Scotland's Colleges

Accountable and Effective Governance:

Scotland's Colleges Submission to the Review of College Governance

Contents

Introductory Note

Scotland's Colleges exists to support, represent and promote Scotland's college sector. We present this response to the review of college governance as the agreed position of *Scotland's Colleges* Principals' Convention and Chairs' Congress.

Executive Summary

This review is not taking place in isolation. The wider agenda of the Scottish Government's ongoing consultation on post-16 education, a funding methodology review, and what is a difficult proposed budget for the sector over the next three years must also be considered to give a full picture of the future changes and challenges that face colleges. We believe any new structure must have regard to transitional arrangements, and be delivered at an achievable pace.

While we support the review in seeking improvements to governance arrangements, it is important to note that previous reviews have found, in general, a good standard of governance without serious shortcomings. Many of the recommendations were then incorporated into board processes: processes that have continuously improved and *Scotland's Colleges* would seek to support future improvement in disseminating good practice and standardised processes.

Boards

On appointments and remuneration – we would be concerned, given that colleges are autonomous bodies with charitable status, if the sector were to adopt a model akin to public bodies in external appointees. In addition, The Audit Scotland report *The Role of Boards* highlighted the difficulties of the public appointment process in terms of time and expense, with appointments often unfilled. The college appointment system is cost effective and efficient. To offer more transparency, there could be independent representation on selection panels or an external element introduced in appointing principals and chairs. Best practice advocates that college principals are not involved in the appointment of board members and this could be enshrined in law or in a code of conduct. On remuneration, there is a case to be made for considering introducing remuneration for larger regional college boards particularly for chairs. This would need to avoid any impact on charitable status. Good governance is not related to the size or turnover of an organisation.

On staff and student board members – there are sometimes challenges in understanding the staff and student board members' roles, and some experience tensions with feeding back. It is important that there are consistent support mechanisms for these members. Currently, student members are supported by sparqs (Student Participation in Quality Scotland) which is funded by the Scottish Funding Council (SFC) to develop and support the student members of boards as well as helping their student associations and institutions with student engagement. In addition, there is a range of local college support mechanisms in place, including involvement of students and staff on standing committees.

On procedures and committees – it is important that boards have clear remits for the main board and committees, with a standardised induction process for new members. Standard board procedural templates and policies have already been developed, taking the best from all the colleges and colleges are keen to develop and disseminate these further (these templates are available on the *Scotland's Colleges* website). We also consider that sixteen members is an appropriate maximum size for a college board, and that should not increase.

The flexibility to 'co-opt' key skills to the board and committees is a positive development that should continue.

On scrutiny and quality – standing orders and the scheme of delegation are critical to ensuring the effective operation of the board in holding the executive to account. Self evaluation continues to evolve, but there may be a need to ensure even greater transparency in how boards perform. Colleges undertake regular reviews of governance as part of their internal audit cycle. It should be noted that the college internal audit service is externally appointed.

There would seem to be three main options to build upon current practice: an enhanced role for Education Scotland; have a requirement for boards to have internal audits of governance every two to three years, sent to Audit Scotland; or for Audit Scotland to more regularly carry out governance audits.

Accountability

National – if accountability to the Scottish Government is to be enhanced, this could be achieved by the SFC being given clear direction from the Scottish Government, in setting out in conditions of grant to colleges 'what' the priorities are to be delivered, leaving the 'how' to the college. Reintroducing a formal power of Ministerial direction, previously removed by the Scottish Government, may impact on colleges' charitable status, and risk losses of more than £50 million. This issue will require further careful consideration.

Regional – on curriculum planning, boards could be given a new duty to take account of regional and national issues in curriculum planning and delivery, and to set up a formal mechanism in a regional forum, potentially including other education sector partners. This would formalise the existing good practice that takes place in the sector. On shared services, this could take in non-college partners such as universities, local authorities or health boards. On wider regional issues, colleges could usefully be made statutory members of community planning partnerships. We also recommend on regionalisation a wider discussion about what restructuring may be needed in the public sector to ensure effective joint working and consistency.

Local and democratic – it is harder to define the electorate of a college, compared to health boards. In terms of providing more transparency and direct input into college board decisions, there is a case to consider holding 'open meetings' where there are members of public present; or stakeholders could be invited to the Annual General Meeting (AGM). A more formal route would be to pilot forming a wider local stakeholder group, to whom the college would have to account for their activity.

New Structures

Our response proposes two models of 'what governance might look like in the future'. These proposals are not exhaustive, nor a 'one size fits all'. It is important for colleges to work out what is the most appropriate structure for them in their region:

1. existing college boards remain with an overarching regional partnership board
2. replace individual college boards with a single regional college board.

We have also included a number of case studies on mergers and collaborations in the UK. From this work, the key governance findings were distilled. The current committee structure of boards was endorsed, as well as the core understanding and separation of operational responsibilities of the executive from the strategic responsibilities of the college board. On

transitional models, it is recommended there is a need for a joint board working group and a joint meeting of principals and chairs to build trust and co-operation during times of change.

Context

Providing evidence to support the review of college governance requires us to consider the wider context in which the review is taking place.

The Scottish Government's ongoing consultation on post-16 education, *Putting Learners at the Centre* has its primary focus on colleges, and proposes that new priorities and structures for the sector be developed. There is also consultation on a proposed new model of funding, which would see the sector funded differently, with a focus on outcomes and regions. *Scotland's Colleges* will respond on the details of those proposals and the implications they have for the sector separately, however, we consider that this review must be seen in that context.

The issue of funding is particularly important, colleges in Scotland will work constructively with the Scottish Government on the reform agenda, but the recent announcements on funding, if continued in their present form, could have serious implications for the future of colleges and their ability to deliver.

In considering moving to any new structure and governance arrangement, we hope that the recommendations of this review will have regard to the importance of transitional arrangements and that reform be delivered at a pace that is achievable, without destabilising institutions or distracting from delivery to learners.

Within this response, we also set out areas in which we believe *Scotland's Colleges* may be able to better support effective and transparent governance arrangements, providing guidance and enabling best practice to be shared.

Earlier Reviews of Governance

In 2007, the Scottish Government carried out a review of governance in colleges. The *Review of Scotland's Colleges – Supporting Successful, Accountable Governance* by DTZ Consulting & Research made 44 recommendations.

The review's main recommendations were:

- need to disseminate good practice on succession planning
- board members should remain unremunerated
- greater flexibility for boards to appoint members for less than four years
- a skills criteria based approach to recruitment, as well as taking account of experience, equality and diversity
- develop training and development
- no change to size or composition
- encourage greater use of co-option to committees
- better self-evaluation of performance.

As part of the review, DTZ Consulting & Research were commissioned to undertake research on accountability and governance. Their overall assessment was, in general the standard of accountability and governance in Scotland's colleges is good, as assessed against the good practice principles and standards specified in the *Good Governance*

Standard for Public Services published in 2005 which built upon the 'Seven Principles of Public Life' enunciated by the Nolan Committee. They reported that positions range from average to excellent in some cases.

