

## REVIEW OF SCOTLAND'S COLLEGES

### WORKING GROUP: ACCOUNTABILITY & GOVERNANCE

#### Minutes of Meeting Glasgow College of Nautical Studies 8 November 2006, 2.00 pm – 5.00 pm

#### Participants:

Aileen McKechnie, Scottish Executive (Chair)  
Margaret McLachlan, Scottish Executive (Secretariat)  
Col Baird, Scottish Executive  
George Reid, Scottish Executive  
Martin Fairbairn, Scottish Funding Council  
Ian Graham, Principal, John Wheatley College  
Graeme Hyslop, Principal, Langside College (substitute)  
Ian Macpherson, Association of Scotland's Colleges (substitute)  
Neil Cuthbert, Association of Scotland's Colleges  
Jill Little, NUS Scotland  
Mary Dignam, STUC  
John Cassidy, STUC  
David Caldwell, Universities Scotland

#### Apologies:

Linda McKay, Principal, Forth Valley College  
Sandy Watson, Chair, Angus College

#### Guest Participants Staff Member:

Bill Telfer, staff board member, Langside College

#### Introductions

The Chair welcomed members and Bill Telfer, one of Glasgow College of Nautical Studies' staff representatives.

#### 1. Overview of staff representative's experience on a Board of Management

Mr Telfer is Estates Manager in the College and has been a representative on the board of management for the past 6 years. He increases his understanding of how the college operates and also considers his role on the board of management as being helpful in terms of career progression in the sense that it raises his profile. While not on the senior management team he believes being part of the board provides him with an overview of how the senior management operate.

During his time on the board of management he has experienced some difficulties. For example, he has been unable to share information with staff from the most immediate board of management meetings until the minutes are cleared at the following meeting.

Mr Telfer explained that he is not a trade union representative, and therefore would not raise staff issues that would fall into this area. He would however be happy to raise strategic or operational issues on behalf of staff.

Members asked if staff were given prior notification of agenda items before board/committee meetings. Mr Telfer was unsure whether agendas for forthcoming meetings are placed on the College's intranet however did not think they were. He was aware that the cleared minutes are posted on the college's intranet and explained that he normally feeds back to staff via e-mail.

Mr Telfer believes that board members expertise is often channelled into an area where their expertise sits, for example he also sits on the Resources sub-committee.

The Chair thanked Bill Telfer for sharing his experience with members. Mr Telfer then left the meeting at this point.

## **2. Minutes of the previous meeting including action points**

The minutes of the previous meeting were agreed subject to some minor change.

### **Action Points from Previous Meeting – and Subsequent Action Points**

Members suggested that Mr McClelland should provide a list of bullet points, from his presentation at the last meeting, to assist in clarifying his key messages. **ACTION POINT: The Executive to ask Mr McClelland for a list of bullet points, covering his key messages.**

#### **ITEM 6:**

- **Scottish Funding Council to provide information on non-statutory interventions**

Done – this was discussed further under agenda item 3.

#### **ITEM 9:**

- **ASC to amend paper to include more information and comparative analysis**

Done – this was discussed further under agenda item 6.

- **Executive to provide information on the definition of ethnic minorities used for public appointments**

This information was passed to the ASC, however it was agreed that it should be circulated to all members for information. **ACTION POINT: Margaret McLachlan to circulate information on definitions used by the Executive for Public Appointments.**

## **ITEM 10:**

- **Members to submit comments on the Interim Report to Margaret McLachlan**

Done.

## **ITEM 6 of previous action points:**

- **Executive to continue to review the work plan**

Done – Revised work plan will be reissued to members. ACTION POINT: **Margaret McLachlan to re-issue revised work plan.**

## **Rolling Action Point – Issues surrounding Sabbatical Officers**

The Executive hosted a meeting on 6 September with NUS and 2 college Principals, the minutes of which had been circulated to members. NUS had provided a response to the action points from this meeting. The Executive will take this information to their solicitors to gain legal advice. ACTION POINT: **Executive to seek legal advice regarding Sabbatical Officers**

### **3. Further Education Development Directorate**

The Funding Council provided the main content for A&G Working Group Paper 22. This paper was welcomed as a comprehensive paper outlining roles and responsibilities of FEDD. The Funding Council informed members that this information will also be issued as a Funding Council circular in due course.

