GCRB | Glasgow Colleges' Regional Board

Board Meeting

Date of Meeting	Monday 16 March 2015
Paper Title	GCRB Progress Report
Agenda Item	8
Paper Number	BM5-G
Responsible Officer	Julia Henderson, Advisor to the Board
Status	Disclosable
Action	For Information

1. Report Purpose

1.1 To update the Board on progress made since its last meeting, which is not covered elsewhere on the agenda.

1.2 A separate report will be provided to the Board at its meeting on 16 March to address the letter issued to Members by the Chief Executive of the Scottish Funding Council on 5 March 2015 (BM5-J).

2. Recommendations

2.1 To note the contents of the report.

2.2 To consider the revised timeline for Fundable Body Status.

2.3 To endorse the basis for the City of Glasgow College (CoGC) and GCRB Support Services Agreement.

3. Chairs and Principals Meeting

3.1 All Glasgow College Chairs and Principals met with the Chair of the GCRB and the Advisor to the Board on 26 January 2015. Key outcomes from the meeting included:

- Negotiation of the Financial Memorandum between Colleges and GCRB to be progressed as a matter of urgency;
- Approval of the approach to appointment of GCRB Executive Director;
- Review of the GCSP to be undertaken;
- Agreement of a new relationship framework to maximise cooperation and sharing of expertise and knowledge in both directions and to limit the staff required by the GCRB;

- Chairs and Principals to meet every second month and Principals and Advisor to the Board to meet in the intervening months. A very positive meeting was held on 4 March with the Principals of Glasgow Kelvin College, City of Glasgow College and the Depute Principal of Glasgow Clyde College.

3.2 Glasgow Colleges' Strategic Partnership (GCSP)

The Chair was advised on 26 February that the GCSP would no longer exist in its current form having served its purpose and in particular proved very effective in progressing the Curriculum and Estates Review. The Colleges will continue to work together and with the GCRB around areas of shared interests and where collaboration is in the best interests of the students of Glasgow. These groups may be short life in nature or project specific.

As the GCRB Committee structure becomes operational this will provide the governance structure into which senior College staff will report and the need to establish communities of interests may emerge. An example of this is the work of the newly established Student Support Working Group, which seeks to report into and support from the Performance and Resources Committee, as set out in a separate report on this agenda.

4. Financial Memoranda between GCRB and Glasgow Kelvin, Glasgow Clyde and City of Glasgow College

4.1 The draft FM for assigned colleges and the regional strategic body was released by SFC on 9 December 2014. SFC wrote to the GCRB on 11 December requesting that we work alongside the colleges to develop a 'local' FM by 20 February 2015. This was the first time that the Colleges had seen this template FM and there were a significant number of queries raised initially directly with SFC by the colleges. These were answered on 27 January. The GCRB also had a limited number of queries, which have all been addressed.

4.2 The Advisor to the Board then worked directly with each college to understand their concerns and comments and to seek to address these through amendments to the draft FM. All of these amendments were pulled together and the final version was agreed last week by all of the colleges subject to the agreement of the GCRB and the approval of the SFC. Further detail is set out in the separate report on this topic at agenda item 6, paper BM5-C.

5. Fundable Body Status

5.1 As the Board is aware 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). I have attached an annotated version of the FBS criteria to this report in order that Board Members are fully aware of progress (appendix 1).

5.2 Members are aware at the end of November the Advisor to the Board suggested that a joint project team be established with SFC to monitor progress on achieving Fundable Body Status (FBS). This group met on 18 December 2014 and 3 February 2015 with the last meeting on 2 March 2015 being cancelled at the request of SFC with a telephone discussion suggested as an alternative.

5.3 At the meeting on 18 December 2014 it was discussed that a more realistic date for the achievement of FBS would be August 2015. This is a matter to be discussed and agreed by the Board under agenda item 12, paper BM5-J.

5.4 On 3 February 2015 we asked the SFC to confirm whether they are content with the information we have provided to satisfy the criteria so that we are clear whether or not we have satisfied the various criteria and where further work is required. Feedback on a criteria by criteria basis has not been received to date.

