system is in operation.
5. Good governance means developing the capacity and capability of the governing body to be effective
- Making sure that appointed and elected governors have the skills, knowledge and experience they need to perform well;
 - Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group; and
 - Striking a balance, in the membership of the governing body, between continuity and renewal.
6. Good governance means engaging stakeholders and making accountability real
- Understanding formal and informal accountability relationships;
 - Taking an active and planned approach to dialogue with and accountability to the public;
 - Taking an active and planned approach to responsibility to staff; and
 - Engaging effectively with institutional stakeholders.

The Good Governance Standard also shows how these principles should be applied if organisations are to live up to the Standard and provides checklists for Board members (and the Board) and the public to challenge sub-standard performance of public bodies.

2.3 TRANSLATING THE PRINCIPLES INTO ACTION

The On Board Guide for Board Members of Public Bodies in Scotland provides the practical advice and guidance that is needed to enable public bodies and Board members to apply the principles of good corporate governance to their own organisations. The Guide pulls together good practice from the private and public sectors to provide guidance to Board members across the three main dimensions of corporate governance as set out below:

- Roles, Responsibilities and Relationships (Section 3 of this Guide)
 - setting out the roles and responsibilities of the Board, Board members, the Chair and the Chief Executive;
 - managing the key relationships between the Board and senior management and between the public body and the sponsor Department; and
 - conducting Board business efficiently and effectively.
- Effective Financial Management (Section 4 of this Guide)
 - how the Board and senior management demonstrates its financial accountability for the stewardship of public money and its performance in the use of resources.
- Standards of Behaviour (Section 5 of this Guide)
 - how the Board exercises leadership in determining the values and standards of the organisation, and ensuring compliance with the requirements of the Ethical Standards Act.

The Sections which follow take each of these three dimensions of corporate governance and explain their meaning more fully and, in particular, their relevance to you as a member of the Board of a public body in Scotland.

A Good Corporate Governance checklist is provided at Appendix 2.1. After you have settled in and familiarised yourself with your public body and its ways of working, you may wish to review the governance arrangements in place against the checklist to satisfy yourself that appropriate arrangements are in place to meet the needs of your public body.

In addition, you may wish to access the extent to which your body is complying with the six core principles of Good Governance through completion of the self assessment checklist at Appendix A of the Good Governance Standard for Public Services.

Roles and Responsibilities

- 6 Is there a clearly defined division of responsibilities at senior management level?
- 7 Does the Board:
- meet regularly?
 - retain full and effective control over the body?
 - monitor the executive management?
- 8.1 Has the Board established a framework of strategic control (or scheme of delegated or reserved powers)?
- 8.2 Does the framework of strategic control include a formal schedule of those matters specifically reserved for the collective decision of the Board?
- 8.3 Does the Board maintain an up-to-date framework of strategic control?
- 9.1 Has the Board established clearly documented and understood management processes for:
- policy development, implementation and review?
 - decision-making, monitoring, control and reporting?
- 9.2 Has the Board established formal procedural and financial regulations to govern the conduct of its business?
- 10 Has the Board established appropriate arrangements to ensure that it has access to all such relevant information, advice and resources as is necessary to enable it to carry out its role effectively?

Yes	No

	Yes	No
11 Is the role of the Chair formally defined in writing?		
12.1 Are non-executive Board members:		
<ul style="list-style-type: none"> • independent of management? • free from any other relationships which may materially interfere with exercising an independent judgement on issues of strategy, performance, resources and standards of conduct? 		
12.2 Are the duties, terms of office, remuneration and its review, of non-executive Board members defined clearly?		
13.1 Does the Chief Executive have line responsibility for all aspects of executive management?		
13.2 Is he or she accountable to the Board for the ultimate performance and implementation of the Board's policy?		
14 Has the Board made a senior executive responsible for ensuring that appropriate advice is given to it on all financial matters?		
15 Has the Board made a senior executive responsible for ensuring that Board procedures are followed and that all applicable statutes and regulations and other relevant statements of best practice are complied with?		
16 Has the Board established a remuneration committee to make recommendations on the remuneration of top executives?		

EFFECTIVE FINANCIAL MANAGEMENT

Annual Reporting

- 17 Does the Board publish on a timely basis an objective, balanced and understandable annual report?
- 18 Does the Board include in its annual report a statement confirming that it has complied with relevant standards or codes of corporate governance?

Internal Controls

- 19.1 Has the Board taken steps to ensure that systems of internal control:
- are established?
 - continue to operate in practice?
- 19.2 Does the Board include in its annual report a statement on the effectiveness of the body's systems of internal control?
- 20 Has the Board taken steps to ensure that effective systems of risk management are established as part of the systems of internal control?
- 21 Has the Board taken steps to ensure that an effective internal audit function is established as part of the systems of internal control?

Audit Committee

- 22 Has the Board established an audit committee with responsibility for the independent review of the systems of internal control and of the external audit process?

Yes	No

External Auditors

- 23 Has the Board taken steps to ensure that an objective and professional relationship is maintained with the external auditors?

STANDARDS OF BEHAVIOUR***Leadership***

- 24 Has the Board taken steps to ensure that its members exercise leadership by conducting themselves in accordance with high standards of personal behaviour?

Code of Conduct

- 25 Has the Board developed a formal code of conduct defining the standards of personal behaviour, to which individual Board members and all employees of the body are required to subscribe?
- 26 Has the Board established appropriate mechanisms to ensure that members and employees of the body are not influenced by prejudice, bias or conflicts of interest?

Yes	No

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Section 3 Roles, Responsibilities and Relationships

3.1 THE ROLE OF THE BOARD

What specifically is the role of the Board of a public Body?

The main purpose of a Board of a Scottish public body is to provide effective leadership, direction, support and guidance to the organisation and to ensure that the policies and priorities of the Minister (and the Scottish Executive) are implemented.

The three main functions of a Board are:

To represent the interests of the Minister. In the majority of cases Boards of public bodies are appointed by Ministers' in order to ensure delivery of, or advise upon, Ministerial policies.

The representation of a body's views to Ministers' by a Board is of course perfectly legitimate and acceptable, but such action should be viewed within this wider context. Crucially Board members should be clear about Ministerial policies and expectations for their body. If they are in any doubt on this point at any time, they should seek clarification from the Chair.

- To provide active leadership of the public body by:
 - agreeing the organisation's strategy;
 - setting cost effective plans to implement the strategy;
 - establishing a performance management framework which enables under-performance to be addressed quickly;
 - establishing the values and standards of the organisation and ensuring that the organisation adopts and complies with Codes of Conduct for Staff and Board members;
 - ensuring that the highest standards of governance are complied with, that the organisation complies with all Ministerial guidance, its Management Statement and Financial Memorandum and legislation, and that a framework of prudent and effective controls is in place to enable risks to be assessed and managed;
 - focusing on the difference that the organisation is making in the outside world, i.e. effects on customers and citizens; and
 - ensuring that the body is a Best Value organisation.

- To hold the Chief Executive (and senior staff) to account for the management of the organisation and the delivery of agreed plans on time and within budget.

In addition to any special responsibilities set by Ministers' or set out in the statute that established the public body, the basic tasks of the Board are:

- To establish the corporate mission, aims and objectives of the body in line with Ministerial expectations-This should make explicitly clear:
 - why your body exists?
 - what it hopes to achieve?
 - what are the values and beliefs that guide its work?
- to oversee the development (and review) of strategies, plans and policies of your public body;
- to ensure the operation and work of your public body is closely aligned with the work of other service delivery public bodies to ensure efficiency and effectiveness at the highest strategic level;
- to oversee the development (and review) of performance targets, including key financial targets;
- to provide continuity of direction and management by making appropriate arrangements for delegation; and
- to establish and promote the body's role in the community by:
 - developing mechanisms for gathering and responding to the views of stakeholders, including customers;
 - keeping people informed;
 - representing the body within the community; and
 - ensuring that the body operates in an open, accountable and responsive way.

The Effective Board ensures that:

- Alternative strategies for the organisation are developed
- The selected strategy is totally aligned to the organisation's purpose, consistent with Ministerial objectives and aspirations and is affordable
- Cost effective plans to implement the agreed strategies are developed, adopted and implemented
- It monitors organisational performance ensuring any underperformance is addressed swiftly
- The organisation complies with any Ministerial guidance or direction issued
- The organisation adopts and complies with its Code(s) of Conduct
- It maintains its focus on strategy, performance and behaviour and is not diverted by detail

3.2 THE ROLES AND RESPONSIBILITIES OF BOARD MEMBERS

What specifically is your role as a Board member?

The role of the Board member focuses on four key areas:

Strategy To contribute to strategic development and decision-making.

Performance To ensure that effective management arrangements and an effective team are in place at the top level of the organisation.

To help to clarify which decisions are reserved for the Board and then ensure that the rest are clearly delegated.

To hold management to account for its performance in meeting agreed goals and objectives through purposeful challenge and scrutiny; and to monitor the reporting of performance.

Risk To ensure that financial information is accurate and that financial controls and systems of risk management are robust and defensible;

Behaviour To live up to the highest ethical standards and comply fully with the Code of Conduct. Board members should also demonstrate through their behaviour that they are focusing on their responsibilities to the Minister, the organisation and its stakeholders.

When you join the Board, you should be provided with an appropriate programme of induction training. This should include guidance on what you have to do as a Board member and the standards that you must meet.

Your specific role may vary depending on the role of the Board to which you have been appointed and the capacity in which you have been appointed, but generally you will be expected to:

- understand the environment in which your public body operates;
- contribute to decision-making and share responsibility for the Board's decisions;
- attend Board meetings on a regular basis and be well prepared by reading relevant papers in advance and, if necessary, seeking further information;
- attend training events and keep up to date with subjects relevant to the body's work;
- contribute to the work of any committees that have been established by the Board; and
- represent the Board at meetings and events when required.

To what extent can you be held liable at law for your actions as a Board member?

Basically, if you, as an individual Board member, incur a civil liability in the course of carrying out your responsibilities for the Board, you will not have to pay anything out of your own pocket provided that you have acted honestly and in good faith.

However, it should be noted that this indemnity does not protect you if you act recklessly or in bad faith.

In many cases, your founding legislation or standing orders will set out the grounds on which you may be removed as a Board member and these may include bankruptcy; becoming incapable of performing your duties as a Board member or being convicted of an indictable offence.

The Ethical Standards in Public Life (Scotland) Act 2000 formalised the use of Codes of Conduct for Board Members. Ministers' and the Parliament expect all Members to adhere fully to the principles of public life set out in the Model Code of

Conduct for Members of Public Bodies. Any breach of the principles or duties in that model code, or in any specifically approved Code for your public body, could result in sanction, suspension or dismissal. These principles and their implications for you as a Board member are discussed in greater depth in Section 5 of this Guide.

Nomination to the Board of another organisation

Some public bodies have the right to nominate one or more Board members to the Board of another organisation. If you are nominated to be a Board member on a body which is also a limited company, you will assume personal responsibilities as a **Company Director** under the Companies Acts. Any breach of your legal responsibilities as a Company Director could have serious consequences for you personally.

If you are in any doubt as to your position, you should take legal advice from the Board's legal advisers.

The Effective Non-Executive Board Member

- Upholds the highest ethical standards of integrity and probity (and complies with the public body's Code of Conduct for Board Members)
- Supports executives in their leadership of the business while monitoring performance
- Questions intelligently, debates constructively, challenges rigorously and debates dispassionately
- Listens sensitively to the views of others, inside and outside the Board
- Gains the trust and respect of other Board members
- Maintains a focus on strategy and performance and is not distracted by detail

Re-appointment to the Board

You will have been appointed to the Board because your personal skills and knowledge match the criteria for the post and meet the needs of the NDPB. Prior to any decision being taken with regard to your re-appointment, the sponsor team along with the Chair will review the Board's balance of skills and knowledge and decide whether or not they are still appropriate. This will allow any gaps to be identified.

You may be re-appointed for a second term, in the same role without open competition if you possess the skills and knowledge required on the board at the time of re-appointment. You will only be considered for reappointment if your performance has been assessed as satisfactory. Performance appraisals will be carried out regularly, throughout the term of your appointment not just prior to a possible re-appointment. The Chair is most likely to conduct appraisals of board members and senior officials will normally conduct Chair appraisals.

However, irrespective of the Chair's assessment of your performance, overall contribution and attendance during your time as a Board member, the final decision as to whether or not you are re-appointed to the Board ultimately rests with the Minister.

The terms and conditions of your appointment to the Board and the review procedure should be explained to you by the sponsor team upon appointment.

3.3 THE ROLES AND RESPONSIBILITIES OF THE CHAIR

What additional roles and responsibilities does the Chair have?

The Chair has some additional responsibilities over and above those of ordinary Board members, particularly in relation to strategic leadership and the conduct of Board business. These include:

- taking lead responsibility in representing the body in links with Ministers and the Scottish Parliament (other Board members may also be involved from time to time);
- advising the sponsor Department and Minister about Board appointments and the performance of individual members;
- taking the lead in building links, at Board level, with partner organisations and other stakeholders;
- ensuring that all Board members have a proper knowledge and understanding of their corporate roles and responsibilities;
- ensuring that the Board carries out its essential functions efficiently and effectively so that:
 - all planned business is dealt with, a conclusion is reached in respect of each item and that each member of the Board understands the conclusion;
 - the Board takes proper account of Departmental guidance etc in reaching decisions;
 - all decisions by the Board are clearly and accurately minuted;

- the Board delegates sufficient authority to its committees and to the Chief Executive;
- all Board members are given the opportunity to express their views before any important decision is taken; and
- the Board receives professional advice when needed.
- developing an effective working relationship with the Chief Executive:
 - overseeing the way the Chief Executive, together with the other Senior Managers, implements Board decisions;
 - agreeing the Chief Executive's annual performance targets and undertaking the assessment of his/her performance – possibly gaining Board (or Board Committee) approval for both the targets and the performance assessment.

The Effective Chair:

- Develops and maintains a positive relationship with the Minister and the sponsor Department
- Ensures that the Board maintains a focus on strategy and performance and is not distracted by detail
- Sets the agenda, style and tone of the Board discussions to promote effective decision-making and constructive debate
- Promotes effective relationships and open communication, both inside and outside the Boardroom, between non-executive Board members and the Executive team
- Builds an effective and complementary Board, initiating change and planning succession in Board appointments, subject to Ministerial approval and OCPAS guidelines
- Promotes the highest standards of corporate governance and seeks compliance with the provisions of the Code of Conduct for Board Members, upholding the highest ethical standards of integrity and probity
- Ensures effective implementation of Board decisions
- Establishes a relationship of trust with the Chief Executive, providing support and advice while respecting Executive responsibility
- Develops and maintains positive relationships at Board level with stakeholders ensuring mutual understanding and co-operation

3.4 THE ROLE OF THE CHIEF EXECUTIVE

The Chief Executive has accountability to the Board for the overall organisation, management and staffing of the public body. He/she must devise and implement appropriate management structures and processes and must ensure the organisation has the necessary human capital for it to achieve its mission.

The key roles of the Chief Executive are:

Executive Management

- To assist the Board in developing the Strategy for the public body. This will involve devising alternative strategies by which the public body might achieve its purpose and assessing the strengths and weaknesses of each for the Board;
- To devise and recommend a corporate plan which will allow for the full implementation of the Board's adopted strategies within the resources available;
- To devise and implement management structures and processes which will allow the public body to implement agreed corporate plans;
- To ensure that the public body has managers and staff with the necessary skills, knowledge, qualifications and experience to be able to implement agreed corporate plans;
- To lead and inspire the organisation to fully implement agreed corporate plans on time and within budget to achieve agreed objectives;
- To monitor carefully the implementation of plans, adjusting them as needs be, to ensure that no matter the changes in the 'environment' corporate plan objectives are met – on budget and on time;
- To ensure that the Board is kept adequately informed so as to be able to discharge its duty to monitor performance;
- To develop and maintain positive relationships with officials of the sponsor Department to understand Ministerial aspirations and to ensure that the Department understands the challenges facing the public body; and
- To develop and maintain an effective relationship with the Chair and to ensure an effective link between senior managers and the non-executive Board members.

As Accountable Officer.

Where a body manages its own budget, the Chief Executive will normally be designated as its Accountable Officer. The detailed responsibilities of the Accountable Officer for a public body are set out in a Memorandum from the Principal Accountable Officer issued to the Chief Executive at the time of formal designation (normally on appointment). These include:

- signing the accounts;
- ensuring that public funds are properly managed and safeguarded;
- ensuring that assets are properly controlled and safeguarded;
- ensuring that proper financial systems are in place and applied;
- ensuring that arrangements have been made to secure Best Value;
- representing the body before the Audit Committee of the Scottish Parliament;
and
- alerting the Departmental Accountable Officer to circumstances where the Board is proposing to go against the Accountable Officer's advice on matters of financial propriety, regularity and/or value for money.

A full list of the specific responsibilities of your Accountable Officer is provided in the Memorandum to Accountable Officers of Other Public Bodies which is contained in the Scottish Public Finance Manual (see Annex 2: Further Reading).

What is the role of a Board in supporting the Accountable Officer?

The Board has an important role in assisting the Accountable Officer to discharge his or her responsibilities. Board members are collectively responsible for ensuring that the organisation adheres to strict standards of financial propriety, and complies with any financial requirements, in particular, those contained in the Management Statement and Financial Memorandum. The Board:

- considers and approves forward budget allocations and financial targets within key strategic and planning documents, such as Corporate and Operational/Business Plans;
- monitors the financial position against budget allocations and key financial targets and takes corrective action where required;
- approves high value, novel or contentious expenditure proposals, for submission to the Scottish Executive and Ministers for approval where appropriate;
- approves the annual accounts; and

- ensures that proper internal audit arrangements are established and maintained.

What action can be taken if I am concerned about the performance of the body's Accountable Officer?

In circumstances where there are serious concerns about the actions and performance of the body's Accountable Officer, the Board or the Departmental Accountable Officer can recommend to the Principal Accountable Officer that Accountable Officer status be withdrawn or suspended. This would mean that the Chief Executive would be unable to fulfil their role and would effectively terminate their position as Chief Executive.

The Effective Chief Executive

- Helps create the vision by providing technical support and advice
- Leads the development of alternative strategies for achieving the vision, ensuring creativity is allied to realism
- Leads the development of innovative plans to achieve the full implementation of agreed strategies
- Builds capable and inspiring teams and organises them into a fit-for-purpose organisation structure with management processes that provide for plan delivery
- Provides inspiring leadership to the public body to ensure the complete delivery of agreed plans on time and to budget
- Monitors organisational performance closely, keeping the Board appropriately informed
- Ensures operational/performance issues are quickly and effectively dealt with
- Delivers performance
- Maintains an ability to innovate and question the *status quo* even when he/she created it him/herself
- Fulfils all the responsibilities of being the public body's Accountable Officer

3.5 FUNDAMENTAL PRINCIPLES OF BOARD LIFE

There are a number of fundamental principles of Board life to which all Board members (including the Chair) must adhere:

Corporate responsibility

While Board members must be capable of constructive challenge, they must also share corporate responsibility for decisions taken by the Board as a whole. If you fundamentally disagree with the decision taken by the Board, you have the option of recording your disagreement in the minutes. However, ultimately, you must either accept **and support** the collective decision of the Board – or resign. Board decisions should, however, always comply with statute, Ministerial directions, Ministerial guidance and the objectives of the sponsor Department.

Confidentiality

It is essential that all Board members respect the confidentiality of sensitive information held by the body, within the parameters of the Freedom of Information (Scotland) Act 2002. This includes commercially sensitive information, personal information and information received in confidence by the organisation. It is also essential that debate **inside** the Boardroom is not reported **outside** it.

Conduct

You have a responsibility to set an example by demonstrating the highest standards of behaviour. You must comply with the letter and the spirit of the Members' Code of Conduct. You should never publicly criticise the organisation or fellow Board members. You must not attempt to undermine Board decisions or distance yourself from them outside of the Boardroom.

It is important that nothing you do or say, whether acting in your capacity as a Board member or in a business or private capacity, should in any way tarnish the reputation of your organisation or the Board.

If a Board member has specific concerns about the manner in which the public body is being run, these concerns should be raised with the Chair in the first instance. If you fail to achieve resolution to your concerns with the Chair, it is open to you to take them to the sponsor Department – but you should appreciate that this is a significant step. You are also able to take specific concerns to the Auditor General or, in the case of ethical standards, to the Standards Commission (see Section 5).

