



# Shetland Islands Council

Agenda  
Item

**1**

<b>Meeting(s):</b>	<b>Shetland College Board</b>	<b>05 October 2017</b>
<b>Report Title:</b>	<b>Principal's Update</b>	
<b>Reference Number:</b>	<b>SCB135-F</b>	
<b>Author / Job Title:</b>	<b>Willie Shannon Interim Joint Principal</b>	

## **1.0 Decisions / Action required:**

- 1.1 Shetland College Board resolves to note the contents of this report and approve the Scottish Funding Council Financial Return.

## **2.0 High Level Summary:**

- 2.1 This report provides an update to Board Members on a range of issues which are both of interest and importance to Shetland College and the tertiary sector of Shetland.
- 2.2 This is a busy term for the College and Train Shetland. A lot of courses are now underway and student numbers are encouraging. We are heavily engaged in a number of student/review processes as mentioned in my last update to Board Members.

## **3.0 Corporate Priorities and Joint Working:**

- 3.1 The information in this report links to the corporate priority of maximising the opportunities for further, higher and vocational learning, both for school leavers and for people returning to learning.
- 3.2 There is considerable focus on collaboration and integration of the tertiary sector in Shetland as agreed between the Council and the NAFC Marine Centre, "The Trust".

## **4.0 Key Issues:**

- 4.1 Strategic Dialogue Meeting (SDM)  
The SDM for Shetland College with the Scottish Funding Council and UHI took place on 26 September. The remit of the meeting extended across the tertiary sector in Shetland and included Trustees and students from the NAFC Marine Centre. The agenda and the briefing for the SDM is attached as Appendix 1. Board members will be updated at today's meeting.
- 4.2 Operational Plan  
The Operational Plan for the tertiary sector in Shetland is at an advanced stage and the first draft is being discussed with the Senior Managers across Shetland

College, Train Shetland and NAFC Marine Centre. The Operational Plan follows on from the Strategic Plan that was agreed and approved by all of the relevant bodies in February of this year. The key themes of the Operational Plan are also in line with the strategic objectives. The Operational Plan is for two years, although it may be subject to change. A final copy will be submitted to the next Board meeting.

#### 4.3 Train Shetland, Vocational Training

37 New MA Starts	
Business Admin 2	Automotive 3
Digital Media 1	Construction 8
Engineering 7	Agriculture 1
Hairdressing 2	Health and Social Care 7
Children and Young People 5	

- 4.3.1 There are also 7 progressions in their workplaces and starting on their new programmes. The bulk of the apprentices are now signed up as the majority tend to coincide with college start dates between August and October. At the time of the last report, we had recruited 16 new starts so this period has seen an increase of 21 new Modern Apprenticeship registrations.
- 4.3.2 The total includes 12 new places recruited by the SIC in Health and Social Care and Children and Young people. We have also registered our first Digital Media apprenticeship with Mareel. There have also been 7 Engineers taken on and 8 in Construction, including 5 in Plumbing. This sector is particularly strong as there are potentially further starts to add in the coming months, which may include Naval Architecture for the first time. There may also be starts for Cookery and additional ones for Business Administration.
- 4.3.3 Although the contract is signed for 52 places, we have successfully increased our bid to include 6 more construction places and 1 more care place to meet demand. The contract will therefore be increased to 59 places. It is unlikely however that we will meet our projections for Automotive.
- 4.3.4 Further to the nominations for Apprentice of the Year for our Foundation Apprentice and Level 2 Apprentice, there have been photographers and film crews in Shetland to take photos and record footage of the two nominees which will be used for publicity purposes. This will prove to be useful promotional material for when we begin our round of school talks in the October term. The ceremony will take place in Kelvingrove in November.
- 4.3.5 Train Shetland is in advanced discussion about a new website which we hope will be launched shortly. It is our intention to work with Shetland College NC students to take a new portfolio of photographs to be used for the website. Our achievers are celebrated on our social media pages and we will be planning an awards ceremony at the end of the year.
- 4.3.6 Train Shetland, Shetland College and the NAFC are supporting employers with applications for the Flexible Workforce Development Fund. Information was only received on 11 September and Apprenticeship Levy paying employers have until 15 December to bid for up to £10,000 towards their training needs. The three organisations are helping to get the information out to eligible employers so that they can meet the deadline as it will be delivered

on a first-come-first-serve basis. This is the first pilot project for the scheme and we would like to see Shetland-based employers benefit from this new fund.

#### 4.4 Shetland College ICT Upgrades

4.4.1 The rolling ICT desktop upgrade (Shetland College UHI Desktop Experience Project) has progressed well through the Summer with 98% of the college Windows desktop estate running the current build of Windows 10 Enterprise and Office Professional Plus 2016. With a few exceptions all college computers are now equipped with solid state hard drives dramatically improving performance and extending the life of legacy hardware by up to a further three years. Replacing the disk drives of older hardware rather than the entire unit has resulted in considerable capital savings; £42 per unit as opposed to upwards of £350 for a replacement. However the oldest units that were still in production use (pre 2009 models) have been replaced as part of the project. The iMac Suite has been updated to the latest version of MacOS.

4.4.2 All production laptops for both teaching and business use have now been encrypted in line with the UHI Information Security policies. This has meant the laptops in use at Islesburgh learning centre have been withdrawn from production as they did not have a required hardware component. Islesburgh is currently using laptops from the college but these will need to be replaced to ensure adequate provision at Gremista.

4.4.3 Due to a supply issue the replacement host and management servers for the virtual server infrastructure were delivered late and could not be installed and configured before the start of term. As the migration from the current servers will be disruptive this work has now been scheduled for the October break.

4.4.4 The UHI led Network Upgrade project was scheduled to take place in early July but this was postponed by UHI staff for operational reasons. The hardware has been delivered but the upgrade will need to take place during the October break or over a weekend / evenings during term time due to the disruptive nature of the work, and subject to availability of UHI LIS / LAN Project staff.

#### 4.5 Financial Forecast Return (FFR)

4.5.1 Shetland College is required to make a Financial Forecast Return (FFR) to the Scottish Funding Council and this is set out at Appendix 2. You will note that the financial period is for six years which makes the return all the more challenging. I would like to acknowledge the considerable effort that the College's Admin and Finance Manager, Elaine Laurenson put into this process with limited resources at her disposal to meet the extensive requirements of the return.

4.5.2 The notes to accompany the return and the background narrative are also attached as Appendix 3 for your information.

4.5.3 Board members are required to approve the return to SFC.

#### 4.6 Taste of Shetland Festival

The Hospitality section of Shetland College was invited to join the Steering Group for 'A Taste of Shetland Festival' following last year's successful participation in the event. Our involvement this year consisted of coordinating the 'Cooking Challenge'

and overseeing the Skills for Work Hospitality students as they prepared and served food for 200 guests at the VIP reception. Raymond Smith (Chef Lecturer) was one of the judges for the Cooking Challenge which saw the semi-finals being held in the College's Training Kitchen, followed two weeks later by the live final at Clickimin. We also used the Festival as an opportunity to conduct market research over the weekend into the types of courses people would like to see being offered.

## **5.0 Exempt and/or confidential information:**

5.1 There is no exempt or confidential information contained within this report.

## **6.0 Implications:**

<b>6.1 Service Users, Patients and Communities:</b>	N/A
<b>6.2 Human Resources and Organisational Development:</b>	N/A
<b>6.3 Equality, Diversity and Human Rights:</b>	N/A
<b>6.4 Legal:</b>	N/A
<b>6.5 Finance:</b>	There are no financial implications arising from the content of this report.
<b>6.6 Assets and Property:</b>	N/A
<b>6.7 ICT and new technologies:</b>	N/A
<b>6.8 Environmental:</b>	N/A
<b>6.9 Risk Management:</b>	N/A
<b>6.10 Policy and Delegated Authority:</b>	The role of the Shetland College Board is to support the Interim Joint Principal of Shetland College / Train Shetland / NAFC Marine Centre in carrying out his roles and to monitor progress against objectives approved by the Board or which have been set by the Council, including: -

	<p>a Strategic direction for Shetland College: specifically, the Board shall have the delegated authority to approve immediate short and medium term joint strategic plans with reference to the Council's agreed deliverables and milestones until June 2018. Approval of long term plans shall be reserved to SIC and Education and Families Committee as a component of their longer term vision wider strategic remit for learning at all stages of life.</p> <p>b Ascertaining the needs of users and promoting access between school, work, research and further and higher education, including approval for submission of annual, strategic and operational plans to UHI on behalf of the Council.</p> <p>c Developing resources, including financial resources, to support the learner.</p> <p>d Authority to review and develop structure plans to provide the staffing required for the College and to meet needs and provision for staff development and career review.</p> <p>e To give direction on matters of quality assurance and improvement.</p> <p>f To monitor and give assurance that the College operates sound financial management, including developing budgets and pursuing credit funding.</p> <p>g Liaising with UHI and other appropriate bodies, e.g. SQA, Scottish Funding Council and Education Scotland.</p> <p>h Take such decisions as appropriate to support the Interim Joint Principal in meeting the Council approved integration milestones.</p>	
<b>6.11 Previously considered by:</b>	N/A	

**Contact Details:**

Willie Shannon, Interim Joint Principal

Tel: 01595 771218

E-mail: [willie.shannon@uhi.ac.uk](mailto:willie.shannon@uhi.ac.uk)

**Appendices:**

Appendix 1 – Strategic Dialogue Agenda and Briefing

Appendix 2 – FFR Summary

Appendix 3 – FFR Narrative

END



## Shetland College UHI

### Strategic Dialogue Agenda 26 September 2017

Time	Session Length	Description
09.00	30 minutes	SFC team arrive, SFC pre-meeting - <a href="#">Room B2</a> ➤ 4 x SFC
09.30	2 hours	Main session to discuss 3 topics – <a href="#">Room B2</a> <ul style="list-style-type: none"> <li>• Governance and financial health</li> <li>• Collaboration and integration of the tertiary sector in Shetland</li> <li>• Student engagement, growth and experience</li> </ul> <ul style="list-style-type: none"> <li>➤ 4 x SFC</li> <li>➤ 3 x SCB Members</li> <li>➤ 3 x NAFC Trustees</li> <li>➤ 4 x SMT</li> <li>➤ 2 X UHI</li> <li>➤ 1 x SIC Development Services</li> </ul>
11.30	45 minutes	Tea and coffee break – <a href="#">Room B2</a> <i>(This could also include a focussed tour of the institution)</i>
12.15	30 minutes	Staff session – <a href="#">Room B2</a> 10 x Shetland College staff  <i>(Marlene Wood from SFC team to lead)</i>
12.45	30 minutes	Student session – <a href="#">Room B2</a> 6 x NAFC & SC Students  <i>(Michael Cross from SFC team to lead)</i>
13.15	20 minutes	Concluding remarks to main College team – <a href="#">Room B2</a> <i>(with soup &amp; sandwich lunch)</i> <ul style="list-style-type: none"> <li>➤ 4 x SFC</li> <li>➤ 3 x SCB Members</li> <li>➤ 3 x NAFC Trustees</li> <li>➤ 4 x SMT</li> <li>➤ 2 X UHI</li> <li>➤ 1 x SIC Development Services</li> </ul>

## **Participants**

### **Scottish Funding Council**

Veena O'Halloran (Team Leader)

Marlene Wood

Michael Cross, Director Access, Skills and Outcome Agreements

Sharon Drysdale, Outcome Agreement Manager

### **Shetland Tertiary Sector**

#### **Core team**

3x Shetland College Board members (including Chair)

Willie Shannon, Principal

4 x SMT (if desired, perhaps depending on discussion topics)

Neil Grant, Director of Development, SIC

#### **Shetland College Board Members**

Peter Campbell (Chair)

Theo Smith (Vice Chair)

George Smith

#### **NAFC Trustees**

Davie Sandison, Chair (Executive Officer, Shetland Aquaculture)

Trustee NAFC Marine Centre (tbc)

Trustee NAFC Marine Centre (tbc)

#### **Shetland Management Team**

Willie Shannon (Principal)

Susan Berry (Depute Principal)

Jacqui Clark (Joint Operations Manager)

Dr. Beth Mouat (Joint Head of Marine Sciences)

#### **UHI**

Dr Michael Foxley, Regional Chair, Highlands & Islands (if possible)

Diane Rawlinson, Vice-Principal (Further Education)

Staff group:

1.	Susan Menary	Senior Lecturer
2.	Roxane Permar	Lecturer
3.	Andrew Anderson	Senior Lecturer
4.	Lorraine Watson	Lecturer
5.	Klaudia Grubska	Guidance Coordinator
6.	Alison Kilgour	Senior Librarian
7.	Euan Robertson	Senior Lecturer
8.	Simon Clarke	Senior Lecturer
9.	Greg McCarron	Marketing & Student Engagement
10.	Lesley Brandie	PA / SMT Secretary

Student group:

1.	Logan Spence, HISA Depute	HND Computing (SC)
2.	Michaela Kincaid	Access to Social Work (SC)
3.	Ciaran Boyd	Engineering (NAFC)
4.	Marie Adamson	NC Social Sciences (SC)
5.	HISA NAFC Rep	tbc
6.	HISA SC Rep	tbc

**Scottish Funding Council and the Shetland Tertiary Education Sector**

*Strategic Dialogue Meeting - Wednesday 26<sup>th</sup> September 2017*

***Briefing Paper for SFC***

**1 Attendees representing from Shetland Tertiary Education Sector**

***i Board of Shetland College UHI***

Councillor Peter Campbell, Board Chair and member of Further Education Regional Board for the Highlands and Islands

Councillor George Smith, Board member and Chair of Education and Families Committee, Shetland Islands Council

Councillor Theo Smith, Board member and member of Education and Families Committee, Shetland Islands Council

***ii Representing the NAFC Marine Centre UHI***

David Sandison, College Trustee and member of Further Education Regional Board for the Highlands and Islands.