5.5 Key areas where progress is required as a priority are as follows:

SFC Criteria	GCRB progress
Criteria 2 – Board Operation	
Are Board members clear on the division of responsibilities between the Chair and Chief Officer? Are respective roles clearly documented?	Appointment of a Chief Officer to be known as the Executive Director. This issue will be covered elsewhere on the agenda.
Criteria 5 - Financial management/Criteria 6 – Risk management	
There is a framework of policies and procedures to ensure safeguarding of public funds. Is there a documented risk management policy and procedure in place? Is this compliant with SPFM?	Action – JH working with College Finance Vice Principals to draft appropriate policies and procedures.
Criteria 7 - Internal audit function	
There is effective internal audit function for the regional Board. Internal audit plans are risk based and cover key areas of Board's operations. Internal audit reports are submitted to audit committee and Board.	Action – Chair of Audit Committee now appointed and undertaking full induction and familiarisation process. Membership of Committee to be agreed with Chair and Nominations and Remuneration Committee by 16 March. Early meeting of the Committee to be convened.

6. **City of Glasgow College (CoGC) and GCRB Support Services Agreement**

6.1 The Advisor to the Board has over the last few weeks had very positive discussions with the City of Glasgow College Principal, Depute Principal, Executive Director of Finance and the Executive Director of HR and the outcome of these discussions is as follows:

- The office of the GCRB will be relocated to CoGC as soon as is possible and no later than Summer 2016 to coincide with the opening of the new Cathedral Street Campus, where the office is to be located. The Principal is currently investigating availability of office space for use in the interim. This move has been discussed and agreed with the Principal of Glasgow Kelvin and the Depute Principal of Glasgow Clyde College;
- Back office support for GCRB's financial systems and payroll along with routine HR support will be provided by CoGC from the 1st April 2015;
- Once the office relocation has been carried out all ICT support will be provided by CoGC as will all ancillary office support such as catering, office services, print services etc;
- This proposal was discussed and approved at a meeting of the Principals, the Depute Principal of Clyde College and the Advisor to the Board on 4 March 2015; and
- We have discussed in outline a Memorandum of Understanding or similar which would govern the arrangement for the provision of services. This will be developed by both parties, following the Board's approval of these proposals. Due to the de minimis level of services to be provided in the short term there will be no recharging arrangements. However, there will be further discussion with all of the colleges as to how this will operate when the GCRB is located within CoGC and the range of services is more significant.

6.2 We are extremely grateful to the Principal of Glasgow Caledonian University for her support and the support of her staff in the provision of accommodation and support service to date. We are also grateful to the Principal of Glasgow Clyde College and her Director of HR for their support in relation to payroll and for agreeing to support the employment arrangements for the GCRB Executive Assistant.

6.3 The Advisor to the Board updated the SFC on progress made to date on this workstream at a meeting with John Kemp and Linda McLeod on 23 February 2015.

7. **Finance and Funding Performance Framework**

7.1 As members are aware Riona Bell, reported to the Board on 8 December 2014 with a draft project plan to design financial, funding and performance reporting systems for the GCRB and the Region. This report had been agreed in principle by the College Principals. The Board approved the direction of travel and requested that further work be done to translate the proposal in to an operational model.

7.2 SFC met with College representatives in early January and a productive handover meeting was held with GCRB staff on 4 February 2015. The project is now being taken forward collaboratively by the Colleges and the GCRB, with support from Linda McLeod in the Scottish Funding Council. A further meeting is in the process of being convened.

7.3 A copy of the agreed project plan is attached for the Board's information (appendix 2). As per the Board's decision in December 2014 this project should report in to the Performance and Remuneration Committee to be formed following the decision of the Nominations and Remuneration Committee and the Board on 16 March 2015.

8. Glasgow Application and Support System

8.1 Good progress has been made which is the subject of a separate report and presentation at agenda item 10, paper BM5-I.

9. GCRB Staffing

9.1 After considerable discussion we are again on the point of advertising the post of Executive Director. This post has been externally evaluated via Colleges Scotland who are managing the recruitment process for the Board.

10. Risk Analysis

10.1 The Advisor to the Board reported in her update report to the Board in December that:

> *For GCRB to achieve fundable body status and to be in a position to conduct its statutory role heavy reliance is being placed on the cooperation of the assigned Colleges, and to some extent SFC, through an effective communications and relationships framework. Not unsurprisingly negotiations over the new relationship structure are sensitive and it is taking time to implement There is a risk that the new structures are not sufficiently developed to enable GCRB to function as a fundable body from end March 2015. There is also a longer- term risk that the structures do not provide GCRB with sufficient independence to fulfil its statutory roles.*

Relationships between GCRB and the assigned colleges are now very positive and productive, as demonstrated by the excellent progress made recently and set out in this report. This new productive relationship model and the collaborative work already underway will ensure positive progress is made towards FBS by August 2015, subject to the agreement of the Board.

