

**BOARD OF MANAGEMENT**

**Minutes:** 18 June 2018

**Present:** Keith McKellar (Chair)  
Nick Allan, Audrey Cumberland (except for items CM456, 457, & ) Mike Haggerty, Jim Hannigan, Andrew Hetherington, Jenifer Johnston, Linda Johnston, John Leburn, John McMillan, Alison Mitchell, James Morrison, Mark Newlands, David Watson, Angela Wilson.

**Attending:** Stephanie Graham (Vice Principal Educational Leadership), David Alexander (Vice Principal Operations), Liz Connolly (Vice Principal Corporate Development), Alan Ritchie (Director of Finance and Estates), David Gunn (Director, Organisational Development and HR) – present for all items except CM456 & 457.  
Gwen McArthur (Secretary to the Board).

**Apologies:** Jacqueline Henry, Lyndsay Lauder, Nicole Percival

**RESERVED BUSINESS**

**The Board members met in closed session to discuss two confidential matters.**

[Redacted]

**OPEN BUSINESS**

**BM458 WELCOME**

On behalf of the Board the Chair welcomed to the meeting Audrey Cumberland (Principal), Stephanie Graham (Vice Principal Educational Leadership), David Alexander (Vice Principal Operations), Liz Connolly (Vice Principal Corporate Development), Alan Ritchie (Director of Finance and Estates) and David Gunn (Director, Organisational Development and HR).

**BM459 DECLARATION OF INTERESTS**

John McMillan, Audrey Cumberland and David Alexander declared an interest as Trustees of the West College Scotland Foundation. Audrey Cumberland declared an interest as a member of the Board of the Enterprise and Skills Strategic Board. David Alexander declared an interest as a member of the Council of the Scottish Funding Council (SFC) and Chair of the SFC's Audit and Compliance Committee.

**BM460 MINUTES**

The minutes of the meeting held on 26 March 2018 were approved.

**BM461 ACTIONS FROM THE MINUTES**

The Board noted the actions taken since the last meeting.

In particular it was noted that the Regional Outcome Agreement (ROA) for 2018-19 (BM446) had been finalised recently, following the final funding allocations announced by SFC in May. The revised ROA 2018-19 had been submitted to SFC.

**BM462 MANAGEMENT ACCOUNTS 2017-18 (FPM189)**

The Board received the Management Accounts for the 9 month period to 30 April 2018. The Management Accounts presented forecast a financial deficit of £973,000 and an underlying operating break even position after accounting adjustments. It was noted that the Finance and General Purposes Committee had discussed the Management Accounts and the overall financial position at its recent meeting where there had been a robust discussion of the key risks facing the College. The Committee was of the view that the College was taking appropriate action. It was noted that the College was forecasting achievement of its credit target for 2017-18 and the Strategic Risk Register had been updated in light of the risks identified following on from the final SFC funding allocation announcement.

A Cumberland, J McMillan and D Alexander were not present for the next part of the discussion.

It was also noted that a transfer from the College to the arms-length West College Scotland Foundation might require to be made before the end of the session. On the recommendation of the Finance and General Purposes Committee the Board

**RESOLVED** that

- i. the Management Accounts for the period to 30 April 2018 be approved;
- ii. a donation of funds be made to the arms-length West College Scotland Foundation should this be required by 31 July 2018. **[Action: DA; AR]**

A Cumberland, J McMillan and D Alexander re-joined the meeting.

**BM463 BUDGET 2018-19 AND FINANCIAL STRATEGY (BM445 ii)**

**.1 Funding Allocation from SFC for 2018-19**

The Vice Principal Operations provided the Board with an overview of the final funding allocations from SFC for 2018-19. This showed a significant change from the initial funding allocations that had been released earlier in the year. It was noted that:

- There would be an overall reduction in credit activity of 1.9% compared to 2017-18.

- While the College had received an overall increase in the level of resource much of this funding was related to specific purposes, such as the additional £3M for high priority estates maintenance, which had to be spent in a particular way.
- The above two factors meant that there was an overall reduction in core operational SFC funding levels.
- While the College would receive additional funding of £3M for high priority estates maintenance, the funding for operational maintenance had been reduced by 40%. Previously operational maintenance funding had been used to meet core front line expenditure, including the provision of ICT infrastructure and kit.
- Net depreciation funding, which had previously been applied to meet key priority areas, would now require to be applied to meet core operational costs including ICT and staff costs.

