



West College Scotland

Review of Board Effectiveness

March 2017



Scott-Moncrieff
business advisers and accountants



West College Scotland

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Executive summary

Background

In 2016 Colleges Scotland issued a revised Code of Good Governance for Scotland's Colleges ("the Code"). The Code was a revision of a previous governance code published in 2014. The Code sets out the principles of good governance expected from colleges. The Code is a requirement for all colleges who receive funding from the Scottish Funding Council (SFC).

Under the Code colleges are required to conduct externally facilitated reviews of their effectiveness.

Scope

Scott-Moncrieff was commissioned by West College Scotland to undertake an externally facilitated review of its governance arrangements, in particular against the 2016 Code of Good Governance for Scotland's Colleges.

Our approach

In undertaking this review we used a number of steps to develop an expert overview of the Board's effectiveness. These were as follows:

- An initial planning meeting with the Chair and Board Secretary to agree the approach to our review and the focus of our activity;
- A survey to board members seeking their views and perceptions on governance arrangements;
- One to one interviews with the Chair, Principal and Vice-Principals of the College;
- Attending the December 2016 Board meeting; and
- Facilitating a workshop of board members to explore and discuss areas of good practice and areas for further development.

We also conducted a desk based review of a range of data and information pertinent to the College's governance arrangements. The documents we reviewed included, but were not limited to, the following:

- West College Scotland's Annual Report;
- Minutes of Board and committee meetings;
- Articles of Governance;
- Standing Orders;
- Roles and remits of the Board's sub-committees;
- Student survey results and action plans relating to survey findings.

Conclusions and recommendations

The College complies with the Code of Good Governance for Scotland's Colleges and strives for continuous improvement, in line with the spirit of the Code. We identified many areas of good governance and also a strong self-awareness amongst board members of the Board's strengths and opportunities for improvement.

We have highlighted three areas for improvement which, when addressed, will further strengthen the College's governance arrangements and its ability to deliver against its strategic objectives. These three areas were strengthening performance management arrangements, widening board membership access and amending the Audit Committee terms of reference. In order to address these areas we have set out five recommendations below for the College to consider.

Recommendations

- 1) The College should reaffirm the KPIs for its strategic objectives and ensures that these are the indicators used on the new dashboard system.
- 2) Once reaffirmed the KPIs should be used by the College to develop refreshed performance indicators for each part of the organisation.
- 3) The College should use its community engagement and marketing programmes to highlight the role of the College Board and the role of board members. These initiatives should also be used to highlight board member vacancies and to invite applications from communities that are not currently represented.
- 4) The College should develop access programmes and training for local community representatives to help them engage more effectively in the work of the Board.
- 5) The terms of reference for the Audit Committee should be revised to include a provision that the Committee can sit privately without any non-members present for all or part of a meeting if appropriate.

Acknowledgements

We would like to thank all board members and staff consulted during this review for their assistance and co-operation.

What is good governance

Governance is the system by which organisations are directed and controlled. The purpose of governance is to “facilitate effective, entrepreneurial and prudent management that can deliver the long-term success of [the organisation]”.¹

The 2016 Code of Good Governance for Scotland’s Colleges outlines that the “overarching purpose of good governance for Scotland’s Colleges is to:

- Lead the college and set its strategic direction and values;
- Ensure effective management and financial controls to support the student experience within a framework of public accountability and transparency; and
- Deliver high quality of learning and outcomes.”

The Code was developed collaboratively with representatives from the Scottish Funding Council, colleges, teaching staff and students. The Code states that it “has been written in a way that is mandatory and anticipates compliance”.

The Code defines five principal areas of good governance within colleges. These are as follows:

- Leadership and strategy
- Quality of student experience
- Accountability
- Effectiveness
- Relationships and collaboration.

Compliance with the spirit of the Code

All colleges that are recipients of SFC funding are required to comply with the Code as a condition of their grant funding. In addition to complying with the requirements set out in the Code, colleges are required to follow “the spirit of the Code”.² This means that colleges could be held accountable for areas of practice not formerly defined within the Code. Therefore a college demonstrating effective governance arrangements should be going beyond the core principles and areas of good practice defined in the Code.