Members agreed that a substantive discussion on the Audit Committee recommendation on statutory and non-statutory interventions should be deferred until the next meeting on 8 December. ACTION POINT: **Executive to include non-statutory and statutory interventions on agenda for 8 December.**

### **4. Review of Accountability and Governance in the Scottish College Sector – Final Report**

Members generally welcomed DTZ's research paper. They were advised that there was still time to comment on this paper and that comments should be sent to Margaret McLachlan by **15 November.** Members discussed the recommendations from the DTZ Final Report.

General issues raised:

- Can we clarify whether the Research warning on P66 of the report is required?
- If the researchers say that it is required can we please discuss with them an alternative location.
- Can we raise with the researchers the lack of reference to best and public value in the section on future drivers
- Also the idea of valuing board members has not been included in the Interim report.
- 'Onboard' Self Evaluation tool - perhaps this SE guidance should be revised?

## DTZ recommendations and members responses:

### Succession Planning

- **It is recommended that good practice guidance in succession planning is developed and disseminated to the college sector. Such guidance should draw upon the good practice that has been identified.**

Accept – ASC Guidance includes this recommendation. Members raised the issue that the lowering of the years that a Board Member can serve i.e. from 12 yrs to 8 yrs is still to be resolved by the Scottish Executive. It was noted that the decision on this rests with Ministers and that the Department would continue to pursue.

### Recruitment

- **The college sector to undertake an independent review to investigate the pros and cons of remuneration for Board Members, with the objective of maximising the quality and contribution of Board Members. The options to include remuneration for the Chair only; and the Chair and Chairs of sub-committees (note: there is no option to extend remuneration to all Board Members, because under current charities' legislation 50% or more of Board Members must be in non-remunerated posts to retain charitable status). Guidance should also be given on levels of remuneration that are appropriate, should such an option be pursued.**

Reject – This issue had been raised during the last review of Governance and Accountability and again by this workstream during the Review of Scotland's Colleges. It had been concluded that there was no evidence to suggest that remuneration would increase the quality of board members. Members questioned the evidence base for this issue– was it professional judgement? Members agreed that the issue of improving how board members are 'valued' should continue to be pursued by the Scottish Executive.

- **The Principal should not sit on the Nominations Committee, nor be involved in any way with the work of the Committee and the nomination of candidates for approval by the Board.**

Accept – Reinforce the recommendation in the ASC Guide that a Principal should not sit on a nominations committee.

- **External and internal organisations nominating Board Members should, ideally, put forward more than one candidate and they should be assessed objectively along with other applicants. This applies to LECs, staff and student bodies.**

Reject - ASC should include good practice in its guide regarding this issue. The Scottish Executive agreed to bring this 'good practice' to the attention of Scottish Enterprise.

- **Given the importance of having ‘representation’ from within the staff and student bodies, the process of seeking Board Members from these internal stakeholder groups should be maintained: one representative from the student body and two from the staff (one academic and one support).**

Reject – Further research is required - the number of staff or student representative should be flexible for example where a college delivers from multiple campuses. Ideas of co-option or observer status should be explored for Guide. Graeme Hyslop agreed to write a case-note by way of an example of good practice.

- **The tenure of Board Members should be retained at a maximum of 12 years. A staggered system of appointments is recommended incorporating the use of split four year terms: for example, an initial two year term, followed by four years, etc.**

Disagree to point one as we are currently pursuing a maximum Board Member tenure of eight years. It was agreed that the second suggestion of the recommendation to a staggered system for appointments (as used in the Scottish funding Council appointments process) would be helpful in terms of succession planning.

### **Recruitment Outcome**

- **In reviewing Board profiles, members should consider the whole range of criteria – skills, experience, and equality and diversity considerations.**

Accept – this statement reinforces what is already being undertaken.