The Board was disappointed at the level of funding provided and noted that a number of other colleges were also facing similar financial challenges. It was not known at this stage if the additional funding for high priority estates maintenance would continue, or if it was for this year only. The Board was aware that the outcomes of national bargaining were being funded for 2018-19 but the position beyond this required to be confirmed by the SFC. The conflation of national harmonisation of pay and conditions and any agreed annual pay negotiations were also a major concern to the College as the offers currently made would have a disproportionate effect on a minority of colleges in the sector, with West College Scotland being one of them. The College was facing a potential funding gap of £1.6M between now and the end of July 2019. While some savings could be made through efficiencies and not spending on certain items/projects, the main impact on savings would be made through reducing staffing costs, given that these accounted for over 70% of the total College budget. In light of this the decision had been taken to implement a Voluntary Severance (VS) scheme which had just been launched with a closing date of 18 June 2018. It was the hope that some staff savings could be effected before the end of July and so approximately £400k had been set aside from the 2017-18 funding to help meet these costs. However, additional funding from SFC would be required if the College was to operate this scheme into next session and achieve the savings that were needed.

## **.2 2018-19 Budget and Financial Strategy**

The Board received a paper setting out the proposed budget for 2018-19 and the 5 year financial strategy to 2022-2023. The Director of Finance and Estates presented an overview of the main points emerging, some of which had already been considered – see above. It was noted that the College had not been provided with baseline assumptions for use within the 5 year strategy by the SFC and so projections were based on information available at this time. The College was aiming to achieve a financial break even position each year, but this would require making savings of £1.2M in 2018-19 and £5.2M across the

five-year period to 2022-2023. The College was unlikely to be able to achieve such significant savings year on year without support from the SFC and so discussions with the SFC were underway to find a sustainable way forward.

In discussion the following points were raised:

- The Board was of the view that the SFC funding model needed to be re-visited. A more equitable and sustainable model needed to be developed to support the whole sector. It was also queried why the College's credit activity and thereby the funding allocated to support this had been reduced when one of the aims of the Scottish Government was to support those from areas of multiple deprivation and help them to progress into education and training to improve their employability prospects when the College operated in some of the most deprived areas in the country.
- The College was having to fund operational costs from net depreciation funds. The Board was of the view that this disguised the full impact of the severity of the reduction in funding on the College.
- The College needed to invest in its IT infrastructure but this was proving to be challenging, particularly if net depreciation funds were being used to meet operational costs.
- It was recognised that a VS scheme had been launched (see BM645 below) and £400k had been set aside to support this scheme in 2017-18. However, if further savings of £1.2M were required, then support from SFC would be required. Launching the scheme now would give the Executive an idea of the potential take-up and future savings that could be achieved if support from the SFC was forthcoming.
- Consideration was also being given to ways of increasing alternative income for the College which could be used to support investment.

The Finance and General Purposes Committee had discussed the Budget for 2018-19 and the 5 year Financial Strategy in some detail at its meeting on 8 June. This had been a robust discussion and all of the points raised above had been discussed. The Committee was clear that the College Executive were taking appropriate action and addressing the financial challenges that lay ahead as best they could. However, support from the SFC would be critical if the College was to balance its budget. The Committee had asked for an action plan to be developed which it would monitor through the coming session to ensure that action was being taken and milestones achieved.

It was noted that the SFC had only just issued their updated assumptions for the Financial Forecast Return (FFR). This differed from the assumptions within years 2 to 5 of the College 5 year forecast and was currently being analysed within the College. The College's 5 year Financial Strategy would be revised in light of this and brought to the next meeting in October for consideration.

The Board noted that all the points raised above had been, and would continue to be, discussed with the SFC in order that an agreed and sustainable way

forward could be achieved. The Board would continue to monitor the situation and would be kept informed of progress.

In light of the above discussion the Board

**RESOLVED** that

- i. the Budget for the Students Association in 2018-19 be set at £90,000 (which represented a small increase on the budget for 2017-18);
- ii. the overall College Budget for 2018-19 be approved as presented;
- iii. the five year Financial Strategy and the assumptions underpinning this be noted as presented, but would be updated in light of the recently issued information regarding the FFR, and brought to the next meeting.