¹ UK Corporate Governance Code 2016

² Code of Good Governance for Scotland’s Colleges

Areas of good practice

In this section of the report we have detailed the areas of good practice we have identified within West College Scotland. The information is set out under each of the five principles of good governance as defined in the Code. This is not a complete list of all activities being delivered by the College under these five principles.

Leadership and strategy

The Board has set out its strategy for the College and provides annual reports on its progress, achievements and impact. Board members were highly involved in the development and approval of the College's strategy. The draft Corporate Plan was presented to the Board for members' views and comments. The final Corporate Plan was then presented to the Board for approval in October 2015. The Board continues to receive reports and updates on the regional outcome agreement and management seeks the Board's input on proposed actions and any significant developments.

We gained assurance that the Board and each of its committees are supported by detailed Terms of Reference which document their respective roles and responsibilities. In each case these have been approved, kept up to date, and made accessible via the College's intranet.

The College has multiple platforms by which it monitors and measures its performance. These include but are not limited to the regional outcome agreement, student attainment levels, and student survey results. Performance of learning and teaching is primarily led through the College's Learning and Teaching Quality (LTQ) Committee. Key issues and areas for noting are then reported back to the Board. We noted when attending the December 2016 Board meeting that assertions about performance and teaching quality were tested by board members through discussion with the Student President.

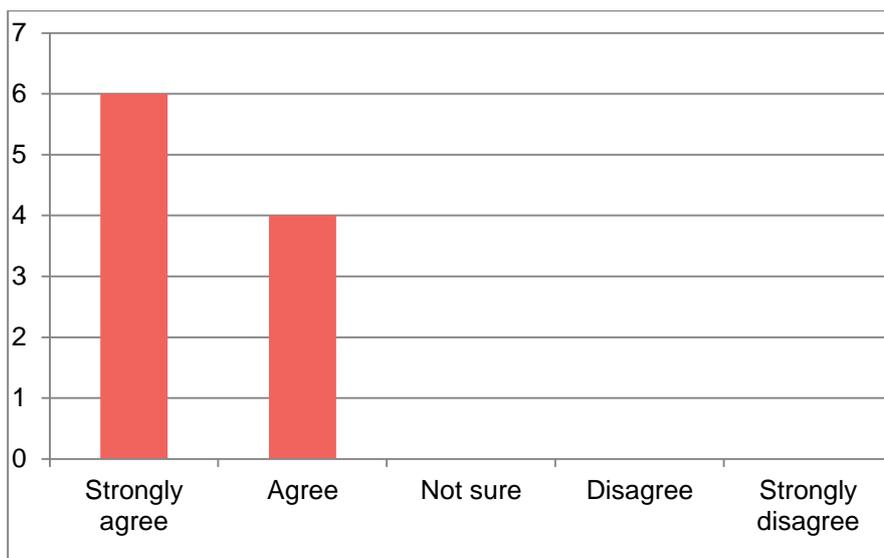
The College is committed to supporting the communities it serves, supporting the economic and social development of these areas. For example, the Board recently received a presentation on the social and economic deprivation within its communities to help raise Board awareness of the issues the College is working with.

The College has strong equality and diversity arrangements, including an Equality and Diversity Committee that meets quarterly and comprises teaching and student representatives. Equality measures are set as targets within the College Regional Outcome Agreement. Performance against the equality ROA outcomes are published annually with the ROA objectives being revised every three years. All policies / procedures are quality impact assessed before being approved.

The College is committed to empowering students from minority groups. As part of this work, the College has started a programme looking at gender balance within its courses to identify any students attending courses that are not traditionally undertaken by their gender, such as female students attending mechanical courses. Through its gender balance programme the College can promote the female students as role models to other potential applicants. In addition the College can provide support and encouragement to the minority students as they undertake their studies.

