

Board Meeting

Date of Meeting	Monday 31 October 2015
Paper Title	Transition Planning for Fully-Operational Fundable Body Status
Agenda Item	8
Paper Number	BM2-E
Responsible Officer	Robin Ashton, GCRB Executive Director
Status	Disclosable
Action	For Information

1. Report Purpose

- 1.1** To highlight to the Board the extent of responsibilities for which GCRB will be held accountable once fully-operational fundable body status is achieved and to provide transition planning recommendations to ensure GCRB has the capacity to meet these obligations.

2. Recommendations

- 2.1** The Board is invited to:
- **note** the range of responsibilities to which GCRB will be held accountable once fully-operational fundable body status is achieved;
 - **note** the current capacity of GCRB to meet these fundable body status obligations; and
 - **agree** to the transition planning actions proposed intended to enhance GCRB capacity to meet its obligations.

3. Overview of GCRB fundable body status obligations

- 3.1** The Post-16 Education Act legislation, the Code of Good Governance for Scotland's Colleges and the Scottish Funding Council Financial Memorandum place on GCRB's a responsibility for a range of duties. These have been summarised overleaf under three broad areas.

1. Strategy Development and Learning and Teaching Related Responsibilities:

- securing coherent provision of high quality fundable further and higher education in its region through development and implementation of strategic and operational plans, including regional outcome agreements;
- having regard to the economic and social needs of the region (its skills needs, social inclusion needs and equalities needs) and to seek to improve the economic and social well-being of the region;
- ensuring the Board's strategic intentions are translated into plans, objectives and deliverable outcomes;
- holding the assigned colleges to account, including monitoring the quality of their provision and their contribution to regional outcome agreement commitments;
- promoting effective collaboration, communication and sharing of practice between the assigned colleges; and
- being accountable to the Scottish Funding Council for the above duties and reporting regularly to them on regional strategy development and delivery of learning and teaching.

2. Funding and Financial Management Responsibilities:

- funding the assigned colleges, monitoring their financial management and ensuring their financial sustainability;
- drawing down Scottish Funding Council funding and reporting on the use of this by the assigned colleges including:
 - monthly and annual cash flow returns
 - quarterly and annual resource returns
 - in-year Annual Managed Expenditure (AME) return
 - Whole of Government Accounts (WGA) return
 - Financial forecast return
 - Annual accounts return
- promoting or carrying out of efficiency studies;
- delivery of shared services;
- being accountable to the Scottish Funding Council for the above duties and reporting regularly to them on financial management of the region

3. Governance Responsibilities:

- developing, and maintaining an effective GCRB governance framework and structure
- Ensuring good governance and compliance, both internally for GCRB as an organisation, and with respect to the assigned colleges;
- monitoring the quality of assigned college governance, including evaluating the effectiveness of assigned college chairs;
- appointing its own Board members (with approval by Ministers) and appointing board members of the three assigned colleges
- approving the appointment and terms and conditions of the principal of assigned incorporated colleges.
- being accountable to the Scottish Funding Council for the above duties and reporting regularly to them on the governance of the region

3.2 It should be noted that whilst some of the above functions are responsibilities of the SFC which will pass to GCRB (such as administering funds or performance monitoring of colleges), a number of the functions are specific to regional bodies (for example, securing coherent provision in the locality of its colleges or promoting collaboration between the region's colleges).

4. Consideration of current GCRB Capacity to meet its responsibilities

4.1 When GCRB is granted fully-operational fundable body status and assigned colleges cease to be fundable post-16 education bodies, the SFC will lose most of its functions in respect of the assigned colleges, with GCRB being the accountable body.

4.2 Scottish Government guidance on the Post-16 Education (Scotland) Act 2013 and college reforms states that,

“The chief officer of a regional strategic body²⁶ will through the SFC’s Financial Memorandum with that body have responsibilities similar to many of those of Accountable Officers designated under the Public Finance and Accountability (Scotland) Act 2000. They will through this mechanism be directly accountable to the chief executive of the SFC for the proper use of funds the regional strategic body receives from the SFC.”

