Dumfries and Galloway College:
Externally Facilitated Effectiveness Review (Spring 2021)

Final Report : 18 March 2021

Reviewer : Prof. Ron Hill
ron.hill@stir.ac.uk

Dumfries and Galloway College
Externally Facilitated Effectiveness Review

Contents

1. Introduction

1.1 The Code of Good Governance for Scotland's Colleges, dated 2016, (the Code) sets out the principles of good governance for colleges and regional strategic bodies in Scotland.

1.2 All colleges that receive funding from the Scottish Funding Council or a regional strategic body **must comply with the Code as a condition of grant**. Each governing board must state its adoption of the Code in its corporate governance statement contained within its annual financial statement.

1.3 The five principles set out in the Code provide a framework within which colleges and regional boards are expected to develop their own policies and procedures.

1.4 The Code states that the relevant governing board must have in place a robust self-evaluation process. Para D. 23 states '*The Board must keep its effectiveness under annual review and have in place a robust self-evaluation process. There should also be an externally facilitated evaluation of its effectiveness at least every three years'.* This externally facilitated governance review was established to meet this externally facilitated evaluation expectation.

1.5 'The Guide for Board Members in the College Sector' and the 'Board Development Framework' provide additional guidance for college board members, regional board members and board secretaries.

2. Methodology

2.1 The effectiveness review included various approaches aimed at building up an overview of the governing board's effectiveness. The components of the review process were:-

o Initial meeting with the Interim Chair, Principal and Board Secretary to agree the scope of the review and the overall project plan (26 November 2020)
o Observation of Board meeting (26 January 2021 and 8 December 2020) and Audit and Risk Committee (9 February 2021)
o Desk review of core governance documentation, including agendas and reports and minutes.

- Interviews with the Interim Chair, Vice Chair, Principal, Board Secretary, Senior Independent Member, Chair of Audit Committee, Chair of Human Resources Committee
- On-line event to review conclusions and recommendations (18 March 2021)

2.2 The previous external effectiveness review of governance took place in 2017 and stated 'Dumfries and Galloway College has a strong, conscientious and thoughtful board that takes real ownership of and has a belief in strong governance including adherence to the Code of Good Governance.'

2.3 The reviewer would like to thank the Interim Chair, Board Secretary, Principal and Board members who assisted this external effectiveness review of governance of Dumfries and Galloway College.

2.4 This external effectiveness review took place during conditions imposed by the Covid pandemic. Thus, governance meetings were facilitated by Microsoft Teams technology. It is recognised and accepted that governing processes can be, in various ways, reduced by the use of virtual meetings. It is also recognised that the conditions of the Covid pandemic had significant consequences for the college students, staff and senior leaders.

3. Executive Summary

3.1.1 The governing board of the Dumfries and Galloway College is in transition phase. There is a new Board Secretary and relatively new Principal. The Governing Board is moving towards significant new membership in April 2021, and a substantive Chair of the Governing Board later in 2021. The governing board is committed to and is very positive about the college, but the Board needs to improve its governing processes and practices to address the expectations of the Code of Good Governance. Currently, the Board can not demonstrate that it has met the expectations of the Code of Good Governance.

3.1.2 It is recognised that the Executive Team has made considerable impact on student outcomes and financial stability since 2019, and it is developing a more business focused organisational culture.

3.1.3 The effectiveness review has highlighted several areas where improvements would enable more effective decision making in the achievement of the governing board's responsibilities. In summary these improvements are as follows:-

- Complying with the Code of Good Governance by achieving an annual review of compliance with the principles therein
- The reporting of performance in relation to agreed key performance indicators in accordance with A.7 of the Code of Good Governance
- The achievement of a strategic business report which regularly presents the implementation of the board's strategic objectives
- The achievement of a more influential Audit and Risk Committee through better agenda planning and organisation

- A review of the committee structure and committee performance to ensure each of the standing committees assists the governing board in the achievement of its responsibilities;
- Development of more board creative time to support formal governing board decision making
- Support for college senior staff to improve the production of succinct, analytical, accountable written reports with clear recommendations to the governing board
- Ensure the reporting format includes 'learner and learning implications' and 'financial health implications'
- Development of better focused governing agendas addressing the implementation of the college's strategic and operational objectives in relation to targets, timescales, strategic expectations.
- Ensure strategic management accounts are presented, with analytic commentary, to every governing board meeting (as part of the strategic business report)
- Support and development for the Board Secretary in implementing the governance improvement agenda arising from this governance effectiveness report.

