

**Date: 4 October 2016****Time: 2:00pm****Room: 2023****A G E N D A**

|    |   |                      | <b>Presented by</b> |
|----|---|----------------------|---------------------|
| 1  | Equalities Training   | (verbal/<br>on-line) | HC                  |
| 2  | Welcome and Apologies for Absence                                 |                      | BJ                  |
| 3  | Declaration of Interest   |                      | BJ                  |
| 4  | Minute of Meeting of 7 June 2016                                  | (attached)           | BJ                  |
| 5  | Matters Arising   |                      |                     |
|    | 5.1 Contact with Moray College and Forth Valley College           | (verbal)             | CT                  |
| 6  | Regional Chair's Report   | (attached)           | BJ                  |
| 7  | Principal's Report  | (attached)           | CT                  |
| 8  | President of the Students' Association Report                     | (attached)           | SH                  |
| 9  | Approved Committee Minutes  |                      |                     |
|    | 9.1 Finance & General Purposes Committee Minute of<br>17 May 2016 | (attached)           | JH                  |
| 10 | Committee Reports   |                      |                     |
|    | 10.1 Annual Report of the Audit Committee                         | (attached)           | DH                  |
| 11 | Matters for decision  |                      |                     |
|    | 11.1 Revised Health & Safety Policy                               | (verbal)             | HP                  |
|    | 11.2 Strategic Risk Register                                      | (attached)           | JB                  |
|    | 11.3 Revised 2016-17 Budget                                       | (attached)           | JB                  |
|    | 11.4 Board Strategic Themes for 2016-17                           | (attached)           | CT                  |
|    | 11.5 Sale of Catherinefield                                       | (attached)           | HP                  |

**12 Matters for discussion**

|      |  |            |    |
|------|--|------------|----|
| 12.1 | Key Performance Indicators 2016-17     | (attached) | JB |
| 12.2 | Strategic Plan / ROA Update            | (attached) | CT |
| 12.3 | Students Reasons for Leaving Report    | (attached) | JB |
| 12.4 | Learner Journey                        | (attached) | CT |
| 12.5 | The Crichton Trust Draft Strategy Plan | (attached) | BJ |

**13 Matters for information**

|      |  |            |    |
|------|--|------------|----|
| 13.1 | Education Scotland Review – Follow-up            | (attached) | JB |
| 13.2 | Board Development Update                         | (attached) | BJ |
| 13.3 | Scotland's Colleges 2016 – Audit Scotland Report | (attached) | JB |
| 13.4 | National Bargaining Update                       | (verbal)   | CT |
| 13.5 | DYW Funding Report                               | (attached) | CT |

**14 Any Other Business****15 Date and Time of Next Meeting**

Joint Board Meeting with Borders College – Tuesday 1<sup>st</sup> November 2016 @10am  
Strategic/ROA Session – Tuesday 15<sup>th</sup> November 2016 @ 10am  
Board Meeting – Tuesday 6<sup>th</sup> December 2016 @ 2pm at Dumfries Campus

## Board of Management

**Minute of meeting of the Board of Management of Dumfries and Galloway College held on Tuesday 4 October 2016 at 2 pm in Room 2099 of the Dumfries campus**

**Present:**

|                         |                |
|-------------------------|----------------|
| Brian Johnstone (Chair) | John Henderson |
| Delia Holland           | Pat Kirby      |
| Carol Turnbull          | Ian White      |
| Stuart Martin           | Kenny Henry    |
| Ros Francis             | Janet Brennan  |
| Barry Graham            | Scott Hardie   |

**In attendance:** Jannette Brown, Vice Principal, Corporate Services & Governance  
Andy Wright, Vice Principal, Learning and Skills  
Helen Pedley, Director of Organisational Development and Facilities  
Kay Bird, Secretary to the Board and Minute Taker

**Item 1 only** Helen Cronie, HR Department

### 1 Equalities Training

Andy Wright, Jannette Brown and Helen Pedley were absent as they had previously undertaken the Equalities Training.

Helen Cronie presented to the Board an overview on Equalities Law in Scotland and the recent changes. Helen advised that every three years the staff undertake refresher training. There are nine protected characteristics identified within Equalities Law which Helen highlighted and advised these present various challenges within the college environment. In 2011 the Public Sector Equality Duty came into force and College is part of a diversity working group made up of the College, Police, D&G Council, Fire, NHS. The College also works closely with the LGBT and there is a students' diversity awareness week and citizenship week. Scott Hardie advised he would like to work with Helen on the LGBT events.

All new staff, as part of their induction, undertake a compulsory Equality and Diversity on-line training module. It is now a compulsory requirement for Board Members to undertake this Equality and Diversity Training by the end of December 2016. The Board Secretary will furnish Helen with the Board Member' email addresses and Helen will email the links so Board Members can undertake this training. This link will also allow Board Members to access other training in areas such as Health and Safety.

The Chair thanked Helen for her excellent, relevant and interesting presentation. The Chair stressed that diversity adds strength to the Board and confirmed we are taking steps to address this proactively in forthcoming recruitment. Delia Holland mentioned the problems with social media and cyber bullying and the Principal advised that as part of student induction, students are advised of the protocol and given tips and there is an 11 minute video on the College's Intranet which Board Members can have access to if they wish.

**Action:** The Board Secretary is to furnish Helen Cronie with the Board Member's email address for Helen to forward the links for the Equality and Diversity training, which is to be completed by Board Members by the end of December 2016.

## **2 Welcome and Apologies for Absence**

The Chair welcomed all to the meeting and in particular welcomed Scott Hardie to his first Board Meeting and Scott introduced himself. Apologies for absence were intimated on behalf of Hugh Carr, Karen McGahan and Emma Curtis.

The Secretary to the Board confirmed the meeting was quorate with enough members present to allow decisions to be made.

## **3 Declaration of Interest**

Members agreed to indicate declarations of interest as appropriate throughout the meeting.

## **4 Minute of previous meeting**

The minute of the Board of Management meeting held on 7<sup>th</sup> June 2016 was approved subject to the insertion of “after a full discussion” to be inserted at points 10.9 and 10.10.

**Action:** The Secretary to the Board to amend the minute.

## **5 Matters Arising**

### **5.1 Contact with Moray College and Forth Valley College**

The Principal advised that at the June Board Meeting Andrew Brawley of Education Scotland had highlighted two colleges which had improved their retention rates. The Vice Principal, Learning and Skills had been in contact with Moray College and the Principal with Forth Valley College and as a result working group have been set up to address a range of different issues around retention. Two Board Members, Delia Holland and John Henderson sit on three of these working groups between them.

Barry Graham commented that the orientation days need to be examined as feedback from pupils at his school was that they were not enjoyable and not well structured. There should be a more comprehensive induction programme and more liaison with schools.

**Action:** The Principal will meet with Barry Graham to discussion liaison with schools and she will arrange Barry Graham to meet with Ian Hawker.

## **6 Regional Chair’s Report**

The Chair spoke to his report which had been issued. The report was discussed and the Chair provided further information on a number of activities.

The Board noted the report.

## **7 Principal’s Report**

The Principal spoke to the report which had been issued. The Principal advised the purpose of the report was to give Board Members a flavour of what was happening within the College. She reported full-time student numbers were slightly down and the full impact on the College’s credit target will not be known until 1<sup>st</sup> November 2016.

The Principal advised the Leavers’ Destination Figures will be available from Colleges Scotland at the end of November and will be reported to the Board later in the year.



The Principal advised that the College had obtained details to enable direct marketing of College opportunities to young people in the region.

The College's 'Open Door' Event will be held in late November. DH asked whether P7s and parents would be included and the Principal confirmed a different type of event would need to be held for this group and the College would be willing to consider this.

The Members held a discussion on enrolment numbers and trends.

The Board noted the report.

## **8 President of the Students' Association Report**

The President of the Student Association spoke to the report which had been issued, advising on activities at the Dumfries and Stranraer campuses. The President advised the elections for the class reps were approaching and he was working hard to speak to classes and make this a positive experience. He advised Freshers' Week had been a success and strong links with companies had been built. The President is keen to continue building the strong links between the two campuses.

Stuart Martin enquired as to whether the 16 schools could be invited to the Christmas market at the College. Scott Hardie advised he would like to set up Student Association workshops which would entail College students and class reps going into the schools, this would encompass the secondary schools and also P7 classes. Barry Graham offered Wallace Hall to pilot this. The Chair asked whether the planned Student Association video which was discussed last session went on the College website. The Vice Principal Corporate Services and Governance advised it had not as not enough material had been gathered. The Chair raised the issue of work placement standard and suggested students who had graduated could act as ambassadors. Scott advised that promoting the college to secondary schools will take place in March 2017 and he will report back to the Board thereafter.

The President of the Students' Union advised the Partnership Agreement and self-evaluation document would be finalised shortly. The Development Plan for 2015-16 session will be updated and the Constitution will go to the Learning and Teaching Committee with the Partnership Agreement shortly. The Chair congratulated the President of the Students' Union on his report.

**Action:** Scott Hardie will liaise with Barry Graham on a pilot.

The Board noted the report.

## **9 Approved Committee Minutes**

The Chair asked the Chair of the Finance & General Purpose Committee to provide verbal updates on recent matters which have arisen and have been considered by this Committee.

### **9.1 Finance & General Purpose Committee Minute 17.05.16**

The Chair of the Finance & General Purpose Committee presented the minute of the meeting held on the 17<sup>th</sup> May 2016 and confirmed there was nothing further to report.

The Board noted the minute.

## **10 Committee Reports**

### **10.1 Annual Report of the Audit Committee**

In the Chair of the Audit Committee's absence Delia Holland spoke to the Annual Report which had been issued. The Vice Principal Corporate Services and Governance advised that although the last Audit Committee was not quorate the Chair and members agreed for the Annual Report to be brought to the Board. Delia Holland advised that the Board could take assurance that the internal and external auditors had no concerns. Delia Holland extended thanks to Karen Hunter and her team during a very difficult time of change.

The Board noted the minute.

## **11 Matters for decision**

### **11.1 Revised Health & Safety Policy**

The Director of Organisational Development and Facilities advised this Policy would be brought to the next Board Meeting in December.

### **11.2 Strategic Risk Register**

The Vice Principal Corporate Services and Governance spoke to the report which had been issued. She advised there was nothing new to add since the last Board Meeting. She advised the Audit Committee usually recommends the Board to approve the Strategic Risk Register but is unable to do so as the last meeting was not quorate. It was questioned whether Risk No. 5 would need upgrading and the Vice Principal Corporate Services and Governance advised this is dependent on the outcome of the Principal's future meetings with UWS it might do. The Strategic Risk Register will be brought to the next Board Meeting in December.

The Board noted the report.

### **11.3 Revised 2016-17 Budget**

The Vice Principal Corporate Services and Governance spoke to the report that had been issued. She advised that the Board, at its June meeting, approved the 2016-17 Budget. There have subsequently been a number of changes which are highlighted in her report and have been incorporated into the revised budget. The reworked figures indicate a £14,000 deficit however the Vice Principal Corporate Services and Governance assured the Board that the College will break even and they are working on reducing operation budgets. The Board discussed the increasing challenges faced by the College and the effects on Budgets. The revised Budget had been to the Finance and General Purpose Committee who recommends the Board consider and approve the revised Budget.

**Decision:** The Board approved the Revised 2016-17 Budget.

### **11.4 Board Strategic Themes for 2016-17**

The Principal spoke to the report which had been issued. The Principal spoke of the historical Board Links which was no longer appropriate since regionalisation, however there is a need for Board Members to continue to meet with staff and gain a broader understanding of College operations. The Principal proposed that an annual progress report is provide to the Board in respect of progress towards the College's Vision 2020 and that two Strategic Themes based on the Strategic Outcomes contained in Vision 2020 are focussed upon each year. The Principal set out in her report the proposed themes for 2016-17, 2017-18 and 2018-19. The Board discussed the approach. Delia Holland asked if the Board Development Committee could look at the Governance

Structure and how it is working, this was agreed, and a paper will be brought to the Board in future.

The Vice Principal, Corporate Services and Governance confirmed that in March 2017 there will be a review of all the remits and Chairs of the Standing Committees.

Delia Holland advised that the Chair had asked her to review the remit of the Learning and Teaching Committee and she would present a paper at the next Board Meeting.

**Action:** (1) The Board Secretary to put on the Agenda for the next Board Development Committee meeting examination of the Governance Structure and how it is working. (2) The Board Secretary to include on the Agenda for the Board Meeting in December the Review of the L&T Remit.

**Decision:** The Board approved the approach.

### **11.5 Sale of Catherinefield**

The Director of Organisational Development and Facilities spoke to the report which had been issued. John Henderson commented that the F&GP Committee had had a full discussion on the offer and recommended the offer to the Board for acceptance.

**Decision:** The Board approved the offer of £120,000 and to conclude the sale.

## **12 Matters for discussion**

### **12.1 Key Performance Indicators 2016-17**

The Vice Principal, Corporate Services and Governance spoke to the report which had been issued. The report looked back at the 2015-16 session and it was reported that the College is anticipating to deliver to its Credit Target for this session however this will be dependent on student retention. There is still work to be done around retention and the working group set up to examine this.

The Board discussed and noted the report.

### **12.2 Strategic Plan/Regional Outcome Agreement Update**

The Principal spoke to the report which had been issued and advised this was the first annual report on Vision 2020. The Principal advised the College had made good progress and the report provided an overview of this. The Chair commented that a lot of work and actions had been undertaken by the College, and as time progresses the focus will be on the outcomes.

The Board discussed the progress and noted the report.

### **12.3 Students Reasons for Leaving Report**

The Vice Principal, Corporate Services and Governance spoke to the report which had been issued. It was discussed by the Board that the understanding of why students leave is essential for improving retention rates.

The Board noted the report.

## **12.4 Learner Journey**

The Principal spoke to the report which had been issued. She explained that this was a key focus for all colleges. The Principal advised the report sets out the College's position on Learner Journey approach and supports the College's strategic approach in Vision 2020. There has been a lot of work on articulation, working with universities and employers, in conjunction with the College's curriculum. The Board discussed the report and the Chair commented that a number of positive discussions have taken place with universities over the past year or so. The Chair asked how the College promotes these potential articulation routes and career pathways and whether it is mentioned in the Prospectus for the College. The Principal confirmed the College would first require guaranteed agreements with universities before promoting these pathways. The Chair asked for copies of marketing material published by the College on Learner Journey.

Members noted the report.

**Action:** The Principal will bring to the Board Meeting in December College marketing material.

## **12.5 The Crichton Trust Draft Strategy Plan**

The Chair spoke to the report which had been issued and commented that it was useful to have a draft and that the Crichton Trust were seeking feedback, and any feedback from Board Members should be via the Chair.

**Action:** The Chair and the Principal will draft a joint letter on feedback to The Crichton Trust.

## **13 Matters for information**

### **13.1 Education Scotland Review – Follow-up**

The Vice Principal, Corporate Services and Governance spoke to the report which had been issued provided an update on actions taken since the review. Working Groups have been set up to report back to EMT.

The Board noted the report.

### **13.2 Board Development Update**

The Chair spoke to the report which had been issued. Ros Francis asked if a copy of the advert for Board Member recruitment could be emailed to Board Members and this was agreed.

**Action:** The Secretary to the Board will circulate a copy of the advert which will be placed for the Board Member recruitment.

The Board noted the report.

### **13.3 Scotland Colleges 2016 – Audit Scotland Report**

The Vice Principal, Corporate Services and Governance spoke to the report which had been issued and drew the Board's attention to the bottom of page 6 of the report and the recommendation that colleges should develop a long-term financial strategy of between 5-10 years. It was confirmed to the Board that the College was complying with this recommendation.

The Board noted the report.

### **13.4 National Bargaining Update**

The Principal asking the Director of Organisational Development and Facilities to give a verbal report. Back information was provided and confirmation that the deal for support staff for 2016-17 is still outstanding. There have been strike days and the college has been able to operate as normal and learners have not been affected. There is proposed two further days of strike action in the coming month. The Director of Organisational Development and Facilities confirmed the College had undertaken a full risk assessment, as fire marshals and first aiders had been asked to withdraw from these duties, and there had been enough competent people in place. Discussions had also taken place with the fire brigade. The Chair gave his thanks to management for keeping the College open and learners were not affected.

### **13.5 DYW Funding Report**

The Principal spoke to the report which had been issued. The report was to provide the Board with an update on how SFC monies were spent to support DYW activities. The Chair thanked the teams involved.

The Board noted the report.

### **14 Any other Business**

Janet Brennan advised that the South West Scotland Arts Bursary a student from the College won and asked for Board Member representation next Tuesday, 11<sup>th</sup> October at Easterbrook Hall at 10.50am.

Delia Holland advised she was part of a working group set up by the Government and Jan Polley to look at senior independent officer and Board Members and she will in due course report back to the Board.

The Chair advised that he would like to host a Stakeholder Dinner at the College.

The Chair confirmed he had received an interim letter of guidance to the sector from the Minister for Further Education. The key message is that the Government agenda has not changed and the Chair will circulate a copy to Board Members.

### **15 Date and Time of Next Meeting**

- Joint Board Meeting with Borders College – Tuesday 1<sup>st</sup> November 2016 at 10am
- Strategic/ROA Session – Tuesday 15<sup>th</sup> November 2016 at 10am
- Board of Management Meeting - Tuesday 6<sup>th</sup> December 2016 at 2pm at Dumfries Campus.

## Board of Management

**Minute of meeting of the Board of Management of Dumfries and Galloway College held on Tuesday 7 June 2016 at 2 pm in Room 2089 of the Dumfries campus**

**Present:**

|                         |                |
|-------------------------|----------------|
| Brian Johnstone (Chair) | John Henderson |
| Delia Holland           | Pat Kirby      |
| Carol Turnbull          | Ian White      |
| Hugh Carr               | Kenny Henry    |
| Ros Francis             | Craig McGill   |
| Karen McGahan           |                |

**In attendance:** Jannette Brown, Vice Principal, Corporate Services & Governance  
Andy Wright, Vice Principal, Learning and Skills  
Helen Pedley, Director of Organisational Development and Facilities  
Kay Bird, Secretary to the Board and Minute Taker

**Item 2 only** Andrew Brawley, Lead Officer Colleges, Education Scotland

### **1 Welcome and Apologies for Absence**

The Chair welcomed all to the meeting, including Kay Bird, the new Secretary to the Board to her first Board meeting. The Chair, supported by the Board, thanked Jannette Brown for all her hard work and assistance she had given to the Board in her capacity as Board Secretary. Apologies for absence were intimated on behalf of Stuart Martin, Barry Graham and Janet Brennan.

The Secretary to the Board confirmed the meeting was quorate with enough members present to allow decisions to be made.

### **2 Presentation on Education Scotland's Review of the College Report**

Andrew Brawley provided the Board with an overview of the Report and the College was given the highest possible judgement of 'effective'. The Inspectors had commented that the College had a very good vibe and that the report presented a positive picture. Andrew Brawley highlighted the areas of good practice and the three areas of excellence. Andrew Brawley discussed the three main points for action and invited questions. The Board discussed the issues of retention and acknowledged the College had tried hard to address this issue and made enquiry of Andrew Brawley how other colleges, similar to Dumfries & Galloway College, were addressing retention. Andrew Brawley commented that Moray College and Forth Valley College had successfully addressed retention issues and suggested the College make contact with these colleges. Andrew Brawley complimented the College on the 2016 Learners Report publication.

The Principal advised the Board the College was already addressing the three areas for action, and were developing an action plan and meeting with the Heads of Faculty. An update will be presented to the Board in October. Andrew Brawley confirmed the review framework was changing, full details had not yet been finalised however the format is likely to be an on going

monitoring model with an annual report produced by the College and moderated by the Inspectors, this will be piloted in the 2016/17 session.

The Chair thanked Andrew Brawley for his presentation. The Chair expressed his thanks to the Board and the Executive Team for a positive report. Andrew Brawley left the meeting at this point.

**Action:** The College to contact Moray College and Forth Valley College to learn how they addressed retention issues.

### **3 Declaration of Interest**

Members agreed to indicate declarations of interest as appropriate throughout the meeting.

### **4 Minute of previous meeting**

The minute of the Board of Management meeting held on 8<sup>th</sup> March 2016 was approved and the Chair thanked the Vice Chair for chairing the meeting in his absence.

### **5 Matters Arising**

The Chair advised the Board Induction Workshop run by College Development Network was very good and recommended all Board Members to attend, this was supported by the Vice Chair. This course is to become compulsory and new dates will shortly be released for September to December 2016.

Pat Kirby asked for an update on the position with the University of West Scotland (UWS). The Principal confirmed the Scottish Funding Council (SFC) would set up a review by their Property Services Team to lead this but nothing further had been heard from the SFC despite further requests.

### **6 Regional Chair's Report**

The Chair spoke to his report which had been issued. He also drew attention to the Key Messages/Lines to Take – June 2016, which had been issued by Colleges Scotland.

Members noted the report.

### **7 Principal's Report**

The Principal spoke to the report which had been issued. The Principal advised the report was a snap-shot of college activities to give the Board reassurance the college is moving forward, relationships with employers are very positive, and the learners are doing well.

The Principal updated members on the applications for 2016/17 which are healthy and have increased for Stranraer. The Board was pleased to note the encouraging number of applications particularly as credit targets have not been met for the current session. The Principal was asked whether the college would achieve the targets set for 2016/17. The Vice Principal Corporate Services and Governance advised the College plans to achieve the target and that early student retention was a main factor in the College not achieving its credit target for 2015-16. The Principal advised the Board she meets with Gillian Brysdon, Head of Education for Dumfries & Galloway

Council, once a month and the Vice Principal Learning and Skills is in discussions with Melanie McEwen, Developing the Young Workforce (DYW) Co-ordinator regarding HNC level courses. The Principal confirmed the College is working hard on promotional activities and school links. The Board commented it was very important for the College to engage with parents as they have a big influence over the learner's route into further education. Parents should be furnished with more information on the different routes available. An option for consideration is for winter learners' courses to start in January.

Members noted the report.

## **8 President of the Students' Association Report**

The President of the Student Association spoke to the report which had been issued, advising on activities at Dumfries and Stranraer. The President reported the 2016/17 elections had been successful with a good turnout, with the appointment of Scott Hardie as Student President, Danielle Rafferty as Student Vice President (Dumfries) and Kevin Knox as Student Vice President (Stranraer). The Board was pleased to note that more female candidates had put themselves forward for the elections. The Vice Principal of Corporate Services & Governance confirmed to the Board that the President could either undertake the role on a full time sabbatical or on a part time basis and it was thought Scott Hardie will be undertaking the role on a part time basis.

The President confirmed the Student Association was, in light of the comments in Education Scotland Report, working with the Class Reps in helping the Class Reps recognise and fulfil their roles. The Vice-Principal of Corporate Services and Governance advised the Board that the Student Association was not involved in the appointment of the Class Reps however the College was working on fortifying the links between the Student Association and the Class Reps.

The Chair thanked both the President and the Vice-President (Stranraer) for their contributions to the Board and wished them well for the future. The Vice Chair, in her capacity of Chair of the Learning and Teaching Committee, echoed the thanks and good wishes. Craig McGill left the meeting at this point.

Members noted the report.

## **9 Approved Committee Minutes**

The Chair asked each Committee Chair to provide verbal updates on recent matters which have arisen and have been considered by their Committee.

### **9.1 Audit Committee Minute 24.11.15**

The Chair of the Audit Committee presented the minute of the meeting held on the 24<sup>th</sup> November 2015 and confirmed there was nothing further to report.

Members noted the minute.

### **9.2 Audit Committee Minute 08.03.16**

The Chair of the Audit Committee presented the minute of the meeting held on 8<sup>th</sup> March 2016. He confirmed with reference to 'reasonable assurances' in point 5.1, the Auditors had dealt with this point.

Members noted the minute.



### **9.3 Learning and Teaching Committee Minute 15.03.16**

The Chair of the Learning and Teaching Committee presented the minute of the meeting held on 15<sup>th</sup> March 2016. She confirmed the Developing Young Workforce conference was to be held on 16<sup>th</sup> June 2016. She further advised the Learning and Teaching Committee had spent time, at their last meeting, discussing the retention issues and she recognised the staff were working very hard to address these issues. The Vice Principal of Corporate Services and Governance advised further information on retention will be presented at the Board Meeting in October as part of the Education Scotland Review action plan.

The Chair of the Learning and Teaching Committee put to the Board that the committee needed more non-executive members either to join the committee or at least observe as the committee provides a very good understanding of the work of the college. The next committee meeting is Tuesday 11<sup>th</sup> October 2016 with a presentation on mentoring and the Chair of the Learning and Teaching Committee encouraged members to attend.

Members noted the minute.

**Action:** The Chair and the Principal to ascertain a date in October 2016 for a strategic session to address retention issues.

### **9.4 Finance and General Purposes Committee Minute 01.03.16**

The Chair of the Finance and General Purposes Committee presented the minute of the meeting held on 1<sup>st</sup> March 2016 and confirmed there was nothing further to report. He did highlight to the Board the amount of additional work the Finance Department had undertaken with the transition and changes to the year end. The Board acknowledged the additional work undertaken by the Finance Department.

The Chair of the Finance and General Purposes Committee asked for an update on the sale of the Catherinefield site and the Director of Organisational Development and Facilities advised notices had been served on the Tenant and the Tenant had expressed verbally that they wished to purchase the site and had been in talks with their solicitors. It was expected that a written offer would be forthcoming once the valuation had been undertaken. She confirmed Scottish Funding Council had approved the sale.

Members noted the minute.

### **9.5 Remuneration Committee Minute 26.01.16**

The Chair of the Remuneration Committee presented the minute of the meeting held on 26<sup>th</sup> January 2016 and confirmed there was nothing further to report.

Members noted the minute.

### **9.6 Board Development Committee 29.01.16**

The Chair of the Board Development Committee presented the minute of the meeting held on 26<sup>th</sup> January 2016. He reported had met with all the Chairs of the committees for one to one assessments and to discuss the annual review of Board effectiveness. The Chair would be contacting the other Board Members over the next few weeks to schedule in their one to one assessments. The recruitment process will start in September of recruit two or three new members to the Board. The Chair was pleased to confirm Jan Polley has agreed to be appointed as the Board's external reviewer.

Members noted the minute.

## **10 Matters for decision**

### **10.1 2016-17 Regional Outcome Agreement**

The Principal spoke to the Outcome Agreement which had been issued. She advised that this was the finalised version and that this was the last year the Regional Outcome Agreement would be in this format. The Board has contributed to this document at its Strategic Session. A revised format highlighting strategic objectives will be introduced later this year.

The Board approved the 2016-17 Regional Outcome Agreement.

#### **10.1a Outcome Agreement Funding Allocation**

The Principal spoke to the report which had been issued by the Scottish Funding Council (SFC). She advised that the SFC had reduced activity by 1% which equated to approximately 300 credits. Capital has been reduced for the college, this is not in line with the whole sector as some other colleges who are undertaking building works have received an increase in capital. The Board queried whether the figure of 1.2% in column (10) of Table 3 was incorrect and should read 1.02%.

**Action:** The Vice Principal Corporate Services and Governance will examine this figure and report back.

The Board noted the report.

### **10.2 2016-17 Budget**

The Vice Principal Corporate Services and Governance spoke to the report that had been issued. The report highlights the differences between 2015-16 and 2016-17 budgets. The Finance and General Purpose Committee had approved the report and now recommend the report to the Board. The Budget presents challenges for the College particularly as there has been an increase in staff salaries and National Insurance contributions. It is believed SFC will support the pay awards but this has not been confirmed. The Vice Principal Corporate Services and Governance confirmed there was approximately £300,000 available in the College fund in the Scottish College Foundation. The Board noted that using depreciation cash was not sustainable. The Principal advised the £300,000 might be required to fund the Stranraer development and building works if the SFC will not support this. The Chair of the Finance and General Purpose Committee advised the Board the budget will be kept under review.

The Board approved the 2016-17 Budget.

### **10.3 Funding Implications Going Forward**

The Principal gave a verbal report as time had been limited to prepare a written report. She confirmed she sits on a number of funding committees. It was very difficult balancing the budget for this year and the Senior Executive Team worked very hard achieving this. There is no firm commitment of the on-going cost of the pay awards. It is believed the credit price is insufficient for sustainability. Depreciation is still an issue and the technical deficit is causing problems for some colleges with contracts and accounts.

The Principal reported that in respect of National Bargaining colleges have not received the full funding to cover the 2016-17 pay settlement. Further it is expected that the college sector will have to increase their commercial income; the re-classification as public bodies has made this

more difficult. The Principal advised a balanced budget is going to become increasingly harder in future years. Board Members asked for a written report to be made available.

**Action:** The Principal to prepare a report to be circulated to Board Members.

#### **10.4 2016-17 Curriculum Delivery Plan**

The Vice Principal Learning and Skills spoke to the report which had been issued. He spoke of the new areas being delivered for 2016-17 and curriculum plans for all faculties. The Chair congratulated the college developing the plan across all 16 schools in the region with the exception of Stranraer Academy, and particularly the exciting delivery of the new “Design Engineer Construct” course.

The Board approved the 2016-17 Curriculum Delivery Plan.

#### **10.5 Revised Operation of Severance Payments Policy**

The Director of Organisational Development and Facilities spoke to the report which had been issued and consider the recommendation by the Finance and General Purposes Committee to note and approve the revised policy.

The Board approved the Revised Operation of Severance Payments Policy.

#### **10.6 Revised Equal Opportunities Policy**

The Director of Organisational Development and Facilities spoke to the report which had been issued, seeking approval from the Board to approve the revised Equal Opportunities Policy.

The Board approved the Revised Equal Opportunities Policy.

#### **10.7 Revised Risk Management Policy**

The Vice Principal Corporate Services and Governance spoke to the report which had been issued. She advised the report had been approved by the Audit Committee and now seeking Board approval.

The Board approved the Revised Risk Management Policy.

#### **10.8 Strategic Risk Register**

The Vice Principal Corporate Services and Governance spoke to the report which had been issued. She advised the report had been approved by the Audit Committee and now seeking Board approval.

The Board approved the Strategic Risk Register.

#### **10.9 Succession Planning for the Executive Team**

The Executive Team left the meeting. The Principal spoke to the report which had been issued. She reported the proposal is to re-grade Executive Team salaries to reflect the salaries paid to similar posts in other college of similar size. The Principal advised the report had been approved by the Remuneration Committee who sought Board approval.

The Board approved the recommendation of the Remuneration Committee.

#### **10.10 Succession Planning for the Principal**

The Principal left the meeting. The Chair spoke to the report which had been issued. It was discussed, even with the recommended increase, the Principal's salary was still lower than other colleges of a similar size and the Chair confirmed this would be reviewed again in the future. The Chair advised the report had been approved by the Remuneration Committee who sought Board approval.

