

**WEST COLLEGE SCOTLAND**

**BOARD OF MANAGEMENT**

**MONDAY 9 DECEMBER 2013 at 4.00 p.m. in**

**The Cunard Suite, Clydebank Campus**

**AGENDA**

1. Guest Speaker

Tony Jakimciw, Regional Lead, Dumfries & Galloway, will address

the meeting on the subject of future funding for Colleges.

1. Apologies
2. Declaration of Interests
3. Minutes of the meeting held on 28 October 2013 Circulated MY
4. Matters Arising from the minutes

(and not otherwise on the agenda)

 .1 BM28 Establishing the Foundation Oral AC

 .2 BM31 Saudi Arabia Bid Proposal Paper 1 LC

 .3 BM34.1 Scheme of Delegated Financial Authority Paper 2 GK

**Main Items for Discussion and/or Approval**

1. Chief Executive’s Report Paper 3 AC
2. Financial Statements 2012/13

.1 Report from Joint Audit and Finance & Business

Enterprise Committee meeting – 19 November 2013 Paper 4 AR

.2 Clydebank College Papers 5 AR

.3 Reid Kerr College Papers 6 AR

.4 James Watt College Papers 7 AR

.5 Split of Assets at James Watt College Paper 8 AR

.6 Governing Body Development Paper 9 AR

1. Information Technology Harmonisation Paper 10 DB

**Items for Information**

1. Committee Reports
2. Organisational Development & HR Committee Paper 11 MMcM

Minutes of the meeting of 30 October 2013

1. Learning, Teaching and Quality Committee Paper 12

Minutes of the meeting of 11 November 2013

1. Finance and Business Enterprise Committee Paper 13 GK

Minutes of the meeting of 19 November 2013

1. Report from Nominations Committee Oral MY
2. Project Management Report Paper 14 SR
3. Board Business Update: Schedule of Business and Paper 15 MY

Dates of Meetings

1. Report on Action Taken since last meeting

None

1. Any other business
2. Next meeting: **Monday 20 January 2014 starting at 4.00 p.m.**

in the Abercorn Centre, Paisley Campus.

 Gwen McArthur

Secretary to the Board

**Confidential**

**BOARD OF MANAGEMENT**

**Minutes:** 9 December 2013

**Present:** Michael Yuille (Chair), Audrey Cumberford, Gerard Kelly, Lee Campbell, Esther Denning, Jacqueline Henry, Lyndsay Lauder, Michael McAuley, David McDonald, Maggie McManus, John McMillan.

**Attending:** Stephanie Graham (Vice Principal Educational Leadership), David Alexander (Vice Principal Operations), Liz Connolly (Vice Principal Corporate Development), Sara Rae (Director of Business & Enterprise – for BM41 -46), Stephanie Robertson (Project Manager), David Gunn (Director of Organisational Development & HR), Alan Ritchie (Director of Finance and Estates), David Black (Director of IT – for item BM50), Johnpaul Johnston (Student Representative), Gwen McArthur (Secretary to the Board).

**Attending by**

**Invitation:** Tony Jakimciw, Regional Lead, Dumfries & Galloway – for BM41.

**Apologies:** Mike Haggerty, Jim Hannigan, Andrew Hetherington, Maggie Morrison, Joyce White.

**BM41 FUTURE FUNDING OF COLLEGES**

The Chair welcomed Tony Jakimciw, Regional Lead for Dumfries & Galloway, to the meeting. Mr Jakimciw was working with the Scottish Government and the Scottish Funding Council (SFC) on the future funding arrangements for the Colleges at sector level. The changes being proposed were an attempt to simplify the funding methodology to be used and to provide funding on a needs led basis. It would move from wSUMS, which was a measure of volume and price, to a method that calculated these elements differently. Certain premia would be recognised, namely: Extended Learning Support (for students with additional learning needs); social inclusion targets; and the rural premium would be removed and ring-fenced at current level. Colleges would be given an overall credit allocation in 5 price bands which would then be adjusted in light of the premia.

 In order to achieve this change the SFC had accepted that Colleges should not lose out and a cap of 1% (positive or negative) had been set for 2014/15. SFC would run the current funding methodology alongside the proposed new methodology in 2014/15. This would help identify any further refinements that would be required for the new funding model so that it could be implemented fully in 2015/16. It was noted that these changes would have implications for Management Information Systems (MIS) as the SFC would need historical data to be able to calculate future needs. There was also potential for inconsistencies in the information required as data based on credit value would be provided for academic years (i.e. to 31 July) while the Colleges were moving to a different financial year (i.e. to 31 March). All of this needed to be taken account of in the new funding model.

