

## Board Meeting

Date of Meeting	Monday 11 August
Paper Title	GCRB Progress Report
Agenda Item	8
Paper Number	BM2-G
Responsible Officer	Julia Henderson, Advisor to the Board
Status	Disclosable
Action	For Decision

### 1. Report Purpose

- 1.1 To update the Board on progress since its last meeting.

### 2. Recommendations

- 2.1 It is suggested that the Board authorises the Chair to act on their behalf to agree the Financial Memorandum between the Board and the assigned colleges, instructs the Advisor to the Board to facilitate and coordinate the agreement process, and that the matter is thereafter reported back to the Board.

### 3. Assignment of Colleges

- 3.1 As of 1 August 2014 the Boards of City of Glasgow, Glasgow Clyde and Glasgow Kelvin Colleges were assigned to the regional strategic body, Glasgow Colleges' Regional Board. Scottish Government wrote formally to the Boards' Secretaries advising them of this and also of the arrangements in relation to the migration of existing board members; a standard migration period of up to one year will apply to all existing members. Thereafter the new process for appointment of members to assigned college boards, which is the responsibility of the GCRB, will apply. Arrangements are in hand to ascertain the remaining terms of office for all assigned college, board members, particularly for those whose terms of office conclude prior to 31 July 2015.
- 3.2 Scottish Government is in the final stages of preparing guidance in relation to the appointment of board members, in which the Advisor to the Board has been involved, in some detail. There is scope for regional delegation of aspects of the appointments process to the assigned colleges and this is a matter, which, it is suggested, could be fleshed out as part of the Regional Collaboration Framework (see paper BM2-J) and reported through the Nominations and Remuneration Committee.

#### **4. Appointment of members to the Board**

- 4.1** The elections for staff members, which were conducted by the Electoral Reform Services, closed on 20<sup>th</sup> June. Jim O'Donovan is the elected teaching staff member and Clare Ireland is the elected support staff member.
- 4.2** The student's associations of the Colleges met on 16 July and agreed the nomination of Barclay McCrindle and Andrew Aitken for appointment to the Board. There is no requirement to hold an election in terms of the legislation.
- 4.3** At their meeting on 11 July 2014 the Nominations and Remuneration Committee agreed that the Board should seek to recruit an additional non-executive board member with financial expertise who would be in a position to chair the Audit Committee. This vacancy will be advertised in the press and through the professional accountancy bodies towards the end of August.

#### **5. Financial Memorandum between Regional Strategic Bodies and Assigned Colleges**

- 5.1** The Financial Memorandum (FM), which is currently being drafted by the Scottish Funding Council (SFC), should help significantly to provide further clarity in relation to the formal relationship between the GCRB and the assigned colleges. It will cover key issues such as administration and allocation of funding, respective responsibilities, accountabilities, conduct and expectations. It will set out levels of delegated financial authority and approval of derogations from that authority. The FM for assigned colleges will be based on the terms of the draft FM between SFC and the regional colleges, which has already been issued for consultation and which is currently being amended post consultation. SFC has confirmed that sector feedback from that consultation will be reflected in the FM for Regional Strategic Bodies and Assigned Colleges. The Advisor to the Board has provided feedback to the SFC on elements of the FM which need to reflect the different relationships between the RSB and assigned colleges as distinct from those relationships between SFC and the assigned colleges. In addition we have asked that a review period of 12 months is built in to the FM with the assigned colleges to assess and review how well it the arrangements are working.
- 5.2** It was anticipated that the FM would have been issued some time ago but SFC has confirmed that it will be issued in the next few weeks. SFC has asked the GCRB staff to facilitate and coordinate agreement of the FM between the assigned colleges and the Board. Given the urgent need to have formal relationships in place, it is suggested that the Board authorises the Chair to act on their behalf to agree the Memorandum, instructs the Advisor to the Board to facilitate and coordinate the agreement process, and that the matter is thereafter reported back to the Board.

