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## Audit and Assurance Committee

Date of Meeting	Tuesday 30 May 2023
Paper Title	Report on Compliance with Code of Good Governance
Agenda Item	11
Paper Number	AAC4-F
Responsible Officer	Board Secretary
Recommended Status	Disclosable
Action	For Decision

### 1. Executive Summary

- 1.1. To provide the Audit and Assurance Committee with a basis on which to advise the Board on GCRB's compliance with the Code of Good Governance (the Code) during the past year.

### 2. Recommendations

- 2.1. The Committee is invited to consider the report and **agree** any advice or recommendation to the Board in the context of reporting on compliance with the Code within the Corporate Governance Statement in the Annual Report. A draft statement is included (item 5.0 below) for the Committee's agreement and recommendation to Board.

### 3. Background

#### 3.1 The Code requires that:

***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.***

**3.2** A revised Code of Good Governance was issued in September 2022. The Board received a briefing on changes and implications for compliance at its January 2023 meeting. No compliance concerns were identified in the report or raised by the Board. A revised Code of Conduct was also adopted in 2022. There have otherwise been no significant changes in the Board's governance arrangements between May 2022 and May 2023 and no new points of non-compliance have been identified as having arisen during that period.

**3.3** The Board's annual self-evaluation, completed annually in January/February, is based on the Code of Good Governance. This took the form of a checklist in previous years but Members reported finding a checklist approach unhelpful and chose instead to adopt an approach that allowed for more in-depth qualitative feedback on key areas of governance while still aligning questions with each section of the Code.

**3.3** Following the 2022/23 evaluation questionnaire, the following points are intended to reflect ways in which the Board has applied the principles of the Code of Good Governance during the period of the report, in accordance with the requirements set out in the above extract. Section headings and grey text are taken from the Code.

**3.4** It should be noted that the ongoing regional review has hampered the Board's progress in relation to strategic planning and some other areas to which the principles apply. Feedback to the Board's performance survey in January articulated Board Members' frustration at the protracted uncertainty about future regional structures.

### 4. Compliance with the Code of Good Governance

#### Section A: Leadership and Strategy

##### Conduct in Public Life

**4.1** Having undertaken training prior to adoption of the revised Code of Conduct last year, the Board received a further briefing on material changes in January 2023. The Board's Standing Orders were discussed at that meeting and subsequently reviewed to incorporate the new Code's requirements. Responses to the Board's self-evaluation questionnaire showed a high degree of confidence in the Board's compliance with the Code of Conduct.

## **Vision and Strategy**

- 4.2 The Board is responsible for determining the organisation’s vision and strategy and the strategy of its Assigned Colleges. As noted under 3.3 above, while the Board awaits a decision on the region’s future, longer term strategic planning remains challenging. The Board has, however, continued to consider an evolving shorter-term strategic plan at each of its meetings, with a view to potentially moving to a transitional plan once a decision on the region’s future is made. It has maintained its focus on existing strategic projects including the Programme of Action, as well as the Regional Outcome Agreement.

## **Performance**

- 4.3 Establishment of a comprehensive performance measurement system as described in the Code is dependent on the establishment of a longer-term strategic plan. At its recent May meeting the Board considered an interim plan that included strategy trackers. Appropriate monitoring arrangements remain in place including routine progress reports on the ROA and Programme of Action to the Performance & Resources Committee and to Board.

## **Corporate Social Responsibility**

- 4.4 GCRB’s Programme of Action is a dedicated project fund with a particular emphasis on activities that deliver direct benefits to students. Current projects include Action for Children, ESOL and Mental Health Support. A dedicated GCRB Environment and Sustainability post supports a coherent and coordinated approach to regional environment and sustainability action.
- 4.5 The Board approved a development plan at its May meeting that included further training on Equality and Diversity in the coming year.
- 4.6 In its own membership, the Board continues to seek to reflect the diversity of the community it serves. The overall membership remains evenly balanced in terms of gender.