'Wearing your Board Member hat'

You have to be aware that, when writing or speaking on any matter that is at all within the remit of the body, you might well be perceived as representing the Board even when you think you are writing or speaking as a private citizen, as an academic, or as a professional; indeed in any capacity. Any (mis)perception that

you are speaking with your Board member ‘hat’ on, can lead to embarrassment and distress for both you and your organisation.

If your Board has adopted a particular position on any policy matter, it is for you to support that position. If your Board has not adopted a position on a particular policy issue, you may be able to promote your own personal views, but you have to remember that once your Board has adopted a particular position, you will have to promote that position. In all probability, it would therefore be wise not to adopt too extreme a personal position.

In all probability, it therefore would be wise not to adopt too extreme a personal position.

Being a Board member does impose certain restrictions on what you can say and to whom. It is good practice – indeed it is almost essential - to clear articles or speeches on any subject matter which is at all relevant to the public body with the Chair or Chief Executive in advance. If you are approached by the media, it is good practice to leave such responses to the Chair or Chief Executive. If you are a Board member of an advisory body, you may wish to contact an official in the sponsor Department.

Operational Issues

It is essential that there is a clear understanding of the role of the officials and the role of non-executive Board members – there is often a fine line between the two. The Board’s role is to oversee the development of strategies, plans and policies for the organisation and to monitor and review performance. It is the role of the officials to provide advice on and to implement those plans, strategies etc.

Board members should avoid interfering in the day-to-day running of the organisation. However, you should expect to be fully involved in the development and selection of long term goals and strategies for achieving them.

Exceptionally, Ministers can appoint the Chief Executive of some – but not all – public bodies to the board. However, there is a strong presumption against this arrangement, primarily to ensure effective accountability, separation of function, objectivity and to avoid conflicts of interest in the decision making process. Although Ministers appoint the Chief Executive and other Executives to the Board of most NHS Bodies there will never be a majority of Executive Directors.. It is important that at full Board meetings and Committee meetings, the number of executives in attendance should be restricted to a minimum and under no circumstances should executives outnumber non-executives.

At least once a year, the Board should meet without the Chief Executive or any executives present. This gives the Board the freedom to challenge the actions and decisions of officials, without the potential for this challenge function to be undermined.

3.6 CORPORATE PLANNING AND STRATEGY

How does the Board manage the planning process?

One of the key tasks of the Board is to establish the mission, aims and objectives of the public body. This is usually done by developing a Corporate Strategy – a policy document setting out a vision for the organisation for the next five years or so. A Corporate Strategy can provide top-level information that feeds down into more detailed and shorter term planning documents such as the Corporate Plan. When appropriate, it must fit within, and take full account of, any strategic statements issued by the Scottish Executive.

The Corporate Plan is a key management tool for a public body as it turns long term strategies into planned action over a period of about three years and promotes continuous improvements in performance. The draft corporate plan should be submitted to the Scottish Executive in advance of the beginning of the first year to which the plan applies. The Corporate Plan should be reviewed, updated and published annually. Generally a corporate plan will include:

- the principal aims of the public body;
- an analysis of the environment in which it operates;
- the objectives, tasks and targets for the period of the plan;
- a description of the resources required to achieve the plan;
- indicators against which performance can be judged; and
- an efficiency plan describing how the body intends to achieve better value for money.

It must, in any event, meet any specific requirements as to content that may be set by the sponsor Department. It may be useful to meet with the Minister at the outset of the planning process in order to clarify priorities and objectives as the plan must self evidently be framed so as to deliver, or help deliver, Ministerial policy.

Ultimately, the Corporate Plan must be approved by the Scottish Ministers. As Ministers can only approve Corporate Plans for the Spending Review period, Board members should be aware that towards the end of the Spending Review period, the Corporate Plan can only be approved for the financial year immediately ahead. It is also worth remembering that, in addition to approving the Corporate Plan, the Scottish Ministers operate separate controls over the levels of funding in respect of your organisation.

The Board's role is to manage the planning process by providing the vision and to:

- ensure that effective long term and medium term planning takes place;
- ensure the plans reflect the body's statutory duties and the policies and priorities of the Scottish Executive;
- consider, challenge and if necessary change the plans; and
- review the plans and performance against them on a regular basis.

On joining the organisation, you should have been provided with the current planning document. Have a look at the contents against the list provided above, although it is not intended either to be prescriptive or exhaustive. Find out how your organisation develops the plan, who is involved and the different stages in the planning process.

3.7 ROLE OF BOARD COMMITTEES

How can the Board get through its business efficiently?

To function efficiently and effectively, a Board must put some thought into how business will be conducted. It must adopt processes for getting through business in a constructive way. Many Boards establish committees to deal with particular areas of interest outside main Board meetings, such as:

- Remuneration Committee;
- Audit Committee; and
- Area or Regional Boards.

Committees may also be set up to deal with specific aspects of the Board's role, the most common of which are:

- Staff Governance
- Finance;
- Policy
- Development
- Clinical Governance (in the NHS).

The advantage of a committee structure is that it allows for specialist areas to be debated in detail by members with the appropriate knowledge or skills. The key points can then be presented to the full Board for ratification, making more

effective use of scarce time. It is very important, however, that it is not merely the minutes of Board Committees that are reported to the Board. The Board cannot be expected to understand the issues dealt with by the Board Committee from the minutes alone. The Board has to have a substantive report from the Committee. That report will summarise not just the decisions but also the issues and the debate.

In some circumstances, the Board may invite individuals with specific skills and/or expertise to serve on Board Committees as co-opted members. However, co-opted members must never constitute a majority of the membership of any Board Committee.

3.8 THE ROLE OF THE MINISTER

Every public body sponsored by the Scottish Executive is expected to be aware of, and work within a strategic and operational framework determined by the Executive. Every public body falls within the portfolio of a specific Scottish Minister who will set its overall policy aims, define expected outcomes arising from implementation of that policy, and will review its progress against these actions.

In some policy areas, more than one Minister is involved. While it is to be expected that the two (or more) Ministers will co-ordinate policy, the public body – led by the Chair – should ensure clarity of purpose and direction.

Public bodies are often described as operating at 'arm's length' from Ministers' but this does not mean that they are beyond Ministerial control. The Minister will decide how much independence and flexibility the public body should have, depending on its size and the nature of the functions it carries out.

The founding legislation for most public body's gives Ministers' the power to issue a formal direction requiring it to take particular action. However, the use of these formal powers is extremely rare. The public body to which you have been appointed will, however, be covered by Ministers' relocation policy. This means that Ministers' will expect you to consider and implement descicions on location as part of a wider strategic review which the body will be subject to from time to time.

The Minister is mainly responsible for:

- considering and approving the public body's strategic objectives and the policy and performance framework within which it operates;
- securing and approving the allocation of public funds for the body;
- the approval of key documents such as the Management Statement and Financial Memorandum and the Corporate Plan;
- making appointments to the Board;

- approving the terms, conditions and remuneration of the Chair and Board members, and, in most cases, the Chief Executive;
- fulfilling any responsibilities specified in the founding legislation, charter or articles of association; and
- issuing letters of strategic guidance.

Ministers' may also seek to increase their understanding of the public body through formal meetings with the Body's Chair and Board and other more informal events.

Ministers' are responsible to the Scottish Parliament and may be asked at any time to attend Parliament or one of its Committees to answer questions from Members of the Scottish Parliament (MSPs).

3.9 THE ROLE OF THE SPONSOR DEPARTMENT

How does the Board interface with the sponsor Department and the Minister?

The day-to-day link between the body and the Minister is provided by the sponsor Department. Within the sponsor Department, a sponsor team should ensure that the body is adequately briefed about the Scottish Executive's policies and priorities. That team will monitor the body's activities on behalf of the Minister. However, civil servants from the sponsor Department will not normally attend Board meetings of the public body. On any occasion that they may do so, they should not be deemed to be party to decisions taken by the Board.

In particular, the sponsor team within the Scottish Executive prepares a formal document called the Management Statement and Financial Memorandum (MSFM) which sets out the relationship between the body and the Minister and officials. While MSFMs will vary according to the functions, powers and finances of the body, most include details of:

- the legislative basis under which the body was established and its statutory functions, duties and powers;
- aims and objectives, how these are to be delivered and the key targets to be achieved;
- the roles and responsibilities of Ministers, the sponsor Department, the Chair and Board members and the Chief Executive and other senior officials; and, the body's accountability to Ministers and to the Scottish Parliament;
- arrangements for the planning, budgeting and control of the body's activities and expenditure, including funding, preparation of Corporate and Operational/Business Plans and setting of performance targets;

- arrangements for preparation and publication of the annual report and accounts and external audit procedures;
- responsibilities of the body for recruitment, pay, grading and other personnel matters;
- arrangements for conducting the Policy and Financial Management Review (PFMR), or alternative review processes; and
- financial authorities, controls and delegations.

The Board should be consulted when the Management Statement and Financial Memorandum is produced and whenever it is reviewed, which should happen regularly, and at least once every five years. The Board must ensure that arrangements are in place to monitor compliance with the requirements in the MSFM.

When joining the Board, you should have been provided with a copy of the MSFM. If not, you should ask to have sight of it and familiarise yourself with the contents.

It is important that a public body develops a productive working relationship with the sponsor team. It is best if there is good two-way flow of information, if issues on the horizon are shared before they become threatening, if risks and concerns are well understood and if there is honesty and openness.

Importantly, there should be NO SURPRISES – either way!

3.10 MANAGING RELATIONSHIPS – INTERNAL AND EXTERNAL

Key internal relationships

The Board/Board Members and the Chief Executive

Board members must guard against being seen as solely advocating or representing the interests of the public body. As outlined at para 3.1 it is essential that Board members remember that they are appointed by the Minister and that they are there to represent the Minister's interests in order to ensure delivery of, or advise on Ministerial policies.

It is essential that Board members and senior management in a public body work together as an effective team. This involves having clarity about roles and responsibilities and creating an atmosphere of mutual respect for each other's position. In particular, the working relationship between the Chair and Chief Executive is key to successful conduct of business.

There are two main dangers to achieving a healthy relationship between the Board and the Executive. The first danger is where the Board and/or Board members become involved in operational areas. It is important that the Board maintains a focus on strategy, performance and behaviour and is not diverted by detail which is

the responsibility of the Chief Executive and staff. In cases where Boards become involved in operational issues, both good governance and good management are likely to suffer.

The Board as a body should also protect the Chief Executive and staff from the Board as individuals. Individual Board members have no authority to instruct the Chief Executive or any member of his/her staff.

The second danger is that the Chief Executive (and staff) start making Board-level decisions. This manifests itself in a number of ways:

- the Board rubber stamping strategy proposals or a draft Corporate Plan put forward by the Chief Executive;
- the Board being unable to take a decision without the Chief Executive's recommendation; and/or
- the Board allowing the Chief Executive to dictate the agenda for Board meetings.

A good Board/staff relationship recognises that the roles of the Board and executives are quite separate; Boards govern; executives manage.

The Chair and Board Members

In the Boardroom, it is expected that individual Board members should contribute fully to Board deliberations and exercise a healthy challenge function. This expectation extends to Executive Directors (where, as is the case in many NHS bodies, they are Board members). However, it is important that no individual Board member (or Chair) dominates the debates or has an excessive influence on Board decision-making. The Chair has an important role to play in ensuring that all Board members have an opportunity to contribute to Board discussions.

Outside the Boardroom, the Chair should be a useful source of advice and guidance for Board members (in particular, less experienced Board members) on any aspect of their role, responsibilities and general conduct.

As a Board member, you should support the Chair in his/her efforts to conduct Board business in an efficient and effective manner. However, you should not hesitate to challenge the Chair if you believe that a decision is wrong – even illegal - or is in contravention of the Management Statement and Financial Memorandum or formal instruction from Ministers, or has been taken without a full and proper debate.

Key external relationships

Relationships with Stakeholders

It is useful for the Board to review from time to time who its key stakeholders are. The term stakeholder has a number of different meanings but, in this context, it includes anyone with an interest in the work of your organisation.

Stakeholders may be grouped into categories such as:

- providers of finance;
- users of services;
- partner organisations;
- suppliers of goods and services;
- regulators and inspectors;
- employees; and
- the wider community.

The Board needs to consider the concerns and needs of all stakeholders and actively manage its relationships with them. Stakeholders – and the general public – should have access to full and accurate information on the decision-making processes and activities of each public body and have the opportunity to influence its decisions and actions.

Scottish Ministers' expect all public bodies to communicate clearly with their stakeholders in plain language, make information widely available and consult thoroughly and imaginatively. Where practicable and appropriate, a Board should:

- hold Annual Open Meetings;
- hold all Board meetings in public, unless there is a good reason not to;
- release summary reports and/or minutes of meetings;
- invite evidence from members of the public in relation to matters of public concern;
- consult stakeholders and users on a wide range of issues;
- make the Annual Report and Accounts widely available;
- ensure, where relevant, that Board information is included as a class in the organisations publication scheme.

Only relevant statutory bodies have a statutory requirement to report annually to the Scottish Parliament.

3.11 EFFICIENT CONDUCT OF BOARD BUSINESS

How can the Board get through its business efficiently?

Board meetings should always have a manageable and prioritised agenda, an agreed duration and – perhaps – an estimated length of time for each agenda item.

It is important that the agenda is properly focused. It must reflect the Board's two fundamental purposes – the long term (mission, strategy and planning) and monitoring performance. There will be some issues reserved to the Board, such as major capital spend decisions, and these must be on the agenda. However, it is important that the agenda is not clogged up with detail, even if it is just items 'for noting'. It will be all too tempting to dwell on the easy unimportant things and not concentrate on the big issues.

The Chair should ensure that some action is agreed for every substantive item on the agenda and that the minutes clearly and accurately record decisions taken, responsibility for agreed action, and as appropriate, the views of individual Board members.

It is worth taking some time to find out how the Board you have just joined conducts its business and ask questions about the structures and processes that are in place. Questions from a new Board member can often be thought provoking and may stimulate new and more effective ways of working for the Board as a whole.

3.12 THE BOARD AS AN EMPLOYER

What responsibilities does the Board have in relation to employees?

The Board is the employer of the individuals who work for the public body. The Board must ensure that the body meets its moral and legal obligations by:

- complying with employment law;
- avoiding discrimination of any kind against current or potential employees and ensuring equal opportunities;
- having in place agreed terms and conditions of employment and clear policies on human resource issues such as:
 - promotion;
 - discipline;

- grievances; and
 - staff development.
- complying with all health and safety requirements.

The terms and conditions of employment should reflect the general standards set out in the Scottish Executive's Model Code for Staff of Public Bodies.

The Board is also usually responsible for the recruitment of the Chief Executive and, in some cases, other senior staff. If you take part in a recruitment exercise, you will need to be familiar with employment legislation and any Codes of Best Practice in relation to equal opportunities issues. You should receive training in recruitment and selection before serving in that capacity.

A checklist to see how your organisation measures up as a good employer is provided at Appendix 3.1.

Diversity

The Scottish Executive has a Diversity and Equality Strategy and the principles in it apply to all public bodies. The main aim is to remove the causes of discrimination and strengthen and build on what is positive and inclusive. There are three key objectives:

- making better policy and providing better services;
- promoting equal opportunities and tackling discrimination; and
- being a good employer.

The Scottish Executive expects all public bodies to mainstream equal opportunities in their work. This means that the Board should give specific consideration to the impact on equality of opportunity when developing policies and making decisions. The Board should also look at how information can be presented to different groups in formats that best suit their needs and find ways of consulting effectively with people with different needs.

As an employer, the Board should consider ways to attract new workers from a range of groups and perhaps set targets for increasing the number of women, disabled people and people from minority ethnic groups in the workforce.

Up to date information on current legislation relating to equal opportunities and best practice can be found on the following websites:

www.eoc.org.uk Equal Opportunities Commission

www.cre.gov.uk Commission for Racial Equality

www.drc-gb.org

Disability Rights Commission

www.caade.net

Campaign Against Age Discrimination in
Employment.

Human Rights

Under the Human Rights Act 1998, it is unlawful for a public body to act in a way that is incompatible with a Convention right.

The Board should seek assurances from the Chief Executive and senior staff that the policies and procedures currently in place within your public body are compatible with the Convention rights. The 'human rights' dimension is one of the considerations that will have to be borne in mind by the Board when considering legislation, policies and procedures.

Your organisation should also be committed to protecting individuals' privacy in relation to how personal information is used as required by the Data Protection Act 1998 and equally to openness and transparency of decision-making in its handling of corporate information as required by the Freedom of Information Act 2002.

Appendix 3.1 How does your Organisation measure up as an employer?

Do you have the following?

	Yes	No	Needs more work
1 A clear understanding of the Board's role as employer			
2 A clear understanding between the Board and senior staff of each other's responsibilities			
3 Knowledge of current thinking on good employment practice			
4 An understanding of the organisation's management ethos			
5 A diagram showing the staffing structure of your organisation			
6 A recruitment and selection procedure			
7 Training on recruitment and selection for those involved in the selection process			
8 Signed contracts for all staff, including comprehensive terms and conditions			
9 A Code of Conduct for Staff			
10 Personnel specifications for all posts			
11 Job descriptions for all staff			
12 A pay policy and structure, and a system for annual pay reviews			
13 An induction system for all staff, Board members and volunteers			
14 Comprehensive terms and conditions for all staff			
15 A system for personnel records of all staff			
16 An equal opportunities policy			
17 A system of equal opportunities monitoring			
18 A training policy			
19 A system of monitoring and appraisal for all staff			
20 Disciplinary rules and procedures			
21 Grievance procedures			

- 22 A redundancy policy
- 23 A health and safety policy
- 24 A policy and procedure for dealing with harassment
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SECTION 4 EFFECTIVE FINANCIAL MANAGEMENT

4.1 THE SCOTTISH PUBLIC FINANCE MANUAL

The primary document that governs all matters relating to public finance and reporting in Scottish public bodies is the Scottish Public Finance Manual (SPFM).

The SPFM provides guidance to your public body and its sponsor Department on the proper handling of public funds. It is mainly designed to ensure compliance with statutory and parliamentary requirements (in particular, the Public Finance and Accountability (Scotland) Act 2000), promote value for money and high standards of propriety, and secures effective accountability and good systems of internal control. It covers a wide range of areas such as:

- Accountability;
- Procurement;
- Risk management;
- Appraisal and evaluations of major investments; and
- Budget management and monitoring.

It is essential that the Board has processes and systems in place to ensure compliance with the SPFM. Board members should look to the staff of the public body for advice and assurance that the SPFM is being complied with but should be aware of the areas covered by the SPFM and have access to a copy for reference purposes.

4.2 BUDGETING IN A PUBLIC BODY

What is a budget?

A budget is concerned with two key elements - what is to be produced (outputs and their relationship to outcomes) and at what cost (inputs). It can be defined in different ways:

- a plan quantified in monetary terms, prepared and approved prior to a defined period of time, usually showing planned services to be delivered, income to be generated and/or expenditure to be incurred during that period and the capital to be employed to attain a given objective.
- a management plan which shows the forecast resources required to achieve an agreed level of service activity.

How are budgets set?

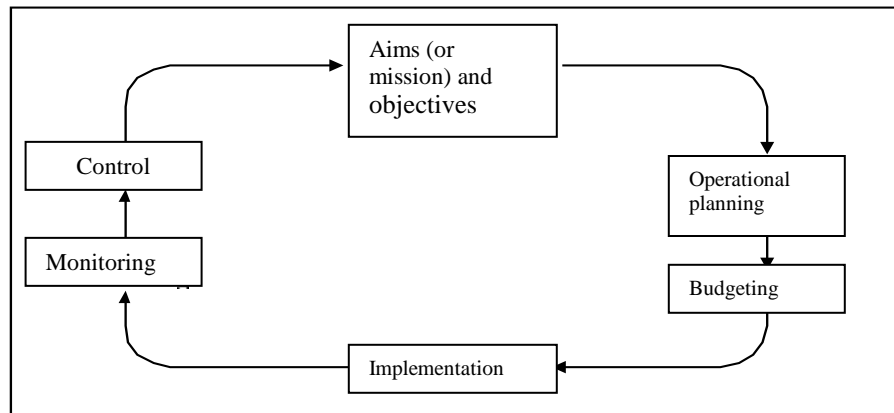
The resources allocated to bodies by Scottish Ministers are determined as part of the Spending Review process. Spending reviews normally take place biennially with the last year of one Spending Review becoming the first year of the next. Thus Spending Review 2002 set plans for 2003-04, 2004-05 and 2005-06, while Spending Review 2004 revised plans for 2005-06 and set new plans for 2006-07 and 2007-08.