NAFC Trustee (tbc)

NAFC Trustee (tbc)

***iii Executive Staff***

Willie Shannon, Joint Principal (Interim), Shetland College UHI and NAFC Marine Centre

Susan Berry, Acting Deputy Principal, Shetland College UHI

Jacqui Clarke, Acting Operations Manager, Shetland College UHI

Dr Beth Mouat, Joint Head of Marine Sciences, NAFC Marine Centre

Neil Grant, Director of Development Services, Shetland Islands Council

***iv Representing the University of the Highlands and Islands***

Dr Michael Foxley, Chair of Further Education Regional Board, Highlands and Islands, Dr Michael Foxley

Diane Rawlinson, Vice-Principal (Further Education) University of the Highlands and Islands

## **2 Background/Context Relating to the Shetland Tertiary Education Sector**

In recognition of the fact that the Strategic Dialogue Meeting has taken on a broader perspective relating to the Tertiary Education Sector in Shetland, and not just Shetland College UHI, the following is provided to assist the SFC Council members in arriving at a better understanding of how the formation of the Shetland Tertiary Education Sector was arrived at.

The Shetland Tertiary Education, Research and Education (STERT) project was initiated in 2012 by the Shetland Islands Council (SIC) with a view to integrating the NAFC Marine Centre, Shetland College and Train Shetland into a single tertiary education, training and research organisation for Shetland.

A Project Board was formed to provide options for bringing a new organisation about, independent of the SIC. However, it had become obvious by early 2016 that full integration would not be practicable, in the short to medium term at least, because of significant issues relating to property and pension costs.

However, it was nevertheless recognised that there remained considerable merit in the three existing organisations “...*cooperating and collaborating, where possible, to maximise efficiency and make the best use of available resources across the tertiary education sector in Shetland.*”

In the first instance, the Shetland College UHI Board and NAFC Board of Trustees agreed to the appointment of a Joint Principal, on an interim basis, and Willie Shannon was appointed to this post from June 2016 for a two year period (he had previously been the Interim Director of the NAFC Marine Centre since May 2013).

As well as this, it was agreed that three representatives of each of the two College Boards would provide oversight to the development of the Shetland Tertiary Education Sector and, therefore, the “Joint Liaison Group” that would drive progress and hold the Joint Principal to account was formed.

### **3 Discussion Topics**

#### **Topic 1 Governance and Financial Health (Scottish Funding Council Item)**

It is being assumed that the SFC representatives would wish to focus this discussion mainly on the governance and financial health issues that were the subject of considerable discussion at the separate meetings that were held with both College Boards in June 2017.

It was recognised at the June meetings that there had been something of a loss of momentum towards greater levels of collaboration and integration. The fact that the Joint Liaison Group hadn't met since April (and was unlikely to meet until late August) was taken as evidence of that. In part, this hiatus had come about because of the restrictions caused by the local council elections that had taken place in May, with the new Shetland College Board still to be put in place at the time of the June meetings. Prior to that, the Joint Liaison Group had been faced with significant issues relating to the declining senior management resources available to the Sector (at one stage the Joint Principal was left with no SMT colleagues at Shetland College).

However, the June meetings recognised that there were also financial issues facing the NAFC Marine Centre and that these had required the Trustees to give these issues their main attention and discussions were taking place with the Shetland Islands Council to seek a resolution.

The representatives of Shetland College and the NAFC Marine Centre will be able to provide an update in relation to the Joint Liaison Group and financial developments at the 26<sup>th</sup> September meeting (including progress made relating to property and pension costs that have previously prevented progress towards a single organisation) and on any non-Tertiary Education Sector matters that the Council might wish to have discussed. The onset of national pay bargaining within the Scottish Further Education Sector will also merit highlighting and discussion.

## **Topic 2      Collaboration and Integration of the Tertiary Education Sector in Shetland (Tertiary Education Sector Item)**

The discussion relating to Governance and Financial Health will reveal evidence of the fact that the new academic session has brought with it a higher momentum level. The level of collaboration and integration across the Sector is intensifying and is planned to become more and more considerable as session 2017-18 unfolds. This will all be to the ultimate benefit of our students and to the communities that we serve (including local employers). However, there are important limiting factors at the present time that are of concern to the Sector and these relate to the extent to which the further education student activity level being achieved is very much higher than what we are funded to do by the Further Education Regional Board.

It is recognised that, until now, much of this activity, although to be welcomed, has been at an operational level. However, in light of the expected progress mentioned above in relation to pension and property cost issues, essential steps are now to be taken that envisage the bringing about of the single organisation.

These can be mainly be found in the draft Operational Plan for 2017-19, however the key steps can be summarised as follows:

- Formation of a small `Change Team` to work on behalf of the Joint Principal. (October 2017)
- Preparation of a joint 2017-18 budget for the Sector to be presented to the Joint Liaison Group and the NAFC Trustees and Shetland College Board. (October 2017)
- Options for resolving the property costs, pensions' issues and, potentially, the reintroduction of national pay scales, to be presented to the Joint Liaison Group and the two College Boards. (November 2017)
- Full Business Case for a Single College to be produced. (January 2018 at the latest)
- Consideration of Business Case by all relevant bodies. (January/February 2018)
- If approved, Single Entity intended to be operating on at least a `shadow` basis. (August 2018).

### **Topic 3      Student Engagement and Representation (Tertiary Education Sector Item)**

In February 2017, in response to a request from Shetland College UHI students for class representatives to be given more time to get to know each other and explore ideas to develop student activities, a two-day development away day was organised with students from NAFC Marine Centre UHI and Shetland College UHI. The decision was made to include NAFC students as the Highlands and Islands Students Association (HISA) were being invited to help facilitate the sessions. During the two days students agreed future priorities in relation to the student voice as well as activities and programmes which would enhance student experience. Students unanimously agreed to “unite the student voice for the better of all students, whilst maintaining our unique students identities for NAFC and Shetland College”. Agreement was also reached to re-structure HISA Depute positions across both Colleges as students felt the current structure was not working effectively. All discussions from the two days were summarised in a student agreement document, which was signed at the first joint meeting of NAFC & Shetland College UHI students on Tuesday 7th March. This document was also signed by the Interim Joint Principal of both colleges.

Since March, students from both NAFC and Shetland College voted for the first HISA Shetland Depute and have held joint student representation meetings at both colleges. Work is now focussed on continuing our support to students as they work collaboratively in working on the priorities and activities identified at their away day. This includes campaigns related to improving transport links and affordability as well as student spaces at both campuses. Our close working relationship with HISA, who are integral to our student engagement programme, is an important partner as we move forward.

## Shetland College

	Actual 2015-16	Forecast 2016-17	Forecast 2017-18	Forecast 2018-19	Forecast 2019-20	Forecast 2020-21	Forecast 2021-22
	£000	£000	£000	£000	£000	£000	£000
<b>Statement of Comprehensive income and expenditure (Consolidated)</b>							
<b>INCOME</b>							
Tuition fees and education contracts	410	378	418	421	424	427	430
Funding council grants	2,184	2,262	2,275	2,372	2,456	2,420	2,382
Research grants and contracts	0	0	0	0	0	0	0
Revenue grants from Arms Length Foundation	0	0	0	0	0	0	0
Capital grants from Arms Length Foundation	0	0	0	0	0	0	0
Other non-government capital grants	0	0	0	0	0	0	0
Other income	848	622	463	448	453	461	469
Investment income	0	0	0	0	0	0	0
<b>Total income before donations and endowments</b>	<b>3,442</b>	<b>3,262</b>	<b>3,156</b>	<b>3,241</b>	<b>3,333</b>	<b>3,308</b>	<b>3,281</b>
Donations and endowments	0	0	0	0	0	0	0
<b>Total income</b>	<b>3,442</b>	<b>3,262</b>	<b>3,156</b>	<b>3,241</b>	<b>3,333</b>	<b>3,308</b>	<b>3,281</b>
<b>EXPENDITURE</b>							
Staff costs	2,080	2,207	2,271	2,360	2,442	2,472	2,534
Staff costs - exceptional restructuring costs	0	0	0	0	0	0	0
Fundamental restructuring costs - non-staff	0	0	0	0	0	0	0
Other operating expenses	1,319	1,069	1,122	1,146	1,163	1,180	1,198
Donation to Arms Length Foundation	0	0	0	0	0	0	0
Depreciation	129	85	79	78	77	76	75
Interest and other finance costs	0	0	0	0	0	0	0
<b>Total expenditure</b>	<b>3,528</b>	<b>3,361</b>	<b>3,472</b>	<b>3,584</b>	<b>3,682</b>	<b>3,728</b>	<b>3,807</b>

	Actual 2015-16	Forecast 2016-17	Forecast 2017-18	Forecast 2018-19	Forecast 2019-20	Forecast 2020-21	Forecast 2021-22
	£000	£000	£000	£000	£000	£000	£000
<b>Surplus/(deficit) before other gains and losses and share of operating surplus/deficit of joint ventures and associates</b>	<b>(86)</b>	<b>(99)</b>	<b>(316)</b>	<b>(343)</b>	<b>(349)</b>	<b>(420)</b>	<b>(526)</b>
Gain/(loss) on disposal of fixed assets	0	0	0	0	0	0	0
Gain/(loss) on investments	0	0	0	0	0	0	0
Share of operating surplus/(deficit) in joint venture(s)	0	0	0	0	0	0	0
Share of operating surplus/(deficit) in associate(s)	0	0	0	0	0	0	0
<b>Surplus/(deficit) before tax</b>	<b>(86)</b>	<b>(99)</b>	<b>(316)</b>	<b>(343)</b>	<b>(349)</b>	<b>(420)</b>	<b>(526)</b>
Other taxation	0	0	0	0	0	0	0
<b>Surplus/(deficit) for the year</b>	<b>(86)</b>	<b>(99)</b>	<b>(316)</b>	<b>(343)</b>	<b>(349)</b>	<b>(420)</b>	<b>(526)</b>
Unrealised surplus on revaluation of land and buildings	0	0	0	0	0	0	0
Actuarial (loss)/gain in respect of pension schemes	0	0	0	0	0	0	0
Other comprehensive income	0	0	0	0	0	0	0
<b>Total comprehensive income for the year</b>	<b>(86)</b>	<b>(99)</b>	<b>(316)</b>	<b>(343)</b>	<b>(349)</b>	<b>(420)</b>	<b>(526)</b>



2015-16 - 2016-17	2016-17 - 2017-18	2017-18 - 2018-19	2018-19 - 2019-20	2019-20 - 2020-21	2020-21 - 2021-22	Explanation for variance
%	%	%	%	%	%	
-7.8%	10.6%	0.7%	0.7%	0.7%	0.7%	variance 15-16 to 16-17 end of SLA/16-17 to 17-18 est inc in FT student numbers
3.6%	0.6%	4.3%	3.5%	-1.5%	-1.6%	
-26.7%	-25.6%	-3.2%	1.1%	1.8%	1.7%	Final adjustment for NAFC credits not yet know
-5.2%	-3.2%	2.7%	2.8%	-0.8%	-0.8%	
-5.2%	-3.2%	2.7%	2.8%	-0.8%	-0.8%	
6.1%	2.9%	3.9%	3.5%	1.2%	2.5%	increase 1617 due to mat cover, additional Assessors, backpay
-19.0%	5.0%	2.1%	1.5%	1.5%	1.5%	Final adjustment for NAFC credits not yet known
-34.1%	-7.1%	-1.3%	-1.3%	-1.3%	-1.3%	
-4.7%	3.3%	3.2%	2.7%	1.2%	2.1%	

2015-16 - 2016-17	2016-17 - 2017-18	2017-18 - 2018-19	2018-19 - 2019-20	2019-20 - 2020-21	2020-21 - 2021-22	Explanation for variance
%	%	%	%	%	%	
15.1%	219.2%	8.5%	1.7%	20.4%	25.2%	
15.1%	219.2%	8.5%	1.7%	20.4%	25.2%	
15.1%	219.2%	8.5%	1.7%	20.4%	25.2%	
15.1%	219.2%	8.5%	1.7%	20.4%	25.2%	

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## SFC Financial Forecast Return August 2017

Shetland College UHI, is an assigned and unincorporated college. The College Board has seven members – six Councillors and one student representative.