4. Effectiveness Review against the Code for Good Governance for Scotland's Colleges

4.1 Leadership and Strategy

4.1.1   The Board has established a strategy – Ambition 25 – for the period 2020/25. Members reported that the process for the formation of this strategy in Autumn 2020 was participative and engaging.

4.1.2   In the short term, the Transformation Programme had been established to address immediate operational priorities. The progress of the Transformation Programme has been reported to the Board during 2019/20 and the predicted financial savings have been achieved.

4.1.3   Without a regular 'business report' with performance in relation to operational objectives linked to Ambition 25, it has not been possible for the governing board to have holistic oversight of progress towards its overall plan for Dumfries and Galloway College. Work towards the development of KPIs for Ambition 25 has been progressing through committees and is approaching completion.

4.1.4   It is noted on the College Leadership diagram that the Board Secretary is located within the management structure for the college. This should be corrected to show direct reporting to the governing board.

4.2 Quality of the Learner Experience

4.2.1   The Ambition 25 Strategy includes a well-developed and ambitious Student Experience Strategy.

4.2.2 It is clear from the agenda set for the College's Learning and Teaching Committee agenda that it is reflective of the Code of Good Governance (ref L&T agenda 16/2/21). The College's Learning and Teaching Committee has a clear overview of student engagement which identifies the student voice within the College and provides an insight into the quality of the student experience (ref L&T paper 16/2/21 item 10). This item identifies an action plan which enables the Committee to monitor improvement in the experience. The Student Association has initiated 3 specific projects which have been resourced and supported by the College Executives (ref L&T paper 16/2/21 item 14). This item demonstrated the autonomy of the SA to operate, operate and lead projects that were supported by College Senior Managers in response to a review by the National Union of Students.

4.2.3 At the Learning and Teaching Committee (ref L&T paper 16/2/21 item 9) there was a full report of the regional outcome agreement measures, including a view on the coherent provision for students with the College's region (ref L&T paper 16/2/21 item 7). This item highlighted the use of key data by College Managers and enabled Committee members to compare performance trends over the last 3 academic years and the impact of enhancements initiated to affect the student experience. In addition, there was an item (ref L&T 16/2/21 item 15) which demonstrated College Managers working effectively with their Education Scotland Inspector to implement the Sparqs[1] engagement toolkit (ref 16/2/21 item 15) and to present this good practice to the College sector.

4.2.4 The learner voice is expressed to the governing board via a report the Students Association and the Student Governors. The report would benefit from refinement to make an impact for the governing board i.e. locating detail within board policies, procedures and expectations for the learner experience, and linking to the Student Experience Strategy.

4.2.5 The Board has received an Equality and Diversity Review for 2020 which included priority actions for 2021. A report will be presented to the Board in Spring 2021 with progress in relation to the action plan. The Board has identified a Board member as an 'equality and diversity champion'. There could be scope to achieve more influence for this role of champion with a defined review and reporting framework.

4.2.6 The Board has received annual reports for health and safety (via the Human Resources Committee) and safeguarding (within the Enhancement Report) for 2019/20.

4.2.7 The Board has supported a link board member framework to help board members to appreciate aspects of the student experience. This arrangement should be reviewed and, where necessary, updated.

---

[1] Student partnerships in quality Scotland

4.2.8   The Board has identified a Board ambassador for Stranraer to achieve a profile for the Stranraer campus within the Board governing agenda.

4.3 Accountability

4.3.1   The Board reviews progress in relation to the Regional Outcome Agreement in accordance with the conditions of grant from the Scottish Funding Council. The Board has received regular financial reporting through the Covid pandemic period highlighting the financial impact of the situation.

4.3.2   The Board stated in its governance statement for 2019/20, yet without receiving any evidence to support this view point, that *'In the opinion of the Board of Management, the College complies with all the principles of the 2016 Code of Good Governance for Scotland's Colleges, and it complied throughout the year ended 31 July 2020'.* It is a matter of urgency, that the Board addresses this situation. The review must identify where the Board is not complaint with the Code.

