

Tuesday 6 October 2015 at 2pm in Room 1074b.
Sandwich lunch available from 1:30pm in room 1074b

A G E N D A

**Presented
by**

- | | | | |
|------|---|-------------------|----|
| 1 | Welcome and Apologies | | |
| 2 | Declaration of Interest | | |
| 3 | Minute of Board Meeting of 30 June 2015 | | BJ |
| 4 | Matters Arising | | |
| 5 | Report to the Board by Regional Chair | (report attached) | BJ |
| 6 | Report to the Board by the Principal | (report attached) | CT |
| 7 | Report to the Board by Student Association President | (report attached) | JW |
| 8 | Committee Reports | | |
| 8.1 | Annual Report of the Audit Committee | (report attached) | HC |
| 8.2 | Audit Committee Approved Minutes - 12 May 2015 | (report attached) | HC |
| 8.3 | F&GP Committee Approved Minutes - 9 December 2014 | (report attached) | JH |
| 9 | Matters for decision | | |
| 9.1 | Strategic Risk Register | (report attached) | JB |
| 9.2 | Anti-Fraud and Corruption Policy | (report attached) | JB |
| 9.3 | Whistleblowing Policy | (report attached) | JB |
| 10 | Matters for discussion | | |
| | Stakeholder Theme: | | |
| 10.1 | The Developing Young Workforce / Employer Engagement | (report attached) | CT |
| 11 | Matters for information | | |
| 11.1 | Letter of Guidance to the Scottish Funding Council | (letter attached) | CT |
| 11.2 | Challenge to Lennartz Ruling | (report attached) | JB |
| 11.3 | Demonstrating the Economic Value of Scotland's Colleges | (report attached) | CT |
| 12 | Any Other Business | | BJ |
| 13 | Date and Time of Next Meeting | | |
| | Joint Board meeting with Borders College - 21 October 2015 @ 10am | | |
| | Board development day - 10 November 2015 @ 10:30am | | |
| | Next full board meeting - 15 December 2015 @ 2pm | | |
| 14 | Tour of upgraded facilities - Beauty salons and childcare room | | |

Board of Management

Minute of Meeting of the Board of Management of Dumfries and Galloway College held on Tuesday 6th October, 2015 from 2.00 pm in Room 1074b of the Dumfries campus

Present:

Brian Johnstone (Chair)	John Henderson
Carol Turnbull	Pat Kirby
Delia Holland (Vice Chair)	Karen McGahan
Janet Brennan	Stuart Martin
Hugh Carr	Julian Weir
Ros Francis	Kenny Henry
Janice Goldie	Ian White
Barry Graham	Craig McGill

In attendance: Jannette Brown, Secretary to the Board and Vice Principal Corporate Services & Governance
Helen Pedley, Director of Organisational Development and Facilities

Minute taker: Caroline Donoghue, Executive Team Assistant

1 Welcome and Apologies

Apologies for absence were intimated on behalf of Andy Wright, Vice Principal, Learning and Skills.

The Chair welcomed all to the meeting and in particular Ian White, Julian Weir and Craig McGill to their first board meeting.

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

A tour of the upgraded beauty salons and childcare room took place and a note of thanks for all the hard work of the staff involved was given by the Chair

2 Declaration of Interest

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

3 Minute of Meeting held on 30 June 2015

The minute of previous meeting of the Board held on 30 June 2015 was approved.

4 Matters Arising

4.1 National Pay Bargaining

The Chair advised members that the national pay bargaining situation remains ongoing with no settlement to date. A further meeting was due to take place in early October but this has been postponed for the time being.

Members noted the position.

5 Chair's Update

The Chair spoke to the report which had been previously issued. The Chair updated members on a positive meeting he, and the Principal attended with the Scottish Government's Change Theme Leads for the Developing the Young Workforce programme, highlighting the importance of working closely with local authorities and schools to make activities most effective and avoid duplication is key.

The Chair also updated members that the bid submitted by the Developing Young Workforce regional group working closely with the Chamber of Commerce and Dumfries and Galloway Council, was looking very positive, the Board will be advised as soon as a decision has been announced.

Members noted the report.

6 Principal's Update

The Principal spoke to the report which had previously been issued. The Principal advised members that student enrolment figures had increased since the report was prepared. There are now 1,627 full-time students enrolled. A slight increase on last year and of these, 486 are studying at Higher Education level.

The Principal updated members on a meeting with Dave Roberts and Alison Murray, Head of Engineering at the Scottish Rural College (SRUC) which focused on a potential collaboration on Engineering. Discussions remain ongoing. A brief outline paper is being produced detailing the work both colleges could collaborate on and to ascertain any co-location opportunities. Once this paper is complete, approval will be sought by the SRUC Board to take this forward. The Principal will keep the Board updates of any progress made as the discussions continue.

The Principal reported that the College engaged with 15 out of the 16 secondary schools on the development of the Senior Phase Vocational Pathways for 2015-16. She was pleased to report that all 16 secondary schools are now engaged with the College on course delivery for 2016-17.

Members noted the report.

7 Student Association Update

Julian Weir, President, spoke to the report which had previously been issued. Julian advised that following recent elections, 2 Vice Presidents had been appointed, Craig McGill for the Stranraer Campus and Robert Field for the Dumfries Campus. He then gave a verbal report of his activities since his election.

The Board welcomed Julian to the Board and looked forward to working with him this year.

Members noted the report.

8 Committee Reports

8.1 Annual Report of the Audit Committee

The Chair of the Audit Committee, Hugh Carr, addressed the meeting stating that this was a very positive report confirming the College had Board had a strong audit committee who continue to work well with college management and internal auditors. He went on to state that the Board can be assured that the College has a good level of internal controls confirmed by the positive internal audit assurance statement. Only six recommendations have been received during the year only one of which was considered high priority and has already been addressed.

A private meeting was held with the internal and external auditors who gave very encouraging feedback regarding the management team and the Board. The Chair confirmed this was a good year and had nothing to add to the minutes.

Action: The board agreed that it would like to have sight of the internal audit plan for 2015-16 at its next meeting.

Members noted the Annual Report of the Audit Committee.

8.2 *Audit Committee Approved Minutes: 12 May 2015*

The Chair confirmed there was nothing to add to the minute of the meeting held on 12 May 2015.

The Board noted the minutes of the Audit Committee.

8.3 *Finance and General Purposes Committee Approved Minute: 09 December 2014*

The Chair of the Finance and General Purposes Committee, John Henderson, confirmed there was nothing to add to the minute of 09 December 2014. It was noted that a meeting of the Finance and General Purposes Committee formed part of the full board meeting held on 3 March 2015 and was recorded in the Board minute of that date.

The Board noted the minute of the Finance and General Purposes Committee.

9 Matters for decision

9.1 Strategic Risk Register

The Vice Principal, Corporate Services and Governance, spoke to the report which had been previously issued. She confirmed the report had been realigned with the College's Strategic Plan Vision2020. All risks were listed on the report however there were two high risks to highlight to the Board: National Pay Bargaining and Public Sector Spending Review. The Board agreed both risks are 'high' although they are both out with the control of the College.

The Board approved the strategic risk register.

9.2 Anti-Fraud and Corruption Policy

The Vice Principal, Corporate Services and Governance, spoke to the report which had been previously issued. She confirmed that the Anti-Fraud and Corruption Policy was reviewed by the Audit Committee at its meeting on 22 September 2015 and is now being recommended to the full board.

The Board approved the Anti-Fraud and Corruption Policy.

9.3 Whistleblowing Policy

The Vice Principal, Corporate Services and Governance, spoke to the report which had been previously issued. She confirmed that the Whistleblowing Policy was reviewed by the Audit Committee at its meeting on 22 September 2015 and is now being recommended to the full board.

The Board approved the Whistleblowing Policy.

10 Matters for Discussion

10.1 Stakeholder Theme: The Developing Young Workforce

The Principal spoke to the report which had been previously issued. She asked the Board to note that the College has been extremely proactive and successful in pursuing the schools engagement. The College will engage with all 16 secondary schools in the region for next session. However, the model in operation is costly and not sustainable long term. The Principal is in discussions with the Local Authority as to how some of these costs to the College could be reduced in future. It was noted that a funding package for the Local Authority had been announced for 2015-16, and that we await notification via the Dumfries and Galloway Employability Partnership on how it is proposed that these funds will be used.

The Board expressed the view strongly that they hoped that a significant part of the funding be directed to school/college engagement.

After discussion it was acknowledged that the College is working well and proactive in both employer and schools engagement. The Principal and Chair will continue to raise Developing the Young Workforce through the Community Planning Partnership.

Action: The stakeholder theme of employer engagement will be considered further at a board meeting in the near future.

The Board noted the good work already done and continuing to do with regards to schools and employer engagement.

11 Matters for Information

11.1 Letter of Guidance to the Scottish Funding Council

Members noted the letter of Guidance for the Academic Year 2016-17 issued in September 2015.

11.2 Challenge to Lennartz Ruling

The Vice Principal, Corporate Services and Governance spoke to the report which had been previously issued. The report updated members on recent developments which may result in a challenge to the College's Lennartz agreement with HMRC.

The Board discussed the contents and noted the report.

11.3 Demonstrating the Economic Value of Scotland's Colleges

The Principal spoke to the paper which had been previously issued. She confirmed the positive findings from this report are being used to lobby the Government to try to ensure no further cuts to Scotland's colleges. The report is being sent to all the College's stakeholders along with the Vision 2020 document.

Members noted the report.

12 Any Other Business

The Chairman encouraged the Board Members to consider their contribution to the College activities. This will be looked at again at the next meeting or Development event in November.

13 Date and Time of Next Meeting

- Joint Board Meeting with Borders College – Wednesday 21 October at 10am
- Board Development Day – Tuesday 10 November 2015
- Next full Board Meeting – Tuesday 15 December 2015, followed by dinner in Zest training restaurant

Board of Management

Minute of Meeting of the Board of Management of Dumfries and Galloway College held on Tuesday 30 June 2015 from 2.00 pm in Room 1074b of the Dumfries campus

Members Present:

Janet Brennan
Ros Francis
John Henderson
Brian Johnstone (Chair)
Pat Kirby
Stuart Martin
Carol Turnbull

Hugh Carr
Janice Goldie
Delia Holland (Vice Chair)
Pat Kirby
Karen McGahan
Andrew Nyondo
Sam Glendinning

In Attendance: Jannette Brown, Secretary to Board of Management and Vice Principal (Corporate Services & Governance)
Susan Sutherland, Minute Secretary

1 Welcome and Apologies

Apologies for absence were intimated on behalf of Berry Graham.

The Chair welcomed Ros Francis to her first meeting and intimated that the Regional Board was now fully formed.

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

2 Declaration of Interest

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

3 Minute of Meeting held on 21 April 2015

The minute of previous meeting of the Board held on 21 April 2015 was approved.

4 Matters Arising

4.1 Curriculum review and potential redundancies

The Principal reported that the review had been completed. One member of staff being made redundant with no risk of appeal as a compromise agreement had been signed.

4.2 Higher delivered in Schools – A grade

The Vice Principal, Corporate Services and Governance spoke to the statistics provided by Barry Graham relating to 'A' grade passes at 'Higher' level in schools. Members noted the statistics.

