

APPROVED Minute of Colleges Scotland Board of Directors Meeting Thursday 31 October 2019, Argyll Court, Stirling, FK9 4TY

Present

Michael Foxley (MF)	Keith Fulton (KF) (<i>Observer</i>)
Ann Landels (ALs)	Alex Linkston (AL)
Willie Mackie (WM)	Angela McCusker (AMcC)
Janie McCusker (JMcC)	Liz McIntyre (LMcI)
Ken Milroy (KM) (<i>Chair</i>)	Lydia Rohmer (<i>Video-Conferencing</i>)
Shona Struthers (SS)	Carol Turnbull (CT)
David Watt (DW)	

In Attendance

Will McLeish (WMcL)	Laura Mitchell (LM) (<i>Minute Taker</i>)
Heather Stevenson (HS)	Andy Witty (AW)

Apologies

Margaret Cook (MC)	Ian Diamond (ID)
Tony Jakimciw (TJ)	Brian Johnstone (BJ)
Ross Martin (RM)	Keith McKellar (KMck)
Ronnie Smith (RS)	

1. Declaration of Interest Register – Sign Off

Agenda Item: 1 | Paper No: 1 | Lead: KM

Paper 1 was noted

KM and MF agreed to provide updates to the register directly to LM.

2. Welcome and Apologies

Agenda Item: 2 | Paper No: Verbal | Lead: KM

1. Welcome and Apologies

KM welcomed members and advise of the following:

Board Member Tenures

Ken noted that this is the last board meeting for both LMcI and ID, advising members LMcI will be stepping down from her position as a member of the board and as Principal and Chief Executive of NESCol at the end of the year to enjoy retirement and ID will assume the role of the UK's National Statistician (Chief Executive of the UK Statistics Authority and the Head of the UK Governments Statistical Services) on 1 November 2019.

KM informed members that with the approval of Edinburgh College board and Scottish Government, ID will be replaced by the Vice Chair of the board, Ann Landels, in the interim until a new Regional Chair is appointed through a Scottish Government led public appointments process. This appointment is not expected to be made until March 2020 at the earliest.

Membership Ratification

KM informed members that LMcl's departure left a principal vacancy on the board and following a recent self-nomination process, which produced three strong candidates and a further secret ballot, Liz Connolly, Principal and Chief Executive, West College Scotland, was successful in the process and now joins the board as a newly appointed member as of 1 January 2020, when LMcl formally steps down.

Apologies

KM noted apologies as indicated above.

Video-Conferencing

KM informed members that LR, West Highland College UHI, will join the meeting via video-conferencing.

Observer

KM advised members that KF, The Lanarkshire Board, joins today's meeting as an observer in place of RS and AL, Edinburgh College, in place of ID.

3. Minutes of the Previous Meeting and Matters Arising

Agenda Item: 3 | Paper No: 3 | Lead: KM

3.1 Discussion

Paper 3 was noted.

KM invited the board to consider and agree the minutes from the previous meeting. SS provided commentary on the progress of the Action Log, noting the following key points:

- Most items are either 'complete' or 'on the agenda' for discussion today.
- Strengthening Financial Controls – SS noted in June 2019 the Audit and Risk Assurance Committee tasked the Executive to trial Colleges Scotland as the final authoriser for expenditure from the organisation's bank accounts. SS reported that there have been slight delays in progressing the trial BACS system, but that the Executive are working with our Forth Valley College finance providers to agree a working timetable, now that both our audits are complete and expect the trial to take place early in the new year, i.e. after Christmas to ensure payroll is not adversely affected.
- Member Engagement – SS drew members attention to the table handout, providing members with an overview of the Member Engagement meetings that have taken place to date, those that are scheduled to take place before the end of the year and the remaining three colleges that require to confirm a date.
- Key Performance Indicators (KPIs) – SS advised members that the Executive have been working on a progress reporting mechanism and will be addressed under agenda item 12.
- Updated Committee Remits – SS informed members that this is addressed under Paper 5.1 and that this is an ongoing process via each committee, with the Audit and Risk Assurance Committee Terms of Reference signed off at the board in June 2019.
- Convene Meeting of Three Devolved Bodies (4 Nations) – SS sought clarity from members on the purpose of the meeting.