The Board approved the recommendation of the Remuneration Committee.

The Executive Team and the Principal returned to the meeting and the Chair thanked them for all their efforts.

#### **10.11 Board Calendar for 2016-17**

The Vice Principal Corporate Services and Governance advised there was a typographical error and the date for the Dumfries Graduation Ceremony should read 24<sup>th</sup> August 2016. The Chair spoke to the Calendar which had been issued and advised consideration needs to be given in the future to the frequency of the Board Meetings and whether the number should increase.

The Board approved the Board Calendar for 2016-17.

### **11 Matters for discussion**

#### **11.1 Key Performance Indicators 2015-16**

The Vice Principal, Corporate Services and Governance, spoke to the report which had been issued. She advised the college will not achieve the credit target for this year and money will be clawed back, however the projected claw back has reduced. Early student retention figures are an issue and the college is looking to address this.

Members noted the report.

#### **11.2 Strategic Plan/Regional Outcome Agreement Update**

The Principal advised a full report will come to Board in the new session.

#### **11.3 Review of Code of Good Governance Consultation**

The Chair advised the revised Code of Good Governance had been circulated, and the changes were not numerous and he advised it revised Code reflects the work which the Board is already carrying out. The Principal commented that the College has been used in Governance training as an example of good practice. It was confirmed on-line training for Board Members was not available at present but was expected to be once the revised Code was in place. Board Member comments on the consultation should be sent to The Board Secretary or Chair by Friday 10<sup>th</sup> June 2016.

#### **11.4 Stranraer Campus Provision**

The Principal spoke to the report which had been issued. She advised further work is to be done on costs before a decision can be made and she invited Board Members' views. The Board agreed the engineering programmes were promising. It was noted that film companies can be very unreliable however this is a low risk project with very small set up costs. The Board was in agreement for the Principal to move this forward and looked forward to further evidence of needs from employers.

Members noted the report.

#### **11.5 2016-17 Funding to support the Student Association**

The Vice Principal, Corporate Services and Governance, spoke to the report which had been issued and the additional documentation distributed at the meeting consisting of the Scottish Funding Council Letter, Framework for the Development of Strong and Effective College Students' Association and Development of Strong and Effective College Students' Association Self Evaluation Framework. The Vice Principal, Corporate Services and Governance confirmed that the Students' Association will give the Board regular updates on the Development Plan and the Self-Evaluation. The Students' Association is working on a Partnership Agreement which will come to the Board in the new session. The Chair suggested the President's report to Board include updates on the development plan and self evaluation.

**Action:** The President's report to include updates on progress on development plan and self evaluation.

Members noted the report.

### **12 Matters for information**

#### **12.1 FOIs Requests**

The Vice Principal, Corporate Services and Governance, spoke to the report which had been issued which provided a sample of FOI requests.

Members noted the report.

#### **12.2 Scottish Government Good College Governance Report**

The Chair spoke to the Report which had been issued as a result of the problems which had arisen at the three colleges.

Members noted the report.

#### **12.3 Colleges Scotland Spending Review 2017 Submission**

The Principal outlined the key points.

#### **12.4 Board Development Committee Update**

(a) The Chair advised he had already spoken on the one-to-one assessments. These assessments are proving to be very constructive and contribute to the Board Member Evaluation and Development Framework.

(b) The Committee had considered Board Evaluation 2015-16 at the meeting on 26 April 2016 and the draft Board Development Plan had been completed.

- (c) At the same meeting a Board Development Plan for 2016-17 had been considered and areas for particular focus had been highlighted. This is come back to the committee for review of progress.
- (d) In the new session Equalities training will be available and should be undertaken by all Board Members.

**Action:** Equalities training for Board Members to be tabled at the Board Meeting on 4<sup>th</sup> October 2016.

**13 Any other Business**

None.

**14 Date and Time of Next Meeting**

The Date and Time of the next Board of Management Meeting was confirmed as Tuesday 4<sup>th</sup> October 2016, at Dumfries starting at 2 pm.

## Board of Management

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### Report to the Board by the Regional Chair

#### 1 Introduction

The purpose of this report is to update the Board of Management on recent developments in the Further Education sector, the Region, as well as feedback from various meetings.

#### 2 Colleges Scotland/Sector/Regional Chair's Group

- 2.1 I attended a meeting of Colleges Scotland Board on 8<sup>th</sup> June. Main topics discussed were finalisation of Scottish Government Spending Review Submission, National Bargaining and Employers Association, SG Enterprise and Skills Review, Colleges Scotland Committee Structure and Remits.
- 2.2 I attended a meeting of the Regional Chairs on 9<sup>th</sup> September. In addition to the above, following discussed College Students' Associations, Prevent Strategy, Audit Scotland Report on Sector and College Governance Update.
- 2.3 Meeting on 21<sup>st</sup> July with SFC Outcome Manager. Discussed strategic role of Outcome Agreements, UWS and Planned Strategic Event for Crichton Academic Partners.
- 2.4 I attended the DYW National Advisory Board with Cabinet Secretary and Skills Minister on 31<sup>st</sup> August.
- 2.5 I Chaired the Capita National Conference on Developing Scotland's Young Workforce on 27<sup>th</sup> September.
- 2.6 I attended the Parliamentary Reception on 27<sup>th</sup> September.
- 2.7 I attended the Ministerial Launch of The Work Placement Standard for Colleges on 28<sup>th</sup> September.

#### 3 Regional Business

- 3.1 Meetings with the Principal to agree Performance Objectives for 2016/17. Seven Objectives set in areas as noted below:
  - Progress Vision 2020
  - Delivery of ROA
  - Education Scotland Review Action Plan
  - Review of Executive Team Roles and Responsibilities
  - Effective Board Engagement
  - Stranraer Campus Strategy
  - Professional and Personal Development

## **Board of Management**

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These were agreed for 12 months from 6<sup>th</sup> July 2016 with an interim discussion and review on 4<sup>th</sup> November 2016.

**3.2** I launched and attended the regional DYW Conference at the Easterbrook Hall on 16<sup>th</sup> June.

**3.3** I attended D&G Strategic Partnership Community Planning meeting on 17<sup>th</sup> June.

**3.4** I assisted in the Borders College Board recruitment.

**3.5** Presided at Stranraer Campus Graduation on 23<sup>rd</sup> June.

**3.6** Presided at Dumfries Graduation on 24<sup>th</sup> August.

**3.7** I attended Crichton Foundation AGM on 7<sup>th</sup> September.

**3.8** I attended meetings with D&G Council Economic Development Manager.

**3.9** I attended meetings with Scottish Enterprise Head of Rural.

**3.10** I attended D&G DYW Regional Board meeting and met with Chair, Douglas Small Managing Director of Ashleigh College with Principa.l

**3.11** I met with various MSP's in college. Engaged with Finlay Carson MSP to host an event for Employers at Stranraer Campus.

**3.12** I held one to one Board Member Development and Evaluation meetings with Board colleagues.

**3.13** I attended an Introductory meeting with Scott Hardie, new Student Association President.

**3.14** I attended the Crichton Campus Leadership Group meeting on 2<sup>nd</sup> September, in college.

**3.15** I facilitated and Chaired discussion at Community Planning meeting on Employability and DYW. This included a presented by Principal as Chair of the Employability Partnership, and by Head of Schools. This hopefully will lead to a number of strategic issues being progressed.

**3.16** I attended the Dumfries & Galloway Business Breakfast on 3<sup>rd</sup> October

**3.17** Ongoing Board Development Work – please refer to agenda item 13.2

### **4 Recommendation**

It is recommended that the Board note the contents of this report, and members are invited to comment.

**Brian Johnstone**  
Regional Chair  
October 2016



# Board of Management

## Principal and Chief Executive Report: June – September 2016

### 1 Purpose of the Report

This is the first (normally quarterly) report to the Board for academic year 2016-17 to provide Board members with a sense of 'day to day life' and activities of the College, with a particular focus on learners. The report provides a snapshot of the period and is not intended to be exhaustive.

### 2 The Report

#### 2.1 2016-17 Full-time Enrolments (as at 26.09.16)

| Curriculum Area                        | FE<br>2016/<br>17 | FE<br>2015/<br>16 | FE<br>2014/<br>15 | HE<br>2016/<br>17 | HE<br>2015/<br>16 | HE<br>2014/<br>15 | Total<br>2016/<br>17 | Total<br>2015/<br>16 | Total<br>2014/<br>15 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------------|----------------------|----------------------|
| Creative Industries                    | 58                | 57                | 82                | 91                | 89                | 105               | 149                  | 148                  | 187                  |
| Construction                           | 121               | 121               | 130               |                   |                   |                   | 121                  | 100                  | 109                  |
| Business                               | 17                | 21                | 20                | 96                | 85                | 78                | 113                  | 106                  | 102                  |
| Computing                              | 59                | 60                | 53                | 49                | 29                | 42                | 108                  | 88                   | 98                   |
| Childcare                              | 120               | 132               | 134               | 53                | 47                | 51                | 173                  | 177                  | 188                  |
| Engineering                            | 128               | 167               | 147               | 18                | 20                | 34                | 146                  | 183                  | 187                  |
| Care                                   | 144               | 154               | 147               | 80                | 79                | 79                | 224                  | 228                  | 228                  |
| Hair & Beauty                          | 83                | 81                | 134               | 29                | 26                | 18                | 112                  | 99                   | 144                  |
| Sport                                  | 49                | 51                | 48                | 66                | 68                | 63                | 115                  | 116                  | 110                  |
| Hospitality                            | 45                | 51                |                   | 11                | 10                |                   | 56                   | 61                   |                      |
| Health & Social Studies<br>(Stranraer) | 69                | 70                | 56                | 28                | 24                | 24                | 97                   | 94                   | 79                   |
| Technology (Stranraer)                 | 56                | 52                | 62                |                   |                   |                   | 56                   | 52                   | 62                   |
| Hair & Beauty (Stranraer)              | 64                | 63                | 54                |                   | 3                 | 11                | 64                   | 66                   | 67                   |
| Hospitality (Stranraer)                | 26                | 25                | 29                |                   |                   |                   | 26                   | 24                   | 29                   |
| Business & Computing<br>(Stranraer)    | 13                | 15                | 14                |                   |                   |                   | 13                   | 14                   | 14                   |
| <b>Total</b>                           | <b>1052</b>       | <b>1120</b>       | <b>1110</b>       | <b>521</b>        | <b>480</b>        | <b>505</b>        | <b>1573</b>          | <b>1600</b>          | <b>1615</b>          |

Enrolments to date are approximately 98% of our target (1600) and it is unlikely that there will be many more full-time enrolments. We will explore opportunities for additional activity with our Local Employability Partners but it is important to note that all staffing has been deployed as per the original plan – we have not been able to reduce staffing costs as all groups still formed. It is the average class size that has fallen. At this stage it is difficult to know the full impact on our credit target as staff are working really hard and a range of strategies have been implemented to improve our Early Student Retention rate. A more detailed update will be provided at the December Board meeting.

## Board of Management

### **2.2 School/College Link Enrolments**

There are currently 349 pupils enrolled on college programmes, compared to 314 in 2015-16 and 263 in 2014-15.

### **2.2 Activity Target 2015-16**

As previously reported, the College did not achieve its activity target for 2015-16 by 514 credits, resulting in a clawback of funding amounting to £89,500. This has been accrued in the 2015-16 accounts.

### **2.3 University of the West of Scotland – Co-location**

Further meetings between the College, UWS and SFC have been held where SFC confirmed they had no capital funding available to support co-location at this time. UWS are now exploring differing funding models and a meeting between the College, Crichton Development Co, Jansens Investors and UWS is currently being arranged.

### **2.4 College Development Network Awards**

The College has been shortlisted for a College Development Network Annual Award in the *Employer Connections Category* for the partnership working in Care and Reablement. The event will be held on 22 November.

### **2.5 College Scotland Parliamentary Reception**

The College was invited to showcase some of the work we do in respect of Access and Inclusion at the Parliamentary Reception on 27 September focussing on the partnership working with 'The Usual Place, where the College has delivered training, supported the initiative through work experience and work placement with learners over a number of years.

### **2.6 Employer Engagement & DYW**

The College continues to strengthen links with employers and schools through a series of different interventions.

An Employer forum is planned for October 2016 at Stranraer Campus, which will be facilitated by Finlay Carson MSP. The aim is to identify skills gaps in the West of the region, improve understanding by employers of the College portfolio and to encourage further engagement between the College and employers.

A motor vehicle trade event was held in the Dumfries Campus and was sponsored by Dingbro who provided updates and training to staff and businesses from within the Motor Vehicle sector on new technological developments. Approximately 20 businesses attended along with apprentices.

Laing O'Rourke met full-time and apprentice learners in the College recently and gave a guest talk on the industry, the company and new developments.

## Board of Management

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A College 'Open Door's event is planned for November and pupils (and parents) in the Senior Phase at School will be invited to come to the college to see demos, tour the facilities, speak to students and staff. The overall aim is to encourage more learners to view college as an alternative route to further and higher education and employment from the traditional 'Higher to University' route.

### **2.7 Joint Academic Strategy Group**

Scottish Funding Council are facilitating a Crichton Campus Visioning meeting for members of the Joint Academic Strategy Group in October. The aim of this is for academic partners to develop a collaborative vision and joint aims and objectives which will then be incorporated into future Crichton Campus Consolidated Outcome Agreements and Action Plans.

### **3 Recommendation**

Members are asked to note the update on key College activities.

**Carol Turnbull**  
*Principal and Chief Executive Officer*  
**October 2016**

## Board of Management

### Report to the Board by the President of the Students' Association

#### 1 Introduction

The purpose of this report is to update the Board of Management on recent developments in the Students' Association.

#### 2 Elections

##### 2.1 Student Association Elections Session 16-17

Campaigning took place at both campuses during May 2016 and successful elections resulted in the following positions being filled:

- Dumfries Campus – Scott Hardie, Student Association President
- Dumfries Campus – Danni Rafferty, Vice President Dumfries
- Stranraer Campus - Kevin Knox was elected as Vice President, Stranraer Campus. However, as he was successful in obtaining employment he chose not to return to college. Emma Curtis was then appointed at the end of last session as she was placed second in the elections.

##### 2.2 National Union of Students (NUS) Training – July 2016

The Student Association President attended a two day residential NUS training workshop for sabbatical officers and Board of Management training.

Kerry Beaver, NUS Development Officer, visited the college on 12<sup>th</sup> September and met with the President, Vice President at and Quality Manager at the Dumfries Campus to discuss NUS support for executive officers.

##### 2.3 Student Association Executive Positions

Vacancies for a Health and Wellbeing Officer and an Equality and Diversity Officer have been advertised at both campuses. Elections will take place after the closing date, Thursday 28<sup>th</sup> September.

##### 2.4 Student Satisfaction and Engagement Survey Workshop

The President, Student Engagement Officer and a member of the Quality staff attended a workshop in 28<sup>th</sup> September co-ordinated by the Scottish Funding Council, to address student satisfaction and engagement survey results from across the sector.

##### 2.5 Class Representative Elections

Class Rep elections are currently underway at both Campuses. Training will take place after the October break. The training will be supported through Quality staff and the Student Association Executive.

#### 3 Student Association Events

##### 3.1 Fresher's Week – August 2016

Various community partners and external agencies visited both campuses to highlight their services to students and staff.

Some of these agencies were: Step Together Volunteering, Skills Development Scotland, The Samaritans, Police Scotland, NHS Sexual Health, Speech and Language Therapy Services, Loreburn Housing Tenants' Association, LGBT, Stagecoach, Smoking Matters, D & G Carers, DG Voice, Sally Hair and Beauty, The

## Board of Management

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Stove, Addaction Dumfries and Galloway, Peter Pan Moat Brae Trust, Frendz, Easterbrook Live, Alive Radio, Bannatynes and Community Wardens.

To develop student association working relationships with community partners work will be ongoing, with organisations visiting throughout the session to promote health, recruitment, employability and sustainability campaigns.

### 3.2 Student Induction

The Student Association President spoke to student groups at the student induction meetings where he introduced himself and outlined the ideas he had to engage with the student body.

### 3.3 Macmillan Big Coffee Morning

The Student Association with Quality Staff facilitated a Macmillan Big Coffee morning on the 29<sup>th</sup> September at the Dumfries Campus.

## 4 Moving forward

- Student Partnership Agreement to be finalised with the support of sparqs staff.
- Training and team building event for new executive officers when elections have taken place.
- Executive officers to take part in class rep training with support from the Student Engagement Officer and Quality Staff.
- Link Volunteering Award will be offered to executive officers and class reps working in partnership with the SA.
- Continue the Women's Aid gifts Project started last year by Care students as an annual SA/class rep volunteering and fundraising event.
- Organise a Christmas Market in December 2016 in conjunction with local small businesses linking student engagement with employability, sustainability and health and well-being.
- Sport-a-thon event – March 2017 – an inter-college sporting event to include students from many college departments (hospitality students, beauty students for sports massage, media students etc.)
- Monthly cross-college sustainability initiatives, the first being a cooking demonstration by hospitality students to highlight food waste, healthy eating and the links between food production and climate change.
- Halloween event to be planned, will be organised once executive positions have been filled by the end of September.

## 5 Recommendation

It is recommended that the Board note the contents of this report

Scott Hardie  
President  
Students' Association

September 2016

## **Board of Management**

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**Minute of the Meeting of the Finance and General Purposes Committee of the Board of Management of Dumfries and Galloway College, held on Tuesday 17 May 2016 at 2.00 pm in Room 1074b, Dumfries campus.**

**Present:** John Henderson (Chair) Ros Francis  
Kenny Henry Karen McGahan

**In attendance:** Jannette Brown, Secretary to the Board and Vice Principal Corporate Services & Governance  
Karen Hunter, Finance Manager  
Helen Pedley, Director of Organisational Development and Facilities  
Claire Gardiner, Grant & Thornton

**Minute Taker:** Heather Tinning, Executive Team Assistant

### **1 Welcome and Apologies for Absence**

The Chair welcomed members to the meeting, including Claire Gardiner, Audit Manager from Grant Thornton Accountants. Apologies for absence were intimated on behalf of Carol Turnbull.

The Secretary to the Board confirmed the meeting was quorate with enough members present to allow decisions to be made.

### **2 Declaration of Interest**

Members agreed to declare any declarations of interest as appropriate throughout the meeting.

### **3 Minute of Previous Meeting**

The Minute of the Finance and General Purposes Committee held on 1 March 2016 was approved.

### **4 Matters Arising**

None.

#### **4.1 Sale of Catherinefield**

The Director of Organisational Development and Facilities reported on recent correspondence with the SFC relating to the sale of the property and discussions with current tenant. The sale will now be progressed with the College solicitor.

## **Board of Management**

### **5 Transition to FRS102**

Claire Gardiner, Audit Manager at Grant Thornton spoke to the report which had been issued. The major impact for the College related to deferred capital grants. The Audit Manager also reported on the suggested transition timetable. She also highlighted the importance of engaging with external audit at an early stage. The narrative in the year end accounts is very similar to previous years although presented in a different way. The Vice Principal Corporate Services and Governance advised members that Audit Scotland was taking an interest in the sector accounts due to the number of colleges reporting deficits.

### **6 Capital Grants and Transition to FRS102**

The Finance Manager spoke to the report which had been issued. Members discussed the best model to deal with deferred grants and agreed to the recommendation by the Executive Management Team to adopt the accruals model.

### **7 Scottish Funding Council Financial Memorandum**

The Vice Principal Corporate Services and Governance spoke to the paper which had been issued. She confirmed that with the exception of moving over to Government banking the College was fully compliant with the SFC Financial Memorandum and SFC Guidance on seeking approval for severance schemes. The College is currently awaiting RBS to confirm the date to transition to new bank account.

### **8 Revised Operation of Severance Payments Policy**

The Director of Organisational Development and Facilities spoke to the report which had been issued. Members disused the revised policy and agreed to set a £40,000 limit for severance payment of the Executive Management Team or where all elements of a proposed severance payment would amount to.

**Action:** Revised policy to be recommended to the board at its next meeting.

### **9 Estates Update**

The Director of Organisational Development and Facilities spoke to the report which had been issued. The report provided members with an update on the recent break in, flood damage, safety of the construction of the building, health and safety inspection and fire risk assessment.

The chair thanked the Director for a very full report.

### **10 Pay Award Update**

The Director of Organisational Development and Facilities updated members on the latest position on national bargaining. The Regional chair advised members that the Employer's Association will be setting parameters of the NJNC for future negotiations.

## Board of Management

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### 11 Draft 2016-17 budget

The Finance Manager spoke to the report which had been issued, advising that the draft budget had been prepared following the recent funding announcement by the SFC. She highlighted the increase in staff costs from previous year. The College expects additional funding to be made available to colleges to support the national pay awards. The Finance Manager advised that the SFC capital grant was less than last year. She advised that a bid into ALF may need to be considered for capital projects.

Karen McGahan left the meeting at this point

**Decision:** Members agreed to recommend the budget to the board at its next meeting.

### 12 Financial Update March 2016

The Finance Manager spoke to the report which had been issued, advising that the figures had been prepared prior to the SFC funding announcement. In terms of cash, the amount held is relatively low, complying with Scottish Government requirements. A small surplus of student support funding is expected up to the end of July, which will be paid back to the SFC. The Income and Expenditure Summary shows changes proposed to the budget and highlights variances in the budget at this stage. She reported that the college is forecasting a break even position. Members noted the report.

### 13 Aged Debt Report

The Finance Manager spoke to the report, which had been issued, providing an up-to-date summary on outstanding debt. Members noted the report.

### 14 Cash Flow Forecasts

The Finance Manager spoke to the report which had been issued showing cash flow projections 2015-16. Members noted the report.

### 15 Any other Business

The Vice Principal Corporate Services and Governance spoke to the report which had been tabled providing an update on the Lennartz Ruling. The report provided members with an update on the current position and to consider the recommendation by the Executive Management Team to not continue with the action at this time but should further developments occur this decision will be reviewed. Members requested further information in term and conditions of the Ernst & Young contract and to seek an expert VAT opinion on consequences before making a decision.

**Action:** Decision deferred until the next committee meeting.



## **Board of Management**

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### **16 Date and Time of Next Meeting**

The next meeting of the Committee would take place on Tuesday 27<sup>th</sup> September at 2pm.

## **Board of Management**

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### **ANNUAL REPORT OF THE AUDIT COMMITTEE**

#### **1 PURPOSE OF REPORT**

- 1.1 To advise the Board of Management of the activities and decisions of the Audit Committee during Financial Period 2015-16 and to provide opinions on matters specified by the Code of Audit Practice.

#### **2 BACKGROUND TO REPORT**

- 2.1 It is a requirement of the Code of Audit Practice and the College's Standing Orders and Financial Regulations that the Audit Committee provides the Board with an Annual Report so that all members of the Board can be fully informed of, amongst other things, aspects of the system of Internal Control.

#### **3 ADMINISTRATIVE MATTERS**

- 3.1 The period covered by this report is the twelve month period 1 August 2015 to 31 July 2016.

- 3.2 The membership of the Committee during the period was:

Hugh Carr, Chair  
Janice Goldie (to 15 December 2015)  
Delia Holland  
Pat Kirby  
Stuart Martin

- 3.3 Other attendees at Audit Committee meetings include:

Carol Turnbull, Principal  
Jannette Brown, Secretary to the Board and Vice Principal Corporate Services and Governance  
Kay Bird, new Secretary to the Board  
Karen Hunter, Finance Manager  
Representative from RSM Risk Assurance Services, Internal Auditors  
Representative from Grant Thornton, External Auditors

## Board of Management

3.4 During the relevant period, the Committee's formal meetings were as follows:

| Date of Meeting:  | Board members present:                                   |
|-------------------|--|
| 22 September 2015 | Hugh Carr<br>Delia Holland<br>Janice Goldie              |
| 24 November 2015  | Hugh Carr<br>Delia Holland<br>Pat Kirby<br>Stuart Martin |
| 8 March 2016      | Hugh Carr<br>Delia Holland<br>Pat Kirby<br>Stuart Martin |
| 10 May 2016       | Hugh Carr<br>Pat Kirby<br>Stuart Martin                  |

There was an average attendance of 4 members (78%).

## 4 INTERNAL AUDIT

4.1 RSM Risk Assurance Services (RSM) acted as internal auditors throughout the year.

4.2 RSM have provided their Annual Audit Report for 2015-16. The opinion for the 12 months ended 31 July 2016 was as follows:

### ***'Head of internal audit opinion 2015-2016***

*The College has an adequate and effective framework for risk management, governance and internal control.*

*However, our work has identified further enhancements to the framework for risk management, governance and internal control to ensure that it remains adequate and effective.'*

The full opinion and supporting information is detailed in RSM's Annual Internal Audit Report - Year ended 31<sup>st</sup> July 2016.

## Board of Management

- 4.3 A summary of the internal audit undertaken, and the resulting opinions, is provided below:

| Assignment   | Assurance level     | Actions agreed |          |           |
|--|---------------------|----------------|----------|-----------|
|  |                     | H              | M        | L         |
| Student Activity Data                                      | Substantial         | 0              | 1        | 0         |
| Student Support Funds and Education Maintenance Allowances | Substantial         | 0              | 0        | 0         |
| Strategic and Financial Planning                           | Substantial         | 0              | 0        | 1         |
| Budgetary Control  | Substantial         | 0              | 0        | 1         |
| Human Resources Effectiveness                              | Reasonable          | 0              | 1        | 3         |
| Procurement  | Reasonable          | 0              | 1        | 2         |
| VFM – APUC Assessment                                      | Reasonable          | 0              | 3        | 6         |
| Follow of Previous Internal Audit Recommendations          | Reasonable Progress | 1              | 3        | 0         |
| <b>Total (2015-16)</b>                                     |                     | <b>1</b>       | <b>9</b> | <b>13</b> |
| Total (2014/15)  |                     | 1              | 6        | 1         |

- 4.4 The recommendations are categorised by the auditors according to the level of priority – High, Medium and Low, and are prioritised to reflect the auditors' assessment of risk associated with the control weaknesses.

In addition, Suggestions may be included as part of the Action Plan reported. These are not formal recommendations that impact the overall audit opinion, but used to highlight a suggestion or idea that management may want to consider.

Nine of the recommendations made during the year were categorised as Medium Priority, with 13 categorised as Low Priority.

One High Priority management action was reiterated in relation to a Follow Up of previous internal audit recommendations review.

- 4.5 Where a recommendation is not accepted this is documented in the individual audit reports considered by the Audit Committee. In general, recommendations may not be accepted where it is considered that the benefits of implementation are outweighed by the costs.

## **Board of Management**

- 4.6 Assurance on the adequacy of internal controls within the College arises only from the results of reviews that have been completed during the period in accordance with the programme approved by the Audit Committee. In this context it is important to note that:

- It is management's responsibility to maintain internal controls on an ongoing basis;
- The internal audit function forms part of the overall internal control structure of the Board; and
- Whilst the Internal Auditors have planned their work so that they have a reasonable expectation of detecting significant control weakness, internal audit procedures do not guarantee that fraud will be detected.

It is the responsibility of internal audit to assess the adequacy of the internal control arrangements put in place by management and to perform testing to ensure that these controls were operating for the period under review.

## **5 EXTERNAL AUDITORS**

- 5.1 The external auditors for the period to 31 July 2016 were Grant Thornton UK LLP, 7 Exchange Crescent, Edinburgh EH3 8AN. Grant Thornton have been engaged to carry out the external audit for financial years 2011-12 to 2015-16.
- 5.2 The fundamental objective of the planning, approach and execution of the audit is to enable the auditors to express an opinion on whether or not the financial statements, as a whole, give a true and fair view of the activities of the College since the last audit and of its state of affairs as at the Balance Sheet date.
- 5.3 We confirm that the external auditors have been approved by the Auditor General in accordance with the Code of Audit Practice and the letter from the Auditor General dated 20 April 2000 for provision of external audit services for the financial period 2013-14.
- 5.4 The external audit of the financial statements for the period ended 31<sup>st</sup> July 2016 will be undertaken during October 2016, and Grant Thornton are expected to issue their external audit report in November.
- 5.5 Audit Scotland have now completed their tender exercise, and have advised that Scott-Moncrieff have been proposed as the external auditor for Dumfries and Galloway College for the financial years 2016-17 to 2020-21. Confirmation of the formal appointment of auditors is expected by 3rd May 2016.

## **Board of Management**

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### **6 THE FINANCIAL STATEMENTS**

- 6.1 The External Auditors will provide their Annual Report to the Board of Management following completion of their external audit work, as noted above.

### **7 VALUE FOR MONEY PROGRAMME (VFM)**

- 7.1 Value for Money Audit work on APUC Assessment was undertaken during 2015-16.
- 7.2 The review was undertaken to provide the College with feedback on current systems and processes for procurement and to ensure that they are prepared for any future Procurement Capability Assessments by Advance Procurement for Universities and Colleges (APUC); as well as confirming that appropriate procurement systems and procedures are in place to ensure Value for Money is achieved.
- 7.3 The audit resulted in 3 Medium and 6 Low Risk recommendations being raised, and concluded that the Board can take reasonable assurance that controls upon which the organisation relies on to manage this area are suitably designed, consistently applied. However, issues were identified that need to be addressed in order to ensure that the framework is effective in managing this area.

### **8 OTHER MATTERS**

- 8.1 There are no matters arising from trusts, joint ventures, subsidiary or associated companies.
- 8.2 There were no issues of alleged fraud/irregularity investigated during the audit period.
- 8.3 There are no foreseeable events that will affect the work of the Audit Committee.

### **9 GOOD GOVERNANCE**

- 9.1 In line with the 'Code of Good Governance for Scotland's Colleges' the College Internal and External Auditors have access to the Audit Committee members to discuss any issues without College staff being present.
- 9.2 At the Audit Committee meeting held on 24 November 2015, the Chair asked members of the Executive Team and Finance Manager to withdraw from the meeting in order for the Committee to meet privately with internal and external auditors. The Chair sought feedback from internal and external auditors on any matters they wished to raise without staff present. Both reported strong and positive relationships with staff, and complimented them on the quality of cooperation received and working

## **Board of Management**

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papers provided for audit. Neither raised any concerns or criticisms of management or staff.

### **10 OPINION**

- 10.1 The Audit Committee's opinion will be reported for the final report following completion of the Financial Statements audit, when the External Auditors' reports are available.

### **11 RECOMMENDATION**

- 11.1 It is recommended that the Board take note of the work of the Committee for the period August 2015 to July 2016.

Hugh Carr  
Chair of Audit Committee  
September 2016

## Board of Management

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### Strategic Risk Register

#### 1. Introduction

- 1.1 The purpose of this paper is to provide the Board of Management with the opportunity to review the College's Strategic Risk Register.