This process dovetails with the United Kingdom Spending Review which sets the overall Scottish budget for each Spending Review period. After deduction has been made for the costs of the Scotland Office plus the Scottish Parliamentary Corporate Body and Audit Scotland, the Executive has full discretion to decide how the Scottish budget should be divided between its various portfolios and programmes. Scottish Ministers' decisions on these allocations are underpinned by detailed material submitted by individual spending Ministers on the resources they consider necessary for the period under review and the outcomes that can be delivered. Adjustments to the budgets of bodies in the period between reviews may be considered by the Scottish Ministers on an ad-hoc basis. The grant-in-aid necessary to support the agreed budgets of bodies is authorised by the Scottish Parliament in the annual Budget Act.

Bodies will normally be expected to provide supporting material to the sponsor Department as part of the latter's contribution to both the Spending Review and the annual budgetary process. Wherever possible, this should be done as part of their own annual planning arrangements and they should therefore take all reasonable steps to harmonise the planning process with those of the Spending Review and annual budgetary process.

The starting point for the body's own budgeting process should be its Corporate Plan which sets out forward projections of resources required for each area of work. Setting a budget is not a one-off activity but part of an ongoing process of management, planning and control. A budget is normally drawn up for 12 a month period and represents the quantification of the first year in a public body's three year corporate plan.

While terminology and detailed approach may vary, the corporate planning process should be broadly as follows:

Figure 4.1 The Feedback Loop

Aims and Objectives

The remit of a body is to achieve agreed objectives and to be formally held to account annually for performance and spending on behalf of the taxpayer. Aims and objectives are normally long run and stated in broad terms in a Corporate Plan.

Operational or Business Planning

The next planning level down involves devising plans or strategies to implement the aims and objectives at the operational level. This process should result in a defined set of activities, a set of realistic and measurable activity targets, outcomes and a statement of expected results.

Budgeting

Once decisions have been made about how the planned objectives are to be achieved, these can be expressed in financial terms. Planned expenditure/use of resources for the year is matched with expected income from grant-in-aid and other sources. Opportunities to make efficiency improvements that will release savings that can be re-invested back in to the delivery of services should be explored and built in to budgets.

Implementation

Ministers should write to public bodies at least annually setting out the policies and priorities which they wish them to pursue. Where a public body receives grant-in-aid, this is most commonly done through a grant-in-aid letter issued in advance of the financial year. The grant-in-aid letter confirms the resources that Ministers have allocated to the body and sets out the priority areas of work that Ministers wish the body to pursue. Where a public body does not receive grant-in-aid an equivalent letter should be received from the Minister covering the priority areas to be pursued. The letter should draw on material from the corporate plan and the Spending Review and any further instructions from Ministers.

Monitoring

Plans and budgets must be continuously monitored. Regular monitoring reports should be produced both for internal purposes and to meet the information needs of the Board and the sponsor Department.

Control

Any variations between actual spending/use of resources and performance, and planned spending/use of resources and performance must be investigated, and action taken to bring the plan and budget back under control or to change the planning assumptions, if appropriate.

The results of the planning, monitoring and control process for one year should inform the process for the following year.

What process is involved?

There are a number of key stages in any budget setting process. Typically these are:

- agreement of the budget period (i.e. the period of time for which the budget is to be prepared);
- agreement of the budget centres, the responsible managers and appropriate delegated authorities;
- arrangements for overseeing the preparation of the budget;
- publication and distribution of key budget policies and assumptions;
- preparation and distribution of guidelines for the production of the budget;
- identification of key constraints;
- identification of potential efficiency savings;
- preparation of resource and capital budgets;
- presenting the budget to the appropriate channel for approval; and
- communicating the approved budgets to relevant managers/staff.

What is the role of the Board in the budget setting process?

Typically the Board of a public body will be responsible for the approval stages in the process, approving the Corporate Plan and possibly the Operational Plans as well, before submission to the sponsor Department. The Board should then receive regular financial reports (at least quarterly) showing expenditure/use of resources against planned budgets and progress towards financial targets including projected

efficiency savings. Board members should provide the ‘challenge function’, carefully scrutinising plans and underlying assumptions.

4.3 BEST VALUE, EFFICIENT GOVERNMENT & RELOCATION

The public sector reform agenda is based on the following key elements;

- user focus and personalisation
- quality and innovation
- efficiency
- joining up; and
- strengthening accountability.

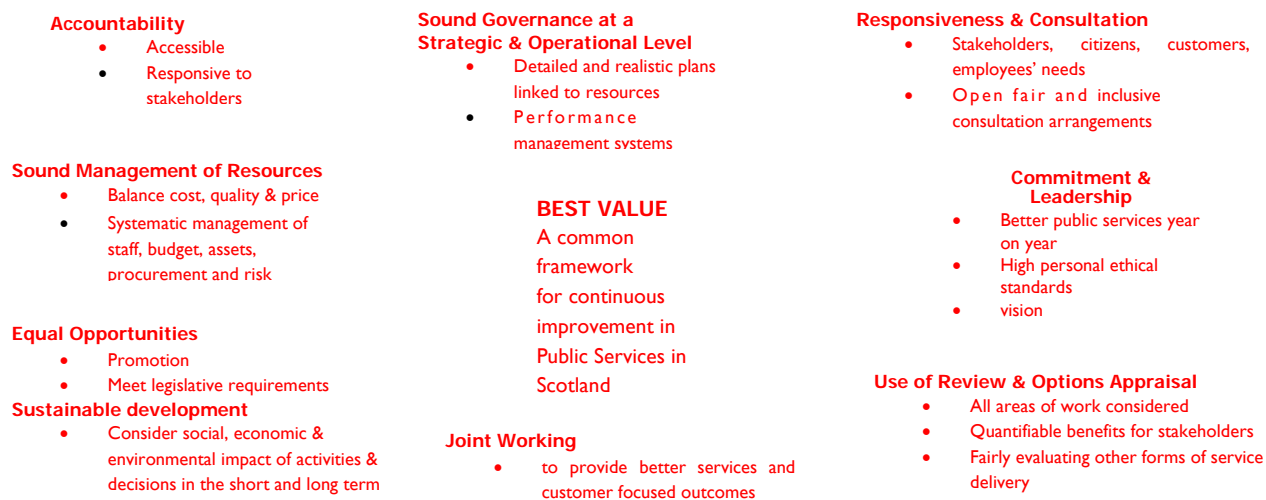
As a Board member, you will champion the public service reform agenda within your body by focusing on three key components of this agenda;

- Best Value
- Efficient Government; and
- Relocation.

Best Value

As a Board member, you should always bear in mind the need for your public body to continually secure Best Value in the performance of its functions. In a tight financial climate, service improvements may need to be funded from internal efficiencies.

Fig. 4.2. Best Value: A common framework for continuous improvement in public services in Scotland.



The Scottish Public Finance Manual requires all public bodies to promote the efficient and effective use of staff and other resources in accordance with the principles of Best Value. Furthermore, in those public bodies with Accountable Officers, these officers also have a duty to secure Best Value for their organisation and should put in place appropriate arrangements to do this (see Section 3.4 for further details of the role of Accountable Officers). As a non-executive Board member, you have a key role to play in ensuring that your body and its Accountable Officer complies with the Best Value framework outlined at Figure 4.2.

Best Value is about **continuous improvement** in the performance of the organisation's functions.

The Best Value principles complement good governance standards and offer a sound approach to running a public service organisation. A Best Value organisation should demonstrate that it has appropriate systems in place and that its operations deliver value for money. Best Value is part of Audit Scotland's annual audit of public service organisations and the Auditor General for Scotland will expect to see evidence that a Best Value approach is being taken and results obtained. Guidance on Best Value is available on the Scottish Executive website at (<http://www.scotland.gov.uk/Topics/Government/14838/12310>).

Efficient Government

The present Efficient Government Plan contains five workstreams where work is being taken forward right across the public sector in order to create a more efficient public sector. These are:

- ◆ procurement;
- ◆ asset management;
- ◆ shared support services;
- ◆ absence management; and
- ◆ streamlining bureaucracy.

Efficient Government is focused on the sound management of resources and ensuring that public bodies continually review their operations to identify opportunities for efficiency improvements. Efficiency improvements are about improving the ratio of resource inputs to outputs and can be made in any area, including the administration and delivery of services and in the procurement of goods and services. By making efficiency savings, more resources are available for re-investing in the delivery of services.

Opportunities for efficiency improvements within your body should be identified as part of the annual corporate and business planning processes and an Efficiency

Plan should be drawn up for the body. As a Board member you should ensure that such opportunities are being identified and that arrangements are in place for measuring, monitoring, and reporting the delivery of efficiency savings to the Board. The annual report should include a statement on how the organisation has performed in delivering their efficiency targets.

Public bodies should also have efficiency performance indicators (such as a range of input:output ratios) that will allow them to routinely monitor the efficiency of their operations.

Relocation

Relocation policy is another policy related to Best Value and Efficient Government. The Relocation Policy covers all sponsored public bodies and is a policy which Ministers will expect compliance on from Boards. The policy aims to disperse public sector jobs from Edinburgh in a cost-effective way that can bring the benefit of government-sponsored jobs to areas of particular social and economic need. Location reviews are triggered by the creation or reorganisation of bodies, as well as by property events (such as lease breaks). Reviews are led by the Relocation Support Team within the Executive, and Ministers' will expect Members to have regard to this policy in decisions they make on the most efficient and effective way of delivering services.

4.4 THE ANNUAL REPORT AND ACCOUNTS

The Board is responsible for approving the annual accounts and ensuring that the Minister is provided with the annual report and accounts to be laid before the Scottish Parliament. The accounting requirements for a public body will normally be set out in its founding legislation and/or its Management Statement and Financial Memorandum. On that basis, the Scottish Executive will issue an Accounts Direction, that will set out the form and content of the accounts.

Public bodies are required by the Scottish Executive to produce an annual report and, where they manage their own budget, accounts as the primary means of reporting on their activities to Ministers', the sponsor Department, the Scottish Parliament and the public.

Annual reports must contain certain key information, typically including:

- information about the body and its objectives;
- achievements and performance against key targets;
- contribution towards Efficient Government;
- performance against any Scottish Executive quality initiatives; and
- business prospects and corporate strategy.

The format of the Report is not fixed and the use of photographs and graphs as well as narrative is recommended. You should have been provided with a copy of the latest Annual Report and, where appropriate, Accounts as part of your induction pack. If not, you can easily obtain one from the public body concerned. The Accounts are subject to scrutiny by external audit. External audit arrangements are covered in Section 4.9.

4.5 PERFORMANCE MEASUREMENT AND REPORTING

Public bodies play an important role in the delivery of public services and with Executive Agencies are key components in the Scottish Executive's programme for modernising service delivery. It is imperative, therefore, that your organisation can show that its resources have been used effectively and efficiently in the delivery of high quality services. Efficiency indicators and performance measurement and business targets are an essential tool to help focus on what is required and review how resources have been managed and objectives met.

Key targets are agreed as part of the planning process with the sponsor Department and performance is reported against those targets. These should include targets for efficiency and effectiveness of operations and quality of service provided. Public bodies should contribute to the Scottish Executive's Efficient Government programme by identifying specific projects that will deliver efficiency improvements. Such improvements should be quantified and measured.

Your organisation should ensure that robust systems are in place to monitor performance against these targets. A report on the extent to which performance targets have been achieved should be incorporated into your organisation's Annual Report, where appropriate giving a summary of trends over a five-year period.

Policy and Financial Management Reviews or Alternative Review Processes.

External Best Value Audits of individual bodies will provide Ministers with the assurance that each public body is considering accountability, governance, structure and funding arrangements on an ongoing basis.

In addition all public bodies will be subject to a Policy and Financial Management Review (PFMR), or alternative review process, which will assess public bodies in such as way as to satisfy Ministers' that:

- the functions of the body under review are still necessary;
- the public body model is the best way of delivering those functions;
- the work of the body contributes to both Departmental and Scottish Executive objectives; and
- any opportunities for quality, efficiency and productivity improvements in the organisation and operations of the bodies covered by the review have

been identified and considered, including a location review and an assessment of opportunities for joining up services.

The Minister will report the outcomes of this review to the Scottish Parliament. You should find out from your Chair when the last review, was undertaken and obtain a copy of the Report. You may wish to check to see if the recommendations contained in the Report have been implemented, or form part of an action plan in the process of being implemented. Any changes to the current review process will be notified to all public bodies by the Scottish Executive.

4.6 RISK MANAGEMENT AND INTERNAL CONTROLS

What is risk?

Risk is the chance of things going wrong. As individuals, our experience of risk is an unavoidable fact of life and it does not matter how carefully we try and plan things and whatever precautions we take, the likelihood is that every now and again things will still go wrong. The situation is very similar for organisations, except the stakes are often higher and so the cost of things going wrong can often be far greater.

Public bodies are required to provide an Annual Statement of Assurance on Internal Controls in order to comply with best practice as recommended by the Turnbull Committee Report (Section 2.2). As part of that process, Directors (in the case of public bodies, the Board) are required to review, at least annually, the effectiveness of all controls, including financial, operational and compliance controls. Organisations need to show that they have established and maintained effective and on-going procedures for identifying, evaluating and managing business risks.

What risks does your organisation face?

Every public body is responsible for identifying its own list of risks. The following list sets out (for illustrative purposes) a list of potential risks that may be faced by a public body:

- Poor strategic planning process with failure to determine and communicate an appropriate and focused strategy;
- Loss of Ministerial confidence;
- Change in Government funding policy results in a drop in real income;
- Unanticipated fluctuation in demand for services;
- Impact of new legislation resulting in the need to do new things, or do things in a different way (e.g. Working Time Directive);
- Failure to attract, develop and retain high quality staff;

- Failure to adhere to employment legislation and standards of good practice with resultant damage to reputation;
- Inability to expand and change to meet new challenges;
- Failure to exercise budgetary control;
- Failure to identify future liabilities and needs: for example, staff costs rising ahead of funding, a pensions deficit etc;
- Failure to meet liabilities;
- Significant costs incurred not included in financial plans;
- Failure to comply with statutory requirements leading to prosecution - for example, the Data Protection Act and related legislation;
- Failure to actively manage positive and negative publicity and/or failure to maximise benefits from positive publicity;
- Failure to effectively manage health and safety, with consequent risk or damage to staff;
- Potential litigation, including possible punitive damages leading to damage to reputation and/or jeopardising future income;
- Press criticism arising from perceived corporate governance weakness or non-compliance;
- Loss of movable assets;
- Major IT disaster – loss of information or use of central hardware; and
- Failure to provide accurate and complete operational management information.

It is because of the regular experience of things going wrong that it is crucial to take steps to identify and manage risks, minimise the risk of adverse consequences and prepare contingency plans.

Why is risk assessment and risk management important to organisations?

Organisations have a set of aims and objectives and the responsibility for achieving these rests with management. Furthermore, the environment within which organisations work is constantly changing and so these aims and objectives are constantly being refined and redefined; this only adds to the uncertainty and to the risk that organisations are already subjected to.

In order to achieve its objectives, senior management in the organisation must identify the risks associated with not achieving these objectives and establish risk ownership – i.e. allocate the assessment and management of risk to a specific manager. This manager then has the responsibility for matching controls to these risks in order to minimise or avoid these risks altogether. He/she is also charged with the responsibility of implementing these controls, and monitoring their effectiveness and continued relevance.

What is the role of the Board in risk management?

The Board should ensure that there is a system in place for continuous risk management in the public body which extends from the front line services through to the Board. This involves having a framework of prudent and effective controls in place to enable risks to be assessed and managed. The Board itself should regularly review key business risks affecting the organisation.

4.7 INTERNAL AUDIT

What is Internal Audit?

Internal Audit is a type of management control. It is an internal appraisal service, established by the management of an organisation, which reviews the internal control system. It should objectively examine, evaluate and report on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources. To achieve full effectiveness, the scope of the internal audit service should provide an unrestricted range of coverage of the organisation's operations. The internal auditors should have sufficient authority to allow them access to such assets, records and personnel as are necessary for the proper fulfilment of their responsibilities and report to the Board where they feel it is necessary.

4.8 AUDIT COMMITTEES

Where a Board is responsible for budget expenditure, best practice dictates that Audit Committees must be established to advise the Board on internal control (including corporate governance) and audit matters. An Audit Committee can:

- promote the understanding of audit's role and status within the organisation;
- enhance the independence and perceived value of internal audit;
- provide a forum for senior management to discuss internal control including issues raised by internal and external audits;
- assist the Head of Internal Audit in judging priorities; and

- aid the co-ordination of internal audit, external audit and any other consultancy and inspection reviews.

The Audit Committee should:

- be a formal sub-committee of the Board;
- have at least three non-executive members, under the chairmanship of a non-executive member who should be someone other than the Chair of the public body or of any other sub-Committee of the Board;
- have a clear programme of work and arrange its meetings to ensure effective delivery of that programme
- encourage the Accountable Officer, Head of Internal Audit and Director of Finance to attend meetings (though not as members of the Audit Committee);
- meet external auditors at least once a year; and
- have written terms of reference.

Items for discussion at committee meetings may include:

- the Head of Internal Audit's annual report to the Accountable Officer;
- the audit needs assessment and the resource implications arising therefrom;
- findings from audit assignments;
- major policy issues and their implications for internal control;
- the plans and findings of external audit;
- corporate governance compliance;
- adequacy of risk management arrangements; and
- arrangements for securing Best Value, regularity and propriety; and
- arrangements for delivering efficiency savings.

An example of a checklist is attached at Appendix 4.1 and there is also extensive guidance on Audit Committees contained within the Scottish Public Finance Manual..This will help you evaluate the adequacy and effectiveness of your organisation's Audit Committee.

4.9 EXTERNAL AUDIT

Who are the external auditors of public bodies in Scotland?

The Auditor General for Scotland is the external auditor of a number of public bodies. The Auditor General may appoint himself, a member of the staff of Audit Scotland or an appropriately qualified professional firm as the auditor of your body.

Where a public body is incorporated under the Companies Acts, the auditor is appointed by the members of the company (i.e. the Board members).

What is a Financial Audit?

A financial audit undertaken by the Auditor General is conducted in accordance with the Public Finance and Accountability (Scotland) Act 2000 and the Code of Audit Practice issued by Audit Scotland on behalf of the Auditor General and the Accounts Commission. The appointed auditor will:

- issue an opinion as to whether the accounts give a true and fair view of the state of affairs of the public body at the year end and of its income and expenditure for the year and whether the accounts have been prepared in accordance with any applicable legislation and accounts direction;
- issue an opinion (known as the “regularity” opinion) as to whether the income and expenditure has been properly received or incurred in accordance with legislation, the Budget Act for the relevant year and any other guidance issued by the Scottish Ministers;
- review the Statement on Internal Control prepared by the body and report if it is not in accordance with the auditor’s understanding of the body;
- consider the body’s governance arrangements and arrangements for prevention and detection of fraud; and
- provide reports to the Board, Audit Committee and/or management on matters arising during the course of the audit.

On completion of the audit, the appointed auditor sends a copy of the accounts and the audit opinion to the Auditor General. The Auditor General may then add a report of his own (for example, on a qualification of the auditor’s opinion or other matter drawn to his attention by the auditor) before sending the accounts and reports to the Scottish Ministers for laying before the Parliament.

What is Performance Audit?

Performance audit involves looking at the performance of an audited body and includes VFM audit which is an examination of the economy, efficiency and effectiveness with which a body has used its resources to carry out its functions.

The Auditor General has wide powers to conduct studies and these can include a study of one issue at a public body, a general study of the performance of a public body or a study looking at comparative performance across a group of public bodies. Studies may be conducted by central Audit Scotland staff, the appointed auditor, consultants or any combination thereof.

On completion of a study, the draft report will be discussed with the public body to ensure factual accuracy and, once finalised, the report will be laid before Parliament and published with an accompanying Press Release.

What access does the Auditor General have to information in your organisation?

For many executive NDPBs, the founding legislation provides that the Auditor General will appoint the auditor. In such circumstances, the Auditor General has a statutory right to carry out his VFM examination. Under Section 24 of the Public Finance and Accountability (Scotland) Act 2000, the Auditor General has a statutory right of access at all reasonable times to all the documents that he reasonably requires provided that the documents are in the custody or under the control of the organisation being examined. The Auditor General is also entitled to any assistance, information or explanation which he reasonably thinks necessary for the purposes of an audit or study.