The 2010 Audit Scotland report *The Role of Boards* examined the work of boards in 67 public sector bodies and 39 colleges. Amongst the main recommendations were:

- a need for clarity in lines of accountability between boards and the Scottish Government
- to encourage the chairs and non-executives of different public bodies to meet on a regular basis
- to review the time commitment of members and chairs
- to ensure formal induction took place, to review skills needed and to regularly review performance
- to ensure that board scrutiny is as focused as organisational performance, financial management and risk management
- to improve openness and accessibility
- to use of external people to review performance
- to make better use of delegation to committees.

Both the 2007 and 2010 reviews indicate that, while there is some room for improvement in the operation of boards, there were no serious shortcomings.

The operation of boards has been responsive to the findings of these reviews in working to continuously improve governance arrangements, build on best practice and develop their members. Some of this work is noted below.

Current Arrangements

Further and Higher Education (Scotland) Act 1992

The 1992 Act led to the incorporation of colleges from 1 April 1993 and Section 12 of the Act set out the duties of boards. These remain largely unchanged with the passing of the *Further and Higher Education (Scotland) Act 2005*. The most important duties are to:

(a) manage and conduct their college; and
(b) ensure that their college provides (either by itself or by arrangement with another person) suitable and efficient further education to students of the college.

In carrying out their duty, boards need to have regard to the provision of education in the area in which the college is located.

Schedule 2 of the Act sets out the constitution and proceedings of boards. Boards can vary in size from ten to sixteen people, but must include the principal, two staff and one student member (the staff members are the only members that are elected – their election is by teaching and non-teaching staff). The student member is nominated by the students association.

The Act also sets out that not less than half of the board must be drawn from those with experience of industry, commerce, employment matters or the professions. Others are to be drawn from those with an interest in the work of the college. In this group regard has to be had to the interests of the education authority. One member is to be nominated by the local enterprise company (LECs);this is now redundant following the winding up of LECs. For this reason the Secretary to the Board Community of Practice (CoP) would discourage any

'representative' requirements on governing bodies. By contrast, the flexibility to 'co-opt' key skills to board and committees has been positive and is often used to support succession planning.

Boards must appoint one of their members as a chairman, but excluded are the student and staff members, the principal and any elected member or employee of a local authority.

The Appointment, Composition and Performance of College Boards

Recruitment of Members

Within the parameters of legislation, colleges are free to appoint members to their boards and for the board to elect a chairperson. While the college sector sees the most significant proportion of their funding met from the public purse, it is important that future governance arrangements recognise that colleges are institutions with charitable status, and their activities are business-led. Therefore the model of governance should be appropriate to ensure that there is accountability and transparency. We would be cautious about adopting governance arrangements identical to those of public bodies.

Non departmental public bodies (NDPBs) for example, are required to follow a series of externally set down steps, and must have an external member appointed by The Office of the Commissioner for Public Appointments in Scotland (OCPAS). This ensures transparency in the process. To introduce such an approach for college boards is an option, either on a mandatory or voluntary basis. If the latter, it could be for *Scotland's Colleges* to draw up a list of suitable assessors who could act as independent members of a college's recruitment panel. The development of this kind of formal framework would clearly have cost and time implications as noted in *The Role of Boards* and an impact assessment would need to be carried out. There is also a question as to whether such a process is appropriate in the case of colleges.

Best practice advocates that college principals are not involved in the appointment of board members and this is an important principle which could be clearly enshrined in law or in a code of conduct.

While colleges are currently individual institutions and therefore able to use different recruitment procedures for their boards, a significant amount of work has been done by the Secretary to the Board CoP within *Scotland's Colleges*, to improve consistency, and make those procedures more transparent. To offer more transparency, national recruitment procedures could be applied locally, perhaps including an independent representative on the panel charged with reporting to the board as to whether the processes are adhered to. In addition, a nationally approved framework could be developed with national templates and role descriptions for chairs, principals and other board members including a competency based approach to recruiting new board members. Through joint working, the Secretary to the Board CoP and *Scotland's Colleges* could develop these procedures. Work has been carried out already on a standard board induction process and recruitment procedures and these could be developed further to address any specific regional issues.

Recommendations from the '*Review of Scotland's Colleges, 2007: Accountability and Governance'* by DTZ Consulting & Research stated:

> *"Boards should aim for an efficient structure which enables sufficient scrutiny, but which optimises voluntary members' limited time and ensures strategic rather than micro-management".*

Appointment of Chairs and Principals

While some colleges have sought to recruit externally for chairs, an option which is useful if there are no obvious internal candidates, we have concerns that moving to a fully external appointment process could detract from succession planning on boards and in ensuring that the chair has sufficient knowledge and understanding of the institution.

An alternative would be to include an external element in the appointment of the chairperson, which could improve transparency of the process. This could be in the form of inviting the chair of another college onto the selection panel. Another possibility could be for a shortlist of chair appointees and/or other board member appointees to be submitted to the Scottish Government for final approval.

The principal is the chief executive and leader of the college. He/she is employed by the board and is accountable to it. He/she is also a full member of the board of management and this approach should continue. The appointment of principals should be managed through a comprehensive professional selection process, combined with an agreed role specification which should be consistent across the college sector, modified somewhat for specific specialisms. The process could be enhanced by selection panel members who have expert knowledge of college leadership within Scotland.

Staff and Student Board Members

Currently, staff board members and particularly student board members who are only on the board for their tenure of office, have a steep learning curve with respect to understanding the workings of the board. Many may not have had any previous board experience. *Scotland's Colleges* as well as members of the Secretary to the Board CoP have been working with sparqs to develop the College Student Governors Programme (CSGP) and input to CSGP events. This training helps student board members to understand exactly what they are going to be faced with and how best to deal with the situations that they are most likely to confront.

There are sometimes challenges for other board members in understanding that staff and student board members are not there as representatives of the student and staff bodies and some can experience tensions with feeding back to their respective staff and student colleagues on board matters. Furthermore, the staff and student board members may also not wish to directly challenge the college principal, who also sits on the board. Closed meetings, which the staff and student board members are not part of, should be kept to a minimum.

The Secretary to the Board CoP has developed support materials for staff board members, in consultation with staff members, to support them in performing their role.

It is important that there are consistent support mechanisms within colleges for these members to understand and be confident in their role. The Secretary to the Board CoP within *Scotland's Colle*ges would discourage any 'representative' requirements on governing bodies. By contrast, the flexibility to 'co-opt' key skills to the board and committees has been positive and is often used to support succession planning.

Recommendations from the *Review of Scotland's Colleges, 2007: Accountability and Governance* by DTZ Consulting & Research stated:

> *"It is not good governance to adopt a representational model for staff and students and efforts should be made through training to ensure absolute clarity over their respective roles on the Board".*

There may be other ways of governing colleges which ensure proper engagement with staff and students e.g. through the use of internal operational college committees, consultations and forums which would feed information to the college board and committee structure.

Board Procedures and Committees

It is important that boards have clear remits for the main board and committees, with a standardised induction process for new board members. Standard board templates and policies have already been developed by taking the best from all the colleges and making them available from the *Scotland's Colleges* website. Colleges are always keen to develop these resources further.