4.3 Early Leavers

The Vice Principal, Corporate Services and Governance spoke to the table of non-continuation by students from Dumfries and Galloway and the rest of Scotland entering full-time undergraduate courses in 2012-13. Members were surprised that, although local anecdote would suggest that the drop-out rate from Dumfries and Galloway was higher this was not the case and was in fact close to the national average. The Board discussed the figures and acknowledged the vital role of colleges in providing transitional pathways.

4.4 Board Links

The Vice Principal, Corporate Services and Governance spoke to the report which had been issued, identifying that recent governance reforms on the role of Boards meant that it was no longer appropriate to operate the 'board links' system.

During discussion, Members acknowledged their strategic role, but felt that 'board links' had helped them to better understand the individual functions of the College. It was agreed that an overview of the operational aspect of the College be included in Board induction. Members were encouraged to continue to pursue areas of interest in college activity, and to discuss with the Principal the best way to take this forward.

Members noted the position.

4.5 Key Messages

The Principal had prepared a list of key messages, challenges and issues for the College, for the information of Board Members. She added that this would be a live document, and that the key messages for the sector would be issued in September.

Members noted and welcomed the report.

5 Chair's Update

The Chair provided a verbal update on his recent activity.

- SFC Outcome Agreement Launch at Heriot-Watt University
 - Main focus "inequalities" – keynote address by Cabinet Secretary for Education
 - Importance of College pathways
 - Integration of schools was unequivocal and universal
- Developing the Young Workforce
 - joint bid with D&G Chamber of Commerce and D&G Council for funding to enhance links between schools, college and employers.
- Colleges Scotland Board and Regional Chairs meetings
- Robertson Trust - meeting to discuss their offer to assist the college sector
- Board Governance event (with JH, JB and PK) in Edinburgh

The Chair will provide a report on his activities over the summer break.

6 Principal's Update

Members noted the report which had been issued, particularly learner activity highlights, and stakeholder engagement.

7 Student Association Update

Sam Glendinning, President, reported that following recent elections, the President of the Student Association for 2015-16 would be Julian Weir. The Vice Principal, Corporate Services and Governance added that this is the first time the College has had sabbatical post.

The Board thanked Sam for his time in office, and wished him well with his continued studies.

8 Governance

8.1 *Proposed Calendar of Meetings 2015-16*

Members noted and approved the calendar which had been issued, following minor adjustment to Audit (23 Feb) and F&GP (7 Oct).

The Board discussed the frequency of full Board meetings and agreed to review the situation at the end of 2015. It was also agreed to return to the practice of holding one meeting per session at the Stranraer campus.

8.2 *Audit Committee Approved Minutes: 19/08/14, 02/12/14, 24/02/15*

The Board noted and approved the minutes of Audit Committee.

8.3 *Finance and General Purposes Committee Approved Minute: 26/08/14*

The Board noted and approved the minute of the F&GP Committee.

8.4 *Learning and Teaching Committee approved Minute: 07/10/14*

The Board noted and approved the minute of the L&T Committee.

9 National Collective Bargaining

The Chair provided an update on the sector position, and the Principal spoke to the report which had been issued, on progress in respect of National Collective Bargaining. A copy of the National Recognition and Procedure Agreement had also been circulated.

The issue had been discussed at a meeting of the College Principals Group on 1 June 2015. A meeting of the Employee Relations Committee of Colleges Scotland, to which all Chairs were invited, was also held on the afternoon of 1 June 2015. These meetings considered the issue of how individual College Boards would be able to establish the negotiating parameters for the management side of the national joint negotiating committee, so that Boards could have some reassurance that national bargaining would not undermine their responsibilities with regard to their individual institutions.

The Principal stressed that the decision at this time was only to be part of the process for negotiation parameters at this stage, and not in any way related to pay claims.

Following discussion, the Board felt that it would be better to be part of the national process and approved the adoption of the National Recognition and Procedure Agreement, but with distinct reservations in terms of Members' responsibility to the financial security of Dumfries and Galloway College.

10 Rural and Remoteness Funding Review

The Principal spoke to the report which had been issued, explaining the background to this ring-fenced element of Scottish Funding Council funding for colleges operating in rural and remote areas of Scotland, which was being reviewed in the context of the new regional structure.

The Board noted the update and progress in respect of the Scottish Funding Council review and acknowledged that this was key for the College in order to maintain a breadth of curriculum with small class sizes and to continue the duplication in respect of the Stranraer campus.

Members also recognised the work of the Principal and Executive Team in national strategic initiatives.

11 Key Performance Indicators

The Vice Principal, Corporate Services and Governance spoke to the report which had been issued. She pointed out that at the time of meeting it looked like the College would not achieve its WSUMs target which could mean a potential claw-back of £33k. This was mainly due to class groups forming with lower numbers than anticipated.

Improving retention was an ongoing challenge for the College, and staff continued to endeavour to identify methods of supporting students to achieve their milestones, although it was noted that the statistics did not paint the whole picture of individual issues and journeys.

Members noted the report, and the forecast of a deficit financial position at 31 July 2015. This was a technical position in view of the recent Office for National Statistics reclassification of colleges and subsequent guidance on use of depreciation, which was recognised and mirrored across the sector. Colleges Scotland had issued a form of words for insertion in college accounts, but the Board anticipated an element of negative publicity and agreed that it would be necessary to reassure staff and stakeholders of the position.

12 Strategic Risk Register

The Vice Principal, Corporate Services and Governance spoke to the Register which had been issued, and the Board agreed the increased risk (No. 5) of a move to National Pay Bargaining.

Members also wondered if Executive Team capacity should be included in the register. It was agreed that the Human Resources Committee include this in ongoing succession planning considerations and report back to the Board.

13 Revised Budget 2015-16

The Vice Principal, Corporate Services and Governance intimated that the Board had approved a draft Budget based on indicative funding but that following the allocation of Grant-in-Aid on 17 April 2015, revisions had been made.

The Finance and General Purposes Committee had considered the revisions and key assumptions at its meeting on 9 June 2015 and recommended the Budget to the Board for approval, which was confirmed.

14 Estates Projects

The Vice Principal, Corporate Services and Governance spoke to the report which had been issued, advising of four curriculum delivery improvements which were felt necessary but had not been included in the Budget for 2015-16. It was proposed that the funding for these projects would be available from depreciation (subject to approval from Scottish Funding Council) and/or bidding into the Scottish Colleges Foundation.

The Financial and General Purposes Committee had considered the proposal on 9 June 2015 and recommended it to the Board for approval, which was confirmed.

The Board approved the expenditure of up to £410,000 on the estates projects, provided the necessary approval from the Scottish Funding Council on the use of depreciation was granted and or a successful application to the Scottish College Foundation was granted.

The Board also noted and agreed the concerns of the Committee regarding the long-term sustainability of not undertaking capital projects in order to balance the budget.

15 Vision 2020 Strategic Plan 2015-20

The Chair and Principal spoke to the report which had been issued, confirming that the Strategic Plan had been developed over a 12 month period, through a series of workshops involving staff, students and Board Members. This sets out the College's key aims and aspirations for the five year period 2015-20 and, along with the Regional Outcome Agreement, would provide the key measurement tool for the Board to monitor College progress.

Members noted the position, and agreed formally to adopt the Vision 2020 as the 5 year Strategic Plan.

16 Stranraer Campus

The Principal spoke to the report which had been issued, providing the Board with an outline of the challenges and opportunities related to the Stranraer Campus. The Chair also highlighted that Centrifuge consultancy had been appointed by D&G Council Economic Forum to carry out research into the economic viability of the area.

Members discussed the economic and social importance of the campus to the Stranraer community, but also recognised that further reductions in funding might force the College to consider whether it could maintain the campus at a cost of £1m per annum. A recent shift in numbers enrolling also presented a challenge in maintaining a breadth of curriculum, which meant for example that three levels of student were taught in one group which was not always the best learning experience, and was difficult for staff.

Members agreed that the College should to continue to engage with stakeholders and employers in the west of the region, and highlight the challenges in meetings with local councillors, MPs and MSPs. The Chair is stein up a meeting with all Wigtownshire Councillors in September.

17 Any Other Business

17.1 Marketing

The Board congratulated College staff on the high level of positive press and publicity in recent months, in particular the launch of Zest and the Higher National graduation ceremony in Stranraer.

18 Date and Time of Next Meeting

The next meeting of the Board of Management would be held on Tuesday 6 October 2015 from 2.00 pm.

Board of Management

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 FE sector, the Region as well as feedback from various meetings.

2 Colleges Scotland

2.1 Keith McKellar, Regional Chair, West College Scotland has now been appointed to the chair of the Employment Relations Committee, he was previously in post on an interim basis.

2.2 Audit Committee - no meetings have taken place since last report. The next meeting is scheduled to take place on 09 October.

2.3 Learning, Skills and Quality Committee - Attended two meetings since last report.

The first meeting was a presentation by the Scottish Government's Change Theme Leads for the Developing Young Workforce. Two important points which came out of the presentation:

- The importance of working closely with Local Authorities and schools to make activities most effective and avoid duplication.
- An update on the Developing Young Workforce regional groups

At the second meeting there was discussion around the Developing Young Workforce. There was also a discussion on possible future training for College Board Members as 'Ambassadors for Colleges'. There was a committee communications plan discussed. The Lead Officer's report has been circulated to the Chair of our Learning and Teaching Committee, Delia Holland for her information. Following a discussion it was agreed to establish the nature of the proposal submitted by the General Teaching Council to the Scottish Government on standards for college lecturers. The view of the committee is that professional standards should continue to be owned by the sector. It was also noted at the meeting the favourable content in the results of the Economic Modelling Specialists International (EMSI) report on demonstrating the economic value of Scotland's Colleges. The Principal will present the findings of this report to the Board in a separate agenda item.

2.5 Attended a Committee Chairs meeting at Forth Valley College.

3 Sector

3.1 Attended a Regional Chair's meeting in Stirling. The meeting consisted of a general discussion on Governance.

3.2 Attended, with the Principal, the launch of the report on Demonstrating Economic Value of Scotland's Colleges where the Cabinet Secretary spoke.

4 Regional Business

4.1 Attended a positive annual appraisal meeting with Michael Cross as part of the Chairs Appraisal process. The discussion covered a range of items including the Chairs role in:

Board of Management

- Leading significant change in the sector
- Effective governance
- Board duties
- Self evaluation of Boards and ongoing development

Michael expressed an interest in visiting the College.

4.2 In accordance with Good Governance the Regional Chair should meet privately with the College's Regional Outcome Manager. This meeting with Aileen Ross, Regional Outcome Manager took place recently at the Scottish Funding Council's offices. Discussions revolved around the importance of everyone at the Crichton working together. The Scottish Government are keen to see the Crichton Campus Leadership Group develop. The Chair received positive messages about the College and specifically about the Regional Outcome Agreement which Aileen but she also recognised and acknowledged the challenges we face as a region.

4.3 Hosted a workshop including representatives from Scottish Government, Chamber of Trade and Council to progress the bid Developing the Young Workforce Regional Group. A meeting which took place in Glasgow and followed on from this workshop was attended by two team members of the National Selection Group to assist with the preparation of the bid.