Towards the end of last academic session 16/17, a number of changes were made at management level with a number of staff acting up or undertaking higher duties and helping to form what has quickly become an effective Senior Management Team.

The College is part of an integration process in Shetland with NAFC Marine Centre. An Interim Joint Principal was appointed in June 2016 to oversee the integration process at officer/staff level. In February 2017 a Strategic Plan for the tertiary sector in Shetland was approved by all parties and an Operational Plan is being developed on the back of this.

There continues to be challenges such as funding for the sector in Shetland and, given the geographic location of the college, student numbers in certain classes will always be marginal.

It should be noted that at FE level, Shetland met its targets and in 16/17 found itself for the second year in a row, in a position where activity levels were significantly over target for the sector as a whole. There is therefore, demand in certain key areas and it is important that funding follows the activity in these areas.

The College is on target to make efficiency savings this year and to contribute positively to the tertiary sector in Shetland and the University.

## Notes to accompany FFR 15-16 to 21-22

- 2015-16 Figures are extracted from the 2015-16 AY approved accounts submitted to the SFC in Dec 16.
- 2016-17 Figures are based on AY actual transactions extracted from integra after the close of period 4 (July). The significant variances are as follows:
  - tuition fees and educations contracts variance of -7.8% between 15-16 & 16-17 due to the end of SLA agreement between SC and SIC Social Work (Care Students);
  - other income variance of -26.7% due to omission of final adjustments between SIC and NAFC for credits agreement;
  - other operating expenses variance of -19.0% due to omission of final adjustments between SIC and NAFC for credits agreement
- 2017-18 Figures are based on the FY budgets set by the SIC in Oct/Nov 2016 taking into account the parameters detailed in the FFR Guidance Annex A. Payments for Credits agreement to NAFC and supplementary balances from SIC are not accounted for.
- 2018-19 to 2021-22 Figures are calculated using the 2017-18 figures as a baseline and taking into account the parameters detailed in the FFR Guidance Annex A. Payments for Credits agreement to NAFC and supplementary balances from SIC are not accounted for.



# Shetland Islands Council

Agenda  
Item

**2**

<b>Meeting(s):</b>	<b>Shetland College Board</b>	<b>05 October 2017</b>
<b>Report Title:</b>	<b>College Board Self-Evaluation and Effectiveness Review</b>	
<b>Reference Number:</b>	<b>SCB133-F</b>	
<b>Author / Job Title:</b>	<b>Willie Shannon Joint Interim Principal</b>	

## **1.0 Decisions / Action required:**

- 1.1 It is recommended that the Board agree that the self-evaluation of the effectiveness of the College Board be undertaken through participation in a workshop session structured as proposed within this report and following the processes set out below.

## **2.0 High Level Summary:**

- 2.1 The purpose of this report is to brief Board Members on the requirement placed on the College by the Scottish Funding Council to undertake a self-evaluation of the effectiveness of the College Board that is externally evaluated and to recommend a process for undertaking this review.
- 2.2 Shetland College Board is invited to note the requirement for the College Board to undertake annual self-evaluations and periodic externally validated reviews of its effectiveness.

## **3.0 Corporate Priorities and Joint Working:**

- 3.1 The content of this reports contributes to the Corporate Plan's vision "we want to be known as an excellent organisation that works well with our partners to deliver sustainable services for the people of Shetland".
- 3.2 The Self Evaluation and Externally Facilitated Evaluation will be conducted in line with the Code of Good Governance for Scotland's Colleges approved by the Scottish Funding Council and have due regard to he Council's own Code of Corporate Governance recently approved by the Council in March 2017.
- 3.3 Children and Young People, including those from vulnerable backgrounds and in care, will get the learning and development opportunities that allows them to fulfil their potential.
- 3.4 Shetland Learning Partnership in conjunction with Shetland Tertiary Sector provides opportunities for young people to gain workplace experience and vocational qualifications while in education, giving them the skills they need to get jobs or continue into further education.

- 3.5 The Tertiary Education sector offers opportunities for people with all levels of skills to match with the skills that businesses need and those that the trained workforce have.
- 3.6 We will strive to create an effective model for providing excellent services to our learners.

#### **4.0 Key Issues:**

- 4.1 Colleges Scotland have published a 'Code of Good Governance for Scotland's Colleges'. This is attached as Appendix 1 to this report. Following several high profile failures and challenges experienced by a small number of boards of incorporated colleges in Scotland recent years, there has developed a sharp focus upon the operation and effectiveness of college boards. The Code of Good Governance is based on Members of college boards having a clear understanding of their roles and this is supported by a second document entitled 'Guide for Board Members in the College Sector. This is attached as Appendix 2 to this report.
- 4.2 The Code of Good Governance for Scotland's Colleges, approved by the Scottish Funding Council, states that:
- 4.2.1 *"The board must keep its effectiveness under annual review and have in place a robust self-evaluation process. There should also be an externally facilitated evaluation of its effectiveness at least every three years. The board must send its self-evaluation (including an externally facilitated evaluation) and board development plan (including progress on previous year's plan) to its funding body and publish them online".*
- 4.3 The guidance recognises that every board will be slightly different and at different stages of its own development. Consequently the expectation is that the evaluation focuses on the issues of most importance to the development of the 'board' but the review is also a mechanism to provide assurance to college funding bodies that the level of governance in each organisation is appropriate.
- 4.4 Whilst the 'Code of Good Governance for Scotland's colleges' and 'Guide for Board Members' are based on national standards of good practice and compliant with Nolan recommendations, they have been written with the governance structures of incorporated colleges in mind. There are a number of significant differences in terms of the role and delegation arrangements for the Board of a local authority owned college compared with that of an incorporated college. Incorporated colleges have fully autonomous boards, whereas the Shetland College Board sits within a framework of other Committees, with the Full Council being the ultimate decision making body of the Council. As such the College Board operates with more limited decision making powers compared with the boards of incorporated colleges and for key items of business such as finance, human resources, audit and policy, defers to Education & Families Committee, Policy & Resources Committee and the Full Council. Also, for these reasons, the Code eventually approved for the College shall have due regard to the principals of the Code of Corporate Governance for Shetland Islands Council.
- 4.5 The 'Code of Good Governance' has five main sections to it relating to: -
- Leadership and Strategy;
  - Quality of the Student Experience;

- Accountability;
- Effectiveness; and
- Relationships and Collaboration.

Colleges Scotland recommend that the effectiveness review should be based around these five sections, although more can be added at the discretion of the board.

4.6. The process advised by Colleges Scotland for undertaking the review is as follows:

- 4.6.1 The College Board agrees the areas to be covered by the review
- 4.6.2 The Principal, after discussion with the Chair and relevant Council Officers, 'recruits' an independent facilitator who will provide external validation.
- 4.6.3 In consultation with the Chair and independent facilitator, the Principal draws up the self-evaluation framework (Draft attached as Appendix 3) and provides factual data / evidence relating to each elements to be evaluated.
- 4.6.4 A College Board workshop is held that results in an agreed summary of views on performance against each of the criteria.
- 4.6.5 The facilitator tests the views expressed above with the following recommended as the minimum
  - Observing at least one College Board meeting
  - Undertaking a desktop review of:
    - A sample of the College Board's remit, minutes, agendas and papers
    - A sample of corporate documents to test alignment between objectives and strategy
    - The risk register and a sample of any audit reports
    - Any current plans for College Board Member development
    - Any recent staff, student or stakeholder surveys and any Board responses
  - 1 to 1 interviews with a sample of College Board Members
- 4.6.6 The facilitator would be asked to draw up a draft report summarising the outputs from the above steps, followed by the College Board having an opportunity to discuss and comment on the facilitator's findings and, on that basis, to draw up an action plan for areas of development over the next 12 months.
- 4.6.7 A final report is provided by the facilitator to the College Board which is then reported to the Scottish Funding Council and published on the College website.

4.7 Subject to the College Board agreeing this approach to self-evaluation the next step will be to seek to engage a suitable external facilitator and agree a date for the workshop session.

4.8 I would expect to have a draft report prepared before the end of October which can be reported to the Scottish Funding Council and to the next meeting of the College Board.

## **5.0 Exempt and/or confidential information:**

5.1 This report does not contain any exempt information.

## 6.0 Implications :

<b>6.1 Service Users, Patients and Communities:</b>	N/A
<b>6.2 Human Resources and Organisational Development:</b>	N/A
<b>6.3 Equality, Diversity and Human Rights:</b>	N/A
<b>6.4 Legal:</b>	N/A
<b>6.5 Finance:</b>	I expect that the total costs of this exercise will be between £3,000 and £5,000. The costs of this will be met from within existing budgets.
<b>6.6 Assets and Property:</b>	N/A
<b>6.7 ICT and new technologies:</b>	N/A
<b>6.8 Environmental:</b>	N/A
<b>6.9 Risk Management:</b>	There are no risks associated with the content of this report.
<b>6.10 Policy and Delegated Authority:</b>	<p>The role of the Shetland College Board is to support the Interim Joint Principal of Shetland College / Train Shetland / NAFC Marine Centre in carrying out his roles and to monitor progress against objectives approved by the Board or which have been set by the Council, including: -</p> <p>a Strategic direction for Shetland College: specifically, the Board shall have the delegated authority to approve immediate short and medium term joint strategic plans with reference to the Council's agreed deliverables and milestones until June 2018. Approval of long term plans shall be reserved to SIC and Education and Families Committee</p>

	<p>as a component of their longer term vision wider strategic remit for learning at all stages of life.</p> <p>b Ascertaining the needs of users and promoting access between school, work, research and further and higher education, including approval for submission of annual, strategic and operational plans to UHI on behalf of the Council.</p> <p>c Developing resources, including financial resources, to support the learner.</p> <p>d Authority to review and develop structure plans to provide the staffing required for the College and to meet needs and provision for staff development and career review.</p> <p>e To give direction on matters of quality assurance and improvement.</p> <p>f To monitor and give assurance that the College operates sound financial management, including developing budgets and pursuing credit funding.</p> <p>g Liaising with UHI and other appropriate bodies, e.g. SQA, Scottish Funding Council and Education Scotland.</p> <p>h Take such decisions as appropriate to support the Interim Joint Principal in meeting the Council approved integration milestones.</p>	
<b>6.11 Previously considered by:</b>	N/A	

**Contact Details:**

Willie Shannon, Interim Joint Principal

Tel: 01595 771218

E-mail: [willie.shannon@uhi.ac.uk](mailto:willie.shannon@uhi.ac.uk)

**Appendices:**

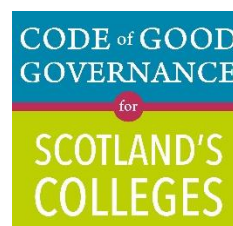
Appendix 1: Code of Good Governance for Scotland's Colleges.

Appendix 2: Guide for Board Members in the College Sector.