Minimum time commitment for board members needs to be clarified as currently it varies along with an undertaking that part of the boards time needs to be spent out of the college talking to stakeholders not just attending board meetings. Chairs also need to balance their time appropriately.

There is a need to clarify the limit for service as a board member as eight years, to ensure board members remain impartial.

The *Review of Scotland's Colleges, 2007: Accountability and Governance* by DTZ Consulting & Research reported that on average, college boards have six committees (but the range runs from three to twelve committees). Also practice varies on how board business is organised between the main board and its committees e.g. some boards reserve financial matters for the full board whereas other boards have a separate finance committee and have minutes approved by the board. Similarly with large estates projects, some colleges have reserved this type of business for the full board to consider and have restructured meetings to accommodate this, whereas other colleges have devolved the scrutiny of the estates project to a subcommittee, with approval by the board.

There are two committees that are required by statute to be in place for college boards, these are:

1. Audit Committee
2. Remuneration Committee.

It should be noted that the board may establish a committee for any purpose, if it enables them to carry out their business in a constructive manner, more efficiently and effectively, rather than working the issues through the whole board. Each committee appointed by the board should have detailed terms of reference and consist of at least three board members.

The number of board members should not increase above sixteen. This is an appropriate size for a decision making body: any larger could prove unwieldy.

Scrutiny and Holding the College Executive to Account

Colleges are subject to annual external audits by auditors approved by Audit Scotland and the accounts are laid before the Scottish Parliament. These processes ensure that the college is discharging its corporate governance responsibilities.

The standing orders and the scheme of delegation are critical to ensuring the effective operation of the board, certified by the role of the Audit Committee in ensuring appropriate internal control processes are in place and are exercised.

Furthermore, the role and the relationship between the chair and the board secretary are central to ensuring strong corporate governance. There is a trend to appoint independent secretaries or at least ensure they have a separate independent role, accountable to the chair, and not the principal of the college. The independent clerk working directly for the board chair and not the principal is part of the balances and checks that support the principal's accountability to the board.

Holding the executive to account is a very important area. The chair of the board manages the principal, ensuring agreed performance indicators are met.

Maintaining a strong, positive and constructive approach to the relationship between the principal and the board and ensuring a non adversarial rapport will encourage a healthy team working ethos at board level. A regular annual review of college key performance indicators, led by the principal and owned by the college executive, of agreed key performance indicators e.g. student retention, financial performance and employee relations to name a few, would allow the principal to be held to account by the board of management. This approach could be developed across the proposed new regions in a consistent fashion and feed into the corporate planning cycle.

Quality and Performance

The Governance Development Programme (GDP) has provided a formalised induction and training programme for board members which has raised standards across the sector. This is now embedded within the sector as an expectation for board members to attend appropriate continuing professional development (CPD) in support of their role.

It is important for boards to carry out rigorous and regular quality assurance, not just self-evaluation, as they are accountable and responsible for spending large amounts of public money. Education Scotland (HMIe) in its role as inspector of colleges does comment on boards, but not in depth. Colleges' internal auditors have a role in carrying out periodic governance audits. There may be a need to ensure even greater transparency in how boards perform. There would seem to be three main options to build upon current practice:

1. The first would be an enhanced role for Education Scotland, who might have on their inspection team associate assessors drawn from experienced board members. This is a support role which could be provided by *Scotland's Colleges*.
2. The second approach would be to have a requirement for boards to have internal audits of governance every two to three years, with the reports being published and sent to Audit Scotland.
3. A third approach would be for Audit Scotland to carry out governance audits of colleges more regularly.

Self evaluation is rapidly evolving, particularly following Audit Scotland's recommendation for individual performance assessment, which the Secretary to the Board CoP within *Scotland's Colleges* took on board and implemented as best practice across the college sector. The CoP would like to develop and encourage more widespread use of 360 degree feedback by fellow board members and stakeholders too. This would of course require members to be skilled and developed in regard to constructively responding to this type of feedback.

Remuneration

There are pros and cons to remuneration for board members. Remunerated board positions encourage membership and set a clear contract of time and commitment in return for payment. Many public boards remunerate their members e.g. NHS. However, there is no clear evidence that this improves the performance and effectiveness of the boards. Non-remuneration may exclude members who cannot afford to operate without payment. Non-remuneration does however encourage a philanthropic membership, and as indicated in the *Review of Scotland's Colleges, 2007: Accountability and Governance*, was recommended to continue.

However, if there were new regional college boards, there could potentially be a stronger case for remunerating some college board members given the greater workload and responsibility which would be expected as a result. Adhering to the *Charities and Trustee Investment (Scotland) Act 2005*, less than one half of the total number of charity trustees of the charity can be remunerated. This would indicate that the chair of the board and the chairs of committees could be remunerated; however this may result in a two-tier board.

Code of Conduct and Professional Development

The *2006 Guide for College Board Members*, produced by Baker Tilly on behalf of the Association of Scotland's Colleges (ASC), now trading as *Scotland's Colleges*, clearly indicates that college board members must abide by the principles of public life and adopt a code of conduct based on the model code of conduct for public bodies with clear values of accountability, transparency and openness. This guide is currently in the process of being updated and is near completion.

All board members agree to abide by the model code of conduct based on the Nolan Principles. This code of conduct has been updated to take into account the *Bribery Act 2010*. A register of board member interests is published by each college.

CPD is offered for board members through the Governance Development Programme and facilitated by *Scotland's Colleges*. There has been a continuous raising of standards across the sector and much good practice exists to be built upon going forward. This also provides an opportunity for networking, formal and informal dialogue, discussion and debate.

Accountability

National Level

By far the largest component of college funds comes from the public purse. The Scottish Government determines the overall sum of money to be allocated to colleges, and, with guidance from the Minister, the SFC is then charged with distribution of funds among the colleges.

The *Charities and Trustee Investment (Scotland) Act 2005* states that a body does not meet the charity test if:

> *"its constitution expressly permits the Scottish Ministers or a Minister of the Crown to direct or otherwise control its activities".*

Charitable status is an important part of college identity. In 2007, the SFC stated that if charitable status was not afforded to colleges, it would cost £50 million in lost charitable

benefits. Charitable status should therefore not be affected by any future governance changes.

Colleges work closely with the Scottish Government and SFC to support national policy delivery and lines of accountability between colleges and the Scottish Government are through the SFC, specifically stated in the SFC financial memorandum. Given that the central aspect of this relationship is in funding, this seems appropriate.

At the end of the college financial year the accounts are approved by the finance committee before being approved by the main college board. They are signed by the chair and the principal then submitted to the SFC and a copy is submitted to Audit Scotland. Colleges are further accountable to the audit committee of the Scottish Parliament to which college accounts are presented after scrutiny by the SFC and Audit Scotland.

If accountability to the Scottish Government is to be enhanced, this could be achieved by SFC being given clear direction from the Scottish Government, without compromising the charitable status of colleges and then setting out in conditions of grant to colleges 'what' the priorities are to be delivered, leaving the 'how' to the college. Furthermore, the involvement of the SFC on college boards in a governance capacity should be maintained at observer status, as anything more than this would result in a conflict of interest. This would not in any way affect the important role the SFC would play at a regional planning level.