Where the Auditor General is not the auditor of an executive NDPB nor appoints the auditor, he should have rights, either under statute or by agreement, to carry out an inspection of the NDPB's use of its resources. The expenses of most advisory and other non-executive NDPBs will be subject to audit by the Auditor General or auditors appointed by him as they are included in the accounts of their sponsor Department.

4.10 THE AUDIT COMMITTEE OF THE SCOTTISH PARLIAMENT

The Audit Committee of the Scottish Parliament is one of the committees established under the Standing Orders of the Parliament. The Audit Committee uses the reports of the Auditor General, which are laid before the Parliament, as the basis for conducting enquiries. It is chaired by a senior member of the Opposition and conducts its business on non-party political lines.

How does the Audit Committee work?

The key stages in the process whereby the Auditor General's reports are considered by the Audit Committee are as follows:

- the Auditor General's report is discussed with the body concerned and the facts are agreed;
- the report is laid before Parliament and published together with a Press Release;
- if an enquiry is to be conducted by the Audit Committee, witnesses will be called to give evidence. The principal witnesses will usually be the Accountable Officer of the body and the Accountable Officer of the sponsor Department. However, it is possible that the Chair or indeed any Board member of a public body may be required to appear as a witness;
- the Audit Committee session takes place in the Scottish Parliament and will be in public;
- after the evidence session, the Committee drafts and approves a report which is published; and
- a formal response to the Committee's report is provided by the Scottish Executive (or by the body in consultation with the Executive) within two months of the Committee's report being published.

Appendix 4.1 Audit Committee Checklist

Composition, Establishment and Duties of Audit Committees

Ref.	Good Practice	Yes	No	N/A	Comments Action
1.1	Does the Audit Committee meet regularly, at least three times a year?				
1.2	Does at least one of the Audit Committee members have a financial background?				
1.3	Does the Audit Committee have written terms of reference?				
1.4	Are the terms of reference adopted by the full board and reviewed annually?				
1.5	Are the Audit Committee members independent of the management team?				
1.6	Are new Audit Committee members provided with some form of training?				
1.7	Does the Audit Committee's Terms of Reference include: reviewing internal control? reviewing Internal Audit? reviewing External Audit? reviewing the Standing Orders and Standing Financial Instructions?				

Ref.	Good Practice	Yes	No	N/A	Comments Action
	<p>ensuring that the Audit Committee operates within any relevant guidance/circulars issued by the Scottish Executive?</p> <p>reviewing schedules of losses and compensations?</p> <p>reviewing annual accounts?</p> <p>Does the Audit Committee report regularly to the board?</p>				

Compliance with the Law and Regulations

Ref.	Good Practice	Yes	No	N/A	Comments/Action
2.1	Does the Audit Committee have a mechanism to keep it aware of topical legal and regulatory issues?				

Internal Control

Ref.	Good Practice	Yes	No	N/A	Comments/Action
3.1	Does the Audit Committee monitor that risk is controlled and possible litigation avoided?				
3.2	Does the Audit Committee require an annual assurance report by the Chief Internal Auditor?				

Internal Audit

Ref.	Good Practice	Yes	No	N/A	Comments/Action
4.1	Does the Head of Internal Audit attend meetings of the Audit Committee.				
4.2	Does the Audit Committee review annually the Internal Audit strategic and annual plans?				
4.3	Does Internal Audit have a direct line of reporting to the Audit Committee?				
4.4	Has the Audit Committee considered the appropriate level of detail it wishes to receive from Internal Audit?				
4.5	Does the Audit Committee receive periodic reports from the Chief Internal Auditor?				
4.6	Are the follow up audits by Internal Audit monitored by the Audit Committee?				
4.7	Does the Audit Committee hold periodic private discussions with the Chief Internal Auditor?				
4.8	Does the Audit Committee review the adequacy of staffing and resources of Internal Audit?				

Internal Audit (continued)

Ref.	Good Practice	Yes	No	N/A	Comments/Action
4.9	Has the Audit Committee evaluated whether the Internal Audit service complies with any mandatory audit standards?				
4.10	Are any Internal Audit performance measures monitored?				
4.11	Do formal terms of reference exist defining Internal Audit's objectives, responsibilities, authority and reporting lines?				
4.12	Is there appropriate co-operation between the Internal and External Auditors?				

External Audit

Ref.	Good Practice	Yes	No	N / A	Comments/Action
5.1	Does the External Auditor attend meetings of the Audit Committee?				
5.2	Does the External Auditor discuss his audit plan and strategy with the Audit Committee?				
5.3	Has the Audit Committee discussed the VFM programme with the External Auditor?				
5.4	Does the Audit Committee receive and monitor actions taken in respect of prior year VFM studies?				
5.5	Does the Audit Committee review the External Auditor's report?				
5.6	Does the Audit Committee hold periodic private discussions with the External Auditor?				
5.7	Does the Audit Committee assess the performance of External Audit?				

Administrative Arrangements

Ref.	Good Practice	Yes	No	N/A	Comments/Action
6.1	Does the Audit Committee have a secretary who is a senior officer?				
6.2	Are Audit Committee papers distributed in sufficient time for members to give them due consideration?				
6.3	Are Audit Committee meetings scheduled prior to important decisions on specific matters (within the locus of the Audit Committee) being made?				
6.4	Is the timing of Audit Committee meetings discussed with all the parties involved?				
6.5	Is the Audit Committee role in the approval of the annual accounts clearly defined?				
6.6	Is an Audit Committee meeting scheduled to discuss proposed adjustments or issues arising from the audit?				
6.7	Does the Audit Committee annually review the accounting policies of the public body?				

Other Issues

Ref.	Good Practice	Yes	No	N/A	Comments/Action
7.1	Has the Audit Committee considered the costs of running the committee and are the costs appropriate to the perceived risks and the benefits?				
7.2	Does the Audit Committee assess its effectiveness periodically?				
7.3	Does the Annual Report and Accounts include a description of the Audits Committee's establishment and activities?				

SECTION 5: STANDARDS OF BEHAVIOUR

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Section 5 Standards of Behaviour

5.1 ETHICAL STANDARDS IN PUBLIC LIFE

The Scottish Ministers have high expectations of those who serve on the Boards of public bodies and the way in which they should conduct themselves in undertaking their duties. You must meet those expectations by ensuring that your conduct is above reproach.

The first report of the Committee on Standards in Public Life (the Nolan Committee) identified seven key principles of conduct which underpin public life and recommended that public bodies should draw up Codes of Conduct incorporating these principles. The Ethical Standards in Public Life etc. (Scotland) Act 2000 (“the 2000 Act”) identified nine key principles which underpin public life in Scotland putting ethical standards and probity at the heart of decision-making in Scotland.

The ethical framework introduced by the Ethical Standards Act sets out the standards of conduct required, ensures that there are clear and consistent procedures in place for dealing with any alleged misconduct and that such issues are dealt with fairly and objectively.

The key elements of the ethical framework include:

- A Standards Commission for Scotland and a Chief Investigating Officer to oversee the ethical framework;
- Codes of Conduct for Members of Devolved Public Bodies on a statutory basis for those bodies listed in Schedule 3 of the Act;
- Other Codes for smaller bodies; and
- Publicly available Registers of Members’ Interests.

Through this ethical framework, the Scottish Ministers aim to ensure fairness, openness and, above all, confidence in Scottish public bodies and all who serve on them.

5.2 THE STANDARDS COMMISSION FOR SCOTLAND

The Standards Commission for Scotland (the Commission) is central to the Ethical Standards Act. As an independent statutory body, the Commission has responsibility for various aspects of the ethical framework. It is also responsible for providing advice and guidance to those covered by the framework. The Commission:

- adjudicates on cases of alleged contravention of the Codes of Conduct for Members of Devolved Public Bodies and Councillors brought forward by the Chief Investigating Officer;
- acts as guardians to the Codes of Conduct and Registers of Interests through the separate and independent investigatory functions of the Chief Investigating Officer;
- provides guidance to councils and public bodies on:
 - the promotion and observance of high standards of conduct by Councillors and Members of Devolved Public Bodies and assisting them in that task;
 - the Commission's relationship with local authorities and public bodies in carrying out its functions; and
 - the Registers of Interests for Councillors and Members of Devolved Public Bodies.

The investigatory functions of the Chief Investigating Officer are independent of the adjudicatory functions of the Commission.

On finding a contravention of a Code for bodies listed in Schedule 3, the Commission has the power to impose sanctions ranging from censure, or suspension from meetings of the public body for up to one year, to disqualification for up to five years. For details of the full range of sanctions available to the Commission, you should refer to Annex A of the Members' Model Code of Conduct or your public body's code of conduct . A copy of the Model Code can be found at <http://www.scotland.gov.uk/library5/localgov/mcoc-00.asp>

5.3 CODE OF CONDUCT FOR BOARD MEMBERS

Upon appointment to the Board, you should have been provided with a copy of your public body's Code of Conduct for Board Members (which will have been based on the Model Code of Conduct for Members of Devolved Public Bodies as approved by the Scottish Parliament).

It is your personal responsibility to make sure that your actions comply with the provisions of the Code of Conduct at all times as the Code contains the standards against which your conduct will be measured.

You should also review regularly, and at least annually, your personal circumstances with this in mind, particularly when your circumstances change. You must not at any time advocate or encourage any action contrary to the Code of Conduct.

No Code can provide for all circumstances and if you are uncertain about how any aspect of the Code applies, you should seek advice from the Standards Officer in your public body. You may also choose to consult your own legal advisers and, on detailed financial and commercial matters, seek advice from other relevant professionals. The Commission is also available for advice and guidance on any aspect of the Code.

Where a Board member has been accused of contravening the Code of Conduct, the matter will be referred to the Chief Investigating Officer of the Commission for consideration. He or she may then report to the Commission. It will be for the Commission to determine whether or not to proceed with the matter

What if your Public Body is not covered by the Ethical Standards Act?

As an individual Board member, you are accountable to both Ministers and the public for your actions and decisions. It is important to emphasise that, irrespective of whether or not your public body is covered by the Ethical Standards Act, you are still required to adhere to the principles that underpin the ethical framework and have regard to provisions set out in the Model Code of Conduct in carrying out your public duties. It is your personal responsibility to ensure that your conduct is beyond reproach.

The Ethical Standards Act does make provision for Scottish Ministers to introduce a code or codes of conduct under the Public Authorities Regime for bodies not currently listed in Schedule 3 to the Act. However, while public bodies and their Board members will be expected to act in accordance with this code of conduct, they will not be subject to investigation by the Chief Investigating Officer or to sanctions by the Standards Commission.

5.4 KEY PRINCIPLES OF THE MEMBERS' CODE OF CONDUCT

In March 2002, the Scottish Parliament approved the Model Code of Conduct for Members of Devolved Public Bodies in Scotland which was the basis upon which public bodies have developed their own Code of Conduct for Board members. The Model Code of Conduct is based on the nine key principles of public life approved by the Scottish Parliament augmenting the seven Nolan principles to reflect the nature of public service in Scotland.

Your organisation's Code of Conduct sets out the nine key principles that Board members are expected to uphold in carrying out their duties:

- Public Service;
- Leadership;
- Selflessness;
- Integrity;
- Objectivity;
- Honesty;
- Accountability and Stewardship;
- Respect; and
- Openness.

The rest of this Section examines these principles in greater depth, highlighting some of the practical issues and implications for you as a Board member of a Scottish public body.

5.5 PUBLIC SERVICE AND LEADERSHIP

Boards are responsible for determining the specific values and standards for their own organisation building on the core values and standards set out in the Code of Conduct. As an individual Board member, you are expected to show leadership by promoting these values and standards and by acting as a role model for others within the organisation in terms of standards of personal behaviour.

You have a duty to act in the interests of the public body of which you are a member and in accordance with the core tasks of that body. Board members should always act fairly, in good faith and objectively to meet the specified objectives of the body to which you have been appointed. You should ensure that

nothing you do or say should ever weaken the public's faith in the integrity of public service and, in particular, your organisation and its Board members.

Board members should be aware that issues such as the receipt of gifts and hospitality, conflicts of interest and public accountability assume a much greater importance in public service than in the private sector. Likewise, Board members and senior executives are expected to be meticulous in complying with any rules of the public body in respect of remuneration, allowances and expenses. Minor breaches in any of these matters can attract significant criticism and adverse press coverage. This is largely due to the sensitivities arising from the fact that public service organisations are funded with taxpayers' money. Any such breaches may also be a breach of the Code of Conduct.

5.6 SELFLESSNESS, INTEGRITY, OBJECTIVITY AND HONESTY

Board members must be (and must be seen to be) completely selfless and objective as well as adhering to the highest standards of personal integrity. Specifically, Board members must:

- demonstrate **selflessness** by taking decisions solely in terms of the public interest. You must not act in order to gain financial or other material benefits for yourself, family or friends;
- demonstrate **integrity** by not placing yourself under any financial or other obligation to any individual or organisation that might reasonably be thought to influence you in the performance of your duties;
- be **objective** - decisions should be taken solely on merit when carrying out public business; and
- act with **honesty** at all times. You must declare any private interests relating to your public duties and take steps to resolve any conflicts arising in a way that protects the public interest.

Conflict of Interest

The key principles of the Model Code, especially those in relation to integrity, honesty and openness, are given further practical effect by the requirement for you to declare certain interests in the proceedings of your public body. Together with the rules on registration of interests, this ensures transparency of your interests which might influence, or be thought to influence, your actions. You should note that the appearance of a conflict of interest in terms of public perception can be every bit as damaging as an actual conflict - both should be avoided.

Registration of Interests

All devolved public bodies have a duty to set up, maintain and make available for public inspection a register of Board member interests. The Code is very specific about the interests that you, as a Board member, must register and these include:

- Remuneration from employment, self employment, directorships;
- Related undertakings;
- Contracts with the Public Body;
- Houses, land and buildings that you own or have an interest in which are of significance or relevance to, or bear upon the work and operation of the public body;
- Shares and securities – holdings in a company or organisation which are of significance or relevance to, or bear upon the work and operation of the public body; and
- Non financial interests including membership or holding office in other public bodies, clubs, societies and organisations such as Trade Unions and voluntary organisations.

Your Code of Conduct will contain definitions of what is required under each of these categories and if you are in any doubt as to what you should or should not be registering, you should discuss this with the Standards Officer, the Chair and/or the Standards Commission.

The Register should also be available for inspection by the public (electronic and paper version). Public bodies should prepare a page for this purpose on their website and ensure that it is operational. The electronic version of the Register does not need to include any personal information that would compromise personal security although the full details **would** be made available for public inspection in hard copy.

Board members are required to keep their entries in the Register of Interests up-to-date and this involves notifying the Standards Officer of any new interest or change to an existing interest within one month of the change.

Handling conflicts of interest

Public confidence in your public body and its Board members depends on it being clearly understood that decisions are taken in the public interest and not for any other reason. In deciding whether to declare an interest, the key test is whether “a member of the public, acting reasonably, might think that a particular interest could influence you” (Section 5.3 of the Code of Conduct for Board Members).

Interests may be financial or non-financial and they may or may not be interests that are registerable under the Code. For example, the Code requires only that your personal interests should be registered but it would clearly be appropriate to declare any relevant financial or non-financial interests of your spouse, relatives or close friends.

If you have a financial interest, you must declare your interest at Board meetings and withdraw, thereby avoiding any participation in either the discussion or the voting process. If you have a non-financial interest, you must consider whether the conflict is material in the context of the issue under consideration and also, in terms of public perception, whether “a member of the public, acting reasonably, would consider that you might be influenced by the interest in your role and that it would therefore be wrong to take part in any discussion or decision-making”.

If your non-financial interest would be deemed to be prejudicial under this test, you should declare your interest and leave until the discussion and voting in relation to that item are completed. If you believe that your presence would not fall foul of this objective test, then you should declare your interest and participate in the discussion and voting. In circumstances where you are unsure as to whether or not a prejudicial conflict of interest exists, you should discuss the matter with the Standards Officer and/or the Chair prior to the meeting. If still in doubt, you should err on the side of caution, declare the interest and leave the room during consideration of and voting on the relevant item.

Some examples of potentially prejudicial conflicts of interest are:

- You are a director of a building supplies firm and the Board is entering into a procurement exercise for building materials;
- The Board is meeting to discuss the possible closure of a facility where a member of your family is employed; and
- You are a manager in a voluntary body that has submitted a grant application to the organisation and it is due to be considered by the Board.

The fundamental principle is that no-one should use, or give the appearance of using, their public position to further their private interests. This is an area of particular importance as it receives considerable media attention and even an innocent action can be misinterpreted.

A declaration of interest must be made as early as possible and certainly well before the particular item on the agenda is discussed. Ideally, the declaration should be made at the beginning of the meeting and provide enough information to allow those present to understand the nature of your interest. You do not need to provide a detailed description of the interest.

In the event of a particularly contentious or difficult matter, there may be a need to hold a pre-meeting to discuss how a particular conflict of interest should be

handled. If an issue is identified at a sufficiently early stage, advice may be sought from the Commission.

Dispensations

The Commission does have the power to issue a dispensation, where it is deemed to be in the public interest to do so, to allow Board members to participate in a discussion and vote, despite the fact that they have financial or non-financial interests which would normally prevent them from participating in discussion and voting. The Standards Commission has issued two general dispensations for Board Members in the following areas:

- Planning decisions in the Cairngorms National Park Area to address a conflict between the founding legislation of the Cairngorms National Park Authority and the effect of the 2000 Act; and
- Membership of outside bodies to assist joined-up working.

In addition to these general dispensations, individual applications for dispensations in exceptional circumstances can be made to the Standards Commission and may be granted where it is in the public interest to do so. However, Board members must not take part in any discussion or vote on a matter (in which they are conflicted) unless and until they have actually received a dispensation.

Where a prejudicial conflict of interest exists and a Board member does not declare their interest and withdraw, the Chair should take appropriate action to ensure that the Board (and the Board member concerned) is not compromised. In the event that a Board member refuses to leave the room when asked by the Chair to do so, the Chair should suspend the meeting and reconvene without the Board member concerned being present. Board members should bear in mind that any such action on their part may lead to an investigation by the Standards Commission and imposition of sanction in the event that a breach of the Code of Conduct is proven to have taken place.

In certain situations, handling a conflict of interest properly may require much more than simply leaving the room while the matter is being discussed and voted upon. In particular, Board members who have a prejudicial interest in respect of a grant licence or a planning application or a tender should not:

- get involved in the setting of criteria for the assessment of the grant, tender etc
- get involved in the actual preparation of the grant, tender, licence application (or subsequent presentations, interviews etc) if at all possible;

- receive any relevant papers relating to their application in advance of the meeting;
- be present for the discussion or voting or receive any minutes relating to that part of the meeting;
- use their position as a Board member to try and improperly influence a decision by lobbying any other Board Member(s) or by contacting another Board member to represent your interests at the meeting.

It is extremely important that there should be a level playing field with no advantage (real or perceived) given to Board members or to individuals or organisations with Board connections or representation.

Gifts, hospitality and entertainment

As a Board member, you should ensure that the reputation of your public body is not damaged through the receipt (or provision) of inappropriate levels of gifts and hospitality. The Code of Conduct sets out four key principles in relation to the acceptance of gifts or hospitality:

- Neither you (nor anyone in your organisation) should canvass or actively seek gifts or hospitality;
- You must not accept any offer of a gift or hospitality from any individual or organisation (1) that stands to gain from a decision that your public body may be involved in determining or (2) that is seeking to do business with your organisation
 - It therefore follows that there is a different standard applicable when a gift is offered from a company with which you do business and a similar gift from a community group or individual which does not stand to gain or benefit from a decision that your public body may be involved in determining;
 - It is also specifically stated in the Code, that if you or your colleagues are making a visit to inspect equipment, vehicles, land etc, your public body should meet the costs of these visits and not be subsidised by someone with a vested interest.
- You must not accept repeated hospitality from the same source. For example, in the case of an annual invitation to a golf tournament run by a supplier it may be appropriate to go once for networking purposes etc (assuming that the offer meets the previous criterion) but not on a regular basis;
- You should usually refuse offers of gifts and/or hospitality except in the following cases:

- Lunch, or other reasonable hospitality, taken by Board members after, during, or as a result of a business related meeting
- Acceptance of gifts of a trivial nature or inexpensive seasonal gifts such as diaries or calendars or simple items of office equipment
- Gifts that are received on behalf of the public body and not an individual. However, it is important that these gifts should not be excessive or give the impression of an inappropriately close relationship with a particular supplier.