 Mr Jakmiciw also outlined the changes being made to European funding streams 2014 – 20. Three funding streams would exist: competitiveness, innovation and jobs; low carbon, resource efficiency and environment; and local development and social inclusion (the area where colleges were traditionally involved). SFC would be the lead partner under the first stream and would invite colleges to become partners, while colleges would be able to deliver under other strands in partnership with, e.g. Community Planning Partnerships (CPP’s). A Sector Advisory Group had been established to develop fully worked up bids which would then require approval from the Scottish Government (expected in March 2014) before progressing any further.

 On behalf of the Board the Chair thanked Mr Jakimciw for his presentation.

**BM42 WELCOME**

Michael Yuille welcomed David Alexander, Vice Principal Operations, to his first meeting since taking up post. He also welcomed Sara Rae, Director of Business & Enterprise, and Johnpaul Johnston, Student Representative, to the meeting.

**BM43 DECLARATION OF INTERESTS**

Michael Yuille declared an interest as Regional Lead for West Scotland.

**BM44 MINUTES**

The minutes of the meeting held on 28 October 2013 were approved.

**BM45 ESTABLISHING THE FOUNDATION (BM28)**

The Principal informed the Board that a meeting with the External Auditors had taken place to consider the draft Articles of Association for the Foundation. The External Auditors had been satisfied with these and the draft Articles had now been submitted to the Office of the Scottish Charity Regulator (OSCR) for approval to have the Foundation recognised as a separate charitable body. The External Auditors had been given information on the Trustees to be appointed and had agreed the method of accounting for the establishment costs, the banking arrangements proposed for the Foundation and the transfer of funds from the College to the Foundation at 31 March 2014. The Board was pleased to note that progress with the establishment of the Foundation was on track and following the timelines set by SFC.

 It was noted that Andersen Strathern, the legal advisers, and the External Auditors had proposed the appointment of five independent Trustees, these being – B Humphrey, A O’Hagan, D Little, D Robertson and G McGuinness. Under the Articles of Association for the Foundation the Trustees could appoint additional Trustees if they wished. At this stage it had been proposed that, if the Trustees were in agreement, the Principal and one other member of the Board be appointed to the Foundation. A briefing meeting for the Trustees would take place on 19 December when such matters could be discussed.

 In discussion it was noted that the College bankers were satisfied with the arrangements in place for the transfer of funds from the College to the Foundation. The Board welcomed this information and was pleased with the progress to date.

**BM46 SAUDI ARABIA BID PROPOSAL (BM31; FM27)**

The Board noted that since the last meeting the decision had been taken that there should be one consortium bid from Scotland to run a group of Colleges in Saudi Arabia. The Finance and Business Enterprise Committee had discussed the College’s involvement with this proposed bid in some detail at its last meeting on 19 November in order to address the issues raised at the previous Board meeting and to give further consideration to the College’s continuation with this venture in light of the information available. The Committee had been supportive of this bid, therefore West College Scotland continued to be a partner in this consortium and was currently working with the other colleges and various advisers to finalise the business case. Ms Connolly, Vice Principal Corporate Development, provided further information as follows:

* In order to agree the governance arrangements a Steering Group had been established comprising one Principal from each of the Regions involved in the consortium;
* Edinburgh College would be the interim lead for the bid until it was submitted;
* Eversheds had been appointed as legal advisers to the consortium in light of their previous successful track record in such bids;
* In relation to operational matters Edinburgh College would provide an interim project manager;
* Deloittes had been appointed to support the development of the business case, including identifying any information gaps, risks or other issues;
* the consortium partners were developing the core materials;
* a request for funding support had been made to Scottish Development International (SDI);
* a letter of support from the Cabinet Secretary would accompany the bid.

It was proposed that the consortium should bid for a maximum of two clusters in Saudi Arabia. The final bid had to be submitted by 20 December, with all details of the bid being agreed between the colleges prior to this. At this stage there was limited information available to the Board. However, the Finance and Business Enterprise Committee would meet again on 17 December, which would allow it to consider the final details before the bid was submitted.