The positive findings from our evaluation were also reflected in the feedback we received through our survey of board members. This included board members stating that they were involved in the development and approval of the College's strategy (Diagram A).

Diagram A – Board members took a collective leadership role in enabling the College to achieve its strategic objectives



Source: Scott-Moncrieff, from the results of the survey of West College Scotland's board members

Quality of student experience

The quality of the student experience is central to the work of West College Scotland. The LTQ Committee is the lead for reviewing student development and activity. The Committee receives regular reports from the Vice Principal responsible for education and leadership as well as regular reports on student enrolment.

In line with the Code, the College is developing a student partnership agreement. This is to formalise and strengthen the existing engagement and interaction with its students.

The President of the College's Students Association is a member of the Board. The President provides an update to every Board meeting and is routinely invited to provide comments or insights on papers and issues being considered by the Board.

The findings of student surveys are reported to the LTQ Committee. The findings of the surveys are used to develop action plans to strengthen good practice as well as address areas for improvement.

The Board supports and welcomes a strong and autonomous Students Association. The President of the Students Association reports to every Board meeting. This report is an update on the work of the Students Association and presented for members' information. It is not presented for the Board to approve. Members of senior management meet regularly with the Students Association to discuss any significant issues and to enable open and effective dialogue.

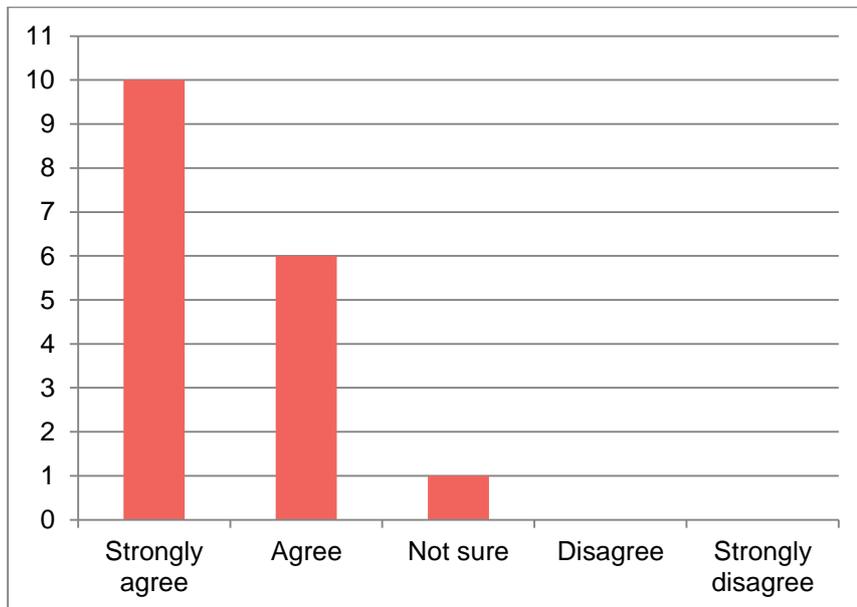
External partnerships are also used to enhance and improve the student experience. These include the partnerships the College has formed with local employers as well as other initiatives such as motor vehicle students taking part in the Motoscape Bangor Rally.

Each academic year, the College encourages students to provide student experience feedback and communicate grievances via its complaints process. The College has an up-to-date, approved Complaints Policy and supporting guidance documents which comply with the requirements of the Scottish Public Sector Ombudsman.

The College collects, reports and responds to feedback and complaints, helping to identify improvements that will add value to the students' experience. Revised arrangements were implemented by the College in 2016 to enhance these arrangements.

Our survey of board members found that they believe that the College has appropriate mechanisms in place to oversee students' learning experience (Diagram B).