There should be guidance available within your organisation in relation to the receipt of gifts and hospitality. This should provide you with information on, for example, the level of gifts and hospitality that are acceptable (eg a maximum threshold of £25 or similar amount), when approval is needed, registration requirements etc. As a Board member, you should ensure that there is practical up-to-date guidance in place in your organisation and you should familiarise yourself with the content of this guidance.

In circumstances where you are unsure whether or not to accept a gift or hospitality, even after consulting the organisation's guidelines, you should discuss the matter with the Standards Officer and/or Chair. It may also be useful to look at the organisation's Hospitality Register to get a feel for the types of gifts and hospitality that have been deemed acceptable in the past. But, ultimately, the best advice is - if in doubt, decline.

Where a gift or hospitality is accepted, and exceeds a specified minimum level, it should be recorded in the Hospitality Register.

In situations where public bodies are providing hospitality, it is important to remember that your organisation is spending public money. As the guardian of the public body's reputation, the Board should ensure that the organisation does not have (or appear to have) a cavalier attitude to the use of public money and, in particular, that lavish or excessive expenditure is avoided at all times.

Relationships with suppliers

Board members have a duty to maintain the reputation of the organisation through fair, open and consistent dealing with suppliers. Anyone involved in the procurement process is expected to display high standards of competence and integrity.

Suppliers should be selected on the basis of quality, suitability and value for money. Board members and staff should take care to avoid becoming, or appearing to become, obliged to individual suppliers through the acceptance of

hospitality, gifts, entertainment or sponsorship. When dealing with suppliers, it is essential to ensure that:

- all relevant legislation is complied with, e.g. public procurement legislation (UK and EU);
- the body's own internal rules and procedures are followed; and
- any agreed payment terms are met.

Boards should be aware that all public bodies are encouraged to use collaborative procurement where it is suitable to do so and to use e-Procurement Scotland (which exploits technology to the benefits of both buyers and suppliers) as the common platform for public sector procurement.

5.7 ACCOUNTABILITY AND STEWARDSHIP

Accountability is of key importance, not least because public bodies are funded by taxpayers' money. As a Board, and an individual Board member, you are accountable for your decisions and actions to the public. You have a duty to consider issues on their merits, taking account of the views of others and must ensure that the public body uses its resources prudently and in accordance with the law.

There are three key components to this duty of accountability and stewardship. The Board needs to ensure that:

- the conduct of business is in accordance with the law and proper standards;
- public funds are safeguarded and properly accounted for; and
- resources are used economically, efficiently and effectively.

Public funds include not only funds provided to the body by the Scottish Ministers but also any other funds falling within the stewardship of the body, including gifts, bequests and donations.

In order for the Board to discharge these important responsibilities, it must ensure that the organisation has sound internal financial information systems in place including:

- a management accounting system to monitor and control expenditure against budget;
- a financial management information system to produce annual accounts; and

- a performance management system to measure progress towards agreed financial targets.

Together these systems will help to ensure that your organisation is making best use of its resources in line with the Government's efficiency agenda. It will also demonstrate whether your body is achieving Best Value and complying with the terms of the Management Statement and Financial Memorandum.

5.8 RESPECT

As a Board member, you must respect your fellow Board members and employees of the body and the role they play, treating them with courtesy and respect at all times. Failure to do so may constitute an offence under the Code of Conduct and could therefore form the basis of a legitimate complaint to the Standards Commission and result in the imposition of a sanction in the event that the breach is proven.

As a Board member, you may also be called upon to represent the Board in dealing with the public and/or other external organisations. In these circumstances, it is your duty to maintain the reputation of the organisation by treating people in a helpful and courteous manner; on a timely, reliable and, where appropriate, confidential basis; and in an open and efficient way.

5.9 OPENNESS AND TRANSPARENCY

As a Board, you have a duty to be as open and transparent as possible about your decisions and actions, giving reasons for your decisions and restricting dissemination of information only when the wider public interest clearly demands.

The Freedom of Information (Scotland) Act 2002 places an obligation on all public bodies to provide access to information held by the organisation. If the body whose Board you sit on is subject to the Act, you as a Board member, should ensure that your organisation has Freedom of Information policies and procedures in place. You should make sure that it meets the specific requirements to:

- have in place a Publication Scheme approved by the Scottish Information Commissioner;
- respond to FOI requests in accordance with the timescales and other requirements of the Act, and
- advise and assist people who make requests for information

The Environmental Information (Scotland) Regulations 2004 place similar responsibilities on organisations with regard to environmental information which they hold so you should make sure that, where appropriate, your organisation has in place policies and procedures to meet these responsibilities. .

Public Bodies: Proposals for Change emphasised the importance of all public bodies communicating clearly with stakeholders in plain language, making information widely available and consulting thoroughly and imaginatively. Where practicable and appropriate, the Board should:

- hold Annual Open Meetings;
- hold all Board meetings in public, unless there is a good reason not to;
- release summary reports and/or minutes of meetings;
- invite evidence from members of the public in relation to matters of public concern;
- consult stakeholders and users on a wide range of issues; and
- make the Annual Report widely available.

Confidentiality

On occasions, you will be required to treat discussions, documents or other information relating to the work of the body in a confidential manner. It is imperative that you respect this duty of confidentiality at all times.

In particular, you should never use information to which you have privileged access for personal or financial gain or in a way that brings the public body into disrepute.

Lobbying

In order for a public body to fulfil its commitment to being open and accessible, it needs to encourage participation by outside organisations and individuals in the decision-making process. However, openness and accessibility need to be balanced by transparency and probity in the way business is conducted within your organisation and, consequently, the Code of Conduct sets out some clear rules and guidance in respect of dealing with lobbyists and lobbying.

Two of the key principles are that:

- No person or organisation should gain better access to, or treatment by, you as a result of paying a company or individual to lobby on their behalf; and
- You must not accept paid work which would involve you lobbying your own public body or advising on how to influence the body and/or its members.

Ultimately, if you have any concerns over the approach or methods used by anyone in their contacts with you, you should discuss the matter with the Standards Officer and/or the Chair.

5.10 WHISTLEBLOWING

Although not covered by the Ethical Standards Framework, Board members should have regard to issues relating to whistleblowing.

Board members have a responsibility to ensure that staff have confidence in the fairness and impartiality of procedures for registering and dealing with their concerns and interests. The Public Interest Disclosure Act 1998 gives legal protection to employees who may raise certain matters or concerns, known as ‘qualifying disclosures’, without fear of reprisal. It is designed to ensure that individuals who raise concerns at work, generally known as ‘whistleblowers’, are protected from adverse reaction from their employing organisation.

All public bodies should have a whistleblowing policy and procedure in place which will allow staff to raise concerns on a range of issues such as fraud, health and safety etc without having to go through the normal management structure. The whistleblowing procedure should set out clearly who staff should approach with their concern(s) – normally a senior executive - and how it will be investigated. Unless an allegation is made which is malicious and/or without foundation, every effort should be made to ensure that the whistleblower remains anonymous.

As a Board member, you should ensure that your organisation has a whistleblowing policy and procedure in place.

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Annex 1 What Next? Induction Guidance and Training for Board Members

The following list of induction guidance and training is not prescriptive but is designed to give you an idea of the type of support that may be provided by your public body. You may wish to refer to this checklist when you are discussing your induction requirements with the Chief Executive and/or Chair of your organisation.

Meetings

1. A one-to-one meeting with the Chair immediately following appointment to discuss in broad terms what is expected of a Board member in the first year and any individual role he or she is expected to play. (The Chair and Board member will subsequently meet on a regular basis as part of the appraisal process).
2. An induction session within one month of appointment to explain such things as:
 - organisational structure;
 - the collective role of the Board;
 - arrangements, formats etc. of Board meetings;
 - details of any subsidiary Boards and committees (e.g. Regional Boards, Audit Committee) and their responsibilities;
 - the long-term strategy of the organisation;
 - the corporate planning system;
 - current priority areas of work;
 - budget and financial information, including the monitoring role of the Board;
 - the public body's policies on openness - where appropriate, including the role of Board members in promoting the public body to the public and in the media;
 - links between the public body/Board and the Scottish Executive and the Scottish Parliament. This should include details of where the sponsor Department fits within the Scottish Executive structure, details of sponsor Minister(s) etc;
 - links to other key partner organisations;

- arrangements for Board members' remuneration and expenses;
- the organisation's Code of Conduct for Board members; and
- where they exist, details of arrangements for monitoring and reporting on the performance of Board members.

Ideally, this session should be attended by all new Board members and by some existing Board members to allow the latter to pass on experience. Some other members of the senior management team may also attend, including the Board secretary.

3. It may also be appropriate for a Board member to meet other key staff - for example, where they have been given a specific individual role for research issues, they may wish to meet research staff; where they are to sit on the Audit Committee, they may wish to meet audit and finance staff etc.

Publications

4. The latest Annual Report and Accounts.
5. The latest Corporate Plan and Operational/Business Plan.
6. The Corporate Strategy or similar strategic document.
7. Any significant recent policy or consultation documents which the public body has published.
8. The latest in-house magazine or newsletter.
9. The latest staff newsletter.
10. A list of relevant publications.
11. The organisation's Publication Scheme under the Freedom of Information (Scotland) Act 2002 (if applicable).

Written Material

12. A guide to the legislation under which the public body was established.
13. A copy of the management letter/grant-in-aid letter from the sponsor Minister for the coming year.
14. A copy of the public body's current Management Statement and Financial Memorandum.
15. Standing Orders for the conduct of Board meetings.

16. Organisational structure, staff directory, office addresses etc.
17. Biographical and contact details of other Board members (and, where appropriate, those in subsidiary Boards and Committees).
18. Summary of key roles and responsibilities within the organisation – Board, subsidiary Boards and committees, Chief Executive/Accountable Officer, management team, other senior staff.
19. Where a recent Policy and Financial Management Review (PFMR) has been carried out, a copy of the report and action plan.
20. Forward programme of Board meeting dates and any other key events (press launches, conferences etc).
21. The organisation's Code of Conduct for Board members.
22. A copy of the organisation's Data Protection, Freedom of Information and other relevant policies and procedures relating to corporate governance and accountability.

and if they exist:

23. A list of dos and don'ts for Board members in dealing with the media.
24. A list of key acronyms relating to the public body's area of work, partner organisations etc.

Terms and Conditions

25. Guidance on claiming travel and subsistence expenses.
26. Guidance on claiming other allowances where appropriate (e.g. child care).
27. Guidance on tax issues - e.g. for home to office travel.
28. Guidance on register of interests.

Training

29. The public body should consider providing any further training deemed necessary to assist the Board, individually or collectively, to carry out its duties, for example, the one-day On Board training course that complements this Guide or training on financial management.

Annex 2 Further Reading and Useful Websites

Further Reading

Cadbury Report - Report of the Committee on the Financial Aspects of Corporate Governance (December 1992)

<http://www.ecgi.org/codes/documents/cadbury.pdf>

Rutteman Report - Internal Control and Financial Reporting: Guidance for Directors of Listed Companies Registered in the UK (1994)

The Proper Conduct of Public Business -The Committee of Public Accounts, Eighth Report 1993-94 (1994)

Nolan Committee - First Report of the Committee on Standards in Public Life (Cm 2850) HMSO (May 1995)

<http://www.official-documents.co.uk/document/parlment/nolan/nolan.htm>

The Greenbury Report on Directors Remuneration (July 1995)

<http://www.ecgi.org/codes/documents/greenbury.pdf>

Hampel Report - The Report of the Committee on Corporate Governance (January 1998)

http://www.ecgi.org/codes/documents/hampel_index.htm

Public Interest Disclosure Act 1998

www.hmso.gov.uk/acts/acts1998/19980023.htm

Modernising Government White Paper (1999)

<http://www.official-documents.co.uk/document/cm43/4310/4310.htm>

Turnbull Report – Internal Control – Guidance for Directors on the Combined Code (September 1999)

<http://www.ecgi.org/codes/documents/turnbul.pdf>

Enterprise and Lifelong Learning Committee 6th Report 2000: Report on the Inquiry into the Governance of the Scottish Qualifications Authority

<http://www.scottish.parliament.uk/business/committees/historic/x-enterprise/reports-00/elr00-06-01.htm>

Scottish Parliament's Audit Committee 4th Report 2001: Report on Governance and Financial Management at Moray College

<http://www.scottish.parliament.uk/business/committees/historic/audit/reports-01/aur01-04-02.htm>

Public Bodies: Proposals For Change published in June 2001

www.scotland.gov.uk/library3/government/pbreview.pdf

Members' Model Code of Conduct 2002

<http://www.scotland.gov.uk/library5/localgov/mcoc-00.asp>

Higgs Report – Review of the Role and Effectiveness of Non-executive Directors (January 2003)

<http://www.ecgi.org/codes/documents/higgsreport.pdf>

Smith Report – Audit Committees Combined Code Guidance (January 2003)

http://www.ecgi.org/codes/documents/ac_report.pdf

Building Effective Boards: Enhancing the Effectiveness of Independent Boards in Executive Non-Departmental Bodies (Lynton Barker, HM Treasury Public Services Productivity Panel, November 2004)

http://www.hm-treasury.gov.uk/documents/public_spending_and_services/public_services_productivity_panel/Building_effective_boards.cfm

Regularity, Propriety and Value for Money (HM Treasury, November 2004)

http://www.hm-treasury.gov.uk/documents/public_spending_and_services/audit_and_accounting/ps_s_aud_regprop04.cfm

The Good Governance Standard for Public Services (OPM and CIPFA, January 2005)

http://www.cipfa.org.uk/pt/download/governance_standard.pdf

Scottish Public Finance Manual

<http://www.scotland.gov.uk/library5/finance/spfm/spf-00.asp>

Memorandum to Accountable Officers of Public Bodies

http://www.scotland.gov.uk/library5/finance/spfm/AOmemo_Annex2.pdf

Efficient Government Plan

<http://www.scotland.gov.uk/library5/government/egrseep.pdf>

Guidance on the Duty on Accountable Officers to ensure arrangements are in place to secure Best Value

<http://www.scotland.gov.uk/consultations/finance/bestvalue.pdf>

Useful Websites

Route Map: Your Guide to Complaining about Public Services in Scotland –
<http://www.scottishombudsman.org.uk/images/downloads/routemap.pdf>

Equal Opportunities Commission
<http://www.eoc.org.uk>

Commission for Racial Equality
<http://www.cre.gov.uk>

Disability Rights Commission
<http://www.drc-gb.org>

Campaign Against Age Discrimination in Employment -
<http://www.caade.net>

Public Bodies and Public Appointments -
<http://www.scotland.gov.uk/government/publicbodies>

Scottish Executive
<http://www.scotland.gov.uk>

Scottish Parliament
<http://www.scottish.parliament.uk>

Standards Commission
<http://www.standardscommissionscotland.org.uk/>

Scottish Information Commissioner
<http://www.itspublicknowledge.info/>

Scottish Public Services Ombudsman
www.scottishombudsman.org.uk/

Annex 3 Glossary of Terms

Audit Committee	A formal Board sub-committee which deals with issues raised by internal and external audits.
Benchmarking	A process whereby one organisation is able to compare its performance with that of another, or several others, to identify comparative measures of performance.
Best Value	Best Value is a duty on Accountable Officers to make arrangements to secure continuous improvement in performance (while maintaining an appropriate balance between quality and cost); and in making those arrangements and securing that balance, to have regard to economy, efficiency, effectiveness, the equal opportunities requirements and to contribute to the achievement of sustainable development.
External Auditor	An auditor whose main function is to give an opinion on financial statements over a specified period. The Auditor General for Scotland is the external auditor for the Scottish Executive.
Grant	Money allocated by the sponsor Department to a public body for specific purposes. Any unspent balance of the sums issued during the financial year will be liable for surrender to the Scottish Executive.
Grant-in-aid	A grant from the sponsor Department to a public body where any unspent balance of the sums issued during the financial year will normally not be liable for surrender to the sponsor Department.
Internal Audit	An independent appraisal function within a department etc. which operates as a service to management by measuring and evaluating the effectiveness of the internal control system.
Market Testing	The process of testing the value for money of in-house services against tenders from outside firms.
NDPB	A Non Departmental Public Body is a body which has a role in the processes of national government but is not a government department. It operates at arm's length from the Department. NDPBs fall into five categories, namely, executive bodies, advisory bodies, tribunals, nationalised industries and public corporations and National Health Service bodies.

Performance Indicator	An indirect measure of the extent to which effectiveness, efficiency and economy, quality and service levels have been achieved in an activity or function. Normally used where direct measures are not available.
Performance Measure	A directly quantifiable means of assessing the extent to which effectiveness, efficiency and economy, quality and service levels have been achieved.
Policy and Financial Management Review	A Policy and Financial Management Review is a review, commissioned by the relevant sponsor Department, of the performance management, accountability and governance arrangements in a public body. All public bodies are required to undergo a PFMR at least every five years.
Propriety	Propriety is a further requirement that expenditure and receipts should be dealt with in accordance with the Scottish Parliament's intentions and the principles of parliamentary control. Propriety also includes the necessity for high standards of public conduct including fairness and integrity.
Regularity	Regularity is the requirement for all items of expenditure and receipts to be dealt with in accordance with the legislation authorising them, and any applicable delegated authority and the rules embodied in the Scottish Public Finance Manual.
Stakeholder	A stakeholder is a person (or organisation) who has an interest in the work of the organisation. Examples of stakeholders include providers of finance (e.g. sponsor Departments), users of services, employees and the wider community.
Statement of Internal Control	A Statement signed by the Accountable Officer and included in the annual financial statements, providing assurances that the organisation has an effective system of internal control covering all of the main aspects of its work.
System	A series of related activities designed to operate together to achieve a planned objective.
Target	A quantified objective with a definite timescale.
Whistleblowing	The Public Interest Disclosure Act 1998 provides protection from dismissal, or other sanction for workers who make disclosures of information relating to malpractice by their employer or fellow workers.

FOREWORD

The Ethical Standards in Public Life etc. (Scotland) Act 2000 introduced a new ethical framework to Scotland, key elements of which are statutory Codes of Conduct and the Standards Commission for Scotland. As one of the earliest statutes passed by the Scottish Parliament, the Ethical Standards Act underlines the strong commitment to the promotion of high standards in public life by the Scottish Executive and the Parliament itself. Ethical standards and probity are now at the heart of decision making in Scotland.

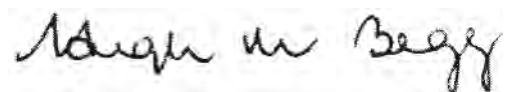
The Act requires the Scottish Ministers to issue a Code of Conduct for Councillors and a Model Code of Conduct for members of devolved public bodies (listed in schedule 3 to the Act). It is anticipated that the Code of Conduct for Councillors, and the individual Codes for each of the devolved public bodies (which are to be based on the Model Code), will come into effect in the autumn of this year.

The Codes play a vital role in setting out, openly and clearly, the standards of conduct that must be applied and, in doing so, they will reinforce and strengthen public confidence in councillors and those appointed to public bodies.

The Standards Commission for Scotland - in co-operation with the Chief Investigating Officer - is responsible for the enforcement of the Codes. All allegations of misconduct, properly made, will be investigated and, where necessary, appropriate sanctions (set out in Annex A) will be applied.

The Commission also has responsibility for issuing guidance to assist councillors and members in observing the Codes and intends to do so – following a period of consultation – as soon as practicable. I invite local authorities and public bodies who identify specific areas on which they would welcome guidance not to hesitate to get in touch with us.

The Members of the Standards Commission see the introduction of the Codes as an opportunity to reinforce public confidence in, and respect for, the diverse activities of elected members and those appointed to public bodies. The Commissioners look forward to working in partnership with those who serve the people and communities of Scotland in order that together we can achieve the highest possible standards of conduct in public life. We invite all those in office to join with us in securing this key objective.



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A copy of the Ethical Standards in Public Life etc. (Scotland) Act 2000 is available from the Stationery Office (ISBN 0- 10-591008-2) and on the Stationery Office website at :
<http://www.scotland-legislation.hms.o.gov.uk/legislation/scotland/acts2000/00007--a.htm>

MODEL CODE OF CONDUCT

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SECTION 1: INTRODUCTION TO THE CODE OF CONDUCT

1.1 The Scottish public has a high expectation of those who serve on the boards of public bodies and the way in which they should conduct themselves in undertaking their duties for the public body. You must meet those expectations by ensuring that your conduct is above reproach.