4.4 Met with Sharon Glendinning, the new Development Manager for the Crichton Campus Leadership Group where we discussed the importance of recognising the roles of Crichton Campus Leadership Group, The Crichton Trust and other stakeholders. Keen to keep open the prospects of widening involvement of other HE institutions at the Crichton.

4.5 Attended a meeting of the Dumfries and Galloway Community Planning Partnership. A workshop followed the meeting to look at new Community Planning legislation where it was discussed that regional colleges are going to become a statutory partner which is a very positive step.

5 Attendance at Meetings

- 5.1 The Regional Chair has attended various meetings and events since the last Board Meeting, including:
- Meetings with Julian Weir and Ian White, as part of their Induction as new Board members
 - Graduation Ceremony at the Crichton
 - Ongoing communication meetings with Principal, Carol Turnbull
 - Regular meetings with Jannette Brown, the Secretary of the Board on matters of Governance and other Board matters

6 Recommendation

- 6.1 It is recommended that the Board note the contents of this report.

Brian Johnstone
Regional Chair

September 2015

Board of Management

Principal and Chief Executive Report: July – September 2015

1 Purpose of the Report

This is the first (normally quarterly) report to the Board for academic year 2015-16 to provide an update on progress against the Regional Outcome Agreement targets and 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 *Regional Outcome Agreement – Progress against targets*

It's been a busy start to the year and full-time numbers are healthy, although slightly down on last year's figures. The current full-time enrolment figure is 1554 (1615 in 2014-15) of these, 479 (505 in 2014-15) are studying at HE level. We continue to grow the range of Higher National Diploma programmes with the introduction of HND programmes in Coaching and Fitness, Beauty Therapy and rolling out HNC Electrical Engineering to schools.

Development of Senior Phase Vocational Pathways continues to expand with arrangements for 2015-16 with all but one of the secondary schools in the region and there is a 22.5% increase in the number of school pupils participating compared to last session.

As part of our commitment to working with schools to develop Senior Phase Vocational Pathways, our VP Learning & Skills has, once again, met with each Head Teacher across the region to discuss opportunities for implementation in 2016-17. Initial discussions have been very positive and more detailed plans are now being worked on with Heads of Faculty and individual schools.

Skills Development Scotland is working with the College on the development of foundation apprenticeships to begin in August 2016/17. These will build on the good work that is already taking place between Dumfries and Galloway Council, Dumfries and Galloway College and Secondary Schools that supports the development of pathways for young people within the senior phase.

Week beginning 5 October 2015 is Business Week (flyer enclosed). This is organised by Dumfries and Galloway Council and partners (including the College) and there are approximately 20 funded events at locations across the region focusing on topics relevant to the local business community. Business Week has been designed provide all local businesses with an opportunity to expand their knowledge and learn new ways of thinking.

A further meeting between SRUC and Dumfries and Galloway College will be held on 29 September to identify opportunities for collaboration in engineering and I may be able to provide a verbal update to the Board at our meeting on 6 October.

Our Vision 2020 strategy has now been launched and this, along with the Economic Impact of Scotland's Colleges Fact sheet is being sent to all our major stakeholders – in the region and beyond.

The College continues to develop articulation pathways with our partner universities and is in the process of agreeing degree articulation to UWS Social Care degree for our learners in Care.

Board of Management

2.2 Learner Activity Highlights

Academic session 2015-16 started in a celebratory mood with our Dumfries HN Graduation Ceremonies. These followed the very successful event held in Stranraer in June and the number of students attending was very high with 85 graduants at the morning ceremony and a further 70 in the afternoon. Bringing forward the date of the ceremonies also meant that more staff were able to attend as the majority of full time classes had yet to start. It was a wonderful day and the college received a number of very positive comments from guests, not just about the event itself, but also about the positive impact being at college had on their child/partner.

I am delighted to report that learners from our Princes Trust teams have been nominated in 3 categories for the Princes Trust Celebration Awards to be held in November.

These are: Young Achiever of the Year; Breakthrough, and Community Impact Award (Team award).

Princes Trust programmes are aimed at some of the most disadvantaged young people in our society and Dumfries and Galloway College has some of the best performance indicators in Scotland in terms of 100% retention for all programmes delivered in Dumfries and Stranraer. Participants describe them as 'life changing' and many go on to further courses at College and some into employment.

This year, for the first time, the College has appointed a full-time Student President on a sabbatical post. Elections were held amongst the students at the end of the Summer term and Julian Weir was subsequently elected. Julian will be working on the Student Association Development plan to ensure we have a strong, vibrant, and sustainable, Student Association.

2.3 Investment

As always, the Summer was an extremely busy time in respect of our Estates with a number of developments to enhance the learner experience. These included the creation of a new Child Play Room to support our Early Years Education programmes (which was a recommendation made by our Employer Advisory Group in this area), a new computer lab, and reconfiguration of Beauty salons in order to provide an enhanced learning environment which include the installation of nail bars and reception desks. These changes have enabled the curriculum teams to change their delivery methods to simulate commercial salons and students at different levels will work together and support each other in their learning. It is planned to refurbish the Hair salons next summer (2016). The car park has also been extended to create an additional 46 car parking spaces.

3 Recommendation

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

Carol Turnbull
Principal and Chief Executive Officer – September 2015

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 Events/Training

2.1 Leading Change

The National Union of Students (NUS) event was tailored for new student officers and discussed how to develop student associations in line with the partnership Framework, Plan of Work and Self Evaluation.

2.2 'That's Quality 2015' held 13th August 2015

The Student Partnerships in Quality Scotland (SPARQS) event discussed the Quality Framework, Quality processes, the importance of student engagement in Quality processes. The event was also supported by Education Scotland

2.4 Student Satisfaction and Engagement Survey (SSES) held 23 September 2015

The event discussed the results of the pilot survey which will lead to a National Survey to be introduced for all Scotland College's.

2.4 McMillan Cancer Coffee morning held 25 September 2015

Working in partnership with Student Records Team, Quality Team and Student Association the coffee morning raised £531.87. Everyone felt this was such a positive event and we may do something similar again during the session.

3 Freshers Weeks

Freshers' is held during the first week of the academic year. Its purpose is to help students get to know each other, make friends, find their way around the campus, provide useful information and highlight the work of the students' association. For the first time Freshers' was held over a two week period from Monday 31st August to Friday 11th September. Many organisations attended including NHS Sexual Health, Worldwide Volunteering, Stagecoach, Avon, Smoking Matters, Sally Hair and Beauty, British Heart Foundation, Friendz, Go Smart, Robert Burns Film Centre, Gracefield Arts Centre, Community Wardens, Police Scotland, Co-Wheels Car Club, LGBT, Dumfries Carers Centre, Morrisons and The Scottish Health Council, Alive Radio presenters.

The first week was mainly fun events which included a barbeque held at both campuses with live entertainment provided by a local band The Florentines and refreshments from The Candy Bar. Additional activities which took place were a rodeo bull, bouncy castle and gladiator jousting.

A number of organisations have been in touch with positive feedback and also to set a date for a return visit later in the session.

4 Student Association Elections

The positions of Vice President Dumfries and Vice President Stranraer were advertised to all students and campaigns took place at Stranraer and Dumfries campuses with a closing date of 22nd

Board of Management

September 2015. There were two candidates for each position and electronic voting took place via LearnNet. Craig McGill has been elected Vice President at Stranraer Campus and member of the Board. Robert Field will take up the Vice President post for Dumfries.

During Freshers details of the Student Association executive positions were also advertised, Equality and Diversity Officer, Sustainability Officer, Health and Wellbeing and Media Officer. All posts will be filled before the October break

5 Attendance at Meetings

- 5.1 The President has attended various meetings since the start of the session, including:
- Executive Team meetings
 - Board Induction with Regional Chair, Vice Chair and Secretary to the Board
 - Advisory Group with LGBT
 - Oversight and Direction group with Scottish Government, SFC, NUS, SPARQS and Education Scotland
 - NUS
 - SPARQS
 - Alive Radio

6 Moving forward

- 6.1 The development plan approved by Executive Team now going to October meeting of Learning and Teaching committee consideration.
- 6.2 Plan of Work to be further developed through training with NUS and in-house sources for training
- 6.3 Additional training and team building event to be implemented for new officers
- 6.4 Volunteering Award to be offered to student executives and class reps who work in partnership with SA.
- 6.5 Continue working in partnership with SPARQS and NUS to access training, campaigns and events
- 6.6 Finalise the promotional video for Student Association being produced by Purplebox Productions

7 Recommendation

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

Jules Weir
President
Students' Association

September 2015

Board of Management

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 2014-15 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 sixteen month period 1 August 2014 to 31 July 2015.
- 3.2 The membership of the Committee during the period was:

H Carr (Chair)
D Holland
S Burgess (January 2015)
K MacGillivray-Fallis (until August 2014)
S Martin
J Goldie (from April 2015)
P Kirby (from April 2015)

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

14 May 2014	3 members attended (60%)
19 August 2014	3 members attended (75%)
2 December 2014	3 members attended (60%)
24 February 2015	4 members attended (100%)
12 May 2015	4 members attended (80%)

There was an average attendance of 3 members.

- 3.4 The Regional Board was established in August 2014, and has been successful in recruiting some new members. Two Board members have been appointed to the Audit Committee during the period as noted above.
- 3.5 The calendar of meetings has been updated going forward in order to allow for the changes in the financial year-end for external and internal audit reporting.

Board of Management

4 Internal Audit

- 4.1 Baker Tilly Risk Management acted as internal auditors throughout the year.
- 4.2 Baker Tilly have provided their Annual Audit Report for 2014/15. Their report provides a positive Internal Audit Assurance Statement, an extract from which is noted below:

'Based on the work we have undertaken on Dumfries and Galloway College's systems of internal control we do not consider that within these areas there are any issues that need to be flagged as significant internal control issues'.

A copy of the full report is detailed in Baker Tilly's Annual Internal Audit Report - Year ended 31st July 2015.

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

Assignment	Opinion Issued	Actions agreed		
		H	M	L
Cashflow Forecasts	Reasonable Assurance	0	2	1
Student Activity Data	Substantial Assurance	0	0	0
Student Support Funds	Substantial Assurance	0	1	0
Partnerships/ Collaborative Arrangements	Substantial Assurance	0	1	0
Value for Money - Institutional Sustainability	Advisory	1	2	0
Follow Up	Reasonable Progress	0	0	0
Total (2014/15)		1	6	1
Total (2013/14)		0	16	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.

6 of the recommendations made during the year were categorised as Medium Priority, with 1 categorised as Low Priority.

1 High Priority Recommendation was made during the year which has now been implemented.

- 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

Board of Management

accepted where it is considered that the benefits of implementation are outweighed by the costs.

- 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 2015 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 31st July 2015 will be undertaken during October 2015, and Grant Thornton are expected to issue their external audit report in November.

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 Institutional Sustainability was undertaken during 2014-15.

Board of Management

- 7.2 The review of Institutional Sustainability focused on the College's return to the Scottish Funding Council in relation to how it achieves Value for Money and ensures continued viability of the organisation, and benchmarking practices against the sector. The audit was an advisory review and resulted in 1 High and 3 Medium Risk recommendations being raised. The recommendations focused on the operational practices of the College and no specific concerns were raised in terms of the process of collecting information.