Diagram B – The College has appropriate mechanisms for overseeing the quality and inclusiveness of students' learning experience



Source: Scott-Moncrieff, from the results of the survey of West College Scotland's board members

Accountability

The Board regularly monitors the College's performance against its regional outcome agreement. The roles and remits of the Board and its sub-committees set out responsibilities for delivering the duties of the College. The minutes of every committee meeting are reported to the Board meeting following the committee. This ensures that board members are kept abreast of key issues and actions, as well as ensuring that members have the ability to question or provide comments on any matters considered by the committees. The committee chairs present the minutes to the Board and board members are invited to question or query any aspect of committee business. This approach helps ensure constructive dialogue and communication between the Board and its sub-committees.

The College has a register of interest in place for all its board members. This is regularly updated and maintained. The most recent iteration was undertaken for the 2016/17 academic year and is publicly available on the College's website.

The College's Articles of Governance set out that the Board has responsibility for determination of the College's risk appetite and monitoring of the Strategic Risk Register. The College's Risk Management Strategy and Strategic Risk Register were each reviewed and approved by the Board in October 2015.

In March 2016 the Board agreed that consideration of risk should be a standing item on agendas for the Board and each of its committees. The Strategic Risk Register is therefore considered by the Board and each of its

committees during every meeting. Risk training was provided to the members of the Board and the Audit Committee in May 2016.

The College's internal auditors use a risk based approach to targeting their audit work and each internal audit report makes reference to the College's Strategic Risk Register with explanations and commentary on current risk scorings, as appropriate.

In November 2016, internal audit reported that the College has a framework of controls in place that provides assurance regarding the effective and efficient achievement of the College's objectives and the management of key risks.

In line with the Code, the College's Audit Committee terms of reference states that it is responsible for reviewing the "comprehensiveness of assurances in meeting the assurance needs of the Board, and by reviewing the reliability and integrity of these assurances through a process of constructive challenge." The Committee's membership cannot include the Board Chair or Principal. The terms of reference state that internal and external audit are given unrestricted access to the Chair of the Audit Committee.

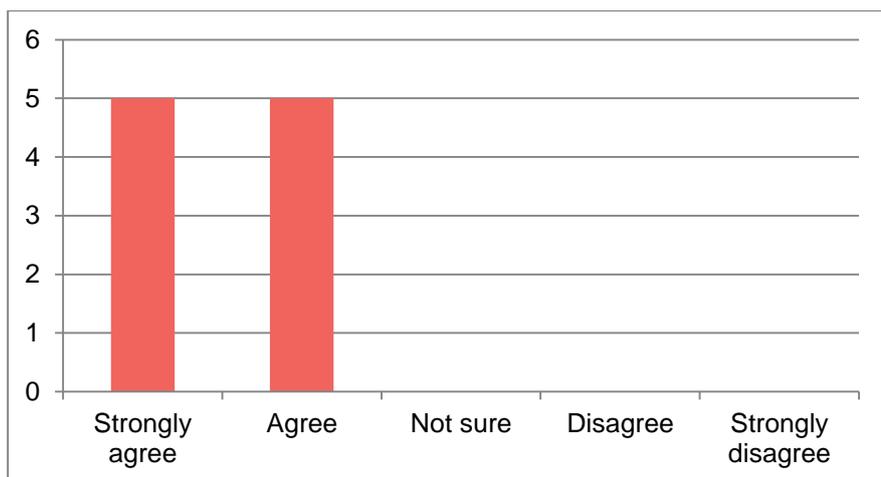
The College's Remuneration Committee is chaired by one of the other Board committee chairs (currently the Chair of the Corporate Development Committee). All members of the Committee undertake on-line training, with the College using the training provided by the College Development Network. The College is currently reviewing the process in place for setting the Principal's salary to ensure it continues to be robust and effective. Any proposals coming out of this review will be considered and approved by the Board.

The Code sets out the requirement for colleges to review their financial sustainability and compliance with relevant financial requirements placed on the College. In May 2016 the Audit Committee considered a report detailing the College's compliance with the Financial Memorandum and the Scottish Public Finance Manual. The Committee was satisfied that assurance could be given that it did comply with both. In November 2016 the College's external auditors reported an unqualified opinion on the financial statements and stated that the College "maintains a strong overall balance sheet position."³

The College's strong performance against the accountability principle set out in the Code was reflected in the views of board members obtained through our survey (Diagram C and Diagram D).

