

## Board Meeting

Date of Meeting	Wednesday 28 May 2014
Paper Title	Background Briefing to the Establishment of the Board
Agenda Item	4
Paper Number	BM1-A
Responsible Officer	Julia Henderson, Advisor to the Board
Status	Disclosable
Action	For noting

### 1. Report Purpose

- 1.1** To brief the Board on the policy objectives for reform of the sector, the legislative changes as they affect Glasgow as compared to other regions and the operational governance arrangements currently being established.

### 2. Recommendations

- 2.1** The Board is asked to note this report and that progress will be reported to its next meeting in August 2014.

### 3. Policy Objective

- 3.1** The Government is reforming the college sector to better meet the needs of learners and regions through a coherent and sustainable curriculum, with a sharper focus on outcomes; funding based on regional needs; and strong accountability for regional performance. This has involved, among other things, the creation of thirteen college regions:

- Aberdeen and Aberdeenshire
- Ayrshire
- Borders
- Dumfries and Galloway
- Edinburgh
- Fife
- Forth Valley
- Glasgow
- Highlands and Islands
- Lanarkshire
- Tayside

- West
- West Lothian

**3.2** There are three regions with more than one college:

- Glasgow
- Highlands and Islands
- Lanarkshire

Each multi-college region will have a regional strategic body that will have the role, among other things, to fund colleges assigned to it. Regional strategic bodies provide a way to achieve the benefits of taking a regional approach to college funding and planning in multi-college regions.

**4. Reforms**

**4.1** The Post-16 Education (Scotland) Act (the Act) introduces significant changes to the way colleges are governed. Key governance reforms include:

- Ministerial appointment of regional college and regional board Chairs, regulated by the Public Appointments Commissioner for Scotland;
- Open and competitive board appointments processes on boards, underpinned by new Ministerial Guidance which is currently out for consultation (closing date 30 May) and on which a response is being drafted, which will reflect the GCRB experience of co-ordinating the first appointment process in terms of the new legislation. The intention is to share this with Members;
- Extensive consultation and collaboration required of regional colleges and regional strategic bodies including consulting employers and sector representatives and collaborating with trade unions.

**4.2** The legislative powers of the Board are set out in high level form in appendix 1.

**5. Implementation of the Act in Glasgow**

**5.1** The 2013 Act is being commenced in stages. The Regional Board for Glasgow Colleges (known as Glasgow Colleges' Regional Board) was established on 1 May 2014, ahead of the assignation of colleges to the Board on 1 August 2014, to enable the Board to prepare in advance of assuming functions in relation to the assigned colleges; City of Glasgow College, Glasgow Clyde College and Glasgow Kelvin College. During this period the Regional Board has no assigned colleges.

**5.2** In the period between May and August, the Government has used transitional provisions to appoint, on an interim basis, the Chairs of the three colleges that will be assigned, along with two staff and two student members from amongst those colleges. The appointment processes in relation to our staff and student members are the subject of other reports on the Board's agenda for 28 May 2014 (BM1-H and BM1-I).

## **6. Arrangements in other multi-college regions**

**6.1** The arrangements in multi college regions are all very different. In the Highlands and Islands, the University of Highlands and Islands will be designated as the regional strategic body from 1 August 2014 and all colleges will be assigned on that date. In Lanarkshire, New College Lanarkshire will be designated as a regional college and a regional strategic body, known as the Lanarkshire Board, from 1 August 2014. South Lanarkshire College will be assigned to the Board, however current indications are that this will be a transitional arrangement until August 2015. The former Coatbridge, Cumbernauld and Motherwell colleges merged to form New College Lanarkshire during the course of 2013-14.

## **7. GCRB Relationship Model**

**7.1** Appendix 2 shows the relationships between the Board, its colleges and the Scottish Funding Council (SFC). There are challenges in developing the governance and operational model for Glasgow as there is no forerunner of this type of organisation in the sector nor have we been able to identify a close reference point in another sector. The Act sets out the requirements for Board membership, functions and statutory duties, however it does not prescribe in any detail how the Board should operate, beyond some detail around internal Board procedures (contained in the draft Constitution to be presented to the Board on 28 May). The Act does stipulate that the Board should:

“have regard to the importance of ensuring that funds are made available to it under section 12 (1) (c) are used as economically, efficiently and effectively as possible” (Section 10 para. 23 F)

**7.2** The relationship between the SFC and the Board will be set out in the Financial Memorandum (FM). We have had sight of an early draft of this document and made comments on an informal basis, but no official draft has yet been issued for wider consultation and, at the time of writing, we are not aware of the time scales for that process. The FM will set out the SFC’s expectations of the Board and its relationships with the assigned colleges along with compliance requirements, which are conditions of the SFC’s funding of the Board. It will also set out the commitments from the SFC in relation to the Board.