#### 2 The Report

- 2.1 In line with the College's Risk Management Policy any risk with an inherent rating of 12 or above must have mitigating controls in place and where the residual rating remains above 12 should be reviewed at least quarterly in order to identify if any further actions could be taken to reduce the residual rating to below 12. For completeness all risks are included in the attached register, in order of high to low ratings.
- 2.2 The Principal and Executive Management Team routinely review the Strategic Risk Register to reflect the risks the College is facing and the mitigation that will be applied to each risk. There are currently 11 strategic risks, three of which are rated 12 or above.
- 2.3 Since the Board last met, a full condition and a structural survey has been undertaken where no structural issues were identified. Therefore, the risk relating to 'Safety concerns relating to construction of the College by Miller Construction' has been removed from the register.
- 2.4 At this time there is no change to risk no4 'unable to achieve credit (activity) target'. However, further strike action by UNISON members may impact negatively on early retention.

#### 3. Recommendation

- 3.1 The Audit Committee reviewed the Strategic Risk Register at its meeting on 20th September. It is recommended that the Board of Management consider and, approve the Strategic Risk Register.



## Board of Management

| Risk No. | Risk Description  | Inherent Risk |        |       | Controls in Place   | Assurances   | Internal / External | Residual risk |        |       | Further Action  | Risk Owner |
|----------|---|---------------|--------|-------|---|--|---------------------|---------------|--------|-------|---|------------|
|          |   | Likelihood    | Impact | Total |   |  |                     | Likelihood    | Impact | Total |   |            |
| 1        | National Pay Bargaining   | 4             | 4      | 16    | 1. Detailed financial planning undertaken and approved by Finance and General Purposes Committee to ensure "affordability" of any offer.<br>2. National negotiation processes in place with recognised unions.<br>3. Government public sector pay guidance for 2016-17 is for maximum 1%. | 1. Feedback to EMT and the Board<br>2. Included in budget which is monitored and reported through F&GP and Board<br>3. Sound internal planning and monitoring to ensure service continuity in event of industrial action | Internal/ External  | 4             | 4      | 16    | Regular communication with staff and student association executive on sector developments and management position. Regular liaison with union bodies in college. Industrial action will be detrimental to learners achieving their aims/qualifications. | EMT        |
| 2        | Public sector funding cuts - forecast for session 2017-18   | 4             | 4      | 16    | 1. Scenario planning undertaken and measures to offset reduction identified which is then used to inform curriculum planning.<br>2. Annual review of provision undertaken through planning and budgetary process to ensure match of income and expenditure.                               | 1. Curriculum plans approved by EMT and L&T<br>2. Budget approved by the Board   | Internal            | 3             | 4      | 12    | Reduce curriculum provision and or student services in line with funding and implement cost savings. Seek to increase non SFC income.   | EMT        |
| 3        | Governance issues: Reclassification and other changes to governance reduce the flexibility of the College to manage financial and estates issues and meet targets in the Outcome Agreement. | 4             | 4      | 16    | 1. Executive Management Team and Finance Manager representation at relevant briefings and ongoing monitoring of changes<br>2. External audit advice   | 1. Appropriate and robust internal planning and monitoring arrangements<br>2. Regular liaison with Scottish Funding Council  | Internal/ External  | 3             | 4      | 12    | Seeking support from Scottish College Foundation to support College's continuing development. SFC Guidance on Depreciation and Deficits   | EMT        |
| 4        | Unable to achieve credit (activity) target  | 3             | 3      | 9     | 1. Real time monitoring system.<br>2. Contingency plans in place to offer additional provision as required.<br>3. Annual review of staffing and provision to rebalance areas of growth with areas of decline.<br>4. Annual review carried out by internal audit                           | 1. Reviewed by ET on a weekly basis<br>2. Reviewed by ET on a weekly basis<br>3. Review carried out by HR and presented to ET for consideration/approval.<br>4. Internal audit report presented to audit committee       | Internal / External | 3             | 3      | 9     | Early warning strategies to be implemented to improve early retention. 30 August 2016 - UNISON informed of intention to strike on 6 September 2016 - this could impact on retention   | EMT        |

## Board of Management

| Risk No. | Risk Description  | Inherent Risk |        |       | Controls in Place  | Assurances   | Internal / External | Residual risk |        |       | Further Action  | Risk Owner |
|----------|---|---------------|--------|-------|--|--|---------------------|---------------|--------|-------|---|------------|
|          |   | Likelihood    | Impact | Total |  |  |                     | Likelihood    | Impact | Total |   |            |
| 5        | University of West Of Scotland - Review of property and provision in Dumfries.                              | 4             | 3      | 12    | 1. Principal continue to discuss with Senior Management of UWS.<br>2. Principal and Vice Principal on the Joint Academic Strategy Group.<br>3. Regular reporting and discussion at EMT as information becomes available. |  | Internal/ External  | 3             | 3      | 9     | Continue dialogue with UWS. Keep SFC informed of potential loss of contribution to college overheads from UWS for shared accommodation. Also potential loss of articulation opportunities for College students if UWS provision if reduced. 16 March 2016 agreement reached by College, UWS and SFC to prepare an outline business case for funding to build an extension to the College building to accommodate UWS. | EMT        |
| 6        | Failure to achieve attainment targets   | 4             | 4      | 16    | 1. Real time monitoring systems in place<br>2. Strategies in place to improve retention.<br>2. Strategies in place to improve student success<br>3. Poorly performing programmes removed from the curriculum.            | 1. Monitored at course level and review by Vice Principal (Learning and Skills)<br>2. Monitored through self evaluation process and reported to ET and L&T committee | Internal/ External  | 1             | 4      | 4     | Moving forward achieving attainment targets agreed with the SFC in the Regional Outcome may be a condition of grant. Low attainment can also be detrimental to college reputation.  | EMT        |
| 7        | Implications following the implementation of 'needs-led' funding model, in particular ELS and rural funding | 4             | 4      | 16    | 1. Principal member of College Sector Funding Group.<br>2. Continuous review of curriculum and delivery by ET to ensure that adverse impact minimised.   | 1. Feedback to ET and Board meetings<br>2. Reports to L&T Committee  | Internal            | 2             | 2      | 4     | College to develop an access and inclusion strategy detailing how ELS funding be used   | EMT        |
| 8        | Disruption to business continuity due to Influenza pandemic, terrorism, fire or other disaster              | 2             | 4      | 8     | 1. Business continuity plan in place (check audit report recommendations)  | 1. Reviewed by ET and report to Board<br>2. Internal audit review carried out in 11/12   | Internal / External | 2             | 2      | 4     | Implementation of audit recommendations   | EMT        |

## Board of Management

| Risk No. | Risk Description   | Inherent Risk |        |       | Controls in Place  | Assurances  | Internal / External | Residual risk |        |       | Further Action  | Risk Owner |
|----------|--|---------------|--------|-------|--|---|---------------------|---------------|--------|-------|---|------------|
|          |  | Likelihood    | Impact | Total |  |   |                     | Likelihood    | Impact | Total |   |            |
| 9        | Prevent Duty – disruption due to threat of extremism / risk of external influences | 3             | 4      | 12    | 1. Vice Principal attendance at local multi-agency CONTEST group<br>2. Regular reporting of Prevent issues at EMT.<br>3. Constant scanning to identify new potential threats.  | 1. College Prevent Action Plan<br>2. CONTEST meetings/minutes<br>3. EMT meetings/minutes                  | Internal            | 2             | 2      | 4     | Vice Principal leading on Prevent Action Plan, any issues would be identified through regular reporting at EMT. Immediate concerns to be raised with contact within Police Scotland. Review of evacuation procedures in relation to 'stay safe' principles planned for September 2016 | EMT        |
| 10       | Imbalance between demand for student support funds/bursaries and funds available   | 2             | 3      | 6     | 1. Detailed analysis and monitoring of spend undertaken on an ongoing basis by Finance Manager, discussed monthly with VP (CS&G) who updates ET.<br>2. Allocation and amounts reviewed on an annual basis to ensure funding constrained within amount available.<br>3. Annual review carried out by internal audit | 1. ET meetings/minutes<br>2. ET meetings/minutes<br>3. Internal audit report presented to audit committee | Internal / External | 1             | 2      | 2     | No further action but continue to monitor expenditure and amend student funding policies to match demand with available budget.   | EMT        |
| 11       | Loss of collaborative partnership arrangements                                     | 2             | 3      | 6     | 1. Policy of limiting dependence on any one partnership.<br>2. Regular reporting of partnership issues at ET.<br>3. Constant scanning to identify new potential partnerships.  | 1. Currently not specifically reviewed<br>2. ET meetings/minutes<br>3. ET meetings/minutes                | Internal            | 1             | 2      | 2     | No further action. Although policy not specifically reviewed, any issues would be identified through regular reporting at ET.   | EMT        |

## Board of Management

### Revised Budget for 2016-17

#### 1 Purpose of Report

The purpose of this report is to seek approval for revisions to the draft budget for the 2016/17 financial year.

#### 2 Report

This budget relates to the 2016/17 financial year, and covers the 12 month period August 2016 to July 2017. The budget previously approved by the Board of Management has been updated to reflect the following changes:

##### 2.1 Scottish Funding Council (SFC) Income

Strategic Funding – the previous budget report included an estimate of SFC Strategic grant of £30,000. SFC have confirmed that additional grant of £75,143 will be provided in order to meet additional cost pressures.

##### 2.2 English for Speakers of Other Languages (ESOL)

The final grant allocation for ESOL has now been advised by SFC, which has decreased grant income by £2,147.

##### 2.3 Arms Length Foundation

The revised budget now includes a portion of the grant received in April from the Scottish College Foundation which has been carried forward to August 2016 in order to meet the costs to complete the Hair Salon refurbishment. The costs to completion, to be incurred in August, were estimated as £24,436 and this is now also included in the revised budget.

##### 2.4 Release of Capital Grants

The budget has been revised to remove the release of non-government capital grants of £57,480 in order to reflect the implementation of accounting standard FRS 102 and the revised Statement of Recommended Practice for 2016/17.

#### 3 Net Operating Results

The net effect of the above changes to the operating results is an increase in overall operating deficit by £14,000 to £191,000. Operational plan budgets will be adjusted, following consultation with budget holders, in order to achieve a break-even operating result for the year.

A summary of the revised budget is attached at the Appendix to this report.

#### 4 Recommendation

The Finance and General Purposes Committee recommends that the Board of Management consider and, approve the Revised Budget.

# Board of Management

## Appendix

Appendix

| INCOME AND EXPENDITURE                  | ACADEMIC YEAR 2016/17      |                                       |                                 |
|---|----------------------------|---------------------------------------|---------------------------------|
|   | Original Budget - May 2016 | Changes for Approval - September 2016 | Revised Budget - September 2016 |
| INCOME                                  | £000                       | £000                                  | £000                            |
| Grant Income                            | 8,895                      | 22                                    | 8,917                           |
| Release of deferred capital grant       | 816                        | (57)                                  | 759                             |
| Fee Income                              | 1,868                      | 0                                     | 1,868                           |
| Other Income                            | 64                         | 0                                     | 64                              |
| SFC Strategic Fund                      | 30                         | 45                                    | 75                              |
| Total Income                            | 11,673                     | 10                                    | 11,683                          |
| EXPENDITURE                             |                            |                                       |                                 |
| Total Pay Costs                         | 8,031                      | 0                                     | 8,031                           |
| Property Costs                          | 739                        | 24                                    | 763                             |
| Other overheads                         | 1,706                      | 0                                     | 1,706                           |
| Depreciation                            | 1,197                      | 0                                     | 1,197                           |
| Student Support Contingency             |                            |                                       |                                 |
| Total Other Costs                       | 3,642                      | 24                                    | 3,666                           |
| Total Expenditure                       | 11,673                     | 24                                    | 11,697                          |
| UNDERLYING OPERATING SURPLUS/ (DEFICIT) | 0                          | (14)                                  | (14)                            |
| DEPRECIATION CASH EXPENDITURE           | 177                        | 0                                     | 177                             |
| OVERALL OPERATING SURPLUS/ (DEFICIT)    | (177)                      | (14)                                  | (191)                           |

## Board of Management

### STUDENT SUPPORT

Income  
Expenditure  
**Net costs to be met by College**

| ACADEMIC YEAR 2016/17            |  |  |  |
|----------------------------------|--|--|--|
| Original<br>Budget - May<br>2016 |  | <i>Changes for<br/>Approval -<br/>September 2016</i> | Revised<br>Budget -<br>September<br>2016 |
| £000                             |  | £000   | £000                                     |
| 2,442                            |  | 0  | 2,442                                    |
| 2,442                            |  | 0  | 2,442                                    |
| 0                                |  | 0  | 0  |

## Board of Management

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### Board Strategic Themes

#### 1 Purpose of the Report

The purpose of this report is to provide Board members with a proposal to enhance Board engagement and support the Board in its role of Strategic Leadership and Governance.

#### 2 Background

Prior to Regionalisation, the College operated a 'Board links' initiative whereby some Board members linked with various teams across the College. The aims were to meet staff and gain a broader understanding of College operations. This worked well in some cases, but less well in others, where Board and staff members reported they were unsure of the purpose or value of these links. Since Regionalisation, it was no longer appropriate to continue with this approach but the Board indicated they would like to continue to meet with wider groups of staff and gain a broader understanding of College operations.

#### 3 Proposal

An annual progress report is provided to the Board of Management in respect of progress towards our Vision 2020 (see item 12.2) but, in order to enhance the strategic overview of College operations and activities, and to allow Board members to monitor progress, understand key issues and challenges and, meet a wider range of staff, it is proposed to introduce a 3-year programme of 'Strategic Themes' based on the Strategic Outcomes contained in Vision 2020.

Each year, 2 themes will be identified and time at each Board meeting will be allocated for a round table discussion where different College teams will update Board members on achievements and challenges in respect of the Strategic outcomes. This will provide an opportunity for Board members to hear from staff and, (where appropriate) students, employers and other stakeholders, on progress to date, to highlight areas of good practice and to help the Board understand some of the operational barriers teams face. It will also provide the opportunity for Board members to discuss and identify some actions which will assist teams to overcome the barriers.

Proposed themes:

##### 2016-17

##### Strategic Outcomes 1 & 2

- *'We will provide opportunities to access and progress through education and training at all levels'.*
- *'We will deliver education and training that is a route to employment and career development and is aligned to local and national economic needs'.*

## Board of Management

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### 2017-18

Strategic Outcomes 3 & 4

- *'We will be the first choice for recruitment, training and development of the workforce'.*
- *'We will enable communities to grow and develop through local education and training'.*

### 2018-19

Strategic Outcomes 5 & 6

- *'We will support more businesses to start-up, grow and diversify'.*
- *We will enable people to build their independence and confidence in a supportive environment'.*

## **4 Recommendation**

Members are invited to discuss and approve this approach.

**Carol Turnbull**  
**Principal & CEO**  
**October 2016**



## Board of Management

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### CATHERINEFIELD NURSERY

#### 1. PURPOSE

The purpose of this report is to provide the Board of Management with an update regarding the sale of Catherinefield Nursery and to seek permission to accept the offer.

#### 2. SUMMARY

Catherinefield is owned by the College and is currently occupied by First Steps Nursery and the College receive monthly rental of £1,117. The College took the decision to sell the property and has been given approval by the Scottish Funding Council that any income received could be retained by the College for investment in engineering at the Stranraer Campus. The lease provides that the offer to sell would be given to the current tenant in the first instance and discussions have been ongoing regarding an offer to buy. The most recent valuation the College received for the property was £140,000 in June 2015 based on the property being occupied by the Nursery. If the property was empty this would reduce the valuation to the region of £123,000 to £130,000. An initial offer was made of £110,000 based on a valuation of £120,000 by the tenant. This has subsequently been increased to £120,000 as a final offer.

If the offer was to be rejected the property would then be placed on the open market. Previously this was unsuccessful and the decision to rent was made for an interim period. The current tenants would therefore vacate the premises and the property could potentially be on the market for a considerable period of time and require maintenance incurring costs during the period.

#### 3. RECOMMENDATION

The Executive Management Team is recommending the Board of Management to accept the offer of £120,000 and conclude the sale of the property.

## Board of Management

### Key Performance Indicator Report

#### 1 Introduction

The purpose of this paper is to provide the Board of Management with an update on the Colleges Key Performance Indicators.

#### 2 The Report

One of the many duties of the board is to ensure satisfactory delivery of the College's performance and financial targets and, if necessary understand and agree actions when targets are not being achieved.

The Board has agreed four Key Performance Indicators (KPIs) to monitor and review at each board meeting. The KPIs are: Credit Activity; Retention (both early and further); Student Outcomes; and Income & Expenditure.

##### 2.1 Credits

From session 2015-16, WSUMs activity target was replaced with a much simpler credit activity target. WSUMs had been the building block to our funding for the past 20 years. Under the WSUMs measure set tariffs were applied for students on full-time courses, SUMs could be claimed for students receiving extended learning support (ELS) and a subject weighting was applied to each student. The Credit measure more closely matches student activity and is identical to the way we counted part-time SUMs. A credit is equivalent to 40 hours of learning. The Credit system pays the same pro rata price for a full or part-time student which means the funding system supports protected groups such as women returners who are more likely to study on a part-time basis. The College Credit target is around 25% lower than the equivalent WSUMs target as a result of removing the full-time tariffs, ELS activity and subject weightings.

The table below shows actual activity against target. Activity for session 2016-17 is the current position (26 September 2016) which includes a forecast to the end of the session.

|         | Target | Actual | Variance | Projected Further Credits | Projected Total | Projected Claw back | FTE    |
|---------|--------|--------|----------|---------------------------|-----------------|---------------------|--------|
| 2016-17 | 30,067 | 29,097 | 970      | 970                       | 30,067          | none                | 2004.5 |
| 2015-16 | 30,371 | 29,857 | (514)    | n/a                       | n/a             | £89,436             | 1990.5 |
| 2014-15 | 42,529 | 42,413 | (116)    | n/a                       | n/a             | £22,806             | n/a    |
| 2013-14 | 42,529 | 42,761 | 232      | n/a                       | n/a             | none                | n/a    |
| 2012-13 | 38,711 | 39,014 | 303      | n/a                       | n/a             | none                | n/a    |

There is growing interest from Scottish Government in Full Time Equivalent (FTE) funded places delivered by colleges. Under the new simplified credit measure it is easier to work

## Board of Management

out the level of FTEs delivered by colleges and overall in the sector, 1 full-time equivalent (FTE) is equal to 15 credits. The table above has been expanded to include FTE figures.

### 2.1.1 Enrolments

Whilst enrolment figures do not form part of the Board KPIs, the College reports them for information. The table below shows the total enrolment for session 2016-17 to date (26 September 2016), compared to final audited enrolment figures for the previous four sessions.

| Enrolments | Full-time |        |        |        |       | Part-time | Total |
|------------|-----------|--------|--------|--------|-------|-----------|-------|
|            | HE Dfs    | HE Str | FE Dfs | FE Str | Total |           |       |
| 2016-17    | 494       | 28     | 823    | 228    | 1,573 | 1,164     | 2,737 |
| 2015-16    | 456       | 24     | 895    | 225    | 1,600 | 4,874     | 6,474 |
| 2014-15    | 470       | 35     | 895    | 215    | 1,615 | 4,090     | 5,705 |
| 2013-14    | 393       | none   | 984    | 255    | 1,632 | 4,098     | 5,730 |
| 2012-13    | 373       | none   | 958    | 285    | 1,616 | 3,938     | 5,554 |

### 2.2 Retention

There are two retention KPIs the Board monitors:

- Early Student Retention – a measure of the number of students that meet the required retention date for Credit funding purposes (approx 25% of the course duration) as a percentage of total enrolments; and
- Student Retention – a measure of the number of students who complete the course as a % of total enrolments.

The table below shows the retention figures for session 2016-17 to date (26 September 2016), compared to final audited retention figures for the previous four sessions.

|         | Early Student Retention (%) |                            | Student Retention (%)       |        |                            |        |
|---------|-----------------------------|----------------------------|-----------------------------|--------|----------------------------|--------|
|         | Full-time Further Education | Full-time Higher Education | Full-time Further Education |        | Full-time Higher Education |        |
|         | Actual                      | Actual                     | Actual                      | Target | Actual                     | Target |
| 2016-17 | 96                          | 98                         | 95                          | 76     | 98                         | 85     |
| 2015-16 | 88                          | 95                         | 69                          | 75     | 82                         | 82     |
| 2014-15 | 91                          | 96                         | 70                          | 74     | 84                         | 81     |
| 2013-14 | 92                          | 94                         | 74                          | 74     | 82                         | 81     |
| 2012-13 | 91                          | 94                         | 73                          | 74     | 80                         | 80     |

## Board of Management

### 2.3 Student Outcomes

The student outcome measures the % of successful students as a % of total enrolments. This measure is analysed at the end of each session. Headline student outcomes for the past five sessions are as follows:

|         | Outcome (%)                    |        |                               |        |
|---------|--------------------------------|--------|-------------------------------|--------|
|         | Full-time<br>Further Education |        | Full-time<br>Higher Education |        |
|         | Actual                         | Target | Actual                        | Target |
| 2015-16 | 61                             | 70     | 71                            | 76     |
| 2014-15 | 64                             | 67     | 71                            | 74     |
| 2013-14 | 64                             | 62     | 71                            | 72     |
| 2012-13 | 63                             | 63     | 70                            | 73     |
| 2011-12 | 61                             | 61     | 70                            | 61     |

### 2.4 Income and Expenditure

Monitoring of income and expenditure against budget forecast is undertaken by the Finance and General Purposes Committee and reported to Board. At this early stage in the new financial year staffing contracts and enrolments numbers are being firmed up. Therefore, it is usually the September accounts (prepared in early October) which provide meaningful income and expenditure against budget forecasts. To date there are no concerns to report to Board.

### 3. Recommendation

The Board is asked to discuss progress against targets.

## Board of Management

### Vision 2020 – Progress Update

#### 1 Purpose of the Report

The purpose of this report is to provide the Board of Management with an update on the College's Strategic Plan 2015-2020 – Vision 2020 for Year 1 of the plan (2015-16).

#### 2 Executive Summary

Overall, the College has made good progress in Year 1 of Vision 2020, particularly in the areas of Employer Engagement, aligning curriculum to local and national economic needs and school and articulation partnerships. There is evidence that we are increasingly being viewed as a key strategic partner within the Crichton Campus and amongst Community Planning Partnerships.

Retention rates for full-time Further Education programmes need to improve and a significant amount of work has already been done in this area. It is too soon to measure the impact of this at this stage. More work needs to be done to further develop our strategy for Strategic Outcome 5: We will support more businesses to start-up, grow and diversify. Funding constraints, some facility limitation (space) and a reduction in full-time Further Education numbers will be ongoing challenges.

#### 3 Year 1 Progress

***Strategic Outcome 1: We will provide opportunities to access and progress through education and training at all levels.***

##### **Progress to date:**

In terms of articulation and progression opportunities, all curriculum areas offer programmes from Access to Higher National level, with the exception of Motor Vehicle Engineering. The majority of HN programmes have University articulation opportunities including direct entry into 2<sup>nd</sup> year of University of the West of Scotland degree in Social Work. New Higher National Provision was introduced in Stranraer campus. A Crichton Campus Summer School aimed at S2 pupils (about to enter S3) is currently being developed to provide young people with a flavour of the range of opportunities available at the Crichton.

New approaches to delivery have been piloted in the Introduction to Hairdressing and Beauty programmes. A Short Life Working Group has been established to propose strategies to improve retention rates in full-time programmes which declined in 2015-16. Faculties have also focussed on Early Student Retention at the start of 2016-17. Entry criteria for most full time Further Education Programmes have been reviewed and amended where appropriate. College courses are reviewed annually, as part of the self-evaluation process in terms of design and content.

The College's Retention and Attainment Policy will also be fully reviewed. At risk learners are identified early and supporting action plans developed with personal tutors monitoring these on an ongoing basis. In some areas where retention and achievement rates are particularly low, additional tutorial time has been introduced.

## Board of Management

The College is committed to delivering high quality learning and teaching and the L&T mentor team, now established and into its third academic year, was identified as best practice by Education Scotland, in terms of supporting staff and learners.

**Areas for further development:**

Articulation routes currently tend to be informal with some Universities accepting Higher National Certificates as entry qualifications, whilst others may accept learners into year 2 of a degree programme. The College will seek to develop more formal articulation agreements that offer guaranteed year 2 entry. The College is currently exploring the development of skills academies with universities and is seeking an appropriate partner to deliver a degree in the Creative Industries sector. Engineering, Hospitality and Beauty require formal articulation arrangements to be developed. More employers need to be encouraged to use the college for direct recruitment.

Retention rates for full-time Further Education programmes have declined in recent years and a number of strategies have been put in places at the start of the 2016-17 session to address these. A Short Life Working Group has also been established to take a college wide approach and identify strategies for improvement.

***Strategic Outcome 2: We will deliver education and training that is a route to employment and career development and is aligned to local and national economic needs.***

**Progress to date:**

A full review of the College Curriculum plan was undertaken to ensure the College Curriculum offering aligned to the SDS Regional Skills Assessment (2012, updated in 2015). Hospitality programmes were re-introduced in Dumfries campus in 2015-16, the number of places available in Engineering and Care have been increased, with a reduction in multi-groups studying Hair and Beauty programmes. Programmes have been realigned for delivery of Curriculum for Excellence. Some refinements in Business, Computing and Accounting programmes has resulted in a growth in enrolments in these areas.

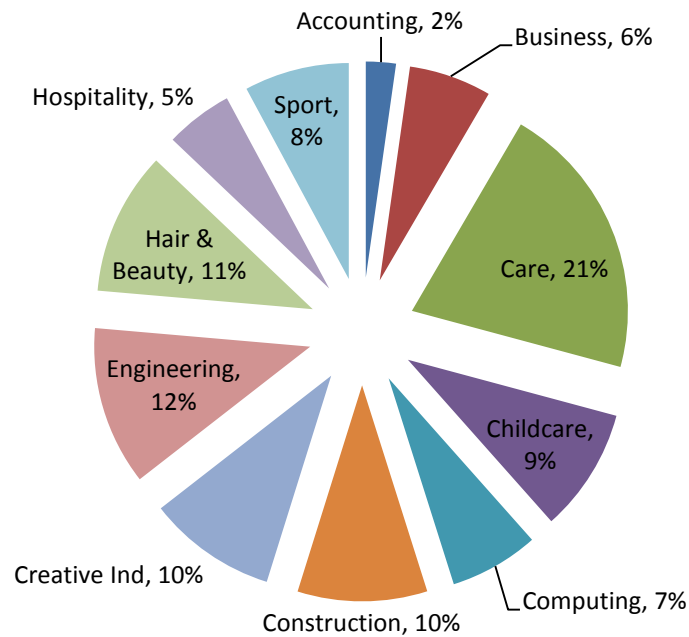
Employer Advisory Partnerships have influenced content and course design across all curricular areas. Employers are becoming more involved in the development of Faculty Plans and any new curriculum planning is subject to being fit for purpose for education and training that is aligned to local and national economic need. Workplace coordinators have been appointed to facilitate work-placement opportunities for learners and to enhance links with employers.

The Curriculum planning process was identified as best practice in terms of meeting regional and national needs in a recent Education Scotland Aspect review. Partnerships with schools and employers and employer groups continue to be strengthened and the college hosted a successful Developing Young Workforce Regional conference in June with attendees from across the Region.

Strategically, the College is increasingly being recognised as a key partner in economic development and this is evidenced by the Principal chairing the Local Economic Partnership, Chair of the Crichton Campus Joint Academic Strategy Group Regional Chair being a member

## Board of Management

of Strategic Partnership Board and Developing Young Workforce Regional Group. The College is also fully involved in the development of the Dumfries Learning Town.



### Areas for further development:

SDS Regional Skills Assessment identify Food and Drink as a major employment sector in Dumfries and Galloway. Further work with employers and sector agencies is required in order to determine if there is a gap in vocational, professional or technical training in this sector. The College is currently exploring the feasibility of introducing some basic general engineering provision at its Stranraer Campus to support employment opportunities and skills development in the west of the region. Developing Young Workforce and senior pathways require further development, including Foundation Apprenticeships. Employer engagement is generally improving across the college although some areas still need to be further developed, particularly in the West of the region.

Curriculum planning is becoming increasingly difficult particularly related to suitable accommodation as courses become more reliant on ICT.

## Board of Management

***Strategic Outcome 3: We will be the first choice for recruitment, training and development of the workforce.***

### **Progress to date:**

An Employer Engagement Strategy was developed and introduced in 2015-16 and Employer engagement continues to be strengthened across the College with Faculty Teams developing a range of Employer Advisory Partnerships. This closer engagement and partnership working is resulting in focussed, employer-led programmes such as: Reablement training for up to two thousand staff in the Health Service sector; bespoke training programmes for Dumfries and Galloway Housing Partnership, Morgan Sindall and Laing O'Rourke. The College Energy Centre continues to work with key local partners for upskilling in the renewable sector. Numerous employer events are held across the college during the academic year, and these are resulting in increased work placement opportunities and, in some cases, direct recruitment for learners.

A range of programmes aimed at enhancing learners' employability skills have been introduced, including the new BBC Digital Employability Programme and the College bids on an annual basis for contracts with Skills Development Scotland to deliver a wide range of Modern Apprenticeships and Employability programmes.

The College continues to expand its work-based and online learning programmes.

### **Areas for further development:**

There has been an increase in work-based learning over recent years, particularly in the delivery of Scottish Vocational Qualifications, however, many of these are statutory requirements and encouraging micro businesses to invest in training is an ongoing challenge that has been well-documented. Business leadership and management skills have been identified as key to economic success and the College continues to work with partners to offer appropriate training and education opportunities to employees. Employer engagement is generally improving across the college although some areas still need to be further developed, particularly in the West of the region. The College needs to work more closely with employers to encourage them to view us as first choice for recruitment.



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***Strategic Outcome 4: We will enable communities to grow and develop through local education and training.***

**Progress to date:**

The College has developed strong links with Community Learning and Development partners and was fully engaged in the development of the new CLD Action Plan for the region. A Partners' Development day was recently hosted in the College. A bid has been submitted by the College to the SSE Sustainable Development Fund for £150,000 which, if successful, will provide resource to identify community learning needs across the region.

Partnership working with North West Resource Centre has increased community enrolments in addition to the agreement that has been in place with the cyber centre at Ewart Library for a number of years.

The College continues to develop online curriculum including the Higher National Certificate in Social Care which is fully available online and attracts learners from as far north as Inverness.