There are many examples of how the college sector currently operates effectively at a national level. The national review of Higher National (HN) and National Qualifications (NQ) was delivered through cross college partnerships across Scotland. Also, the Creative Loop is a partnership that bridges the gap between Scotland's creative media industry and education. The college involved: Aberdeen, Adam Smith, Cardonald, Dundee, Perth and Reid Kerr work closely across the country to further develop talent and skills, for learners, independent producers and key media industry bodies.

Regionalisation

Presently, there is local discretion for boards to decide the curriculum offering. Decisions are influenced both by policy and by the 'demand' made by the wishes of employers and students, so it would be wrong to portray the system as simply 'supply' led. The focus of the *Further and Higher Education (Scotland) Act 1992 Act* is on local decision-making for colleges.

There are examples of a strategic regional approach developing in the sector. There are informal regional and city groups of colleges that consider wider issues – for example the three Edinburgh colleges on student support. But arguably since incorporation there has not been the degree of regional planning that local authorities provided, which operated at a regional level pre-incorporation. There is a case, therefore to consider two issues. One is the extent that the duties of boards should be widened to ensure that they do take account of regional and national issues, and the second is the extent to which there is a need for a more formal regional dimension to curriculum planning and the use of shared services.

One way to ensure a more national and regional strategic approach by college boards would be both to place them under a new duty to take account of this is in curriculum planning and delivery, and to set up a formal mechanism whereby board members of colleges must meet in a regional forum to discuss and plan their curriculum, potentially producing a written report to the SFC. Moreover it is for consideration whether such groupings invite members of education authorities and universities to participate. Shared services raise issues beyond college collaboration. In many geographies there might be a stronger case for colleges to collaborate on shared services with higher education institutions, local authorities or health

boards. They also need to interact with these bodies because of the broad role that colleges play in the community. A way of ensuring this collaboration would be formally to have colleges as members of community planning partnerships, if they want to be better positioned to contribute to developing the *'Total Place'* agenda, as suggested recently by the Christie Report.

More generally on regionalisation it is important that colleges are not considered in isolation. Regional area boundaries are not aligned across the public sector but the success of regional working will be greatly dependent on how well all the relevant bodies can work together. There may need to be a wider discussion about the future alignment of regions and what restructuring may be needed in the public sector to ensure effective joint working and consistency. Inter regional issues will be as crucial as national issues which will require the involvement of all regions. Regionalisation must not create silos; colleges must continue to have the ability to collaborate to meet learner needs with a range of institutions – FE, HE, public and private. Any regionalised governance arrangement must not create barriers to broader collaboration.

Local and Democratic Accountability

The way colleges have ensured accountability locally is through having a board drawn from people with expertise within their local area. Their formal lines of accountability are national rather than local i.e. through the SFC to Ministers and to the Scottish Parliament. However, there are numerous audit procedures that colleges are involved in which assess their effectiveness in local delivery for businesses and other stakeholders. In the *Review of Scotland's Colleges, 2007: Accountability and Governance*, scrutiny of college boards was reviewed and concluded that 'the Scottish college sector is subject to extensive scrutiny by numerous organisations': Education Scotland (HMIe), SFC, Audit Scotland, Scottish Quality Management System (SQMS) and Investors in People to name the most important.

In terms of more direct democratic accountability, there has been a move to introduce directly elected members to health boards, although the turn-out in such elections has been low. For health boards, citizens are all potential users of the NHS, so have a stake in the activities of health boards. Defining the electorate for a college is more problematic. As commented above, the main users can be regarded as students and local employers.

In terms of providing more transparency and direct input into colleges board decisions, there is a case to consider holding 'open meetings' similar to the NHS where there are members of public at the meetings of the board. Additionally stakeholders could be invited to the AGM.

A more formal route would be to form a wider local stakeholder group, to whom the college would have to account for their activity. Such a body might meet once or twice a year, and be more of an advisory forum than have an executive role. Such an approach, risks being bureaucratic and difficult to assess in terms of its impact on accountability. There is perhaps a case for piloting such a group.

Governance Structure for the College Sector

Definition of Governance

In board terms 'governance' is the rules, processes or laws by which colleges are operated, regulated and controlled. This may include internal factors as defined by the college officials and board of management, as well as the statutory government regulations. In the case of colleges this would mean board members adhering to the Seven Principles of Public Life, in

discharging their duties, and the *Ethical Standards in Public Life (Scotland) Act 2000* as well as the requirements of the *Further and Higher Education (Scotland) Act 2005.*

The Effective College Board

Currently, colleges are 'fundable bodies' as laid out in the *Further and Higher Education Act 2005,* i.e. they qualify for funding from SFC. The colleges are entered into the Scottish Charity Register and are entitled, in accordance with section 13(1) of the *Charities and Trustees Investment (Scotland) Act 2005*, to refer to itself as a charity registered in Scotland. Furthermore, as registered charities they are recognised by HM Revenue & Customs for the purposes of section 505, *Income and Corporation Taxes Act 1988* and as such are exempt from corporation tax on their charitable activities. The college receives no similar exemption in respect of Value Added Tax.

A board of management is collectively responsible for overseeing college activities, deciding on its future direction and creating an environment in which the college mission can be achieved, maximising the potential of all learners. The board of management has a duty to ensure compliance with all relevant statutes, ordinances and provisions regulating the college and its framework of governance and, mindful of these, make all final decisions on matters of concern to the college.

The effective college board therefore needs to:

* understand learners
* understand stakeholders
* understand where there are tensions e.g. staff and student board members must be aware that they are full board members and not act as a stakeholder to represent staff and students
* understand finances, staff capability and performance and options for funding
* have clarity of purpose and direction
* develop own outcome indicators which result in progression to national core purpose and meet needs of the local employers.

The Scottish Government's proposed post-16 reform agenda of regionalisation will require colleges to work together at a regional level, whilst providing local provision and deliver specialism provision, e.g. nautical studies, where directed by SFC funding to address national and indeed international requirements.

Structure of the College Board of the Future

Proposals for the New College Governance Structure to Address the Post-16 Reform Agenda

These proposals are not either/or options. They give colleges the options to work out what is the most appropriate structure for them in their region. The two models proposed are designed to be able to work in parallel in neighbouring regions or model A adopted as a transitional model towards full merger if required.

We have not proposed a collaboration model, as it has no legal status nor requires any additional governance arrangements, over and above the current college governance arrangements, to be put in place.

