



12. Financial Statements		
.1 Report from Internal Auditors	Paper 12.1	DA
.2 Annual Report from Audit Committee	Paper 12.2	JM
.3 Annual Report from External Auditors	Paper 12.3	DA
.4 Financial Statements for the period ending 31 July 2016	Paper 12.4	DA

### **Committee Reports**

13. Remuneration Committee Minutes of the Meetings held on 5 & 22 September 2016	Paper 13	MM
14. Audit Committee Minutes of meeting of 6 October 2016	Paper 14	JM
15. Learning, Teaching and Quality Committee Minutes of meeting of 12 October 2016	Paper 15	MH
16. Corporate Development Committee Minutes of meeting of 25 October 2016	Paper 16	MN
17. Estates Committee Minutes of meeting of 15 November 2016	Paper 17	NA
18. Organisational Development and HR Committee Minutes of meeting of 16 November 2016	Paper 18	MM
19. Finance & General Purposes Committee Minutes of meeting of 22 November 2016	Paper 19	JW

### **Risk**

20. Consideration of Strategic Risk Register	Paper 20	DA
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### **Items for Information**

21. Board of Management: Dates of Meetings and Schedule of Business 2016/17	Paper 21	GM
22. Report on Delegated Action Taken since last meeting None		
23. Any other business		
24. Next meeting: Monday 30 January 2017 at 4.00 p.m. at the Paisley Campus.		

The Board Dinner will be held on Thursday 8 December 2016 at 6.00 p.m.  
for 6.30 p.m. in the Ambitions Restaurant, Greenock Campus.

Gwen McArthur  
Secretary to the Board

## **BOARD OF MANAGEMENT**

**Minutes:** 5 December 2016

**Present:** Keith McKellar (Chair)  
Audrey Cumberford, Mike Haggerty, Jim Hannigan, Jacqueline Henry,  
Andrew Hetherington, Andrew Hunter, Lyndsay Lauder, Maggie McManus,  
John McMillan, Alison Mitchell, Mark Newlands, Joyce White.

**Attending:** Stephanie Graham (Vice Principal Educational Leadership), Liz Connolly (Vice Principal Corporate Development), Alan Ritchie (Director of Finance and Estates), Gwen McArthur (Secretary to the Board).

**Apologies:** Nick Allan, Moses Apiliga, Jenifer Johnston, Paul McFarlane, David Alexander (Vice Principal Operations).

**Attending by**

**Invitation:** Chris Brown and James Thomson, Scott-Moncrieff.

### **BM303 WELCOME**

The Chair welcomed Chris Brown and James Thomson from Scott-Moncrieff to the meeting. He also welcomed Allan Dick, Economic Development Manager, and Alan Ritchie, Director of Finance and Estates to the meeting.

### **BM304 DECLARATION OF INTERESTS**

John McMillan and Audrey Cumberford declared an interest as Trustees of the West College Scotland Foundation. Audrey Cumberford also declared an interest as a member of the Council of the Scottish Funding Council.

### **BM305 ECONOMY AND THE LOCAL LABOUR MARKET**

The Chair welcomed Allan Dick, Economic Development Manager, to the meeting. Mr Dick provided information on the economy and local labour market to the Board. Some of the key messages of his report were:

- The published data showed that there been growth in the Scottish economy, but this had slowed in comparison to the rest of the UK. Following the EU Referendum the forecasts were that growth would slow, but not as steeply as had been originally forecast.
- The Scottish employment rate had slowed in comparison to the rest of the UK. As this slowed the unemployment rate had also fallen. However, this did not mean that more people were in employment, as some had come off the register but were still economically inactive.
- In the West Region there had been a fall in those seeking Job Seekers Allowance (JSA). However, there had been a significant fall in the population of 20-29 year olds living in the West Region, particularly in Inverclyde and West Dunbartonshire. The Local Authorities in these areas

already had population regeneration strategies in place to try and address this situation.

- The West Region also contained some of the most deprived areas in Scotland.

The Board noted this information and was pleased that the College was well positioned to work with partners in the West to help deliver learning opportunities to increase employability. A more targeted approach had been developed to address some of the more challenging areas. It was **agreed** that a copy of Mr Dick's presentation be emailed to the Board members for information. **[Action: GMcA]**

On behalf of the Board the Chair thanked Mr Dick for his interesting and informative presentation.

#### **BM306 MINUTES**

The minutes of the meeting held on 3 October 2016 were approved.

#### **BM307 ACTIONS FROM THE MINUTES**

The Board noted the actions taken since the last meeting.