1.2 The Ethical Standards in Public Life etc. (Scotland) Act 2000 provides for new Codes of Conduct for local authority councillors and members of relevant public bodies; imposes on councils and relevant public bodies a duty to help their members to comply with the relevant code; and establishes a Standards Commission for Scotland to oversee the new framework and deal with alleged breaches of the codes.

1.3 As a member of a public body, it is your responsibility to make sure that you are familiar with, and that your actions comply with, the provisions of this Code of Conduct.

Guidance on the Code of Conduct

1.4 You must observe the rules of conduct contained in this Code. It is your personal responsibility to comply with these and review regularly, and at least annually, your personal circumstances with this in mind, particularly when your circumstances change. You must not at any time advocate or encourage any action contrary to the Code of Conduct.

1.5 The Code has been developed in line with the key principles listed in Section 2 and provides additional information on how the principles should be interpreted and applied in practice. The Standards Commission may also issue guidance. No Code can provide for all circumstances and if you are uncertain about how the rules apply, you should seek advice from the public body. You may also choose to consult your own legal advisers and, on detailed financial and commercial matters, seek advice from other relevant professionals.

Enforcement

1.6 Part 2 of the Ethical Standards in Public Life etc. (Scotland) Act 2000 sets out the provisions for dealing with alleged breaches of this Code of Conduct and the sanctions that shall be applied if the Standards Commission finds that there has been a breach of the Code. Those sanctions are outlined in Annex A.

SECTION 2: KEY PRINCIPLES OF THE CODE OF CONDUCT

2.1 The general principles upon which this Model Code of Conduct are based are:

Public Service

You have a duty to act in the interests of the public body of which you are a member and in accordance with the core tasks of that body.

Selflessness

You have a duty to take decisions solely in terms of public interest. You must not act in order to gain financial or other material benefit for yourself, family or friends.

Integrity

You must not place yourself under any financial, or other, obligation to any individual or organisation that might reasonably be thought to influence you in the performance of your duties.

Objectivity

You must make decisions solely on merit when carrying out public business.

Accountability and Stewardship

You are accountable for your decisions and actions to the public. You have a duty to consider issues on their merits, taking account of the views of others and must ensure that the public body uses its resources prudently and in accordance with the law.

Openness

You have a duty to be as open as possible about your decisions and actions, giving reasons for your decisions and restricting information only when the wider public interest clearly demands.

Honesty

You have a duty to act honestly. You must declare any private interests relating to your public duties and take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership

You have a duty to promote and support these principles by leadership and example, to maintain and strengthen the public's trust and confidence in the integrity of the public body and its members in conducting public business.

Respect

You must respect fellow members of your public body and employees of the body and the role they play, treating them with courtesy at all times.

2.2 You should apply the principles of this code to your dealings with fellow members of the public body and its employees.

SECTION 3: GENERAL CONDUCT

Relationship with Employees of the Public Body

3.1 You will treat any staff employed by the body with courtesy and respect. It is expected that employees will show you the same consideration in return.

Allowances

3.2 You must comply with any rules of the public body regarding remuneration, allowances and expenses.

Gifts and Hospitality

3.3 You must never canvass or seek gifts or hospitality.

3.4 You are responsible for your decisions connected with the offer or acceptance of gifts or hospitality and for avoiding the risk of damage to public confidence in your public body. As a general guide, it is usually appropriate to refuse offers except:

- (a) isolated gifts of a trivial character or inexpensive seasonal gifts such as a calendar or diary, or other simple items of office equipment of modest value;
- (b) normal hospitality associated with your duties and which would reasonably be regarded as inappropriate to refuse; or
- (c) gifts received on behalf of the public body.

3.5 You must not accept any offer by way of gift or hospitality which could give rise to a reasonable suspicion of influence on your part to show favour, or disadvantage, to any individual or organisation. You should also consider whether there may be any reasonable perception that any gift received by your spouse or cohabitee or by any company in which you have a controlling interest, or by a partnership of which you are a partner, can or would influence your judgement. The term "gift" includes benefits such as relief from indebtedness, loan concessions, or provision of services at a cost below that generally charged to members of the public.

3.6 You must not accept repeated hospitality from the same source. You must record details of any gifts and hospitality received and the record must be made available for public inspection.

3.7 You must not accept any offer of a gift or hospitality from any individual or organisation which stands to gain or benefit from a decision your body may be involved in determining, or who is seeking to do business with your organisation, and which a person might reasonably consider could have a bearing on your judgement. If you are making a visit to inspect equipment, vehicles, land or property, then as a general rule you should ensure that your body pays for the costs of these visits.

Confidentiality Requirements

3.8 There may be times when you will be required to treat discussions, documents or other information relating to the work of the body in a confidential manner. You will often receive information of a private nature which is not yet public, or which perhaps would not be intended to be public. There are provisions in legislation on the categories of confidential and exempt information and you must always respect and comply with the requirement to keep such information private.

3.9 It is unacceptable to disclose any information to which you have privileged access, for example derived from a confidential document, either orally or in writing. In the case of other documents and information, you are requested to exercise your judgement as to what should or should not be made available to outside bodies or individuals. In any event, such information should never be used for the purpose of personal or financial gain, or used in such a way as to bring the public body into disrepute.

Use of Public Body Facilities

3.10 Members of public bodies must not misuse facilities, equipment, stationery, telephony and services, or use them for party political or campaigning activities. Use of such equipment and services, etc must be in accordance with the public body's policy and rules on their usage.

Appointment to Partner Organisations

3.11 You may be appointed, or nominated by your public body, as a member of another body or organisation. If so, you are bound by the rules of conduct of these organisations and should observe the rules of this Code in carrying out the duties of that body.

3.12 Members who become directors of companies as nominees of their public body will assume personal responsibilities under the Companies Acts. It is possible that conflicts of interest can arise for such members between the company and the public body. It is your responsibility to take advice on your responsibilities to the public body and to the company. This will include questions of declarations of interest.

SECTION 4: REGISTRATION OF INTERESTS

4.1 The following paragraphs set out the kinds of interests, financial and otherwise which you have to register. These are called “Registerable Interests”. You must, at all times, ensure that these interests are registered, when you are appointed and whenever your circumstances change in such a way as to require change or an addition to your entry in the body’s Register.

4.2 This Code sets out the categories of interests which you must register. Annex B contains key definitions to help you decide what is required when registering your interests under any particular category. These categories are listed below with explanatory notes designed to help you decide what is required when registering your interests under any particular category.

Category One: Remuneration

4.3 You have a Registerable Interest where you receive remuneration by virtue of being:

- employed;
- self-employed;
- the holder of an office;
- a director of an undertaking;
- a partner in a firm; or
- undertaking a trade, profession or vocation or any other work.

4.4 In relation to 4.3 above, the amount of remuneration does not require to be registered and remuneration received as a Member does not have to be registered.

4.5 If a position is not remunerated it does not need to be registered under this category. However, unremunerated directorships may need to be registered under category two, “Related Undertakings”.

4.6 If you receive any allowances in relation to membership of any organisation, the fact that you receive such an allowance must be registered.

4.7 When registering employment, you must give the name of the employer, the nature of its business, and the nature of the post held in the organisation.

4.8 When registering self-employment, you must provide the name and give details of the nature of the business. When registering an interest in a partnership, you must give the name of the partnership and the nature of its business.

4.9 Where you undertake a trade, profession or vocation, or any other work, the detail to be given is the nature of the work and its regularity. For example, if you write for a newspaper, you must give the name of the publication, and the frequency of articles for which you are paid.

4.10 When registering a directorship, it is necessary to provide the registered name of the undertaking in which the directorship is held and the nature of its business.

4.11 Registration of a pension is not required as this falls outside the scope of the category.

Category Two: Related Undertakings

4.12 You must register any directorships held which are themselves not remunerated but where the company (or other undertaking) in question is a subsidiary of, or a parent of, a company (or other undertaking) in which you hold a remunerated directorship.

4.13 You must register the name of the subsidiary or parent company or other undertaking and the nature of its business, and its relationship to the company or other undertaking in which you are a director and from which you receive remuneration.

4.14 The situations to which the above paragraphs apply are as follows:

- you are a director of a board of an undertaking and receive remuneration – declared under category one – and
- you are a director of a parent or subsidiary undertaking but do not receive remuneration in that capacity.

Category Three: Contracts

4.15 You have a registerable interest where you (or a firm in which you are a partner, or an undertaking in which you are a director or in which you have shares of a value as described in paragraph 5.7 below) have made a contract with the public body of which you are a member:

- (i) under which goods or services are to be provided, or works are to be executed; and
- (ii) which has not been fully discharged.

4.16 You must register a description of the contract, including its duration, but excluding the consideration.

Category Four: Houses, Land and Buildings

4.17 You have a registerable interest where you own or have any other right or interest in houses, land and buildings, which may be significant to, of relevance to, or bear upon, the work and operation of the body to which you are appointed.

4.18 The test to be applied when considering appropriateness of registration is to ask whether a member of the public acting reasonably might consider any interests in houses, land and buildings could potentially affect your responsibilities to the organisation to which you are appointed and to the public, or could influence your actions, speeches or decision-making. If in doubt, you may consult with the Standards Commission.

Category Five: Shares and Securities

4.19 You have a registerable interest where you have an interest in shares which constitute a holding in a company or organisation which may be significant to, of relevance to, or bear upon, the work and operation of the body to which you are appointed. You are not required to register the value of such interests.

4.20 The test to be applied when considering appropriateness of registration is to ask whether a member of the public acting reasonably might consider any interests in shares and securities could potentially affect your responsibilities to the organisation to which you are appointed and to the public, or could influence your actions, speeches or decision-making. If in doubt, you may consult with the Standards Commission.

Category Six: Non-Financial Interests

4.21 You may also have a registerable interest if you have non-financial interests which may be significant to, of relevance to, or bear upon, the work and operation of the body to which you are appointed. It is important that relevant interests such as membership or holding office in other public bodies, clubs, societies and organisations such as trades unions and voluntary organisations, are registered and described.

4.22 The test to be applied when considering appropriateness of registration is to ask whether a member of the public acting reasonably might consider any non-financial interest could potentially affect your responsibilities to the organisation to which you are appointed and to the public, or could influence your actions, speeches or decision-making. If in doubt, you may consult with the Standards Commission.

SECTION 5: DECLARATION OF INTERESTS

Introduction

5.1 The key principles of the Code, especially those in relation to integrity, honesty and openness, are given further practical effect by the requirement for you to declare certain interests in proceedings of the public body. Together with the rules on registration of interests, this ensures transparency of your interests which might influence, or be thought to influence, your actions.

5.2 Public bodies inevitably have dealings with a wide variety of organisations and individuals and this Code indicates the circumstances in which a business or personal interest must be declared. Public confidence in the public body and its members depends on it being clearly understood that decisions are taken in the public interest and not for any other reason.

5.3 In considering whether to make a declaration in any proceedings, you must consider not only whether you will be influenced but whether anybody else would think that you might be influenced by the interest. You must keep in mind that the test is whether a member of the public, acting reasonably, might think that a particular interest could influence you.

5.4 If you feel that, in the context of the matter being considered, your involvement is neither capable of being viewed as more significant than that of an ordinary member of the public, nor likely to be perceived by the public as wrong, you may continue to attend the meeting and participate in both discussion and voting. The relevant interest must however be declared. It is your responsibility to judge whether an interest is sufficiently relevant to particular proceedings to require a declaration and you are advised to err on the side of caution. You may also seek advice from the Standards Commission.

Interests which Require Declaration

5.5 Interests which require to be declared may be financial or non-financial. They may or may not be interests which are registerable under this Code. Most of the interests to be declared will be your personal interests but, on occasion, you will have to consider whether the interests of other persons require you to make a declaration.

Shares and Securities

5.6 Any financial interest which is registerable must be declared. You may have to declare interests in shares and securities, over and above those registerable under category five of Section 4 of this Code. You may, for example, in the course of employment or self-employment, be engaged in providing professional advice to a person whose interests are a component of a matter to be dealt with by a board.

5.7 You have a declarable interest where an interest becomes of direct relevance to a matter before the body on which you serve and you have shares comprised in the share capital of a company or other body and the nominal value of the shares is:

- (i) greater than 1% of the issued share capital of the company or other body; or
- (ii) greater than £25,000.

5.8 You are required to declare the name of the company only, not the size or nature of the holding.

Houses, Land and Buildings

5.9 Any interest in houses, land and buildings which is registerable under category four of Section 4 of this Code must be declared, as well as any similar interests which arise as a result of specific discussions or operations of the public body.

Non-Financial Interests

5.10 If you have a registered non-financial interest under category six of Section 4 of this Code you have recognised that it is significant. There is therefore a very strong presumption that this interest will be declared where there is any link between a matter which requires your attention as a member of a public body and the registered interest. Non-financial interests include membership or holding office in other public bodies, clubs, societies, trade unions and organisations including voluntary organisations. They become declarable if and when members of the public might reasonably think they could influence your actions, speeches or votes in the decisions of the public body.

5.11 You may serve on other bodies as a result of express nomination or appointment by your public body or otherwise by virtue of being a member of a public body. You must always remember the public interest points towards transparency particularly where there is a possible divergence of interest between different public authorities.

5.12 You will also have other private and personal interests and may serve, or be associated with, bodies, societies and organisations as a result of your private and personal interests and not because of your role as a member of a public body. In the context of any particular matter you will have to decide whether to declare a non-financial interest. You should declare an interest unless you believe that, in the particular circumstances, the interest is irrelevant or without significance. In reaching a view you should consider whether the interest (whether taking the form of association or the holding of office) would be seen by a member of the public acting reasonably in a different light because it is the interest of a person who is a member as opposed to the interest of an ordinary member of the public.

Interests of Other Persons

5.13 The Code requires only your interests to be registered. You may, however, have to consider whether you should declare an interest in regard to the financial interests of your spouse or cohabitee which are known to you. You may have to give similar consideration to any known non-financial interest of a spouse or cohabitee. You have to ask yourself whether a member of the public acting reasonably would regard these interests as effectively the same as your interests in the sense of potential effect on your responsibilities as a member of a public body.

5.14 The interests known to you, both financial and non-financial, of relatives and close friends may have to be declared. This Code does not attempt the task of defining “relative” or “friend”. The key principle is the need for transparency in regard to any interest which might (regardless of the precise description of relationship) be objectively regarded by a member of the public, acting reasonably, as potentially affecting your responsibilities as a member of a public body.

Making a Declaration

5.15 You must consider at the earliest stage possible whether you have an interest to declare in relation to any matter which is to be considered. You should consider whether agendas for meetings raise any issue of declaration of interest. Your declaration of interest must be made as soon as practicable at a meeting where that interest arises. If you do identify the need for a declaration of interest only when a particular matter is being discussed you must declare the interest as soon as you realise it is necessary.

5.16 The oral statement of declaration of interest should identify the item or items of business to which it relates. The statement should begin with the words “I declare an interest”. The statement must be sufficiently informative to enable those at the meeting to understand the nature of your interest but need not give a detailed description of the interest.

Effect of Declaration

5.17 Declaring a financial interest has the effect of prohibiting any participation in discussion and voting. A declaration of a non-financial interest involves a further exercise of judgement on your part. You must consider the relationship between the interests which have been declared and the particular matter to be considered and relevant individual circumstances surrounding the particular matter.

5.18 In the final analysis the conclusive test is whether, in the particular circumstances of the item of business, and knowing all the relevant facts, a member of the public acting reasonably would consider that you might be influenced by the interest in your role as a member of a public body and that it would therefore be wrong to take part in any discussion or decision-making. If you, in conscience, believe that your continued presence would not fall foul of this objective test, then declaring an interest will not preclude your involvement in discussion or voting. If you are not confident about the application of this objective yardstick, you must play no part in discussion and must leave the meeting room until discussion of the particular item is concluded.

Dispensations

5.19 In very limited circumstances dispensations can be granted by the Standards Commission in relation to the existence of financial and non-financial interests which would otherwise prohibit you from taking part and voting on matters coming before your public body and its committees. Applications for dispensations will be considered by the Standards Commission and should be made as soon as possible in order to allow proper consideration of the application in advance of meetings where dispensation is sought. You should not take part in the consideration of the matter in question until the application has been granted.

SECTION 6: LOBBYING AND ACCESS TO MEMBERS OF PUBLIC BODIES

6.1 In order for the public body to fulfil its commitment to being open and accessible, it needs to encourage participation by organisations and individuals in the decision-making process. Clearly however, the desire to involve the public and other interest groups in the decision-making process must take account of the need to ensure transparency and probity in the way in which the public body conducts its business.

6.2 You will need to be able to consider evidence and arguments advanced by a wide range of organisations and individuals in order to perform your duties effectively. Some of these organisations and individuals will make their views known directly to individual members. The rules in this Code set out how you should conduct yourself in your contacts with those who would seek to influence you. They are designed to encourage proper interaction between members of public bodies, those they represent and interest groups.

Rules and Guidance

6.3 You must not, in relation to contact with any person or organisation who lobbies, do anything which contravenes this Code of Conduct or any other relevant rule of the public body or any statutory provision.

6.4 You must not, in relation to contact with any person or organisation who lobbies, act in any way which could bring discredit upon the public body.

6.5 The public must be assured that no person or organisation will gain better access to, or treatment by, you as a result of employing a company or individual to lobby on a fee basis on their behalf. You must not, therefore, offer or accord any preferential access or treatment to those lobbying on a fee basis on behalf of clients compared with that which you accord any other person or organisation who lobbies or approaches you. Nor should those lobbying on a fee basis on behalf of clients be given to understand that preferential access or treatment, compared to that accorded to any other person or organisation, might be forthcoming from another member of the public body.

6.6 Before taking any action as a result of being lobbied, you should seek to satisfy yourself about the identity of the person or organisation who is lobbying and the motive for lobbying. You may choose to act in response to a person or organisation lobbying on a fee basis on behalf of clients but it is important that you know the basis on which you are being lobbied in order to ensure that any action taken in connection with the lobbyist complies with the standards set out in this Code.

6.7 You should not accept any paid work

(a) which would involve you lobbying on behalf of any person or organisation or any clients of a person or organisation.

(b) to provide services as a strategist, adviser or consultant, for example, advising on how to influence the public body and its members. This does not prohibit you from being remunerated for activity which may arise because of, or relate to, membership of the public body, such as journalism or broadcasting, or involvement in

representative or presentational work, such as participation in delegations, conferences or other events.

6.8 If you have concerns about the approach or methods used by any person or organisation in their contacts with you, you must seek the guidance of the public body.

SANCTIONS AVAILABLE TO THE STANDARDS COMMISSION FOR BREACH OF THE CODE

- (a) Censure – the Commission may reprimand the member but otherwise take no action against them;
- (b) suspension – of the member for a maximum period of one year from attending one or more, but not all, of the following:
 - i) all meetings of the public body;
 - ii) all meetings of one or more committees or sub-committees of the public body;
 - iii) all meetings of any other public body on which that member is a representative or nominee of the public body of which they are a member.
- (c) suspension – for a period not exceeding one year, of the member's entitlement to attend all of the meetings referred to in (b) above;
- (d) disqualification – removing the member from membership of that public body for a period of no more than five years.

Where a member has been suspended, the Standards Commission may direct that any remuneration or allowance received from membership of that public body be reduced, or not paid.

Where the Standards Commission disqualifies a member of a public body, it may go on to impose the following further sanctions:

- (a) where the member of a public body is also a councillor, the Standards Commission may disqualify that member (for a period of no more than five years) from being nominated for election as, or from being elected, a councillor. Disqualification of a councillor has the effect of disqualifying that member from their public body and terminating membership of any committee, sub-committee, joint committee, joint board or any other body on which that member sits as a representative of their local authority.
- (b) direct that the member be removed from membership, and disqualified in respect of membership, of any other devolved public body (provided the members' code applicable to that body is then in force) and may disqualify that person from office as the Water Industry Commissioner.

Full details of the sanctions are set out in Section 19 of the Act.