4.3.3   In relation to its governance statement for 2019/20, the Board has taken the decision to record that, following internal audit reporting reviews, that '*In our opinion during 2019-20 the College has a framework of internal control that provided partial assurance regarding the effective and efficient deployment of resources to achieve the College aims. Focussed improvements highlighted by audit work have been made and will continue during 2020-21. These improvements relate to specific controls in the areas of staff development, petty cash and expenses, and curriculum planning'.*

4.3.4   The reporting to the Audit and Risk Committee requires a robust system of audit recommendation progress tracking to address 42 recommendations from 2019/20, including audit recommendation, management response, implementation date, responsible executive staff member. This form of report is in place (9 February 2021, Audit and Risk Committee).

4.3.5   Evidence from Audit and Risk Committee minutes (8 December 2020) suggests action is being taken by the Principal to significantly improve management culture in relation to the application of college systems and controls.

4.3.6   A review of governance by RSM internal audit service of the governing board's committees in 2019/20 provided a reasonable assurance opinion.

4.3.7   The Board's approval processes for the financial statements for the college year 2019/20 were delayed, which resulted in the Audit and Risk Committee Annual Report 2019/20 not being considered prior to approval of the financial statements.

4.4 Board Effectiveness

4.4.1   The Board reviewed its effectiveness for 2019/20 by questionnaire. Reponses were broadly positive and were used as a starting point for the Interim Chair's appraisal. No action has been taken yet to address issues of concern to respondents.

4.4.2   Observing the Board meeting (26 January 2021 & 8 December 2020) showed governing board members dedicated to Dumfries and Galloway College and the wider Dumfries and Galloway region. Average Board attendance for the college year 2019/2020 was 70%. The Board should aim for at least 80% average board attendance to benefit from the diversity of Board culture and expertise.

4.4.3   The membership of the Board is moving through significant change, with a number of experienced members leaving the board and vacant board places being filled with new and encouraging membership. There is heightened expectation that the new membership will add to the strength and leadership contribution of the governing board through relevant expertise and local networking. The Board expects that a new, substantive chair will be recruited by the Scottish Government during 2021. At the time of producing this report (March 20210, this appointment is not expected to be in place before September 2021. Members expressed their concern at the delay to the recruitment of the substantive Chair and its consequential effect for the governing of Dumfries and Galloway College.

4.4.4   The governing board has a total membership of 18. In addition to 2 x Student Governors and 2 x Staff Governors, the Principal, there are 13 external member places (including the Interim Chair). 4 of these external members have been recruited recently (using open methods) and will join the governing board in March 2021. A further new member will join in August 2021.The skills matrix suggests the broad and relevant range of existing Board members will be enhanced by the new membership.

4.4.5   In addition to the changes to board membership, there is a new Board Secretary who is new to the governance leadership role. The Board should ensure there is adequate support and development in place to strengthen governing practices and procedures.

4.4.6   The nature of both observed governing board meetings was one of overview rather than oversight. Most engagement from board members, whilst committed and generally challenging, was reactive and ultimately discussional only. Board members were unable to hold senior staff to account as the reporting was not provided in such a way to help members to consider college performance against target, without any variances explained or management interventions reported.

4.4.7   Board members must establish key performance indicators for the performance of the college to complement Ambition 2025 and receive a regular 'business report' to permit structured scrutiny of the implementation

of the board's strategy in relation to targets, milestones and anticipated impact for students, staff and stakeholders. This report could replace aspects of the Principal's Report.

4.4.8   Board members engaged with all the agenda items but tended to deliberate issues without making much progress. There was no guidance to members at the start of the meeting or during the meeting regarding the significance of certain agenda items. The Board would benefit from guidance from the Chair and Board Secretary on decision making by the Board. The 'transformation agenda' report lacked detail to enable governing board members to judge the success or otherwise of management actions.

4.4.9   The Board has established six committees as follows:-

-   Audit and Risk Committee
-   Finance & General Purposes Committee
-   Learning and Teaching Committee
-   Human Resources Committee
-   Board Development Committee
-   Remuneration Committee

4.4.10 There is currently a review of terms of reference for the Board's committees in process. Alongside this process, the Board should review the usefulness of this number and nature of committees. There may be a case for a short term refinement of the committee structure and terms of reference for 2021. The Board is required to meet the committee requirements of C.8 of the Code of Good Governance, but the Board could benefit from taking more ownership of the governing agenda at Board meetings. This could necessitate more Board meetings in the short term.