3.2 Decision

The board agreed the minutes from the meeting on Wednesday 26 June 2019 as an accurate record of the meeting and approved the minutes to be uploaded to the Colleges Scotland website in their unredacted form.

4. Colleges Scotland Sustainable Funding SLWG (Non-Disclosure)

Agenda Item: 4 | Paper No: 4 | Lead: KM/SS

4.1 Discussion

Paper 4 was noted.

KM, AL, SS and AW provided members with an overview of the paper, informing members that the financial information presented by the Executive has been examined in detail and vigorously challenged and while the proposed recommendations may not be palatable, they are realistic options to close the current deficit.

KM informed members that the reason the organisation finds itself in this current financial predicament is due to the sudden and unexpected increase in the superannuation pension contributions, which is now being managed, and not down to poor financial management by the Executive.

Members were asked to debate and agree on a way forward based on the following recommendations proposed by the SLWG:

- consider status and contribution level of Associate Membership of Colleges Scotland (details in Appendix 1)
- review the reserves policy, in particular if the 3-6 month expenditure level should be set against the subscription part of the organisation only
- agree to the following actions in order to ensure Colleges Scotland is sustainable going forward and meet the £75k funding gap:
 - increase subscriptions, over and above the annual 2% increase previously agreed in principle, to meet the annual funding gap
 - charge the Chief Executive with proposing options to reduce the operating costs to meet the annual funding gap including:
 - staffing costs
 - catering budget of £10k
 - annual board strategy planning day and strategic stakeholder dinner budget of £10k
 - freeing up available resource through a change in the reserves policy from between 3-6 months to 3 months.

Members discussed at length the proposed recommendations, commenting that while it was encouraging to see a balanced approach to resolving the financial concerns of the organisation; by reviewing both income and expenditure solutions, there is a cost benefit analysis to consider (e.g. cutting stakeholder engagement and reducing staffing costs) as this could have a detrimental impact on the organisation and its strategic aims. Members also noted the wellbeing aspect of staff in this process.

Members discussed the financial and resource benefits of a more fundamental review of the organisation's structure; what support the sector will require from Colleges Scotland in the future, especially given that the financial constraints of the organisation are not short term.

4.2 Decision

Members noted the update on activities.

Members agreed that a combination of the recommendations would be the best way to progress matters at this stage; a short-term increase in subscriptions for the coming financial years to bridge of gap in finances, while the SLWG look to undertake a fundamental review of the organisation's structure.

Members requested that paper is brought to the January 2020 board meeting outlining the proposed subscription increases for approval, so that these figures can be built into college budgets for 2020/21 and a timeline for the review.

5. Corporate

Agenda Item: 5 | Paper No: 5.1 & 5.2 | Lead: SS

5.1 Discussion

Committee Restructure

Paper 5.1 was noted.

SS provided an overview of the paper highlighting that the organisation's current governance structure lacks a committee to scrutinise various areas of governance including; governance documentation (e.g. Corporate Governance Code); financial performance (e.g. budgets/forecasts/monthly management accounts); HR policies; and staffing issues.

SS informed members that the Executive recommends the board agree the following:

- agree to the formation of two internal facing committees; Audit and Risk Assurance Committee and Chairs' Committee
- agree that the Terms of Reference of the two 'new' internal facing committees are reviewed alongside the Corporate Governance Code/Scheme of Delegation to make certain all areas of the organisation's internal corporate governance operations are being addressed
- agree that the revised Terms of Reference for the 'new' committees are translated into comprehensive workplans and cross reference these against the Board's workplan to ensure that everything is being covered and in the correct order and in a timely manner.

Members discussed the proposed recommendations, suggesting there needs to be 'real delegation' to committees, with the Chairs' Committee becoming the 'real board' of the organisation, to alleviate the workload on the main board.

Board Succession Planning

Paper 5.2 was noted.