DEFINITIONS

1. **“Remuneration”** includes any salary, wage, share of profits, fee, expenses, other monetary benefit or benefit in kind. This would include, for example, the provision of a company car or travelling expenses by an employer.
2. **“Undertaking”** means:
 - a) a body corporate or partnership; or
 - b) an unincorporated association carrying on a trade or business, with or without a view to a profit.
3. **“Related Undertaking”** is a parent or subsidiary company of a principal undertaking of which you are also a director. You will receive remuneration for the principal undertaking though you will not receive remuneration as director of the related undertaking.
4. **“Parent Undertaking”** is an undertaking in relation to another undertaking, a subsidiary undertaking, if a) it holds a majority of the voting rights in the undertaking; or b) it is a member of the undertaking and has the right to appoint or remove a majority of its board of directors; or c) it has the right to exercise a dominant influence over the undertaking (i) by virtue of provisions contained in the undertaking’s memorandum or articles or (ii) by virtue of a control contract; or d) it is a councillor of the undertaking and controls alone, pursuant to an agreement with other shareholders or councillors, a majority of the voting rights in the undertaking.
5. **“Group of companies”** has the same meaning as “group” in section 262(1) of the Companies Act 1985. A “group”, within s262(1) of the Companies Act 1985, means a parent undertaking and its subsidiary undertakings.
6. **“Public body”** means a devolved public body listed in Schedule 3 of the Ethical Standards in Public Life etc. (Scotland) Act 2000.
7. **“A person”** means a single individual or legal person and includes a group of companies.
8. **“Any person”** includes individuals, incorporated and unincorporated bodies, trade unions, charities and voluntary organisations.
9. **“Spouse”** does not include a former spouse or a spouse who is living separately and apart from you.
10. **“Cohabitee”** includes a person, whether of the opposite sex or not, who is living with you in a relationship similar to that of husband and wife.
11. **“Chair”** includes Board Convener or any person discharging similar functions under alternative decision making structures.

Guidance Note to Devolved Public Bodies in Scotland and their Members



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THE STANDARDS COMMISSION FOR SCOTLAND

ETHICAL STANDARDS IN PUBLIC LIFE IN SCOTLAND

GUIDANCE NOTE TO DEVOLVED PUBLIC BODIES IN SCOTLAND AND THEIR MEMBERS

INTRODUCTION

1. The Ethical Standards in Public Life etc. (Scotland) Act 2000 ('the Act') introduced a new ethical framework for public life in Scotland. As one of the earliest statutes passed by the Scottish Parliament, the Act underlines the strong commitment to the promotion of high standards in public life by the Scottish Government and the Parliament itself.
2. The Code of Conduct for Councillors and most of the individual Codes of Conduct for devolved public bodies listed in Schedule 3 to the Act were approved by the Scottish Ministers and came into effect on 1 May, 2003.¹ The Scottish Ministers have subsequently modified Schedule 3 by the addition of further bodies and the Code for each of these bodies came into effect, or will come into effect, on a date stipulated by the Ministers.
3. The individual Codes of Conduct for devolved public bodies are based on the Model Code of Conduct approved by the Scottish Ministers. Paragraph references in this Guidance Note relate to the Model Code of Conduct and members are reminded of the need to refer to their body's own Code of Conduct which may differ slightly from the Model Code.
4. The Standards Commission for Scotland ('the Commission') is responsible for the enforcement of the Codes. It also has responsibility for issuing guidance to assist councillors and members in observing the Codes.
5. The Commission has already issued guidance to devolved public bodies in March 2003. This has now been revised and this note supersedes the Guidance Note issued in March 2003. It comes into effect on 1 May 2008.

¹ See also the Ethical Standards in Public Life etc. (Scotland) Act 2000 (Commencement No. 3) Order 2003 and the Ethical Standards in Public Life etc. (Scotland) Act 2000 (Modification of Enactments) Order 2003.

6. The Commission's guidance is set out as follows:-
 - Part A – The New Ethical Framework: The Relationship between the Commission and Public Bodies.
 - Part B - The Duties of Public Bodies to Promote High Standards of Conduct.
 - Part C - The Registration and Declaration of Interests.

7. This guidance is directed to public bodies and their members. Separate – although similar - guidance has been issued to Councils and to councillors.

PART A – THE ETHICAL FRAMEWORK: RELATIONSHIP BETWEEN THE COMMISSION AND PUBLIC BODIES

8. The promotion of high standards in public life is essential to ensure and reinforce public confidence in the activities and responsibilities of public bodies. The Commission wishes to work in partnership with those who serve the people and communities of Scotland to ensure that, together, the highest possible standards of conduct in public life can be secured.
9. The Commission therefore wishes to support the work of public bodies in striving to achieve the highest standards of conduct and, with this in mind, wishes to make itself readily available to facilitate this. The addresses and contact numbers of the Commission and Chief Investigating Officer (“CIO”) are set out in the Appendix to this Note. In addition the Commission has established a web-site at www.standardscommissionscotland.org.uk, which is intended to be an important source of information about the ethical framework in Scotland in general and the work and activities of the Commission and the CIO in particular.
10. The Commission wishes to stress the importance which it attaches to public bodies embracing the new ethical framework and ensuring that they have effective support systems in place to assist members in applying high standards of conduct.
11. Public bodies are reminded of the importance of high standards of conduct as a key part of arrangements for corporate governance. In this connection, the Commission commends the advice given by Audit Scotland in relation to the role of ethical standards within corporate governance in its Code of Audit Practice, and by the Scottish Government in its guide “On Board” dated March 2003 and reviewed in 2006.
12. Public bodies also have a part to play in ensuring that the public are made aware of the ethical framework in Scotland and how it is to be regulated. With this in mind the Commission advises public bodies to facilitate the process by ensuring that information about the Act, the Codes of Conduct, and the roles of the Commission and the Chief Investigating Officer is widely available at their main offices and public buildings. Public bodies should also ensure that their own Codes of Conduct are available directly, or through links, on their own web-sites.

PART B – THE DUTIES OF PUBLIC BODIES TO PROMOTE HIGH STANDARDS OF CONDUCT

13. All public bodies have duties of –
- a) promoting the observance by their members of high standards of conduct, and
 - b) assisting them to observe the public body’s Code of Conduct for Members.

Code of Conduct and Guidance

14. In the first instance, public bodies should ensure that all members have their own copies of the relevant Code of Conduct and this Guidance Note. Attention should be drawn to the additional material which the Commission will issue from time to time, including material published on its web-site.

European Convention on Human Rights

15. The Model Code itself – including its key principles – is compliant with and subject to the provisions of the European Convention on Human Rights as applied by the Human Rights Act 1998.
16. The main ECHR provisions which are relevant in relation to the interpretation and application of the Code include –

Article 8 – right to respect for private and family life

Article 9 – freedom of thought, conscience and religion

Article 10 – freedom of expression.

The Key Principles of the Codes

17. The key principles are set out in section 2 of the Model Code and are the principles upon which the rules of conduct in the Model and individual Codes are based.
18. These principles should be applied by members wherever and whenever they are acting in an official capacity as a member of the public body, whether the business is formal or informal.

Relationship with Employees of the Public Body

19. Members should treat any staff employed by the body with courtesy and respect.

Gifts and Hospitality

20. The Codes' provisions relating to gifts and hospitality are intended to avoid damaging public confidence in public bodies.
21. Essentially, the principles are to the effect that gifts or hospitality should not be accepted where this would amount to (a) real or substantive personal gain or (b) a reasonable suspicion of influence on the part of the member to show favour or disadvantage to any individual or organisation.
22. With reference to (a) above gifts of modest value and reasonable hospitality associated with the member's duties would not fall foul of these principles.
23. Where the individual or organisation offering the gift or hospitality is awaiting a decision from the public body or is seeking to do – or to continue to do – business with the public body, then the member may – in accepting the gift or hospitality – fall foul of the principles.
24. Where a gift or hospitality is to be accepted, a member must carefully consider the whole circumstances in which the gift or hospitality is being offered and what the value or cost would amount to.
25. A member must record any gifts or hospitality received with the proper officer in the same way as recording any registerable interests (see Part C below). It is not, however, necessary to record any gifts or hospitality as described in paragraph 3.4 (a) to (c) of the Model Code, namely:-
 - (a) isolated gifts of a trivial character or inexpensive seasonal gifts such as a calendar or diary or simple items of office equipment of modest value;
 - (b) normal hospitality associated with a member's duties and which would reasonably be regarded as appropriate; or
 - (c) gifts received on behalf of the public body.

Training

26. Public bodies should also make arrangements to hold or attend training and induction sessions on ethical standards and they should strongly encourage attendance by all of their members and senior officers at such sessions. The Standards Commission is not in a position to provide training programmes itself but it is willing to participate in any such programmes organised by established training providers, (such as representative, professional or training associations). It also wishes to work with public bodies on the development of good practice guidelines to assist members in achieving high ethical standards in the conduct of public business.

27. The training sessions should cover the ethical framework, including the Act, the relevant Code of Conduct and the enforcement regime and they should emphasise the personal responsibilities of members. Training sessions should be offered to newly appointed members as soon as possible following appointment.
28. When public bodies are re-constituted arrangements should be made to hold training sessions for new members.
29. Public bodies should also prepare a programme for periodic refresher courses for their members.

Advice from Senior Officers

30. As part of the support provided to them, it is important that members should have ready access to advice from nominated senior officials (such as the Chief Executive or the Chief Legal Officer or the Secretary) on the new framework in general and on the Code of Conduct in particular.
31. It should always be clearly pointed out by officers that it is the member's personal responsibility to ensure that they act at all times in compliance with the provisions of the Code of Conduct. This is particularly important when giving advice in relation to matters such as registration of interests and declaration of interests.

PART C – REGISTRATION AND DECLARATION OF INTERESTS

Registration of Interests

32. All public bodies have a duty to set up, maintain and make available for public inspection a register of the interests of their members which the Codes require to be registered. They must also appoint a standards officer² to maintain the register.
33. Regulations have been made by Ministers³ requiring all members to register their relevant interests not later than one month after the date of their appointment. The Regulations require the following interests to be registered –
 - (a) Gifts and hospitality (see paragraph 3.6 of the Model Code)
 - (b) Other interests
 - (i) Category one: remuneration (see paragraphs 4.3 to 4.11 of the Model Code).
 - (ii) Category two: related undertakings (see paragraphs 4.12 to 4.14 of the Model Code).
 - (iii) Category three: contracts (see paragraphs 4.15 and 4.16 of the Model Code).
 - (iv) Category four: houses, land and buildings (see paragraphs 4.17 and 4.18 of the Model Code)
 - (v) Category five: shares and securities (see paragraph 4.19 and 4.20 of the Model Code)
 - (vi) Category six: non-financial interests (see paragraph 4.21 and 4.22 of the Model Code)
34. There is no requirement to register the interests of a spouse, co-habitee or civil partner.
35. Public bodies should ensure that members are aware of the importance of registering all their relevant interests within this timescale. Public bodies should also make arrangements for members who wish to do so to consult the nominated senior officers(s) to help them in completing their own notices for the Register of Interests in accordance with the requirements of the Codes and the Regulations.
36. The principal Register should be retained at the head offices of public bodies.

² In the case of National Park authorities a proper officer rather than a standards officer must be appointed

³ See the Ethical Standards in Public Life etc. (Scotland) Act 2000 (Register of Interests) Regulations 2003 as amended

37. The Register should also be available for inspection by the public electronically and public bodies should prepare a page for this purpose on their web-site. The information should also be available at other offices and buildings of public bodies, and any member of the public inspecting such information at any of these locations should be entitled to receive a printed copy of the information on request. The Commission will provide a facility on its own web-site so that members of the public, on accessing that site, can link where possible to the relevant pages on public bodies' web-sites. The electronic version of the Register need not include such personal address information as would compromise members' personal security, the full details being available for public inspection as above. Advice in relation to personal security and the Register can be obtained from the standards officers and from the Commission.
38. It is appreciated that there may be a time gap between the registering of interests in the principal Register and the copying of that information to web-sites. It will be important, therefore, that web-sites make clear the date at which the information given is accurate. Public bodies should aim to have their web-sites updated within one month of the receipt of the information.
39. Members are required to update their entries in the Register of Interests within one month of their circumstances changing and this includes the receipt of gifts and hospitality. Appropriate arrangements should be made to ensure that members are advised of the importance of keeping their entries in the Register under review and these arrangements should include the issue of a reminder at least every six months.
40. The standards officer must maintain a record of the interests registered by the members in their first notice and any subsequent notices. The standards officer must ensure that all the appropriate information – that is the date of the notice, the name of the member and the statement of information in the notice – is fully recorded.
41. The standards officer must maintain the record for five years after the member ceases to be a member of the public body.

Appointment or Nomination by a Council to Public Bodies

42. Where members who are also councillors are appointed or nominated by a Council to a public body, they should ensure that their membership of the public body is registered in their Register of Interests maintained by the Council, either under Category one: Remuneration if the position is remunerated (as described in paragraphs 4.3 to 4.6 of the Councillors' Code of Conduct) or Category seven: Non-Financial Interests where the position is not remunerated.

Declaration of Interests

43. The Model Code requires members to declare interests which might influence, or be thought to influence, their actions as a member. The responsibility for making decisions is a personal one as only the member is in a position to assess his or her own circumstances and how those may affect his or her responsibilities as a member of the public body. (See paragraphs 5.1 and 5.2 of the Model Code.)

44. The key test that has to be applied is the objective one of whether a member of the public, acting reasonably and knowing all the relevant facts, would think that a particular interest in relation to any matter being considered at a public body meeting could influence the member. (See paragraph 5.3 of the Model Code.)
45. Interests can be (a) financial interests, (b) non-financial interests or (c) the interests, financial or non-financial, of other persons. (See paragraph 5.5 of the Model Code.)

Financial Interests

46. Any financial interest of the member which relates to a matter under consideration must be declared. (See paragraphs 5.5 and 5.6 of the Model Code.)⁴

Non-Financial Interests

47. If the member has a non-financial interest which relates to a matter under consideration that interest must be declared where the interest would, to a member of the public acting reasonably and knowing all the relevant facts, consider the nature of the interest could unduly influence the member.

Interests of Other Persons

48. The Model Code also requires members to consider declaring any interest, financial or non-financial, of their spouse or cohabitee (which for the purpose includes a civil partner) which relates to the matter under consideration. Where the interest is a financial interest the member must consider carefully whether it would be reasonable to assume that the member could benefit – or be seen to benefit – financially as a result of the interest of the spouse or cohabitee. If that is the case the member should declare a financial interest.
49. If the spouse's or cohabitee's interest is non-financial (or financial but where no financial benefit could reasonably be seen as accruing to the member) the test that has to be applied is the objective one of whether a member of the public, acting reasonably and knowing all the relevant facts, would regard the interest as effectively the same as the member's interest as regards affecting his or her responsibilities as a member.
50. The interest of relatives and close friends, both financial and non-financial, may have to be declared. In the case of relatives and close friends who live with the member then in the case of their financial interests the considerations set out in paragraph 48 above will apply. In the case of their non-financial interests (or financial but where no financial benefit could reasonably be seen as accruing to the member) the considerations set out in paragraph 49 above will apply.

⁴ Some individual Codes provide that where a member has registered certain interests under category one or category six of section 4 they do not, for that reason alone, have to declare that interest.

Making a Declaration

51. When making a declaration it is not sufficient merely to state “I declare an interest”. The member must give sufficient information to enable those at the meeting, including the public, to understand the nature of the interest.

Effect of Declaring a Financial Interest

52. If the member declares a financial interest (whether the member’s own interest or because the member may be seen as benefiting from the financial interest of his or her spouse, cohabitee, relatives or close friends) the member must leave the meeting room until discussion of the relevant item is concluded.

Effect of Declaring a Non-Financial Interest

53. After declaring a non-financial interest, the member must then consider whether he or she can continue to take part in the discussion.
54. The test is whether a member of the public, acting reasonably and knowing all the relevant facts, would consider that the member might be unduly influenced by the interest as a member and it would therefore be wrong to take part in any discussion or decision making. If it is considered that the test would apply, the member should withdraw from the meeting room until discussion of and decision on the item is concluded. If, the member, in conscience, believes he or she would not be considered by a member of the public as being unduly influenced by the interest then the member may participate in the discussion and decision.

Dispensations

55. Paragraph 5.19 of the Model Code provides for the granting of dispensations by the Commission to members to allow them to participate in discussions and voting on certain matters where, due to financial or non-financial interests, they would otherwise be prohibited from such participation.
56. The Commission has granted a dispensation to non-councillor members of Regional Transport Partnerships (“RTPs”) to allow them in certain circumstances to participate in discussion, (but not voting) on some matters where they would otherwise be required to declare an interest and withdraw from the discussion.⁵
57. Applications for individual dispensations should be submitted to the Secretary, Standards Commission for Scotland, Forsyth House, Innova Campus, Rosyth Europarc, Rosyth, KY11 2UU, setting out in detail all relevant information, including the reasons why a dispensation is sought.
58. The Commission will respond as soon as it reasonably can after receipt of all information.

REVIEW

⁵ Dispensation Note to Regional Transport Partnerships in respect of financial and non-financial interests (January 2007)

59. The Commission intends to keep its guidance under review. It welcomes comment on the current guidance, and will consider issuing additional guidance where this might be thought helpful.

CIRCULATION

60. Copies of this Guidance should be given, as soon as practicable, to all members of the public body.

The Standards Commission for Scotland
Forsyth House
Innova Campus
Rosyth Europarc
ROSYTH
KY11 2UU

April 2008

APPENDIX

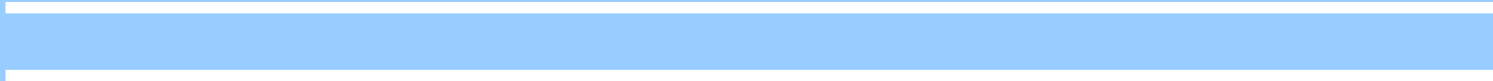
Mr D Stuart Allan
Chief Investigating Officer
Office of Investigations
Ethical Standards in Public Life
Forsyth House
Innova Campus
Rosyth Europarc
ROSYTH
KY11 2UU

Telephone: 01383 428033
Fax: 01383 428019
E-mail: [**investigations@ethicalstandards.org.uk**](mailto:investigations@ethicalstandards.org.uk)

Ms Janet Nixon
Secretary to the Commission
Office of Administration and Hearings
The Standards Commission for Scotland
Forsyth House
Innova Campus
Rosyth Europarc
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KY11 2UU

Telephone: 01383 428061
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E-mail: [**enquiries@standardscommission.org.uk**](mailto:enquiries@standardscommission.org.uk)

Web-site: [**www.standardscommissionscotland.org.uk**](http://www.standardscommissionscotland.org.uk)



4i Ethical Standards in Public Life etc (Scotland) Act 2000

http://www.opsi.gov.uk/legislation/scotland/acts2000/asp_20000007_en_1

4ii Ethical Standards in Public Life etc (Scotland) Act (Code of Conduct for Members of Certain Scottish Public Authorities) Order 2006

<http://www.opsi.gov.uk/legislation/scotland/ssi2006/20060026.htm>

Architecture+Design Scotland

Board Register of Interests

In accordance with the relevant legislation and best practice, Board Members of devolved public bodies are required to give notice of their interests under the following headings:

Registerable Interest	Description of Interest (Standards Commission for Scotland <i>Members' Model Code</i> reference Bold)
1. Remuneration	Model Code 4.3 - 4.11 A description of – (a) Remuneration received by virtue of being – (i) Employed or self employed (ii) The holder of an office (iii) The director of an undertaking (iv) A partner in a firm and (v) Involved in undertaking a trade, profession, vocation or any other work (b) Any allowance received in relation to the membership of any organisation (c) The name, and registered name if different, and nature of any applicable employer, self-employment, business, undertaking or organisation (d) The nature and regularity of the work that is remunerated and (e) The name of the directorship and the application of the applicable business
2. Related Undertakings	Model Code 4.12 – 4.14 A description of a directorship that is not itself remunerated, but is of a company or undertaking which is a parent or subsidiary or a company or undertaking which pays remuneration
3. Contracts	Model Code 4.15 – 4.16 A description of the nature and duration, but not the price of, of a contract which is not fully implemented where – (a) Goods for services are to be provided to, or works are to be executed for, the devolved public body; and (b) Any responsible person has a direct interest, or an indirect interest as a partner, owner or shareholder, director or officer of a business or undertaking, in such goods and services
4. Houses, Land and Buildings	Model Code 4.17 – 4.18 A description of any rights of ownership or other interests that may be significant to, of relevance to, or bear upon, the work or operation of the devolved public body
5. Shares and Securities	Model Code 4.19 – 4.20 A description of, but not the value, of shares and securities in a company, undertaking or organisation that may be significant to, of relevance to, or bear upon, the work or operation of the devolved public body
6. Non-Financial Interests	Model Code 4.21-4.22 A description of such interests as may be significant to, of relevance to, or bear upon, the work or operation of the devolved public body, including without prejudice to that generality membership of or office in- (a) Other public bodies (b) Clubs, societies and organisations (c) Trades unions