The College works with under-represented group through partnership initiatives such as Project Search and the Community team have worked with 'The Usual Place' for a number of years to support their development. Complete Training Solutions have further developed their portfolio of courses with a range of evening courses.

**Areas for further development:**

The Community Learning and Development Action Plan has only recently been approved by the Community Planning Partnership and implementation will follow. Additional resource from the SSE Sustainable Development Fund will greatly enhance this and enable the College to identify and, subsequently deliver, relevant learning opportunities across the region.

Discussions with SRUC regarding joint agricultural engineering delivery have stalled recently, due to structural changes within SRUC but further meetings are being arranged to progress this.

***Strategic Outcome 5: We will support more businesses to start-up, grow and diversify***

**Progress to date:**

Faculty teams encourage a culture of enterprise through a range of strategies and interventions. These include, for instance: Live briefs across all Creative Industries Higher National Programmes; Enterprise activity units included in Business, IT and Construction Skills (refer to Dingbro example of Employer engagement) courses; Starting a Business and Preparing a Formal Business Plan units in Higher National Beauty programmes and Marketing Units on Sports programmes. A range of partnerships have been developed that enhance learners' enterprise skills such as MAKLab agreement for access to facilities for all Creative Industries students and staff, guest talks across all curriculum areas, presentations from employers and self-employed businesses.

## Board of Management

**Areas for further development:**

The College aims to strengthen links with Business Gateway in order to facilitate and support learners who may be considering starting their own business. Links are being made with agencies that support enterprise activity and the College will use examples of best practice from within the sector (and outside) to develop and implement a College-wide Enterprise Strategy.

***Strategic Outcome 6: We will enable people to build their independence and confidence in a supporting environment*****Progress to date:**

A range of generic approaches are used including team building, group projects, competitions, and events – all of which support confidence building and independent learning. Curriculum teams deliver to Curriculum for Excellence values, particularly through the new national qualifications. Learners are involved across a range of competitions and events which support confidence and build independence. Self-evaluation reports have this as a key theme and it's also one of the checklist points for Learning and Teaching mentors to support staff and learners. The college Citizenship week and other learner lead events also promote this. Where learners have identified specific needs, support in the form of staff, equipment and resources are put in place to support their learning and development. Personal tutors also meet with learners on a regular basis to discuss progress and identify actions where further support may be required.

**Areas for further development:**

The College will continue to work with external partners to ensure appropriate support is available to learners as required. The Personal Tutor system is currently being reviewed.

**4 Recommendation**

Members are invited to discuss the report.

**Carol Turnbull**  
**Principal & CEO**  
**October 2016**

## Board of Management

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## Board of Management

### Students Reason for Leaving

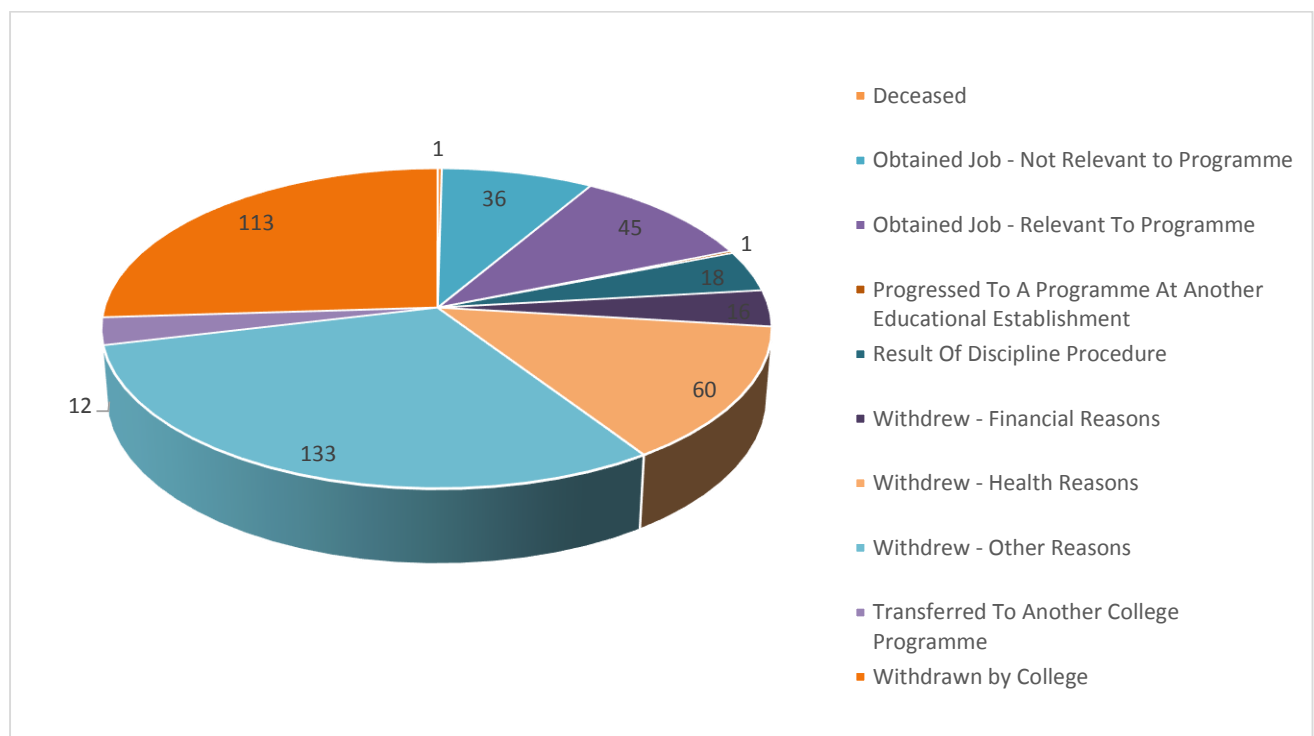
#### 1 Purpose of the Report

The purpose of this report is to provide the Board of Management with information on the reasons students give for leaving their course.

#### 2 The Report

The College currently uses 10 categories to record 'reason for leaving'. Curriculum teams use the data gathered on Leavers, along with a range of other data sets, as part of the self-evaluation process.

In session 2015-16, 1600 students enrolled on full-time programmes, 435 (27%) withdrew prior to completing their course. The chart below shows all leavers analysed by Leavers category.



#### 2.1 Leaver characteristics

Of the 1600 students enrolled on full-time programmes, 851 (53%) were female and 748 (47%) were male. 53 (3%) students were in the age band under 16, 876 (55%) students were in the age band 16-19, 287 (18%) students were in the age band 20-24 and 384 (24%) students were in the age band 25 or over.

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The table below displays leavers by age band and gender:

|  | Total      | Under 16  |           | 16 - 19    |            | 20 - 24   |           | 25 or over |           |
|--|------------|-----------|-----------|------------|------------|-----------|-----------|------------|-----------|
|  |            | M         | F         | M          | F          | M         | F         | M          | F         |
| Deceased   | 1          | 0         | 0         | 0          | 0          | 0         | 0         | 1          | 0         |
| Obtained Job - Not Relevant To Programme                       | 36         | 1         | 3         | 16         | 6          | 6         | 1         | 2          | 1         |
| Obtained Job - Relevant To Programme                           | 45         | 0         | 0         | 17         | 9          | 2         | 2         | 7          | 8         |
| Progressed To A Programme At Another Educational Establishment | 1          | 0         | 0         | 1          | 0          | 0         | 0         | 0          | 0         |
| Result Of Discipline Procedure                                 | 18         | 2         | 1         | 8          | 5          | 2         | 0         | 0          | 0         |
| Withdrew - Financial Reasons                                   | 16         | 0         | 0         | 8          | 1          | 0         | 0         | 4          | 3         |
| Withdrew - Health Reasons                                      | 60         | 0         | 1         | 11         | 18         | 5         | 9         | 11         | 5         |
| Withdrew - Other Reasons                                       | 133        | 5         | 3         | 23         | 49         | 6         | 16        | 9          | 22        |
| Transferred To Another College Programme                       | 12         | 0         | 0         | 2          | 4          | 0         | 1         | 4          | 1         |
| Withdrawn By College   | 113        | 6         | 3         | 27         | 33         | 9         | 10        | 12         | 13        |
|  | <b>435</b> | <b>14</b> | <b>11</b> | <b>113</b> | <b>125</b> | <b>30</b> | <b>39</b> | <b>50</b>  | <b>53</b> |

Of the 435 Leavers, 207 (48%) were males and 228 (52%) were female. 25 (6%) leavers were in the age band under 16, 238 (55%) leavers were in the age band 16-19, 69 (16%) leavers were in the age band 20-24 and 103 (23%) leavers were in the age band 25 or over.

A total of 246 (56%) leavers were either 'withdrawn by the College' or indicated 'other reasons'.

133 leavers were recorded as 'other reasons' for leaving, 72 (54%) of these are in the age group 16-19. The table below displays an analysis of the 'other reasons':

| Other Reasons                       | Total | Other Reasons                    | Total |
|-------------------------------------|-------|----------------------------------|-------|
| Personal / family / health problems | 52    | Did not like course              | 6     |
| Family bereavement                  | 1     | Decided to go to University      | 1     |
| Childcare difficulties              | 1     | Too far to travel                | 1     |
| Car accident - could not continue   | 2     | Lack of progress                 | 1     |
| Decided not right career path       | 13    | Course too difficult             | 5     |
| Pregnant                            | 1     | Isn't ready for full-time course | 1     |
| Taking time out                     | 1     | Criminal charges pending         | 2     |
| Work commitments                    | 6     | Stopped attending - no contact   | 17    |
| looking for employment              | 8     | Moved from the region            | 6     |
| Obtained employment                 | 8     |                                  |       |

113 students were withdrawn by the college, 60 (53%) of these are in the age group 16-19.

Of the 113, 91 were withdrawn due to lack of progress (attendance issues), 14 were withdrawn during the discipline process, 7 were withdrawn due to students' personal issues and 1 was withdrawn due to a family bereavement.

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### 2.2 Leavers Enrolled on Higher Education Programmes

A total of 480 students enrolled on full-time higher education programmes, 88 (18%) of these withdrew prior to completing their course. The highest number of leavers are in categories 'withdrawn by the College' or indicated 'other reasons'. The table below displays leavers on Higher Education Programmes by age band and gender:

|  | Total     | Under 16 |          | 16 - 19   |           | 20 - 24  |          | 25 or over |           |
|--|-----------|----------|----------|-----------|-----------|----------|----------|------------|-----------|
|  |           | M        | F        | M         | F         | M        | F        | M          | F         |
| Deceased   | 1         | 0        | 0        | 0         | 0         | 0        | 0        | 1          | 0         |
| Obtained Job - Not Relevant To Programme                       | 4         | 0        | 0        | 2         | 1         | 1        | 0        | 0          | 0         |
| Obtained Job - Relevant To Programme                           | 10        | 0        | 0        | 1         | 2         | 0        | 1        | 4          | 2         |
| Progressed To A Programme At Another Educational Establishment | 0         | 0        | 0        | 0         | 0         | 0        | 0        | 0          | 0         |
| Result Of Discipline Procedure                                 | 0         | 0        | 0        | 0         | 0         | 0        | 0        | 0          | 0         |
| Withdrew - Financial Reasons                                   | 2         | 0        | 0        | 0         | 1         | 0        | 0        | 0          | 1         |
| Withdrew - Health Reasons                                      | 13        | 0        | 0        | 0         | 4         | 1        | 1        | 4          | 3         |
| Withdrew - Other Reasons                                       | 31        | 0        | 0        | 8         | 9         | 2        | 3        | 1          | 8         |
| Transferred To Another College Programme                       | 4         | 0        | 0        | 1         | 2         | 0        | 0        | 1          | 0         |
| Withdrawn By College   | 23        | 0        | 0        | 5         | 3         | 3        | 3        | 3          | 6         |
|  | <b>88</b> | <b>0</b> | <b>0</b> | <b>17</b> | <b>22</b> | <b>7</b> | <b>8</b> | <b>14</b>  | <b>20</b> |

### 2.2 Leavers Enrolled on Further Education Programmes

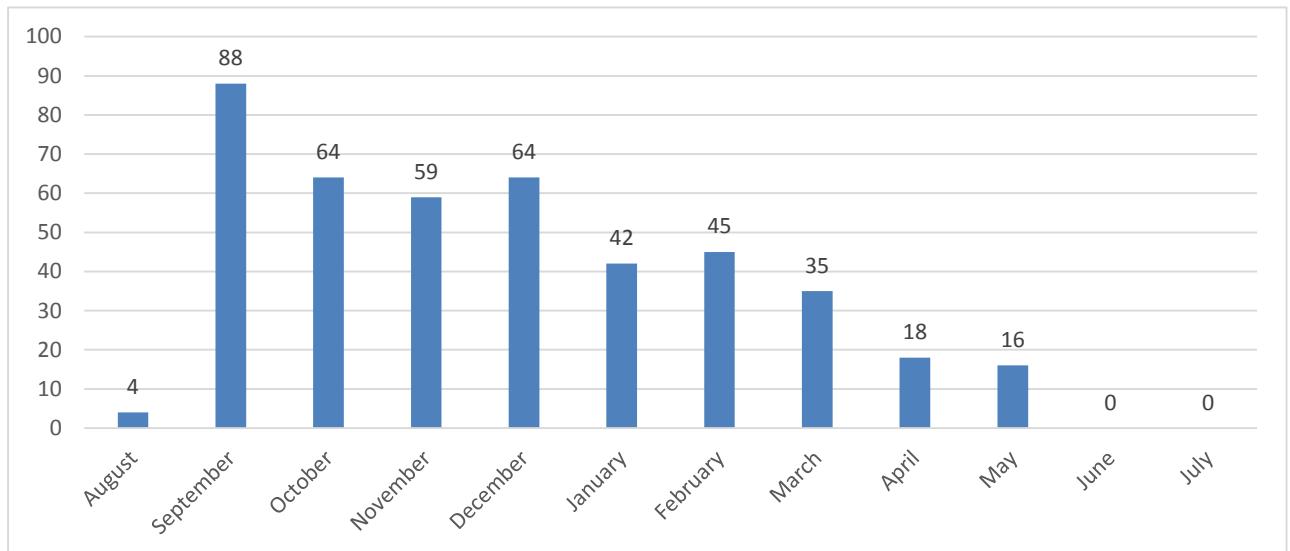
A total of 1120 students enrolled on full-time higher education programmes, 347 (31%) of these withdrew prior to completing their course. The highest number of leavers are in categories 'withdrawn by the College' or indicated 'other reasons'. The table below displays leavers on Further Education Programmes by age band and gender:

|  | Total      | Under 16  |           | 16 - 19   |            | 20 - 24   |           | 25 or over |           |
|--|------------|-----------|-----------|-----------|------------|-----------|-----------|------------|-----------|
|  |            | M         | F         | M         | F          | M         | F         | M          | F         |
| Deceased   | 0          | 0         | 0         | 0         | 0          | 0         | 0         | 0          | 0         |
| Obtained Job - Not Relevant To Programme                       | 32         | 1         | 3         | 14        | 5          | 5         | 1         | 2          | 1         |
| Obtained Job - Relevant To Programme                           | 35         | 0         | 0         | 16        | 7          | 2         | 1         | 3          | 6         |
| Progressed To A Programme At Another Educational Establishment | 1          | 0         | 0         | 1         | 0          | 0         | 0         | 0          | 0         |
| Result Of Discipline Procedure                                 | 18         | 2         | 1         | 8         | 5          | 2         | 0         | 0          | 0         |
| Withdrew - Financial Reasons                                   | 14         | 0         | 8         | 0         | 0          | 0         | 0         | 4          | 2         |
| Withdrew - Health Reasons                                      | 47         | 0         | 1         | 11        | 14         | 4         | 8         | 7          | 2         |
| Withdrew - Other Reasons                                       | 102        | 5         | 3         | 15        | 40         | 4         | 13        | 8          | 14        |
| Transferred To Another Programme At College                    | 8          | 0         | 0         | 1         | 2          | 0         | 1         | 3          | 1         |
| Withdrawn By College   | 90         | 6         | 3         | 22        | 30         | 6         | 7         | 9          | 7         |
|  | <b>347</b> | <b>14</b> | <b>19</b> | <b>88</b> | <b>103</b> | <b>23</b> | <b>31</b> | <b>36</b>  | <b>33</b> |

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### 2.3 Leavers by Month

The chart below shows the number of leavers in each month of the academic session. The College is unable to claim credits for students on full-time programmes who leave before the census date of 1<sup>st</sup> November. Of the 435 leavers, 156 (36%) left before the census date.



### 3 Conclusion

Improving retention is a key priority for the College. Understanding why students leave is essential to overall improving retention and the students experience. Leaver data is considered and acted upon as part of the self-evaluation process.

There may be recommendations from the short life working groups set up to take forward actions following Education Scotland Review, on strategies to improve retention, improve the quality of data gathered and how we categorise leavers going forward.

### 4 Recommendation

Members are asked to note the report.

## Board of Management

### More Efficient Learner Journey

#### 1 Purpose of the Report

The purpose of this report is to provide the Board of Management with an update on the College's approach to Scottish Government's aim of More Efficient Learner Journey.

#### 2 Background

Large savings have been made in the last few years as the college sector has undergone significant restructuring through both regionalisation and mergers, leaving little scope for anything other than marginal cost savings from further structural change.

What needs looked at is the overall learner journey through a more seamless educational landscape, which ensures the most productive use of public funds, through the development of imaginative solutions.

Colleges are able to be flexible in their approach to the skills demanded by the Labour market in a particular region or nationally, and to deliver these skills and learning within a comparable environment to the workplace using competent practitioners. Colleges also have a good track record of engagement with Small and Medium Enterprises (SMEs) and in developing people with the necessary skills to be innovative and entrepreneurial.

Colleges provide an opportunity for vocational training leading to jobs utilising specific skills and also allows many college students to articulate into university courses. The question that needs to be addressed is how to provide for this in the most efficient way.

#### 3 Dumfries and Galloway College Preferred Approach

**3.1 Identify and remove any potential duplication** faced by a student on their learner journey. One of the key aims of Scottish Government is to 'shorten' the learner journey for young people from school to further/higher education to employment.

For example, by increasing the amount and type of articulation routes or moving to a '2+2' or '2+1' model of delivery of an honours or ordinary degree respectively, which assists in shortening, but not reducing the benefits of the learner journey.

##### **Example:**

##### **Traditional Model:**

Senior phase (S4–S6):

##### Example 1

S4: Learner undertakes four or five National 4/5 courses moving on to National 5 and Highers in S5. In S6 learner undertakes Highers and possibly Advanced Highers providing the entry qualifications for a 4-year University course. **Learner journey – 7 years.**



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### Example 2

S4/5: Learner undertakes three or four National 4 courses in S4 leading to National 5s in S5 and Higher courses or more National 5s in S6, if appropriate. Learner then attends college for 1 year to complete a Higher National Certificate. This provides entry qualifications for a 4-year University degree programme. **Learner journey – 8 years.**

### **Potential Model**

Senior Phase (S4-S6):

S4/5: Learner undertakes National 5 courses leading to one or two Highers in S5 and a further Higher and Higher National Certificate (delivered in partnership with the College) in S6. Learner then completed Higher National Diploma at local college and receives direct entry to year 2/3 or a 4-year University degree programme. **Learner journey – 4/5 years.**

### **Opportunities:**

The significant investment in DGC Schools and the Learning Bridge provides a catalyst and vehicle to move forward this agenda and to assist in achieving our aspiration of 100% positive School leaver destinations. The first secondary school in the region achieved this target this year and there is no reason why more can't follow. Current estimates show that 95% of our young people from 2014-15 cohort are in a positive destination (source: Data hub follow-up, September 2016).

There is an opportunity to create a Regional Learning and Skills Hub that builds on the work of the Local Employability Partnership including DYW Regional Group, DGTAP and Crichton Campus Joint Academic Strategy Group and facilitates even closer working between schools, colleges and employers across the region to maximise routes to employment and further study.

## **3.2 Articulation**

Articulation allows students to progress through the various stages of the educational landscape, whilst ensuring the removal of duplication, and hence it delivers efficiencies that are of benefit to the student and the public purse. Increasing the amount of articulation routes and the number of applicable students who undertake articulation would bring efficiencies in the process.

The '2 + 2' and '2 + 1' model are ones in which the first two years of tertiary education are delivered locally at a college before students articulate to university, entering year 3 as standard, and then undertaking a further 2 years at the university to gain an honours degree (2 + 2 model) or a further single year at university to gain an ordinary degree (2 + 1 model).

Dumfries and Galloway College actively seeks partnership and collaborative agreements to provide articulation routes both at local and national level. Examples of these include:

### BA Business Administration – collaboration with UWS at Crichton Campus.

The College currently delivers an Higher National Certificate and Higher National Diploma and discussions are currently ongoing which would see the College delivering year 3 of a BA Business Administration degree, with students completing their Honours year on campus with

## Board of Management

UWS staff. Additionally, guaranteed articulation routes with other universities are also being pursued in order to provide choice for our students.

Unfortunately, similar work on Creative Industries with UWS have come to a halt as UWS has revised its curriculum portfolio across its' campuses. Early contact is being made with Queen Margaret University and Glasgow School of Art.

BSc Electrical Engineering – The College has signed a collaborative agreement with Edinburgh Napier College to explore opportunities to work together to deliver a curriculum and student and staff exchange programme which can lead to a guaranteed entry onto 2<sup>nd</sup> year of the BSc for students who successfully complete their Higher National Certificate at the College. If numbers grow, the College would seek to deliver Higher National Diploma programmes with guaranteed articulation into year 3.

MA Health & Social Policy – Students who successfully achieve HNC Social Care and achieve a Grade A in the Graded Unit are able to articulate into the 2<sup>nd</sup> year of the MA with Glasgow University at the Crichton Campus.

BA Social Work – Alternatively students from the same programme (HNC Social Care) who achieve a Grade A in their graded unit, can progress onto the 2<sup>nd</sup> year of the Degree in Social work with UWS at the Crichton Campus.

BA Childhood Studies – Students who achieve the HNC Early Education and Childcare, can progress to the 2<sup>nd</sup> year of the BA with UWS at the Crichton Campus, subject to a successful interview.

Bsc(Hons) Cyber Security and Networks – Students who achieve a Higher National Diploma in Computing: Technical Support and receive AA in both graded units, may articulate to the 3<sup>rd</sup> year of the BSc Hons at Glasgow Caledonian University.

**OR** they may articulate into year 3 of BEng (Hons) Networked Systems Engineering, dependent on completing specific units in Routing Technology and Maths.

BSc Computing – Students who successfully achieve a Higher National Diploma in Computing Science and AA in both Graded Units, may articulate into year 3 of the BSc at Glasgow Caledonian University – dependent on the inclusion of certain units within the HND programme.

### 3.3 Benefits:

This approach removes or reduces duplication of provision, widens access to universities in a sustainable way, reduces University drop-out rates as students first study more locally and allows for growth in the higher education capacity in Scotland in the most cost effective manner.

Efficiency savings are made to public sector as delivery cost per student at college is approximately half that of schools and University (quote from Michael Cross, Senior Government official) and the young person is actively working and contributing to the economy at a younger age. This route may also be more affordable for those learners from poorer backgrounds, thus contributing to widening access targets.

## Board of Management

The College would see an increase in learners studying at Higher National Certificate and Higher National Diploma level. This would make current programmes more sustainable and, medium to longer term, could lead to an increase in the range of Higher National Provision delivered at both campus sites. A wider choice of study programmes at Higher National level would be available to learners, they would achieve a qualification for each successful year of completion, would not be required to commit to 3 or 4-year university study right away and, by studying closer to home, would save money. The local economy would benefit from a higher number of learners who study at HE level but who then choose to stay in the region – thus driving up skills and qualification levels within local businesses.

### 3.4 Challenges:

At present schools only receive recognition in their 'tariff' score for certificated SQA Vocational programmes. The national benchmarking measures may be affected in schools which provide curricular options which include non SQA accredited vocational qualifications. Work in this area is ongoing as other accredited organisations are recognised by 'Insight' – the National Senior Phase Benchmarking tool.

Equality of access and opportunity is difficult to achieve in a rural, sparsely populated region. Schools, college and employers need to identify key local employment opportunities and shape their curriculum offering to suit, whilst still maintaining a broad range of choices. Low numbers, travel and transport obstacles and timetabling are very real barriers.

An intensive awareness raising programme for parents and pupils is required to assist their understanding of alternatives to the traditional 'higher' route.

Costs of delivery, particularly in schools, are higher than normal college delivery due to travel, small numbers (generally), transport and other resource requirements. A sustainable funding solution needs to be sought.

This strategy is likely to increase the number of part-time students studying at college, with a commensurate reduction in full-time students which may have an adverse impact on the College achieving its activity targets.

Exploring and achieving guaranteed articulation routes can be time consuming and resource intensive as it requires teams to work together, mapping curriculum, identifying gaps, undertake staff development and additional equipment and resources (in some instances). Universities also need to have student places available and these are sometimes in the 'less popular' subject areas.

## 4 Recommendation

Members are invited to discuss the paper.

**Carol Turnbull**  
**Principal & CEO**  
**October 2016**

# THE CRICHTON TRUST STRATEGY

2016 - 2026











# FOREWORD

The Crichton Trust was established in 1996 to promote, regenerate and care for the Crichton Estate and other buildings of historic interest throughout Dumfries and Galloway.

In 2000 the Crichton Project was described by the, then, First Minister, Donald Dewar, as “A conservation project, and more – creating a world class facility for learning and enterprise for the whole community”.

The Trust and its subsidiary, The Crichton Development Company Limited, offer a wide range of activities on the Estate and there remains significant opportunity for further development.

The challenge now facing the Trust is to sustain, enhance and expand its activities, and capitalise on its achievements to date. It is now poised to expand its remit in response to changes in business, public finance and the education environment, to ensure that it serves the strategic needs of Dumfries and Galloway and indeed, Scotland.

The Trust has renewed its structures in order to determine its way forward. The long term lease of the estate with Dumfries and Galloway Council has recently been varied to extend the Trust's tenancy to 2170.

The Trust, over the last ten years, has rightly focused on its core priorities of conservation, estate management and infrastructure improvement. With overall governance structures now undergoing reform, roles will change and partners, along with Trustees, have shown an appetite for a new, more strategic approach. Current challenges in the business, public finance and educational environment also require new solutions.

A fundamental part of this process has been to review the Trust's Strategic Aims, having due regard to the purpose for which it was originally established, which is as relevant today as it was 20 years ago.

The Crichton Trust Strategy 2016-2026 sets out our high level Strategy, Mission and Aspirations.

The Strategy has been developed in consultation with our partners and stakeholders, and takes due cognisance of Dumfries and Galloway Council's Economic Strategy, and the Scottish Government Integrated Outcome Agreement for the Educational Institutions on the Crichton Campus, and other factors effecting the estate. Central to the development of the Strategy has been the 2015 consultation on the revised Development Framework for the Estate.

**The Board of Trustees**  
August 2016

# THE CRICHTON ESTATE

The Crichton Estate, which is set in 85 acres of beautiful parkland, comprises 27 historic well-preserved buildings including the iconic A-listed Crichton Memorial Church.

As part of its strategic development over the last 20 years, the Crichton now houses campuses of the University of Glasgow, the University of the West of Scotland and the Open University. Dumfries and Galloway College is located at the South end of the site and Scotland's Rural College (SRUC) Dairy Research and Innovation Centre is based at Crichton Royal Farm with offices in Hestan House and there are ongoing consultations regarding further presence on the Estate. The Business Park established on the site now comprises 60 businesses which employ over 1,000 individuals.

Easterbrook Hall, which boasts the largest auditorium in the South of Scotland, is at the heart of the Crichton's evolving events strategy, has recently been refurbished and now also houses Neuro's, a Bar, Restaurant and Spa facility. There is also a 71-bedroom modern hotel on the Estate, which is under private ownership.

## THE HISTORY

The Crichton is a project of national importance as a model for the regeneration of a significant historic site and for the delivery of education and training.

The story of the Crichton begins in 1823 with the death of Dr James Crichton of Friar's Carse who left to his widow, Elizabeth, the, then, considerable sum of around £100,000 to be used for charitable purposes. With the help of her friend, the Rev Henry Duncan, Minister of Ruthwell Parish and founder of the Trustee Savings Bank, Elizabeth attempted to endow a College of University status in Dumfries 'for the education of poor scholars'. After a lengthy twenty year battle she recognised that her dream was not to be and instead endowed a 'lunatic asylum' on the edge of the town. In delivering the Crichton bequest, Elizabeth was determined to produce a hospital that was the best in Europe, not only in the treatment of patients but also in its architecture and environment. When recruiting the first Physical Superintendent the same considerations applied. The appointment of Dr William Brown was to be the first in a long line of very able and distinguished physicians in charge. The doors opened in 1839. The next 150 years saw the growth of that vision into an internationally recognised centre of excellence in mental health research and care.

In the 1980s the value of the large psychiatric hospital was being questioned and, despite its international reputation, the Crichton Royal Hospital was considered surplus to requirements. However, the local community was keen to ensure that such a magnificent estate remained in public ownership. In 1995 the local authority, took the decision, with courage and foresight, to purchase the site from the Health Board. It did so with the primary objective of ensuring that this important public asset was saved, protected, and sensitively developed for the good of the wider community. It also recognised that there was, at last, the chance to respond to local ambitions to develop a much needed University Campus offering local access to Higher Education thus fulfilling Elizabeth Crichton's dream.

The Local Authority retains ownership of the site and the Crichton Trust holds the lease and is responsible for the sustainable development and management of the estate. The years from 1996 - 2016 have seen the exciting growth of the Crichton. Continued public access and enjoyment of the estate and the preservation of its character and integrity are key factors in its management and development.



Elizabeth Crichton  
1770 - 1842  
Erected by  
1828 The Private Society, Duke of Edinburgh  
24 May 1828  
This statue and pedestal forming part of the property of  
The Crichton Foundation, 1770, are hereby transferred to  
The Corporation of Glasgow, Glasgow City Council, 1975  
1975



# THE CRICHTON TRUST

The Trust was established in 1996 with two principal aims:

the preservation of the Crichton Estate and other historical public assets across Dumfries and Galloway, and

the furtherance of Education in the Region through the establishment of Higher Education presence on the Crichton Estate thereby ensuring a streamlined education experience from Secondary School to Further Education, with suitable faculty presence tailored to the needs of the local economy.

## OUR MISSION

To preserve, enhance and interpret the historic character of the Crichton and develop it with a clear identity as a place of educational, commercial, recreational and artistic excellence taking account of accessibility, and stakeholder and community needs, for the benefit of Dumfries and Galloway as a whole.

## OUR VISION

That the Estate will be a vibrant, education and knowledge location, with all buildings in full repair and economic use and the historic interest and amenities of the estate fully preserved for the long-term benefit of Dumfries and Galloway and beyond.