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 Opinion

- 9.1 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.

In accordance with the Code of Good Governance for Scotland's Colleges the Audit Committee met privately with internal and external auditors without the executive team being present on Tuesday 22th September. There was a brief discussion between Committee members and the internal and external auditors; no issues required any action were identified.

10 Recommendation

It is recommended that the Board note the work of the committee for the period August 2014 to 31 July 2015.

Hugh Carr
Chair of Audit Committee
September 2015

Board of Management

Minute of the Meeting of the Audit Committee of the Board of Management of Dumfries and Galloway College held on 12 May 2015 at 2.00 pm in Room 2009

Present: Hugh Carr (Chair)
Delia Holland
Pat Kirby
Stuart Martin

In attendance Carol Turnbull, Principal
Jannette Brown, Secretary to Board and Vice Principal (Corporate Services & Governance)
Karen Hunter, Finance Manager
Lindsay-Anne Straughton, Baker Tilly
Angela Pieri, Grant Thornton
Susan Sutherland, Executive Team Assistant

1 Apologies

Apologies were intimated on behalf of Janice Goldie.

2 Declaration of Interest

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

3 Minute of Previous Meeting

The Minute of the Audit Committee held on 24 February 2015 was approved.

4 Matters Arising

4.1 *Item 7 Transfer to Arms Length Foundation*

The Vice Principal, Corporate Services and Governance reported that the actual sum transferred to the Scottish Colleges Foundation prior to 31 March 2015 was £525,500.

5 Internal Audit Reports

Lindsay-Anne Straughton on behalf of Baker Tilly spoke to the Internal Audit Reports which had been circulated:

5.1 *Internal Audit Progress Report*

The report gave an update of progress against the 2015/16 Internal Audit Plan to date, and the Committee were pleased to note that all opinions were completed with no or few recommendations for action, with the exception of Payroll which had been delayed from January 2015 to May 2015 at the request of Management as a new Payroll system was in place.

5.2 *Internal Audit Strategy 2015/16 – 2016/17*

Ms Straughton spoke to the report which was tabled. The report was based on analysis of the College's corporate objectives, risk profile and assurance framework as well as other factors affecting the College in the year ahead, including changes in the sector. Appendix A to the report listed the audit area of focus and scope, and proposed timing.

Following discussion, the Audit Committee agreed that the proposed areas selected for coverage were appropriate and provided sufficient assurances to monitor the College's risk profile effectively.

6 External Audit

Angela Pieri, on behalf of Grant Thornton, spoke to the External Audit Plan for the 16 month period ending 31 July 2015.

In planning the audit Grant Thornton considered the key financial and governance challenges and opportunities the College is facing. In summary they are: the financial year end change; PPE additional and valuations; continuing financial pressures; Arms-Length Foundation Trust, revised Financial Memorandum; revised Statement of Recommended Practice and the Code of Good Governance for Scotland's Colleges.

Members noted the report and planned audit, to commence in October 2015.

6.1 Informing the audit risk assessment

The report covered areas of audit risk assessment where the External Auditors are required to make inquiries of management and the Audit Committee under auditing standards.

The report provided a list of questions related to the key areas of fraud; laws and regulations; and financial reporting and going concern management, and management responses to these questions.

The Committee noted the report and that no issues had been identified.

6.2 External Audit Plan

The Plan covered the sixteen months ended 31 July 2015.

Following discussion the Committee noted the work completed to date, and further work planned.

7 Strategic Risk Register

The Vice Principal, Corporate Services and Governance spoke to the Register which had been issued.

The Executive Team was proposing two low risk additions to the Register at 14, failure to achievement attainment targets, and 15, failure to achieve an 'effective' outcome following Education Scotland Review in February 2016.

Members noted and agreed the additions.

8 Any Other Business

None

9 Date and Time of Next meeting

To be confirmed, once the Calendar of Board and Committee meetings for 2015-16 has been agreed by the full Board.

Board of Management

Minute of the Meeting of the Finance and General Purposes Committee of the Board of Management of Dumfries and Galloway College, held on Tuesday 9 December 2014 at 2.00 pm in Room 2009, Dumfries campus

Present: J Henderson (Chair)
K Henry
P Kirby

In attendance: J Brown, Vice Principal and Secretary to the Board
K Hunter, Finance Manager
S Sutherland, Executive Team Assistant

1 Apologies for Absence

Apologies were intimated on behalf of K McGahan and C Turnbull.

2 Declaration of Interest

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

3 Minute of Previous Meeting

The Minute of the Finance and General Purposes Committee held on 26 August 2014 was approved.

4 Matters Arising

4.1 Item 4.1 Retention Monies

The Vice Principal reported that Millers had accepted that there would be no retention monies repaid but that there was still ongoing discussion regarding the definition of latent defects. However, the College was confident that the situation would be resolved in the near future.

The Committee noted the position.

4.2 Item 9 Self Insurance

The Vice Principal reported that the Government had granted a three year derogation from the Scottish Public Finance Manual for colleges, in respect of the continued use of commercial insurance.

5 Financial Report for the Quarter ended 30 September 2014

The Finance Manager spoke to the report which had been issued.

Members noted that SFC had recently advised that HM Treasury had offered colleges a derogation to change their accounting year end back from 31 March to 31 July, subject to colleges meeting Treasury budgeting and reporting requirements. This would mean colleges working to two reporting periods, ie one to SFC at 31 March and the year end period to 31 July. College systems and procedures had been revised in order to ensure that the information required to forecast accurately was available and that reporting mechanisms were in place to highlight any variances for reporting and action by the Executive Team.

The Committee viewed the summary of results for the quarter ended 30 September 2014. The Finance Manager explained the forecast deficit was due to changes in technical reporting and timing when compared to last year.

The Committee expressed their concern at the additional workload for the Finance Team. The Vice Principal explained extra staff had been recruited to the team which has addressed the additional workload. The Vice Principal also reminded the committee that the Finance Manager is now line managed by her providing the Finance Manager with additional support and guidance.

6 Aged Debt Report as at 30 September 2014.

The Finance Manager spoke to the report which had been issued.

The Committee noted that the total level of debt had increased since the last report at June 2014, which was mainly due to one large client invoice and several invoices to self-funding students who were paying by regular instalments. Bursary debts had decreased since the previous report.

Members noted the report and approved the proposed write-offs.

7 Technical Accounting Changes

Members noted the content of the report which had been issued advising of the technical changes to budget reporting arising from the ONS changes and the requirement to comply with Scottish Government budgeting and accounting requirements.

8 Student Funding Update

The Finance Manager spoke to the report which had been issued on the current position for the Student Support Budget for 2014/15 and change in demand for support from previous years.

The number of applications received for 2014/15 indicated that bursary numbers remain high, with a corresponding high demand for childcare support. Further requests for discretionary funding were expected to be received during the remainder of the academic year. Projections based on applications indicated that additional funds of £140,000 would be required in order to meet the demand for student support and this had been requested through the SFC in-year redistribution process. The outcome of the request had not been received.

Members noted the report.

9 Any Other Business

9.1 Financial Memorandum 2015/16

The Vice Principal advised that the Financial Memorandum had just been received and once the content had been digested, any changes would be reported to the Board and any other relevant committees.

10 Date and Time of Next Meeting

The next meeting of the Committee would take place on 3 March 2015.

Board of Management

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. Background

- 2.1 The Strategic Risk Register was considered by the Audit Committee at its meeting on 22 September 2015. One of the duties of the Audit Committee is to review the Risk Management Policy and the effectiveness of risk management systems including the College's risk register.

The attached risk register has been reviewed and updated by the Executive Team to reflect the risks the College is facing and the mitigation that will be applied to each risk. 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 ratings remains above 12. For completeness the attached register shows all current risks.

3. Recommendation

- 3.1 The Audit Committee is recommending that the Board of Management consider and, approve the Strategic Risk Register.

Risk No.	Strategic Outcome	Risk Description	Inherent Risk			Controls in Place	Assurances	Internal/ External	Residual risk			Further Action	Risk Owner
			Likelihood	Impact	Total				Likelihood	Impact	Total		
1	SO 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. 2. National negotiation processes in place with recognised unions. 3. Government public sector pay guidance for 2015-16 is for maximum 1%.	1. F&GP meetings/minutes 2. Feedback to ET and the Board 3. Included in budget which is monitored and reported through F&GP	Internal	4	4	16		ET
2	SO 1,2,3,4,5 & 6	Public sector funding cuts - forecast for session 2016-17	4	4	16	1. Scenario planning undertaken and measures to offset reduction identified which is then used to inform curriculum planning. 2. Annual review of provision undertaken through planning and budgetary process to ensure match of income and expenditure.	1. Curriculum plans approved by ET and L&T 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.	ET
3	SO 1 & 6	Failure to achieve attainment targets	4	4	16	1. Real time monitoring systems in place 2. Strategies in place to improve retention. 2. Strategies in place to improve student success 3. Poorly performing programmes removed from the curriculum.	1. Monitored at course level and review by Vice Principal (Learning and Skills) 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 will be a condition of grant. Low attainment can be detrimental to college reputation	ET
4	SO 1,2,3,4,5 & 6	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. 2. Continuous review of curriculum and delivery by ET to ensure that adverse impact minimised.	1. Feedback to ET and Board meetings 2. Reports to L&T Committee	Internal	2	2	4	Implementation of 'needs led' funding approach in 15/16. Internal audit review planning for 15/16. ELS audit requirements in 2016/17	CAT/ JB
5	SO1	Governance issues: Reclassification and funding changes reduce the flexibility of the College to manage financial and estates issues.	4	4	16	1. Senior Management and Finance Manager representation at relevant briefings and ongoing monitoring of changes 2. External audit advice	1. Feedback to ET and Board	Internal/ External	2	2	4	SFC Guidance on Depreciation and Deficits External audit will review any changes to accounting treatments Seeking support from Scottish College Foundation to support College's continuing development	ET
6	SO 1	Failure to achieve an 'effective' outcome following Education Scotland Review	4	4	16	1. Real time monitoring systems. 2. Quality learning, learner engagement and quality culture monitored through annual self evaluation	1. Monitored through self evaluation process 2. Education Scotland Annual Engagement Visit 3. Monitored through external audits and external moderation visits 4. Regularly reviewed by executive team, L&T and the Board.	Internal/ External	1	3	3	A less than favourable review will be detrimental to the college reputation. Moving forward achieving attainment targets agreed with the SFC in the Regional Outcome will be a condition of grant. Low attainment can be detrimental to college reputation	ET
7	SO 1 & 2	Unable to achieve credit (activity) target	3	4	12	1. Real time monitoring system. 2. Contingency plans in place to offer additional provision as required. 3. Annual review of staffing and provision to rebalance areas of growth with areas of decline. 4. Annual review carried out by internal audit	1. Reviewed by ET on a weekly basis 2. Reviewed by ET on a weekly basis 3. Review carried out by HR and presented to ET for consideration/approval. 4. Internal audit report presented to audit committee	Internal / External	2	4	8	No further action.	JB
8	SO 1,2,3,4,5 & 6	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 recs)	1. Reviewed by ET and report to Board 2. Internal audit review carried out in 11/12	Internal / External	2	2	4	Implementation of audit recs	ET
9	SO 2	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. 2. Allocation and amounts reviewed on an annual basis to ensure funding constrained within amount available. 3. Annual review carried out by internal audit	1. ET meetings/minutes 2. ET meetings/minutes 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. For session 2015-2016 SFC advised depreciation funds to be used for student funding shortfall	JB
10	SO 1, 2, 3 & 4	Loss of collaborative partnership arrangements	2	3	6	1. Policy of limiting dependence on any one partnership. 2. Regular reporting of partnership issues at ET. 3. Constant scanning to identify new potential partnerships.	1. Currently not specifically reviewed 2. ET meetings/minutes 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. Internal audit review planned for 15/16	ET

Board of Management

Anti-Fraud and Corruption Policy

1. Introduction

- 1.1 The purpose of this paper is to provide the Board of Management with the opportunity to review the College's Anti-Fraud and Corruption Policy.