#### **BM308 GOVERNANCE EFFECTIVENESS REVIEW (BM293.2)**

At its last meeting the Board had appointed Scott-Moncrieff to undertake the external effectiveness review of governance and had approved the process and methodology to be used for this review. As part of this review Mr Brown and Mr Thomson from Scott-Moncrieff were in attendance at this meeting of the Board.

The Board considered the proposed timetable and activities for the governance effectiveness review. It also noted a paper that provided a comparison of how the College measured up to the revised Code of Good Governance which had been prepared by the Board Secretary. The Board welcomed this information and **approved** the proposed timetable for the review. Confirmation of the detailed arrangements for the review would be circulated to the Board members following the meeting. **[Action: GMcA]**

#### **BM309 CHIEF EXECUTIVE'S REPORT (BM290)**

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

- Budget** – the sector was still waiting information from the SFC regarding their budget for 2017/18. Further information would be brought to the Board when available.
- Principal's Group Meeting** – there had been a meeting of the Principal's Group earlier in the day where there had been a discussion on

sustainability and what was meant by this, so that the colleges were clear what was required of them. Most of the colleges were posting financial deficits so further discussions with SFC and the Scottish Government would be required to explain and address these matters. In particular, the future sustainability of the sector.

- iii. National Bargaining (BM290(i))** – it was noted that the College's representative, the Vice Principal Operations, was attending a meeting of the National Joint Negotiating Committee of the Employers Association today to discuss the Support Staff Pay offer for 2016/17. In the event that agreement was not reached it looked likely that further strike action would be taken. Colleges had signed up to National Bargaining which meant that any agreement reached had to be implemented nationally. It was noted that the main concerns of the Principals across the sector was that of affordability, both in the immediate term with the pay award, and with the longer term significant costs of implementing national bargaining. West College Scotland would meet the cost involved when a settlement was reached. However, there were concerns about the future sustainability of the sector which needed to be addressed. The level of resourcing provided to the college sector was not sufficient to meet current resourcing requirements, let alone any significant increase in staff pay. This issue had the potential to impact on the College's ability to deliver its Regional Outcome Agreement. It also raised concerns about the impact this could have on the student experience. The Board queried what role Colleges Scotland was taking in ensuring that the concerns of the sector were made known and raised with the Scottish Government. The Board was of the view that Colleges Scotland could do more in raising the concerns of the sector and in ensuring clear messages about the current sector position were made known to the Ministers and the wider public.

The Board was also concerned with the potential impact that the current pay discussions were having on local relations between management and the staff union representatives. It was acknowledged that the national negotiations had the potential to impact negatively on such relations. It was noted that the local UNISON representative had contacted the Chair of the Board seeking information on the Board's position in relation to the current pay negotiations and on seeking "Living Wage" accreditation. The Board re-iterated its position that it had signed up to National Bargaining and that its representative communicated this at the meetings of the NJNC and that the College was pursuing "Living Wage" accreditation. The Board noted this information.

**Secretary's Note:** subsequent to the meeting information was received that agreement had been reached at the Employers Association and the Support Staff had accepted the pay offer for 2016/17.

- iv. **Annual Review** – copies of the Annual Review 2016 were tabled. The Board welcomed this document and praised the team who developed it and commented that the review document was amongst the best Annual Review document produced.
- v. **STEM Manifesto (BM290(v))** – the Board noted the STEM Manifesto which set out the College's commitments and pledges to students relating to STEM activities.
- vi. **KPI Dashboard (BM270)** – the Board noted the performance dashboard for 2015/16 and for Quarter 1 of 2016/17. The Board welcomed this information which would make it easier to compare performance over time. Further improvements to the presentation of this data were already being considered and it was the aim to reach the position where current data could be provided on request. It was **agreed** that it would be useful to have some more narrative around the data presented so that members could better understand the position and where improvements had been made, and that the Corporate Development Committee be responsible for progressing this matter before it came back to the Board. **[Action: LC]**

#### **BM310 REGIONAL OUTCOME AGREEMENT (BM279)**

The Board noted the Self-Assessment Report on the Regional Outcome Agreement 2015/16 which had been submitted to the SFC. Initial feedback from SFC was positive on the achievements made. SFC was also aware of the issues facing the College and the steps that were being taken to address these.

