

Board Meeting

| | |
|---------------------|---|
| Date of Meeting | Monday 25 January 2016 |
| Paper Title | Fully-operational fundable body status |
| Agenda Item | 15 |
| Paper Number | BM4-K |
| Responsible Officer | Martin Fairbairn, Interim Chief Officer |
| Status | Disclosable |
| Action | For Discussion |

1. Report Purpose

- 1.1** To consider the current position with regard to achievement of fully-operational fundable body status.

2. Recommendations

- 2.1** The Board is invited to **note**:

- the contents of the Scottish Funding Council's letter of 18 January 2016 (a copy of which is attached at Annex A);
- that the Scottish Funding Council requires assurance as to the effective implementation of the new arrangements through further observation, following the appointment of the new Chair and the permanent Executive Director; and
- that the Scottish Funding Council has stated, "we therefore anticipate a final decision with regard to GCRB status would be appropriate between May and July 2016, aiming at GCRB taking on full responsibility for all its functions from 1 August 2016".

3. Background

- 3.1** At its October 2015 meeting the board received a report on achievement against the criteria for achievement of fully-operational fundable body status. Only two items are outstanding from these criteria:

- putting in place the Financial Memorandum between GCRB and the colleges, which will take place at the point GCRB takes on the related powers from the Scottish Funding Council; and
- creation of an internal audit plan (which has been drafted and will be considered by the next meeting of the Audit Committee).

3.2 The Board also noted a letter from the Scottish Funding Council dated 23 October 2015 (copy attached at Annex B), which noted the timetables for Chair and Executive Director appointments and stated that “there would need to be time for governance and management arrangements to be fully implemented and working seamlessly and for [SFC] to observe this”.

4. Next steps

4.1 At the time of writing, we are still waiting on an announcement from the Scottish Government about GCRB’s new permanent chair.

4.2 As reported to the board at this meeting, arrangements for recruitment of the Executive Director are proceeding as planned.

4.3 The references in the Scottish Funding Council’s letter of 18 January to the finalisation of the Regional Outcome Agreement are consistent with our current plans, although as noted in one of the other papers for today’s meeting, decisions on funding will need to be made within a shorter period than originally envisaged. Of course, formally these decisions still have to be endorsed by the Scottish Funding Council. However, by increasingly operating as if full status has been achieved, GCRB can demonstrate its effectiveness.

5. Risk Analysis

5.1 Achievement of fully-operational fundable body status is key to GCRB being able to play its full role in the Glasgow region.

6. Legal Implications

6.1 There are no specific legal implications arising from this paper.

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 There are no specific implications for the Regional Outcome Agreement arising from this paper.



Scottish Funding Council

Promoting further and higher education



Comhairle Maoinachaidh na h-Alba

A' brosnachadh foghlam adhartach agus àrd ìre

Our ref: 245662601

18 January 2016

Ali Jarvis
Interim Chair
Glasgow Colleges' Regional Board
c/o City of Glasgow College
60 North Hanover Street
Glasgow G1 2BP

Dear Ali

I am writing to you as agreed with an update on SFC's plans with regard to the status of the Glasgow Colleges' Regional Board (GCRB) following a review of progress which was discussed by the Council's Audit & Compliance Committee on 2 December 2015.

This review took into account an assessment of how the Board of GCRB is fulfilling its responsibilities for the proper operation of its policies and procedures in delivering for the Glasgow Region. It was informed by the observations of two senior SFC officers (John Kemp and Claire Taylor) at the GCRB Board meeting on 27 October 2015. It also included a risk assessment.

SFC's decision is that, taking account of the risks and benefits, GCRB still need time for governance and management arrangements to be fully implemented and working seamlessly. SFC will then require reassurance through further observation of these arrangements. The anticipated timeline for the recruitment and appointment of the permanent Executive Director in 2016 will be key to when SFC can make a final decision on GCRB status. We therefore anticipate a final decision with regard to GCRB status would be appropriate between May and July 2016, aiming at GCRB taking on its full responsibility for all its functions from 1 August 2016.

Scottish Funding Council
Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD
T 0131 313 6500
F 0131 313 6501
www.sfc.ac.uk

I understand that you will be disappointed with this decision given your feedback to me earlier in the autumn. I have outlined below the key issues considered and the outstanding concerns and risks which influenced our decision.

Key issues considered

- Since April 2015 GCRB has made good progress ensuring the required processes, procedures and governance documentation outlined in the SFC governance checklist are in place. We are reassured that nearly all of the outstanding requirements on the checklist are now satisfied following the GCRB Board meeting in October 2015.
- The developing arrangements of collegiate working, with the assigned colleges providing various support services, are working well with an increasingly regional approach based on mutual trust and respect. The recruitment of a permanent Executive Director will be key in continuing the development of the skills and relationships necessary for this approach.
- GCRB currently has an interim Chair who has been responsible for providing strategic leadership to the organisation to this point. We expect to be informed by the Scottish Government of the appointment of the new Chair early in 2016. We are aware of the recent appointment of three new Board members who will enhance the overall competences across the GCRB. In addition, we are reassured that an evaluation/review process is underway with current members.
- GCRB and its assigned colleges are at a critical point in aligning delivery across the region to meet the needs of all stakeholders following agreement on the implementation of the Glasgow Region Curriculum and Estates Plan 2020. The AY2016-17 Outcome Agreement will be critical in ensuring delivery on this plan and the future sustainability of all three colleges.