### **Induction**

- **Given the inadequate standards of induction highlighted in Section 3, it is recommended that good practice induction guidance be developed and disseminated to the Scottish college sector as an integral element of a wider training and development framework.**

Accept - Good practice examples and case-studies of newly appointed Chairs and Principals – to be provided by ASC and SFC. It was noted that the SFC Chief Executive intends to meet with new Principals and Chairs as part of the induction process to confirm for them the roles and responsibilities of the post.

### **Training & Development Summary & Recommendations**

- **DTZ recommends that the whole training and development area be reviewed with the aim of developing a good practice framework for the ‘on-going development’ of Board Members.**

Accept – It was accepted that there should be collective appraisal of a board but some members felt that individual appraisal would be difficult and would lead to diminishing numbers of members. It was however agreed that attendance of board members should be reviewed on an ongoing basis. Members agreed that identifying and agreeing training needs should also be discussed with individual board members.

The issue of additional training opportunities being offered for students and staff reps was raised. It was noted that the Funding Council is currently assisting with Leadership and Management development and SPARQs are already assisting with identifying student training and development.

It was suggested that SFC could liaise with SPARQs to develop training courses for staff representatives and that perhaps this could be delivered by SFEU.

**ACTION POINT: SFC in consultation with relevant stakeholders to develop suitable training for staff and students.**

### **Role & Responsibilities**

- **There is one key recommendation to be considered under the ‘representational’ model for staff and student Board members. More specific training is required for staff Board members in particular to ensure their role at Board level is understood – not to work at Board level in the best interest of staff, but for the college as a whole. Awareness raising amongst the wider staff body may assist in clarifying the staff Board member role. This principle is also true for student Board members, also the research team did not find the confusion to be so marked for the students.**

**ACTION POINTS: Executive to forward members comments on report to DTZ. Executive to prepare a working group’s final report and pass to members for comment.**

### **Board Structure & Meetings**

- **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.**
- **The size of Board should certainly not increase above 16. If there was to be any move to change the structure of Board numbers there should be a modest reduction in size. However, the scope to reduce this by more than one or two posts is very limited due to the significant number of sub-committees that have to be serviced (an average of 6 per college).**
- **As noted in section four, 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.**
- **The use of restricted meetings should be minimised to nurture Board trust and cohesion. DTZ’s working knowledge of other sectors (the HE and housing associations sectors in particular) suggests that while not unknown, restricted Board meetings are uncommon. While it is recognised that there may be**

occasional restricted sessions, these should certainly be exceptional rather than the rule to ensure that trust between all Board members is nurtured. Where they are required, good practice such as the first example above should be followed.

- It is good practice to have Board involvement in setting and monitoring academic and quality standards, and some Boards have recently restructured to achieve this at committee level.

Accept – all recommendations within this section.

### **Evaluation of Board Performance**

- there is a need to improve the sharing of good practice between colleges, so that they can learn from one another. A lot of effort is expended in self-evaluation, but it is recommended that a revamped ‘Community of Practice’ for accountability and governance is tasked with coming forward with suggestions for how good practice can be identified and shared more systematically and effectively across the college sector. It is also recommended that good practice guidance be submitted to Boards recommending that Chairs and Chairs of Sub-Committees be subject to peer review.

Noted - The Quality Framework should be considered

### **Powers to Address Poor Board Performance**

- the powers of college Boards be strengthened to enable them to address performance problems with Board Members more quickly and effectively than current legislation permits.

Noted - Further legal advice required

### **Strategic Planning & Monitoring**

- DTZ has no specific recommendations in this area.

Noted

### **Risk Management**

It is recommended that good practice in risk management be disseminated throughout the college sector. This should draw upon the following good practice findings:

- The role of Audit Committees and the specialist sub-committees in delivering risk management is absolutely critical

Accept

- The use of separate risk registers where significant capital projects introduce a new area of risk

Accept

- **Risk registers need to be regularly reviewed, calling upon the sub-committees and executive/senior management team expertise, produced in a format that is simple for non-specialists to understand, perhaps using “traffic light” colour coding**

Members noted that it would be helpful to have a fit for purpose Performance Management Information System which was accessible by the entire sector.