The next edition of the Regional Outcome Agreement (ROA) was currently being prepared. This would be a three year agreement from 2017/18 and SFC had published their guidance on what they expected this to contain. The first draft of this ROA had to be submitted to the SFC by mid-December, but the College did not yet know its funding for the coming session, so it was difficult to set targets. The draft ROA would be brought to the next meeting of the Board for consideration. **[Action: SG]**

#### **BM311 OPERATIONAL PLANNING**

The Board noted that, in addition to the Regional Outcome Agreement, the College also produced annual operating plans. Previously these had been developed individually by each Directorate and Sector. However, for operational year 2016/17 a College wide approach had been introduced and the Board had the report on this Operational Planning process before it. The Board welcomed this report and **agreed** that each Committee should consider this report in relation to the areas that fell within its remit.

**[Action: College Executive]**

### **BM312 CHAIR'S REPORT (BM291)**

The Board noted the Chair's report and particularly the following:

- Colleges Scotland had issued Learning & Skills Journey 'Think Piece' strategy which would be circulated to the Board for information. Also the College sector was responding to the Education Review, this response would also be circulated to the Board for information. **[Action: GMcA]**
- The Board noted the Enterprise & Skills Review: Report Phase 1 which had been issued at the end of October.
- Following the outcome of the EU referendum the impact of this on the sector was still unclear. The College did have EU staff and students and was considering measures to reassure these staff and students about their future position.
- The College had recently received a letter from the SFC identifying matters that they wished to discuss in more detail with the Principal and the Executive. The matters raised in its letter were issues that had already been raised by the College with SFC and had been considered at the Board. However, other matters of concern had been raised by the College but were not included in this letter from the SFC. The College would also be seeking clarity from the SFC on what was meant by financial sustainability. The Board was of the view that the move to ONS reporting had restricted what the College could do in financial terms, and National Bargaining had also had an impact. Also many of the matters raised in the letter were issues where control ultimately lay elsewhere, and so while the College was trying to address these it had to do so with the agreement of the SFC. The Principal and Executive would be meeting with representatives of the SFC the following day and would keep the Board informed of developments. **[Action: AC]**

### **BM313 STUDENTS ASSOCIATION REPORT (BM292)**

The Board noted the report from the Student President on the activities of the Students Association. In particular, the Student President reported to the Board on the following activities:

- The Board was pleased to note that the Students Association now had 3 Vice Presidents in post. The Students Association team were working hard to encourage more students to become involved in Association activities which would make succession planning easier in the future.
- Class representative training had been delivered to over 200 students so far this session.
- The Students Association were working with the Senior Management Team to discuss the Regional Outcome Agreement and what input the students could have to this.
- The Students Association were also in the process of developing a partnership agreement with the College and would seek assistance from SPARQS to assist with developing this agreement.



The Board welcomed this report.

**BM314 APPOINTMENTS TO THE BOARD (BM293)**

The Board was pleased to note that the Scottish Ministers had approved the re-appointment of M Haggerty, A Hetherington and J McMillan to the Board for the period 1 February 2017 to 31 January 2021; and the appointment of L Johnston and J Leburn to the Board. Ms Johnston and Mr Leburn would be appointed for the period 1 January 2017 to 31 December 2020. The Nominations Committee would meet shortly to consider the appointment of a Vice Chair, to succeed M McManus, and membership of the Committees.

**BM315 FINANCIAL STATEMENTS (BM225)**

The Board received the following information: the Annual Report from the Internal Auditors; the Annual Report from the Audit Committee; the Annual Report and Letter of Representation from the External Auditor; and the Financial Statements for the College for the period 1 August 2015 to 31 July 2016.

**.1 Annual Report from Internal Auditor**

The Board noted the Annual Report from the Internal Auditors, Scott-Moncrieff, for the year ended 31 July 2016. The Board was pleased to note that the Internal Auditors had confirmed that the College had an adequate framework of control over the systems they had examined and had no issues to raise. The Board **approved** the Annual Report from the Internal Auditors.

**.2 Annual Report from Audit Committee**

The Board noted and **approved** the Annual Report from the Audit Committee for the year ended 31 July 2016.

**.3 Report from External Auditor**

The Board was pleased to note that the External Auditors, Wylie & Bisset LLP, had been satisfied with the outcomes of the external audit and would be issuing an unqualified audit report for the College. The Auditors confirmed that they were satisfied with the information contained in the Financial Statements, which complied with the new reporting requirements, and had confirmed the College's ability to continue as a going concern. Indeed the Board noted that the External Auditors had confirmed that they were impressed by the quality of information coming forward from the College and the assistance they had received from the College Finance Team.

