

Ethical Standards
Commissioner

Introduction to Succession Planning

A Brief History – Some Highlights

- [Cadbury report 1992](#) – min. 3 NED appointments (Maxwell, Polly Peck...)
- [Standards in Public Life 1995](#) (Nolan) – principles of public life, oversight of appointments, board diversity (Cronyism)
- [Higgs Report 2003](#) – Nominations committee – half of board to be NEDS (ENRON)
- [Tyson Report 2003](#) – Built on Higgs – Value of board diversity

A Brief History – Some Highlights

- [Walker Review 2009](#) (plus Tavistock Institute appendix) – Risk management, NED qualities and board diversity (the international financial crisis)
- [Financial Reporting Council 2010](#) – NEDs on strategy/diversity and board balance (the new UK Corporate Governance Code)
- [UK Corporate Governance Code 2018](#) – Composition, Succession and Evaluation
- [A potted history](#) *plus* Audit Scotland's [The Role of Boards](#) (2010)

Composition, Succession and Evaluation - Principles

- Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.

Composition, Succession and Evaluation - Principles

- The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.
- Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.

NDPBs additional considerations

- [Code of Practice for Ministerial Appointments](#)
- [Diversity Delivers](#)
- [Scottish Ministers/Sponsorship/PBU](#)
- [On Board](#)
- [Succession Planning for Public Body Boards](#)

Succession Planning

- The purpose of succession planning is to deliver highly effective, diverse Boards.
- Diversity simply means difference. In relation to Board diversity and succession planning we use it to refer to two distinct, but related, concepts: members' skills, experience, knowledge and other relevant attributes, such as personal values; and diversity of members in relation to their protected characteristics as defined by The Equality Act 2010.
- Both concepts of diversity are equally important and should be reflected in public bodies' succession plans.

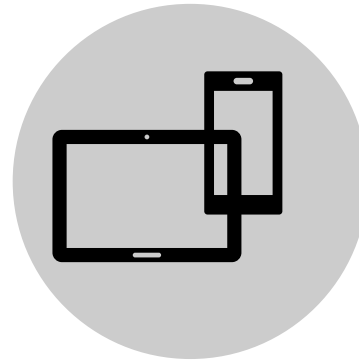
Succession Planning

- Although the Scottish Ministers are ultimately responsible for making most Board appointments, there is much that public bodies can do themselves to ensure that, when Chair or Board positions do arise, they are prepared to maximise opportunities to attract candidates that meet the body's needs, including from the existing membership of the Board or its committees. The important thing is that consideration is given to planning ahead, and to the future needs of each body and its Board.

Considerations

- Christie Commission
- Public Services Reform
- Health and Social Care Integration
- Digital Future
- Collaboration
- Co-production
- Diversity in Governance Research

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**NATIONAL
PERFORMANCE
FRAMEWORK**

Failure vs Success

- [Audit Scotland – Annual audits](#)
- [Section 22 and 23 reports](#) (Body governance/ICT, CapEx etc.)
- [Public Audit and Post Legislative Scrutiny Committee](#)
- [Good Practice Checklist](#)

Operational Context

- Global Pandemic
- Climate Change
- BREXIT
- Inequality
- AGS Priorities
- Elections
- What next?



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Time to Talk: Strategy and Succession

- Context
- Future
- Risk Management
- Stewardship
- Challenge and Support
- Attributes Needed