- **Communication of Performance Indicators – either in real time (say via a college intranet) or regular distribution, a short list of the key PIs that are of critical importance to the college, such as recruitment, retention, WSUMs against target and key financial PIs against budget (e.g. cashflow position, as treasury issues are critical), should be communicated.**

Further discussion needed – SFC agreed to look at this further.

### **Financial Management**

- **There was a very strong view expressed from the college sector to change the current annual financial cycle to one based on three years and DTZ endorses this as a recommendation of this study.**

SFC to consider this further in consultation with the Scottish Executive

- **As part of the induction process it is recommended that new Board Members are offered specific training to fully understand the financial systems, ‘jargon’ and acronyms in use the college sector and the nuances of its supply-led approach (often difficult for Board Members with a private sector background to grasp)**

Accept

- **The implications of how the External Auditor appointed by Audit Scotland is going to treat pension liabilities is one of the key concerns of colleges. It is recommended that SFC review any implications for the colleges and, in particular, to identify the extent of differential impacts and how they are reported.**

Noted - This has already been done – SFC to provide clarification on this issue.

### **Accountability**

- **Consideration should be given to the circulation of Accounting Officer Letters to Principals, reinstating the former practice when prior to the formation of SFEFC, college Principals were non-Statutory Accountable Officers**

Noted - The Scottish Executive to check if these still exist

- There should be a rationalisation in the number of bodies which scrutinise the college sector. It is recommended that the various bodies to whom colleges are accountable need to engage with each other, and ideally agree a standard set of PIs that satisfies all and have one annual collection exercise conducted, and thereafter share the information. This would have the aim of reducing the bureaucratic burden to fulfil external requirements, often for the same information time and again, and allow Boards and senior managers to devote more time to strategy, governance and audit internally. It was argued that, preferably, any common list would yield some rationalisation of unnecessary performance measures and a focus on key measures of real value to the college and stakeholders.

Noted

### **Engagement**

It is recommended that good practice in stakeholder engagement be disseminated to the college sector, drawing on the evidence from DTZ's research and the wider desk review. Recommended good practice includes:

- Improving the 'visibility' of Board Members to internal stakeholders via Departmental visits, attendance at college events, and communication via the college Intranet and newsletter.
- Listening to staff and students' views, through focus groups or conferences held periodically, is an effective way to broaden and devolve college governance.
- Provision of a formal training programme for staff Board Members as part of the induction process, with a focus on core governance skills and behaviour
- Support for the student Board Member which can include the following: provision of sabbatical posts to support elected (student President) Board Members; co-opted Vice-Presidents to provide moral and practical support to the President; providing dedicated administrative support to the Student Association and President.
- Holding regular presentations by staff at board meetings to develop Members' understanding of the college
- Engaging professional PR and communications specialists to work with the Board in the development and implementation of a communications strategy for external stakeholders.

Accept - all recommendations in the section

#### **5. Update on Encouraging Greater Board Diversity**

This agenda item was deferred until the meeting on 8 December.

#### **6. Amended Interim Report for Core Group**

Members were informed that the paper would be slightly amended – it would now include 'valuing' of board members, under remuneration issue, prior to being issued to members of the Core Group.

**7. A.OB**

None

**List of Action Points**

**From previous minute**

- **Executive to ask Mr McClelland for a list of bullet points, from his presentation, covering key messages.**
- **Margaret McLachlan to circulate information on definitions used by the Executive for Public Appointments.**
- **Margaret McLachlan to re-issue revised work plan.**

**From Rolling Action Point:**

- **Executive to seek legal advice regarding Sabbatical Officers**

**ITEM 3:**

- **Executive to include non-statutory and statutory interventions on agenda for 8 December.**

**ITEM 4:**

- **Executive to forward members comments on report to DTZ**
- **Executive to prepare a working group's final report and pass to members for comment**

**Margaret McLachlan  
Reviews Team  
November 2006**