On the recommendation of the Joint Meeting of the Audit and Finance & General Purposes Committees, the Board

**RESOLVED** that the External Auditors Annual Report for the year ended 31 July 2016 be approved and the Chair and the Principal be authorised to sign the Letter of Representation on behalf of the Board. **[Action: KM; AC]**

#### **.4 Financial Statements**

The Board received the Financial Statements for the College for the year to 31 July 2016. The Financial Statements had been prepared in accordance with the new reporting requirements. The Board noted a summary of the main changes and the impact these had on the outcomes, particularly the following:

- The introduction of a new Performance and Accountability Report which replaced the previous Operating and Financial Review, and provided a summary of the operation of the College over the year;
- The prior period figures had been restated to comply with the new reporting requirements;
- The requirement to include an Accounting Policy on the Going Concern concept.

In light of the above changes the College was reporting an accounting deficit of £3,062k for the year to 31 July 2016. This material deficit was due to the change in the reporting of pension costs which were now reported on the face of the statement of comprehensive expenditure. The Board noted that the treatment of pension costs would be applied consistently across the sector, so other colleges would find themselves in a similar situation. The overall financial position of the College was healthy, if challenging, with the report accompanying the Financial Statements showing that the College was in a break even position, with a small underlying operating surplus of £11k.

It was noted that the Joint Meeting of the Audit and Finance and General Purposes Committee had considered these Financial Statements in detail at its meeting and had recommended approval to the Board.

In light of the above information the Board

**RESOLVED** that the Financial Statements for the year ended 31 July 2016 be approved and the Chair and Principal be authorised to sign these on behalf of the Board.

On behalf of the Board the Chair thanked the Vice Principal Operations, the Director of Finance and Estates and the Finance Team for all their hard work in achieving such a good outcome.

#### **BM316 COMMITTEE REPORTS**

The Board noted the following reports:

##### **.1 Remuneration Committee**

The Board considered the minutes of the meetings held on 5 and 22 September 2016. The Committee had met twice as there had been business carried over from one meeting to the next.

- i. **Voluntary Severance Scheme (RM35)** – both the Organisational Development and HR Committee and the Remuneration Committee had considered the development of a Voluntary Severance Scheme process for the College which would be consistent with the guidance issued by SFC. In light of the recommendation coming forward the Board **RESOLVED** that the Voluntary Severance Scheme process be approved as presented.
- ii. **Annual Review of Principal, College Executive and Board Secretary (RM36, 37, 38 & 39)** – the Committee had agreed a revised process for the annual review of the Principal and the College Executive. It was also noted that the Committee had agreed that the Principal, the College Executive and the Board Secretary receive a pay award of 1.5% with effect from 1 August 2016, and that this be reviewed again in April 2018.

## **.2 Audit Committee**

The Board noted the minutes of the meeting of the Audit Committee held on 6 October 2016, and particularly the following matters:

- i. **Audit Committee Remit (AM201)** – the Board **RESOLVED** that the remit of the Audit Committee be amended as proposed.
- ii. **Appointment of External Auditors (AM213)** – it was noted that Audit Scotland had appointed Mazars as the new External Auditors for the College.

## **.3 Learning, Teaching and Quality Committee**

The Board noted the minutes of the meeting of the Learning, Teaching and Quality Committee held on 12 October 2016, and particularly the following:

- i. **Committee Remit (LM166.1)** – the Board **RESOLVED** that the remit of the Learning, Teaching and Quality Committee be approved as presented.
- ii. **Achievements** – the Board was delighted to note the following:
  - The student enrolment process had proceeded smoothly this year, with very few students encountering any difficulties or delays;
  - the College had achieved its Credit target in 2015/16;
  - the collaboration with schools was proving to be very successful with 1400 school pupils now attending classes in the College;
  - the College also delivered 10% of the Foundation Apprenticeship activity in Scotland;
  - the 2 College Nurseries had both recently been inspected by the Care Inspectorate and both had achieved excellent reports.