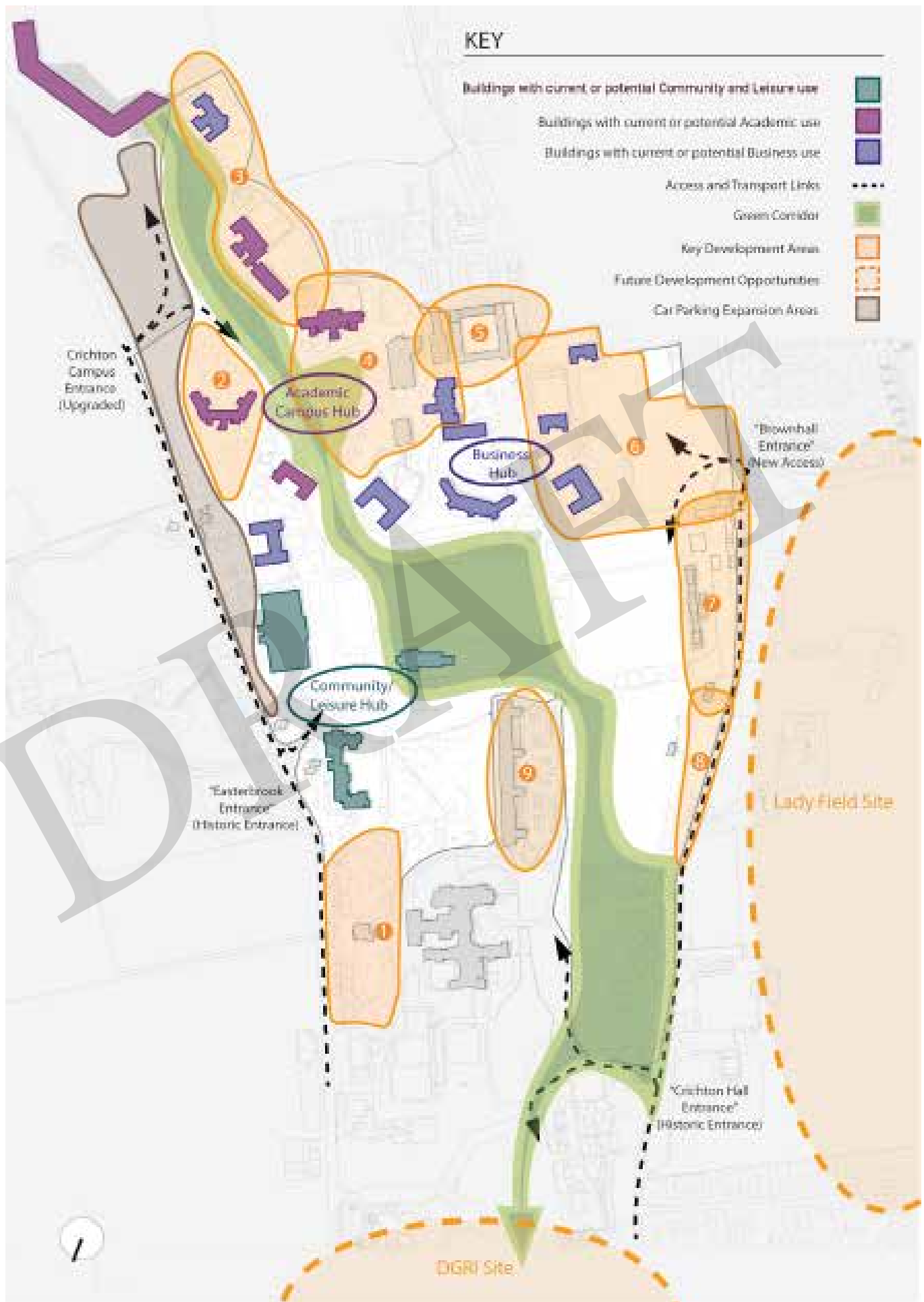
To achieve our vision we seek to be:

A model of good practice in heritage renewal and interpretation;

A partner in educational enterprise and initiative;

A purposeful and successful business community capitalising on its assets;

A destination for leisure pursuits and tourism;



Concept Diagram - Crichton Development Framework 2015



## STRATEGY DRIVERS

In the development of its Strategy, the Trust has ensured that it:

- reflects the relevant aims of Dumfries and Galloway Council's Regional Economic Strategy 2016-2020 which highlights the Crichton 2020 + Business Plan (Biggar Economics for Dumfries and Galloway Council 2012) that "the Crichton will be recognised locally, nationally and internationally as a beacon for knowledge and innovation-based sustainable development that will benefit Dumfries and Galloway and Scotland as a whole"
- reflects the aims of the Crichton Development Framework 2015 which along with the Crichton Conservation Area Character Appraisal has now been adopted by Dumfries and Galloway Council as Planning Guidance;
- meets the Council's requirement that the Trust should be a successful independent organisation which minimises costs to the public purse whilst delivering sustainable growth, primarily on the Crichton Campus;
- complies with the Dumfries and Galloway local development plan and the South Dumfries Development Framework.

# PARTNERSHIP AND COLLABORATION

The Trust recognises that in order to deliver its Strategy, it will require to work in close collaboration and partnership with a number of key stakeholders including:

**Dumfries and Galloway Council** which, as well as being owner and landlord of the Estate, is the Planning and Strategic Housing Authority and has responsibility for local economic development. Given the strategic importance of the Crichton Estate, the Council has established a dedicated sub-committee which maintains a strategic oversight of the operations of the Trust.



**The Crichton Campus Leadership Group**, has a key role in facilitating a shared understanding of the skills, education and training needs of Dumfries and Galloway, raising the profile and maximising the impact of collaborative activity on the Campus for the Region and capitalising on the attractiveness of its unique location in the UK and international markets

**CCLG**

The Crichton Campus Leadership Group

**The Crichton Foundation**, which is an independent Charitable Trust founded in 2000 which raises funds through donations and events. Over the past 15 years the Foundation has raised approximately £4,000,000, the vast majority of which has been invested on the Campus.



**NHS Dumfries and Galloway**, owns Crichton Hall and the adjoining Dumfries and Galloway Royal Infirmary site. Joint working and liaison are essential to achieve synergy across the, what has become known as "Crichton Quarter" of Dumfries. NHS D&G also own the Artesian Well which provides the Estate's water supply. As the relocation of the D&G Royal Infirmary, and the potential relocation of staff based at Crichton Hall progresses, close co-operation will be required to minimise any adverse effect which may occur on the Estate and to assure the future of Crichton Hall





# STRATEGIC OBJECTIVES

## Objective One LEADERSHIP

To establish, in collaboration with partners, a clear and strong leadership role in terms of the development of the Estate and its links beyond the Campus.

### What we will do...

- Diversify our business interests by working with our partners to maximise the opportunities of the site
- Consider innovative opportunities for collaboration beyond the site within our charitable aim
- Ensure continued high standards of property management and maintenance as Estate Landlords, managers and environmental stewards

## Objective Two CONSERVATION

To protect and enhance the historic assets of the Crichton Estate by optimising their compatible use and, where appropriate, to expand these to include adjacent heritage property over time within an evidence-based and demand-led approach.

### What we will do...

- Conserve and enhance the existing (and any additional) heritage assets, including the Crichton designed landscape
- Facilitate the development of our own and other assets within the terms of our charitable aims as a means to their preservation
- Seek to achieve full and sustainable occupancy of the historic properties

## Objective Three EDUCATION

To act as a catalyst and facilitator for the expansion of both Further and Higher Education on the Estate.

### What we will do...

- Strengthen links with existing academic partners and stakeholders on the Estate and the relevant public agencies
- Contribute fully as a member of the Crichton Campus Leadership Group
- Manage our property and deliver services to support changing curriculum needs, institutional integration and the encouragement of additional Education Institutions
- Seek to involve and support other FE and HE institutions in the work of the Estate.

## Objective Four REGENERATION

To establish the Crichton as an exemplar for heritage led regeneration in support of its role as a flagship project for the Dumfries and Galloway economic development strategy.

### What we will do...

- Develop policies and partnerships for the creation of well-paid and sustainable jobs and for the hosting of exemplars of training and innovation
- Improve our own on site facilities and services to support both tenants' and visitors' needs
- Establish Easterbrook Hall and the Crichton Memorial Church as the venues of choice in D&G and Scotland, for weddings, conferences and other events.
- Adopt exemplary standards for future sustainable development of the Crichton in all aspects

## Objective Five PROPERTY DEVELOPMENT

To seek funding and manage projects for both the upgrading of existing buildings and infrastructure and development of appropriate physical assets.

### What we will do...

- Actively promote the opportunities of the Estate as shown on the Development Framework 2015
- Engage proactively with both private and public funders
- Develop innovative business cases for projects which contribute to our objectives

## Objective Six COMMUNITY

To remove any perceived barriers to greater community use of the Estate and to develop facilities and services which will contribute significantly to community and tourist benefits.

### What we will do...

- Strengthen links between the community of Dumfries and the Estate
- Promote and implement the proposals of the Crichton Development Framework to improve the attractiveness of the Estate to community users
- Develop the potential identified in the Crichton Development Framework for a new interpretation centre based on the local heritage and arts environment
- Establish a volunteer support network

## Objective Seven BRANDING

To develop a clear identity for the Estate and to devise, in collaboration with partners and stakeholders, a renewed promotion and marketing plan around the "Crichton Experience" which will have local, national and international impact.

### What we will do...

Develop a single strong branding image for the Crichton in collaboration with other stakeholders

Promote and implement the improved access proposals of the Crichton Masterplan and Development Framework

Continue to actively market the renewed identity of the Estate for all business, education and recreation purposes

Following on from the development of the Strategy and Vision, the Trust will be developing a rolling three year Business Plan.

### The Crichton Trust

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The Crichton Estate  
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United Kingdom

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admin@crichton.co.uk  
www.crichton.co.uk



Crichton Trust



## Board of Management

### Education Scotland Review – Progress Update

#### 1 Purpose of the Report

The purpose of this report is to provide the Board of Management with an update on actions following Education Scotland's Report published in April 2016.

#### 2 The Background

The external review by Education Scotland took place during the week beginning 8 February 2016. They examined learning and teaching and other important activities that impact on the quality of the learner experience. Education Scotland evaluated these against the three key principles of *high quality learning*, *learner engagement* and *quality culture*, using the 13 reference quality indicators outlined in *External quality arrangements for Scotland's colleges, updated August 2013*.

Education Scotland's overarching judgement was:

*"Dumfries and Galloway College has in place **effective** arrangements to maintain and enhance the quality of its provision and outcomes for learners and other stakeholders. This judgement means that, in relation to quality assurance and enhancement, the college is led well, has sufficiently robust arrangements to address any identified minor weaknesses, and is likely to continue to improve the quality of its services for learners and other stakeholders."*

The report highlighted areas of positive practices, examples of excellence as well as main points for actions for the College to address.

#### 3 The Report

The Executive Management Team along with other relevant senior managers met on a number of occasions to reflect on the Review and discuss the findings. It was decided that the areas for development, other specific comments and the main points for action be grouped into the following four areas:

- Retention and Achievement
- Learner Engagement
- Self-evaluation
- Learning and Teaching

It was agreed that short life working groups be formed to take forward each area. All staff were given the opportunity to become involved in each of the workings groups. The agreed scope of work for each group can be found at the end of this report.



## Board of Management

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The groups have been asked to prepare an interim report on progress by the end of December 2016.

### **4 Recommendation**

Members are asked to note the progress made to date.

Jannette Brown  
Vice Principal  
September 2016

## Board of Management

### **Retention and Achievement Working Group – Lead by Iain Hawker, Head of Faculty**

Main Point for Action: The College should implement college strategies to improve retention rates where these are low. The working group to consider strategies to improve Early Student Retention (ESR), Withdrawal (SR) and Achievement rates for full-time learners

ESR - The group may wish to better understand a range of factors that influence early student retention, such as:

- promotional information, course detail available to learner prior to application
- pre-entry guidance, are they on the right course? Do we understand their prior experience, core skills profiling
- induction on arrival and in the early weeks,
- timetabling, the learner day, distribution of classes over the day and week
- identified support needs being met
- pace of learning
- learning and teaching issues such as lack of early guidance and support, lack of monitoring of early warnings relating to attendance, timekeeping and early assessments
- perception of quality of service,
- accommodation
- and personal circumstances

SR - (sometimes referred to as further withdrawal)– The group may wish to better understand a range of factors that influence student retention, such as

- Same as for ESR
- Workload / timing of assessments– too easy at the start?
- Timely feedback on progress – full awareness of where the learner is and what workload is to come?
- Early indication of academic problems / coping (effective tutorial system)
- Indication of disengagement/dissatisfaction
- Effective student support (including tutorial system)
- Work placements
- What keeps the students that remain, stay on the course?

Achievement – the group may wish to better understand a range of factors that influence student achievement:

- Learners
  - Are they on the right programme? Does previous year success equate to suitability for next level?
  - Do they receive appropriate support?
  - How well are they motivated?
- Teaching staff
  - Appropriate range of teaching approaches
  - Engaging learners
- Assessment approaches
  - Diagnostic
  - Formative
  - Summative
  - Self
  - Timing of assessment
  - Number of assessments
  - Preparation of learners

## Board of Management

**Learner Engagement Working Group – Lead by Janet Weir, Head of Faculty**

Main Point for Action: The College should improve class representation arrangements and support the SA to ensure effective learner engagement in the work and life of the college. The working group to consider strategies to improve the following:

1. Class reps system – what should the role be? Arrangements for appointing and training?
2. Learner voice - Arrangements to gather SA views and present them to management and board. Results of self evaluation and learner surveys not communicated effectively to learners and or learners not aware of any resulting actions for improvement;
3. Student Association – how do we ensure effective learner engagement in the life and work of the college

**Learning and Teaching Working Group – Lead by June Holland, Head of Faculty**

There was no Main Point for Action resulting from the review. However, Education Scotland highlighted a number of areas for improvement. The working group to consider strategies to improve the following:

1. The College's Learning and Teaching Strategy and recently-revised Retention and Learner Attainment Policy to not provide sufficient direction to guide improvement
2. Teaching teams do not actively promote equality and diversity-related themes when planning or delivering teaching sessions (p9)
3. In a few lessons teaching staff do not involve learners sufficiently in the planning of their own learning (p10)
4. In a few lessons, teaching approaches are not sufficiently engaging or motivating and learners are passive (p10)
5. In the Stranraer campus, there is limited library stock, and some learners are not fully aware of inter-campus library borrowing arrangements (p9)
6. EAB's are at an early stage and feedback from employers and stakeholders is not yet sufficiently established to fully inform planning for improvement (p11)

**Self Evaluation Working Group – Lead by Jannette Brown, Vice Principal**

Main Point for Action: The College should improve approaches to self-evaluation to ensure that action planning leads to improvement in performance. The working group to consider ways to improve the following:

1. Programme teams do not focus sufficiently on PI trend data information to identify and agree actions for improvement
2. Few programme reports include sufficient evaluative commentary on learning and teaching approaches (p3&p11)
3. A few learners comment that the Wheel is time consuming and contains language that is difficult to understand (p4 & p12)
4. Completed self-evaluation reports rarely identify underlying reasons behind withdrawals and do not include sufficiently robust actions to improve learner retention (p4)
5. Self-evaluation arrangements for support services (ILC, LZ/FAC, Library, Student Support) are underdeveloped and ineffective (p15). Support staff do not routinely collate and analyse learner-related support service delivery information to reflect on performance, identify trends or draw up improvement plans. Managers are over reliant on informal day-to-day information to evaluate overall performance

## Board of Management

### Board Development Update

#### 1 Purpose of the Report

- 1.1 The purpose of this report is to provide the Board of Management with an update on Board Development.

#### 2 Conducting Externally Facilitated Effectiveness Reviews

The recently updated Code of Good Governance states

*'The board must keep its effectiveness under annual review and have in place a robust self-evaluation process. There should also be externally facilitated evaluation of its effectiveness at least every 3 years. The board must send its self-evaluation (including an externally facilitated evaluation) and board development plan (including progress on the previous year's plan) to its funding body and publish them online'.*

On 1<sup>st</sup> September 2016 the Chair, the Board Secretary and the Vice Principal of Corporate Services and Governance met with Jan Polley the college's appointed External Reviewer. A desk top review will be undertaken by the External Reviewer with reference to the College's Board Self Assessment 2015-16 and Board Development Plan 2016-17. The college's current Good Governance Manual will be exhibited with reference to an updated version in line with the recently amended Code of Good Governance. The Chair' evidence that one to one assessments have been undertaken, copies of the Schemes of Delegation and Standing Orders will be exhibited. The attendance records of the Board Meetings and all Committee Meetings will also be exhibited. Stakeholder/employer surveys will be undertaken and the results exhibited to the External Reviewer. In line with the recruitment of 3 new Board Members, the recruitment package and Audit Skills Matrix will be exhibited as evidence of compliance.

The External Reviewer will attend the Board Meeting on 6<sup>th</sup> December 2016 as an observer and attend the Board Development Event on 24<sup>th</sup> January 2017, prior to the Board Development Event the External Reviewer will send out questionnaires to Board Members to identify areas for discussion. The Schedule of 2016-17 meetings will be sent to the External Reviewer for her to choose the Committees on which she wishes to observe.

The External Reviewer will sample four Board Members asking them to complete a questionnaire and will conduct a 1:1 telephone interview with those Board Members.

## Board of Management

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The External Reviewer has submitted a timetable and schedule of costs and this will be tabled for approval at the Board Development Committee Meeting on 18<sup>th</sup> October 2016. The date for the External Reviews to be completed by all colleges has been extended to 31<sup>st</sup> March 2017.

### **3 Karen McGahan – Extension of Term**

The Scottish Minister has approved a four year extension for Karen McGahan to commence from 31<sup>st</sup> July 2016.

### **4 Recruitment of three Board Members**

The Board Secretary is currently updating the Recruitment Pack in line with the revised Code of Good Conduct and recommendations from the Code of Good Conduct Task Force Group. Board Members have been asked to completed updated Skills Audit Forms which will identify any skills gaps with the Board. The timeline for recruitment will be finalised at the Board Development Committee Meeting on 18<sup>th</sup> October 2016 and the recruitment panel consulted regarding the dates, however it is expected that the positions will be advertised in November with shortlisting taking place in December and interviews in January 2017.

### **5 Board Self Evaluation Report 2015-16**

The Board Self Evaluation 2015-16 is in the process of being finalised once the Chair has conducted all the individual reviews and the Skills Audit Forms have been completed by Board Member; and will be tabled for discussion at the Board Development Committee Meeting on 18<sup>th</sup> October 2016.

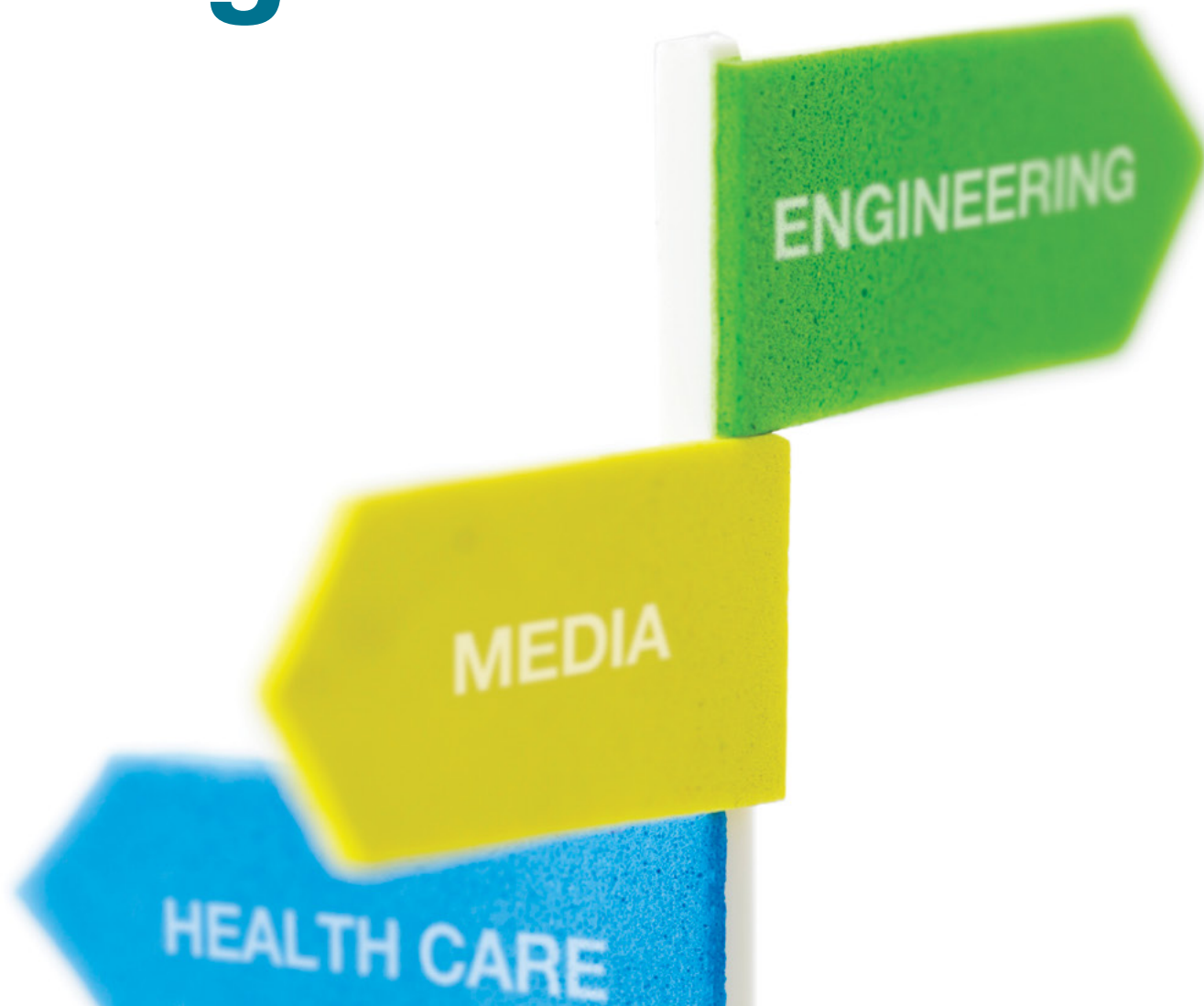
### **6 Board Development Plan 2016-17**

The Board Secretary is updating this Plan and it will be tabled for discussion at the Board Development Committee Meeting on 18<sup>th</sup> October 2016.

### **7 Recommendation**

The Board of Management is asked to note this report.

# Scotland's colleges 2016



AUDITOR GENERAL 

Prepared by Audit Scotland  
August 2016

# Auditor General for Scotland

The Auditor General's role is to:

- appoint auditors to Scotland's central government and NHS bodies
- examine how public bodies spend public money
- help them to manage their finances to the highest standards
- check whether they achieve value for money.

The Auditor General is independent and reports to the Scottish Parliament on the performance of:

- directorates of the Scottish Government
- government agencies, eg the Scottish Prison Service, Historic Environment Scotland
- NHS bodies
- further education colleges
- Scottish Water
- NDPBs and others, eg Scottish Police Authority, Scottish Fire and Rescue Service.

You can find out more about the work of the Auditor General on our website:

[www.audit-scotland.gov.uk/about/ags](http://www.audit-scotland.gov.uk/about/ags) 

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## Links

-  PDF download
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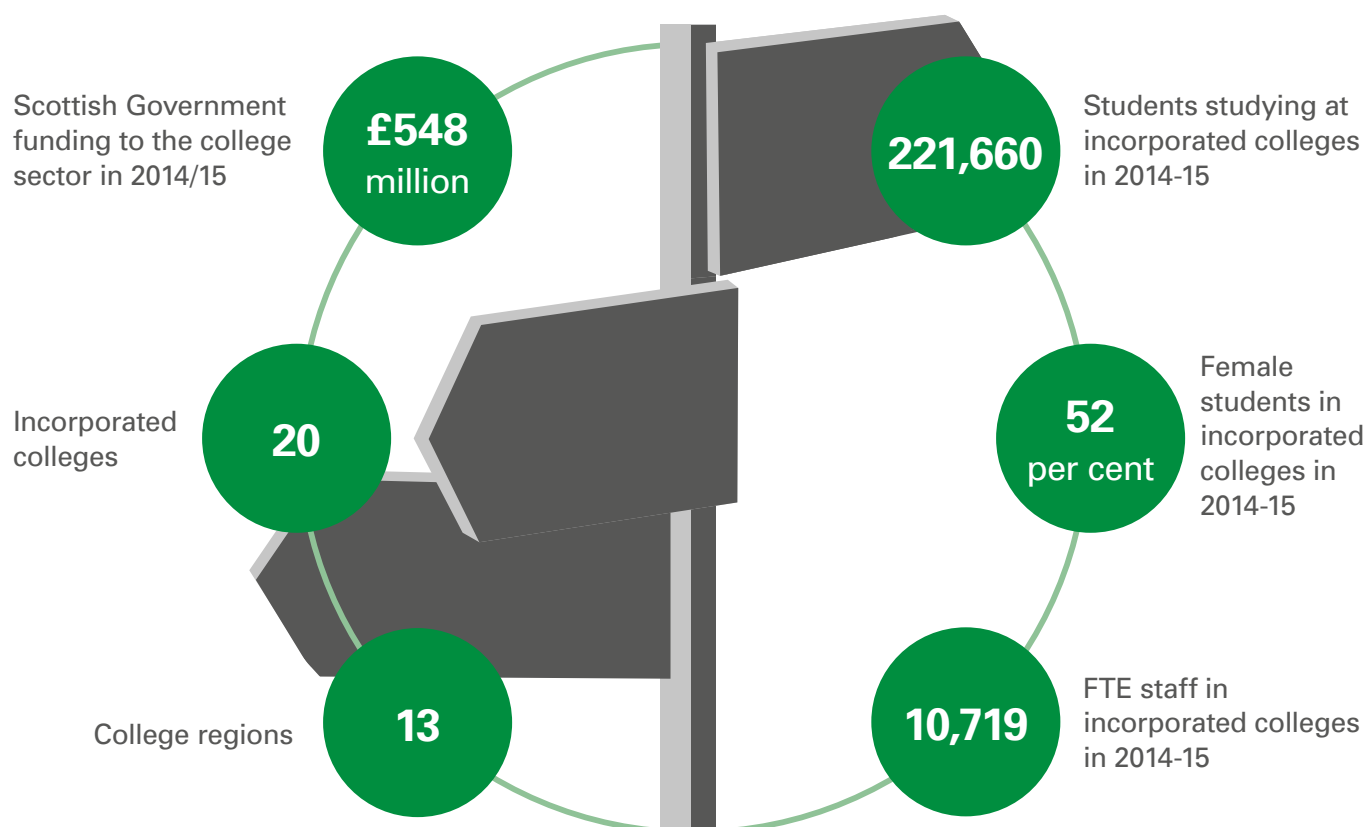
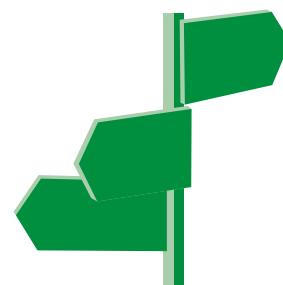
## Exhibit data

When viewing this report online, you can access background data by clicking on the graph icon. The data file will open in a new window.

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# Key facts



# Summary



## Key messages

- 1 The college sector has continued to exceed activity targets but colleges are still adjusting to substantial changes that affect how they operate. The Scottish Government has not yet clearly articulated how it will measure and report the benefits of its programme of reform, and some of its proposed measures lack baseline information. The Scottish Funding Council (SFC) intends to publish its estimate of the total costs of mergers in August 2016. However, this will not include costs of harmonising staff terms and conditions, which could be significant. Only one of the three regional bodies was able to perform the role expected of it in 2014-15 and 2015-16.
- 2 The number of under-25 year olds in full-time education at college has increased by 14 per cent in the last eight years. Student numbers overall have decreased by 41 per cent over the same period, and part-time students by 48 per cent. Most of the reductions in student numbers have been among women and people aged over 25. The gender balance is now broadly equal overall but there are significant differences between subjects. The overall percentage of full-time further education students successfully completing their course increased year-on-year between 2009-10 and 2013-14, from 59 to 66 per cent, but dropped to 64 per cent in 2014-15. At least 82 per cent of students who left in 2013-14 went on to a positive destination.
- 3 Full-time equivalent staff (FTE) numbers decreased by nine per cent between 2011-12 and 2013-14 and increased by five per cent in 2014-15. Staff feedback on the impact of mergers is mixed.
- 4 The overall financial health of the sector is relatively stable. Our analysis indicates four colleges with underlying financial challenges. Colleges do not have long-term financial plans which would help them prepare for and address further financial pressures, such as national collective bargaining, estate maintenance and student support funding. The Scottish Government's current approach to funding colleges for depreciation is complex, and creates a degree of uncertainty for colleges.
- 5 The College Good Governance Task Group's recommendations should mitigate the risk of significant governance failures. While the SFC undertakes a range of monitoring and engagement within the college sector, this has not always resulted in timely and effective resolution of problems and issues. Despite the many changes in accountability arrangements in the sector, the Scottish Government has not

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the college sector has continued to exceed activity targets but colleges are still adjusting to substantial changes

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undertaken a comprehensive review of the SFC's role in the last ten years. The Scottish Government's end-to-end review of the enterprise and skills agencies in Scotland provides an opportunity to re-examine and clarify the SFC's role.

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## Recommendations

### The Scottish Government and the SFC should:

- specify how they will measure and publicly report progress in delivering all of the benefits that were expected from regionalisation and mergers, in line with our recommendation from last year, which was endorsed by the Public Audit Committee
- publish information on the costs and savings achieved through the merger process, in line with our recommendation from last year, which was endorsed by the Public Audit Committee
- work with colleges to determine the current condition of the college estate and prepare a plan to ensure that it is fit for purpose
- use the Scottish Government's end-to-end review of the skills agencies in Scotland to re-examine, clarify and set out the role of the SFC, particularly in relation to college governance
- identify and implement a better approach to allocating depreciation budgets to colleges.

### The SFC should:

- require colleges to report how they have spent depreciation cash funding in their accounts, including a breakdown of the spending
- explore with colleges a way to better assess demand for college courses across Scotland
- publish information about leaver destination at national, regional and college levels.

### Colleges should:

- develop long-term (a minimum of five years) financial strategies. These should be underpinned by medium-term (between three and five years) financial plans that link to workforce plans and take account of significant financial pressures such as national collective bargaining, estate development and maintenance and student support funding
- implement a more systematic approach to workforce planning to ensure that they have the appropriate resources and skills to achieve their strategic goals

- make agendas, supporting papers and minutes (subject to confidentiality issues) for board and committee meetings publicly available within appropriate timeframes.