10.2 The risk of not having an FM in place, as identified in the report to the Board in May on establishment (BM1-A) and in all subsequent reports to the Board, should be removed very shortly on the basis that the Board and the SFC approves the FM in early course.

11. Legal Implications

    11.1   Contained within the body of the report.

12. Financial Implications

    12.1   Contained within the body of the report.

13. Equalities Implications

    13.1 Any equalities implications will be considered within the discrete projects narrated above e.g. the applications project and the recruitment exercise.

Governance Checklist for GCRB

Purpose

The purpose of this assessment is to establish whether the regional strategic body (RSB) meets the criteria for direct funding by SFC. Although the 2005 Act sets out the criteria for fundable body status for incorporated colleges, there are no equivalent criteria specified in the legislation for RSBs. The guidance issued by the Scottish Government (College Reforms and the Post-16 Education (Scotland) Act 2013) states that it is an operational matter for the SFC to determine when a Regional Board should be funded by it. This involves SFC making a judgement as to whether a Regional Board is in a position to administer effectively the funding for its assigned colleges. In order to assess the robustness of the governance and financial management at the RSB, SFC has developed this checklist against which the Board's processes can be measured.

Assigned colleges will not be removed from Schedule 2 of the 2005 Act (the list of fundable post-16 education bodies) when they are assigned to the RSB. The colleges will not be removed from this schedule before SFC is satisfied that robust arrangements are in place at the RSB for administering the funding to colleges. Until the colleges are removed from Schedule 2, SFC can continue to fund the colleges directly, administering the payments as directed by the RSB.

Method and Approach

The attached Governance checklist will form the basis of the governance review. The checklist comprises the following sections:
- Board composition
- Board constitution and operation
- Board committee structure
- Board strategic planning

- Financial management
- Risk management arrangements
- Internal audit function
- Oversight of assigned colleges
- Board effectiveness

For many of the listed criteria, the evidence will comprise an appraisal of the relevant documentation identified in the checklist. In some cases (eg conduct of board meetings) it will be necessary to supplement the documentation review with oral evidence and observation. We propose obtaining such evidence by:

- Interviewing the Chair and a sample of independent Board members
- Interviewing the Chairs of the assigned colleges
- Attending one Board meeting as observers

As the Board is a new body it will be necessary to allow time for governance systems and procedures to bed down. A reasonable time will be allowed to build up a body of evidence for our review and we expect this to be a minimum of 8 months to 31 March 2015.

Section 1 Board Composition

SFC success measure:

The Board members have the necessary skills and expertise to fulfil their roles, including having a comprehensive induction. The relative responsibilities of the Board and the executive are understood and Board members are not involved in day to day management of the region. Members understand the statutory responsibilities of the Board in relation to assigned colleges and the region, and the relationship with stakeholders, including SFC

Key questions	Source of evidence	Measure of meeting principle	Findings	Assessment
Does the composition of the Board conform with the legislation?	*List of Board members compared with requirements of legislation*	*No fewer than 15 members* *Chair*		
		Chair of each assigned college (3) *Teaching staff member* *Non- teaching staff member* *Student members (2)* *10 others appointed by Board* *Participation of assigned college principals (unless chairing member*		

Comment [WO1]: List of members sent

		decides otherwise)		
Does the composition of the Board represent an appropriate balance of skills and expertise?	List of Board members with biographies. Evidence of understanding of issues at Board meetings Review of effectiveness	Review range of skills and experience - consider whether key skills and expertise are present in Board. Evidence that across membership there are people with experience in: Further education Finance Estates Human resources Comparison with skills matrix prepared for board appointments Board members meet criteria set out in draft SG guidance on College sector Board appointments 4.17 - 4.20		

Comment [WO2]: Biographies sent for all members

Comment [WO3]: BB attended 15 Dec board meeting

Section 2 : Board Constitution and Operation

SFC success measure

The business of the Board is conducted in an effective manner. The Board deals with strategic management and oversight of the region and is not involved in day to day management. Decisions are made after appropriate deliberation and discussion and with good quality supporting board papers. Proceedings of the Board are documented fully in the minutes which are made available to the public.