SS drew members attention to the board member Skills Matrix outlined in Paper 5.2 and highlighted the following two key points:

- there is limited expertise across the board for Human Resources and Technology
- there is an imminent need for succession planning for the following positions; Chair and general membership of Audit and Risk Assurance Committee (LMcl and ID stepping down and BJ due to step down in March 2020); Chair of Funding and Finance Committee (TJ stepping down in March 2020); Membership of new Chairs' Committee to be populated and it is recommended that additional expertise from the sector is drafted in as co-optees (e.g. finance directors, HR directors).

Colleges Scotland Staff Planning Day 2019

SS provided a verbal update on the Colleges Scotland Staff Planning Day which took place in October 2019, informing members that it provided an opportunity for new staff members to gain an understanding of Policy/Comms and Public Affairs, Employment Services Team/Corporate. The teams reviewed Work Plans, Priorities, Staffing Changes and how to work differently and it was a good opportunity to team build.

5.1 Decision

Committee Restructure

Members agreed to the recommendations proposed by the Executive as a short term solution, but that the governance structure of the organisation should form part of the wider review of the organisation's structure going forward.

Members agreed that Chairs' Committee should meet twice annually, and the number of board meetings be reduced to three to ensure there is no further workload pressures created by the short-term change in structure.

Board Succession Planning

Members noted the limited expertise across the board with regards Human Resources and Technology, as well as the succession planning requirements for a number of positions on the board and sub committees, particularly the Audit and Risk Assurance Committee.

AMcC agreed to resign from the Remuneration Committee, given the committee restructure previously agreed under Paper 5.1 and stand as a member of the Audit and Risk Assurance Committee. Members ratified this change in membership with immediate effect.

The board agreed to a further request for self-nominations to the Audit and Risk Assurance Committee being issued in the coming days, to fill upcoming vacancies on the committee and suggested Liz Connolly take up membership on the Audit and Risk Assurance Committee as a direct replacement for LMcl.

Colleges Scotland Staff Planning Day 2019

Members noted the verbal update provided.

6. Committee Activity

Agenda Item: 6 | Paper No: 6 | Lead: SS/CT/AW/AMcC

6.1 Discussion

Audit and Risk Assurance Committee

Risk Appetite Statement

Paper 6.1 was noted.

In the absence of BJ SS presented the updated Risk Appetite statement, displaying the Executive's rationale for each risk function and appetite, as per the request by members at its last meeting on Wednesday 26 June 2019.

Risk Register

SS presented the latest Risk Register to be considered by the Executive and asked the board to consider and agree its completeness and appropriateness.

Membership Ratification

This was discussed and agreed under agenda item five (Paper 5.2).

College Principals' Group

Update

CT provided an update on recent committee activity, highlighting the following items:

- Learner Journey
- Digital Ambition
- Longitudinal Education Outcomes (LEO) from Scottish Colleges: 2016-2017 Publication
- Economic Impact Report
- College Principals' Group Meeting – Monday 4 November 2019
- Scottish Government Climate Emergency Skills Action Group
- College Principals' Group Forums.

Membership Ratification

CT informed the board of the following changes in membership since June 2019:

- Joanna Campbell, Dumfries and Galloway College
- Jane Lewis, Shetland College UHI
- Derek Smeall, Glasgow Kelvin College.

Funding and Finance Committee

Update

AW provided an update on recent committee activity in the absence of TJ, highlighting the following items:

- Mental Health Funding
- Funding Model
- Future Skills Action Plan Working Groups

Membership Ratification

AW informed the board of the following changes in membership since June 2019:

- Veronica Lynch, Perth College UHI
- Alan Ritchie, West College Scotland
- Derek Smeall, Glasgow Kelvin College

Remuneration Committee

AMcC advised members there was no update as the committee haven't met since March 2019.

6.2 Decision

Audit and Risk Assurance Committee

Risk Appetite Statement

Members requested that the updated Risk Appetite statement be taken back through the Audit and Risk Assurance Committee for consideration, before being brought back to the board for agreement.