Appendix 3: Draft self-evaluation framework document

END





## **Code of Good Governance for Scotland's Colleges**

### **1. Background**

### **2. Foreword**

### **3. Code of Good Governance for Scotland's Colleges**

- Governance and the Code
- Statement of Compliance with Good Governance

### **4. Principles**

#### **Section A: Leadership and Strategy**

- Conduct in Public Life
- Vision and Strategy
- Corporate Social Responsibility

#### **Section B: Quality of the Student Experience**

- Student Engagement
- Relevant and High Quality Learning
- Quality Monitoring and Oversight

#### **Section C: Accountability**

- Accountability and Delegation
- Risk Management
- Audit Committee
- Remuneration Committee
- Financial and Institutional Sustainability
- Staff Governance

#### **Section D: Effectiveness**

- The Board Chair
- Board Members
- Principal and Chief Executive
- Board Secretary
- Board Member Appointment, Induction and Training
- Board Evaluation

#### **Section E: Relationships and Collaboration**

- Partnership Working

## **Annex 1: References and Definitions**

## **1. Background**

The original *Code of Good Governance for Scotland's Colleges* was published in December 2014. In Summer 2016, the Good Governance Steering Group undertook a review and the Code was updated. The Cabinet Secretary's Good Governance Task Group recommendations were also taken into account during the review of the Code.

Colleges Scotland will act as custodian for any future reviews and in keeping with the way that the Code was created, the broad range of stakeholders who developed the Code will be engaged fully with any revisions.

## **2. Foreword**

Colleges in Scotland thrive in the heart of their communities, serving the interests of those communities, students, employers, governments and their agencies and other stakeholders. They have an essential and valuable role in Scottish society. In 2014/15, they enrolled almost 300,000 students and a study by EMSI (Economic Modelling Specialists International) showed that the economic impact of Scotland's colleges to the business community in Scotland is almost £15 billion each year.

Colleges and regional strategic bodies receive substantial public funding and also operate in an increasingly commercial and enterprising way. We value the significant contribution college board members make to governing our colleges and regional strategic bodies, and to their stewardship of taxpayer's money, ensuring its efficient and effective use.

Boards are expected to innovate, pursue new opportunities and take measured risks in delivering what is best for their stakeholders. In recent times, they have gone through major transformational change, embracing regionalisation and post-16 education reforms.

Against this background, it is right and proper that the highest standards of governance and propriety are expected of our boards and those individuals who serve them. This Code of Good Governance codifies the principles of good governance for learners and learning that already exist in our colleges and promotes accountability and continuous improvement in how colleges and regional strategic bodies are governed.

The Code is based on key principles and has been written in a way that is mandatory and anticipates compliance. All colleges that receive funding from the Scottish Funding Council (SFC) or from a regional strategic body must comply with the Code as a term and condition of grant. Exceptions should be rare and must be explained publicly.

In addition to demonstrating good governance, colleges and regional strategic bodies must also ensure compliance with their statutory and other obligations. The Board Secretary role is vital in providing guidance to the board on its legal and other obligations.

Colleges have an important individual and collective role to play in promoting economic, social and cultural well-being. We expect this Code to provide the essential underpinning to help discharge that role to the highest standards possible.

**Hugh Hall, Chair of the Good Governance Steering Group  
August 2016**

### **3. Code of Good Governance for Scotland's Colleges**

#### **Governance and the Code**

Corporate governance:

- is the way in which organisations are directed and controlled within a legislative framework
- defines the distribution of rights and responsibilities among the different stakeholders and participants in the organisation
- determines the rules and procedures for making decisions on corporate affairs including the process through which the organisation's objectives are set
- provides the means of achieving those objectives and monitoring performance.

Scotland's colleges refers to colleges either funded by SFC or by a regional strategic body for the provision of education. Such colleges can be incorporated or non-incorporated. The overarching purpose of good governance for Scotland's colleges is to:

- lead the college, region or regional strategic body and set its strategic direction and values
- ensure effective management and financial controls to support the student experience within a framework of public accountability and transparency
- deliver high quality learning and outcomes.

The *Code of Good Governance for Scotland's Colleges* has been developed and is owned by the college sector. Colleges are required to comply with it as a condition of grant from either SFC or their regional strategic body. It establishes standards of good governance practice for all boards and provides the essential foundations for compliance within the legislative framework.

Boards must not only follow the letter but also the spirit of the Code to ensure good governance. Boards must think deeply, thoroughly and on a continuing basis about their overall tasks and the implications of these for the roles of their individual members. Key to this is the leadership of the chair, the support given to and by the principal, and the frankness and openness of mind with which issues are discussed and tackled by all board members.

#### **Statement of Compliance with Good Governance**

Each board must state its adoption of the Code in the corporate governance statement contained in its annual financial statement. The chair, on behalf of the board, is expected to report as to how the principles have been applied by the board. Where, for whatever reason, a board's practice is not consistent with any particular principle of the Code, it should make this known to SFC or, if it is an assigned college, the regional strategic body. This should be done immediately they become aware of an inconsistency and, without exception, in advance of publishing the information. An explanation for that inconsistency must be clearly stated in its corporate governance statement. Boards will be expected to offer a clear rationale for exceptions in the context of their college's operational model and to identify mitigations.

Individual board members have duty to act on serious concerns about the governance of their body. Information on who board members can approach is included in [\*The Guide for Board Members in the College Sector\*](#).

## 4. Principles

### Section A: Leadership and Strategy

#### Conduct in Public Life

- A.1 Every college and regional strategic body must be governed by an effective board that is collectively responsible for setting, demonstrating and upholding the values and ethos of the organisation.
- A.2 Every board member must ensure that they are familiar with and their actions comply with the provisions of their board's Code of Conduct.
- A.3 The *Nine Principles of Public Life in Scotland*, which incorporate the seven Nolan principles, must be the basis for board decisions and behaviour. These key principles, which apply individually and collectively are:
- Duty/Public Service
  - Selflessness
  - Integrity
  - Objectivity
  - Accountability and Stewardship
  - Openness
  - Honesty
  - Leadership
  - Respect

#### Vision and Strategy

- A.4 The board is responsible for determining their institution's vision, strategic direction, educational character, values and ethos. Regional strategic bodies must also determine the regional strategy for colleges assigned to them. The board of an assigned college must have regard to the strategy determined by the regional strategic body. Board members have a collective leadership role in fostering an environment that enables the body to fulfil its mission and meet Scottish Government priorities, for the benefit of students and the community it serves.
- A.5 The board must develop and articulate a clear vision for the region or college. This should be a formally agreed statement of its aims and desired outcomes which should be used as the basis for its overall strategy and planning processes.
- A.6 The board provides overall strategic leadership of the region or college. The board is responsible for formulating and agreeing strategy by identifying strategic priorities and providing direction within a structured planning framework.
- A.7 The board must ensure that a comprehensive performance measurement system is in place which identifies key performance indicators. It must ensure that it scrutinises performance measures and reports these on their website in a manner that is both timely and accessible to stakeholders. This will allow the board to determine whether or not the vision and mission of the region or the college are being fulfilled and that the interests of stakeholders are being met.

- A.8 The board (except in the case of assigned college boards) is responsible for overseeing the negotiation of its outcome agreement with SFC, to meet the needs of the college or region and make best use of available funding, consistent with national strategy. The board must ensure effective engagement with all relevant stakeholders in the development of its outcome agreement and monitor performance in achieving the agreed outcomes.
- A.9 The roles and responsibilities of the boards of assigned colleges should be undertaken in the context of the roles and responsibilities of their regional strategic body. Assigned college boards must contribute constructively to the development of the outcome agreement led in its region by the regional strategic body and support the regional strategic body to monitor performance in achieving the agreed outcomes.

### **Corporate Social Responsibility**

- A.10 The board must demonstrate high levels of corporate social responsibility by ensuring it behaves ethically and contributes to economic development while seeking to improve the quality of life of the local community, society at large and its workforce.
- A.11 The board must exercise its functions with a view to improving economic, cultural and social wellbeing in the locality of the college or region. It must have regard to social and economic needs and social inclusion.
- A.12 The board must provide leadership in equality and diversity.
- A.13 The board must seek to reflect in its membership, the make-up of the community through offering maximum opportunity of membership to a range of potential members and removing potential barriers to membership, in partnership with its regional strategic body, as appropriate.
- A.14 The board must appoint one of the non-executive members to be the senior independent member to provide a sounding board for the chair and to serve as an intermediary for the principal, other board members and the board secretary when necessary (see Annex 1 for the definition of 'non-executive'). The senior independent member should also be available where contact through the normal channels of chair, principal or secretary has failed to resolve an issue or for which such contact is inappropriate. Further information on the role of the senior independent member can be found in [The Guide for Board Members in the College Sector](#).

## **Section B: Quality of the Student Experience**

### **Student Engagement**

- B.1 The board must have close regard to the voice of its students and the quality of the student experience should be central to all board decisions.
- B.2 The board must lead by example in relation to openness, by ensuring that there is meaningful on-going engagement and dialogue with students, the students' association and as appropriate staff and trade unions in relation to the quality of the student experience. Consultation is essential where significant changes are being proposed.
- B.3 The board must consider the outcome of student surveys and other student engagements, and monitor action plans that could impact on the quality of the student experience.
- B.4 The college board must have regard to the [Framework for the Development of Strong and Effective College Students' Associations in Scotland](#). It must put in place robust partnership procedures (e.g. partnership agreement) to work together to achieve change and which are supported by regular and open communications.
- B.5 The college board must encourage a strong and autonomous students' association and ensure that the students' association is adequately resourced.
- B.6 The college board must ensure that the students' association operates in a fair and democratic manner and fulfils its responsibilities.
- B.7 The college board must review the written constitution of its students' association at least every five years.

### **Relevant and High Quality Learning**

- B.8 The board must seek to secure coherent provision for students, having regard to other provision in the region or college's locality. The board must be aware of external local, national and international bodies and their impact on the quality of the student experience, including community planning partners, employers, skills development and enterprise agencies and employer bodies. The board must seek to foster good relationships and ensure that the body works in partnership with external bodies to enhance the student experience, including employability and the relevance of learning to industry needs.

### **Quality Monitoring and Oversight**

- B.9 The board must ensure appropriate mechanisms are in place for the effective oversight of the quality and inclusivity of the learning experience in the college or region. The board must ensure that the college works in partnership with sector quality agencies and other appropriate bodies to support and promote quality enhancement and high quality services for students.

## **Section C: Accountability**

### **Accountability and Delegation**

- C.1 The board is primarily accountable to its main funder, either SFC or its regional strategic body. Through the chain of funding, the body is ultimately responsible to the Scottish Ministers who are accountable to the Scottish Parliament.
- C.2 The board must ensure delivery of its outcome agreement or in the case of an assigned college, its agreed contribution to the region's outcome agreement.
- C.3 The board must ensure it fulfils its statutory duties and other obligations on it, and that the terms and conditions of its grant are being met.
- C.4 Scottish Ministers have powers to remove by order any or all board members of an incorporated college (except the principal) or a regional board for serious or repeated breaches of a term and condition of grant.
- C.5 The board also has a wider accountability to a range of stakeholders including students (both current and prospective), its staff, the wider public, employers and the community it serves, for the provision high quality education that improves people's life chances and social and economic well-being.
- C.6 Incorporated colleges and regional boards must maintain and publicly disclose a current register of interests for all board members. Board members should declare any conflicts of interest in the business of the meeting prior to the commencement of each meeting of the board and its committees and withdraw from meetings as appropriate.
- C.7 The board must ensure that its decision-making processes are transparent, properly informed, rigorous and timely, and that appropriate and effective systems of financial and operational control, quality, management of staff, risk assessment and management are established, monitored, continuously improved and appropriately impact assessed. This includes:
  - a) the prompt production, dissemination and online publication of board/committee agendas, minutes and papers to the public
  - b) every board meeting and every committee meeting having a well-structured agenda circulated timeously in advance
  - c) the retention of all key documentation which help justify the decisions made by the board and its committees.
- C.8 The board may delegate responsibilities to committees for the effective conduct of board business. As a minimum the committees required are Audit, Remuneration, Finance and Nominations/Appointments. Delegation of responsibilities from and matters reserved to the board and its committees must be set out in a scheme of delegation including the functions delegated by the board to the chair, committees, the principal and the board secretary (and any other members of staff). Incorporated college boards and regional boards have no powers to delegate functions to an individual board member (except the chair who has no authority to act outwith their delegated powers).

- C.9 The board must ensure every board committee has a specified member of the management team to provide objective, specialist advice to support it to discharge its remit, including by explaining in an accessible way the matters under discussion and the possible implications of different options.
- C.10 The board must consider and have in place procedures to ensure effective working relationships and constructive dialogue amongst the board as a whole and ensure there are effective reporting and two way communications between committees and the board. The board must ensure that discussions and decisions of every committee are accurately recorded and reported to the board, no later than the next meeting of the board.