**[Action: DA; AR]**

#### **BM464 STRATEGIC RISK REGISTER (BM452)**

The Board considered the Strategic Risk Register. This had been updated since the last meeting in light of the discussion at the development session held in March and the final funding allocations announced by the SFC in May. The Board welcomed the revised presentation style and the placing of the discussion higher on the agenda. The Board **agreed** that the Strategic Risk Register be approved.

#### **BM465 CHIEF EXECUTIVE'S REPORT (BM445)**

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

- i. **SFC Engagement and Voluntary Severance** – the Principal provided the Board with an update on progress with the discussions with the SFC. The Board was pleased to note that the SFC were committed to working with the College to help find ways of addressing the challenges ahead in order to achieve a sustainable future. As part of this discussion the College had sought approval from the SFC to operate a Voluntary Severance (VS) Scheme as soon as possible, initially using College funds. The SFC had supported this move and, following consultation with the relevant Committees and with Board members, the Chair had taken action on behalf of the Board and approved the introduction of a VS scheme within the College. The Board noted a copy of the VS scheme that was now in operation, with a closing date of 18 June 2018.
- ii. **Future Funding Model** – the Board noted that a working group from the sector had met recently to consider the development of a new funding model for the sector. It was the aim to develop a more equitable model to provide future sustainability for the sector. Discussions were continuing and the Board would be kept informed of developments.
- iii. **National Bargaining** – it was noted that no agreement had yet been reached on a pay award for either Teaching or Support staff for 2018-19. Concerns had

been raised with Colleges Scotland around the negotiations and also the affordability of any pay increase agreed.

**iv. Corporate Planning Session** – the Board and Senior Management Team had held a development session in April to consider corporate planning. In light of the outcomes from this event a draft Corporate Planning Framework had been developed and issued to the Board. This set out the 4 main pillars of the Corporate Plan, with aims and objectives underpinning each of these. Already discussions had taken place regarding re-alignment of the operational planning process to ensure a better fit with the emerging Corporate Strategy. The Board welcomed this Framework which, it considered, reflected the priorities identified and captured the energy and enthusiasm expressed at the development session. It was the intention that this would be developed over the coming months into a Corporate Strategy and brought to the next meeting of the Board in October for consideration. **[Action: LC]**

**v. Greenock Campus Developments** – a meeting had been held recently with the Chief Executive and senior staff of Inverclyde Council to discuss the College's ambitions for the development of a new campus at Greenock. Following this meeting the Council had confirmed with the Principal that they supported the Colleges' plan in principle to move to a different site in Greenock, at East India docks, should current interest from housing developers in the site not materialise into a viable proposal. While other areas were also being discussed the main focus for a new campus development would be at East India docks. It was noted that discussions with SFC had been held and the Outline Business Case (OBC) for development of the Greenock Campus had been put on hold until discussions with Inverclyde Council had reached agreement on a preferred site for development. The OBC for the Greenock Campus would now be revised in light of this development and re-submitted to the SFC following consideration by the Estates Committee in September. The Board would be kept informed of progress. **[Action: DA]**

#### **BM466 STUDENTS ASSOCIATION REPORT (BM448)**

James Morrison, Vice President of the Students Association, updated the Board on the activities of the Students Association, and particularly the following:

- The Students Association was continuing to undertake a significant amount of work in relation to student mental health and would be taking part in the NUS campaign, 'Healthy body, healthy mind', and had just signed an agreement with Student Services and Communities to progress this within the College. The activity in this area was being led by Nicole Percival and good progress had been made so far. An official launch of this programme would be made at the start of next session to ensure that all students were aware of the services and support available to them.
- James and Nicole had recently attended the Edinburgh College awards night. This was an event that celebrated the success of the students and recognised the support provided by the staff and by class reps.

The Board welcomed this report and was pleased to note that the Students Association was working together as a team with clear priorities set out for the coming year.

**BM467 CHAIR’S REPORT (BM447)**

The Board noted the Chair’s report and particularly the key messages that had emerged from the Colleges Scotland Residential event in late March.