4.4.11 A governance agenda planning exercise for the remainder of 2021 should be undertaken by the Chair, the Board Secretary and Principal.

4.4.12 It is understood the Board's induction arrangements for new Members is under review. The College Development Network provides an induction programme which should be included in the overall programme.

4.4.13 Notes from the Interim Chair's Appraisal (Feb 2021) highlight this transition phase of governing for Dumfries and Galloway College. Examples of progress to date and continuing aspects of concern were recorded. The review had been undertaken by the Vice Chair and Senior Independent Member drawing upon feedback from Board members.

4.5 Relationships and Collaboration

4.5.1 Dumfries and Galloway College has a wide range of relationships and partnerships in the region. Examples of latest developments with partners were provided by senior staff at the Board event on 18 March 2021.

4.5.2 At the meeting of the governing board on 26 January 2021, some board

members expressed their concern at the number of regional meetings that the college was expected to participate in. To address this issue and to enable the college to play a full and influential part locally and regionally, it could be helpful for the board to consider the formation of a stakeholder policy and framework for relationships and collaboration. As preparation for this policy development members could benefit from a stakeholder mapping exercise to appreciate the context in which the college is operating. This might lead to a new understanding of college connectivity and develop the ambassadorial aspect of board membership.

5. Recommendations

	Most recommendations are 'desirable'. **Recommendations 1 & 2 are essential.**
1	As a high priority, to undertake a review of compliance with the Code of Good Governance for Scotland's Colleges
2	To accompany the implementation of the strategic plan, to develop KPIs and a comprehensive business report, for each board meeting, with improved accountability for college performance to date and including variances from agreed targets, management interventions where necessary, and anticipated impact.
3	To establish and implement a support and development programme for the Board Secretary
4	The planning of the Audit and Risk Committee agendas for the college year and, if possible, to become a more learner focused Audit and Risk Committee. Enlarged membership of the Audit and Risk Committee should be considered along with a programme of training for the committee in assurance mapping.
5	A review of the committee structure and committee performance to ensure each of the standing committees assists the governing board in the achievement of its responsibilities. The completion of the current review of terms of reference and agenda planning for each committee together with reformed committee membership will support this process.
6	Consideration should be given to how the governance space is used to support Board decision making including (i) use of more board creative time for addressing strategic themes and (ii) board member development activities.
7	Support college senior staff to improve the production of succinct, analytical, accountable written reports with clear recommendations to the governing board
8	Ensure the standard reporting format for governance papers includes - 'learner and learning implications' and 'financial health implications' - clear recommendations to Board members (to approve, to support, to endorse, to request, to congratulate etc)

9	Development of better focused governing agendas addressing the implementation of the college's strategic and operational objectives in relation to targets, timescales, strategic expectations.
10	To prepare a comprehensive induction programme for new members of the Board
11	Consider the formation of a stakeholder policy and framework for relationships and collaboration. This could begin with a stakeholder mapping exercise.
12	Development of an action plan to build upon the appraisal of the Interim Chair.
13	Board member development on the role, performance, leadership and accountability of a governing board of a college.
14	Review expectations and reporting for the Board's Equality and Diversity Champion
15	Review expectations and arrangements for the Board's Link Member scheme

Annex 1 :

Document Review

Ambition 25 – Strategic Plan 2020/25

Governing Board minutes 2020 onwards

Board agenda and papers 26 January 2021

Audit Committee agenda and papers 9 February 2021

Annual Audit and Risk Committee Report 2019/20

College leadership diagram

Calendar of meetings 2021

Self-evaluation of board effectiveness 2019/2

Learning and Teaching Committee agenda and papers 16 February 2021

Internal audit report 2019/20 re Governance (RSM)

Board members profile / skills matrix

Board committee membership

Interim Chair Appraisal Notes (February 2021)

Equality and Diversity Annual Report 2019/20

Human Resources Committee minutes

External Governance Effectiveness Review (2017)