### **Glasgow Colleges' Regional Board should:**

- put in place the arrangements necessary to become fully operational.
- 

## **About the audit**

**1.** This report provides an update on the various changes taking place in the college sector and, where possible, assesses their impact. It also comments on the financial standing of the sector and looks at student participation and outcomes. We set out our methodology in [Appendix 1](#).

**2.** We use the term 'reform' in this report to cover mergers and regionalisation. The Scottish Government's reform programme has led to college mergers. The Post-16 Education (Scotland) Act 2013 included provisions to support the reform of the sector into 13 regions, including arrangements for how the merged colleges were to be run. There are a total of ten colleges formed through mergers, with City of Glasgow College having formed in 2010. The number of incorporated colleges decreased from 37 in 2011-12 to 20 in 2014-15. [Appendix 2](#) provides an illustration of the current structure of colleges in Scotland.

**3.** Unless we state otherwise, all financial figures in the body of this report are in real terms, that is, allowing for inflation.

**4.** Colleges prepare their accounts based on the academic year (1 August to 31 July). This differs from the Scottish Government's financial year which runs from 1 April to 31 March. To help provide clarity, we use the convention '2014-15' when referring to figures from colleges' accounts, or relating to the academic year; and '2014/15' when referring to funding allocations made in the Scottish Government's financial year.

# Part 1

## Progress with reform



### Key messages

- 1** Colleges are still adjusting to substantial changes that affect how they operate. Funding reductions, regionalisation, college mergers, reclassification, national collective bargaining and the implementation of a new funding model are some of the significant changes with which colleges are dealing.
- 2** The Scottish Government has not yet clearly set out how it will measure and report the benefits of its programme of reform. Some of its proposed measures lack baseline information. While the SFC completed all post-merger evaluations of colleges that merged in 2013-14, these did not provide a clear assessment of change. The SFC intends to publish its estimate of the total costs of mergers in August 2016. However, the total will not include the costs of harmonising terms and conditions, which could be significant.
- 3** Three of the 13 college regions are multi-college regions. These multi-college regions have regional bodies, intended to provide strategic direction and allocate funding and activity to colleges in the region. Only one of the three regional bodies was able to perform the role expected of it in 2014-15 and 2015-16. The costs of two of these regional bodies are not separately identified in published accounts.

only one of the three regional bodies was able to perform the role expected of it in 2014-15

### Colleges are continuing to adjust to substantial changes that affect how they operate

**5.** Colleges are still adjusting to a number of significant changes that have taken place in recent years ([Exhibit 1, page 10](#)):

- The Post-16 Education (Scotland) Act 2013 included provisions to support the reform of the sector into 13 college regions, three of which are multi-college regions with regional bodies.
- Regionalisation led to college mergers. There are now 20 incorporated colleges across Scotland ([see Appendix 2](#)).
- In 2012, the SFC introduced regional outcome agreements (ROAs) to set out the aims and expectations for each region. These agreements specify the activities that regions will deliver in exchange for funding.

- The Office for National Statistics (ONS) reclassified colleges as public sector bodies with effect from April 2014, with implications for how colleges manage and report their finances.
- Changes in funding policy to prioritise full-time student places that lead to employment, reflecting the Scottish Government's response to the impact of the 2008/09 economic crisis.
- Colleges have an ongoing role in responding to the recommendations of the Commission for Developing Scotland's Young Workforce.<sup>1</sup> Colleges have been asked to place a particular focus on working with both schools and employers to facilitate the effective progression of young people from education into employment.

While not all colleges have merged, the other changes have affected all colleges.

#### 6. Further changes lie ahead:

- The new further and higher education statement of recommended practice (SORP) will change how colleges report their finances from 2015-16 ([see paragraph 76](#)).
- Education Scotland and the SFC plan to implement, in August 2016, a new approach to providing assurance on the quality of leadership, teaching and learner attainment. The new approach also aims to promote improvement and innovation.
- The SFC is implementing a new funding model ([see paragraphs 72 and 73](#)).
- The sector has introduced national collective bargaining with staff trades unions.<sup>2</sup> Previously each college separately negotiated staff pay, terms and conditions ([see paragraph 65](#)).

#### 7. Most aspects of merger have been completed by merged colleges. At the time of our audit:

- All ten merged colleges had reviewed their curriculum.
- Fife College had still to fully integrate its IT systems.
- City of Glasgow College had still to fully harmonise staff terms and conditions. It has halted local job evaluations so that this work can be completed nationally as part of national collective bargaining.

### **It remains unclear how much of the savings from reform are a direct result of college mergers**

8. The SFC estimates the sector will deliver efficiency savings of £50 million from reform by 2015-16. In response to our report last year, the Scottish Parliament's Public Audit Committee (PAC) sought greater clarity from the Scottish Government and SFC on when detailed figures could be provided and when the £50 million of savings will be achieved. The SFC responded in January 2016 stating that the sector is on track to achieve the £50 million savings by 2015-16. These projected savings are based on the sector providing a slightly increased

## Exhibit 1

### Changes affecting the college sector

College sector reform and other changes have had a number of far-reaching consequences.



Source: Audit Scotland

level of activity with around the same level of funding. The savings arise mainly from a real-terms reduction in funding to the sector as a whole and not just merged colleges. Therefore, as we reported last year, it remains unclear how much of these savings are as a direct result of college mergers.

### **The Scottish Government and the SFC still have not set out how they will measure and report the benefits of mergers**

**9.** The Scottish Government expected college mergers to lead to a number of benefits:

- improved engagement with local employers to better understand their needs
- efficiencies through reduced duplication and unnecessary competition
- better outcomes for learners.

**10.** Last year, we reported that the Scottish Government and SFC had not specified how they would measure the expected benefits of mergers.<sup>3</sup> The Scottish Government informed the PAC in December 2015 that it would work with the SFC to report the benefits, costs and savings of mergers, based on the SFC's two-year post-merger evaluations of colleges which merged in 2012-13 and 2013-14. Despite the final college merger taking place two years ago, the Scottish Government and the SFC have still not publicly set out when the benefits will be achieved and how they will measure them.

**11.** Colleges have reviewed their curricula to reduce duplication and support students' progression to employment or further study. While the SFC's post-merger evaluations include commentary on changes to curricula, they do not provide any indication of how significant these changes have been, ie how many courses have been combined. The evaluations comment on how merged colleges are working with employers, but they do not assess whether this is better than it was before merger. We contacted four employer representative groups to seek their views. The two groups that responded (the Federation of Small Businesses and the Scottish Council for Development and Industry) told us that, while they supported the regional approach, there was variable evidence that it had changed how colleges were engaging with their members and responding to the labour market. The Federation of Small Businesses suggested that having a better understanding of employers' skills needs and involving employers in curriculum reviews would help colleges deliver improvements.

**12.** The Scottish Government told us it intends to use five broad outcome areas to measure better outcomes for learners: attainment, retention, articulation (students progressing to university), positive destinations and student satisfaction. It has not specified what indicators it will use to measure these outcomes. While trend information is available for retention, attainment and articulation rates, positive destinations and student satisfaction lack baseline information. Destination data was published for the first time for students leaving college in 2013-14 following a recommendation from the PAC last year ([see paragraph 47](#)). A pilot student satisfaction survey has now been undertaken ([see paragraph 48](#)). The lack of published trend information means it will not be possible to identify whether mergers led to improvements. In developing outcome indicators, the Scottish Government should align these to its economic strategy and the national performance framework. We discuss student participation and outcomes in [Part 2](#).



## **The SFC's two-year post-merger evaluations do not provide a clear comparison of colleges before and after merger**

**13.** Between September 2015 and June 2016, the SFC carried out post-merger evaluations of the eight colleges that merged in academic year 2013-14. The SFC will use these to inform a report on overall progress which is due to be published in August 2016. Based on the evaluations to date, feedback from staff and students was mixed, with examples of benefits and concerns expressed in all colleges. We discuss the impact of mergers on staff and students in [Part 2](#).

**14.** The SFC completed its two-year post-merger evaluations to agreed timescales. Each evaluation drew on:

- a self-evaluation submitted to the SFC by the college
- Education Scotland's intelligence and review work (including external reviews and annual engagement visits)
- SFC monitoring of the college's regional outcome agreement and finances
- SFC meetings with staff, students, union representatives, external stakeholders (including employers), senior management and the college board.

**15.** While the post-merger evaluations were based on a range of evidence from different sources, they lack baseline information to compare how a college has changed following merger. For example, they refer to employer engagement events as evidence of improvement but make no comparison with engagement pre-merger. Our 2015 report found that colleges had not detailed in their merger business cases how they would measure the benefits. The SFC did not specify at the time of mergers what comparative information and data it needed from colleges for the post-merger evaluations. As a result, there is no baseline information on employer engagement and some aspects of outcomes for learners such as positive destinations and student satisfaction. Colleges have also found it difficult to identify savings resulting directly from mergers because of the significant amount of change more generally in the sector.

## **The SFC intends to publish its estimate of the total costs of mergers in August 2016 but it will not include the costs of harmonising terms and conditions**

**16.** The PAC endorsed our recommendation last year that the Scottish Government and the SFC should publish financial information on the costs and savings achieved through the merger process. The SFC provided around £59 million to colleges that merged. Most of this (£45 million) was used to fund voluntary severance payments. Colleges also used their own funds towards the costs of mergers. Some colleges provided the SFC with cost information as part of the post-merger evaluations. However, this did not include all of the costs of merger, such as the costs of harmonising employee terms and conditions. Therefore there is currently no comprehensive analysis of the cost of mergers incorporating: college contributions to severance payments; the integration of IT systems; harmonisation of terms and conditions; management time to plan and implement mergers; and specialist advice, such as legal services.

## Only one of the three regional bodies was able to perform the role expected of it in 2014-15 and 2015-16

**17.** Colleges are organised into 13 college regions, of which ten are single college regions ([Appendix 2](#)). The college boards in single college regions have been designated as regional college boards. Regional college boards are responsible for planning the further and higher education that colleges will deliver and providing strategic direction within the region. In the three multi-college regions (Glasgow, Highlands and Islands, and Lanarkshire), the individual colleges are 'assigned' to the regional strategic body (regional body). This body is responsible for planning their assigned colleges' further and higher education, funding them and monitoring how they perform. The board at each assigned college continues to be responsible for the governance, financial management and operation of the college. Colleges in multi-college regions are still accountable to the SFC in a number of areas, such as financial reporting, but they are also accountable to their regional body. We reported last year that introducing regional bodies has resulted in a complex framework of accountability.

**18.** The three multi-college regions are arranged differently from one another:

- **Glasgow** – The region has three assigned colleges: City of Glasgow, Glasgow Kelvin and Glasgow Clyde colleges. Glasgow Colleges' Regional Board (GCRB) was established in May 2014 as the regional body. The chairs of the three colleges are members of the GCRB board. The college principals attend GCRB board meetings but are not members.
- **Highlands and Islands** – The region has five incorporated colleges (Perth, Inverness, North Highland, Lewis Castle and Moray colleges) and a further three non-incorporated colleges (Shetland, Orkney and West Highland). All eight colleges are academic partners within UHI.<sup>4</sup> The University of Highlands and Islands (UHI) was established as the regional body in August 2014, and existed prior to regionalisation. To separate the governance of its higher and further education responsibilities, UHI has established a committee of its Court, the Further Education Regional Board (FERB), to support it in its regional body role. Chairs of the eight colleges are members of the FERB. College principals are not members but may be invited to attend meetings for specific items. UHI has a number of working groups looking at specific regional operational issues, such as financial monitoring. [Exhibit 2 \(page 15\)](#) shows the complexity of these arrangements compared to what existed before regionalisation.
- **Lanarkshire** – There are two colleges in the region. New College Lanarkshire is a regional college. South Lanarkshire College is assigned to New College Lanarkshire. The Board of New College Lanarkshire (referred to as the Lanarkshire Board), established in October 2014, has a dual role as the college's board and as the regional body. The Lanarkshire Board was enlarged to include members from South Lanarkshire College in recognition of its responsibilities for that college. This includes the chair and principal of South Lanarkshire College.

**19.** All regional bodies have associated costs such as the chair's remuneration, members' expenses, recruitment and other administrative support costs. This is funded from each region's total allocation from the SFC. The costs of Lanarkshire and Highlands and Islands' regional bodies are amalgamated in the accounts of

New College Lanarkshire and UHI, respectively, but are not separately identified. Although this is in line with reporting requirements, the separate reporting of the costs of running the regional bodies within the UHI and New College Lanarkshire accounts would improve transparency. UHI informed us that the costs of running its regional body in 2014-15 were around £190,000 while New College Lanarkshire stated its regional body's costs were £34,000. GCRB reports its accounts separately. It spent around £280,000 between May 2014 and July 2015.

**20.** The terms of the Further and Higher Education (Scotland) Act 2005 are set out in such a way that assigned colleges may be funded by their regional body or by the SFC. The Scottish Government's intention is that assigned colleges should be funded by the regional body if the SFC is confident that the regional body is able to perform this task. The regional body must first obtain 'operational fundable body' status from the SFC in order to receive and distribute funding to colleges.<sup>5</sup> In making this decision, the SFC considers:

- the composition of the board of the regional body
- the board's committee structure
- the board's effectiveness, including its oversight of the assigned colleges
- strategic planning
- financial management
- risk management
- internal audit.

**21.** Despite regional bodies being a key feature of recent college reform, none of the three is yet operating as intended. At the time of our audit, UHI had secured operational fundable body status (in April 2015) but it is still developing some of its governance arrangements ([paragraphs 22–23](#)). In the Glasgow and Lanarkshire regions, the SFC continued to fund the colleges directly in 2014-15 and 2015-16 ([paragraphs 24–26](#))

### **More than a year after securing operational fundable body status, UHI has still to fully develop its monitoring and allocation processes**

**22.** During 2015, UHI worked on establishing a financial memorandum with its assigned colleges and academic partners and refining the membership of the FERB. These were not easy to agree and took up a lot of time. As the FERB develops, it is expected to have a more prominent role in monitoring colleges' performance, allocating funding and activity and providing strategic direction on behalf of the UHI Court.

**23.** In March 2016, UHI established a strategy group to review the effectiveness of the governance structure, financial sustainability and opportunities, and the cultural change needed in the region. This group is due to complete its work in September 2016. A working group is also developing proposals for the allocation of funding and activity. Concluding this work should help UHI in its role of allocating funding and activity and providing regional strategic direction.

## Exhibit 2

### Highlands and Islands' college arrangements for further education provision, before and after regionalisation

The Highlands and Islands' regional arrangements are complex and involve many more groups than before regionalisation.



Note: Blue boxes indicate permanent bodies/groups, a red box indicates a temporary group and a green box indicates an individual.

Source: Audit Scotland using information from University of Highlands and Islands

## **The Lanarkshire Board and GCRB have made progress in addressing governance issues but GCRB is still not operationally fundable two years after its creation**

**24.** The Lanarkshire Board (acting as the regional body) has been addressing a number of issues raised by the SFC, including cross-membership between boards of the two colleges and consistent audit arrangements. The SFC concluded in July 2016 that the Board had satisfactory arrangements in place to fund its assigned college and the regional body became fully operational from 1 August 2016.

**25.** In March 2016, the Auditor General reported that, following months of deterioration in key relationships, GCRB had made limited progress towards securing operational fundable body status.<sup>6</sup> There were significant weaknesses in governance and an absence of key systems of assurance and internal control. Several members of the board resigned in 2015 and the Scottish Government appointed an SFC board member to act as interim chair. In December 2015, the SFC decided not to grant operational fundable body status to GCRB, pending the appointment of a permanent chair and executive director.

**26.** The situation has since improved. GCRB now has a permanent chair and two members of staff, an executive director and executive assistant. It has also established many of the systems of assurance and internal control needed to properly manage and oversee a public body. The SFC wants to see a period of stability and effective operation before it hands over responsibility for £80 million of funding in the region. It is now over two years since GCRB began operation, but the timescale for granting it operational fundable body status is not clear.

# Part 2

## Students and staff



### Key messages

- 1** The number of under-25 year olds in full-time education at college has increased by 14 per cent in the last eight years. Student numbers overall have decreased by 41 per cent over the same period and part-time students by 48 per cent. Most of the reductions in student numbers have been among women and people aged over 25. The potential impact of a policy change on these groups was not assessed prior to implementation. The gender balance is now broadly equal overall but there are significant differences between subjects.
- 2** The sector has continued to exceed SFC targets for activity. The overall percentage of full-time further education students successfully completing their course increased year-on-year between 2009-10 and 2013-14, from 59 to 66 per cent, but dropped to 64 per cent in 2014-15. Retention rates followed a similar pattern. It is not possible to attribute these movements to any particular aspect of reform. At least 82 per cent of students who left in 2013-14 went on to a positive destination.
- 3** FTE staff numbers decreased by nine per cent between 2011-12 to 2013-14 and increased by five per cent in 2014-15. Staff feedback on the impact of mergers is mixed. Despite the significant changes that have taken place in the sector, colleges do not prepare organisation-wide workforce plans. Colleges Scotland is leading work to look at the future workforce requirements for the sector.

most of the reductions in student numbers have been among women and people aged over 25

### The sector has consistently exceeded its activity targets

**27.** Colleges and the SFC agree targets for the amount of student learning that each college will deliver each year.<sup>7</sup> The sector has consistently delivered above this target each year, although the level of over delivery has fallen over time. At a regional level, nine of the 13 regions delivered above target in 2014-15, the highest being West Lothian at nearly seven per cent. Of those regions that under-delivered, all achieved at least 98 per cent of their target.<sup>8</sup>

### Policy changes have led to an increase in full-time learning, and a steep decline in part-time learning

**28.** In 2009, the Scottish Government asked the SFC to focus funding on courses most likely to lead to employment. This led to less funding for courses that did not lead to a recognised qualification or were less than ten hours in duration.<sup>9</sup> This

policy contributed to an increasing percentage of students on vocational courses and a rise of 14 per cent in the number of under-25s on full-time courses since 2007-08. However, this also contributed to a steep decline in the number of students on part-time courses.

**29.** In 2014-15, 221,660 students were studying at the 20 incorporated colleges. The largest college was West College Scotland, with 21,607 students, and the smallest was Lews Castle, with 1,237 students. Student numbers peaked in 2007-08 and declined by around 41 per cent between 2007-08 and 2014-15 ([Exhibit 3](#)). All colleges except West Lothian saw a decrease in overall student numbers during the period. In the last year, overall student numbers fell by six per cent. Over the same period of time, the number of FTE student places remained broadly static.

**30.** Following a peak in 2007-08, the number of part-time students has fallen by 48 per cent by 2014-15, from 321,281 to 165,853. During the same period, the number of full-time students increased by 18 per cent, from 66,534 to 78,318. Part-time student numbers had begun to decline when the 2009 funding change came in, but declined sharply after this.

**31.** There were falls in student numbers across all subjects between 2007-08 and 2014-15 ([Exhibit 4, page 19](#)). The biggest percentage falls were in printing (85 per cent), and minerals and materials (78 per cent). The Scottish Government has prioritised science, technology, engineering and maths (STEM) subjects, and these saw some of the smallest percentage falls.

## Exhibit 3

### College student numbers and FTE from 2007-08 to 2014-15

College student numbers fell by 41 per cent between 2007-08 and 2014-15, while full-time equivalent rose 0.5 per cent.

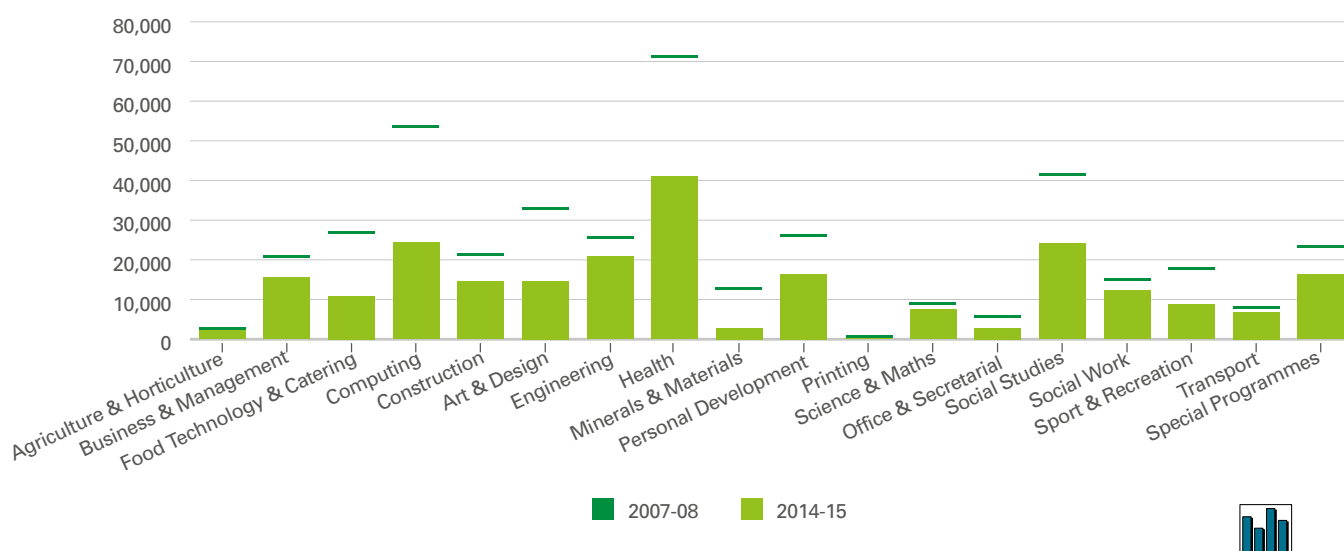


Source: SFC infact database

## Exhibit 4

### Number of students by subject in 2007-08 and 2014-15

Computing and health are still the most popular subjects, but have had large falls in numbers between 2007-08 and 2014-15.



Source: SFC infact database

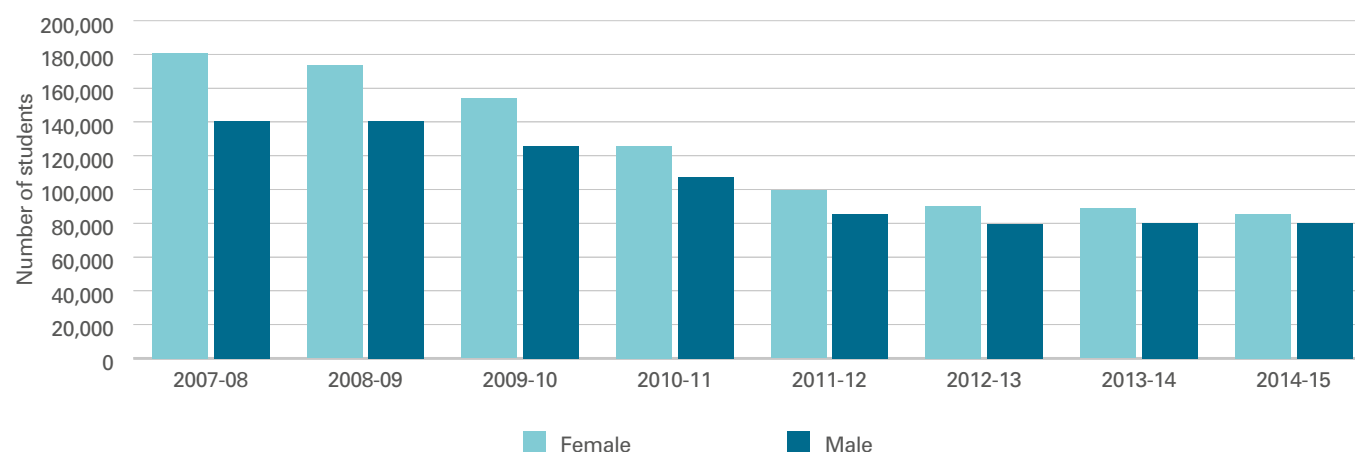
## The overall gender balance among college students is broadly equal, but there are some large differences between subjects

**32.** The fall in part-time places following the SFC policy change has had a disproportionate effect on female students. As the number of part-time places fell, the number of female part-time students fell at a steeper rate than male part-time students ([Exhibit 5](#)). The decrease was 53 per cent for women between 2007-08 and 2014-15, compared to 43 per cent for men.

## Exhibit 5

### Part-time student numbers by gender from 2007-08 to 2014-15

The number of part-time female students fell by 53 per cent during the period. Part-time male student numbers fell by 43 per cent.



Source: SFC infact database



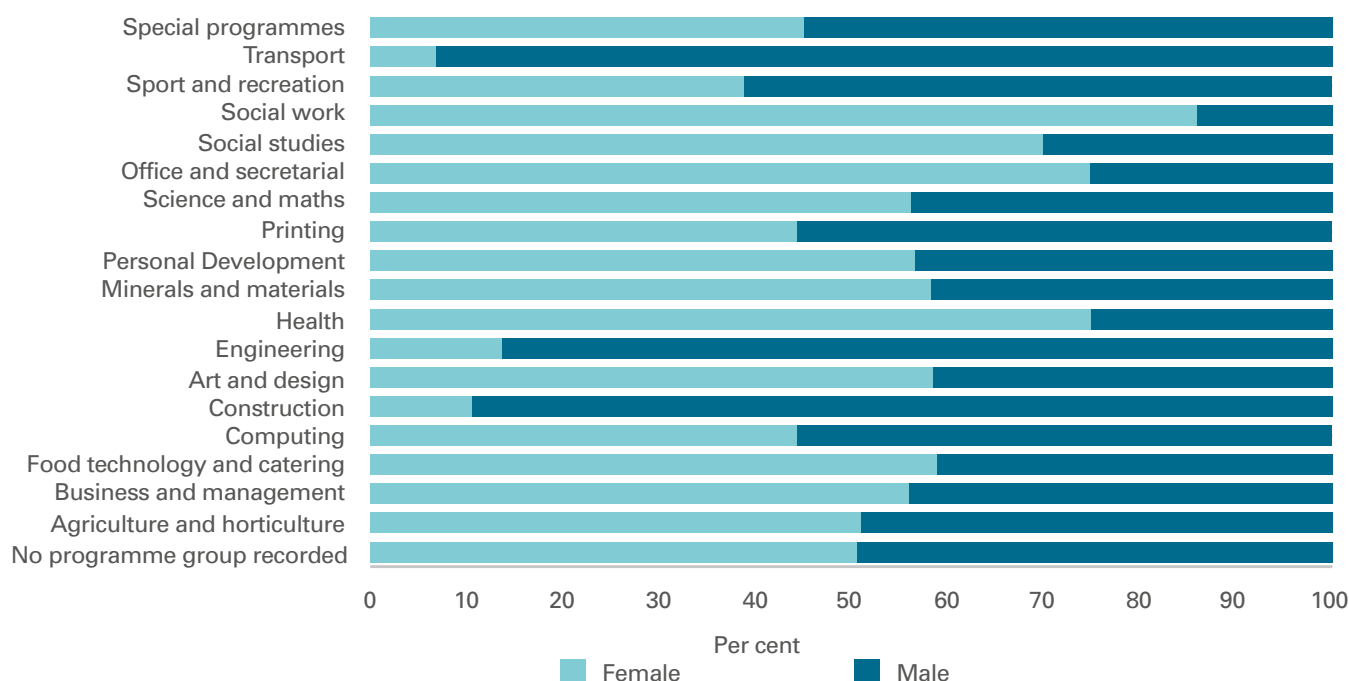
**33.** The number of male and female full-time students has been increasing, though the number of men fell slightly between 2013-14 and 2014-15. These changes have affected the overall gender balance of college students. Women made up 52 per cent of the total student population in 2014-15, a steady year-on-year decline from 56 per cent in 2007-08. At a college level, the gender balance varies between 45 per cent female at Glasgow Kelvin, Inverness and Lews Castle colleges, to 61 per cent female at West Lothian College. This variation across the country does not seem to reflect the general population of those areas, but may reflect course availability and local demand.

**34.** Although the overall gender balance was broadly equal in 2014-15, there are still large differences between subjects ([Exhibit 6](#)). The picture has remained much the same over the last ten years, particularly in the subjects with the most extreme differences, such as social work and engineering. Reducing gender inequality is a Scottish Government priority, and is being addressed through a number of policies and strategies, including the Economic Strategy and the Commission on Developing Scotland's Young Workforce. The SFC has published a report on progress with its gender action plan. This comments on how it plans to work with colleges to address these imbalances. The plan notes that gender imbalances can limit young people's individual potential, affect wages and create a system where they cannot make genuinely free choices about their future career options. A key performance indicator in the plan is to increase the minority gender share by five percentage points in the most unbalanced subjects by 2021, and to have no subjects with more than three-quarters of students being one gender by 2030. The SFC will use ROAs to specify what actions regions should take.

## Exhibit 6

### Male and female students by subject 2014-15

Some subject areas have large gender differences.



Source: SFC infact database

### **The number of older students, particularly those on part-time courses, has decreased significantly in recent years**

**35.** Over-25 year olds are the largest age group among college students, representing 42 per cent of the student population (92,318 students). The percentage of over-25 year olds varies from 32 per cent at Ayrshire College, to 54 per cent at Dumfries and Galloway College. Students aged over 25 years experienced the largest reduction in numbers of all age groups, 51 per cent, between 2007-08 and 2014-15.<sup>10</sup> In 2011, the Scottish Government made its 'Opportunities for all' commitment. This involved prioritising a place in learning or training for young people aged 16-19 who are not in employment and led to an increase in the number of younger full-time students. This commitment may have contributed to this reduction, though the trend had already started when this commitment was made.

**36.** The number of part-time students aged over 25 years fell by 54 per cent between 2007-08 and 2014-15, from 179,685 to 82,402. The number of part-time 16-17 year olds fell by 24 per cent.

### **The fall in college places has had less impact on students from ethnic minority and deprived backgrounds**

**37.** The policy changes, described in [\(paragraphs 28 and 35\)](#), have affected students from ethnic minorities and deprived areas less adversely than women and older students. In all these factors, there can be wide variation among colleges; in many cases, these patterns reflect the demography of the area.

**38.** The number of students from an ethnic minority background fell by less than the number of white students between 2007-08 and 2014-15, by 30 per cent compared to 42 per cent. The percentage of ethnic minority students has increased from five per cent to 6.3 per cent over the same period. According to the 2011 census, four per cent of the total Scottish population are from ethnic minority backgrounds.

**39.** The number of students from the most deprived areas also fell by less than the rest of the student population, by 24 per cent compared to 47 per cent, between 2007-08 and 2014-15. The percentage of students from the most deprived areas has increased from 17 to 22 per cent over the last ten years.