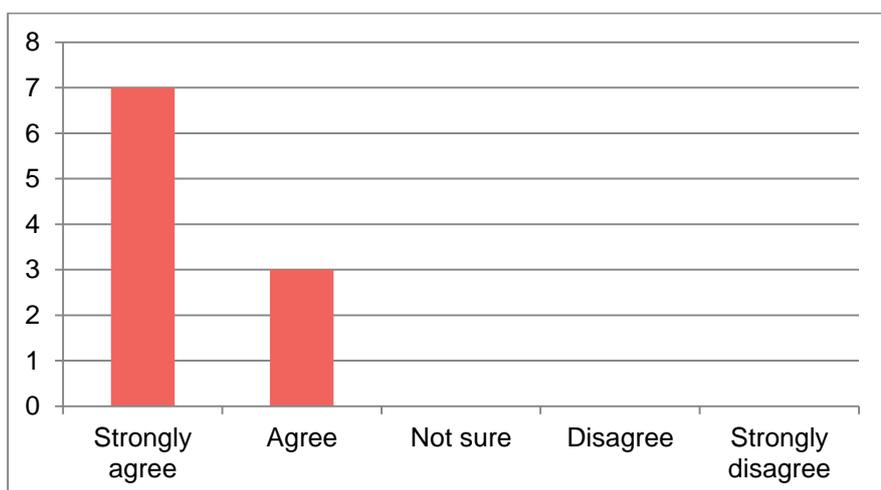
³ Annual Report to the Board of Management, the Auditor General for Scotland and the Scottish Government, *Wylie & Bisset, July 2016*.

Diagram C – The Board’s decision making processes are transparent, properly informed, rigorous and timely



Source: Scott-Moncrieff, from the results of the survey of West College Scotland’s board members

Diagram D – The Board effectively delegates work and decisions to its sub-committees



Source: Scott-Moncrieff, from the results of the survey of West College Scotland’s board members

Effectiveness

The College recently undertook a recruitment exercise to appoint new board members. The College targeted candidates whose skills and experience would supplement the skills of existing members, as well as ensuring sufficient skills and expertise going forward. The skills and experience of the Board are reviewed by the Nominations Committee on at least an annual basis.

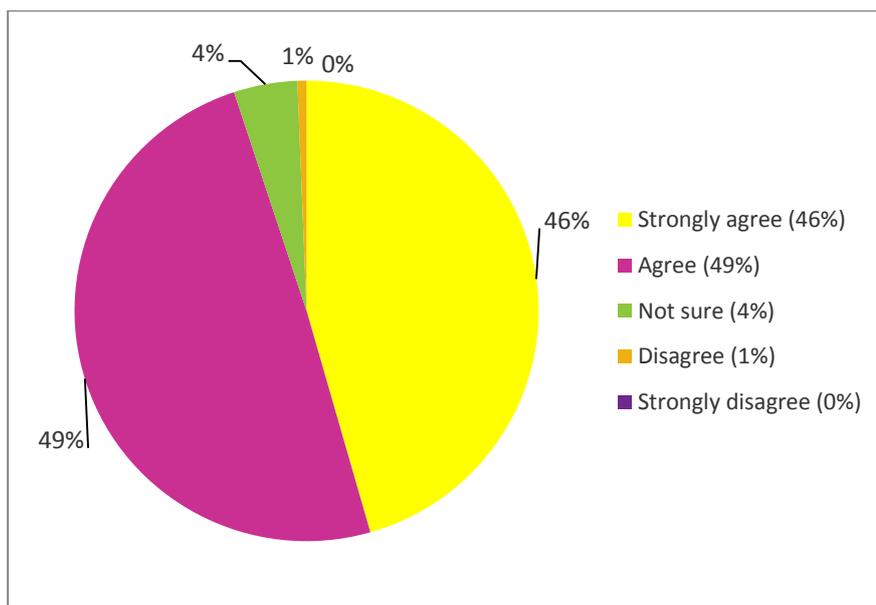
The College provides a structured programme for new board members. Training is also given to members when they join a new sub-committee of the Board.