### **Risk Management**

- C.11 The board of a college or a regional body is responsible for the overall management of risk and opportunity. It must set the risk appetite of the body and ensure there is an appropriate balance between risk and opportunity and that this is communicated via the principal to the body's management team.
- C.12 The board must ensure that sound risk management and internal control systems are in place and maintained. It must ensure there is a formal on-going process for identifying, reporting, evaluating and managing the body's significant risks and review the effectiveness of risk management, business continuity planning and internal control systems.

### **Audit Committee**

- C.13 The Audit Committee must support the board and the principal by reviewing the comprehensiveness, reliability and integrity of assurances including the body's governance, risk management and internal control framework.
- C.14 The scope of the Audit Committee's work must be defined in its terms of reference and encompass all of the assurance needs of the board and the principal. The Audit Committee must have particular engagement with internal and external audit, and must work with management and auditors to resolve any issues in relation to financial reporting.
- C.15 The Audit Committee must promptly pursue recommendations arising from audit reports and must monitor their implementation.
- C.16 The membership of the Audit Committee cannot include the board chair or the principal. The role of the college executive is to attend meetings at the invitation of the committee chair and to provide information for particular agenda items.
- C.17 The Audit Committee terms of reference must provide for the committee to sit privately without any non-members present for all or part of a meeting if they so decide. The Audit Committee members should meet with the internal and external auditors without the executive team present at least annually.
- C.18 At least one member of the Audit Committee should have recent relevant financial or audit experience.

## Remuneration Committee

- C.19 It is essential that members of the Remuneration Committee understand their role and responsibilities. Members must undertake the online training module for Remuneration Committees provided by College Development Network within one month of appointment.
- C.20 The board must have a formal procedure in place for setting the remuneration of the principal by a designated committee of non-executive members. The board may wish to supplement this by taking evidence from a range of sources. In particular, staff and students should have a role in gathering and submitting evidence in relation to the college principal to the relevant committee.
- C.21 The board chair cannot be the chair of the Remuneration Committee (but they can be a member of it).

## Financial and Institutional Sustainability

- C.22 The board is responsible for ensuring the financial and institutional sustainability of the body. The board must ensure compliance with its Financial Memorandum (either with SFC or the regional strategic body, depending on which is funding it), including in relation to incorporated colleges and regional boards, relevant aspects of the Scottish Public Finance Manual.
- C.23 The board must ensure that:
- funds are used as economically, efficiently and effectively as possible
  - effective monitoring arrangements are in place
  - college staff report relevant financial matters to it.
- C.24 For colleges that are charitable organisations, board members are also charity trustees. The board of a college that is a charity must ensure its members are aware of their responsibilities under charity legislation and for complying with relevant provisions as set out by the Office of the Scottish Charity Regulator. See [OSCR Guidance and Good Practice for Charity Trustees](#).

## Staff Governance

- C.25 The college board as the employer, is responsible for promoting positive employee relations and for ensuring effective partnership between recognised trade unions and management.
- C.26 The board must have a system of corporate accountability in place for the fair and effective management of all staff, to ensure all legal obligations are met and all policies and agreements are implemented and identify areas that require improvement and to develop action plans to address them.
- C.27 The board must comply with the nationally agreed college sector [Staff Governance Standard](#).
- C.28 The college board must comply with collective agreements placed on it through national collective bargaining for colleges.

## **Section D: Effectiveness**

### **The Board Chair**

D.1 The chair is responsible for leadership of the board and ensuring its effectiveness in all aspects of its role. The chair is responsible for setting the board's agenda and ensuring that adequate time is available for discussion of all agenda items, particularly strategic issues. The chair must promote a culture of openness and debate by:

- encouraging the effective contribution of all board members
- fostering constructive challenge and support to the principal, executive team and fellow board members
- effective team-working
- positive relations between board members.

The chair must engage with the principal and the board secretary in a manner which is both constructive and effective.

D.2 The board and its committees must have the appropriate balance of skills, experience, independence and knowledge of the body to enable them to discharge their respective duties and responsibilities effectively.

### **Board Members**

D.3 Each board member is collectively responsible and accountable for all board decisions. Board members must make decisions in the best interests of the college and/or region as a whole rather than selectively or in the interests of a particular group.

D.4 Staff and student board members are full board members and bring essential and unique, skills, knowledge and experience to the board. Staff and student board members must not be excluded from board business unless there is a clear conflict of interest, in common with all board members.

D.5 Where the college is a charity, all board members, as charity trustees, including staff and student board members, have legal duties and responsibilities under the Charities Act 2005. This includes registering any personal interests that could be seen as conflicting with the interests of the body. The 'objective test' for judging if there is a conflict of interest is:

*"... whether a member of the public, with knowledge of the relevant facts, would reasonably regard the interest as so significant that it is likely to prejudice your decision making in your role as a member of a public body".*

### **Principal and Chief Executive**

D.6 The college board must appoint the principal as chief executive of the college, securing approval for the appointment and terms and conditions of the appointment from the regional strategic body if necessary.

D.7 The college board must ensure there is an open and transparent recruitment process for the appointment. Students and staff must have an opportunity to contribute to the recruitment process.

- D.8 The college board must delegate to the principal, as chief executive, authority for the academic, corporate, financial, estate and human resource management of the college, and must ensure the establishment of such management functions are undertaken by and under the authority of the principal.
- D.9 The college board must ensure a clear process is in place to set and agree personal performance measures for the principal. This process should seek the views of students and staff. The chair, on behalf of the board, should monitor, review and record the principal's performance, at least annually, against the agreed performance measures.
- D.10 The principal, as a board member, shares responsibility for good governance with the chair and all other members of the board, supported by the board secretary. The principal also enables good governance through supporting effective communication and interaction between the body and the rest of the college including staff and students.
- D.11 The board provides strategic direction for the region and/or college, and the chair provides leadership to the board. The principal provides leadership to the staff of the body.
- D.12 The board must provide a constructive challenge to the principal and executive team and hold them to account.

### **Board Secretary**

- D.13 The board as a whole must appoint a board secretary who is responsible to it and reports directly to the chair in their board secretary capacity. The board secretary may be a member of the senior management team in their board secretary capacity, but they cannot hold any other senior management team position at the same time. The appointment and removal of the board secretary is a decision of the board as a whole.
- D.14 All board members must have access to the board secretary who has an important governance role in advising the board, the committees and individual board members and supporting good governance. The distinctive board secretary role includes:
- facilitating good governance and advising board members on:
    - the proper exercise of their powers, including in relation to relevant legislation
    - the board's compliance with its Financial Memorandum, the Good Governance Code, its Standing Orders and Scheme of Delegation
    - their behaviour and conduct in relation to the board's Code of Conduct.
  - providing clear advice to the chair and the board/committees on any concerns the board secretary may have that board members have not been given:
    - sufficient information
    - information in an appropriate form
    - sufficient time to monitor, scrutinise or make informed and rigorous decisions in an open and transparent way.
  - attending and providing support to every board meeting and every meeting of every board committee. Where the board secretary is unable to attend, while the board secretary retains overall responsibility, proper arrangements must be made to cover the role with a person who is fully able to discharge the role effectively.

- having an unambiguous right to speak at board and committee meetings to convey any concerns they may have about governance. This extends to someone substituting for the board secretary.
- reporting any unresolved concerns about the governance of the body to the relevant funding body (i.e. SFC or the regional strategic body).

D.15 The board must ensure the board secretary:

- has suitable skills, knowledge and behaviours to carry out their role effectively
- receives appropriate induction, and if new to the role, is mentored by a more experienced board secretary for at least their first year
- has adequate time and resources available to undertake their role effectively.

D.16 The board must ensure arrangements are in place to deal with a board secretary's potential or real conflicts of interest.

### **Board Member Appointment, Induction and Training**

D.17 For boards with responsibility for board appointments, the board must ensure a formal and open procedure is in place for recruiting and selecting new non-executive board members. Boards must have regard to all relevant Ministerial Guidance on board appointments.

D.18 The board is responsible for ensuring appropriate arrangements are in place for the conduct of student elections and nominations, and elections of staff members to the board.

D.19 The chair must ensure that new board members receive a formal induction on joining the board, tailored in accordance with their individual and collective needs. The board secretary should support the chair in the provision of relevant induction for new board members.

D.20 The board must ensure all board members undertake appropriate training and development in respect of their governance role. The board secretary should support the chair in the provision of relevant training and development opportunities for board members, which should be tailored to meet board members skills and needs. The board secretary must keep records of the development activity of board members, including the chair.

D.21 The board must ensure that new committee members receive a committee induction and have their specific training needs assessed and met.

### **Board Evaluation**

D.22 Extension of the term of office of board appointments requires evidence and the board must ensure appropriate mechanisms are in place to support this.

D.23 The board must keep its effectiveness under annual review and have in place a robust self-evaluation process. There should also be an externally facilitated evaluation of its effectiveness at least every three years. The board must send its self-evaluation (including an externally facilitated evaluation) and board development plan (including progress on previous year's plan) to its funding body and publish them online.

- D.24 The board must agree a process for evaluating the effectiveness of the board chair and the committee chairs. The evaluation of the board chair should normally be led by the vice-chair/senior independent member.
- D.25 The board must ensure all board members are subject to appraisal of their performance, conducted at least annually, normally by the chair of the board.
- D.26 The performance of regional college chairs will also be evaluated by the Scottish Government, as regional college chairs are appointed by the Scottish Ministers and are personally accountable to them.
- D.27 The performance of assigned, incorporated college chairs will also be evaluated by the regional strategic body, as they are appointed by the regional strategic body and are personally accountable to them.

## **Section E: Relationships and Collaboration**

### **Partnership Working**

- E.1 The board must work in partnership to secure the coherent provision of high quality fundable further and higher education in their localities.
- E.2 The board must ensure effective consultation, local and regional planning and must follow the principles of effective collaborative working: mutual respect, trust and working towards commonly agreed outcomes.
- E.3 The board must ensure effective partnership working with local and national bodies including businesses, public and third sector organisations to develop commonly agreed priorities following the principles of effective collaborative working.
- E.4 The board must encourage and support effective partnership working and collaboration within and across regions to address local needs and meet national priorities and specialisms.

## Annex 1

### References and Definitions

- **“college”** means a college funded by either SFC or a regional strategic body.
- **“incorporated college”** means a college with a board of management under part 1 of the Further and Higher Education (Scotland) Act 1992.
- **“assigned college”** means a college assigned to a regional strategic body.
- **“regional board”** means a regional strategic body that has no other functions. There is one regional board – Glasgow Colleges’ Regional Board.
- **“board”** means the governing body of the college or to the regional strategic body.
- **“body”** means the organisation in question, i.e. a college or regional strategic body.
- **“principal”** include where appropriate in the context, the chief officer or equivalent person of a regional strategic body.
- **‘non-executive’** means a member who is not the chair and who does not otherwise hold a specific position on the board i.e. is not a student or staff member; and in the case of a college board, is not the principal; and in the case of a regional board is not the chair of an assigned college.
- In the context of the regional strategic body in the Highlands and Islands, the board means either the Court of the University of the Highlands and Islands (UHI) or the UHI Further Education Regional Board (FERB):
  - The FERB has fully delegated authority from the UHI Court for FE – objectives, outcome agreement, curriculum and finance.
  - The FERB consists of the college chairs, two independents, plus nominees
  - The college principals meet as a FE Executive Board.
- New College Lanarkshire is the designated regional college and regional strategic body with South Lanarkshire College as an assigned college.
- Glasgow Colleges’ Regional Board; this is the only part of Scotland with a regional strategic body which has been established as an organisation with only this role.

# Guide for Board Members in the College Sector

Your essential guide to being a board member





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# Introduction



This short guide provides an overview of the key things you need to know as a member of a college sector board in Scotland. It describes the context of the role, its key duties and responsibilities and it signposts you to other important information that you should be aware of.

Being a board member in the college sector in Scotland is a rewarding and fascinating role but it brings with it important obligations. This guide is designed to complement the Code of Good Governance for Scotland's Colleges and more detailed legal, financial, and good practice documents that exist by providing you with an overarching summary of the role and information on where to go when you need more specific guidance.