**BM468 SHORT LIFE WORKING GROUP ON BOARD DIVERSITY (BM388)**

The Board welcomed the report from the Short Life Working Group (SLWG) on Board Diversity and the action plan that it had prepared for consideration by the Board. It was **agreed** that the Chair of the Group, Maggie McManus, be invited to attend a session immediately prior to the next meeting of the Board in October to present this action plan and discuss the various findings of the Group and the best way forward. **[Action: GMcA]**

**BM469 BOARD ANNUAL EFFECTIVENESS REVIEW 2018**

The Board considered the report on its annual effectiveness review for 2018. It was pleased to note that the feedback had been positive with constructive suggestions for future improvements. Further consideration would be given to these matters, particularly around the structure of meetings and how the business was dealt with at meetings. The Board **approved** the Annual Effectiveness Review Report 2018 which would be forwarded to SFC before the end of June and published on the College website. **[Action: GMcA]**

**BM470 BOARD DEVELOPMENT ACTION PLAN (BM428)**

The Board considered its Development Action Plan which had been updated in light of progress made through the year, the outcomes of the Corporate Planning session held in April and the feedback obtained from the Board annual effectiveness review. The Board welcomed this Action Plan and considered ways of raising the Boards’ visibility within the College. It was also considered that information on the recent stakeholder survey should be included within this plan. The Board **agreed** that, subject to some minor revisions in light of the discussion, the Board Development Action Plan be approved and be submitted to SFC before the end of June and published on the College website. **[Action: GMcA]**

**BM471 COMMITTEE REPORTS**

The Board noted the following reports:

**.1 Organisational Development and HR Committee**

The Board noted the minutes of the meeting of the Organisational Development and HR Committee held on 21 May 2018 and particularly the following:

- i. **HSE Improvement Notice (OM195)** – it was noted that the HSE were satisfied with the actions taken by the College in light of the Improvement Notice issued and had now confirmed that the works were complete. Since then a second incident involving asbestos had occurred within the College. The HSE had been advised and action had been taken to address the situation. The Board received a paper setting out the circumstances of the incident and the actions taken.
- ii. **EU General Data Protection Regulations (GDPR) (OM196)** – the Board was pleased to note that the College had implemented GDPR requirements by the deadline of 25 May 2018.
- iii. **Voluntary Severance (VS) Scheme (OM197)** – the Committee was supportive of the decision to implement a VS scheme within the College (see also BM465 above).

## **.2 Corporate Development Committee**

The Board noted the minutes of the meeting of the Corporate Development Committee held on 22 May 2018 and particularly the following:

- i. **West of Scotland Skills Survey (CDM167)** – the Board noted that the College had undertaken a survey of employers in the West region. Responses had been received from over 230 organisations in and around the West region, employing over 60,000 people. The feedback obtained was invaluable to the College as it planned for the future.
- ii. **Alternative Income (CDM169)** – the Board was aware that this was a very competitive area and that the College team had worked well to secure the level of income achieved.

The Board commended the staff on the work undertaken in relation to both these areas of activity.

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

The Board noted the minutes of the meeting of the Learning, Teaching and Quality Committee held on 23 May 2018. The following matters were noted:

- i. **Education Scotland (LM273)** – the new HMI from Education Scotland for the College, Janet Campbell, had attended the meeting. Education Scotland had visited the College twice during the year and she was able to confirm that the standard of teaching within the College was good.
- ii. **'I Reflect' Software (LM268.2)** – the Committee had been informed that new software had been developed within the College that allowed students to provide direct feedback to staff on their performance as they taught the course. This allowed staff to use the feedback provided to produce a reflective report which could be shared with their mentor/assessor in order to aid personal development. This software was currently being piloted with the aim of being fully operational next session. The Board welcomed this development.

#### **.4 Audit Committee**

The Board noted the minutes of the meeting of the Audit Committee held on 24 May 2018, and particularly the following matters:

- i. Audit Strategy Memorandum (AM340)** – it was noted that the Committee had approved the Audit Strategy Memorandum 2017-18 as presented by Mazars.
- ii. Internal Audit Reports (AM341)** – the Board was pleased to note that the Internal Auditors had produced positive reports on their audits of Student Experience and of GDPR Compliance. The Board welcomed the assurance that these reports provided.
- iii. Internal Audit Plan 2018-19 (AM344)** – it was noted that the Committee had approved the Internal Audit Plan for 2018-19.
- iv. Annual Effectiveness Reviews (AM346, 352)** – it was noted that the Audit Committee had conducted annual effectiveness reviews of itself, the Internal and the External Auditors. All had produced positive feedback.
- v. Appointment of Contract for Other Audit Work (AM353)** – it was noted that the Committee had approved the appointment of Scott Moncrieff to conduct the other audit work for the year ending 31 July 2018. The other audit work comprised the audit of SFC Credits; SFC Student Support Funding; Educational Maintenance Allowance; and SAAS Discretionary Funds.
- vi. Closed Session with Internal Auditors (AM354)** – the Committee had met in closed session with the Internal Auditors. They had confirmed that they had a positive working relationship with everyone in the College who engaged with the audit process. In particular they found staff keen to engage with them as they viewed this as an opportunity to make improvements.