**40.** In 2014-15, around 13 per cent of students were recorded as having some form of disability. Trend information is less reliable in this area owing to large numbers of students being recorded as 'disability status unknown' in previous years.

### **The Scottish Government and the SFC did not assess the impact of all policy changes on student participation before implementation**

**41.** The Equality Act 2010, and earlier Equality Act 2006, places duties on public bodies to use equality-impact assessments to assess the potential impact of proposals for new or revised policies or practices. This relates to characteristics like gender, race and disability. The SFC did not conduct an equality-impact assessment on the 2009 funding change [\(paragraph 28\)](#) that led to the fall in part-time student places. The Scottish Government did not carry out an impact assessment on its 2011 'Opportunities for all' commitment to focus on younger

students, but the SFC did. The SFC identified that there was already a trend of decreasing numbers of older students at the point of the decision. While not mentioned in the impact assessment, this is likely to have been at least partly caused by the SFC's 2009 change to how it funded colleges.

**42.** Neither the SFC nor the Scottish Government have analysed how the fall in part-time places and the focus on younger students have affected those who have not been able to get a place at college, and what they chose to do instead. There is currently no way to tell if these decreases in student numbers reflect a fall in demand. Students currently apply to individual colleges and each college chooses how to record and classify applications. Having a national picture of demand would allow the SFC to identify levels of unmet demand. It would also allow the SFC to assess the effect of future policy changes, or changes in the wider environment, such as university admissions and employment levels. The Scottish Government and the SFC would also be able to draw on this data to inform future funding decisions. Our recent report on higher education in Scottish universities recommended that the Scottish Government and the SFC should undertake research to assess what impact the limits on funded places are having on Scottish students.<sup>11</sup> Without an accurate picture of total demand for Scottish colleges, it will be very difficult to assess the impact of the limits on funded places.









### Further education attainment fell from 66 to 64 per cent in 2014-15

**43.** Attainment and retention data by college is available for six years for full-time students and for three years for part-time students. Between 2013-14 and 2014-15, further education attainment fell, while higher education attainment remained the same ([Exhibit 7](#))

## Exhibit 7

### Attainment trends in colleges

Attainment has been generally increasing over the last few years, but either fell or remained the same between 2013-14 and 2014-15.

| Full-time measure                      | Long-term trend, 2009-10 to 2014-15  | 2013-14 to 2014-15 trend   |
|--|--|--|
| Further education full-time attainment | 59-64%  | 66-64%  |
| Higher education full-time attainment  | 63-71%  | 71%     |
| Part-time measure                      | Long-term trend, 2012-13 to 2014-15  | 2013-14 to 2014-15 trend   |
| Further education part-time attainment | 76-75%  | 77-75%  |
| Higher education part-time attainment  | 76-78%  | 78%     |

Source: SFC College Performance Indicators 2014-15 report

**44.** Full-time attainment fell in nine colleges between 2013-14 and 2014-15, by between one and eight per cent. Both merged and unmerged colleges experienced falls in attainment.

## Retention rates for both higher and further education fell in 2014-15

**45.** Retention rates measure the percentage of students who completed all or part of their course. Like attainment rates, retention rates fell between 2013-14 and 2014-15. Between 2009-10 and 2013-14, retention rates in full-time further and higher education courses rose from 75 to 80 per cent, but fell to 78 per cent in 2014-15. Retention decreased in most colleges during this period, but increased slightly at Glasgow Clyde, South Lanarkshire, Moray and North Highland colleges.

**46.** Colleges suggested that the amount of change experienced by the sector in recent years could have contributed to the reductions in attainment and retention. They also suggested increased efforts to target harder to reach students could be a factor, for example widening access to students from more deprived areas. The SFC shares these views.

## At least 82 per cent of students who left college in 2013-14 went on to a positive destination

**47.** The SFC published leavers' destinations for the first time in 2016, showing the destinations of 2013-14 college students. This highlighted that 82 per cent of college leavers were known to have gone on to a positive destination:

- 65 per cent went on to education or training
- 17 per cent went into employment, which compares to 25 per cent of school leavers and 51 per cent of university leavers entering work
- of the remaining 18 per cent, four per cent of leavers did not go on to further education or to employment and the outcome for the remaining 14 per cent of leavers is not known.

This data has not been published by college or region, as happens for schools and universities. Making this information available by college would provide a clearer picture of post-education employment opportunities at a local level, as well as whether the college curriculum is providing students with the skills employers in the area require.

## Almost 90 per cent of students surveyed in 2015 were satisfied with their college experience

**48.** A pilot survey on student satisfaction by the SFC in 2015 found that 89 per cent of respondents were satisfied with their college experience. This survey took place at 16 volunteer colleges (both merged and non-merged), sampled just over 55,000 students, and had a 29 per cent response rate. It had no specific questions on mergers reflecting, in part, the generally shorter attendance duration of college students. As we note in [Part 1](#), it is not possible to assess the impact of mergers on student satisfaction as there is no baseline data for this.

**49.** Colleges carry out regular surveys of their students. Some colleges provided us with results of surveys from before and after the merger period. However, since college students are often at college for a short period, many current students may not have been studying at college at the time of the mergers. For those colleges that sent us both pre-merger and post-merger information, the

results indicated a drop in overall student satisfaction during this period. This mirrored the results from non-merged colleges over the same time period.

**50.** Student feedback gathered through the SFC's post-merger evaluations was mixed. Students in some merged colleges expressed concerns about the delays in receiving support payments caused by issues with IT systems integration, the impact of losing teaching staff mid-year, and worries that discontinuing part-time and recreational courses may affect the college's place in the community. Some students felt that there were additional learning opportunities, and more options for progression, whether on their original campus or at another one. The National Union of Students (NUS) told us it had concerns about courses being centralised within merger colleges and funding for student associations, but was not able to provide evidence to support these points at the time of our fieldwork. As part of the reform process, the SFC provided transitional funding for student associations for a finite period, after which time colleges require to fund these from their own resources.

### Staff numbers had been falling, particularly in colleges that merged, but increased in 2014-15

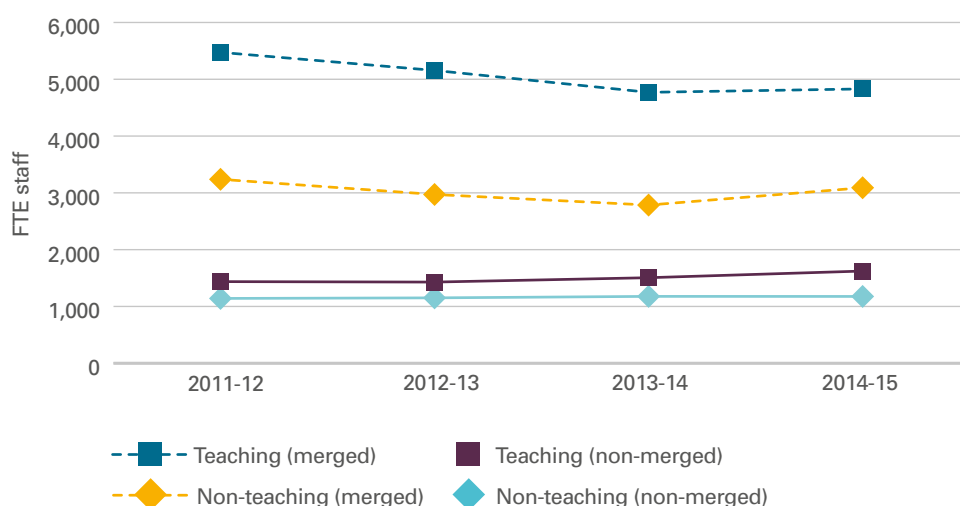
**51.** Staff costs accounted for £539 million (62 per cent) of college expenditure in 2014-15.<sup>12</sup> This is an increase from 2013-14 (59 per cent), after adjusting for donations to arm's length foundation of £99 million. Colleges employed 10,719 FTE staff in 2014-15. Teaching staff (teaching and teaching support staff) accounted for 6,453 FTE, with the remaining 4,266 FTE being non-teaching staff.

**52.** Between 2011-12 and 2013-14, there was a nine per cent fall in FTE staff, made up of a nine per cent fall in teaching staff and a ten per cent fall in non-teaching staff ([Exhibit 8](#)). The numbers increased by five per cent in 2014-15, with a three per cent rise in teaching staff in 2014-15, and an eight per cent rise in non-teaching staff.

## Exhibit 8

### FTE staff in merged and non-merged colleges

FTE staff at merged colleges fell during the period, though rose between 2013-14 and 2014-15.



Source: College accounts



## Staff feedback on mergers is mixed

**53.** The SFC's post-merger evaluations highlight staff concerns about the impact of voluntary severance on workloads and the reduced level of support staff. Some staff felt mergers had been successful and cited benefits from sharing best practice and more opportunities for development. This was based on the SFC speaking to around 600 staff, covering a range of different departments and campuses, and taking views from both teaching and support staff.

**54.** The two largest college staff trades unions, the Educational Institute of Scotland (EIS) (representing teaching staff) and UNISON (representing mainly non-teaching staff), surveyed their members in 2015. The EIS survey (largely from members in merged colleges) had a response rate of 20 per cent (950 respondents). Eighty-nine per cent of staff who responded considered that the mergers had not improved the quality of learning, and 81 per cent felt it had increased their workload. Respondents felt that there had been a negative impact on morale. The UNISON survey sought the views of 923 members from merged and non-merged colleges and had a response rate of 28 per cent. Among respondents from merged colleges, 63 per cent felt there was a lack of transparency about the merger process while only 16 per cent felt there was proper communication between management and staff during the merger process. Where staff were more positive, they said strong leadership and management made the difference.

**55.** Nine colleges provided us with a copy of their most recent staff survey. Of the remainder, two (Ayrshire and Dumfries and Galloway) stated that their survey had recently been completed. Fife College referred to the post-merger evaluation and Inverness College stated that in the last three years its surveys had focused on specific areas. None of the other seven colleges provided details. North East Scotland College's survey had specific questions on merger, with 69 per cent of respondents stating that they had seen benefits, such as increased opportunities to share knowledge and improved resources. A quarter said they had seen no benefit from the merger.

**56.** Four colleges (City of Glasgow, Glasgow Clyde, Glasgow Kelvin and North East Scotland) provided us with details of actions they took in response to the staff survey results. These included improving communication from management and performing a workload assessment.

## Colleges do not prepare organisation wide workforce plans

**57.** A workforce plan allows an organisation to identify the size and skills mix it requires to meet its stated objectives. Alongside financial planning (covered in [Part 3](#)), this is a key element in helping organisations achieve their strategic goals. The PAC endorsed our recommendation last year that colleges should review workforce plans, to identify any gaps in the skills, knowledge and resources required to deliver high-quality learning. Even though colleges have been making significant staff changes ([Exhibit 8](#)), there is limited evidence of systematic workforce planning. Colleges review workforce requirements in response to curriculum changes; and five colleges covered workforce in other plans, such as ROAs or financial plans. Two were preparing a workforce plan and four had high-level workforce strategies. At the time of our audit, none had a workforce plan in place that was in line with our good practice guide issued in March 2014.<sup>13</sup> Colleges Scotland is taking forward a project – 'Workforce for the future' – that aims to create a workforce to meet future needs. It will involve a job evaluation exercise. This project should aid future workforce planning.

# Part 3

## College finances



### Key messages

- 1** The overall financial health of the sector is relatively stable. Scottish Government funding to the sector has been reduced by 18 per cent in real terms since 2010/11, but remains broadly static for 2015/16. The financial performance of the sector in 2014-15 deteriorated from the previous year with four colleges experiencing underlying financial challenges.
- 2** Capital funding has decreased by over 77 per cent since 2010/11. The current method of allocating capital funding does not take account of need. This is due to the absence of a complete and up-to-date national condition survey of the college sector estate. The Scottish Government is supporting investment of over £300 million to the college sector through a form of public private partnership. Colleges still do not prepare long-term financial plans which would help them prepare for uncertainty and address further financial pressures, such as national collective bargaining, estate maintenance and student support funding.
- 3** Colleges are adjusting to new arrangements arising from their reclassification as public bodies, in order to comply with HM Treasury and Scottish Parliament reporting requirements. While this has led to more work for colleges, with no direct business benefits, it provides the SFC with better and more timely information. It also enhances accountability for public expenditure in the sector. The Scottish Government's current approach to funding colleges for depreciation is complex, and creates a degree of uncertainty for colleges.

the overall financial health of the sector is relatively stable - with four colleges experiencing underlying financial challenges

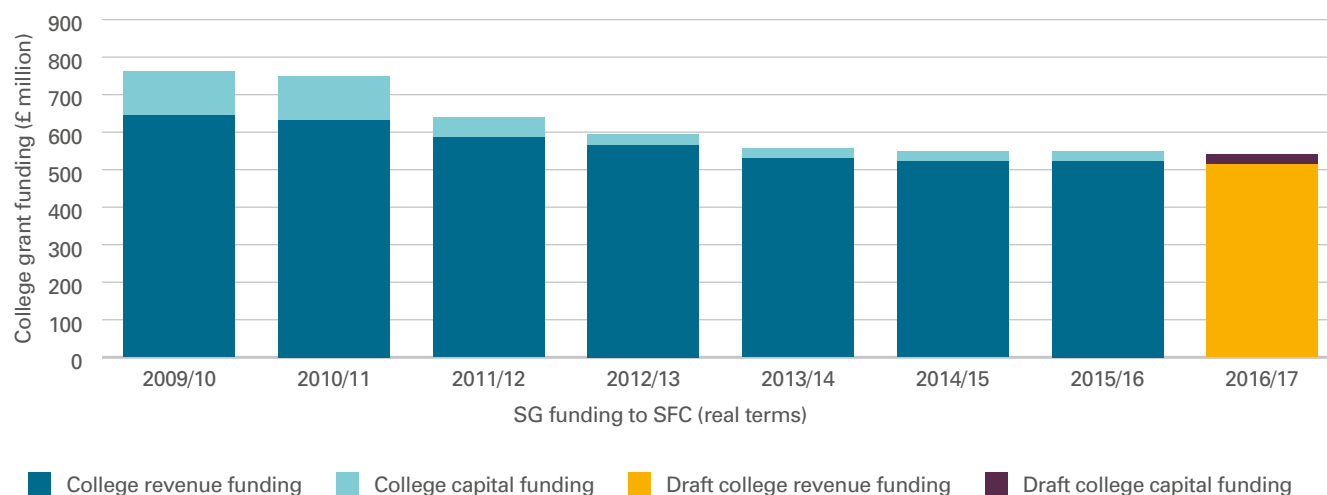
### Scottish Government funding to the sector is broadly static for 2015/16

**58.** Scottish Government funding to the sector decreased by 18 per cent between 2010/11 and 2014/15 ([Exhibit 9, page 27](#)). Overall funding for 2015/16 will be increased by 0.2 per cent from the 2014/15 level. The total proposed allocation for 2016/17 represents a reduction of 1.4 per cent (£7.9 million) from the 2014/15 level.

## Exhibit 9

### Scottish Government funding to colleges, 2009/10 to 2016/17

Funding to the sector is relatively stable from 2014/15 to 2016/17 following some significant reductions in previous years.



Source: Scottish Government budget publication

## The underlying financial health of the overall sector is relatively stable

**59.** The sector reported an overall deficit of £28 million in 2014-15 in audited accounts. After adjustments (outlined in the following paragraphs) are taken into account, the deficit decreases to £3 million. This represents less than one per cent of total income. This is deterioration from an underlying surplus of £15 million in 2013-14 ([Exhibit 10](#)) which represented three per cent of total income.

## Exhibit 10

### College sector financial results 2014-15 and 2013-14

The underlying financial performance has deteriorated from a surplus in 2013-14 to a deficit in 2014-15.

|                                     | 2014-15 (£m) | 2013-14 (£m) |
|-------------------------------------|--------------|--------------|
| Reported surplus/(deficit)          | (28)         | (95)         |
| Asset revaluation reductions        | 7            | 10           |
| Pension adjustments                 | 5            | 1            |
| Donations to ALFs                   | 7            | 99           |
| Additional spend                    | 6            | 0            |
| <b>Underlying surplus/(deficit)</b> | <b>(3)</b>   | <b>15</b>    |

Note: Further explanation of the additional spend in 2014-15 of £6 million is presented in paragraphs 69 to 71.

Source: 2013-14 and 2014-15 audited accounts



**60.** Colleges' accounts include technical accounting adjustments that do not reflect actions taken by colleges and are outside their immediate control. These include property asset valuation reductions and pension adjustments. These two items account for £12 million of the £28 million reported deficit in 2014-15.

**61.** We have also removed donations to arm's-length foundations (ALFs) from our analysis.<sup>14</sup> We adjusted for these in last year's report as they accounted for £99 million of expenditure but did not indicate any concerns relating to the financial sustainability of the college sector. Colleges can apply for and have received funding from ALFs, generally for capital purposes (referred to in [paragraph 66](#)).

**62.** We also used standard accounting ratios and analysis to assess the underlying financial health of the sector ([Exhibit 11](#)). Our analysis indicates that the sector overall was stable in 2014-15.

## Exhibit 11

### Analysis of college sector finances using financial ratios, 2014-15

The sector's financial position has deteriorated in the last year but remains stable overall.

| Balance sheet measure  | Finding   |
|--|---|
| <b>Net assets or liabilities</b>   |   |
| The net asset position shows the value of an organisation's assets (such as buildings and money held in bank accounts) after deducting the value of its liabilities (amounts owed to other parties such as creditors and loans). A positive figure indicates solvency. A negative figure ('net liabilities') indicates insolvency.   | Overall, colleges reported a combined net assets position on their balance sheets of £848 million. No individual colleges were in a net liabilities position.<br><br>The net assets position decreased by £63 million from the previous year. |
| <b>Liquidity ratio</b>   |   |
| The liquidity ratio reflects an organisation's ability to pay off its short-term debt obligations. It does this by comparing its liquid assets (such as cash held in bank accounts and accounts receivable) to the amount it owes its creditors. Where the value of creditors outweighs assets, a result of less than 1 is shown. This may indicate underlying financial issues although different organisations will determine results which best fit their business model. The SFC's Financial Memorandum with colleges recommends that colleges should keep cash balances to the minimum level consistent with the efficient operation of the institution and the level of funds required to meet any relevant liabilities at the year end. | The sector returned an average of 1.05, compared to 1.07 the previous year. Ten colleges returned a result of less than 1 in 2014-15, compared to eight in 2013-14.   |

Source: 2013-14 and 2014-15 audited accounts

## Four colleges had underlying financial challenges

**63.** In 2014-15, the annual audit reports of four colleges identified concerns about finances ([Exhibit 12](#)).

### Exhibit 12

#### Colleges where the auditor raised concerns about finances in 2014-15

Two colleges had significant underlying deficits; and the auditors for another two colleges raised other concerns about their financial situation.

| College               | Explanation of deficit or financial challenge  |
|-----------------------|--|
| <b>Edinburgh</b>      | The reported deficit was £5.1 million, 5.7 per cent of total income. The college faces significant financial challenges after it agreed with the SFC to reduce its activity target by six per cent. This has resulted in a reduction of SFC income for 2015-16 of £2.5 million, while its main costs, such as staff and accommodation, remain the same. The Auditor General has prepared a separate report on Edinburgh College. |
| <b>Moray</b>          | The reported deficit was £0.8 million, 6.7 per cent of total income. The college experienced difficulties in managing its finances within budget. Higher education funding had decreased but the college did not adjust budgets to reflect this. UHI paid a cash advance of £0.5 million to the college.   |
| <b>North Highland</b> | The auditor concluded that the forecast deficits for 2015-16 and 2016-17 cast doubt on the college's ability to continue operating. The regional body (UHI) provided assurances that it would work with the college to improve the financial position.   |
| <b>Lews Castle</b>    | The auditor reported that the college was not likely to meet its activity targets, and that this could result in reduced SFC funding. As income from the SFC accounts for around two-thirds of the college's total income, this would significantly affect the college's financial sustainability.   |

Source: Annual audit reports 2014-15

**64.** In June each year, colleges submit Financial Forecast Returns (FFRs) to the SFC, for the current and two subsequent financial periods. The combined FFRs from June 2015 forecast deficits of £0.9 million and £4.0 million respectively for 2015-16 and 2016-17. Eight colleges are forecasting a deficit in 2015-16, and 11 in 2016-17.

## National collective bargaining is likely to result in an increase in costs for colleges

**65.** Historically, colleges have negotiated their own staff terms and conditions. A review of college governance in 2012 recommended moving towards national terms and conditions across Scotland.<sup>15</sup> The Scottish Government, in the Post-16 Education (Scotland) Act 2013, sought to reintroduce national collective bargaining in the college sector. The sector has sought to meet this government policy on a voluntary basis, although there is scope within the legislation for Scottish Ministers to compel colleges to do so. The sector and the staff trades unions have established the National Joint Negotiating Committee to take this forward. The committee has agreed a one per cent pay offer for 2015-16 (and a further 1.5 per cent in 2016-17 for

teaching staff, converted to a flat cash sum of money) with the unions. It has also given commitments on a number of aspects around terms and conditions which will result in new contracts for staff. Colleges Scotland is leading work to estimate the potential costs, which could be significant.<sup>16</sup>

## **Colleges face challenges in financing improvements to their estate**

**66.** The Scottish Government reduced its capital funding to colleges by 77 per cent between 2010/11 and 2014/15 (from £90 million to £26.6 million). Before reclassification, colleges could use reserves to fund capital projects, but this is no longer possible. Colleges currently have two options. The first option is to apply for funds from ALFs. All applications must comply with the ALF's stated purpose. In 2014-15, colleges received £23 million of funding for capital projects from ALFs. The FFRs for June 2015 forecast that over £59 million of capital expenditure would be funded from ALFs over the subsequent four years to 2018-19.

**67.** The second option is through the Non Profit Distributing (NPD) programme.<sup>17</sup> The Scottish Government is supporting investment of over £300 million to the college sector through the NPD programme. Four colleges are funding capital projects under this programme. One of these projects has been completed (Inverness), while two more are ongoing (City of Glasgow and Ayrshire). The remaining college (Fife) is at the full business case stage of the project. The Scottish Government and the Scottish Futures Trust are considering the impact on the financing arrangements for future NPD projects in light of guidance issued by Eurostat.<sup>18</sup> Eurostat will provide additional clarification on that guidance in September 2016. No new NPD projects are being taken forward whilst this guidance is being considered. As a result, a project at Forth Valley College is being taken forward using traditional capital funding from the Scottish Government.

**68.** The SFC allocates capital funding to colleges largely on the basis of teaching activity. While this is reasonable, information on the condition of the college estate should also be considered in calculating this funding allocation. An up-to-date condition survey for the entire college estate is not available. An SFC-commissioned study in 2014 covered 29 per cent of the sector's gross floor area and focused on colleges that had not recently received significant capital funding. The study estimated that it would cost £256.3 million to bring these properties back to 'as new' condition, and £289.6 million to replace them altogether.<sup>19</sup> The SFC is working with four colleges (Dundee and Angus, Edinburgh, Moray and West College Scotland) to develop business cases with a view to bidding for future capital funding. The SFC and Colleges Scotland have also formed a Capital Working Group that is preparing a capital plan for the sector.

## **The Scottish Government's approach to funding colleges for depreciation is complex, and creates a degree of uncertainty for colleges**

**69.** Before reclassification in April 2014, the Scottish Government included an amount for depreciation within its funding allocation for colleges. As depreciation did not require a cash spend in the year of allocation, colleges were able to spend this cash or set it aside to meet future needs. Following reclassification, the Scottish Government provided a non-cash budget to cover depreciation. But the cash allocation to colleges still includes a sum equivalent to the amount previously set aside for depreciation. Colleges are potentially left with an amount of unspent cash (referred to in the sector as 'net depreciation cash') but require approval

from the Scottish Government to spend it. In 2014-15, following discussions among the Scottish Government, the SFC and the college sector, colleges spent this cash on student support funding, loan repayments and 'regional priorities'. Three colleges donated an element of the cash to ALFs.

**70.** Because the items on which this net depreciation cash may be spent are not approved until mid-way through the college financial year, colleges do not know if or how they will be able to spend it, creating uncertainty in determining how to spend their allocation. Additionally, while the SFC recommended that colleges disclose the impact of this spend on their operating position, this was not disclosed in all cases. The SFC worked with colleges to calculate a total spend of £17.5 million in 2014-15.<sup>20</sup>

**71.** We acknowledge that reclassification has led to a mismatch between Scottish Government accounting rules and the further and higher education SORP (Statement of Recommended Practice). However, the current approach to addressing this mismatch is complex and creates uncertainty for colleges. It was also intended as a short-term measure. The mismatch has existed since April 2014. The Scottish Government, SFC and the sector are working together to develop a solution but have not set a date by which the issue will be resolved.

### **The SFC has begun to introduce a new funding model for colleges**

**72.** The SFC is changing the way in which it allocates funding to colleges. Allocations are based on the amount of learning activity that colleges provide. Historically, this learning activity was expressed in 'student units of measurement' (SUMs), where one SUM equated to 40 hours of learning. Therefore, a course that involved 640 hours of learning would equal 16 SUMs. Over and above this, the SFC applied a weighting for each subject in recognition that some courses cost more to run than others, eg engineering courses cost more than social studies courses. The adjusted units were referred to as weighted SUMs (WSUMs).

**73.** The SFC has developed a new funding model which removes the weightings applied under WSUMs and instead categorises courses in five price groups. Each group has a credit value attached to it. The SFC has also changed the way in which it provides funding for colleges to assist students with additional support needs. The new funding model is being introduced on a transitional basis, during which time no college will receive a reduction in funding of more than one per cent. This approach has been adopted to allow the sector to prepare for any changes it introduces. There is currently no timescale for full implementation.

### **Reclassification has resulted in more work but greater accountability**

**74.** In addition to changes to rules on retaining reserves and borrowing, reclassification has resulted in new arrangements for colleges. This includes more financial returns to the SFC and the Scottish Government, and the use of ALFs. In addition, colleges' decision to revert back to an academic year-end (31 July) for their financial statements, whilst requiring to break even at the end of March, means they work with two financial year-ends. The requirement to break even in March has meant some colleges have had to adopt bureaucratic, and potentially risky, approaches to managing surpluses. For example, Forth Valley College donated £1.1 million to an ALF in March 2015 and then applied to the ALF for £1.8 million in June. In March 2016, the SFC allowed colleges to transfer any cash

surplus held back to the SFC rather than donating to an ALF, thereby minimising the risk of not receiving the funding back at a later date. The SFC was then able to manage the cash through its funding of universities which are not subject to the same budgeting rules regarding the Scottish Government's financial year-end. There is a limit on how much cash the SFC can manage in this way. This option would not have accommodated the full amount of funds (£99 million) which were donated to ALFs in 2013-14.

**75.** The new reporting arrangements arising from reclassification are required for HM Treasury and Scottish Parliament reporting purposes. They mean more work for staff within colleges, particularly finance staff. While there is no direct business benefit for colleges, the SFC now has access to more timely information about the finances of the sector. This allows the SFC to make more timely financial returns to the Scottish Government and is consistent with the reports required from all public bodies. As such, accountability for public expenditure has been enhanced. The number of returns that colleges make is currently fewer than other public bodies.

**76.** The new Further and Higher Education SORP comes into effect in 2015-16. The new SORP requires colleges to present financial information differently from before. This creates further work for college finance staff and will also make it more difficult to compare trend information.

### **Colleges still do not prepare long-term financial plans**

**77.** Colleges still do not prepare long-term financial plans. Colleges contend that the short-term nature of their funding allocations makes future planning difficult, but this uncertainty is similar to other public bodies. The volume of change in the sector was also highlighted as a factor which makes longer-term planning difficult. We recognise these challenges. However, in line with our report from last year, we recommend that colleges should work towards developing long-term financial plans. These should involve a long-term financial strategy (five or more years) supported by medium-term financial plans (three to five years). These would allow colleges to prepare for issues such as estate development, national collective bargaining and student support funding.

# Part 4

## Governance and the role of the SFC



### Key messages

- 1** There have been a small number of high-profile governance failures in the college sector in recent years. The Auditor General has reported on failures relating to severance payments at the former North Glasgow and Coatbridge colleges, and on the issues that led to Scottish Ministers removing board members at Glasgow Clyde College. The College Good Governance Task Group's recommendations should help to mitigate the risk of such significant governance failures.
- 2** While the SFC undertakes a range of monitoring and engagement within the college sector, this has not always resulted in timely and effective resolution of problems and issues. Despite the many changes in accountability arrangements in the sector, the Scottish Government has not undertaken a comprehensive review of the SFC's role in the last ten years. The Scottish Government's end-to-end review of the enterprise and skills agencies provides an opportunity to re-examine and clarify the SFC's role.
- 3** College board activities are not sufficiently transparent. Only one college complied fully with the Code of Good Governance for Scotland's Colleges and published all agendas, minutes and papers within appropriate timeframes.

despite many changes in the sector, the Scottish Government has not reviewed the SFC's role

### **There have been a small number of high-profile governance failures in the college sector in recent years**

**78.** The Auditor General prepared three statutory reports following the 2014-15 audits, two of which highlighted governance concerns (Glasgow Clyde College and GCRB). These are detailed in ([Exhibit 13, page 34](#)), which also includes an update on previous reports by the Auditor General on the former North Glasgow and Coatbridge colleges.

### **The College Good Governance Task Group's recommendations should help to mitigate the risk of significant governance failures**

**79.** The Cabinet Secretary for Education and Lifelong Learning established the College Good Governance Task Group as part of the government's response to the governance failures at Coatbridge, Glasgow Clyde and North Glasgow colleges.