**7.3** In order to ensure proper accountability throughout the whole governance system and for the funds passed to assigned colleges, it will be a requirement of the FM that the Board has a financial memorandum with each of the assigned colleges. Again, we have seen and had the opportunity to informally comment on a draft FM but no official draft has yet been issued for consultation and, at the time of writing, we are not aware of the time scales for that process.

**7.4** Arrangements have already been instigated by the Advisor to the Regional Board and the Board Secretaries in each of the 3 assigned colleges, to ensure that practical governance arrangements are developed to reflect the FM.

We would hope to report progress on this to the Board in August 2014.

## **8. Fundable Body Criteria**

**8.1** The SFC 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. There appears to be some flexibility around the timescales for this. Further details on a planned approach to working towards satisfaction of the criteria will be reported to the Board in August 2014.

## **9. Risk Analysis**

**9.1** There is a need for early clarification from the SFC in relation to the accountabilities 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.

## **10. Legal Implications**

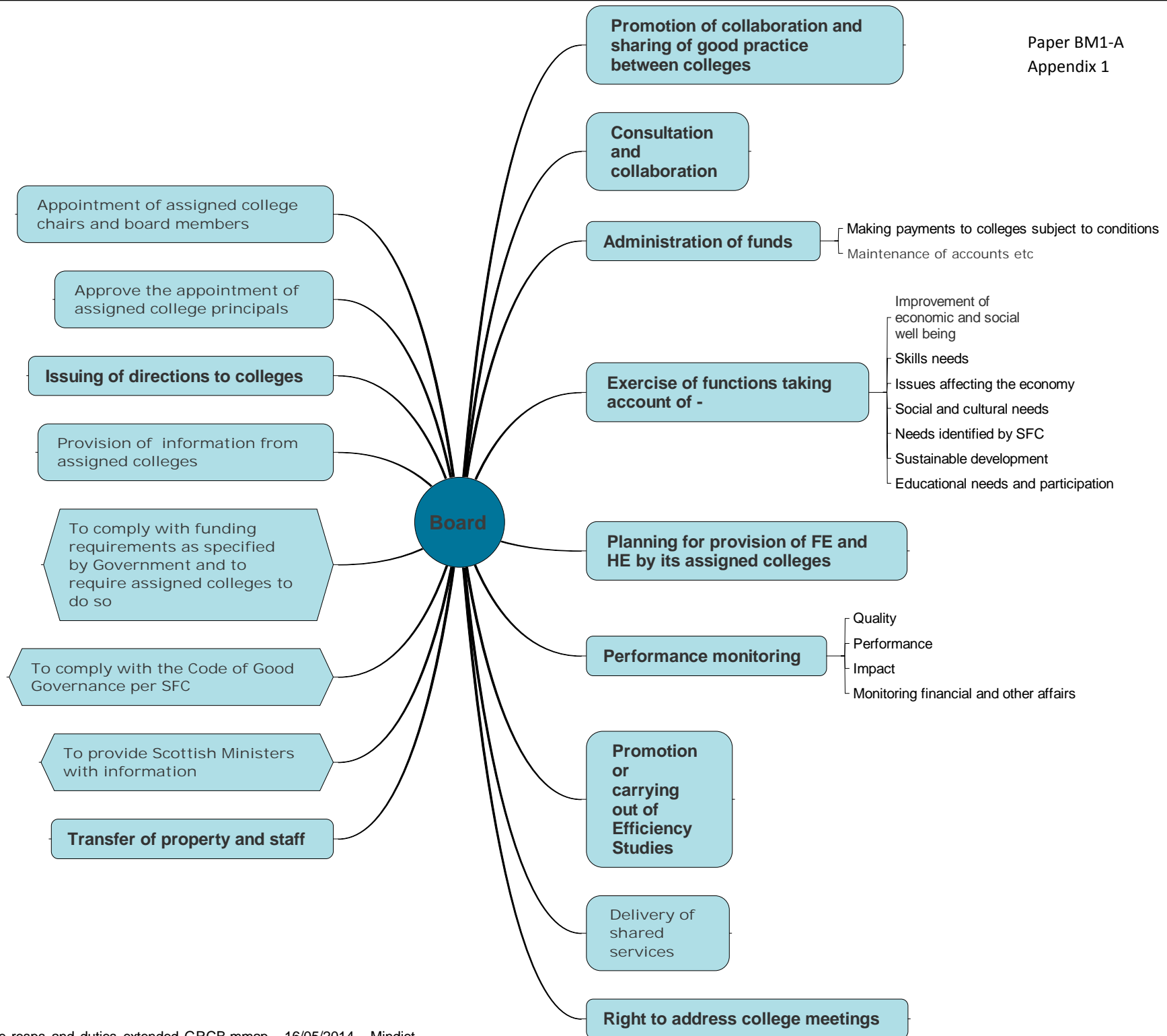
**10.1** Contained within the body of the report.