2. Background

- 2.1 The Anti-Fraud and Corruption Policy was reviewed by the Audit Committee at its meeting on 22 September 2015. One of the duties of the Audit Committee is to ensure the College has an Anti-Fraud and Corruption Policy in place and to periodically review it.

The Audit Committee recommended the policy be strengthened by including offences covered by the Bribery Act 2010. Paragraph 3.2 of the attached policy reflects this recommendation.

3. Recommendation

- 3.1 The Audit Committee is recommending that the Board of Management consider and, approve the Anti-Fraud and Corruption Policy.

Board of Management

Anti-Fraud and Corruption Policy

1.0 Introduction

- 1.1 One of the essential functions of public sector organisations is to ensure the proper use of public funds. This policy sets out the College's position in the prevention of and response to fraud and corruption.
- 1.2 In developing this policy, the College has taken account of existing external guidance and legislation, including the UK Corporate Governance Code 2010 and Bribery Act 2010.
- 1.3 The College will treat any instances of fraud or corruption by its employees, board members, or contractors as serious breaches of discipline and as potentially criminal acts. Bribery of or by any College employee, board member or contractor for either personal or organisational gain will be similarly treated.

The College will co-operate fully with any criminal investigations carried out in response to instances of fraud, corruption or bribery.

2.0 Scope

- 2.1 The policy applies to all activities undertaken on behalf of the College by members of staff, members of the Board of Management and its subsidiaries.

3.0 Key Principles

- 3.1 The results of fraud and/or corruption can be costly, time- consuming, disruptive and unpleasant. The College, therefore, sees that the overriding principle to be applied is that of prevention. Where this fails, however, then reporting, investigation and, where necessary, sanctions, will be pursued rigorously and swiftly.
- 3.2 The College adheres to the Bribery Act 2010 which covers, amongst other things, the offences of bribing another person, of allowing to be bribed and organisational responsibility. Such offences include:
 - The offer, promise, or giving of financial or other advantage to another person in return for the person improperly performing a relevant function or activity.
 - Requesting, agreeing to receive or accepting a financial or other advantage intending that, in consequence a relevant function or activity should be performed improperly.
- 3.3 Preventative measures are identified under five broad headings: -
 - 3.3.1 Policies and Procedures
The College shall develop, implement and maintain such policies and procedures so as to reduce, as far as possible, the risks from fraud or corruption. These will include: -

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- Risk Management
- Financial Regulations
- Procurement
- Scottish Public Finance Manual
- Scheme of Delegation
- Financial Memorandum

3.3.2 Systems

The College will maintain in place systems which incorporate internal controls, including adequate segregation of duties to ensure that, as far as possible, fraud and corruption can be prevented.

3.3.3 Internal Audit

The College will ensure that it agrees a programme of internal audit assignments to support the systems and procedures already in place and to assist in the reduction of the likelihood of fraud.

3.3.4 Culture

The College will maintain a culture of openness, honesty and accountability. This will be supported by the Whistleblowing Policy.

3.3.5 Staff Recruitment, Induction and Training

The College will ensure references are taken up for all permanent and temporary staff. As part of induction, staff will be made aware of all policies and procedures pertinent to their post, including those concerning governance.

3.4 The principles to be observed for the reporting and investigation of fraud and corruption are as follows: -

3.4.1 Concerns should be reported in accordance with the College's Whistleblowing Policy. A detailed investigation of any concerns will be undertaken.

3.4.2 The College will deal with any instances of fraud or corruption swiftly, taking disciplinary action as necessary and informing the police if appropriate.

3.4.3 In the event that fraud is suspected on the part of contractors, agency workers or by staff involved in agency or contract work on behalf of other bodies, procedures and responsibilities for reporting and investigation are the same as for staff. The College will also inform and involve employing contractors or agencies when appropriate.

4.0 Responsibilities

4.1 The Board of Management is responsible for ensuring the effectiveness of internal control of the College, based on information provided by the Executive Management Team.

4.2 The Audit Committee is responsible for agreeing this policy and monitoring its implementation and effectiveness.

4.3 The Executive Management Team is responsible for developing appropriate

Board of Management

systems of internal control to reduce the likelihood and impact of fraud or corruption.

- 4.4 The Vice Principal (Corporate Services & Governance) is responsible for the implementation of this Policy.
- 4.5 Operational managers are responsible for the application of internal controls to mitigate risks within their specified areas of responsibility.
- 4.6 All staff members are responsible for adhering to the systems of internal control which are relevant to their role.

5.0 Review

- 5.1 This policy will be reviewed every 3 years or whenever Corporate Governance changes affect any part of it.

Board of Management

Whistleblowing Policy

1. Introduction

- 1.1 The purpose of this paper is to provide members with the opportunity to review the College's Whistleblowing Policy.

2. Background

- 2.1 The Whistleblowing Policy was reviewed by the Audit Committee at its meeting on 22 September 2015. One of the duties of the Audit Committee is to ensure the College has a Whistleblowing Policy in place and to periodically review it.

The Audit Committee recommended the Policy includes a specific reference to the process for students who may wish to raise concerns. This has now been included in the policy statement.

3. Recommendation

- 3.1 The Audit Committee is recommending that the Board of Management consider and, approve the Whistleblowing Policy.

Board of Management

WHISTLEBLOWING POLICY AND PROCEDURE

1 The Policy

Dumfries and Galloway College is committed to providing the means by which an individual may raise serious concerns which he/she may have about malpractice or corruption in the workplace. Members of staff are assured that genuine concerns which are raised will be investigated. This policy outlines the means by which staff, consultants, contractors, volunteers, casual workers and agency workers may raise concerns without fear of reprisal or victimisation. Students who may wish to raise concerns should do so following the College's complaints procedure.

All matters raised under this Policy will in the first instance will be treated in the strictest of confidence.

2. Definition of Malpractice or Corruption

This policy is not intended to provide a means for staff to express any dissatisfaction with their personal circumstances. Such matters should be raised under the College's Grievance Procedure.

This policy is intended to provide a way by which potential malpractice, corruption or extremism related activities may be reported in confidence, and without fear of reprisal.

The College regards malpractice, corruption and extremist activities to include (but not limited to):

- a) criminal activity;
- b) failure to comply with any legal obligation or regulatory requirement;
- c) miscarriages of justice;
- d) danger to health and safety;
- e) damage to the environment;
- f) bribery;
- g) financial fraud or mismanagement;
- h) negligence;
- i) unauthorised disclosure of confidential information;
- j) vocal or active opposition to fundamental British values, including democracy, the rule of law, individual liberties and mutual respect and tolerance of different faiths and beliefs
- k) the deliberate concealment of any of the above matters.

Board of Management

3 The Procedure

It is the purpose of this Procedure that an employee can make protected disclosures knowing that management will investigate these disclosures and they will be protected from reprisal or victimisation. This procedure should not be used as a mechanism for employees to raise private grievances.

- 3.1 Concerns should be raised in the first instance with the Vice Principal (Corporate Services and Governance) or another member of the executive team if the concern is about the Vice Principal (Corporate Services and Governance).
- 3.2 The Principal will be advised or if the concern is about the Principal, the Chair of the Board of Management, that an investigation is taking place.
- 3.3 An internal investigation will take place in the first instance and be expeditiously handled. However, depending on the nature of the complaint internal or external audit may be the appropriate body to conduct an investigation.
- 3.4 If there is evidence of criminal or extremist activity then the police will be informed.
- 3.5 The complainant will be informed at least weekly of the progress of the investigation until conclusions are reached.
- 3.6 An employee who is not satisfied that their concern is being properly dealt with by the Vice Principal (Corporate Services and Governance) has the right to raise it with the Principal.
- 3.7 The complainant will be informed of any conclusions within 5 days of determination

4 Confidentiality

- 4.1 Any staff who raises a concern will have the right to have the matter treated confidentially. However, it should be noted that in some circumstances it will not be possible to pursue an accusation without revealing the name of the whistleblower to the accused.
- 4.2 The confidentiality of the person[s] under investigation will also be respected and any investigation will be conducted with discretion

5 False Accusation

- 5.1 Abuse of this policy by staff making false or malicious allegations or with a view to personal gain will be regarded as a serious offence and subject to disciplinary action (up to and including dismissal).

Board of Management

- 5.2 It will be a disciplinary offence to victimise or discriminate a member of staff who has raised a genuine concern under this policy.

6 External Disclosures

The Procedure provides an internal mechanism for reporting, investigating and remedying any wrongdoing in the workplace. In most cases individuals should not find it necessary to alert anyone externally.

However, the law recognises that in some circumstances it may be appropriate for staff to report their concerns to an external body. The College strongly encourages staff to seek advice before reporting a concern to anyone external. The independent whistleblowing charity, Public Concern at Work, operates a confidential helpline. If staff wish to speak to someone outside the College, regarding whistleblowing, the charity can be contacted on 020 7404 6609 or by email www.pcaw.co.uk

7 Review

This policy will be reviewed every 3 years or whenever Corporate Governance or legislation changes affect any part of it.

Board of Management

Stakeholder Theme – The Developing Young Workforce and Employer Engagement

1 Purpose

The purpose of this paper is to provide the Board with an update on the College's current position in respect of Scotland's Youth Employment Strategy and to discuss the challenges and opportunities moving forward.

2 Background

Scotland's Youth Employment Strategy was published in December 2014 and is a 7 year national programme to develop the young workforce in response to the recommendations of the Commission for Developing Scotland's Young Workforce. The Scottish Government reported that the recommendations had informed the strategy's aims to enable young people of all backgrounds to success in a stronger, fairer and more equitable society.

The plan presents how Curriculum for Excellence, a regionalised college system, a significantly expanded Modern Apprenticeship programme and purposeful employer engagement will be brought together to drive the 'creation of a world class vocational education offer to sit proudly alongside our world renowned higher education system'. The strategy focuses on forging closer links between schools, colleges and employers.

Key measures which will be put into place over the next seven years include:

- Increased uptake of work-related learning and qualifications in the senior phase of school.
- Earlier careers guidance available from 2015/16.
- New standards for work experience by 2015/16.
- New "pre-apprenticeship" pilot to help those furthest from the labour market by 2015/16.
- All secondary schools to have active partnerships with employers by 2018/19.