In discussion it was noted that there was limited financial risk to the College at this initial stage in developing this bid. A full risk register was being compiled for the project which would be available soon for consultation. If the bid was successful the legal advice from Eversheds indicates that there would still be an opportunity for the College, or for any of the other partners, to withdraw if necessary in the negotiation stages. The contract for this venture was for a period of five years in the first instance. The detailed wording of this contract was still being considered and modelling of the future input and potential outcomes was still under consideration.

It was noted that the buildings would be provided but the Colleges in the consortium would be responsible for providing the teaching and support staff necessary to run them. Initially the staff would most likely be from the United Kingdom and a recruitment exercise would need to be undertaken. While the Board had certain concerns regarding the prospect of educating men and women separately, it did welcome the opportunity to provide education for women. It was noted that the Saudi government was keen to invest in its young people and to get them into employment. The increased income this project would provide to the College would be used to reinvest and help improve programmes at home and extend the range of contacts the College had.

In light of the above information the Board **agreed** that

1. authority to approve the bid be delegated to the Finance and Business Enterprise Committee, which would consider this information at its meeting on 17 December;
2. the Chair of the Board and the Chair of the Audit Committee should also be involved in the approval process for this bid.

**BM47 SCHEME OF DELEGATED FINANCIAL AUTHORITY (BM34.1)**

The Scheme of Delegated Financial Authority had been revised in light of comments received. It was noted that the College would be a contracting authority for the purposes of the EU public procurement regime as implemented by the Public Contracts Regulations 2006. The Board **agreed** that the revised Scheme of Delegated Financial Authority be approved with immediate effect.  **[Action: AR]**

**BM48 CHIEF EXECUTIVE’S REPORT**

 The Board noted the report from the Principal and Chief Executive and in particular the following matters:

* **Consultation, Phase 2 (BM31)** – the formal consultation on Phase 2 of the staff restructuring proposals was now complete and the recruitment process for the middle management tier of staff had commenced. Feedback from staff had been helpful, not just for this phase of restructuring but also for the next stage. The Board would be kept informed of progress. In response to a query regarding the potential loss of skills and expertise due to the restructuring and the re-opening of the voluntary severance scheme, the Principal could confirm that this was an issue the management were sensitive to and not everyone who applied would be allowed to leave. It was well recognised that there were certain skills and expertise that the College could not afford to lose.
* **Staff harmonisation (BM31)** – progress was being made on harmonisation of teaching and support staff pay and conditions through the relevant committees. Management had made an offer on these which it was hoped would prove acceptable to the staff negotiating bodies so that agreement could be reached soon. The Board would be kept informed of progress.
* **Regional Outcome Agreement 2014/15** – the agreement for 2014/15 was currently under preparation. It was the intention to bring the final draft to the next meeting of the Board in January for consideration and approval before being submitted to the Funding Council.

**BM49 FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2013**

**.1 Report from Joint Audit and Finance & Business Enterprise Committee Meeting**

The Board noted the report from the joint meeting of the Audit and Finance & Business Enterprise Committees held on 19 November 2013. In addition to the members of both committees the Internal and External Auditors for each of the former Colleges had also been present to discuss the Financial Statements for each of the Colleges for the year ended 31 July 2013. Mr McAuley, Chair of the Audit Committee, in presenting this report informed the Board that the joint meeting had examined the information provided on each of the Colleges in detail and had sought clarification on some matters from the Internal and External Auditors. The joint committee meeting had been satisfied with the information and explanations provided and were content for the relevant documents to be approved and signed as detailed below. The Committee also wished to put on record its appreciation for all the hard work and effort put in by the Senior Management Team, the Finance Team, the Internal Auditors and the External Auditors to ensure that all matters had been addressed and the paperwork was comprehensive.

 The Board was aware that it was in a unique position and would be approving the Financial Statement in its capacity as the Board of Clydebank College trading as West College Scotland.

**.2 Financial Statements for Clydebank College**

The Board received the following information for Clydebank College: the Annual Report from the Internal Auditors; the Annual Report from the Audit Committee; the Annual Report from the External Auditors; the Letter of Representation; and the Financial Statements for the year ended 31 July 2013. The Board was pleased to note that the various audit reports were positive and that the External Auditors would be issuing an unqualified audit report. The Financial Statements for the year to 31 July 2013 showed that the College had achieved a surplus of £96k. During the course of the year a revaluation of the fixed assets of the College had been conducted, so that consistent information on each of the Colleges could be obtained, which had led to an increase in netbook value of c£6M.