1) Proposal A – Regional Partnership Board
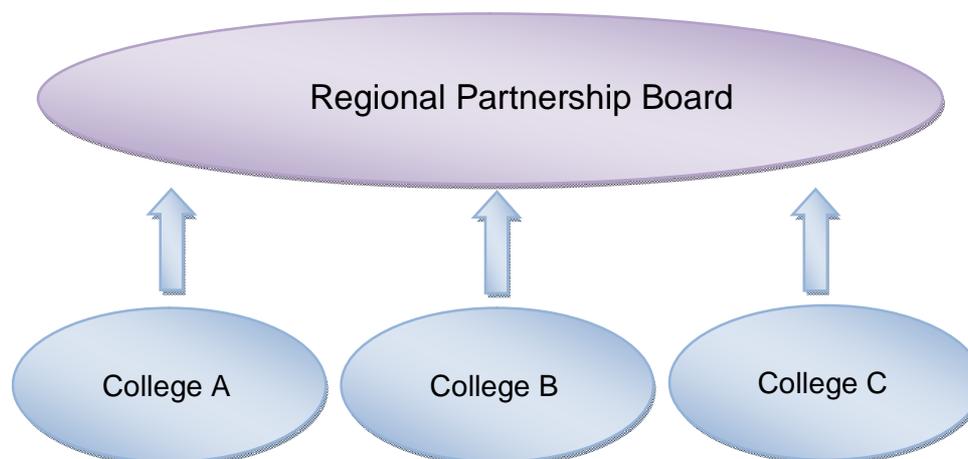
Existing college boards remain, with an overarching regional partnership board,

The remit of this partnership board, would be broader than the current college board, to consider the regional agenda from an employer and planning perspective with the learner at the centre. National priorities and wider duties can be placed on the regional board with specific outcomes and deliveries directly to the SFC i.e. more strategic direction from the SFC and less micro-management. This duty could also include a requirement to consider other educational providers alongside their own in meeting those needs. The curriculum plan would be developed at this level, along with financial allocations to individual colleges. It is envisaged that the sharing of services would be developed and duplication of both services and curriculum would be minimised. This model could also be used for a lead college scenario in a region.

The tenure of appointment and the number of board members should not be increased on the current college governance structure.

Again, the SFC should fund for specialism provision e.g. nautical studies, to avoid duplication of resources at a regional level.

The membership of the regional college board could be made up of the following:

- a chair appointed with external observers on the selection committee
- board members from the individual college boards
- 2 staff board members; Academic and Support
- a student board member
- regional employers
- specialism employers if appropriate to that regional college, e.g. nautical studies, life sciences, energy, etc
- members who bring specialist skills and knowledge, e.g. legal, finance, HR, marketing etc
- co-opted members could be from Scottish Enterprise or from councils whose boundaries fall within the college regional boundary.

The partnership board should not be an employer, so as to keep the lines of accountability clear. Furthermore, if full merger is not an option in the short-term, this model would facilitate efficient common planning processes, not necessarily through centralisation.

For the avoidance of doubt, the sector does not support governance structures with boards within boards, unless their remits and lines of accountability are very clear as this can cause confusion and lead to wasteful use of resources.

2) Proposal B – Single Regional College Board

Single Regional College Board

Replace individual college boards with a single regional college board – a charity which passes the charities test and is afforded charitable status. It is envisaged that this board will work closely with other regional partners.

The remit of the new regional board, as in Proposal A would be to consider the regional agenda from an employer and planning perspective with the learner at the centre. National priorities and wider duties would be placed on the regional board with specific outcomes and deliveries directly to the SFC i.e. more strategic direction from the SFC and less micro-management. This duty could also include a requirement to consider other educational providers alongside their own in meeting those needs. The curriculum plan would be developed at this level, along with financial allocations to individual campuses. There should be no duplication of services or curriculum provision at the regional level.

The tenure of appointment and the number of board members should not be increased on the current college governance structure.

Also, as in Proposals A, the SFC should fund for specialism provision, e.g. nautical studies, etc. on an agreed regional basis to avoid duplication of resources at a regional level.

The membership of the regional college board could be made up of the following:

- a chair appointed with external observers on the selection committee
- a principal of the regional college
- 2 staff board members of the regional college; Academic and Support
- a student board member of the regional college
- regional employers
- specialism employer if appropriate to that regional college, e.g. nautical studies, life sciences, energy, etc.
- members who bring specialist skills and knowledge, e.g. legal, finance, HR, marketing, etc.
- co-opted members could be from Scottish Enterprise and from councils whose boundaries fall within the college regional boundary.

Annexe A: Governance Learning from External Reviews of Mergers/ Collaborations

CAPITA Consulting Research Study

CAPITA Consulting were commissioned to carry out an in-depth research study into existing merger and collaborative arrangements by FE colleges in Scotland specifically the University of the Highlands and Islands model and the collaboration between three landbased colleges – Oatridge College, Barony College and Elmwood College and their perceived success and/or failures. They were also asked to review experience in other nations which would focus on general background experience of regionalisation in Wales and mergers in Northern Ireland. This would draw on particular examples of smart models of mergers and/or federated models in England, such as the Newcastle College Group structure and Cornwall College.

The key governance findings are set out below:

1. the need to establish a joint board working group with members of the boards of management of the partner institutions (transition arrangements)
2. joint meetings between principals and chairs should be scheduled in and should result in positive trust relationships that the partners consider to be essential for co-operation (transition arrangements)
3. The board becomes a high level strategic board which meets regularly and operates through a committee system
4. There should be a clear distinction between strategic responsibilities of the board and operational responsibilities of the executive.

Further Education Collaborations and Mergers: Experience in Other Nations September/October 2011

The University of the Highlands and Islands

<u>Introduction</u>
The University of the Highlands and Islands (UHI) provides a case study of a legal partnership arrangement between thirteen colleges and research institutions across the Highlands and Islands. The UHI is an example of a so-called 'hard' federation. The arrangements and operating model are currently under review, however, and therefore no further evaluation can be made at this stage of the particular structure or of the potential strengths and weaknesses of the model. Below is an overview in terms of background, constitution and publicly available information on outcomes and facts.

<u>Background</u>
The UHI is a collegiate federal partnership comprising a charitable company limited by guarantee. It operates through a partnership of thirteen colleges and research institutions (known as the academic partners (APs). All APs conduct other business in their own right in addition to UHI activities; the principal function of the majority of the APs is further education. Each AP is an autonomous body, has its own character and contributes to the distinctive organisation that is UHI. Although for most of the academic partners UHI activity is not their main business, this very breadth and diversity adds immeasurably to the rich learning experience for UHI students. The APs provide most of the teaching and research activity of the university.

The APs are located throughout the Highlands and Islands, Argyll, Moray and Perthshire. Some are relatively large colleges in the urban centres of the region such as Perth, Elgin and Inverness. Others are smaller institutions, including some whose primary focus is on research. The APs are


Inverness College, Moray College (Elgin), Perth College, North Highland College (Thurston), Lews Castle College (Stornoway), Highland Theological College (Dingwall), Sabhal Mor Ostaig (Skye), West Highland College (Fort William), SAMS (Scottish Association for Marine Sciences at Dunstaffnage, Oban), Argyll College, Orkney College, Shetland College and NAFC Marine Centre in Shetland.

The Highlands and Islands (which in the case of the UHI includes Moray and Perthshire) is an area the size of Belgium, including 100 inhabited islands, and with a population of just fewer than 600,000.

The UHI has some 8,000 students, offers undergraduate and postgraduate degrees (taught and research) across a range of subjects representing the arts, science, engineering and technology, business studies, IT and social sciences.

Before the founding of UHI all aspirant higher education students from the Highlands and Islands had to relocate to urban Scotland or study with the Open University.