The responsibilities of the Chair, board members, the Principal, and the Board Secretary are formally set out in the College’s Articles of Governance. In line with the requirements of the Code, the Board Secretary is independent of senior management and has sufficient time to provide support to the Board and all of its sub-committees.

The College undertakes an annual self-evaluation of the Board's effectiveness against the Code of Good Governance for Scotland's College. In May 2016 the College carried out a self-evaluation against the 2014 code. In November 2016 a revised self-evaluation against the 2016 Code was carried out on behalf of the Board by the Board Secretary. This second self-evaluation demonstrates the College's desire to regularly monitor and assess its performance, seeking opportunities for further development and improvement.

In our survey of board members we asked members' views on 16 statements regarding the effectiveness of the College's Board. These statements directly related to the 2016 Code and the spirit of the Code. The results were an extremely positive endorsement of the College's arrangements. From a total of 158 responses, 72 (46%) responses strongly agreed with the statements and 78 (49%) agreed (Diagram E).

Diagram E – Board members' views on the statements testing the effectiveness of the Board



Source: Scott-Moncrieff, from the results of the survey of West College Scotland's board members

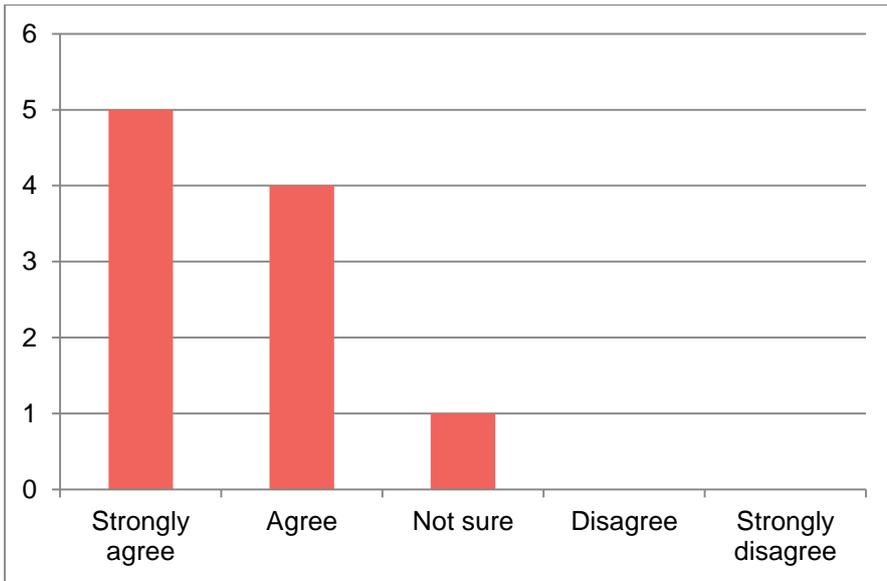
Relationship and collaboration

The College is engaged in a range of partnerships across the communities and areas it supports. These partnerships include employers, local authorities, community groups, unions, and student representatives. The College is a partner in its Regional Outcome Agreement and also local community planning partnerships.

Board members and senior management engage with local and national organisations and initiatives. These include the Scottish Funding Council, the development of the 2016 Code of Good Governance for Scotland's Colleges as well as local economic and regeneration boards. The College actively encourages members and staff to be involved in such activities. This is to further the achievements and reputation of the College but also to enable the College to identify and learn from the good work and experiences of others.

Board members' views given through the survey were in line with our finding that the College is using its partnerships to develop and improve collaborative working (Diagram F).

Diagram F – The Board uses its partnerships to develop priorities for effective collaborative working



Source: Scott-Moncrieff, from the results of the survey of West College Scotland’s board members

Areas for future development

In this section of the report we have set out three areas where improvement can be made within the College's existing arrangements.