 In light of the information provided and on the recommendation of the joint meeting of the Audit and Finance & Business Enterprise Committees, the Board

 **RESOLVED** that

1. The Letter of Representation for Clydebank College be approved and be signed by the authorised officers on behalf of the Board;
2. The Financial Statements for Clydebank College for the year ended 31 July 2013 be approved and be signed by the Chair of the Board and the Principal on behalf of the Board.

**.3 Financial Statements for Reid Kerr College**

The Board received the following information for Reid Kerr College: the Annual Report from the Internal Auditors; the Annual Report from the Chair of the Audit Committee; the Annual Report from the External Auditors; the Letter of Representation; and the Financial Statements for the year ended 31 July 2013. The Board was pleased to note that the various audit reports were positive and that the External Auditors would be issuing an unqualified audit report. The Financial Statements for the year to 31 July 2013 showed that the College would be returning an operating deficit of £148k which was mainly due to pension costs and depreciation charges. However, overall the College was in a sound financial position and could continue as a going concern.

 In light of the information provided and on the recommendation of the joint meeting of the Audit and Finance & Business Enterprise Committees, the Board

 **RESOLVED** that

1. The Letter of Representation for Reid Kerr College be approved and be signed by the authorised officers on behalf of the Board;
2. The Financial Statements for Reid Kerr College for the year ended 31 July 2013 be approved and be signed by the Chair of the Board and the Principal on behalf of the Board.

**.4 Financial Statements for James Watt College**

The Board received the following information for James Watt College: the Annual Report from the Internal Auditors; the Annual Report from the Audit Committee; the Annual Report from the External Auditors; the Letter of Representation; and the Financial Statements for the year ended 31 July 2013. The Board was pleased to note that the various audit reports were positive and that the External Auditors would be issuing an unqualified audit report. The Financial Statements for the year to 31 July 2013 showed that the College had achieved a surplus of £141k. It was also noted that the accounts showed deferred capital grant creditor of £6.1M, this being the amount of money the College had held as income to meet the costs of significant capital works at the building in Finnart Street. These works were now underway and the total funding would be spent before the end of this financial year. Also a query had been raised about the sum paid as compensation for loss of office to former higher paid employees. Both the Internal and the External Auditors had reviewed this information and confirmed they were satisfied with the figures reported and that the College had complied with SFC and other guidance.

 The Board noted that it would be approving the Financial Statements for the former James Watt College and that Ayrshire College would have no role to play in this. In light of the information provided and on the recommendation of the joint meeting of the Audit and Finance & Business Enterprise Committees, the Board

 **RESOLVED** that

1. The Letter of Representation for James Watt College be approved and be signed by the authorised officers on behalf of the Board;
2. The Financial Statements for James Watt College for the year ended 31 July 2013 be approved and be signed by the Chair of the Board and the Principal on behalf of the Board.

**.5 Split of Assets at James Watt College**

As part of the Scottish Governments’ Regionalisation programme the assets and liabilities of the Ayrshire part of the James Watt College were transferred to the newly formed Ayrshire College. KPMG had been commissioned to validate the proposed split methodology used, which they did and had confirmed they were satisfied with it, subject to certain conditions. One of these had been to engage lawyers to draw up a legally binding agreement between the two parties. Anderson Strathern had been engaged and the Transfer Agreement had been signed by the two Colleges in August. The other had been to engage Auditors to provide an opinion on the application of the split methodology to the year end balances to ensure that the figures used in the Financial Statements for 2012/13 were appropriate. Wylie & Bisset had been engaged to undertake this task and had confirmed that they were satisfied with the treatment applied. The final outcome of applying the split methodology was that West College Scotland would pay a sum of money to Ayrshire College once the Board had approved this.

In light of the information provided and on the recommendation of the joint meeting of the Audit and Finance & Business Enterprise Committees, the Board

**RESOLVED** that

1. the audit opinion of the split methodology be approved, and
2. the transfer of the outstanding balance, of up to £375k, be made to Ayrshire College as the final part of the split of the assets and liabilities of the former James Watt College.