Risk Register

Members agreed the Risk Register, subject to the following updates:

- add a separate risk in relation to the organisation's financial sustainability
- add a separate risk in relation to the sector's failure to mitigate industrial action.

Membership Ratification

This was discussed and agreed under agenda item five (Paper 5.2).

College Principals' Group

Update

Members noted the updated provided and requested that AW take forward the following actions:

- circulate among the board the sector response to BREXIT
- invite the Finance Directors to present their findings on the five-year financial forecasting for the sector to the board.

Membership Ratification

Members ratified the new members.

Funding and Finance Committee

Update

Members noted the updated provided.

Membership Ratification

Members ratified the new members.

Remuneration Committee

Members noted there was no updated as the committee haven't met since March 2019.

7. Employment Service Team

Agenda Item: 7 | Paper No: 7.1 – 7.2 | Lead: AL/HS

7.1 Discussion

National Bargaining – Principals and Senior Staff (Non-Disclosure)

Paper 7.1 was noted.

HS provided an overview of the paper, noting that it outlined the process and timeline to potentially set up a separate National Bargaining machinery for principals and senior staff, informing members that the data collection element was extremely important and would be the first area of work to be progressed.

Members queried the governance rationale behind bringing this piece of work to the board for agreement.

The board were asked to:

- Note the Working Group will produce regular update reports to the board
- agree the direction of travel taken by the Working Group.

National Recognition and Procedures Agreement (NRPA) – Wider Review (Non-Disclosure)

Paper 7.2 was noted.

HS provided an overview of the paper, commenting that the review of the NRPA is long overdue and this is an important exercise to ensure that the NRPA is fit for purpose.

The board were asked to:

- agree the review of the NRPA
- note the working group will provide a full report with a draft revised NRPA to a future meeting of the board.

7.2 Decision

National Bargaining – Principals and Senior Staff (Non-Disclosure)

Members requested that HS and AL seek clarity on the correct governance protocol for agreeing the proposed recommendations of the Working Group and bring regular updates to the board.

National Recognition and Procedures Agreement (NRPA) – Wider Review (Non-Disclosure)

Members agreed the review of the NRPA and future updates to be brought to the board for information.

8. Member Updates – Prevent Strategy

Agenda Item: 8 | Paper No: Verbal | Lead: JMcC

8.1 Discussion

JMcC provided members with a verbal update in relation to the Prevent Strategy, advising members of the recent letter issued outlining the changes to the structure that will see JMcC only attend meetings which will see substantive items relating to policy discussed and all other meetings attended by Ian Foster Smith, as College Development Network's representative. JMcC also advised that Scottish Government will be issuing its survey.

JMcC informed members that an Independent Review by Lord Carlisle on Prevent has been commissioned. JMcC reminded members that the next meeting of the Prevent Sub-Group will take place on Wednesday 6 November 2019 and that an email has been circulated to request a member of the board attend in JMcC place, as JMcC is unavailable on this date.

8.2 Decision

Members noted the verbal update provided.

9. Policy Update

Agenda Item: 9 | Paper No: 9 | Lead: SS/AW

Paper 9 was noted for information. Members had no additional comments.

10. Employment Services Team Update

Agenda Item: 10 | Paper No: 10.1 & 10.2 | Lead: AL/HS

Paper 10.1 and Paper 10.2 were noted for information. Members had no additional comments.

HS reminded members of the Employers' Association Residential taking place on 13 and 14 November 2019 and outlined the key features of the programme of activity for the two days.

11. Public Affairs and Communications Update

Agenda Item: 11 | Paper No: Verbal | Lead: WMcL/SS

11.1 Discussion

WMcL provided a verbal update on recent Public affairs and Communications activity including:

- Scottish National Party (SNP) Annual National Conference 2019
- Party Conferences
- Draft Scottish Government Budget 2020/21
- National Union of Students (NUS) Scotland Sector Funding Meeting
- Colleges Scotland Stakeholder Engagement Plan

11.2 Decision

Members thanked WMcL for the update and asked WMcL to advise how the board can best add value to the Stakeholder Engagement Plan.