**.4 Corporate Development Committee**

The Board noted the minutes of the meeting of the Corporate Development Committee held on 25 October 2016, and particularly the following:

**i. Committee Remit (CDM78) – the Board**

**RESOLVED** that the remit of the Corporate Development Committee be approved as presented.

**ii. WITS (CDM80) – the Board was pleased to note that the second WITS Learning Technologies conference for staff had been held in August and had been very successful.**

**.5 Estates Committee**

The Board noted the draft minutes of the meeting held on 15 November 2016, and particularly the following:

**i. Clydebank District Heating System (EM188) – the Board noted that the College was currently in discussions with Dawn Group and West Dunbartonshire Council regarding the establishment of a District Heating Network at Queens' Quay, Clydebank.**

**ii. Estate Strategy and Outline Business Cases – it was noted that the Estate Strategy 2016 -2026, the Options Appraisal and Outline Business Case for the Greenock Campus had been submitted to the SFC (EM191 & 192). Agreement with the SFC had also been reached on the development of a Masterplan for the Paisley Campus which would assist the preparation of an Outline Business Case for the site (EM193).**

**.6 Organisational Development and HR Committee**

The Board noted the minutes of the meeting of the Organisational Development and HR Committee held on 16 November 2016, and particularly the following:

**i. Committee Remit (OM111) – the Board**

**RESOLVED** that the remit of the Organisational Development and HR Committee be approved as presented.

**ii. College Improvement Plan (OM 113) – an Improvement Plan had been prepared for the College, taking account of the feedback obtained from the recent staff survey, and which tied into the People Strategy and organisational development activities. Further reports on this would be brought forward to future meetings.**

**iii. Audit Scotland Report (OM117) - the Committee had considered the Audit Scotland Report on Scotland's Colleges 2016 and particularly the comment on the need to develop a more systematic approach to workforce**

planning. The Internal Auditors, Scott-Moncrieff, had been engaged to assist the College in this matter with the aim of moving to best practice in all areas.

## **.7 Finance and General Purposes Committee**

The Board noted the draft minutes of the meeting of the Finance and General Purposes Committee held on 22 November 2016, and particularly the following:

### **i. Committee Remit (FPM96) - the Board**

**RESOLVED** that the remit of the Finance and General Purposes Committee be approved as presented.

### **ii. Procurement Strategy (FPM100) – on the recommendation of the Finance and General Purposes Committee, the Board**

**RESOLVED** that the Procurement Strategy 2016 – 2020 be approved as presented.

### **iii. Audit Scotland Report (FPM99) – the Committee had considered the Audit Scotland Report on Scotland's Colleges 2016 and particularly the comment on the need to develop long term financial strategies (which should be a minimum of five years). While the Committee welcomed this it recognised that this could only be achieved if SFC provided more financial information, particularly on financial modelling for the future, to help colleges plan ahead. However, the Committee agreed that a five year financial plan be brought to its meeting in May 2017.**

### **iv. Approvals – it was noted that the Committee had approved the Management Accounts for the period to 31 October 2016 (FPM102); and also the Banking arrangements, including authorised signatories and the continued use of Barclays Bank for the provision of banking services (FPM103).**

## **BM317 RISK (BM299)**

The Board noted that the current Strategic Risk Register had not yet been updated since its last meeting. Each of the Committees had considered it and had provided feedback which would be discussed at the meeting of the Audit Committee the following week. In discussion the Board **agreed** that for any matter where the risk rating did not change following mitigation, then such matters needed to be brought to the Board for consideration and decision. The updated risk register would be brought to the next Board meeting.

**[Action: DA]**

**BM318 BOARD: MEMBERSHIP, DATES OF MEETINGS AND SCHEDULE OF BUSINESS 2016/17 (BM300)**

The Board noted the current Board and committee membership, the schedule of business and the dates of Board and committee meetings for 2016/17.

**BM319 REPORT ON DELEGATED ACTION TAKEN SINCE LAST MEETING**

There was no delegated action to report.

**BM320 COLLEGE DEVELOPMENT NETWORK AWARDS**

The Chair was delighted to inform the Board that the College had received the following awards at the recent College Development Network Annual Awards:

- The Essential Skills Team won the Essential Skills Award; and
- Amanda Allan, former WCS student and now staff member, won the Student Citizenship award.

The Board joined the Chair in congratulating these recipients on their success.

**BM321 MS MCMANUS**

This was the last Board meeting for Maggie McManus. On behalf of the Board the Chair thanked her for her significant contributions to the Board, its committees and to the wider College that she had made over the years. She had provided sound advice and guidance during and after the merger process and continued to do so through her roles as Vice Chair of the Board, Chair of the Remuneration and of the Organisational Development and HR Committees. The Board joined the Chair in thanking Ms McManus for her service to the Board and the College.

**BM322 NEXT MEETING**

Monday 30 January 2017 at 4.00 p.m. at the Paisley Campus. This will be preceded by the Governance Effectiveness Review Workshop **at 1.30 p.m.**

GMcA/15.12.16/Final