#### **.5 Estates Committee**

The Board noted the minutes of the meeting of the Estates Committee held on 29 May 2018 and particularly the following:

- i. Clydebank Campus Functional Suitability Review (EM280)** – it was noted that a functional suitability review of the Clydebank campus had been undertaken to ensure that it was fit for purpose and to identify any improvements that needed to be made. A working group was being established to consider the longer term development of the Campus and would work with the various users to determine priorities.
- ii. Paisley Outline Business Case (OBC) (EM289)** – it was noted that the SFC had asked for additional narrative to be added to the Paisley OBC mainly around partnership working. Further information would require to be provided to SFC on this.

## **.6 Remuneration Committee**

The Board noted the report from the meeting of the Remuneration Committee held on 4 June 2018, and particularly the following:

- i. Remit and Membership (RM47)** – on the recommendation of the Remuneration Committee the Board

**RESOLVED** that the remit of the Remuneration Committee be amended so that it would be responsible for the remuneration and terms and conditions of all members of the senior staff not covered by the NRPA.

**[Action: GMcA]**

- ii. Voluntary Severance Scheme (RM49)** – the Committee supported the introduction of a VS scheme (see BM465 above).

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

The Board noted the minutes of the meeting of the Finance and General Purposes Committee held on 8 June 2018, and particularly the following matters:

- i. Inchinnan/Oakshaw Project (FPM193)** – the Committee was pleased to note that the Inchinnan/Oakshaw project had been completed within budget. The members of the Committee would visit the refurbished areas of the Oakshaw building immediately prior to the start of its next meeting.
- ii. College Cyber Action Plan (FPM192)** – the Board noted the progress being made in relation to the development of the Colleges' Cyber Action Plan.

The Committee had also discussed the Management Accounts 2017-18, Budget for 2018-19 and Financial Strategy at its meeting. These matters are reported at BM462 & 463 above.

## **.8 Nominations Committee**

The Board noted the minutes of the meeting of the Nominations Committee held on 12 June 2018, and particularly the following matters:

- i. Membership of the Board (NM92)** – on the recommendation of the Nominations Committee the Board

**RESOLVED** that Nick Allen, Jenifer Johnston and Mark Newlands be re-appointed to membership of the Board for a further 4 years, to 31 January 2023. This recommendation would now be forwarded to the Scottish Ministers for their consideration and approval. **[Action: GMcA]**

N Allan, J Johnston and M Newlands were not present for this discussion.

- ii. Co-opted Membership of Committees (NM93)** – on the recommendation of the Nominations Committee the Board

**RESOLVED** that Graeme Bold's period of membership of the Audit Committee be extended for one year, to 30 June 2019. **[Action: GMcA]**

**BM472 BOARD: COMMITTEE MEMBERSHIP, SCHEDULE OF BUSINESS AND DATES OF MEETINGS 2017/18 (BM453)**

The Board noted its membership, proposed schedule of business for 2018/19 and the dates of Board and committee meetings for session 2018/19.

**BM473 REPORT ON DELEGATED ACTION TAKEN SINCE LAST MEETING**

Following consultation with the SFC, the relevant Board Committees and with Board members, the Chair had taken action on behalf of the Board and approved the introduction of a Voluntary Severance Scheme within the College (see also BM465 (i) above).

**BM474 FAREWELLS**

It was noted that this would be the last meeting for Alison Mitchell and James Morrison. On behalf of the Board the chair thanked them for their contributions to the working of the Board and its Committees.

It would also be the last meeting for the Principal, who would be taking up post at Edinburgh College in September. On behalf of the Board the Chair thanked the Principal for all her hard work and dedication to the College. It was the intention to mark the Principal's leaving with a dinner later in the year.

**BM475 NEXT MEETING**

Monday 8 October 2018 at 4.00 p.m. at the Clydebank Campus.

There would be a session to discuss Board diversity and the action plan produced by the SLWG immediately prior to this meeting on Monday 8 October 2018 starting at **3.00 p.m.**