On being appointed to a board you become part of a national network of bodies responsible for delivering quality education across Scotland. In most parts of the country responsibility lies with a single **Regional College**:

- Ayrshire
- Borders
- Dundee & Angus
- Dumfries & Galloway
- Edinburgh
- Fife
- Forth Valley
- North East Scotland
- West
- West Lothian

In three parts of Scotland there is a **Regional Strategic Body** with a number of colleges assigned to it:

- Glasgow Colleges' Regional Board (City of Glasgow College, Clyde College, Kelvin College). This is the only part of Scotland with a Regional Strategic Body which has been set up as a separate organisation with only this role.
- New College Lanarkshire is the designated Regional College and Regional Strategic Body with South Lanarkshire College as the assigned college. The Regional Strategic Body is known as the Lanarkshire Board.
- University of the Highlands and Islands which delegates its Regional Strategic Body functions to the UHI FE Regional Board (Inverness College, Lews Castle College, Moray College, North Highland College, Orkney College, Perth College, Shetland College, West Highland College).

In addition, Sabhal Mòr Ostaig and Newbattle Abbey College are funded directly by the Scottish Funding Council and the University of the Highlands and Islands works with a number of other specialist and research partner bodies.

While some of the detailed references in this guide describe the situation for members of the boards of regional colleges rather than Regional Strategic Bodies or other types of colleges, the vast majority of the requirements and expectations set out in this handbook apply to all board members in the college sector. In multi-college regions, accountability arrangements may differ because of the role of Regional Strategic Bodies.

This guide has been produced by the national Code of Good Governance Steering Group. It will be reviewed periodically by the sector to ensure that it remains up to date.

# What are you responsible for?

Colleges play a crucial role in the delivery of education and training to young people and adults of all ages in Scotland and are seen as a key means of improving the economic and social well-being of its people. To provide this service colleges work closely with local, regional and national bodies in both the public and private sectors.

Colleges are primarily funded through annual budgets awarded by the Scottish Funding Council (sometimes through a regional strategic body) but many colleges also earn income from providing tailored training services to employers and from applying for grants from a variety of bodies.

As a member of the college's board you, and your fellow board members, are responsible for ensuring the quality of the education provided, and also that it is delivered in a way that offers value for money. The board is the governing body of the college and has a legal responsibility to 'manage and conduct' the affairs of the college in such a way that its staff deliver the required services. However, as a non-executive member of the board (i.e. all board members except the Principal) you are not expected to be involved in the delivery of the services themselves – that is the job of the staff the board employs.

You must also ensure that your college has a students' association that is effective and properly run and that your college works in close partnership with it, while respecting its autonomy.

The governance role of your board is therefore vital and you and your college are required to abide by the Code of Good Governance for Scotland's Colleges.

As the employer of the college's staff, the board also has a duty of care to its employees, abiding by its employment responsibilities and ensuring that the college has the right number of staff with the right skills to deliver the services you require.

If you are a member of the board of a regional college you have a number of additional legal responsibilities. These include ensuring your college does its best to understand and improve the economic and social well-being of your region and that it works with others to ensure that the education on offer is coherent and meets the skills needed in your area.

If you are a member of the board of an assigned college which is accountable to a Regional Strategic Body, your board is responsible for making sure that its plans have regard to the strategy developed by that body for your region.

Many colleges are also registered charities and if this applies to your college, as a member of its board, you are also a trustee of the charity. That brings with it a number of statutory responsibilities including the duty to act in the interests of the charity, subject to other legislation of course, and to ensure the college always operates in a way which is consistent with its purpose.

In addition to the diagram below, other examples of core legislation that affect colleges are Section 24 of the Further and Higher Education (Scotland) Act 1992 and Section 7(2) of the Further and Higher Education (Scotland) Act 2005 which govern situations of board failure and decisions on which bodies are funded by the SFC respectively.



The diagram above illustrates some examples of how legislation that governs the sector is translated into the college documents that you will come across.

In summary, most bodies in the college sector have been established by legislation and their key responsibilities can be tracked back to various Acts of Parliament. This is usually the basis on which the Scottish Funding Council or Scottish Government place requirements on the sector. Colleges must then turn these into day to day processes and procedures.

Detailed information on your responsibilities as a board member or charity trustee can be requested from your board secretary and more information can be found on the following weblinks:

<http://www.sfc.ac.uk/>  
<http://www.gov.scot/> - section on colleges  
<http://www.oscr.org.uk/charities/managing-your-charity/trustee-duties>  
<http://www.legislation.gov.uk> - Post 16 Education (Scotland) Act 2013  
<http://www.scottishcollegedevnet.ac.uk>  
<http://www.scottishcollegedevnet.ac.uk> - Code of Good Governance  
<http://www.saframework.co.uk/>  
 UHI Governance Slides and Lanarkshire Order at:  
<http://www.collegedevnet.ac.uk/sec-board/secretary-to-the-board-dev-net>

## Who are you accountable to?

As a member of a college board it is your responsibility to ensure that you employ staff who are able to deliver on the functions of your college but you, together with your fellow board members, remain accountable for their delivery. In other words, the buck stops with you.

As an effective board member, you and your board colleagues must ensure that you understand who you are accountable to and take time to build and maintain relationships of respect and mutual understanding with them. In essence, you are in a position of trust, accountable for delivering a crucial service to those who are funding your college and who rely on it for education and training.

“Take time to build and maintain relationships of respect and mutual understanding.”

On occasion you may find that the requirements of those you are accountable to differ and it is hard to balance them. That challenge of ensuring proper balance, taking account of legal and financial responsibilities, is at the core of the job of being a board member.

Some of the key people or organisations that can hold you and your board to account are outlined in the diagram opposite.

### Scottish Ministers

They are the primary funders of the college sector (via the Scottish Funding Council) and they are accountable to the Scottish Parliament for the delivery of education and training in Scotland. Scottish Ministers task the Scottish Funding Council with holding boards to account for delivery of their policies and associated legal requirements, including adherence to the Financial Memorandum and the Scottish Public Finance Manual. In addition, Ministers appoint the chairs of regional college boards and regional boards. They also approve the appointment of other members of those boards (except prescribed members, e.g. principal, staff and student members) and issue guidance on the appointments' process. Ministers

### Key accountability relationships



can, if necessary, remove board members if there is board failure.

## Students

Anyone who attends your college as a student has a right to expect an appropriate quality of education or training in an environment which is safe and supportive. As it is hard for them to hold the board to account individually, you should make every effort to ensure that you listen to the views of students and keep their needs central to the work you do. The students' association is an important body for helping you with that task.

## Scottish Funding Council

This is a public body set up by legislation and tasked by Scottish Ministers with overseeing the detailed relationship with the college and university sectors. This includes deciding on the funding given to individual regional colleges, Regional Strategic Bodies, and the few colleges funded outside the regional arrangements. The Scottish Funding Council also holds bodies in the college sector to account for their financial discipline and delivery of agreed outcomes, as well as the quality of education provided. These agreed outcomes are captured in an Outcome Agreement drawn up between the SFC (or Regional Strategic Body) and the college.

## Regional Strategic Bodies

If your college is assigned, it is accountable to its Regional Strategic Body which has been set up by law to provide funding and ensure high quality and coherent further and higher education in the area. It is important that you and your board colleagues work in close partnership with the other colleges in your region and with the Regional Strategic Body.

## Employees

The senior management team of the college will be responsible for day to day relations with staff but the board, as the employer, is accountable for ensuring the right policies are in place and implemented to fulfil its duty of care and wider responsibilities to its staff. This includes ensuring positive employee relations and trade union dialogue.

## Employers/businesses

Any organisation that relies on the college to provide training and education for its staff will expect an appropriate quality of service. In addition colleges and Regional Strategic Bodies are expected to make a contribution to the wider

skills requirements of their area by tailoring the curriculum, as far as appropriate, to the needs of local employers.

## Regional partners and community

All publicly funded bodies in Scotland are expected to work with other partner bodies in order to make the most of their resources and to deliver real benefits for people and their communities. Colleges are expected to contribute to their local Community Planning Partnership and its Single Outcome Agreement and are expected to reflect its priorities in their own plans.

## Scottish Parliamentary Committees

They have a duty to hold Scottish Ministers to account and, as part of that role, they may from time to time seek information and evidence from colleges. In addition, the Public Audit or the Education and Culture Committees of the Parliament will occasionally hold individual colleges to account if there is evidence of weak management or governance.

## Your personal liability

As a board member you will not be held personally liable for any decisions taken by your board or college as long as any actions you take or decisions you make are done 'honestly and in good faith'. Your board secretary can give you more detailed guidance on this.

## Accountability to other bodies

In addition to the people and organisations listed here, a college is required to operate within a range of other legal frameworks. These include the Office of the Scottish Charity Regulator, the Scottish Public Finance Manual's audit requirements, Freedom of Information legislation, the Ethical Standards Framework and, in some instances, company law. Ask your board secretary for information on bodies that hold your college to account. Further information on topics mentioned here is also available at the following weblinks:

<http://www.oscr.org.uk/>  
<http://www.audit-scotland.gov.uk/>  
[http://www.gov.scot/ Scottish Public Finance Manual](http://www.gov.scot/ScottishPublicFinanceManual)  
[http://www.itspublicknowledge.info/home/ ScottishInformationCommissioner.aspx](http://www.itspublicknowledge.info/home/ScottishInformationCommissioner.aspx)  
[http://www.scottish.parliament.uk/ parliamentarybusiness/committees.aspx](http://www.scottish.parliament.uk/parliamentarybusiness/committees.aspx)  
[http://www.gov.scot/Topics/Government/ PublicServiceReform & Community Planning](http://www.gov.scot/Topics/Government/PublicServiceReform&CommunityPlanning)  
<http://beta.nusconnect.org.uk/nus-scotland/>

# What are your main duties?

Your overarching duty is to use your skills, knowledge and time to work as best you can with your chair, fellow board members and staff to ensure that your college fulfils its responsibilities. The power to make decisions and hold staff to account in order to deliver these responsibilities lies with the board as a whole and not any individual board member.

## Basic duties of the board

Provide leadership, direction, and support to the organisation, setting its strategy and priorities.

Promote commitment to the values and ethos of the organisation including equality and diversity.

Ensure satisfactory delivery of the organisation's performance and financial objectives, high quality learning and outcomes, and a good learning experience.

Be accountable to and maintain the trust of key stakeholders.

Comply with relevant legal and financial requirements including the Scottish Public Finance Manual.

Ensure identification and control of the main risks to delivery of the organisation's responsibilities and business objectives.

Ensure staff have the appropriate skills, knowledge, culture and working environment.

Adhere to the sector's Code of Good Governance and the college's relevant Financial Memorandum.



As a non-executive body, the board's duty is to ensure the organisation delivers for its funders, students and region; the board does not undertake the day to day work but it ensures it has staff that can do this. The board's role is a strategic one which means it focuses on:

- Deciding what the organisation needs to achieve
- Monitoring delivery of those goals
- If the goals are not being achieved, understanding why and either ensuring the approach is adjusted or changing the goals.

Your board may have its own detailed role description and responsibilities but all boards fulfil the basic duties (see table left).

Your contribution to this collective effort will vary to some extent depending on your own skills and knowledge but all board members must fulfil the following basic requirements:

- Contribute to board discussions in a constructive and supportive manner, explaining your thinking and listening to others
- Scrutinise your organisation's performance and, when necessary, provide challenge to senior staff and fellow board members

- Give the required amount of time to the role, attending meetings unless previously agreed with the chair and be properly prepared for meetings
- Accept and share corporate collective responsibility once the board has made a decision on anything
- Devote time to understanding your organisation and its operational environment
- Take part in an annual board member appraisal process overseen by the chair, taking up opportunities for training to acquire and keep up to date your skills and knowledge
- Represent your board or organisation at college, regional or national events as required
- Build relationships of trust and mutual respect with other board members and senior staff

- Abide by any confidentiality requirements subject to Freedom of Information laws
- Uphold and promote the required standards of behaviour and values.

Staff and student board members will bring particularly useful knowledge and perspective to the board table and are full board members who have all the same rights and responsibilities as their board colleagues.