Performance management arrangements

The College has multiple processes which can be used to assess and monitor its performance. These include, but are not limited to, the regional outcome agreement, community planning partnerships, its strategic objectives, student attainment levels, student enrolment levels, and the findings of internal and external audit. The College has recognised that this high volume of performance data and information could restrict the ability of the Board and management to identify and prioritise decisions and resource allocation.

The College is therefore developing a performance dashboard to set out the key performance indicators (KPIs) for the College and to show performance against these KPIs. An outline of the dashboard was presented to the December 2016 Board meeting for members' views and input. The Chair facilitated discussion on the layout, readability of data and areas for development.

Formalising and embedding KPIs and a performance dashboard will enhance board members' understanding of the effectiveness of the College and the extent to which it is achieving its strategic objectives. The KPIs can then be tiered down throughout the College enabling all staff to understand how their role fits within the strategic aims of the College and ensure that they prioritise their work accordingly.

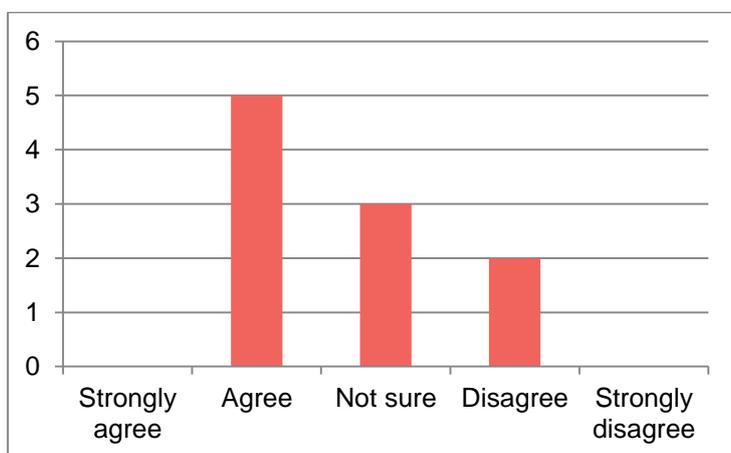
Membership of Board

The Code states that a college board:

“must seek to reflect in its membership, the make-up of the community through offering maximum opportunity of membership to a range of potential members and removing potential barriers to membership, in partnership with its regional strategic body, as appropriate.”

This is an area where the College has recognised that further work is required. This view was reflected in the findings of our survey of board members (Diagram G).

Diagram G – The Board's membership reflects the make-up of its community



Source: Scott-Moncrieff, from the results of the survey of West College Scotland's board members

The College is committed to making the Board more open to the communities it represents. The College is therefore beginning to consider options that will ensure that becoming a member of the Board is viewed as open and accessible to all.

We recommend that the College uses its community engagement and marketing programmes to highlight the role of the College Board and the role of board members. These initiatives could also be used to highlight board member vacancies and to invite applications from communities that are not currently represented. The College may also wish to develop access programmes and training for local community representatives to help them engage more effectively in the work of the Board. These programmes and training could then support community representatives in becoming full board members.

Audit Committee terms of reference

We identified one minor area where the Audit Committee's terms of reference do not comply with the requirements of the Code. The Code outlines that an audit committee's terms of reference should provide for the option that a committee can sit privately without any non-members present for all or part of a meeting if appropriate. This provision is not included within the terms of reference for the Audit Committee. The College should revise the Audit Committee's terms of reference to ensure that this provision is included.

Conclusion and recommendations

The College complies with the Code of Good Governance for Scotland's Colleges and strives for continuous improvement, in line with the spirit of the Code. We identified many areas of good governance and also a strong self-awareness amongst board members of the Board's strengths and opportunities for improvement.

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Recommendations

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- 5) The terms of reference for the Audit Committee should be revised to include a provision that the Committee can sit privately without any non-members present for all or part of a meeting if appropriate.

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