## **11. Financial Implications**

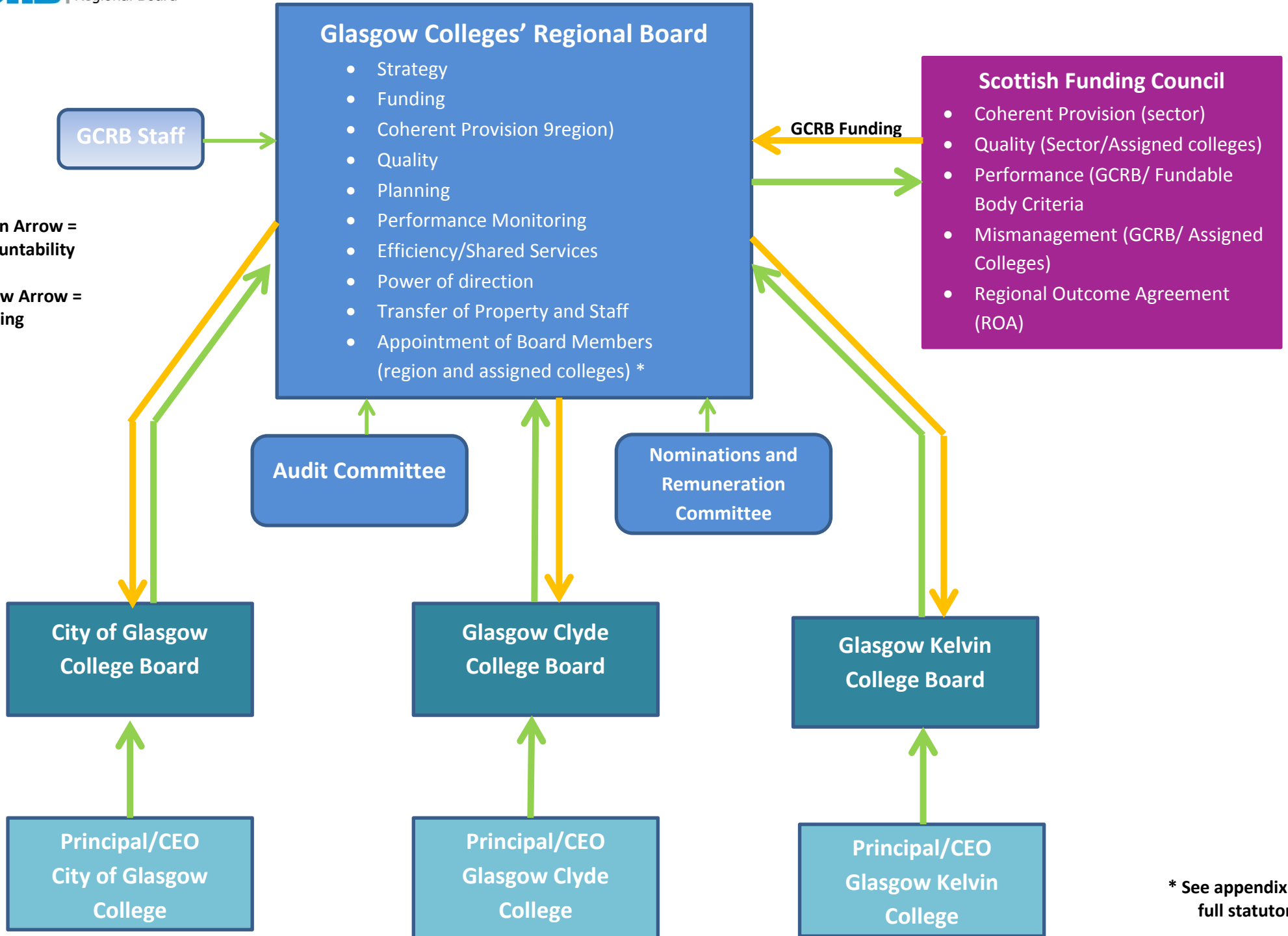
**11.1** The financial governance arrangements are set out within the body of the report. There are no immediate cost implications.

## **12. Conclusion**

**12.1** The Glasgow Colleges' Regional Board is therefore very much in the vanguard of new regional governance in college education. We have a unique opportunity and responsibility to develop a model using the very best innovative exemplars from all sectors across Europe.



**Key:**  
Green Arrow = Accountability  
Yellow Arrow = Funding



\* See appendix 1 for full statutory list