## Financial stewardship

Pay particular attention to any novel or potentially contentious financial transactions such as the payment of severance or early retirement payments to staff. Additional information on what constitutes good practice when considering severance payments can be found at the following link:

[http://www.audit-scotland.gov.uk/docs/central/2015/nr\\_150402\\_scotlands\\_colleges.pdf](http://www.audit-scotland.gov.uk/docs/central/2015/nr_150402_scotlands_colleges.pdf)

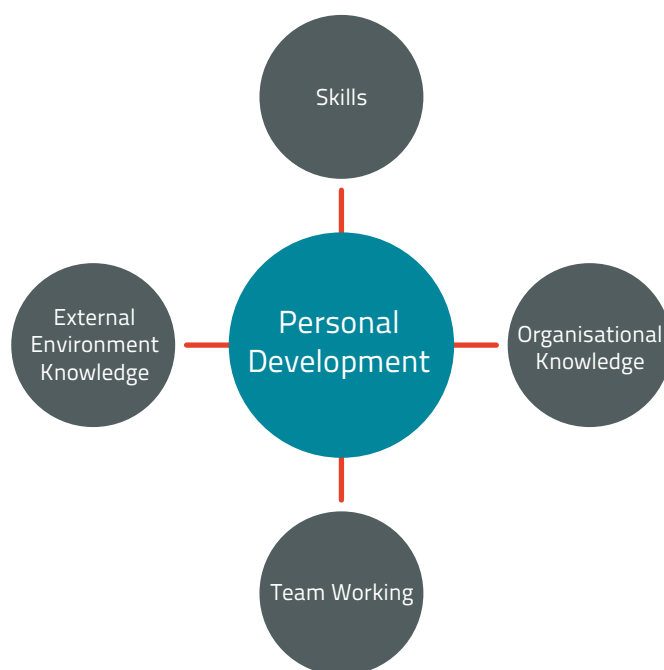
## Board member development framework

As a board member you have a duty to build your knowledge and skills and keep them up to date but you can expect to be supported. You are entitled to ask your chair, board secretary and senior staff to help you identify and build the knowledge and expertise required for the role. This might range from basic information about the role of a board member, information on the college itself, the views of its students and its staff, through to an appreciation of the wider external environment in which the college and its board need to operate.

Being on a college board is a complex job and the good board member never stops building their knowledge and expertise. For that reason the sector has a Development Framework to support board members with written material, newsletters, seminars, checklists, and workshops at college, regional and national level covering the four areas of required development: non-executive skills; organisational knowledge; team working and knowledge of the external environment.

Further information on the training and development support that is available to you can be provided by your chair and board secretary.

## Four pillars of non-executive development



The sector's national membership bodies, Colleges Scotland and College Development Network, will also offer information and training. Please see:

<http://www.collegesscotland.ac.uk/>  
<http://www.collegedevelopmentnetwork.ac.uk/development-networks/cdn-home>

# How are you expected to behave?



When you accept the post of a board member or chair you take on a public role and you need to abide by the standards of behaviour expected of anyone in such a role. Your behaviour and how it is perceived by others will impact on the reputation of your board and organisation.

## Code of conduct

All board members will be asked to sign your organisation's Board Member Model Code of Conduct. This is a legal requirement; the content of the Code is set down by Scottish Government and you need to make sure you read it and abide by it.

The Code of Conduct is based around Nine Principles of Public Life that apply to everyone who takes on a public role. These are outlined below.

While the chair, board secretary or senior staff should help you understand the Code and can offer advice, *the responsibility for adhering to it is yours alone.*

If anyone believes that you have breached this Code they can complain to the Commissioner for Ethical Standards who is entitled to investigate the circumstances. If s/he believes you have breached the Code s/he is required by law to refer the matter to the Standards Commission which is likely to hold a public hearing into the allegations. This can lead to suspension or even disqualification from the board if you are found to have breached the Code.

Your board secretary will give you more detailed guidance on the Code and you can find more information from the following links:

<http://www.gov.scot/Model Code>  
<http://www.standardscommissionscotland.org.uk/>  
<http://www.ethicalstandards.org.uk/>

## NINE PRINCIPLES OF PUBLIC LIFE IN SCOTLAND

- Duty/public service
- Selflessness
- Integrity
- Objectivity
- Accountability and stewardship
- Openness
- Honesty
- Leadership
- Respect

## Conflicts of interest

It is vital that board members are trusted to make decisions that are in the best interests of the college rather than being swayed by personal interests or loyalties. In order to maintain that trust you must register any personal interests that could be seen as conflicting with the interests of the college. Your board secretary will maintain this Register. In addition, if you are asked to take part in a board discussion or decision where you have a personal, professional or close family/friend interest which would or could be perceived by others to affect your judgement, you should declare that interest to the meeting and leave the room. The 'objective test' to use for judging if you have a conflict of interest is set down in the Code:

**'...whether a member of the public, with knowledge of the relevant facts, would reasonably regard the interest as so significant that it is likely to prejudice your discussion or decision making in your role as a member of a public body'.**

Maintaining the trust of stakeholders is crucial and so remember that it is not just about behaving in accordance with the Nine Principles, you must be seen to do so too.

## Conduct outside the boardroom

Upholding high standards of behaviour applies to any events or meetings you attend as a board member and even sometimes elsewhere if people know you are a board member. For example, make sure you maintain collective responsibility for board decisions, do not disclose confidential information and show respect for staff and fellow board members at all times.



## Staff/board partnership

It is in the interests of both staff and board members to build a healthy relationship of mutual respect and understanding. Your job, along with your board colleagues, is to scrutinise and hold staff to account for delivery of the organisation's objectives but it is also to provide support, guidance and understanding.

Striking the right balance between these two aspects of the role requires judgement and wisdom. Board members who are too close to staff or who just assume that everything is fine may be failing in their responsibilities to funders or students. On the other hand, board members who are too confrontational or too quick to doubt staff will not gain the best from the partnership.

Here are a few tips to maintain a healthy professional partnership with staff:

- Take time to get to know staff as people, remembering that human beings take time to understand and trust each other.
- Maintain a professional relationship which is neither too close nor too distant.
- Remember that your job as a board member is to decide **what** the organisation needs to achieve; **how** it is delivered (the management and operational actions) are the responsibility of staff (although you will sometimes need to understand the how in order to decide on whether your goals are achievable).
- Make sure you and your board colleagues have a chance to discuss and contribute at an early stage to important matters for decision so that staff can take your ideas into account early enough when formulating recommendations for the board.
- Remember if you are unhappy with something staff are doing or a proposal they make, your first port of call is to check whether your fellow board members agree with you. Staff take instruction from the board as a whole, not individuals.
- A good board has a strong framework of performance management measures that track the things that board members care about and want achieved. Make sure your board is not simply measuring the things that are easy to quantify.



- Asking for assurance or evidence that the risks to your business objectives are properly controlled is not a signal that you distrust staff. All boards must have a framework or map of assurance information, often from independent sources, so that they get early warning of problems arising in their college.
- Often the most effective challenge is simply asking for more information or the evidence behind a recommendation or action proposed by staff; equally remember to explain yourself when you challenge something.
- Board members add most value to a board when they bring different experience, information or perspective. Remember to keep building your knowledge and broadening your perspective throughout your time on your board by taking advantage of networking and training opportunities.
- In addition to your relationship with senior staff, it is vital that you have mechanisms for keeping in touch with the opinions and experiences of staff throughout the college – not only the views passed on to you by senior staff.

## Annual appraisals

When you are appointed to a board you become accountable for the proper use of millions of pounds of public money, the provision of good quality education and the employment of many staff. It is therefore unsurprising that the Code of Good Governance requires all boards to undertake a 'robust self-evaluation' of their performance each year, including the effectiveness of their board and committee chairs and individual members.

Those chairs and board members who have been appointed directly by Ministers will also be appraised annually by the Scottish Government. The conclusions of your board's own self-appraisal is likely to be one of the things that informs that process.

Your chair and board secretary will be able to give you more information on your appraisal process. Further information to help you fulfil your role as a board member can be found at the following weblinks:

<https://www.gov.uk/government/publications/bribery-act-2010-guidance>

<https://www.gov.uk/equality-act-2010-guidance>  
[http://www.legislation.gov.uk/ Public Interest Disclosure Act 1998](http://www.legislation.gov.uk/Public%20Interest%20Disclosure%20Act%201998)

<http://www.sparqs.ac.uk/students.php?page=72>  
[http://www.gov.scot/ On Board publication](http://www.gov.scot/OnBoard/publication)

# Who is there to help you?



Your first source of guidance and advice should be your **Board Chair**. Like you, they are accountable for the delivery of the organisation's duties but, in addition, they have responsibility for ensuring an effective and cohesive board. As part of those responsibilities you can expect them to help you by:

- Welcoming you to the board and making sure you receive adequate induction
- Providing feedback and advice on your contributions
- Ensuring you receive the support and training you require throughout your time on the board
- Encouraging you to make the most of your skills and experience in ways that contribute to board performance.

The **Secretary to the Board** is another key source of support and advice. Board secretaries have a duty to the board as a whole although on a day to day basis they generally report to the chair. They operate independently of senior staff of your college when undertaking this role. Their job is essentially to help the board fulfil its responsibilities and they will help you do this in a number of ways, usually including:

- Organising your induction programme
- Providing detailed information on your obligations and rights as a board member
- Helping you access the training and development opportunities that you require
- Advising you on the business processes used by your board and college.

The **College Principal** will be a fellow board member and is always your main source of information on the day to day business of your college. As the senior member of the executive staff and chief executive of the organisation they are accountable to the board for the delivery of its business objectives and they have responsibility for ensuring that the board receives the information and support it requires. As part of those duties they will help you in:

- Understanding the day to day business of the college, its staff and students
- Having opportunities to engage with staff and students and see the college in operation
- Overseeing the performance of the college
- Being alert to the risks, opportunities and constraints facing the college.

The **Senior Independent Board Member** on your board may also be able to assist you. This is an experienced fellow non-executive board member who will have been designated by you and your board colleagues and is expected, amongst other things, to act as an intermediary with the chair if it is ever required. If your board chooses to have a vice chair, they will sometimes be the same person.

The **Regional Strategic Body** (in multi-college regions) may also be able to offer you advice and information.

There are also a few key sources of advice and information available to you at a national level.

**Colleges Scotland** and **College Development Network (CDN)** are sector bodies set up by colleges in Scotland to respectively represent the



sector's interests and provide national training and development support to it. As a college board member you have access to the resources of both bodies including:

- Briefing notes and regular information on developments affecting the sector, nationally and internationally
- Seminars and conferences covering issues of interest to college staff and board members
- Training events, resources and good practice guides tailored for the needs of college board members.

**NUS Scotland** and **sparqs** (the publicly funded body responsible for supporting student engagement in colleges) can help you:

- Support the student members of your board
- Help other board members make the most of the contribution of student members
- Build a helpful partnership with your students' association.

The **Scottish Funding Council** is charged by Scottish Ministers with ensuring the effective and efficient performance of Scotland's college sector. It works closely with the senior staff of each college and Regional Strategic Body and its personnel meet board members from time to time. Its general oversight of the sector means that it can support board members in a number of ways, including:

- Publication on its website of a range of college performance information and good practice guidance which allows board members to compare their college with others
- Making available the annual Guidance Letters it receives from Scottish Ministers which provide the high level strategic context for colleges.

If, as a board member, you ever have serious concerns about the propriety, regularity or governance of your college, and these cannot be resolved satisfactorily with your board colleagues, the chair or senior independent board member, you should inform the Scottish Funding Council or, where relevant, your college's Regional Strategic Body.

A series of on-line resources providing **further sources of guidance** is being developed to help embed and operationalise the principles set out on the Code of Good Governance for Scotland's Colleges. This will be hosted on the CDN website.







## **College Board – DRAFT Self-Evaluation Matrix**

The following draft self-evaluation matrix has been produced from an original document produced by Colleges Scotland. The original document produced by Colleges Scotland was specifically written to reflect the governance arrangements of an incorporated college in which the Board has full autonomy, within the law, over the operation of the college. In the case of any local authority college, such as Shetland, there are a number of significant differences in terms of legal status and the scheme of delegation within which the College Board operates as a sub-committee of the Education and Families Committee. The principles of good governance do, of course, still apply, but the self-evaluation matrix produced here has been amended to try and better represent the role of the College Board in a Shetland context. This draft is put forward for consideration by the Members for relevance to ensure that it fits well with the unique governance arrangements of Shetland College UHI.