2.2 Role of Colleges

The section in the Strategy that specifically relates to Colleges is attached (Appendix A).

The full report can be found at: <http://www.gov.scot/Publications/2014/12/7750>

3 Progress against Milestones

3.1 Table 1 - Senior Phase Vocational Pathways shows the range of senior phase vocational pathways that will be delivered by the college to schools across the region in 2015-16. Some of these are delivered in the College, others in the schools. We will continue to work with the schools to identify other opportunities and our aim for 2016-17 is to have pathways agreed with all schools across the region.

The College was invited to be part of the 'Early Adopter' initiative which involved developing and piloting online HNC's with the 4 borough schools. Although pilot numbers were small (5) the HNC Electrical Engineering proved to be very successful with all participants achieving the qualification and all gained a place at their chosen University. The programme currently has 7 pupils enrolled and we are discussing a HNC in Computing in 2016-17 with a number of schools.

As mentioned in the Principal's Report, we are currently in discussions with employers, schools and college teams regarding a potential pilot Foundation Apprenticeship in Engineering. There is potential to extend this to include Hospitality and/or Professional Cookery once the pilot period has ended.

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3.2 Appendix B – Employer Engagement Activities provides an outline of the variety of measures used to engage with employers.

4 Summary

Overall the College, along with its partners, is making good progress in achieving the milestones identified in the strategy. As a single college region working within one local authority there is a desire and commitment from Community Planning partners to maximise the opportunities for our young people. This is reflected in Dumfries and Galloway Single Outcome Agreement, Employability Partnership Action Plan, College Regional Outcome Agreement and partnership working with the schools. There are a number of challenges, some of which are largely operational (eg joint timetabling) but there is also a need to develop and strengthen a Regional DYW Strategy clearly setting out the aims and ambitions over the 7 year period. To date, Colleges have not received additional funding to support the costs of delivering DYW – but is working through the Employability Partnership, which is the Regional strategic steering group for delivery of DYW outcomes – to address this where possible. Funding will continue to be the main challenge. Access to College can be a barrier for some school pupils and there is a need for all partners to work together to overcome these barriers and to ensure that duplication of provision (and facilities) is avoided.

Whilst we continue to strengthen our engagement with employers we need to ensure that the ‘cluster’ arrangement being proposed through the ‘Invest in Youth Dumfries and Galloway’ bid and Employability Partnership, and the increased focus of work experience for pupils in schools does not place too heavy a burden on our businesses. There is a danger that ‘too many people’ will be approaching individual businesses with the same requests. A co-ordinated approach will be required.

5 Action:

The Board is invited to consider and discuss the challenges and opportunities outlined above.

Carol Turnbull
Principal and Chief Executive Officer
October 2015

Board of Management**Appendix A****Extract from Developing the Young Workforce
Scotland's Youth Employment Strategy****Section 2: Colleges A Valued and Valuable Choice**

There is no doubt the establishment of the larger colleges on a regional basis and some good progressive leadership at Chair and Principal level are having a positive impact on the resources, innovation and enterprise that colleges will be able to apply in a range of ways to play their full role in developing Scotland's young workforce. Education Working for All!

Context

The Commission's report highlights the changes in the college sector over the last three years resulting in regionally based colleges of significant scale and influence. With the structural and governance reform of the sector complete, colleges are delivering a broad range of subjects and qualifications to meet local labour market demand as set out in their outcome agreements.

Recent years have seen government re-focusing college spend on full time courses designed to get people jobs – the type of provision the Commission for Developing Scotland's Young Workforce has made very clear that young people and our economy need. Coupled with funding set to exceed £1.5bn over the 3 years from 2013/14, the sector is exceptionally well placed to play what must be a pivotal role in developing Scotland's young workforce.

Our objective is a world-class system of vocational education, in which colleges work with schools and employers to deliver learning that is directly relevant to getting a job, as a mainstream option for all pupils in the senior phase of secondary school. In doing so, we want to address gender imbalance in learning, and contribute to a significant reduction in youth unemployment by ensuring that what is on offer is relevant to labour market needs and addresses the needs of science, technology, engineering and mathematics (STEM).

Based on labour market intelligence and aligned with regional planning mechanisms, college outcome agreements set out how colleges will shape their curriculum and delivery arrangements, to address these priorities in the context of the regions they serve. Early adopter activity in seven college regions is exploring how more young people can have the opportunity to undertake college studies while still at school.

The key challenges for colleges lie in developing more productive partnerships with local authorities, schools and with employers, and to understand how these improve learner experiences and outcomes.

The Scottish Funding Council's role is to work with colleges and other partners at regional and national levels to plan and implement the changes required to meet the ambitions set out in the Commission's report.

Involving people

Young people, parents, carers, teachers and practitioners, and employers are at the heart of this effort; success will depend on ensuring that they are central to what is offered, and to how it is delivered and promoted.

It is also crucial that colleges continue to build on the very significant progress that has been made to ensure education is tailored to the skills employers want and the skills young people need to get good jobs. That will require close engagement and strengthened partnerships with industry and employer groups. Key to that effort will be promoting the benefits to employers of working closely with colleges.

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To ensure that young people can access the opportunities that are right for them, it is essential that they have a clear and accurate understanding of the value of a vocational education at college and the opportunities this can deliver. Key partners such as schools, colleges, local authorities and Skills Development Scotland all have a responsibility to engage with young people, and those who influence them, to ensure they have the right information to make informed choices.

What will be different by 2021? As this plan's introduction sets out, developing the young workforce in Scotland requires a long term effort across many parts of the education system and among employers. From a college perspective, over the seven years of this young workforce programme, young people, their parents, teachers and practitioners, those working in colleges, training providers and employers will be able to see the following headline changes:

In year one, thinking on senior phase vocational pathways, is being developed through school-college partnerships in seven early adopter college regions. These will explore and develop opportunities for young people to develop skills for work as part of a structured programme within their school curriculum, providing routes into further learning, training or work.

In year two, building on evaluation of the early adopter activity, we will see delivery of new vocational pathways, extended in range and scale. As part of their development, college outcome agreements, informed by Skills Investment Plans (SIPs) and Regional Skills Assessments (RSAs), will fully reflect the young workforce agenda in agreements for academic year 2015-16.

In year three, we will continue to develop and expand the offer to senior phase pupils. We will know more about the destinations of full time college leavers. College outcome agreements, informed by Skills Investment Plans and Regional Skills Assessments, will continue to improve, supported by enhanced partnerships with employers, local authorities and other regional planning partners.

In year four, colleges, secondary schools and local authorities will be working more effectively in partnership to deliver vocational pathways to a wider range of senior phase pupils, with all colleges offering vocational options to the majority of secondary schools in their region. Parents, teachers and practitioners, and young people will be able to understand how colleges help learners to progress into work and higher education. Most young people will be informed about the new programmes available and the potential jobs and careers to which they lead.

In years five and six, colleges will be working in greatly improved partnership with all secondary schools and employers, with vocational course options available across all schools. Parents and young people will be fully informed with young people choosing the new, more relevant vocational programmes.

In year seven, the system is tested and its impact established, with more young people completing vocational qualifications, and progressing more efficiently to higher levels of study and employment.

Key themes and milestones for colleges

Achieving our ambitions for the young workforce requires a focus on the following themes in relation to colleges:

Young people able to access more vocational options during the senior phase of secondary school, which deliver routes into good jobs and careers, developed through effective partnership between schools, colleges, local authorities and other partners Improving opportunities and experiences for all learners, with a focus on reducing gender imbalance on course take-up Provision aligned with economic needs and regional planning, with a focus on STEM where appropriate Supporting college leaders and staff to develop the skills required to

Board of Management

meet the Commission's ambitions for the sector Further developing college outcome agreements to underpin improvements and measure progress.

The milestones set out below detail what this will involve over the lifetime of the programme.

During 2014-15, we will see or are already seeing: Early adopter activity for senior phase pupils established in seven college regions; Key performance measures agreed with college sector; College outcome agreements for academic year 2015-16 developed with involvement from local authorities; A re-prioritised Service Level Agreement between Scottish Funding Council and Education Scotland, and Scottish Funding Council and College Development Network making clear how their work will support the Commission's objectives; A joint plan from Scottish Funding Council and Skills Development Scotland to support the use of Skills Investment Plans and Regional Skills Assessments to inform college outcome agreements and the allocation of Modern Apprenticeships.

During 2015-16, we will see: Publication by Scottish Funding Council of an analysis of the commitments made by colleges in their 2015-16 outcome agreements – including plans to develop senior phase vocational pathways in all regions; A plan from Scottish Funding Council to enhance college engagement in Community Planning Partnerships; Young people benefitting from better work-related learning experiences; Scottish Funding Council publishing a plan to reduce gender imbalance on courses in joint action with Skills Development Scotland and other partners; College outcome agreements signed off for academic year 2016-17, with implementation plans agreed with local authorities; Scottish Funding Council develops a strategy to promote the value to employers of engaging with colleges; Early adopter activity evaluated and lessons inform the development of college outcome agreement guidance; Capacity building to support enhanced employer engagement in the college sector; Regional curriculum planning established informed by Skills Investment Plans and Regional Skills Assessments.

During 2016-17, we will see: College outcome agreements for academic year 2017-18 demonstrate more opportunities for young people, building on the development of senior phase vocational pathways; Scottish Funding Council implementing their plan to reduce gender imbalance on courses which they will report on annually; STEM prioritised within college curriculum planning, where appropriate; A new standard for work experience in place for colleges; Scottish Funding Council report on college leaver destinations for 2014-15 leavers; Colleges outcome agreements will reflect active and effective engagement with employers and in the community planning process, regional curriculum planning established, informed by Skills Investment Plans and Regional Skills Assessments.

During 2017-18, we will see: All colleges offering vocational options to the majority of secondary schools in their region; College outcome agreements for academic year 2018-19 signed off, showing evidence of well-developed partnerships with secondary schools, local authorities and employers; Publication of improved college quality and performance information.

During 2018-19, we will see: College outcome agreements for academic year 2019-20 signed off, showing evidence of well-developed partnerships with secondary schools, local authorities and employers; Vocational course options available across all schools.

During 2019-2020, we will see: College outcome agreements for academic year 2020-21 reflect a regional curriculum, with vocational options widely available, informed by secondary schools, local authorities and employers.

During 2020-2021, we will see: College outcome agreements for academic year 2021-22 reflect a regional curriculum, with vocational options widely available, informed by secondary schools, local authorities and employers.

Education Working for All! Recommendations: This activity delivers recommendations 4, 5, 6, 12, 17, 29, 34.

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- Measures KPI 1 - Be one of the top five performing countries in the EU for youth unemployment by reducing the relative ratio of youth unemployment to 25-64 unemployment to the level of the fifth best country in the EU by 2021.
- KPI 2 - Be one of the top five performing countries in the EU for youth unemployment by reducing the youth unemployment rate to match the fifth best country in the EU by 2021.
- KPI 4 - Increase the percentage of young college students moving into employment or higher level study by 2021.
- KPI 6 - Increase the percentage of employers recruiting young people directly from education to 35 per cent by 2018.
- KPI 8 - Increase by 5 percentage points the minority gender share in each of the 10 largest and most imbalanced subject areas by 2021.