Outcome of the review

Taking full account of the current evidence, SFC's view is that good progress has been made overall. However, GCRB will require additional time for governance and management arrangements to be fully implemented and operating effectively. SFC will then require reassurance through further observation of these arrangements.

The recruitment and appointment of the permanent Executive Director in 2016 will be critical to this process. Under the Financial Memorandum the Executive Director will be accountable for the significant amount of funding that will be routed through GCRB. SFC also needs to be reassured that the prospective post-holder has the

relevant competencies to scrutinise approvals relating to the assigned colleges compliance with the Financial Memorandum (FM) and Scottish Public Finance Manual (SPFM).

We expect the process for the AY2016-17 Outcome Agreement for the Glasgow Region and associated funding allocation to be concluded by the end of April 2016. This will allow time for the SFC executive to be assured that the Board is demonstrating competency through full engagement with, and commitment to, the relevant Outcome Agreement priorities, particularly in relation to the Glasgow Region Curriculum and Estates Plan 2020. This will require a full understanding of regional funding requirements and the financial position of the assigned colleges.

We suggest that the SFC executive continue to work closely with the GCRB Interim Chief Officer taking account of the revised timeline.

Yours sincerely



Laurence Howells
Chief Executive

Our Ref: 245068892

23 October 2015

Ali Jarvis
Interim Chair
Glasgow Colleges' Regional Board
c/o City of Glasgow College
60 North Hanover Street
Glasgow G1 2BP

Dear Ali

GCRB's fully operational fundable body status

I am writing to you to set out SFC's plans with regard to GCRB's status in advance of your October Board meeting.

GCRB was formally established on 1st May 2014 and on that same day was classified as a fundable body under the Further & Higher Education (Scotland) Act 2005. Since then we have been working with GCRB to ensure that the necessary arrangements are in place for it to assume fully-operational fundable body status. Specifically, in my letter of 8th August 2014 we set out the criteria which GCRB needs to meet to achieve that status.

We have been working with the Interim Chief Officer at GCRB on the criteria outlined in my earlier correspondence and I am aware that substantial progress has been made over the last few months. Our understanding is that at its meeting on 27th October 2015 the board of GCRB will receive a report describing the policy and procedural arrangements that have been established in relation to the required criteria. SFC officers will also attend that meeting as part of assessing how the board is fulfilling its responsibilities for the proper operation of these policies and procedures. This assessment by SFC officers is a critical part of the process.

Scottish Funding Council
Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD
T 0131 313 6500
F 0131 313 6501
www.sfc.ac.uk

Our intention is that SFC's Audit & Compliance Committee will review GCRB's progress on 2 December 2015 and then we will prepare a report for our Council meeting on 18 December 2015.

Although we cannot pre-empt the outcome of the ongoing assessment process, I confirm that achievement of fully-operational fundable body status would mean that:

- SFC's funding for Glasgow would be provided to GCRB rather than to the individual colleges for the delivery of the Glasgow Region Outcome Agreement (negotiated with SFC) from the 2016-17 funding round;
- GCRB would then be responsible for the application of that funding to deliver the agreed outcomes for Glasgow (including the determination of its own running cost budget); and
- The Financial Memorandum between GCRB and the assigned colleges would come into force and SFC's Financial Memorandum with the assigned colleges would cease. As a result, GCRB will effectively take over SFC's responsibility for overseeing the assigned colleges' management of the SFC funding received by them.

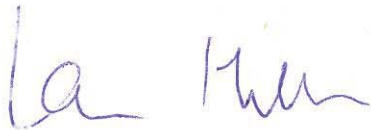
These are very significant responsibilities and therefore SFC will have to be confident that GCRB will have the full capacity to fulfil them properly. It is therefore appropriate for SFC to also take account of GCRB's leadership and management arrangements.

We are aware that at the meeting on 27th October the board of GCRB will be receiving proposals to bring its membership up to full strength. The Scottish Government's timetable for the recruitment of the permanent chair states that the appointment will be made by the end of the calendar year. The expectation is that GCRB would be likely to advertise for its permanent Executive Director early in 2016 (after the permanent chair is appointed).

It is our view that there would need to be time for governance and management arrangements to be fully implemented and working seamlessly and for us to observe this. We suggest a review of these arrangements by SFC officers in early 2016 would be appropriate.

I will write to you again in December with an update following our Council board meeting.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Laurence Howells', written in a cursive style.

Laurence Howells
Chief Executive