	(d) Voluntary organisations
7. Gifts and Hospitality	A description of any gifts or hospitality received

Board Member:

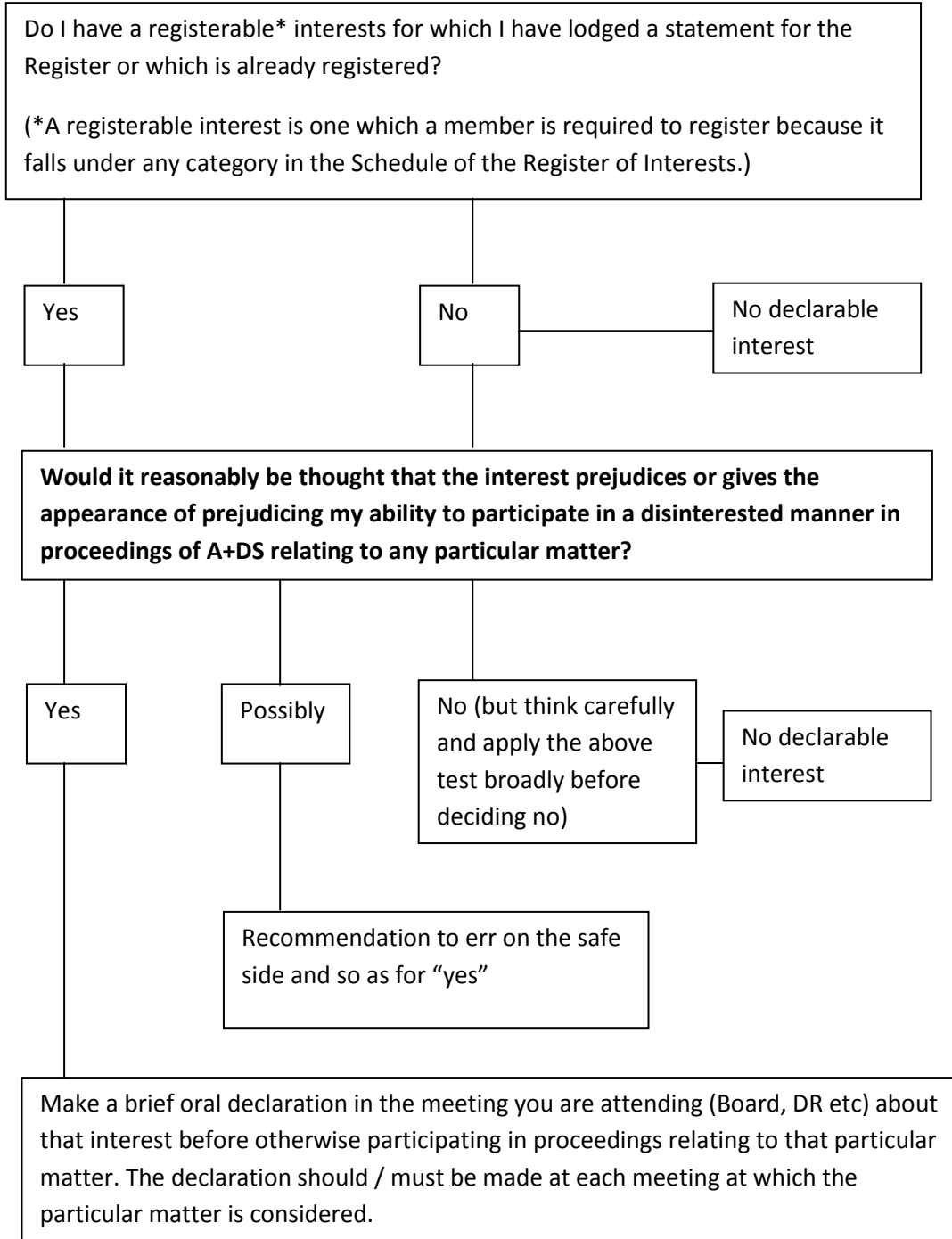
Date of Completion / Update:

Registerable Interest	Description of Interest	Detail of the interest
1. Remuneration	Employment or self employment (include the registered name of the company and / or the nature of the business)	
	Holding an office (include office held, name of organisation, nature and regularity of business)	
	As a director of an undertaking (include the name of the directorship and the nature of the applicable business)	
	As a partner in a firm (include registered name of the company and / or nature of business)	
2. Related Undertakings	A description of a directorship that is not remunerated but is of a company which is a parent or subsidiary of a company or undertaking which pays remuneration	
3. Contracts	A description of any contract, but not price, of a contract which is not fully implemented where (a) goods and services are provided to A+DS or (b) any responsible person has direct or indirect	

	interest in such goods or services	
4. Houses Land and Building	A description of any rights of ownership or other interests that may be significant to, or bear upon, the work or operation of the devolved public body	
5. Shares and Securities	A description, but not value, of shares or securities in a company, undertaking or organisation that may be significant to, of relevance to, or bear upon, the work or operation of the devolved public body	
6. Non-Financial Interests	A description of such interests as may be significant to, of relevance to, or bear upon, the work or operation of the devolved public body, including without prejudice to that generality membership or office in -	
	a) Other public bodies	
	b) Clubs, societies and organisations	
	c) Trades unions	
	d) Voluntary Organisations	
7. Gifts and Hospitality	A description of any gifts and hospitality received	

Do I have a declarable interest?

Before taking part in proceedings of Architecture+Design Scotland, including proceedings in the Board, Audit Committee or Design Review Panel etc, relating to any particular matter, each member should ask him or herself the following to help decide if declaration of an interest is required –



NHS Shetland

Extract from the Register of Board Members Private Interests Member's Name Interest Declared (Category)

Interests are registerable under six categories as follows:

- **Category 1:** Remuneration
- **Category 2:** Related Undertakings
- **Category 3:** Contracts
- **Category 4:** Houses, Land and Buildings
- **Category 5:** Shares and Securities
- **Category 6:** Non-Financial Interests

Sandra Laurenson Chief Executive	Chief Executive, Shetland NHS Board (1) Member of Royal College of Nursing (6)
Ian Kinniburgh Chairman	Owner and Managing Director, 60 North Recycling Ltd (1) Chartered Member of the Institute of Waste Management (6) Member of Community Planning Delivery Group (6)
Sandy Cluness Local Authority Member	Elected Member, Shetland Islands Council, Lerwick North Ward (1) 80/82 Commercial Street, AJ & E Cluness Rental Income (1) 5 Twageos Road, Lerwick, AJ & E Cluness (4) Joint ownership with E Cluness of 80/82 Commercial Street, Lerwick (4) Shetland Fisheries Training Centre Trust (6) Sullum Voe Association (6) Shetland Leasing & Property Ltd (6) SLAP Trading Ltd (6) Shetland Development Trust (6) Shetland Charitable Trust (6) Shetland Golf Club (6) Lerwick Boating Club (6) Shetland Council of Social Service (6) North Sea Commission (6) Shetland Tall Ships Ltd (6)
Joseph Irvine Non Executive Board Member	Travelling expenses for attending meeting of Shetland Recreational Trust (1) Ownership of 1 Grunnablett, Brae (4) Chairman of Shetland Recreational Trust (6) Member of Board of Management of Shetland College and Train Shetland (NHS representative) (6) Member of Board of Community Alcohol and Drugs Services Shetland (NHS representative) (6)
Keith Massey Non Executive Board Member	Occupational pension from Syngenta AG (1) Sole Trader of The Spiggie Hotel, Scousburgh (1) Holiday Let, Crawton, Sandness (4) Syngenta AG shares (5) Astra Zeneca Plc shares (5)

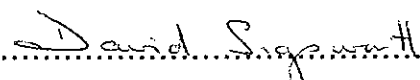
<p>Drew Ratter Non Executive Board Member</p>	<p>Convener, Crofters Commission (1) Freelance journalist, primarily for The Shetland Times (1) Crofter (2) Crofts of Voe & Blythoid Crofting Tenancy (4) Member of the National Union of Journalists (6) Member of the Board of Euromontana(6) Member of the National Farmers Union Scotland (6) Member of Ollaberry and Collafirth Common Grazings (6) Director of North Mavine Community Development Company (6) Director of Shetland Abbatoir Co-op Ltd (6)</p>
<p>Ann Williamson Non Executive Board Member</p>	<p>Service Manager, Social Work, Shetland Islands Council (1) Chief Social Work Officer for Shetland Islands Council (1) Joint Secretary, Leukaemia Research Fund (Shetland Branch) (6)</p>
<p>Nina Fraser Nurse Director</p>	<p>Nurse Director, Shetland NHS Board (1)</p>
<p>Ken Graham Medical Director</p>	<p>Medical Director, Shetland NHS Board (1) Consultant Physician, Shetland NHS Board (1)</p>
<p>Nick Kenton Director of Finance</p>	<p>Director of Finance, Shetland NHS Board (1) BT shares (5) Aviva shares (5) Friends Provident shares (5) HBOS shares (5) Bradford & Bingley shares (5) Merrell Lynch shares (5) Nat West shares (5) Member of the Chartered Institute of Public Finance and Accountancy (6) Member of the Lerwick Squash Club (6) Member of the Trondra Rowing Club (6) Member of the Cycle Touring Club (6) Member of Scalloway Boating Club (6)</p>
<p>Alison Mustard Chair, Area Clinical Forum</p>	<p>Oncology Specialist Nurse, Shetland NHS Board (1) Chair, Cancer Lead Team, Shetland NHS Board (6) Chair, Area Nursing and Midwifery Committe, Shetland NHS Board (6) Chair, Area Clinical Forum, Shetland NHS Board (6)</p>
<p>Sarah Taylor Director of Public Health</p>	<p>Director of Public Health, Shetland NHS Board (1) Member, British Medical Association (6) Member, Medical Practitioners Union (6)</p>

Agency Board Members Register of Interests

Scottish Environment Protection Agency

BOARD MEMBER: David Sigsworth

DATE OF COMPLETION/UPDATE: 16 February 2010

Signature: 

REGISTERABLE INTEREST	DESCRIPTION OF INTEREST	DETAIL OF THE INTEREST (IF NONE, STATE 'NONE')
REMUNERATION	Employment or self employment (include registered name of the company and/or nature of business)	<ul style="list-style-type: none"> • Employed as Chairperson of SEPA – Scotland’s environmental regulator. • Self employed consultant in the field of renewable and sustainable energy. • Self employed advisor to International Forest Products UK – supporting biomass supply chain development. • Part-time associate of Delta Energy & Environment – Consultancy providing expertise in decentralised energy.
	Holding an office (include office held, name of organisation, nature and regularity of business)	<ul style="list-style-type: none"> • Chairman and NED – Sigma Capital Group plc – Financial asset management and advisory group. • Chairman of Sigma Sustainable Energy Fund II – Sigma Capital Group plc – Private Equity Fund investing in sustainable energy technology throughout UK and Europe – Regular stakeholder meetings. • Chairman and NED – Flexitricity Ltd – Electricity load management. • Chairman of Remuneration Committee and NED – Nitol Solar Ltd – Scientific development and manufacture of products used to generate solar energy. • Chairman and NED – St Andrews Fuel Cells Ltd – Development of Solid Oxide Fuel Cells

REGISTERABLE INTEREST	DESCRIPTION OF INTEREST	DETAIL OF THE INTEREST (IF NONE, STATE 'NONE')
REMUNERATION (Continued)	As a director of an undertaking (include the name of the directorship and the nature of the applicable business)	<ul style="list-style-type: none"> • Kirklands Consulting Ltd – Sole director – I conduct most of my consultancy through this company. • Sigma Capital Group plc – As above – Chairman and NED • Flexitricity Ltd – As above – Chairman and NED • Nitol Solar Ltd – As above – NED • St Andrews Fuel Cells Ltd – As above – Chairman and NED • Sea Energy plc – NED – Offshore wind development company • Sea Energy Renewables Ltd – NED – Offshore marine renewables development company (a subsidiary of Sea Energy plc)
	As a partner in a firm (include registered name of the company and/or nature of business)	N/A

ANY ALLOWANCE RECEIVED THROUGH MEMBERSHIP OF AN ORGANISATION	All payments such as honoraria and including a statement of whether expenses are paid or not	NaREC (New and Renewable Energy Centre, Blyth) – R&D into new energy technologies – Member of Advisory Board – Daily rate payable for 2 to 3 meetings per annum – Travel expenses paid.
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RELATED UNDERTAKINGS	A description of a directorship that is not remunerated but is of a company which is a parent or subsidiary of a company or undertaking which pays remuneration	N/A
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REGISTERABLE INTEREST	DESCRIPTION OF INTEREST	DETAIL OF THE INTEREST (IF NONE, STATE 'NONE')
HOUSES LAND AND BUILDING	A description of any rights of ownership or other interests that may be significant to, of relevance to, or bear upon, the work or operation of the devolved public body.	I own property in Stanley, Perthshire which is adjacent to the River Tay and benefits from SEPA's flood warning service.
SHARES AND SECURITIES	A description, but not value, of shares or securities in a company, undertaking or organisation that may be significant to, of relevance to, or bear upon, the work or operation of the devolved public body	<ul style="list-style-type: none"> • Ordinary shares in Scottish and Southern Energy. • Ordinary shares in Tanaris Energy which is a developer of biomass energy projects.

REGISTERABLE INTEREST	DESCRIPTION OF INTEREST	DETAIL OF THE INTEREST (IF NONE, STATE 'NONE')
NON-FINANCIAL INTERESTS	A description of such interests as may be significant to, of relevance to, or bear upon, the work or operation of the devolved public body, including without prejudice to that generality membership of or office in:-	
	a) Other public bodies	Scottish Information Commissioner – my daughter is an employee
	b) clubs, societies and organisations	<ul style="list-style-type: none"> • University of Dundee, Honorary Professor in College of Art, Science and Engineering – Chairman of Industrial Panel for MSc Degree in Renewable Energy and Environment – Unremunerated – Travel expenses paid. • Dundee Science Centre – Chairman and Director – Unremunerated – Travel expenses paid. • Sensation Ltd – Operating Company of Dundee Science Centre – Chairman and Director – Unremunerated – Travel expenses paid. • Energy Action Scotland – Scottish Fuel Poverty Charity – Director – Unremunerated – Travel expenses paid. • Future Energy Yorkshire (supported by the Regional Development Agency – Yorkshire Forward) – deploying new and renewable energy technology within Yorkshire and Humberside – Member of the Advisory Panel – Unremunerated – Travel expenses paid. • Sustainability First – Policy Think Tank – Director and Trustee – no remuneration or expenses paid. • Combined Heat and Power Association (CHPA) – Trade Association – Vice President – no remuneration or expenses paid. • Friends of Ferry Glen – Local environmental group concerned with the improvement of the Ferry Glen and Back Braes, South Queensferry – Committee member – no remuneration or expenses paid.
	c) trades unions	None
	d) voluntary organisations	N/A

Scottish Environment Protection Agency Agency Board Members Declaration of Interest

Board Member David Sigsworth

Date of Completion 7 December 2009

(August – end November 2009)

Declared Interest (Gifts, hospitality and single items of financial reward/remuneration not registered)			
Date of receipt	Donor	Donor's Business	Description of Gift/Hospitality/Reward
16 September 2009	Ofgem		Invitation from Lord Mogg, Ofgem to The Gas and Electricity Authority Markets Dinner at Mar Hall, Bishopton.
8 October 2009	British Ecological Society		Reception at Dynamic Earth, Edinburgh
18 November 2009	Cairngorms National Park Authority (CNPA)		Visit to CNPA and lunch provided
24 November 2009	Chivas Brothers-Pernod Ricard		VIBES Awards sponsored by Chivas Brothers-Pernod Ricard. A bottle of Chivas Regal whisky was received.

D Sigsworth
7/12/2009

Register of Interests

REGISTER OF INTERESTS FOR BOARD MEMBERS AND MANAGEMENT EXECUTIVE TEAM OF VISITSCOTLAND

Name: Lesley Sawers

Position: Chief Executive, SCDI

Please indicate the nature of your interest for each of the following categories, indicating a nil response if applicable. (See explanatory notes on page 4)

1. Remunerated directorships

Glasgow City Marketing Bureau
VisitScotland

2. Remunerated employment, office, profession or other activity

Chief Executive, SCDI

3. Commercial connections between activity listed at 1 and 2 above and VisitScotland or its related businesses (include any membership of VisitScotland Quality Assurance Scheme or an Area Tourist Board, and any supply made to or purchase made from VisitScotland)

No commercial activity. VisitScotland is a member of SCDI and pays a membership fee.

Unremunerated chair of BusinessClub Scotland, which receives grant funding from EventScotland.

4. Significant gifts or hospitality arising from position on Board/Executive Team (to be reported as soon as reasonably practical)

NIL

5. Shareholdings in a public company which account for more than 1% of the total issued share value of the company

NIL

6. Significant shareholdings in a private company which might give rise to a conflict of interest or trust.

NIL

7. Public activity in support of a political party within the previous five years.

NIL

8. Miscellaneous, for example, unremunerated posts, public appointments, honorary positions (held on behalf of VisitScotland) and other connections which might give rise to a conflict of interest or trust. Please state whether any positions held are with Limited Companies.

Chairperson of Action for Children Scotland. Trustee of Action for Children – both unremunerated and not connected with VisitScotland.

9. Relevant and known interests of spouse, partner and close family.

NIL

Name: ...Lesley Sawers

Signature:.....

Date: 22/6/08

Guidance notes

General

The Director of Corporate Services will advise the Chairman when an item on an agenda may lead to a conflict with an interest contained in the register of interests. There may, however, be occasions when an interest that does not require to be notified in this register would lead to a declarable conflict of interest. In such cases Members should bring such a conflict to the attention of the meeting.

This register is open to the public.

1. Remunerated directorships

Remunerated directorships should be declared in the case of public companies, detailing the name of the company and the nature of its business. Details of remuneration need not be disclosed. Disclosure should however make clear if the individual is chairman of the company concerned.

In the case of private companies remunerated directorships need only be disclosed where there is potential for a conflict of interest. This does not apply to the Executive Team members who must disclose all remunerated directorships.

Executive Team members must obtain formal Board approval before accepting a remunerated directorship.

2. Remunerated employment

When registering remunerated positions or employment, individuals should record the name of the company and the nature of their position or the services for which they receive remuneration. In the case of a profession in which an individual is non-practising, there is no need to record this unless remuneration is still being received from a partnership or other firm.

Executive Team members must obtain formal Board approval before accepting additional remunerated employment.

3. Commercial Connections

Where the interests registered in sections 1 and 2 above involve the provision of services to institutions or other matters relating to the VisitScotland's business, the name of the client concerned and the nature of the services provided should be disclosed.

4. Gifts and hospitality

Members/staff should not accept any benefits as inducements or rewards for taking any action (or specifically not taking action), or for showing favour (or disfavour) to anyone in their official capacity. Gifts other than of token value should generally be refused. It is accepted that hospitality associated with official business may be appropriate, but offers exceeding this norm should generally be refused. In particular, hospitality in substitution for fees, or inducements which could lead to a contractual relationship between the Board and a supplier or consultant should be avoided.

5. Significant shareholdings in public companies

Holdings, however substantial, that do not account for 1% of the value of the company do not have to be registered.

6. Significant interest in private companies

Interests in private companies only need to be registered where there is a potential conflict of interest with the Board's business. Only significant shareholdings need be registered. As a guide, the rules relating to public companies above should be used to determine whether the interest in the company is significant. For the Executive Management Team, significant interest in private companies should be declared.

7. Public activity in support of a political party within the previous five years

Members of the Board/Executive Team should record:

- a) any office they have held in any political party (or affiliated body) which fields candidates at local or parliamentary elections in any part of the United Kingdom, or in elections to the European Parliament;
- b) whether they have spoken in public support of such a political party;
- c) whether they have stood as candidates in local, parliamentary or European Parliament elections within the previous five years. Office-holding in this connection means offices which are a matter of public record.

8. Miscellaneous

This category is for the registration of any other interests not covered above which are considered may be relevant. This will include connections with tourism bodies (for example, membership of an ATB) or other bodies which receive funding from VisitScotland.

9. Disclosure of family members' interests

This category applies to any of the above types of interest where it is relevant and the member of the Board or Executive Team knows of the relevant interest. Close family is not defined although it would normally include the interests of children and other family members where the public disclosure of an interest might give rise to a suspicion that some benefit might be gained from knowledge passed on from a member about the work of VisitScotland.