**.6 Governing Body Development**

Normally the Board would be asked to confirm that its members had participated in appropriate development activities throughout the year. However, the Scottish Funding Council (SFC) had recognised that, following merger, the current Board could not provide such a statement for each of the three former colleges. Rather, the Board was being asked to confirm that such development would take place for its members during the current session. The Board

 **RESOLVED** that

1. the statement of assurance on governing body development activity be approved as presented, and
2. the Chair of the Board be authorised to sign this statement on its behalf.

**BM50 INFORMATION TECHNOLOGY INTEGRATION**

The Chair welcomed Mr Black, Director IT, to the meeting. Mr Black provided the Board with a progress report on the integration of the separate IT systems and activities on each of the three campuses. The Board welcomed this report which showed the significant amount of work that had already been undertaken. It was aware that there was still a significant amount of work to be completed and that progress was being made. It was not just the staff in the IT Directorate who were involved in delivering this work, but other IT staff throughout each of the campuses were also involved in delivering the changes and integration required. All this work was being undertaken in addition to maintaining the ‘business as usual’.

 In discussion the Board was pleased to note that staff and students appreciated the work that had been completed to date. While there were some minor local issues these were being dealt with. The next major step forward would be the introduction of the online application process for students which would be available from January 2014. Also an online process for handling student bursaries would be available shortly which would help speed up this part of the process so that eligible students should get their funding much quicker.

 The Chair thanked Mr Black for his report.

**BM51 COMMITTEE REPORTS**

The Board noted the following reports:

 **.1 Organisational Development & HR Committee**

The draft minutes of the meeting held on 30 October 2013 were noted.

 **.2 Learning, Teaching and Quality Committee**

The minutes of the meeting held on 11 November 2013 were noted, in particular the following:

**Annual Quality Report to SFC (BM29; LM17):** the Scottish Funding Council (SFC) had provided confirmation of the reports it required from the College for its Annual Quality Report. The advice from the SFC was that the College should submit:

* The Annual Engagement Reports 2013 for Clydebank and for Reid Kerr Colleges
* No further information was required for James Watt College in light of the bespoke external review that had been conducted and the agreed action plan put in place
* A statement of assurance from the Board.

At its meeting on 11 November the Committee had reviewed the reports and was satisfied with the information presented. It had also received more up-to-date data on performance indicators for 2012/13 and was pleased to note the improvements achieved.

In light of the above information the Board **agreed** that authority be delegated to the Chair of the Learning, Teaching and Quality Committee to provide the statement of assurance on behalf of the Board and this be forwarded to the SFC along with the Annual Engagement Reports for Clydebank College (April 2013) and for Reid Kerr College (May 2013).

**[Action: MH; SG]**

**.3 Finance and Business Enterprise Committee**

The minutes of the meeting held on 19 November 2013 were noted.

**.4 Nominations Committee**

The Nominations Committee had met immediately prior to the Board meeting to consider the co-option of Mr S Vere to the Audit Committee. On the recommendation of the Committee the Board **agreed** that Mr S Vere be co-opted to membership of the Audit Committee with immediate effect. **[Action: GMcA]**

**BM52 PROJECT MANAGEMENT REPORT (BM35)**

 The Board noted the report from the Project Manager on progress with the integration activities of the College.

**BM53 UPDATE ON BOARD BUSINESS MATTERS (BM36)**

 The Board noted updated information on the proposed dates of meetings in 2013/14 and the Schedule of Business for 2013/14.

**BM54 NEXT MEETING**

Monday 20 January 2014 at 4.00 p.m at the Paisley Campus.

GMcA/6.01.14

**Board of Management: Meeting of 9 December 2013**

**Actions from the Minutes**

|  |  |  |
| --- | --- | --- |
| **Min Ref** | **Matter for Action** | **Action Taken** |
| BM46 | Saudi Arabia bid proposal | FBE Committee discussed bid at its meeting on 17 December 2013. Input from Chairs of Board and Audit Committee also provided. Decision taken to progress the bid.  |
| BM47 | Scheme of Delegated Financial Authority | Now operational |
| BM49 | Financial Statements for year ended 31 July 2013 for* Clydebank College
* Reid Kerr College
* James Watt College
 | Signed by relevant Officers and submitted to SFC in December 2013 |
| BM51.2 | Annual Quality Report to SFC | Submitted to SFC in December 2013 |
| BM51.4 | Nominations Committee – Co-option to Audit Committee | Mr S Vere has accepted |

GMcA/9.01.14