## **6. Fundable Body Status**

**6.1** The SFC's Accountable Officer (Laurence Howells, CEO) must satisfy himself that the Board has in place robust systems of governance and accountability before responsibility for funding can be passed to the Board. The main focus of the criteria is the practical aspects of the Board's governance structure and the key supporting functions (planning, financial control and risk management). The criteria cannot be fully applied and assessed until the Board and its operational support is established and has been up and running for a period of time. We have already passed SFC all governance documents which have been approved by the Board to date and will continue to add to the evidence on an on-going basis. A copy of the draft criteria is attached at Appendix 1. The Advisor to the Board will continue to work with SFC to ensure that momentum is maintained and that all necessary steps are taken to ensure that the process is expedited. The SFC's current projected timeframe for completion is April 2015.

## **7. Budget**

**7.1** Discussions in relation to the allocation of budget to the GCRB for 2014 – 15 are on-going with SFC. The GCRB budget will come from the overall funding for Glasgow; there will be no additional funding. The driver has always been to minimise costs at Regional Board level and to maximise front line resources. These discussions are inextricably linked with decisions around staffing, which will be covered by the Chair in his verbal update to the Board.

## **8. Audit Scotland**

**8.1** The Advisor to the Board has had discussions with Audit Scotland to alert them of the Board and to ascertain the process in relation to the provision external audit services. These services will be provided by Audit Scotland. Audit Scotland has not concluded who will audit the Board or whether the same auditor should carry out an audit of the assigned colleges and the GCRB. They did provide information on their performance audit of colleges generally, which will look at new governance arrangements and their implementation; they have indicated that they would very much like to interview the Chair and the Advisor to the Board.

## **9. Information Commissioner**

**9.1** The registration documents and fee have been submitted to the UK Information Commissioner's Office in compliance with the Data Protection Act 1998.

## **10. Website**

**10.1** The GCRB website was launched on 1 August 2014. It can be viewed at [www.gcrb.ac.uk](http://www.gcrb.ac.uk)  
We are grateful to staff at GCU for this support.

## **11. Risk Analysis**

- 11.1** The risks identified in the report to the Board in May on establishment (BM1-A) to some extent remain though some progress has been made. Further steps to mitigate this risk are being taken and are discussed in Paper BM2-J.

*“The need for clarity in relation to the accountabilities and relationships to be governed by the Financial Memorandum to ensure that the Board has clarity in relation to its relationships with SFC and the assigned colleges. The risk in not having clarity is that the Board is hindered in the proper and effective fulfilment of its governance responsibilities. Similarly it would be of assistance to the Board to have confirmation of the final fundable body criteria in order that a firm plan to achieve the criteria is developed, to mitigate the risk of undue delay in the achievement of the criteria. “*

## **12. Legal Implications**

- 12.1** Contained within the body of the report.

## **13. Financial Implications**

- 13.1** The financial governance arrangements are set out within the body of the report. There are no immediate cost implications.

**Glasgow Regional Strategic Body – Fundable  
Body Criteria (working title) – Final draft**

<i>Questions</i>	<i>Evidence base</i>	<i>Source of evidence</i>	<i>Timeline</i>	<i>Analyst's assessment</i>
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<b>Board</b>				
<i>Does the composition of the Board conform with the legislation?</i>	<i>List of Board members compared with requirements of legislation</i>	<i>GRB to supply list of board members</i>	<i>Immediate</i>	
<i>Does the composition of the Board represent an appropriate balance of skills and expertise?</i>	<i>List of Board members with biographies. Analyst to review and consider whether key skills and expertise are present in Board.</i>  <i>Evidence of understanding of issues at Board meetings</i>	<i>GRB to supply biographies.</i>  <i>Evidence gathered from attendance of SFC staff at Board meetings</i>	<i>Immediate</i>	
<i>Does the Board have a constitution which complies with the principles of good governance set out in the Code of Good Governance for Colleges</i>	<i>Review the constitution against the FE Code and other good governance practice.</i>	<i>GRB to supply corporate documents</i>	<i>On finalisation of constitution . Should be available for first Board meeting.</i>	