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

### **Student Engagement**

- 4.7 The Board introduced student reporting as a standing item on its agendas a few years ago and continues to value student input at board and committee meetings both from the student members and the Chair of the Glasgow Colleges Regional Student Executive. All three were offered and accepted mentoring support from a more experienced non-executive board member in 2022-23.

## **Section C: Accountability**

### **Accountability and Delegation**

- 4.8 Responses to the recent evaluation survey showed a high degree of confidence in the Board's fulfilment of its statutory responsibilities, decision-making and accountability structures.
- 4.9 The recent review of the Standing Orders has clarified and strengthened several of the Board's arrangements including those for the timely circulation of minutes, for ensuring a minimum 50% non-executive participation in decision-making, and for urgent decision-making.
- 4.10 Both the Nominations & Remuneration Committee and Performance & Resources Committee reviewed their terms of reference and recommended some changes which were approved at the last (May) board meeting. These changes clarified and strengthened aspects of the committees' remits and operation.

#### **Risk Management**

- 4.11 Respondents to the recent evaluation survey expressed a high level of confidence in the Board's risk management arrangements. Risk policy and procedures are reviewed routinely by the Audit & Assurance Committee, and the Board considers the risk register at each of its meetings. A full-board risk workshop led by the Internal Auditor is scheduled to take place in 2023.

#### **Audit Committee**

- 4.12 The Code's provisions were updated in 2022 to make specific reference to the Scottish Government's Audit & Assurance Committee Handbook. The GCRB Audit & Assurance Committee reviews its compliance each year using the Handbook's checklist, which serves as a check on compliance but also provides a basis on which to identify areas for improvement.

#### **Financial and Institutional Sustainability**

- 4.13 Throughout the year, the Board has continued to fulfil its financial oversight and reporting obligations including financial forecast returns and mid-year returns. The annual report and consolidated financial statements were reviewed at the January meeting. Internal and External Auditor reports have provided the Board with assurances on GCRB's financial management and controls.
- 4.14 The recent evaluation survey showed Members' confidence in GCRB's fulfilment of its responsibilities in this regard.

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

- 4.15 The Board has continued to comply with all principles in this section of the Code during the period of this report including those relating to induction and development.

#### **Governance Professional**

- 4.16 A suitably qualified interim Board Secretary was appointed to cover a period of sickness absence in 2022.

## Board Evaluation

- 4.17 Engagement in evaluation processes generally has been high in 2022-23, however, the Board has recognised that there is room for improvement in the response level to its annual evaluation survey (which amounted to 61% of members this year) and agreed to a review of arrangements for this element of evaluation during 2023.

## Section E: Relationships and Collaboration

### Partnership Working

- 4.18 Partnership working, both within the college region and with external partners has continued to be a focus, including through Board Member engagement in the regional Economic Review Group.

## 5. Statement of Compliance

- 5.1 The following draft Statement of Compliance for inclusion in the Corporate Governance Statement is based on the template provided previously in the Accounts Direction. Accounts Direction for 2022-23 reporting will be issued in July and any change to the template wording will be reflected in the final version. The words in italics are additional, to reflect that some principles apply only to college boards.

**GCRB complies with all the principles of the 2022 Code of Good Governance for Scotland's Colleges, *except where these apply only to college boards*, and has complied throughout the year ended July 2023.**

## 6. Risk and Compliance Analysis

- 6.1. This report supports mitigation of *GCRB Risk 0013: There is a breach of legislation/guidance/code of practice and this results in a failure of governance.*
- 6.2 There are no legal implications arising from this paper.

## 7. Finance and Resource Implications

- 7.1 There are no resource implications arising from this paper.

## 8. Equalities Implications

- 8.1. No equalities implications have been identified except where reference is made in the report to strengthening leadership in equality and diversity through training.

## 9. Learner Implications

- 9.1. Robust and compliant governance arrangements are essential to the effective delivery of GCRB's strategic objectives and the confidence of stakeholders in the organisation.