Below is an overview of the UHI partners:
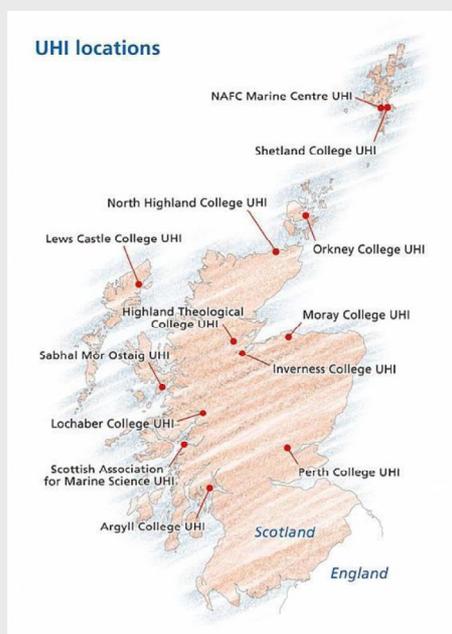
The Drivers

The UHI grew out of a community movement which started in the early 1990s as a response to a demonstrated need for a university in the Highlands and Islands. The movement was led by Highland Council and by Highlands and Islands Development Board (HIDB), which is the predecessor of the Highlands and Islands Enterprise (HIE), the regional economic development agency.

In other words, the drivers were in the first instance part of an education case for partnership arrangements; the perceived need for access to higher education provision in a geographically isolated area with a dispersed population.

The Model

HIDB and Highland Council commissioned Professor Graham Hills, the former principal of the University of Strathclyde to provide a report setting out a model for achieving their aims. The '*Hills Report'* recommended that a university should be built upon existing educational institutions. Accordingly, a group of institutions joined together in the venture and assisted by investment from Government, the European Union and the Millennium Commission created the University of the Highlands and Islands Project. The project was recognised in 2001 as a higher education institution, the UHI Millennium Institute (UHIMI). In 2008, UHIMI received taught degree awarding powers. This, together with a sponsorship arrangement with the University of Aberdeen, University

of Edinburgh and University of Strathclyde, enabled UHIMI to apply for university title and to receive recognition in February 2011.

As the only university based wholly in the Highlands and Islands, UHI are charged with the delivery of higher education to the dispersed populations which constitute this area of Scotland. The geographical region within which the university operates embraces a variety of diverse cultures (including Gaelic, Nordic, Doric and Scots), marine and terrestrial environments, communities diverse in size and composition and economies with varying elements of micro, small and medium sized enterprises, social enterprises, and public sector institutions and, around Inverness and Perth, more urbanised industry.

Mission and Vision
The UHI mission is stated as an ambition:

To be a distinctive and innovative regional university of national and international significance: a university with a pivotal role in the education, economic, social, cultural and environmental infrastructure of its region and which reaches out to the people of the Highlands and Islands and the rest of the world through its research and teaching.

A note on its website states:

We are currently reviewing the vision for the University of the Highlands and Islands, and developing a new strategic plan for the University for 2012 to 2015. These will be available in due course.

The UHI vision is to create a 21st century university, capable of serving its region but also attracting that diversity of staff and students necessary to create a vibrant and inclusive community by:

- being distinctive and relevant in what it teaches and how it delivers
- offering relevant research and knowledge exchange to transform the region's economic and cultural prospects
- using technology in an innovative manner to give maximum flexibility to learners in respect of location and time
- exploiting its tertiary partnership to break down barriers and promote maximum access to lifelong learning opportunities
- operating in a financially and environmentally sustainable manner and wishes to be distinctive as a new generation university defining 'university-ness' in a manner relevant to the technology of its age.

Governance and Management Arrangements
The unusual governance structure of the university reflects its mission, geography and the history of the region. Having been built upon a partnership which includes some of Scotland's colleges, the university and its partners are tertiary in character.

The court of the university is a company limited by guarantee. The company is a designated HEI, possesses TDAP (Taught Degree Awarding Powers) and it constitutes the university. The company employs the principal and the secretary; the staff employed by the company, headed by the principal, forms the executive office. The executive office predominantly comprises management and administrative staff. Academic staff in the executive office consists of some of the senior health staff in the faculty of science health and education, in the centre for rural health and the deans of faculty and subject network leaders.

A series of agreements exist between the court and the APs, these agreements bind the court to fund the APs to provide education and research for the university. Although the university does not employ the academic staff they secure their direction from subject network leaders who all report to the appropriate dean of faculty. Both deans and subject network leaders are university employees.

In that respect the academic staff act as staff of the university sund are part of the academic staff register. The agreements regulate the transmission of funding, bind the APs to university policies and bind the university to fund APs to carry out the work. The agreements include individual and

overarching agreements with the Millennium Commission by which UHI and its APs are bound to replay the commission's investment if they withdraw from the university or cease to apply the investments for the purposes granted.

A major revision of agreements took place in 2000, resulting in a central academic partnership agreement which set out duties and obligations for the board of governors of UHI on the one hand and the APs on the other. In addition, the articles of association of the university have been amended to reflect the cohesive arrangements set out for governance and management between the university and its APs. The Court has been modified to enable AP chairs to sit on the court and thus ensure that the resolution and deliberations of court take the AP perspective into account. At management level the articles include an executive board comprising the AP principals and chaired by the principal of the UHI to formulate and amend policy and advise the court's finance and general purposes committee on resource and resource distribution.

Through these arrangements, the university and its APs form an integrated institution and the university court is enabled to fund the APs with both capital and recurrent funding for teaching and research.

Academic Council and Committees

The university court delegates many of its academic responsibilities to the academic council. The council, in turn, devolves many of its detailed responsibilities to specialised committees. UHI's current academic committees are:

- Academic Planning Committee: responsible for the consideration of both the strategic fit of the curriculum plan and the resources required to sustain it
- Academic Titles Review Board: responsible for the award of UHI academic titles
- Comataidh Ghaidhlig (Gaelic Committee): responsible for the development and enhancement of the Gaelic language, culture and heritage at UHI
- Learning, Teaching and Quality Committee: responsible for the quality assurance of provision, the standards of awards (subject to relevant validation and accreditation body requirements), and the development and enhancement of all aspects of learning and teaching
- Research Committee: develops and promotes UHIs strategy for research, knowledge transfer and commercialisation; monitors the quality and compliance of research
- Research Degrees Sub-committee: oversees the registration, support, progression and examination of research students
- Research Ethics Committee: responsible for reviewing research undertaken by staff and students that involves human participants, data or material.

Teaching, Research and Academic Structure

The APs carry out the bulk of teaching and research. The academic governance of the university is organised through subject networks (equivalent to academic departments in more conventionally organised universities, grouped under one of two faculties and reporting to an academic council. There are eight subject networks and each subject network leader reports to the relevant dean of faculty. The deans of faculty, together with the dean of learning and teaching, report to the vice-principal academic. This post heads an academic directorate which ensures that teaching standards, quality and academic planning are coordinated under a single department. Research is organised around academic partners and co-ordinated by a research and commercialisation office under a vice-principal research and enterprise and a dean of research.