September 2017

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Code of Good Governance Criteria	Our performance in the last 12 months (including evidence)	Development required during the next year
<b>LEADERSHIP AND STRATEGY</b> <ol style="list-style-type: none"> <li>1. Board decisions and behaviour reflects the boards Code of Conduct and Nine Principles of Public Life.</li> <li>2. We determine the vision, direction, educational character, values and ethos of the college.</li> <li>3. Our performance management system is adequate, identifying KPIs and we monitor progress.</li> <li>4. Relevant stakeholders are engaged in compiling the outcome agreement.</li> <li>5. We provide leadership on ethics, equalities, diversity and staff welfare in keeping with Council policies and procedures.</li> <li>6. We have regard to the social and economic needs of our area.</li> </ol>		
<b>QUALITY OF THE STUDENT EXPERIENCE</b> <ol style="list-style-type: none"> <li>1. The voice of students and the quality of their experience is central to our decisions including monitoring student surveys and any resulting action plans.</li> <li>2. We have open ongoing engagement with students, working in partnership and encouraging a strong independent student association having regard to the Student Association Framework.</li> <li>3. Our Student Association is adequately resourced, operates fairly and in a democratic manner, fulfilling its duties; it has a written constitution that the board has reviewed in the last five years.</li> </ol>		

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Code of Good Governance Criteria	Our performance in the last 12 months (including evidence)	Development required during the next year
<p>4. We are aware of and foster good relationships with partner organisations that help us provide coherent learning, including employability.</p> <p>5. Mechanisms ensure effective oversight of quality and inclusiveness of learning.</p>		
<p><b>ACCOUNTABILITY</b></p> <p>1. We fulfil our primary accountability to our funding body by:</p> <ul style="list-style-type: none"> <li>a. delivering our outcome agreement.</li> <li>b. fulfilling our statutory duty and terms of our grant.</li> </ul> <p>2. We fulfil our accountability to students, public, employers and our community for provision of education that enhances social and economic wellbeing.</p> <p>3. We manage conflicts of interest and disclose our register of interests.</p> <p>4. Our decision making is transparent, informed, rigorous and timely and associated documentation is adequate.</p> <p>5. We operate within the scheme of delegation of the Council and appropriately delegate responsibilities within the College. We ensure compliance with the Council's requirement in terms of :</p> <ul style="list-style-type: none"> <li>a. audit, remuneration, finance and nominations/appointments.</li> <li>b. the College staff / Council Officers charged with advising the College Board clear.</li> <li>c. Committee minutes go to the next meeting of the College Board, and are reported</li> </ul>		

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Code of Good Governance Criteria	Our performance in the last 12 months (including evidence)	Development required during the next year
<p>upwards to other relevant Council Committees, in accordance with Council policies and procedures.</p> <p>6. We set the risk appetite, balancing risk and opportunity and this is known to senior staff.</p> <p>7. We ensure sound risk management and supporting review systems.</p> <p>8. The College Board operates within the remit of its Constitution and Council Committee policies and procedures. The College and actions of the College Board are accountable to the Council's Audit Committee.</p> <p>9. We ensure our body's sustainability, including compliance with the Council's Financial Regulations, SFC Financial Memorandum and the Scottish Public Finance Manual, ensuring adequate reporting and monitoring and economic, efficient and effective use of our funds.</p> <p>10. The College Board takes full account of the employer obligations of the Council in relation to staff at the College.</p>		
<p><b>EFFECTIVENESS</b></p> <p>1. The College Board chair provides leadership and ensures board effectiveness, working well with the Joint Interim Principal and board secretary.</p> <p>2. The College Board has the right balance of skills, experience, independence and knowledge of the college to fulfil their role effectively.</p>		

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Code of Good Governance Criteria	Our performance in the last 12 months (including evidence)	Development required during the next year
<p>3. We abide by collective responsibility, taking decisions in the interests of the body and managing conflicts of interest appropriately.</p> <p>4. Staff and student members are encouraged to fully engage in the business of the board, whilst recognising the specific requirements of the Council in terms of voting procedures.</p> <p>5. We have an open and transparent process for recruiting and setting the performance measures for our Joint Interim Principal in accordance with Council policies and procedures.</p> <p>6. There is a clear understanding of the responsibilities delegated to the Joint Interim Principal and the respective roles of the chair, board members and executive staff.</p> <p>7. The board secretary is:</p> <ul style="list-style-type: none"> <li>a. appointed by the Council with the appropriate skills and experience and is not a member of the senior management team in any other capacity.</li> <li>b. available to advise all board members and committees and has adequate time to fulfil the role.</li> </ul> <p>8. We have a formal and open board member recruitment process that reflects the Committee member appointment processes of the Council.</p> <p>9. We have appropriate arrangements for student and staff member recruitment.</p> <p>10. All members undertake training tailored to their needs (including committee training), new</p>		

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Code of Good Governance Criteria	Our performance in the last 12 months (including evidence)	Development required during the next year
members receive formal induction tailored to their needs and there are records of training. 11. We review the board's effectiveness annually using a robust self-evaluation process, externally facilitated at least every three years.		
<b>RELATIONSHIPS AND COLLABORATION</b> 1. We work in partnership at a local, regional and national level to: a. secure coherent education provision in our locality. b. achieve commonly agreed outcomes. c. develop agreed priorities. d. address local needs as well as national priorities and specialisms.		



# Shetland Islands Council

Agenda Item

**3**

<b>Meeting(s):</b>	<b>Shetland College Board</b>	<b>05 October 2017</b>
<b>Report Title:</b>	<b>Tertiary Education Student Enrolments Update – October 2017</b>	
<b>Reference Number:</b>	<b>SCB134-F</b>	
<b>Author / Job Title:</b>	<b>Susan A Berry Depute Principal</b>	

<b>1.0</b>	<b>Decisions / Action required:</b>
1.1	Shetland College Board should note the current position in relation to FE and HE enrolments for academic session 2017/18.
<b>2.0</b>	<b>High Level Summary:</b>
2.1	The purpose of this report is to provide the Board with information relating to the number of full-time and part-time FE and HE enrolments recorded, for all Tertiary Education providers within Shetland, to date in the academic session 2017/18.
2.2	The overall FE credit target set by the Scottish Funding Council (SFC) for Shetland's Tertiary Education Sector in 2017/2018 is 4332. This equates to £1,646,160 with each credit valued at £380. There is an additional £21.13 per credit for Capital Maintenance funding, which equates to £92,315.
<b>3.0</b>	<b>Corporate Priorities and Joint Working:</b>
3.1	Shetland's Student Enrolments report links to the corporate priority of maximising the opportunity for further, higher and vocational learning opportunities, both for school leavers and for people returning to learning.
3.2	Children and Young People, including those from vulnerable backgrounds and in care, will get the learning and development opportunities that allows them to fulfil their potential.
3.3	Shetland Learning Partnership in conjunction with Shetland Tertiary Sector provides opportunities for young people to gain workplace experience and vocational qualifications while in education, giving them the skills they need to get jobs or continue into further education.
3.4	The Tertiary Education sector offers opportunities for people with all levels of skills to match with the skills that businesses need and those that the trained workforce have.
3.5	We will strive to create an effective model for providing excellent services to our learners.
<b>4.0</b>	<b>Key Issues:</b>
4.1	As highlighted within previous reports, there is the potential that the total of credits produced by the Tertiary Education Sector in Shetland for 2017/2018 may exceed

the credit total set. Current position at the start of this academic session 2017/18 is 67% of SFC Credit Target.

- 4.2 At this stage in the academic session 2017/2018 Shetland College UHI has enrolled 60 FE full –time and 273 FE part-time. NAFC Marine Centre have enrolled 29 FE full-time and 31 FE part-time students and Train Shetland have enrolled 521 short course students so far. At this stage in the academic year students, continue to enrol on both full-time and part-time programmes.

	Outturn Figures			To Date
	2014/15	2015/16	2016/17	2017/18
Shetland College UHI FE Full Time	93	73	73	60
Student Numbers FE Full Time (NAFC)	Not Available	30	28	29
Train Shetland – Short Courses	Not Available	Not Available	1485	142

- 4.3 At this stage in the academic session 2017/2018 Shetland College UHI has enrolled 82 HE full –time and 106 HE part-time. There are no HE enrolments for NAFC or Train Shetland

	Outturn Figures			To Date
	2014/15	2015/16	2016/17	2017/18
Shetland College UHI FE Full Time	93	73	77	82

- 4.4 The challenge for Tertiary Education in Shetland is to retain as many of its FE and HE full-time and part-time students as possible and to ensure that we are paid for what we deliver.

## **5.0 Exempt and/or confidential information:**

- 5.1 There is no exempt information contained within this report.

## **6.0 Implications:**

<b>6.1 Service Users, Patients and Communities:</b>	The increase in enrolments reflects the growing demand and increase in opportunities that Shetland College provides to young people in Shetland.
<b>6.2 Human Resources and Organisational Development:</b>	N/A
<b>6.3 Equality, Diversity and Human Rights:</b>	N/A

<b>6.4 Legal:</b>	N/A
<b>6.5 Finance:</b>	At this stage of this academic session 2017/18 overall student enrolments translated into FE credits meets 67% of the target set by the SFC. Enrolments continue for FT and PT courses and Short Course across the Tertiary Education Sector, throughout the academic session. This could potentially place the Tertiary Education Sector in an overtrading position at the end of this academic session 2017/18.
<b>6.6 Assets and Property:</b>	N/A
<b>6.7 ICT and new technologies:</b>	N/A
<b>6.8 Environmental:</b>	N/A
<b>6.9 Risk Management:</b>	The credit target for Shetland's Tertiary Education Sector remains too low and unless an increase of FE Credit target is awarded by the SFC, additional FE Credit income due from SFC will not be provided.
<b>6.10 Policy and Delegated Authority:</b>	<p>The role of the Shetland College Board is to support the Interim Joint Principal of Shetland College / Train Shetland / NAFC Marine Centre in carrying out his roles and to monitor progress against objectives approved by the Board or which have been set by the Council, including: -</p> <ul style="list-style-type: none"> <li>a Strategic direction for Shetland College: specifically, the Board shall have the delegated authority to approve immediate short and medium term joint strategic plans with reference to the Council's agreed deliverables and milestones until June 2018. Approval of long term plans shall be reserved to SIC and Education and Families Committee as a component of their longer term vision wider strategic remit for learning at all stages of life.</li> <li>b Ascertaining the needs of users and promoting access between school, work, research and further and higher education, including approval for submission of annual, strategic and operational plans to UHI on behalf of the Council.</li> <li>c Developing resources, including financial resources, to support the learner.</li> <li>d Authority to review and develop structure plans to provide the staffing required for the College and to meet needs and provision for staff development and career review.</li> </ul>

	<p>e To give direction on matters of quality assurance and improvement.</p> <p>f To monitor and give assurance that the College operates sound financial management, including developing budgets and pursuing credit funding.</p> <p>g Liaising with UHI and other appropriate bodies, e.g. SQA, Scottish Funding Council and Education Scotland.</p> <p>h Take such decisions as appropriate to support the Interim Joint Principal in meeting the Council approved integration milestones.</p>	
<b>6.11 Previously considered by:</b>	N/A	

**Contact Details:**

Susan A Berry, Depute Principal, 19<sup>th</sup> September 2017

Tel: 01595 771401

E-mail: [susan.berry@uhi.ac.uk](mailto:susan.berry@uhi.ac.uk)

**Appendices:**

Appendix 1 – Credits monitoring spreadsheet

**END**

Student Enrolments and Credits Monitoring 19 September 2017

	Further Education		Higher Education		Total
	Full time	Part time	Full time	Part time	
Shetland College	60	273	82	106	521
North Atlantic Fisheries College	29	31	0	0	60
Train Shetland	0	142	0	0	142
Adult Learning Evening Classes	0	0	0	0	0

Further Education Credits Monitoring	Full time			Part Time		
	Target	Full-time Enrolled	Credits Value	Target	Part-time enrolled	Credits Value
Creative Industries	22	21	378	22	4	28
Business & Management	6	0	0	16	11	87
Care	42	33	582	112	66	388
Community Learning	0	0	0	332	67	168
Computing	9	5	90	15	2	30
Construction	8	0	0	42	14	140
Cultural Studies	0	0	0	0	0	0
Hospitality	0	1	18	16	0	0
Special Programmes	0	0	0	54	12	41
Vocational Pathways	0	0	0	98	90	221
Sub-Total		60	1068		266	1102
NAFC		29	522		31	172
Adult Learning Eve Class	n/a	n/a	n/a	n/a	0	0
Train Shetland	n/a	n/a	n/a	n/a	142	33
ECDL	0	0	0	39	4	9
ESOL	0	0	0	50	3	5
Totals	87	89	1590	796	446	1320

Shetland Tertiary Sector Target 2017/18	4,332	1 credit= £391
Total Credits @ 19 September 2017	2910	
Balance to be achieved	1422	
No Margin	0	
Monetary Value	£556,114	

Higher Education Enrolment Monitoring			
Full time		Part Time	
Target	Full-time Enrolled	Target	Part-time enrolled
26	26	23	30
10	12	31	13
28	22	45	36
n/a	n/a	40	8
26	15	10	3
0	0	18	14
8	7	1	2
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
98	82	168	106

Additional info
Special programmes includes life skills students