Key questions	Evidence	Measure of meeting principle	Findings	Assessment
Does the Board have a constitution which complies with the principles of good governance set out in the Code of Good Governance for Colleges	*The Constitution*	*Review constitution against FE Code of Good Governance* *Constitution will cover key areas of:* *Legal status* *Appointment of board members* *Board Powers* *Board Proceedings* *Frequency of meetings*		
Are there standing orders setting out how the Board will conduct its business?	*Standing order documents* *Evidence of proper conduct of meetings*	*Should cover:* *Notice* *Quorum* *Conduct of meetings* *Review board agendas /minutes*		

Comment [WO4]: Constitution sent after approval at August meeting

Comment [WO5]: Board Regulations sent after approval at August meeting

Comment [WO6]: BB attended 15 December meeting

		and ensure compliance with standing orders.		
Is there a formal Code of Conduct for Board members?	*Code of Conduct adopted by Board* *Evidence of proper conduct of meetings* *Review of effectiveness*	*Code of conduct is approved by Scottish Government. (SPFM)* *Incorporates :* 1. *Duty/Public Service* 2. *Selflessness* 3. *Integrity* 4. *Objectivity* 5. *Accountability & Stewardship* 6. *Openness* 7. *Honesty* 8. *Leadership* 9. *Respect* *Observation*		
Have the Board members received a comprehensive induction to their role? *Is there an ongoing training and development programme for board*	*Details of Board induction process* *Evidence of knowledge exhibited during Board discussions*	*Covers roles and responsibility of board, role of board member, legislative framework, accountability, key risks facing Board.*		

Comment [WO7]: Code of Conduct sent following adoption at May meeting

Comment [WO8]: BB attended 15 Dec meeting

Comment [WO9]: Details sent re individual meetings with Chair and Advisor, joint May meeting, tours of college campuses, documentation sent. Follow up query addressed, stating induction is ongoing including ROA session, Governance Conference

Comment [WO10]: BB attended 15 Dec meeting

members?				
	Board questionnaire *Interview with Board members*			
Is there a scheme of delegation in place, including matters reserved for the Board?	*Scheme of Delegation and reserved matters* *Agendas*	*Ensure that key matters reserved for the board include budgets, assigned college allocations, strategic plans, financial statements.* *Review agendas* *At end of year confirm matters reserved for the Board were properly dealt with*		
Are Board members clear on the division of responsibilities between the Chair and Chief Officer? Are respective roles clearly documented?	*Delegated limits* *Reserved business* *Review of effectiveness*	*Discussion with Board members* *Observation during Board discussions* *Board questionnaire* *Interviews with Board members*		
Is the role of Secretary to the Board clearly set out	*Job description of Secretary*	*Secretary should be independent of operational matters.*		

Comment [WO11]: Individual member interviews completed Feb/March 2015

Comment [JH12]: Draft scheme prepared and put on hold pending staffing implementation

Comment [WO13]: Agendas and papers for all meetings sent and available on GCRB website

and appropriately independent?	*Evidence gathered by SFC staff attending Board meetings*			
Does the Board Secretary have the appropriate skills and experience?	*Skills and experience of secretary*	*Review job description*		
	Evidence gathered by SFC staff attending Board meetings	*Includes prior experience of being secretary in a public body.*		
		Interview board members		
Are there appropriate arrangements for agenda setting, circulation of papers and minute-taking for Board meetings?	*Standing orders and procedures*	*Board members have opportunity to put items on agenda.*		
	Agendas	*Agenda focuses on strategic issues*		
	Board minutes.	*Members are given adequate notice and papers sent at least one week prior to meeting.*		
	Evidence gathered by SFC staff attending Board meetings	*Quality of papers is sufficient to enable effective decision-making. Papers are clear on what decisions are required and the related impact on risk, finance, equality impact.*		
	Board questionnaire			
	Interviews with Board members			

Comment [JH14]: Set out in role description for Advisor to the Board

Comment [JH15]: Role currently being undertaken by Julia Henderson who is a lawyer and has an Institute of Chartered Secretaries qualification in addition to significant experience in College and other sectors

Comment [JH16]: BB attended 15 Dec meeting

Comment [WO17]: Board regulations sent following approval at August meeting

Comment [WO18]: Agendas for all meetings sent and available on GCRB website

Comment [WO19]: Minutes sent and available on GCRB website

Comment [WO20]: BB attended 15 Dec meeting

Comment [WO21]: Interviews took place Feb/March 2015

		Minutes give reasonable detail of discussion and clearly identify decisions made. Evidence of long term agenda setting Interviews with board members Observation at board meetings		
Are Board meetings scheduled to be held regularly?	*Schedule of board meetings*	At least four per annum		
What measures has the Board adopted to promote openness and transparency in its functions?	*Publication scheme* *Website*	*Premise should be to publish all agendas, papers and minutes.*		
Is there a register of interests for board members and senior staff? Is it publicly available?	*Register of interests* *Declaration of interest at board meetings*	Review Register of interest to ensure completed for all members, publicly available and reviewed regularly. No evidence of conflict of interest. Board minutes indicate appropriate		

Comment [WO22]: Schedule of meetings sent for session 2014/15

Comment [WO23]: Publication scheme sent and available on GCRB website

Comment [JH25]: All approved minutes and papers are published asap post Board meetings

Comment [WO24]: Website set up and all documents published.