All support activities are organised under the university secretary whose area of activity includes finance, planning, IT, estates, marketing, external relations and communications, together with supporting the work of the court and the university's committees. The principal and the staff, who report to the principal, form the executive office which constitutes the employees of the charitable company.

Faculties, Schools and Departments

The academic structure of the university is built around two faculties:

1. Arts, humanities and business (which includes the UHI management school); and
2. Science, health and education.

Funding
The university is funded by a variety of funders. The principal funder is the Scottish Funding Council (SFC), other important funders are HIE and the European Union (EU) through successive European funding programmes. The university is one of three strategic delivery bodies in Scotland for the receipt of EU funding and is presently implementing a major European funding programme worth around £50 million over seven years for research and teaching infrastructure and for the development of academic courses. A breakdown of funding for 2009/10 is shown below:

- SFC Grants: £27.8 million (55%)
- Fees: £7 million (14%)
- Other: £15.7 million (31%).

In addition, APs attract funds for further education and other activities amounting to some £80 million per annum.

Key Facts
Some key facts on UHI are:

- UHI is the only university based in the Highlands and Islands of Scotland
- UHI provides lifelong learning from entry level to PhD through a partnership of colleges and research institutions
- APs have student numbers ranging from 9 (centre for health and science) to 1,873 (Perth College UHI): with a total headcount of 8,113 in 2009/10
- in 2009/10, 55% of students were part-time and 45% were full-time
- the number of degrees awarded has increased from 25 in 1999/2000 to 294 in 2009/10, with a total of over 2,000 undergraduate degrees since 1999
- 80% of all students are from UHI catchment area, 15% from other Scotland, 4% from other UK, 0.3% from EU and 0.7% from other international.

Land-based Colleges in Scotland

The land-based colleges in Scotland have been collaborating for many years and '*Going Further*' is the development project of the consortium consisting of Scotland's Countryside Colleges (SCCs) and the Scottish Agricultural College (SAC), a specialist higher education institution. The three countryside colleges are Barony College in Dumfries, Elmwood College in Cupar, Fife, and Oatridge College in Broxburn, West Lothian.

The document '*Going Further*' (May 2009) sets out the project and its context, and a concordat between the SCCs and SAC '*A national strategy to deliver a landbased research, education and training solution for Scotland'* was drawn up in March 2011. The concordat provides the shared vision for the partnership:

- *all partners share a vision for the delivery of comprehensive skills, education and business support for Scotland's land-based industries based on world class and sector leading research*
- *we are committed to a new model for Scotland of an innovative, integrated model of academic and practical expertise using the strengths of all partners in the transfer of knowledge to and from partners, stakeholders and the land-based industries*
- *our ambition includes creating an efficient and effective business model that will deliver enhanced public value for Scotland.*

This case study of the arrangements between the SCCs and SAC is based on a range of documents submitted by the partnership; in addition a consultation interview with the principals of Elmwood College and Oatridge College took place on Friday 16 September 2011. Regular joint board working group meetings were set up in November 2010 and February, March, April, July and September 2011.

Learning and Skills Network (LSN) Consulting were appointed to look at models of collaboration on behalf of the boards of management of each partner college and workshops for boards and the joint

board working group took place. The final report was completed on 30 April 2011 and submitted to the boards. Based on the models presented and the previous work undertaken the boards took the decision to merge.

A modus operandi was developed which included joint or shared leadership and governance buy-in.

There are also recommendations in particular with regard to partnership working and collaboration. For example, the report notes that there is a comparatively weak understanding of the role of boards in terms of future college collaboration. However, in terms of future collaboration there are no major cultural misalignments likely to create undue difficulty in the long run.

The *'Going Further'* partners set in place strong governance and management arrangements, in terms of senior management and governor involvement through an early signed agreement and subsequently in their 2011 concordat:

- a project steering group was appointed to oversee project activity. The membership of this group comprised the principals of Barony, Elmwood and Oatridge colleges and the vice-principal of SAC as well as representation from the SFC (the director of strategic development, an assistant director and policy officer)
- the SFC supported the appointment of a project manager to assist the steering group. The college principals confirmed that this support by the SFC has been essential to the *'Going Further'* partnership because of the lack of capacity within the colleges to allocate the time and resources required for the development of meaningful partnership arrangements
- a joint board working group was established with members of the boards of management of the partner institutions
- college boards of management have held joint board meetings
- joint meetings between principals and chairs were also scheduled in and this resulted in very positive trust relationships that the partners consider to be essential for co-operation.

In addition a joint meeting of principals and senior managers established two distinct work groups, one for the curriculum, led by the vice principal, Barony College and one for business development, marketing and international (BMI), led by the director of business and curriculum development, Oatridge College. In turn, these groups have subgroups and all produce actions plans on how to achieve greater integration. These action plans have not yet been implemented because a decision needed to be made first on the structure of the partnership. With the decision to merge, action plans are in place to be implemented.

Considerations of a new structure were taken forward, which were informed by the research undertaken in relation to models of collaboration. The governance structure for the new (merged) organisation is still to be agreed, however, much preparatory work has already been carried out with clear governance and management arrangements being set in place.

Newcastle College

Skelmersdale & Ormskirk College had for a number of years been in a very poor financial position and was unable to provide the quality of training and learning provision that the communities needed. Skelmersdale & Ormskirk College had inadequate facilities and antiquated IT infrastructure and a curriculum that was out-of-date.

The decision to merge with Newcastle College was taken after an in-depth options appraisal and an open 'competition' and public and stakeholder consultation. The reasons for choosing Newcastle College as merger partner were based on both a business and on an educational case.

Relevant to the merger, the inspection report judged that some of the key strengths of the college were:

- inspirational leadership and vision of the principal
- exceptionally well managed merger with Skelmersdale & Ormskirk College

- outstanding governance
- highly responsive curriculum, meeting the needs of the communities served by the college and excellent progression opportunities
- exceptional and innovative employer engagement and partnerships.

Newcastle College has adopted the group structure for its different divisions, with the principal of Newcastle College as chief executive. The principal of Skelmersdale & Ormskirk College reports directly to the Newcastle College chief executive and the performance of the college is monitored by the executive in line with the processes applied to all Newcastle College schools and services. The Skelmersdale & Ormskirk College advisory committee operates as a sub-committee of Newcastle College corporation and the chair of the advisory committee is a full member of the corporation.

Cornwall College

Cornwall College was established in 1929 to meet the training needs of local industry. It had its main campus in Camborne and subsequently had a separate faculty or unit functioning as an agriculture college and also a smaller unit, the Marine College in Falmouth. In August 2001, Cornwall College merged with St Austell College creating cross-county coverage focussing on all vocational subjects. 'Take-over' mergers resulted in a college with six main campuses across the county, the Falmouth Marine School, in Newquay, St Austell, Saltash and Camborne and also incorporating Duchy College of Agriculture with their sites at Rosewarne, Wadebridge and Stoke Climsland near Callington.