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<i>Are there standing orders setting out how the Board will conduct its business?</i>	<i>Standing order documents Evidence of proper conduct of meetings</i>	<i>GRB to supply corporate documents Evidence gathered by SFC staff attending Board meetings</i>	<i>On finalisation of documents. Should be available for first Board meeting</i>	
<i>Is there a formal Code of Conduct for Board members?</i>	<i>Review of Code of Conduct adopted by Board Evidence of proper conduct of meetings</i>	<i>GRB to supply corporate documents Evidence gathered by SFC staff attending Board meetings</i>	<i>On finalisation of Code of Conduct. Should be available for first Board meeting</i>	
<i>Have the Board members received a comprehensive induction to their role?</i>	<i>Details of Board induction process Evidence of knowledge exhibited during Board discussions</i>	<i>GRB to supply induction pack/other information Evidence of appropriate induction from SFC attendance at Board meetings.</i>	<i>We should receive confirmation from GRB as soon as induction process is underway.</i>	
<i>Are Board members clear on the division of responsibilities between</i>	<i>Discussion with Board members</i>	<i>Attendance of SFC staff</i>	<i>Pending appointment of COO</i>	

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<i>the Chair and Chief Officer?</i>	<i>Evidence exhibited during Board discussions</i>	<i>at Board meetings</i>		
<i>Is there a scheme of delegation in place, including matters reserved for the Board?</i>	<i>Review of Scheme of Delegation</i> <i>Review of agendas</i>	<i>GRB to supply corporate documents</i>	<i>On finalisation of document. Should be available for first Board meeting</i>	
<i>Is the role of Secretary to the Board clearly set out and appropriately independent?</i>	<i>Job description of Secretary</i> <i>Evidence gathered by SFC staff attending Board meetings</i>	<i>GRB to supply job description</i> <i>Evidence gathered by SFC staff attending Board meetings</i>	<i>On finalisation of job description and appointment of secretary.</i>	
<i>Does the Board Secretary have the appropriate skills and experience?</i>	<i>Review skills and experience of Secretary</i> <i>Evidence gathered by SFC staff attending Board meetings</i>	<i>GRB to provide details of Secretary's experience</i> <i>SFC to assess quality of secretarial service</i> <i>Evidence gathered by SFC staff attending Board meetings</i>	<i>On appointment of secretary</i> <i>Over a period of 6 months</i>	

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<i>Is there a register of interests for members and senior staff? Is it publicly available?</i>	<i>Review of register of interests</i>  <i>Declaration of interest at board meetings</i>	<i>GRB to publish register</i>  <i>Evidence gathered by SFC staff attending Board meetings</i>	<i>As soon as set up and completed by all Board members</i>	
<i>Are there appropriate arrangements for agenda setting, circulation of papers and minute-taking for Board meetings?</i>	<i>Review of procedures for agenda setting and circulation of papers. Review of board minutes.</i>  <i>Evidence gathered by SFC staff attending Board meetings</i>	<i>GRB to supply agendas, board papers and minutes</i>  <i>Evidence gathered by SFC staff attending Board meetings</i>	<i>SFC attendance at first Board meeting. Executive review of papers, minutes etc. Review of subsequent meetings for a period of 6 months.</i>	
<i>What measures has the Board adopted to promote openness and transparency in its functions?</i>	<i>Publication scheme</i>	<i>Available on web?</i>	<i>On finalisation of publication scheme.</i>	



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<b>Committees</b>				
<i>Does the Board have an effective committee structure?</i>	<i>Review committee structure</i>	<i>GRB to supply SFC with governance structure</i>	<i>Immediate on setting up of Board committees. Effectiveness will be reviewed after a period of 6 months by reference to agendas, committee papers and minutes.</i>	
<i>Are there terms of reference for all committees?</i>	<i>Review of committee terms of reference</i>	<i>GRB to supply Terms of reference for all committees</i>	<i>Immediate on finalisation of committee terms of reference.</i>	

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<b>Planning</b>				
<i>Does the Board have adequate planning processes to determine the regional objectives and to monitor their achievement?</i>	<i>Review of strategic planning arrangements and strategic plan. Consider how this links with outcome agreements</i>	<i>GRB to supply strategic plan .  Evidence from outcome agreement team on adequacy of arrangements</i>	<i>On completion of strategic plan and review of monitoring arrangements over a period of 6 months</i>	
<i>Are there procedures in place to monitor performance against plan?</i>	<i>Review of Board papers monitoring performance</i>	<i>GRB to supply Board papers  Evidence from outcome agreement team on adequacy of arrangements</i>	<i>Assessed over a period of 6 months by review of actual performance against plan, monitoring undertaken and relevant actions.</i>	
<b>Finance</b>				