(College Reforms and the Post-16 Education (Scotland) Act 2013, Scottish Government, 2013)

4.3 When the Post-16 Education Act was being drawn up, the Scottish Government provided an estimate of staffing needs (and costs) of Regional Strategic Bodies to ensure that the board can administer effectively the funding it receives from the SFC and be held to account by the SFC for the delivery of agreed outcomes.

4.4 The Scottish Government estimated that the cost of a regional strategic body such as GCRB was likely to be around £430k for the recruitment of a chief officer, a finance officer and a regional curriculum lead. It was suggested by the Scottish Government that these costs could be met from current funding through the identification of regional efficiencies.

4.5 The current GCRB staffing consists of one Executive Director and one Executive Assistant. Annual costs are circa £225k and therefore significantly lower than estimated by the Scottish Government, and represent approximately 0.3% of regional core grant funding,

4.6 Due to the establishment of the regional college operational groups, it may be that some of the duties which the Scottish Government included within their estimate of regional board costs are being delivered by existing college resources. However, some aspects of GCRB responsibilities (particularly in the areas of finance and governance) require to be directly managed by GCRB.

4.7 Members should also note that the Board agenda for this meeting includes a proposal from the GCRB Nominations Committee that GCRB contract a company for the provision of governance services with an estimated cost of approximately £25k which will be in addition to current GCRB costs.

4.8 Given the range of responsibilities to which GCRB will be held accountable for once fully-operational status is granted, it is recommended that the capacity of GCRB to meet its statutory and other responsibilities is reviewed, alongside undertaking work to support the transition to fully operational fundable body status. It is proposed that this work initially focusses on the following areas of activity:

- a review by the Nominations and Remuneration Committee of GCRB staff capacity with a report on staffing options to be provided by the Committee to the Board at its next meeting;
- formation of a short –life working group involving representatives from SFC, GCRB and college executives to develop financial protocols and arrangements for funding draw down and allocation which fulfil GCRB’s accountabilities and which are efficient and avoid duplication;
- formation of a short –life working group involving Board secretaries and representatives from GCRB and college executives to identify enhancements to the alignment of GCRB and assigned college governance arrangements; and
- a review by the GCRB and college executive of the remits and responsibilities of regional operational groups (note that the 2016/17 ROA commits the colleges to this review).

4.9 Members are asked to consider and agree, subject to any amendment, the above proposals.

5. Risk Analysis

5.1 Management of the following risks identified by GCRB in its risk register is contingent on GCRB having the capacity to fulfil its specified responsibilities:

- If SFC is not satisfied with how GCRB has responded to its requirements for fully-operational fundable body status, GCRB’s ability to make a positive difference on the student experience in Glasgow might be constrained
- If key stakeholders lose confidence in GCRB, leverage of current and future partnership resources for delivery of the ROA will be impaired.
- If the assigned colleges lack confidence in the quality of GCRB’s governance, effective collaboration across the region will be impaired and GCRB’s ability to make a positive difference on the student experience in Glasgow might be constrained
- If staff across the region lack confidence in regional co-ordination of key change activities, collaboration will be ineffective.
- If GCRB is unable to improve its reputation, its ability to ability to make a positive difference on the student experience in Glasgow might be constrained
- The Regional Outcome Agreement is not appropriately aligned with local needs/ market intelligence and curriculum planning does not respond appropriately to regional needs.

6. Legal Implications

6.1 Section 3.1 above sets out the range of GCRB's statutory responsibilities.

7. Financial Implications

7.1 Achievement of fully-operational fundable body status will enable GCRB to assume its full financial responsibilities and accountabilities.

8. Regional Outcome Agreement Implications

8.1 Once fully-operational fundable body status is granted, the SFC will enter into an outcome agreement with a regional strategic body. Both that outcome agreement and the associated conditions of grant will form the basis of the regional strategic body's accountability to the SFC.