Cornwall College is a college for further education incorporated under the Further and Higher Education Act 1992, and is an exempt charity as defined in the Charities Act 2006. It has a corporation board, which comprises twenty governors including the chief executive officer. The board, with the senior college management, makes the strategic decisions about the college. Governors have six main responsibilities as set out in the instrument and articles of government:

- determination of the character and strategic direction of the college
- approving the quality strategy
- efficient and effective use of resources, safeguarding the college assets and the solvency of the college
- approving the annual estimates of income and expenditure
- terms and conditions of service of the chief executive officer, senior post holders and clerk
- setting a framework for the employment of all other staff.

The board is a high level strategic board and meets five times a year. It operates through a committee system.

Local campuses were and are retained with their own (local) management and each has its own principal or head of college. Although other colleges were taken over through merger a federated arrangement has been retained and administration is through six councils, one for each main college campus. These councils are sub-committees of the corporation board.

The principal of Cornwall College is the accounting officer who line manages the heads of colleges. The colleges are able to take local decisions through delegated budgets. They therefore hold a degree of autonomy over their spend and operation. This type of (hard) federation is achieved through merger and the formation of one corporate body which allows for a measure of local autonomy.

The federated model is considered to be relatively efficient in terms of cost and quality arrangements. The model works well because the central corporation board has empowered the local colleges or campuses (through their local budgets). In addition, the Cornwall Colleges are at a quite large geographical distance from each other. Locally, the colleges have retained their branding and 'separateness', nevertheless through the federated or group model the colleges support each other financially when necessary and also share good practice.

The Experience in Wales

In Wales, collaboration and in particular merger are high on the agenda for the Welsh Assembly Government (WAG). In September 2008 the WAG published *Transforming Education and Training in Wales: Delivering Skills that Work for Wales.*

Following the publication, local authorities, further education institutions (FEIs) and higher education institutions (HEIs) and work-based learning providers began working together as learning partnerships. All learning partners submitted change plans to the Department for Children, Education, Lifelong Learning and Skills (DCELLS) and in March 2011, 75% of these had been approved for implementation. Plans fall into four models:

1. Further education collaboration with maintained secondary school
2. Unification of all post-16 learning provision in an area
3. Further education institution mergers
4. Local authority area reorganisation.

No local authority, school, college, university and work-based learning provider has remained unaffected by the requirements of the transformation policy, although local and sectoral proposals have clearly progressed at different speeds.

The mergers and considerations of merger are taking place within the wider framework of transformation that takes forward the different models, e.g. whole network reconfiguration with a new post-16 lifelong learning campus (Blaenau Gwent with Coleg Gwent and Newport University), establishing collaborative arrangements between schools and colleges (Cardiff, Carmarthenshire) and the fashioning of strategic alliances (e.g. between the new Cardiff and Vale College and St David's Catholic College).

Gower College Swansea Governance – as with all further education colleges, the corporation board of the newly formed college is accountable for the financial solvency of the college, its sound management and the quality of the service that it provides. The board is also accountable for the proper use of the public funds entrusted to it and its duties include:

- determining the educational character and mission of the institution and for oversight of its activities
- the effective and efficient use of resources, the solvency of the institution and the corporation and for safeguarding their assets
- approving annual estimates of income and expenditure
- the appointment, grading, suspension, dismissal and determination of the pay and conditions of service of the holders of senior posts and the clerk to the corporation
- setting a framework for the pay and conditions of service of all other staff.

The corporation board undertakes some of its work through the committees which may be advisory and/or decision making, as determined by the corporation board and legislation.

The Deeside College Group Governance – the governing body (also known as 'The Corporation') is accountable for the financial solvency of Deeside College, its effective management and the quality of the service it provides. It is also accountable for the proper use of the public funds entrusted to it.

Members of the governing body play a key role in the work of the college and give their time and expertise freely. The term of office for members is four years, with the exception of the student members who are appointed for a one year term of office.

The governing body meets at least four times during each academic year and the governors also attend an annual residential planning event. There are five committees:

1. Audit	4. Finance & General Purposes
2. Learner Provision & Outcomes	5. Landbased.
3. Learner Improvement & Outcomes	

The Experience in Northern Ireland

The Department for Employment and Learning in Northern Ireland (DELNI) is responsible for the policy, strategic development and financing of the further education (FE) sector. In August 2007, the department restructured Northern Ireland's 16 FE colleges into six larger area-based colleges. The stated aim was to ensure the colleges' long term viability within the six regions, while maintaining delivery of local provision through the same number of campuses.

The key question was whether the existing structure could deliver this strategic agenda. It was argued that a smaller number of larger management units could bring significant gains in terms of quality of provision, quality of facilities, status, concentration of expertise and impact on the economic and social infrastructure, whilst maintaining ease of access to FE provision. The drawback noted was that significant structural change would inevitably lead to turbulence in the system while it was effected.

Additionally, the strategy review suggested the FE sector should be based on an explicit regional delivery plan with consequential college development plans; funding should be more tightly related to strategy, the regulatory framework should be clarified and colleges should work to deliver the plan and be judged on how effectively and efficiently they perform, using agreed performance indicators.

New chairs and governors were appointed to all the colleges, but only existing principals were able to apply to run the new institutions. The minister appoints governors for four year terms of office, which can be renewed. Following concerns over financial management at some of the colleges, legislation was amended to enable the Northern Ireland Audit Office to become the external auditor of the six new colleges.

Outcomes Realised So Far

Northern Ireland's six similarly-sized regional colleges operate across 40+ campuses and via 400+ outreach community locations. Access in traditional local campuses is provided up to level three, while colleges take a more co-ordinated and collaborative approach to the provision of courses at level four and above.

In a case study of the Northern Ireland experience which formed part of a report to the Learning and Skills Council in 2010, KPMG concluded positively about the restructuring:

It is clear that the move (16 colleges restructured into 6) made economic sense. Costs were cut through centralized administration and the new colleges' multi-million pound budgets could provide a wider range of centralized facilities.

Project teams were appointed to plan the transition, and in some cases, these were successfully used post-merger to improve strategic and operational planning across campuses.

With only six principals required and six governing bodies to be recruited, it was considered that the standard of governance and management had significantly increased. There are plans are to undertake a full evaluation once all the changes are embedded.

Far less positive in its view was a highly critical 2009 report by the Northern Ireland Public Accounts Committee, which highlights concerns both pre and post the restructuring of the sector with regard to individual college finances, governance and the management of the sector by the Department of Employment and Learning Northern Ireland (DELNI). The committee welcomed the commitment from DELNI to a root and branch review of governance to report in early 2010 – though strongly indicated that this review should have taken place prior to the formation of the six colleges.

Another concern raised by the committee was on the responsibility placed on individual governors. At that time four of the six chairpersons had resigned, many of whom cited the (unpaid) workload. Committee members were concerned that DELNI's support for governors was deficient and recommended that this should also be considered by the governance review.

Additional specific concerns raised by the committee in relation to the FE sector overall were:

- it was not satisfied with some information that had arisen from the due diligence reports on Belfast Institute of Further and Higher Education and Castlereagh College at the time of restructuring
- the Public Accounts Committee report suggests that a thorough review of governance, prior to restructuring, should have been undertaken which might have avoided some of the more detrimental effects of the restructuring.

Scotland's Colleges