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Appendix B

Employer Engagement Activities

Dumfries and Galloway College plays a crucial role in delivering and enhancing learner skills and knowledge to support the economic development of the region and Scotland. The college is fully committed to ensuring the learner has the best opportunity to enter the workforce with the necessary skills and knowledge, or to progress on to further or higher education in their chosen field.

Engaging with, listening to and working collaboratively with local employers is key to this success and we actively encourage employers to participate in curriculum design, guest talks, industrial/business visits and placements in order to ensure our curriculum is fit for purpose and our learners develop appropriate employability skills that enable them to gain access to, and progress in, employment.

The College will continue to strengthen employer engagement by:

- Building relationships and increasing knowledge exchange with key industry partners to introduce new areas of curriculum relative to the needs of the local economy.
- Establishing close working relationships with industry sectors through Employer Advisory Boards for workforce development and training and to work in partnership with them to identify workplace training opportunities, including Modern Apprenticeships, work placements and internships.
- Committing to meet learner needs by providing adequate learning opportunities, skills and qualifications, to ensure that more young people in Dumfries and Galloway are in employment, education or training.
- Offering a broad curriculum which meets the needs of the large number of SME's and micro businesses in the area operating across a broad range of industries by identifying skills needs, training and employment opportunities.

The College currently engages with employers through a variety of measures:

Complete Training Solutions (CTS) is the business development unit of the College established to provide vocational qualifications, business support services, professional and customised training and development solutions for businesses and individuals. The CTS Customer Relationships Management System currently holds information on 3841 businesses.

Activities include:

- Advice
- Training Needs Analysis (a free service)
- Training/development
- Sharing of resources
- Working in partnership on joint initiatives or projects

Modern Apprentices

CTS bids for annual contracts from Skills Development Scotland to deliver a number of Modern Apprentices and we are also commissioned by various industry bodies to deliver training to Modern Apprentices employed in the Construction, Plumbing, Electrical sectors. There are currently approximately 138 employers who train their apprentices through the College in areas such as Engineering, Construction, Plumbing, Electrical, Motor Vehicle,

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Hospitality, Hairdressing, Facility Services, Youth Work, Customer Service, Business, Childcare and Power Distribution.

Employability Programmes

In collaboration with Skills Development Scotland, this programme helps young people prepare for the workplace. The annual contract sees 95 new starts per annum. These programmes incorporate a quality work experience placement as well as classroom based learning. Placements are sought from approximately 60 employers in sectors such as Hospitality, Childcare, Care, Motor Vehicle and Retail.

Sector Based Work Academies are short employability programmes for specific businesses to recruit staff. These include a placement and guaranteed interview at the end of the course. Recent examples are: Birchtree Hotel, Dalbeattie, Next Retail Store, Gretna, and Lochards Farm, Dumfries.

Workforce Development

CTS work closely with local and national businesses to deliver Vocational Qualifications (VQ's). These are practical learning programmes that relate directly to specific job roles or industry sectors. Successful partnerships have been formed with Dumfries and Galloway Council, STENA, Care Vision and many other (approximately 100) employers to deliver VQs to their employees. Faculty teams deliver a range of customised and bespoke training to a range of business (examples provided below under each Faculty).

Work-based Placements

Many courses incorporate a work-based placement as part of the learner curriculum. The College is currently working with approximately 120 employers across the region (some of which take a considerable number of learners) from a range of sectors including childcare, health and social services, business, construction, motor vehicle, engineering, sport and fitness, and hairdressing and beauty.

Faculty Activities

Partnership is core to College activity and a range of Skills sector partnerships have developed across all faculties. Examples include:

Education Health and Social Studies Faculty

- A partnership with NHS and Dumfries and Galloway Council resulting in the development of a new qualification – Reablement – which is now being offered nationally.
- Working with ACAD (a national employer) which resulted in 18 of their employees enrolling on the HNC Social Care online course.
- Work placement is a key component of the majority of programmes in this faculty and the team works with a significant number of nursery and care providers across the region to deliver formal work placement opportunities. Feedback in respect of curriculum design etc tends to be through this network rather than **Employer Advisory Board** but the Faculty has a focus on developing this further during 2015-16. However, the College has acted on feedback received from a nursery business who attended an EAB event and the new Child Care Play room has been developed as a result.

Building and Engineering Services Faculty

- The partnership with Scottish Power Energy Networks (SPEN) and their contractors resulted in 34 trainees gaining employment as a direct result of successful completion of their programme. Another 17 learners received upskilling training and 29 learners gained a City and Guild level 2 award.
- The College received funding and support through the Energy Skills Partnership to enhance learners' skills by delivering Performance Engineering Operations qualifications to 43 full-time learners in the last

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2 years. Plumbing apprentices have undertaken Emergent Technology Unit and Wind Turbine technician learners completed Working at Heights qualifications during 2014-15.

- Various bespoke training programmes with industry.
- This faculty has established 3 successful Employer Advisory Boards – in Construction, Engineering and Motor Vehicle, which have resulted in work placements for learners, guest speakers, staff training, input to design (and delivery of some courses), meet the buyer events and bespoke training programmes.

Hairdressing, Beauty, Hospitality and Sport

- Day release programme in conjunction with Queen of the South.
- A series of Master classes are held throughout the year in Stranraer for Hairdressing businesses.
- Customer Care courses delivered to STENA at Stranraer.
- The Employer Advisory Board for Hairdressing and Beauty consists of 5 employers and the Hospitality Employer Advisory Board has 12 employers.

Business, Computing and Creative Industries Faculty

- Learners studying Creative Industry programmes work directly with Industry to do 'live' briefs for their assessment work and to enhance their employability skills. Examples include NHS No Smoking Campaign, Energy Centre logo, Zest logo.
- An Employer Advisory Board has been difficult to establish in this Faculty but individual input is received from businesses engaged in offering work placements, live briefs and guest visits and talks.

Further development and engagement of the Employer Advisory Boards is ongoing.

Events

A number of events are held in partnership with industry each year to strengthen our engagement with employers.

Examples include:

- Job Fairs
- The Energy Centre - supported 36 local businesses to date with renewable/sustainable projects.
- Total Look Hairdressing Event
- Hospitality Events
- The College maintains a close link with the Region's Secondary Schools, and industry, through the annual schools competition. All 16 secondary schools, 30 teachers, 300 pupils and 16 businesses took part in 2014-15 ensuring an extremely successful event.

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Developing Young Workforce Senior Phase Education – Vocational Pathways 2015-16 Delivery Plan

Subject/School	Motor Vehicle	Construction Crafts	Early Education Nat 4	Early Education Nat 5	Energy Nat 5	Electrical Eng. HNC	Psychology Nat 5	Psychology Higher	Hairdressing Int 2	Professional Cookery	Total 2015-16	Total 2014-15
Annan Academy			6	8				5			19	50
Castle Douglas High School								12		36	48	28
Dalbeattie High School								3			3	10
Dumfries Academy	11	4	17	1		1		6	7		47	32
Dumfries High School	10			21	7	3			1	31	73	30
Kirkcudbright Academy	10						15	12			37	25
Langholm Academy				3							3	0
Lockerbie Academy			1					1			2	17
Moffat Academy								1			1	3
Sanquhar Academy					10	1		1			12	0
St Josephs College				5				11			16	23
Stranraer Academy		13									13	0
Wallace Hall Academy		14		8				6			28	31
Hawick High School				1							1	0
Maxwelltown High School						2					2	0
Douglas Ewart High School											0	0
Total	31	31	24	47	17	2	15	58	8	67	305	249
Winter Leavers											100	85
Total	31	31	24	47	17	7	15	58	8	67	405	334

Professor Alice Brown CBE FRSE
Chair
Scottish Funding Council
Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD



10 September 2015

Dear Professor Brown,

LETTER OF GUIDANCE TO SCOTTISH FUNDING COUNCIL: ACADEMIC YEAR 2016-17

1. I am writing, as before, at this time of year because of the need to set out our expectations for the funding we provide to the Scottish Funding Council before you finalise your guidance to institutions for Outcome Agreements for 2016-17.
2. In light of the UK government's plans for a Spending Review to take place this summer and report in late November, I cannot, at this point, advise on funding figures or volume targets. The UK government has signalled its intention to reduce public spending by £20 billion in real terms by 2019-20, on top of the £17 billion cuts already announced to welfare and other spending over this period. While we await the outcome for Scotland, what is clear is that we face significant further austerity over the coming years.
3. In sharp contrast to the UK government, the Scottish government wishes to take a different approach. We want to explore all opportunities and work with our partners across the public sector and beyond to deliver a fairer, more prosperous country.
4. The current constitutional context, however, requires us to be pragmatic about the resources available. Therefore, it is a priority for all our public bodies and those receiving funding from the public purse to examine continuously and creatively how, through clever collaboration and a learner-centred approach, we can focus on improving delivery of transformative services, such as education, which can make a difference to our lives. I shall write again following the publication of the Scottish Government's Draft Budget.



5. At this point I can, nonetheless, be clear that the Government's high-level strategic objectives for the further and higher education sectors remain essentially unchanged from those set out in Michael Russell's letter to you of 31 July last year. These are:

- Highly efficient and effective regional structures for colleges, including structures in multi-college regions
- High-quality, effective learning
- Access to education for people from the widest range of backgrounds
- Learning which prepares people well for the world of work and successful long-term careers, and in doing so supports our ambitions for economic growth
- Internationally competitive and impactful research, and
- Effective knowledge exchange and innovation including excellent university/industry collaboration
- Meet the challenges set out by the Developing Scotland's Young Workforce report
- Address the underrepresentation of women on the governing bodies of colleges and universities and at senior levels, and gender balance among student intakes for some key subjects.

6. I know you will also want to take account of the recently published Programme for Government and Scotland's Economic Strategy. The Scottish Funding Council and the institutions it funds must play a leading role in driving improvement in Scotland's participation, prosperity and fairness.

7. We need to do more to ensure that everyone in Scotland is able to take advantage of the life-changing opportunities our education sector offers. Specifically, I expect the SFC and its partners to strongly support the work of the Commission on Widening Access to address the complex challenge of ensuring equality of access to education. Learners from disadvantaged backgrounds should have the same opportunities as other Scots in gaining access to, and qualifying from, further and higher education.

8. Equally, as we focus on improving attainment and young people's life chances, SFC should continue to use its influence to deliver the strategy to reduce youth unemployment through the Developing Young Workforce agenda and to forge productive partnerships between schools, colleges, universities and employers.

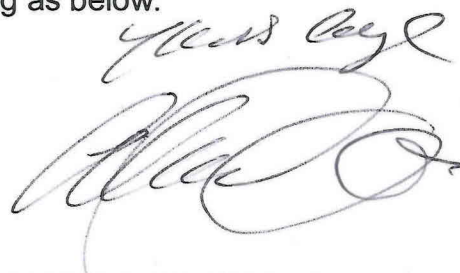
9. SFC should also seek to maximise the opportunity provided by European funding so as to drive innovative activity that delivers the skills employers need in the growth sectors of each region of Scotland and to improve employment prospects of young people in South West Scotland through the Youth Employment Initiative.

10. You should also play an active part in improving gender equality generally, and by building awareness and commitment to our partnership for change pledge that challenges all boards to achieve a 50:50 gender balance by 2020.