Comment [WO26]: Register of interests complete for all members and available on website

Comment [WO27]: Item on all board agendas

		declarations made at outset of any conflict.		
Is there a gift and hospitality register which is being regularly updated?	*Register of hospitality*	*Review register*		

3. Board committee structure

SFC success measure

Appropriate delegation of work to committees has been achieved. Committees are clear on their purpose and have members with appropriate skills. Committee minutes are fully minuted and there is regular reporting to the Board.

Key questions	Evidence	Measure of meeting principle	Findings	Assessment
Does the Board have an effective committee structure?	*Committee structure*	*As a minimum we expect Board to have audit, remuneration, nomination committees.* *Interview with Board members*		
Are there terms of reference for all committees?	*Committee terms of reference*	*Should clearly set out the responsibilities and membership of the committees and how the work will be reported to the Board.* *Compare with model terms of reference*		

Comment [WO29]: Terms of reference sent.

Comment [WO30]: Terms of reference sent

Is the mix of members on board committees appropriate?	*List of members*	*Lay majority and members with key skills to suit work of committee* *Audit committee members include one with financial background*		
Are committees scheduled with adequate frequency and in line with Board meetings?	*Timetabling*	*Committee business reported promptly to main Board*		
Does the audit committee comply with SG Audit committee handbook requirements?	*Audit committee terms of reference* *Membership* *Agendas* *Minutes of meetings* *End of year report*	*3 independent members* *One of the members to have recent and relevant financial experience* *Meeting 4 times per year*		

Comment [JH31]: To be sent post Nominations and Remuneration Committee and Board approval on Monday 16 March 2015

Comment [JH32]: New audit chair bio sent to SFC Feb 2015.

Comment [JH33]: This has been clearly demonstrated by the timetabling and reporting of the N&R Committee. Evidence to be sent to SFC.

Comment [JH35]: See comment 30 above

Comment [WO34]: Terms of reference sent

Comment [JH36]: See comments 31 above

4. Board strategic planning

SFC overall measure

Board processes are in place to ensure effective planning across the region to meet the agreed ROA outcomes. There is appropriate input from assigned colleges and the expected ROA contribution from each college is fully documented. There is regular reporting of progress against plans.

Key questions	Evidence	Measure of meeting principle	Findings	Assessment
Does the Board have adequate planning processes to determine the regional objectives and to monitor their achievement?	*Strategic planning Procedures.* *Strategic plan.*	*Review of procedures and plan* *Evidence of discussion with assigned colleges and key stakeholders.* *Clear strategic objectives enabling development of coherent policies.* *Links with outcome agreements and Scottish government priorities*		

Comment [WO37]: Timeline for strategic plan consultation and development sent.

		Clear reference to specific duties in legislation and reporting thereon.		
Are there procedures in place to monitor performance against plan?	*Performance management framework*	Review performance management framework		
		Regular reporting of performance to date and expected outturn in terms of achieving ROA. Clear plan of action when performance targets not being met. KPIs identified and monitored.		

> **Comment [JH38]:** Action plan for GCRB Financial, Funding and Performance Reporting Systems will address this,

5. Financial management

SFC overall measure

Board executive includes people with professional finance skills. There is a framework of
policies and procedures to ensure safeguarding of public funds. The Board receive regular financial updates incorporating the
regional financial position and projected outturns, including resource management under ONS

Key questions	Evidence	Measure of meeting principle	Findings	Assessment
Does the Board have financial regulations and procedures approved by the Board?	*Financial procedures and regulations*	*Review of procedures documentation to ensure all key systems covered.*		
Does the Board have a comprehensive financial sustainability strategy?	*Financial strategy*	*Comprehensive strategy which links to other plans. Financial targets set and monitored, reported to relevant committees and Board.*		
Does the institution have a VFM strategy approved by the Board?	*VFM strategy*	*Encompasses objectives, responsibilities, how this will be achieved*		
Does the Board receive regular consolidated financial reports?	*Financial reports received by Board*	*Should include comparison with budget, variance analysis,*		

Comment [JH39]: See comment 41

Comment [JH40]: See comment 41

Comment [JH41]: Working with CoGC and other colleges to develop all of the above

Comment [JH42]: Received at December Board Meeting and rolling requirement set out in **Action plan for GCRB Financial, Funding and Performance Reporting Systems**

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		outturn.		
What is the status of the personnel /outsource agency responsible for finance?	*Arrangements of financial services provision and qualifications of those involved.*	*Good quality financial reports and variance analysis. Consideration of budget, actuals, forecasts.*		

Comment [JH43]: COGC to provide this and SFC to be formally advised post decision at Board meeting on 16 March

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6. Risk management arrangements and internal control systems

SFC overall measure

The Board has an effective system in place for identification and management of key risks and ensures the operation of a sound system of internal control.