## Exhibit 13

### Summary of statutory reports prepared by the Auditor General in recent years

| Body   | Issues identified in statutory report  |
|--|--|
| <b>North Glasgow College (May 2014) update<sup>1</sup></b> | The PAC published its final report on the management of severance payments in October 2015. It concluded that poor governance and the lack of openness and transparency resulted in a lack of accountability in respect of the use of public funds. The PAC asked for further information from the Scottish Government and the SFC on options for disciplinary action in the event of failings. This was taken forward by the College Good Governance Task Group.  |
| <b>Coatbridge College (June 2015) update<sup>2</sup></b>   | Following the publication of the Auditor General's report on the college in June 2015, the PAC undertook an extensive inquiry. The PAC concluded that information was deliberately withheld from the college's Remuneration Committee and that information about the severance arrangements was deliberately withheld from the college's auditors. The PAC submitted its report to Police Scotland. The SFC wrote to the former principal to ask him to return some of the money he received but this did not result in any funds being returned. Legal advice obtained by the SFC suggested that there were no grounds to pursue this matter further. During 2014-15, New College Lanarkshire undertook work to identify any other legacy issues from Coatbridge College. Work is ongoing to resolve some identified issues and the auditor will report on progress in the 2015-16 annual audit report. |
| <b>Edinburgh College (March 2016)<sup>3</sup></b>          | The college exceeded the SFC limit for the level of additional education it provided to already enrolled students in 2014-15. This led to the SFC requesting that the college pay back £0.8 million. A review by the new college principal found other problems with how the college set activity targets. This led to the college agreeing with the SFC to reduce its activity target for 2015-16 by around six per cent, placing the college under significant financial pressure.   |
| <b>Glasgow Clyde College (March 2016)<sup>4</sup></b>      | Scottish Ministers took the unprecedented decision to remove some members of the board of the college in October 2015. The Auditor General's report highlighted that the college board had failed to comply with a number of aspects of the sector's Code of Good Governance. This included not appropriately considering strategic business items and failing to seek further information about governance issues raised by the principal. The report highlighted a lack of open and transparent decision-making, with minutes not being circulated and agreed in a timely manner. The college also failed to comply with the SFC's Financial Memorandum on a delegated financial spending limit for procurement. The report recognised that the Emergency Board and the Executive Management Team had taken positive steps to address the weaknesses identified.                                       |
| <b>GCRB (March 2016)<sup>5</sup></b>                       | The statutory report found that GCRB had not put in place key systems of assurance and internal control. As a result, the SFC was not prepared to grant GCRB operational fundable body status. GCRB has made a number of improvements but, at the time of our audit, it had still not secured operational fundable body status. This means GCRB is not yet able to completely fulfil its role.   |

#### Notes:

1 *The 2012/13 audit of North Glasgow College: Governance and financial stewardship*, Auditor General for Scotland, May 2014.

2 *The 2013/14 audit of Coatbridge College: Governance of severance arrangements*, Auditor General for Scotland, June 2015.

3 *The 2014/15 audit of Edinburgh College*, Auditor General for Scotland, March 2016.

4 *The 2014/15 audit of Glasgow Clyde College*, Auditor General for Scotland, March 2016.

5 *The 2014/15 audit of Glasgow Colleges' Regional Board*, Auditor General for Scotland, March 2016.

Source: Audit Scotland



**80.** In March 2016, the group made recommendations to make governance in the sector more effective and focused on:

- board member recruitment, development and appraisal
- governance support for boards (introduce a national governance portal with links to guidance and good practice case studies; update guidance on board effectiveness; enhance and strengthen the board secretary role; provide resources and networking opportunities)
- external assurance (creating a more proactive, risk-based approach to monitoring by the SFC; and looking at how direct observation of board meetings could provide assurance)
- sanctions open to Ministers (the power to suspend any or all board members; the power to direct colleges in the face of a board not governing appropriately).

Implementation of these recommendations should help to mitigate the risk of significant governance failures.

### **College board activities are not sufficiently transparent**

**81.** The College Code of Good Governance specifies that board agenda, minutes, policies and reports are published within appropriate timeframes.<sup>21</sup> Although the code does not specify the timeframes (and does not refer to committees), we consider good practice involves:

- agendas and reports for board and committee meetings made available at least a week before the day of the meeting
- board and committee minutes made available within one week after they are approved (likely to be at the first subsequent meeting).

**82.** Our review of college websites in February 2016 found that Glasgow Kelvin College complied fully with the code in terms of openness and transparency of board and committee activities. Glasgow Kelvin College published up-to-date agendas, minutes and relevant reports online. Eight colleges published up-to-date board and committee minutes but did not provide links to relevant reports. One college published reports (including the agendas) but not the approved minutes. Ten colleges published board minutes, but only seven of these were up-to-date.

### **The SFC's role in regulating college governance is not clear and it has not been effective in dealing with some issues**

**83.** The SFC's statutory duty is to secure coherent, high-quality further and higher education by colleges and universities in Scotland. It is a non-departmental public body of the Scottish Government. The Cabinet Secretary for Education and Lifelong Learning issues Letters of Guidance (at least once a year) to the SFC. These set out the Scottish Government's expectations for the next academic year.

**84.** The SFC's relationship with the Scottish Government is formalised in a Management Statement and Financial Memorandum. This document was created in 2006 and states that the SFC's role is 'to promote sound governance



and the highest standards of management by colleges and universities.' The document provides no further reference to the SFC's role specifically relating to college governance. A number of significant changes and issues have arisen in the sector since this was last reviewed. The PAC's report on Coatbridge College in January 2016 recommended that the Scottish Government look at the effectiveness of the SFC's supervisory role.<sup>22</sup> In May 2016, the First Minister indicated that the Scottish Government would undertake '*...an end-to-end review of the roles, responsibilities and relationships of our enterprise, development and skills agencies, covering the full functions of Scottish Enterprise, Highlands and Island's Enterprise, Skills Development Scotland and the Scottish Funding Council, to ensure that all of our public agencies are delivering the joined up support that our young people, universities, colleges and businesses need.*'<sup>23</sup>

**85.** The SFC has prepared a draft framework document with the Scottish Government which will replace the Management Statement and Financial Memorandum. This draft document proposes a more regulatory role for the SFC on governance arrangements in colleges, but it does not specify how the SFC should enforce this role.

**86.** The SFC introduced ROAs in 2012. The SFC now works with each college region to produce an ROA. This sets out the activities that the region will deliver in exchange for an agreed level of funding from the SFC. This essentially formalises pre-existing expectations and creates a contract between each region and the SFC. The SFC can enforce the contract by withholding or recovering funding.

**87.** The SFC created new posts for ROA managers, who are now colleges' nominated first point of contact with the SFC. ROA managers have also developed relationships with regional bodies. Both the sector and the SFC feel that this has improved relations and allows both parties to identify and resolve issues sooner than would have happened previously. Despite these improved relationships, the statutory reports at Coatbridge College and GCRB indicate that these have not been enough to quickly resolve some significant governance failures.

**88.** The Scottish Government specifies a national activity target and the SFC determines the contribution that each region will make to this national target. If a region does not meet the agreed targets, the SFC may decide to recover funding from the region. In 2014-15, the SFC sought to recover funding from three regions because they had not met their activity targets (Ayrshire, Dumfries and Galloway, and Edinburgh). Further details on Edinburgh College are provided in [Exhibit 13](#). Ayrshire and Dumfries and Galloway colleges missed their targets by 1.2 per cent and 0.3 per cent, respectively. In these instances, the SFC normally reduces the following year's allocation by the amount equal to that to be recovered.

### **The SFC is currently preparing a workforce plan**

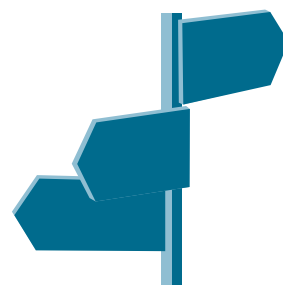
**89.** The SFC employed 103 FTE staff in 2014/15 and had an operational budget of £7.6 million. SFC staffing reduced by around 13 per cent between 2010/11 and 2014/15, and its budget reduced by 16 per cent.





**90.** The SFC has restructured the organisation several times in recent years. Each of these has impacted negatively on staff morale. Its 2015 staff survey found that, while 87 per cent of respondents were committed to helping the SFC achieve its goals, only 49 per cent stated their intent to still be working there in a year's time. A staff survey in May 2016 reported that these responses had increased to 95 per cent and 57 per cent, respectively.

**91.** The SFC is currently managing a further operational funding reduction that is likely to require more voluntary severance. The SFC does not have a workforce plan to allow it to approach this from an informed position, although it is working on one. Having such a plan in place will help to ensure that the SFC has the right capacity and skills for the requirements under the new framework document it is preparing with the Scottish Government.

**92.** The SFC's financial plan only covers the period to 31 March 2017, owing to uncertainties surrounding grant settlements. The SFC's auditor has recommended that it develops a longer-term financial plan.

# Endnotes

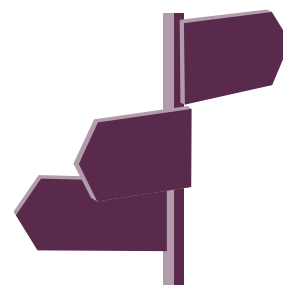


- ◀ 1 *Developing Scotland's Young Workforce final report*, June 2014.
- ◀ 2 Post-16 Education (Scotland) Act 2013 had a provision for collective bargaining in section 18.
- ◀ 3 [\*Scotland's colleges 2015\*](#) , Audit Scotland, April 2015.
- ◀ 4 UHI's 13 academic partners are made up of eight assigned colleges and Highland Theological College, Argyll College, Sabhal Mor Ostaig UHI, NAFC Marine Centre and Scottish Association of Marine Science.
- ◀ 5 It is an operational matter for the SFC to determine when a regional body should be funded by it. This involves the SFC making a judgement as to whether a regional body is in a position to administer effectively the funding for its assigned colleges. The Further and Higher Education (Scotland) Act 2005 empowers (but does not require) the SFC to fund a regional body.
- ◀ 6 [\*The 2014/15 audit of Glasgow Colleges' Regional Board\*](#) , Audit Scotland, March 2016.
- ◀ 7 Learning activity is measured by weighted student units of measurement (WSUMs), where one SUM means 40 hours of classroom-based learning and one Scottish Qualifications Authority credit. The SFC weights (W) these units by subject to reflect the differing costs of teaching different subjects. With the new funding model in the future this will be replaced by credits.
- ◀ 8 The four regions that under-delivered against their student learning targets in 2014-15 were Ayrshire, Dumfries and Galloway, Edinburgh and North East Scotland. The figures exclude European Social Fund activity and targets.
- ◀ 9 *Scottish Funding Council circular SFC/26/2009*, Para 22: 'The SUMs guidance gives early notice of a change to the eligibility for funding of short courses (less than 0.25 SUMs or 10 hours) that will be introduced from 2010-11.'
- ◀ 10 Excluding under-16s. In 2011-12, the SFC reduced funding for school students below S3 as these students are expected to study full-time in school.
- ◀ 11 [\*Audit of higher education in Scottish universities\*](#) , Audit Scotland, July 2016.
- ◀ 12 Staff costs cover wages and salaries, employers' national insurance contributions and pension contributions (including any accounting adjustments) but not severance payments which are accounted for as exceptional costs.
- ◀ 13 [\*Scotland's public sector workforce: Good practice guide\*](#) , Audit Scotland, March 2014.
- ◀ 14 Under reclassification, colleges are no longer permitted to retain reserves or take out new borrowing as this would count towards the Scottish Government's total spending. Colleges can therefore transfer any surplus to an ALF. In 2013-14, we adjusted the surplus/deficit position to take account of ALF transfers.
- ◀ 15 *Report of the Review of Further Education Governance in Scotland*, conducted by Professor Russel Griggs OBE, submitted to the Scottish Ministers, 20 January 2012.
- ◀ 16 Colleges Scotland is a charitable company which is funded through subscriptions from member colleges. It acts as the collective voice for Scottish colleges. The Colleges Scotland Board is made up of the 13 regional chairs plus four principals and the Chief Executive of Colleges Scotland.
- ◀ 17 The Scottish Futures Trust runs the NPD programme. The programme is a form of public private partnership and was developed as an alternative to Private Finance Initiatives.
- ◀ 18 Eurostat is the statistical office of the European Union.

- ◀ 19 RICS Building maintenance indicators other than A indicate some remedial work is required (A: As new; B: Sound, only minor deterioration; C: Operational, major repair or replacement needed; D: Inoperable, serious risk of failure).
- ◀ 20 Included within the SFC's analysis of the £17.5 million spend of net depreciation cash were loan repayments of £8.5 million that did not impact on the surplus/deficit position of colleges. The remaining £9 million, that did impact on the surplus/deficit position, included donations to ALFs from three colleges (City of Glasgow, Fife and Forth Valley) totalling £3 million, hence a net spend of £6 million in Exhibit 12.
- ◀ 21 The College Code of Good Governance was developed by a steering group which involved regional chairs, college chairs, principals, staff and student representatives, board secretaries, Colleges Scotland and the College Development Network. This was in response to a requirement as a result of the Post-16 Education (Scotland) Act 2013 provisions in relation to the identification of principles of good governance practice for the college sector. The first Code was produced in December 2014 and will be reviewed formally every three years but given the transformational changes that have been in the college sector specifically, and developments in good governance more generally, the Code will be kept under ongoing review.
- ◀ 22 *Report on The 2013/14 audit of Coatbridge College: Governance of severance arrangements, 1st Report*, Public Audit Committee, 2016.
- ◀ 23 *Taking Scotland Forward, First Minister: Priorities speech*, The Scottish Parliament, 25 May 2016.

# Appendix 1

## Methodology



Our audit involved:

- an analysis of information held by the SFC including performance and activity data, post-merger evaluations of merged colleges and communications with the sector
- interviews with a wide range of stakeholders. These included college principals, senior college finance staff, regional chairs, Colleges Scotland, staff and student unions, the Office of the Scottish Charity Regulator (OSCR), the Federation of Small Businesses, Education Scotland, the SFC and the Scottish Government
- a data request completed by auditors
- review of college documents such as financial plans, staff and student surveys and curriculum reviews
- analysis of relevant Scottish Government budget documentation and colleges' and Glasgow Colleges' Regional Board's audited accounts and auditors' reports covering the financial periods ending:
  - July 2015 (12-month period for the University of Highlands and Islands (UHI) colleges)
  - July 2015 (16-month period for non-UHI colleges)
  - These financial periods differ owing to a change in the accounting arrangements for non-UHI colleges which reported an eight-month period to the end of March 2014 in the previous set of accounts. This situation arose as HM Treasury confirmed to the Scottish Government in May 2012 that retaining a 31 July year-end for colleges was not possible and recommended that colleges would need to move to a March financial year-end. The SFC informed colleges in May 2013 that their financial year-end would be changing to March from 2014. In November 2013, HM Treasury offered the option for colleges to retain the academic year (August to July) for financial reporting. However, this required additional negotiations between HM Treasury and the Scottish Government, and consultations between the SFC and colleges, which were not concluded until June 2014. As a result, colleges were required to prepare accounts covering only an eight-month period, from 1 August 2013 to 31 March 2014. This did not apply to all colleges. UHI colleges continued to use a year-end of 31 July, and produced full-year accounts for the year ended 31 July 2014. This was to ensure

alignment of their financial year with UHI and other academic partners. In 2014-15, non-UHI colleges again used a different accounting period (16 months). These inconsistent accounting periods create difficulties in analysing some financial trend data. We refer to this in appropriate parts of the report.

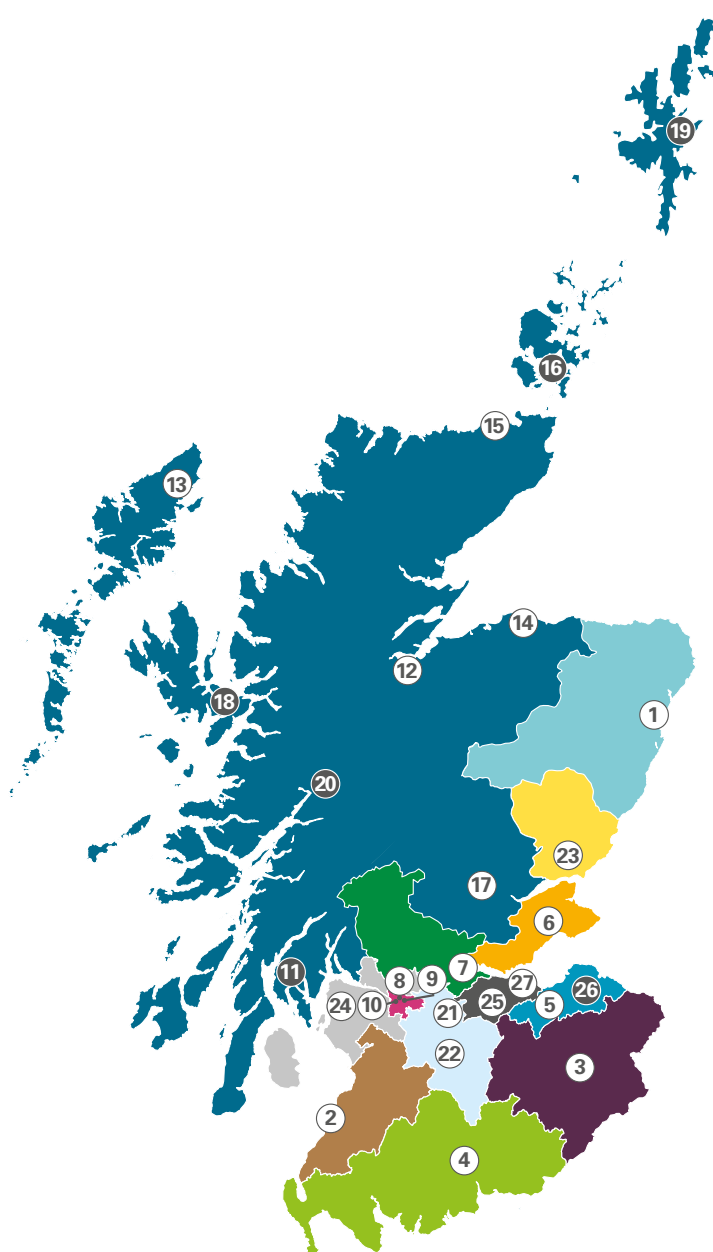
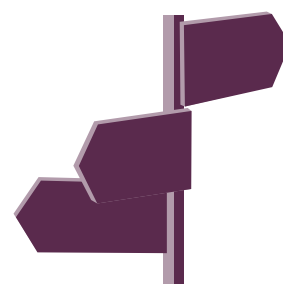
- These periods differ from the Scottish Government's financial year which runs from 1 April to 31 March. To help provide clarity, we use the convention '2014-15' when referring to figures from colleges' accounts, or relating to the academic year; and '2014/15' when referring to funding allocations made in the Scottish Government's financial year.

Our report reflects mainly the most recent college year (2014-15), unless particular issues arose from 2013-14, or where additional information helps in comparing different years. The longer financial period for non-UHI colleges in 2014-15 means it is not always appropriate to compare 2014-15 figures with previous years. We have applied different timescales in different sections of this report depending upon information available.

Figures and exhibits relating to colleges' audited accounts are for incorporated colleges only. Scottish Government budget information within this report refers to both incorporated and non-incorporated colleges; all other financial information relates to incorporated colleges only. Until 1992, all publicly funded colleges were run by local authorities. Under the Further and Higher Education (Scotland) Act 1992, most colleges established a distinct corporate body and board of management, which then assumed responsibility for financial and strategic management of the college. These 20 colleges are referred to as incorporated colleges and produce accounts subject to audit by the Auditor General for Scotland. The accounts of two of the three regional bodies are also subject to audit by the Auditor General for Scotland, those of the Glasgow Colleges' Regional Board and of New College Lanarkshire which is an incorporated college. Other publicly funded colleges are generally referred to as non-incorporated colleges.

# Appendix 2

## Scotland's colleges 2016



| Region                     | College                           |
|----------------------------|-----------------------------------|
| Aberdeen and Aberdeenshire | 1 North East Scotland College     |
| Ayrshire                   | 2 Ayrshire College                |
| Borders                    | 3 Borders College                 |
| Dumfries and Galloway      | 4 Dumfries & Galloway College     |
| Edinburgh and Lothians     | 5 Edinburgh College               |
| Fife                       | 6 Fife College                    |
| Central                    | 7 Forth Valley College            |
| Glasgow                    | 8 City of Glasgow College         |
|                            | 9 Glasgow Clyde College           |
|                            | 10 Glasgow Kelvin College         |
| Highlands and Islands      | <b>11 Argyll College</b>          |
|                            | 12 Inverness College              |
|                            | 13 Lews Castle College            |
|                            | 14 Moray College                  |
|                            | 15 North Highland College         |
|                            | <b>16 Orkney College</b>          |
|                            | 17 Perth College                  |
|                            | <b>18 Sabhal Mòr Ostaig</b>       |
|                            | <b>19 Shetland College</b>        |
|                            | <b>20 West Highland College</b>   |
| Lanarkshire                | 21 New College Lanarkshire        |
|                            | 22 South Lanarkshire College      |
| Tayside                    | 23 Dundee and Angus College       |
| West                       | 24 West College Scotland          |
| West Lothian               | 25 West Lothian College           |
| n/a                        | <b>26 Newbattle Abbey College</b> |
| n/a                        | 27 SRUC                           |

Note: The map shows the 20 incorporated colleges, the six non-incorporated colleges in Scotland (in bold) and Scotland's Rural College (SRUC) which is classed as a higher education institution.

Source: Audit Scotland





# Scotland's colleges 2016

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## Board of Management

### Developing Young Workforce Funding Report

#### 1 Purpose of the Report

The purpose of this report is to provide the Board of Management with a report on the use of funding received from Scottish Funding Council during AY 2015-16 to support DYW activities.

#### 2 Background

In December 2015, Scottish Funding Council announced that funding would be made available to the College sector in order to support DYW activities. An indicative amount of £75k was allocated to Dumfries and Galloway College and an outline proposal (Annexe 1) was prepared in collaboration with Local Employability Partners and submitted. Scottish Funding Council subsequently approved the proposal and funding was provided in accordance with the payment profile.

#### 3 The Report

##### Developing Young Workforce Funding 2015-16

|  | <b>January – July 2016</b> | <b>Budget</b> |
|--|----------------------------|---------------|
|  | <b>£</b>                   | <b>£</b>      |
| Grant funding received from SFC            | 75,000                     | 75,000        |
|  |                            |               |
| Expenditure to 31 <sup>st</sup> July 2016: |                            |               |
| Salaries:                                  |                            |               |
| Co-ordinator                               | (17,847)                   | (17,300)      |
| Administrative assistant                   | (6,419)                    | (6,266)       |
| Marketing assistant                        | (5,805)                    | 0             |
| New course development                     | (14,856)                   | (25,218)      |
| Events costs – Taster Sessions             | (9,676)                    | (14,000)      |
| Events costs – Regional Conference         | (6,368)                    | (6,000)       |
| Promotional Material                       | (6,200)                    | (6,216)       |
|  |                            |               |
| Balance carried forward to 2016/17         | 7,829                      |               |

## Board of Management

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SFC have confirmed that the College is able to carry forward the balance of funds left and the proposal is to use this to support a College 'Open Doors' event to be held in November 2016 to which all Senior Phase pupils and parents will be invited. There will be college tours, faculty demonstrations, funding advice, and staff and students to talk to regarding career and study opportunities.

A summary of activities undertaken with this funding is provided in Annexe 2.

### **4 Recommendation**

Members are invited to note the final report.

**Carol Turnbull**  
**Principal & CEO**  
**October 2016**

## Board of Management

### Annexe 1 – DYW Funding Proposal

#### Developing Young Workforce Funding 2015/16

In respect of the funding offered (£75,000 for Dumfries and Galloway College) to support the ongoing implementation of Developing the Young Workforce – Scotland's Youth Employment Strategy, please find an outline below of how we propose to use these funds:

##### **1 DYW Co-ordinator**

Feedback from a range of DYW events including the Early Adopters Reference Groups, highlight the benefits from a dedicated DYW Co-ordinator to support regional planning and implementation.

Dumfries and Galloway College propose to use **£17,300** to fund a full-time post from February – July 2016. (Full time equivalent salary is £34,601).

This post would be responsible for liaising with schools and employers to enhance development and delivery of DYW initiatives across Dumfries and Galloway. The impact of this would be increased senior phase vocational pathways between Schools and Dumfries and Galloway College for 2016-17 and beyond, the organisation of taster events to address gender imbalance (see below) and a series of employer events to encourage and facilitate greater employer engagement.

Payment profile for this would be monthly from February to July inclusive.

##### **2 Administrative Assistant**

We would like to provide admin support to the DYW coordinator in order to assist with events, meetings etc. This would be based on 2 days per week February to July 2016 inclusive and would amount to **£6,266**.

Payment profile for this would be monthly from February to July inclusive.

##### **3 Taster Sessions to address gender imbalance**

A series of events aimed at school pupils will be held towards the end of February/beginning of March to encourage young women and men to try non-traditional vocational activities.

##### Women into:

Engineering  
Construction  
Motor Vehicle  
Digital Media  
Sport

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Men into:

Care

Childcare

Hairdressing and Beauty

Costs quoted are approximate but include transport from schools across the region, lunch, promotion material, delivery costs and a 'goody bag'. We anticipate costs in the region of **£14,000** and payment would be claimed in March.

#### 4 New Course Development

A series of visits to schools across the region have identified a wide range of vocational pathways – some of which require development. We would like to use **£25,218** of the DYW fund to develop new provision in the following areas enabling us to continue to widen and develop DYW and senior phase pathways.

Areas for development:

- Digital Gaming
- Nat 5 Computing
- HNC Computing Science
- Nat 4 Activity Tourism
- Photography
- Nat 5 Energy – further development of existing course
- NPA Digital Media
- BTEC level 3 Sport
- Nat 4 Hospitality
- Nat 6 Hospitality
- Reablement – further development for school delivery
- Foundation Apprenticeship in Engineering

Funding would enable the College to accelerate the development of these programmes and therefore to include them in our Vocational offering earlier.

#### 5 Promotional Material

We propose to use a proportion of the funding to develop promotional material aimed at parents, pupils, schools staff and employers highlighting the opportunities in respect of DYW initiatives. These will include leaflets, a video and, some open information events.

Some of this work will need to be outsourced or additional staffing brought in. Approximate costs for this will be **£6,216** and we anticipate payment would be claimed in June 2016.

#### 6 DYW Regional Conference

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Working with our partners in the Local Employability Partnership we plan to host a DYW Regional Conference in June 2016 which will bring together practitioners from across the region to showcase the good work going on, to hear good practice from other regions in Scotland and to further develop the strategy for Dumfries and Galloway.

Approximate costs for this would be **£6,000** and payment would be claimed in July 2016.

Carol Turnbull  
Principal and CEO  
Dumfries and Galloway College  
December 2015

## Board of Management

| DATE OF EVENT | EVENT/INITIATIVE  | EXPLANATION   |
|---------------|---|---|
| June          | <b>DaVinci Challenge</b>                                      | 100 guests. Regional competition to support Curriculum for Excellence and DYW regional event.   |
| 24-Jun        | <b>Dfs Learning Town Professional Development Project</b>     | 1pm - 3.30 pm - 30 attendees approx. Dfs Learning Town school reps awareness and teaching day.  |
| June          | <b>DYW Conference - in ptn with Employability Partnership</b> | To bring together practitioners across the region to showcase good work in the Region, also to hear good practice from other regions in Scotland. To further develop the strategy for D&G.  |
| June          | <b>Design, Construction and Engineering</b>                   | Aimed at Jnr Phase, Schools link course 3 hours per week.   |
| May           | <b>Primary Schools to visit Childcare Students at College</b> | HNC Early Ed and CC class hosting literacy based activities linked to 1st level Curriculum for Excellence, allowing students to showcase knowledge and skills they have developed throughout their course. This is open to P1-P3 pupils. 16 students attended on 30 May and 21 students on 1st June.            |
| May           | <b>Curriculum Planning Day for Teachers</b>                   | Facilitation - Dumfries High School   |
| May           | <b>2 Regional Teacher Training Days</b>                       | Facilitation  |
| 05-May        | <b>Pupils visit to Stranraer Campus</b>                       | Snr Phase Stranraer pupils to attend college for practical taster sessions. They will attend 1 day pwk for 4 weeks and participate in 2 x 2hr practical sessions in 2 faculties. Areas: H&B, MV & Construction, Hospitality (Young Chefs). Possibly Care, Childcare, Social Care. 4 Thursdays starting 5th May. |
| June          | <b>Bloodhound Mini event</b>                                  | Dfs High, Dfs Acad, ACAD, St Jos, WH, Max High  |
| 18-19/4       | <b>Wallacehall</b>  | Supported programmes coming to college to experience either a Sport and Hospitality day or a Construction and Engineering day. This is spread over 4 weeks - 2 inputs.  |

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|            |  |  |
|------------|--|--|
| 19/04/2016 | <b>D&amp;G Business Expo, CEIS Ayrshire</b>                          | Jobs Fair - Uni/College/school students completing studies will attend one part of the venue and school leavers can attend another part. List of businesses attending will be updated and distributed. School leavers will also have the opportunity to come visit the College. Several seminars including DYW, How UWS Can Work with You. |
| 19/04/2016 | <b>Challenging Gender Imbalance Day</b>                              | To encourage young women and men to try non-traditional vocational activities eg men into Hairdressing, women into engineering. Pupils can experience a day in the life of a college student and attend taster sessions.   |
| 10/03/2016 | <b>Women into Engineering Event</b>                                  | Supporting females into STEM. 25 places allocated. Promoting awareness and identifying opportunities for aspiring female engineers. Presentations and practical sessions.  |
| 10/03/2016 | <b>Sit down for breakfast, stand up for Farmers, Fairtrade event</b> | Fairtrade Foundation will do a presentation (Rosie Rutherford). Purpose - businesses to network with the next generation of employees (students) and staff and have an opportunity to be part of their development. MA Candidates have been invited.   |
| 01/03/2016 | <b>MA Activity Taster Week in Engineering, Construction and MV</b>   | 14 year old or over. Pupils can find out more about Apprenticeships inc the new Foundation App in Engineering and participate in activities in the different disciplines.  |
| 01/03/2016 | <b>Launch of Beauty Salons</b>                                       | Student initiative to encourage, employers, public to come and see the new look studios plus aimed at school pupils who are interested in Beauty as a possible career.   |
| 25/02/2016 | <b>Wallacehall parents Evening</b>                                   | To discuss options/Foundation Apprenticeships  |



## Board of Management

|                         |                                  |  |
|-------------------------|----------------------------------|--|
| 23/02/2016              | <b>Sports Students</b>           | To assist College students in delivering their unit "Physical Activity for Children".  |
| 16/02/2016              | <b>School meeting</b>            | Meeting with WHA - agreed a new Reablement programme - care or healthcare pathway for Snr Phase. Will be delivered as a joint partnership with College, NHS and WHA.   |
| 08/02/2016              | <b>Basement 20 Heritage Look</b> | Ralph and creative directors from the Salon worked with Higher Hairdressing class to create a Heritage look, following on from students creating mood boards.  |
| 05/02/2016              | <b>We Are Upland Symposium</b>   | To discuss the Spring Fling and evolution to Upland CIC. 10 Free places to students/staff from College. Networking event in the evening.   |
|                         |                                  |  |
| <b>PRIOR TO JANUARY</b> |                                  |  |
| 27/28 Oct 16            | <b>Care Employability Event</b>  | Businesses met with Care and Child Care students. Purpose to increase awareness of jobs in these organisations aimed at full-time programmes. Also to advise Employer of CTS delivery. Aim to recruit part-time staff without affecting their studies. |