11. I continue to look to the SFC to direct the funding we provide for higher and further education and research in a way that focuses on delivering the Government's high-level strategic objectives set out above. Moreover, as you strive for continuous improvement in the effectiveness of the funding you provide to colleges and universities, you should continue to build your influence and cement partnerships that will deliver the outcomes we expect.

12. As you do so, I consider it essential that you accelerate your efforts to reform and strengthen your own organisation to ensure it is attuned to the evolving political and economic environment and the needs of our communities; capable of acute analysis and effective and efficient ways of working; and of delivering effective, high-quality leadership to the HE and FE sectors it funds, ensuring that public investment delivers for learners and, ultimately, grows the economy.

13. In conclusion, I should like to thank the SFC for its efforts and achievements over the past year including its progress on embedding the Outcome Agreement approach in partnership with universities and colleges; with college regionalisation; and in launching Innovation Centres in partnership with industry. As ever, I should be happy to discuss my expectations further with you. I am copying as below.



ANGELA CONSTANCE

Copies:

Stewart Maxwell MSP, Convener of Scottish Parliament Education and Culture Committee
Hugh Hall, Chair, Colleges Scotland
Shona Struthers, Chief Executive, Colleges Scotland
Liz McIntyre, Convenor of Scotland's Colleges' Principals' Convention
Professor Peter Downes, Convener, Universities Scotland
Alastair Sim, Director, Universities Scotland
Rory Mair, Chief Executive, COSLA
Bill Maxwell, Chief Executive, Education Scotland
Damien Yeates, Chief Executive, Skills Development Scotland
Grahame Smith, General Secretary, Scottish Trades Union Congress
Mary Senior, Scottish Official, University and College Union
Larry Flanagan, General Secretary, Education Institute for Scotland
Dave Prentis, General Secretary, UNISON Scotland
Pat Rafferty, General Secretary, UNITE Scotland
Harry Donaldson, General Secretary, GMB Scotland
Vonnie Sandlan, President, NUS Scotland
Lena Wilson, Chief Executive Scottish Enterprise
Alex Paterson, Chief Executive, Highlands and Islands Enterprise

Board of Management

Challenge to Lennartz Ruling

1. Introduction

- 1.1 The purpose of this report is to update members on recent developments which may impact on the College's Lennartz agreement with HMRC.

2. Background

- 2.1 The 'Lennartz' mechanism was an agreement between an organisation and HMRC whereby the organisation was able to reclaim from HMRC a proportion of VAT paid on the purchase of an asset where that asset was used for a combination of business and non-business use, for VAT purposes. Output VAT on the non-business element of income is then repaid to HMRC each quarter over the period of the agreement.
- 2.2 Dumfries and Galloway College reclaimed input VAT of £3.1m of input VAT on the costs of construction for the Crichton building in the period up to July 2009. Quarterly payments under Lennartz are being made with the VAT return, and the amount of payment required is revised annually to take into consideration any changes in the proportion of College business/ non-business income.
- 2.3 Quarterly repayments amount to approximately £93,000, and payments due to completion of the agreement are currently £1.1m. The Lennartz agreement with HMRC is due to finish in July 2018.
- 2.4 The College has previously considered 'unwinding' the Lennartz scheme when the standard rate of VAT increased in 2011, but this was not considered to provide value for money at that time due to the interest charges which would have been applied.

3. Current Developments

- 3.1 A challenge to the legality of HMRC's application of the Lennartz mechanism has been made by a College in England. The challenge relates to the technical rules applied by HMRC, and the legality of output tax being accounted for on Lennartz arrangements. The case was successful in arguing that the tax law has been applied incorrectly at Tribunal stage, but the case is currently awaiting a decision by the Court Of Appeal.
- 3.2 Some discussions have taken place recently between the seven Scottish colleges which have Lennartz agreements to assess if the details of that case are relevant to them, and to ensure that colleges continue to pay the correct amount of tax.
- 3.3 Initial feedback from professional advisors is that there may be an opportunity for the Colleges to submit a claim which could result in recovering any VAT deemed to have been overpaid for a four year period. However, the consensus reached is that a more

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detailed assessment of the challenge already raised, and comparison with Scottish Colleges, would be required.

- 3.4. In order to ensure consistency across the sector, the other colleges affected are keen to progress matters on a collective basis and appoint specialist VAT consultants to look into the position without further delay. The amount of VAT which could be repaid if a successful challenge is raised reduces each quarter, and there is a chance that HMRC may enact legislation to prevent further challenges on the same basis as the current case.
- 3.5 The College Finance Development Network have liaised with the College sector procurement specialists, APUC, to consider the procurement requirements, as well as alerting SFC to the current position. The implications for budgets under the Government Budget reporting will also need to be considered in due course.
- 3.6 APUC are drafting a Mini-tender document for the VAT consultancy work with assistance from the Finance Development Network. The mini-tender paper has been prepared on the basis that a VAT adviser would be appointed on a no-win-no fee basis, and minimise any risk to the relevant colleges.

4. Recommendation

- 4.1 It is recommended that the Board note the contents of this report.

Board of Management

Demonstrating the Economic Value of Scotland's Colleges

1 Purpose

The purpose of this paper is to provide the Board with information on the impact Scotland's Colleges have on the economy of Scotland. A fact sheet is attached providing the key findings. A full report and executive summary can be found on:

<http://www.collegesscotland.ac.uk/Demonstrating-the-Economic-Value/demonstrating-the-economic-value-of-scotlands-colleges.html>

2 Background

2.1 The Economic Modelling Specialists International (EMSI) research is the first piece of research to be commissioned by Colleges Scotland into the wider economic impact of Scotland's Colleges. The report demonstrates the ways in which Scotland's colleges create value including increased earnings for learners; additional tax revenues for government; lower unemployment; upskilling; and increased productivity in the economy.

3 Study Highlights

3.1 The results of the study show that Scotland's Colleges create significant positive benefits on their main stakeholder groups: learners, society, taxpayers, and the business community and that Scotland's Colleges contribute £14.9bn to the Scottish economy each year, representing 8.8% of the total economic output of the nation. The Scottish economy is a major net gainer from the investment made in the College sector.

3.2 Overall findings from the report show that:

- Every £1 that learners pay for their education at college yields **£6.30** in higher future wages. This translates to a **14.8%** annual return on their investment.
- Society will receive **£6.30** in benefits in return for every £1 invested in Scotland's Colleges. The average annual return on investment is **16.4%**.
- Taxpayers see an average annual return of **15.6%** on their investment in the sector. The corresponding benefit-cost ration is **£5.70** in benefits returned for every £1 in costs.
- The investment of **£1.2bn** by learners to attend Scotland's Colleges in 2013-14 will deliver a present value of **£7.4bn** in increased earnings over their working lives.

4 Recommendation

The Board is invited to note the positive findings from this report.

Carol Turnbull
Principal and Chief Executive Officer
September 2015

DEMONSTRATING THE ECONOMIC VALUE OF *Scotland's Colleges*

FACT SHEET

ANALYSIS OF THE SOCIAL & ECONOMIC BENEFIT OF LEARNING

OVERVIEW

Scotland's colleges create significant positive benefits on their main stakeholder groups: learners, society, taxpayers, and the local business community. Using a two-pronged approach that involves an investment analysis and an economic impact analysis, the model applied in this study calculates the benefits to each of these groups. This fact sheet presents the key findings.

INVESTMENT ANALYSIS

BENEFITS TO LEARNERS

- Learners as a whole invested a total of **£1.2 billion** to attend Scotland's colleges in 2013-14. The majority of these costs, around **£1.1 billion**, represent foregone earnings that they would have generated had they been working instead of learning.
- In return for the monies that learners invest in Scotland's colleges, they will receive a present value of **£7.4 billion** in increased earnings over their working lives.
- Every £1 that learners pay for their education at Scotland's colleges yields **£6.30** in higher future wages. This translates to a **14.8%** annual rate of return on their investment.

BENEFITS TO SOCIETY

- Society as a whole invested **£3.2 billion** in Scotland's colleges through direct outlays and the loss of potential output from learners who spent time at the colleges rather than working.
- In return, society will receive a present value of **£19.9 billion** over the course of the learners' working lives, in the form of an expanded tax base and a variety of social benefits related to reduced crime, lower unemployment, and increased health and well-being.
- Society will receive **£6.30** in return for every £1 invested in Scotland's colleges. The average annual rate of return on their investment is **16.4%**.

BENEFITS TO TAXPAYERS

- Taxpayers in the UK paid **£598.3 million** to support the operations of Scotland's colleges in 2013-14.
- The present value of the added tax revenue stemming from the learners' higher lifetime incomes and the increased output of businesses amounts to **£3 billion** in benefits to taxpayers. Avoided costs to the public sector adds another **£358.3 million** in benefits due to a reduced demand for government-funded social services.
- Taxpayers see an average annual rate of return of **15.6%** from their investment in Scotland's colleges. The corresponding benefit-cost ratio is **£5.70** in benefits returned for every £1 in costs.

FOR EVERY £1 SPENT

£6.30

Gained in lifetime higher earnings for learners

£6.30

Gained in added income and savings to society

£5.70

Gained in added tax receipts and avoided costs to taxpayers

ECONOMIC IMPACT ANALYSIS

IMPACT OF STAFF & COLLEGE EXPENDITURE

- Scotland's colleges employed **10,238** full-time equivalent faculty and staff in 2013-14. Staff costs amounted to **£392.9 million**, much of which was spent in Scotland to purchase groceries, clothing, and other household goods and services.
- The colleges are buyers of goods and services and spent **£272.9 million** to support their operations in 2013-14. College expenditure further benefited many local suppliers in Scotland.
- The net impact of staff and college expenditure in Scotland comes to approximately **£700.8 million** in added income in the Scottish economy each year.

IMPACT OF ADDED WORKFORCE SKILLS

- Many learners attending Scotland's colleges stay in Scotland. Their enhanced skills and abilities **bolster the output** of local employers, leading to higher Scottish income and a more robust economy.
- The accumulated impact of former learners attending Scotland's colleges who are currently employed in the Scottish workforce amounts to **£14.2 billion** in added income in Scotland's economy each year.

TOTAL IMPACT ON LOCAL BUSINESS COMMUNITY

- Altogether, the economic impact of Scotland's colleges to the business community in Scotland is **£14.9 billion** each year.
- Total added income created by Scotland's colleges and their learners is approximately equal to **8.8%** of the total economic output of Scotland in 2013-14 and represents roughly **593,246** average wage jobs.

INCOME CREATED BY SCOTLAND'S COLLEGES

Impact of college and staff expenditure

£0.7 BILLION

Impact of learner skills

£14.2 BILLION

Total income created per year

£14.9 BILLION

ABOUT EMSI Economic Modelling Specialists International (EMSI) provides employment data and economic analysis via web tools and custom reports. The company has also produced more than 1,300 comprehensive impact analyses for colleges and universities in the UK, US, Canada, and Australia. Founded in 2000, EMSI is located in Moscow, Idaho with branch offices in the UK, and it serves education, economic, and workforce development institutions and organisations. Visit our website at www.economicmodelling.co.uk for more information.