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Key questions	Evidence	Measure of meeting principle	Findings	Assessment
Is there a documented risk management policy and procedure in place? Is this compliant with SPFM?	*Risk management policy and procedures.*	*Evidence of compliance with documented procedures*		
	Audit review			
Is there a risk register outlining the key risks of the Board?	*Risk register*	*Register should identify key risks , details of mitigation and ownership*		
	Audit review			
Does the Board set the risk appetite for the region?	*Risk Appetite Statement*	*Review risk appetite statement*		
		Evidence of Board involvement in the identification of risks and their linkage to strategic planning		
Is the Board's oversight of risk appropriate and adequate?	*Board papers dealing with risks* *Consideration of discussions at*	*Key risks are identified and clear ownership. Mitigation identified and assessed.*	*.*	

Comment [JH44]: See comment 41 above

Comment [JH45]: To be developed in line with Strategy and Board Workshop to be arranged April/May

Comment [JH46]: See comment 45 above

Comment [WO47]: All Board papers include risk analysis statement

	Board meetings			
	Board questionnaire	*Evidence of Board understanding of key risks.*		
	Interview with Board members	*Evidence of Board/executive training on risk management*		
		Regular reporting of key risks to the Audit committee and Board and evidence of appropriate discussion.		

Comment [WO48]: BB attended 15 Dec board meeting. Board asked for sight of COGC new build risk register as example

Comment [WO49]: Interviews completed Feb/March 2015

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7. Internal audit function

SFC overall measure

There is effective internal audit function for the regional Board. Internal audit plans are risk based and cover key Areas of Board's operations. Internal audit reports are submitted to audit committee and Board.

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Key questions	Evidence	Measure of meeting principle	Findings	Assessment
Has the Board appointed internal auditors?	*Letter of appointment* *Terms of reference*	*Internal audit responsibilities should be clear.* *Regular reporting to Board* *Follow up of recommendations* *Annual internal audit report*		
Has a strategic and annual plan been prepared?	*Review of audit plan*	*This should be risk based. Ensure covers core financial areas if required.*		

Comment [JH50]: This will be addressed with urgency by the new Audit Committee membership of which will be confirmed by the Board on 16 March

8. Oversight of regional colleges

SFC overall measure

The Regional Board has the capacity to perform the statutory functions in respect of assigned colleges. This encompasses:

1. Allocation of regional provision across colleges, having regard for the new requirements under the 2005 Act
2. Monitoring of delivery of provision
3. Allocation of grant to colleges
4. Monitoring of financial health of colleges
5. Assurance on internal control

We have sufficient assurance over use of funds in the region and assigned colleges to fulfil the SFC's Accountable Officer's obligations for the sector funds under the Public Finance and Accountability (Scotland) Act 2000

Key questions	Evidence	Measure of meeting principle	Findings	Assessment
Does the Board have an appropriate Financial Memorandum (FM) with its assigned colleges?	*FM between the Board and assigned colleges*	*Review agreed FM* *Annual statement of compliance with FM*		
Does the Board have an agreement with each assigned college setting out expected activity levels and outcomes in the	*Funding agreement between regional board and assigned colleges.*	*Outcome agreement managers confirmation of suitable*		

Comment [JH51]: Subject to Board and SFC sign off this has now been agreed.

current year?	*Information from outcome agreement managers re setting of regional and assigned college activity levels.*	*arrangements for setting regional and individual college activity.* *Agreed methodology /policy for assigned college funding.* *Clearly documented targets for each college with financial allocations.* *Memorandum of understanding/service level agreements for any shared services*		
Does the Board have procedures in place to monitor delivery of the agreement during the year and assess performance on an annual basis?	*Procedures for monitoring assigned college performance.* *Performance reports* *Monitoring at Board*	*Regular reporting to Board of delivery against plan.* *Board review of quality* *Outcome agreement*		