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<i>Does the Board have financial regulations and procedures approved by the Board?</i>	<i>Review of financial procedures and regulations</i>	<i>GRB to supply copy of financial regulations</i>	<i>On finalisation of financial procedures and regulations.</i>	
<i>Does the institution have a VFM strategy approved by the Board?</i>	<i>Review of VFM strategy</i>	<i>GRB to supply copy of financial regulations</i>	<i>On finalisation of FM strategy.</i>	
<i>Does the Board receive regular consolidated financial reports?</i>	<i>Review of financial reports received by Board</i>	<i>GRB to supply copy of financial regulations</i>	<i>Review of reporting to committees and Board over a period of 6 months.</i>	
<i>What is the status of the personnel /outsource agency responsible for finance?</i>	<i>Review of arrangements of financial services provision. Consider qualifications of those involved.</i>	<i>GRB to confirm arrangements for support services</i>	<i>On appointment of financial service in college or other outsourcing</i>	
<b>Risk Management</b>				
<i>Is there a risk register outlining the key risks of</i>	<i>Review of risk register</i>	<i>GRB to provide copy of risk register</i>	<i>On completion of risk register. Review risk</i>	

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<i>the Board?</i>			<i>management arrangements over a period of 6 months. This will also include reference to external audit review of risk (available after year end audit)</i>	
<i>Is there a documented risk management policy and procedure in place?</i>	<i>Review of risk management policy and procedures.</i>		<i>On completion of risk management policy and procedures</i>	
<i>Does the Board set the risk appetite for the region?</i>	<i>Review Risk Appetite Statement</i>	<i>GRB to provide risk appetite statement</i>	<i>On completion of risk appetite statement</i>	
<i>Is the Board's oversight of risk appropriate and adequate?</i>	<i>Review of Board papers concerning risk</i>  <i>Consideration of discussions at Board meetings</i>	<i>GRB to provide Board papers</i>  <i>Attendance of SFC staff at Board meetings</i>	<i>Review of Board papers over period of 6 months.</i>	

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<b>Internal audit function</b>				
<i>Has the Board appointed internal auditors?</i>	<i>Letter of appointment</i>	<i>GRB to supply letter of appointment</i>	<i>On completion of letter of appointment</i>	
<i>Has a strategic and annual plan been prepared?</i>	<i>Review of audit plan</i>	<i>GRB to supply plan</i>	<i>On completion of plan</i>	
<b>Assigned colleges</b>				
<i>Does the Board have an appropriate Financial Memorandum (FM) with its assigned colleges?</i>	<i>Review the FM between the Board and assigned colleges</i>		<i>On completion of FM with colleges</i>	
<i>Does the Board have an agreement with each assigned college setting out expected activity levels and outcomes in the current year?</i>	<i>Review of agreement between regional board and assigned colleges.</i>		<i>On completion of agreements</i>	

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<i>Does the Board have procedures in place to monitor delivery of the agreement during the year and assess performance on an annual basis?</i>	<p><i>Review procedures for monitoring assigned college performance.</i></p> <p><i>Review of performance reports</i></p> <p><i>Assess level of monitoring at Board meetings</i></p>	<p><i>GRB to supply copy of procedures and reports</i></p> <p><i>Attendance of SFC staff at Board meetings</i></p>	<i>Review of monitoring procedures over a period of 6 months and performance assessment at end of year.</i>	
<i>Are the colleges required to submit periodic financial reports to the Board?</i>	<p><i>Review procedures for monitoring financial health of assigned colleges.</i></p> <p><i>Monitor discussion at Board meetings</i></p>	<p><i>GRB to supply copy of procedures</i></p> <p><i>Attendance of SFC staff at Board meetings</i></p>	<i>Review of financial returns and assess monitoring by Board over a period of 6 months.</i>	