12. Colleges Scotland Operational Plan 2019/20

Agenda Item: 12 | Paper No: 12 | Lead: SS

12.1 Discussion

Paper 12 was noted for information.

SS drew members attention to the operational plan and the end columns that will report on a bi-annual basis progress, including RAG status updates, as per the action for the June 2019 board meeting.

12.2 Decision

Members welcomed the detailed operational plan, commenting that the RAG status column was helpful, and that the Executive should retain ownership of the Operational Plan, but the board should have oversight to ensure that it is manageable.

13. Colleges Scotland Finance & HR Update (Non-Disclosure)

Agenda Item: 13 | Paper No: 13 | Lead: SS

Paper 13 was noted for information.

SS commented there were immediate concerns around staffing levels. Members had no additional comments.

14. Committee Minutes

Agenda Item: 14 | Paper No: 14 | Lead: SS

Paper 14 was noted for information. Members had no additional comments.

15. AOCB

Agenda Item: 15 | Paper No: Verbal | Lead: KM

There was no other competent business.

16. Date of Next Meeting

Agenda Item: 14 | Paper No: Verbal | Lead: KM

Date of next meeting:

Wednesday 29 January 2019, (1000-1300) Argyll Court, Stirling, FK9 4TY.

Signed _____

Date _____

Colleges Scotland Board Action Monitoring Log

Meeting of Wednesday 5 December 2018				
Agenda Item	Action	Date	Owner	Status
3	Further investigative work to be carried out by the Audit Committee to strengthen the current financial controls in place.	January 2019	SS	Complete
Meeting of Thursday 25 April 2019				
Agenda Item	Action	Date	Owner	Status
5	Ensure strong sector representation on the Scottish Government's Infrastructure Commission.	June 2020	AW	Ongoing
7	Report of information gathered at member engagement meetings will be compiled and brought to the first available board meeting	June 2019	SS/WMcL	On Agenda
Meeting of Wednesday 26 June 2019				
Agenda Item	Action	Date	Owner	Status
5	Report of information gathered at member engagement meetings will be compiled and brought to the first available board meeting.	December 2019	SS/WMcL	On Agenda
5	Develop a template KPI report as a standing agenda item at all future board meetings.	October 2019	SS/WMcL	Complete
7	Review and update all other committee remits for presentation to the board for consideration and agreement.	January 2020	SS	Ongoing
Meeting of Thursday 31 October 2019				
Agenda Item	Action	Date	Owner	Status
4	Paper to be brought to the January 2020 board meeting outlining the proposed subscription increases for approval and a timeline for the wider organisational structure review.	January 2020	SS	On Agenda
5	Chairs' Committee to be established and membership populated as a short-term solution to the current governance structure of the organisation while the wider review of the organisation's structure is ongoing.	January 2020	SS	Ongoing
5	Schedule two meetings of the Chairs' Committee for the remainder of the year and reduce the number of board meetings to three to ensure there is no further workload pressures created by the short-term change in structure.	January 2020	SS	Complete
5	Issue further request to board members to join the Audit and Risk Assurance Committee	November 2019	SS	Complete
5	Approach Liz Connolly regarding joining the Audit and Risk Assurance Committee as LMcl replacement.	November 2019	SS	Complete
6	Take the Risk Appetite Statement back to the Audit and Risk Assurance Committee for consideration and recommendation back to the board for agreement	January 2020	SS	Complete
6	Add two additional risks to the Risk Register: <ul style="list-style-type: none"> • Organisation's financial sustainability • Sector's failure to mitigate industrial action 	January 2020	SS	Complete
6	Circulate sector response to BREXIT to board members.	November 2019	AW	Complete
6	Invite Finance Directors to present their findings on the five-year financial forecasting for the sector to the board.	January 2020	AW	On Agenda
7	Seek clarity on the governance protocol for agreeing the proposed recommendations of the Working Group and bring regular updates to the board in relation to National Bargaining – Principals and Senior Staff	January 2020	HS/AL	Ongoing

11	WMcL to advise board member how best board members can provide input to Colleges Scotland's Stakeholder Engagement Plan.	January 2020	WMcL	Ongoing
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