Comment [JH52]: Contained in 15/16 ROA to be agreed by GCRB and assigned colleges

Comment [JH53]: Set out in the agreed **Action plan for GCRB Financial, Funding and Performance Reporting Systems**

	meetings Information from outcome agreement managers re monitoring of regional and assigned college activity levels	managers' confirmation of suitable arrangements for monitoring regional and individual college activity.		
Are the colleges required to submit periodic financial reports to the Board?	*Procedures for monitoring financial health of assigned colleges.* *Discussion at Board meetings* *Financial reports from Colleges* *College forecasts* *WGA return*	*Detailed financial reports from each college at each Board meeting.* *Variances identified, explanations sought and followed up.* *Forecast FFR for each college and consolidated position.* *Annual accounts submitted to Board for consolidation* *Resource returns reviewed by Board*		

Comment [JH54]: Action plan for GCRB Financial, Funding and Performance Reporting Systems

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Appendix 1

9. Board effectiveness				
SFC overall measure Board regularly undertakes as assessment of its own effectiveness				

Key questions	Evidence	Measure of meeting principle	Findings	Assessment
Does the Board have processes in place to measure its own effectiveness?	*Board process for measuring and reporting on effectiveness*	*Review process and any output from effectiveness reviews undertaken.*		

Comment [JH55]: Agreed with Chair of N&R that Annual Board and self assessment process will be undertaken in August 2015

Action plan for GCRB Financial, Funding and Performance Reporting Systems

There was a report to the December GCRB Board meeting prepared by Riona Bell the Director of Funding for SFC following her secondment to the Glasgow Region which provided a series of recommendations in relation to GCRB financial, funding and performance reporting systems. It was agreed at the Board that these recommendations be taken forward to establish the reporting framework for the Regional Board.

Since the December Board there have been some discussions on the actions required to achieve the reporting framework involving representatives from SFC including Riona Bell and Linda McLeod, plus representatives from each College and the GCRB adviser with the aim of developing an action list with timelines and responsibilities. Within these discussions it was agreed to help in taking the recommendation forward it would be best to group them into the following categories – principles, governance/setting up, planning, funding, monitoring and finance.

This grouping has been done below in the action plan where the first column indicates the original recommendation grouped under each category and the remaining columns provide the update position and required timescale and responsibility for progressing each of the actions. There were twenty one recommendation points in the report to the Board in December and these points have been grouped in the action plan into three principles, two relating to governance/setting up, two relating to planning, six relating to funding, two relating to finance and six relating to monitoring.

The action plan will be taken forward as indicated in the timescale and responsibility columns with the key GCRB reporting routes being to the Performance and Resources Committee and to the GCRB meetings.

Agreed Principles
1. Wherever possible, information for GCRB should be drawn from information produced for the colleges' own boards and committees
2. The individual college boards will be responsible for approving their own budgets

3. Management information prepared by individual colleges should provide the basis for accurate timely information in order for the GCRB to monitor the ongoing financial performance of the assigned colleges

Action Plan for GBRB Financial, Funding and Performance Reporting Systems

Recommendation Points by Category from Original Report to Board in December 2014	Comment/Action as per follow up discussions	Timescale	Responsibility/ Lead
Governance/ Setting Up i) A data sharing agreement should be put in place ii) GCRB's system of internal control should be documented so that staff are aware of relevant procedures and to facilitate audit, and to provide evidence for the annual assurance statement that has to be provided to the SFC Accountable Officer	Data sharing agreement between GCRB and Colleges to be set up. Consider available templates as starting point. Internal control system for GCRB to be documented. Finance Group to consider existing procedures/regulations which can be developed for the Region.	March/April 2015 March/April 2015	GCRB Adviser/ Colleges GCRB Adviser/ Colleges Finance Group
Planning i) GCRB, in signing up to its ROA, needs assurance that the planned outcomes will meet the needs of the region, and targets will be deliverable by the colleges through their individual plans ii) In approving its ROA, GCRB needs to be provided with assurance that a) the ROA	Draft ROA to be ready in December and final ROA to be approved by GCRB Board in February each year. Financial planning implications of ROA to be considered (starting from October each year)	February each year October to February each year	Colleges L & T Group/GCRB Adviser Colleges L & T Group and Finance Group

meets SFC's requirements, b) it is consistent with its view of the regional context, c) it is consistent with the Regional Board Strategic Plan, d) due consideration has been given to the statutory 'have regard to…' matters, e) the colleges are in agreement to delivering their share of the ROA (including conditions of grant), and they have been given, and accepted, their specific share of the regional targets	Consideration in future of targets from GCRB strategic plan and how these will be linked and monitored through the ROA	At SFC ROA guidance stage	GCRB Adviser/SFC Regional Officer/ Colleges L & T Group
Funding i) GCRB needs systems for allocating grants, for securing payment of grants to its colleges and for monitoring compliance with conditions of grant ii) It will be GCRB's responsibility to allocate funds to the individual colleges from the regional total iii) SFC should provide GCRB with an indicative allocation for each college within the region for teaching and fee waiver grant and student support using input information provided by GCRB iv) Parameters, for college funding allocation, should be the product of discussions between SFC, GCRB and the colleges, held during the ROA development process, that will include	SFC indicative funding for the Region received end January 2015. For 2015/16, as GCRB does not have fundable body status then funding will be based on SFC indicative funding allocations to individual colleges. Meeting of GSCP L & T and Finance Groups with SFC held 18th February which provided and option of outline individual College allocations based on series of assumptions and some averaging of options. Final allocations are yet to be agreed. GCRB to be kept informed of all discussions and SFC to formally advise GCRB. GCRB SFC funding allocation process for	March/April 2015	Colleges Finance Group/ L&T Group/ SFC/ GCRB Adviser

	the agreement of regional and individual college targets and contributions to efficiency gains	future years to be agreed. Early discussions to take place in line with ROA discussions in October, to consider funding allocations for 2016/17 and beyond. For future years discussions to take place with GCRB Performance and Resources committee	October to February each year	GCRB/Colleges / SFC
v)	In deciding on allocations from the regional total to the colleges, GCRB will need to have regard to financial sustainability of the colleges			
vi)	GCRB will need to make a formal offer of funding to its colleges, and the colleges will be required to confirm that they accept the funding, undertake to deliver their share of the ROA and will comply with the associated conditions of grant	Financial transition plan to be drawn up for next three years to be considered by Performance and Resources Committee	June 2015	GCRB/Colleges
		For future years SFC Indicative Regional Allocations in January (including indicative allocation by College). Final allocations to be agreed by end February. ESF funding allocations also to be agreed by February each year	February each year	SFC/ GCRB/Colleges
		SFC will act as agent of GCRB for processing monthly funding transfers directly to Colleges once GCRB has fundable body status (assumed position at this stage)	Ongoing once fundable body status achieved	SFC/GCRB
Finance				
i)	The budget for the GCRB will reflect the planned expenditure for the Regional Board's	Regional Board budget reporting to be set up. Ongoing reporting to be resourced.	March 2015	TBC. 1 day per week

own overheads and staffing costs, and the amount of grant required in order to meet those costs, and should be approved by the GCRB board ii) In addition to reports from the activity of its own internal audit function, the annual summary report on internal audit of assigned colleges should be presented to GCRB, and the individual internal audit reports should be available for GCRB to access	Internal auditors to be appointed and plan for regional IA to be submitted to Audit Committee	TBC	estimated in original report. GCRB
Monitoring i) GCRB will require (efficiently provided) information on delivery against ROA outcomes, on quality of provision at the colleges, and on their financial position, with appropriate assurance on the quality and reliability of this information ii) GCRB should receive a ROA monitoring report on KPIs for learning and teaching based on the quarterly FES return to SFC iii) A full evaluation of the hard and soft targets in the ROA, in the form of a self-evaluation report, is required by SFC at the end of October each year. The regional evaluation should be approved by the college boards as well as the regional board iv) GCRB should receive for noting a copy of each college's annual quality report to SFC	GCSP L & T Group and Finance Group to establish ROA and finance reporting formats for GCRB and own colleges to calendar of meetings. Reports will include Glasgow and individual targets and most reports will be submitted to the Performance and Resources Committee. Quality reports to be circulated to GCRB Regular reporting on wider CAER implementation plan to GCRB (Comment: Potential to have same single report format for combined Colleges going to Region and to individual Colleges	March/April 2015 December each year Each GCRB meeting as appropriate	Colleges L & T Group and Finance Group Circulated by Colleges when available Colleges Learning & Teaching Group

v) Regular updates based on the management reports from each of the assigned colleges will assist the GCRB in its responsibilities to ensure the regional colleges are well managed and financially sustainable vi) The region's Estates Workgroup should provide a regular summary report on progress on the Curriculum and Estates Plan to the Performance and Resources Committee, with further details available if required	around same time. Suggested that ROA self evaluation date can be more flexible and done in draft to SFC in November before reporting final to GCRB Board in December)		