EDINBURGH COLLEGE BOARD OF MANAGEMENT

MINUTES OF MEETING OF 19 APRIL 2016

14:00 Boardroom, Milton Road Campus

Present: Colin Arthur; Jenni Behan; Kellie Bradford; Annette Bruton; Sandra Cairncross; Bob Downie; Stephen Dunn; Alan Johnston; Elaine Lee; Ian McKay (Chair); Niki McKenzie; Nigel Paul; Fiona Riddoch; Azra Sharif-Qayyum; Robin Stimpson; Jeroen Van Herk; Ian Young

In attendance: Jon Buglass; Penny Davis; Laurence Howells (SFC) Sarah-Jane Linton; Lorna MacDonald (SFC); Pauline MacPherson; Ken Rutherford (SFC); Marcus Walker (Clerk); Jonny Pearson; Alan Williamson; Craig Wilson

1.   **WELCOME AND APOLOGIES**

     1.1   Apologies were received from Ann Landels.

     1.2   The Chair welcomed the SFC Chief Executive, Laurence Howells, the SFC Finance Director, Lorna MacDonald, and the Edinburgh College Outcome Agreement Manager, Ken Rutherford, to the meeting to discuss the Business Transformation Plan proposal.

2.   **DECLARATIONS OF INTEREST**

     2.1   No declarations of interest were received.

3.   **MINUTES OF PREVIOUS MEETING**

     3.1   The Board APPROVED the Minutes from 09 February 2016 as an accurate record of the meeting.

4.   **MATTERS ARISING**

     4.1   Actions from the previous meeting were complete, overtaken or on the agenda, with the exception of the following:

          4.1.1 The Board NOTED that a briefing on college funding arrangements was scheduled to take place on 21 June, prior to the next meeting of the Board. The training would be led by the Chief Operating Officer and the Head of Finance. The Chair informed the Board that arrangements for a second session focussing on the College's curriculum were underway.

5. COMMITTEE REPORTS

5.1 POLICY & RESOURCES COMMITTEE

5.1.1 MINUTES 29.03.16

The Board NOTED that the Committee had considered the Business Transformation Plan proposal and a financial forecast document from 2015/16 to 2018/19, which was based on funding assumptions proposed in the plan. The Vice Chair informed the Board that, subject to the further development of HR and Organisation Development aspects within the transitional funding request, the Committee had approved the transformation plan proposal (minute 5.1.2 refers).

The Board NOTED that following the completion of a market review of colleges and local universities the Committee had agreed to an increase in General English ESOL course fees for 2016/17, in line with sector benchmarking.

Paragraph presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.

The Vice Chair informed the Board that other items considered by the Committee would be discussed under minutes 5.1.3, 5.1.4 and 5.1.5.

5.1.2 BUSINESS TRANSFORMATION PLAN PROPOSAL

Stephen Dunn and Colin Arthur joined the meeting

The Board NOTED an introduction to the proposed transformation plan from the Principal, who explained the importance of an appropriately funded plan in order for the College to best serve the wider community and the region. The Principal outlined the contents of the plan, as agreed by the Working Group and the Committee, and informed the Board that following its submission to the SFC further information of the financial assumptions within the documentation were requested. The Board NOTED correspondence between the College and the SFC relating to the request of additional information, and the agreement of both parties that a constructive approach would be required to progress the proposal.

The Chair invited the SFC Chief Executive to address the Board on the proposed transformation plan and the issues faced by the College and the sector. The Board NOTED that the SFC Chief Executive welcomed the proposed transformation plan and the spirit of joint enterprise, between the College and the SFC, as fundamental to the success of the transformation plan. The SFC Chief Executive affirmed the SFC's willingness to commit resources on the basis of an approved plan and an agreed approach between the College and the SFC.

The Board NOTED the SFC Chief Executive believed that the College had addressed a number of underpinning issues affecting its financial sustainability, and recognised that there was an exceptionally good basis on which to build in many respects. However, it was also acknowledged that significant work would

be required to deal with the following challenges relating to the College's long-term finances and its culture:

(i)   The ability to meet (and manage) the needs of the region through an appropriate curriculum;
(ii)   the 'actual' overall size of the College and its potential for expansion in the future;
(iii) the recruitment and retention of sustainable number of students in line with the agreed credit targets;
(iv)   the need for internal systems to provide accurate information on key performance data;
(v)   the development of a sustainable culture, including a mechanism to measure its development and progression.

The Board NOTED the wider difficulties facing the sector and the dual impact of these on the College whilst it aimed to address its own financial and cultural issues. The SFC Chief Executive emphasised the importance of a 'shared understanding' between the College and the SFC, and hoped that his (and colleagues) attendance at the meeting provided a platform for discussion and agreement on how to move forward in a positive manner.

The Chair thanked the SFC Chief Executive and opened up the meeting for questions. The Board DISCUSSED the following matters in relation to the transformation plan and the wider issues facing the sector:

(vi)   The factors dictating the speed of the transformation plan, including the rate of curriculum change and workforce realignment;
(vii) long-term planning to address issues of culture change and College infrastructure;
(viii) the constraints placed on boards of management within the college sector (and the wider public sector) and the 'levers' available to effect significant change;
(ix)   the proposed senior management restructure and importance of having the 'right people in the right place', especially with regards to frontline staff;
(x)   the ability of the SFC to provide assurances on funding at the end of the financial year;
(xi)   the SFC's monitoring of cash flow and its future approach to grants;
(xii) the changing face of the college sector and the need for a transformation plan that keeps the College 'ahead of the curve';
(xiii) the appropriateness of single collective strategic vision between the College and the SFC;
(xiv) the resources available to the college sector and their future shape;
(xv)   the journey of the College from three separate institutions to one regional college, and the 'inevitable challenges' of merger and regionalisation;
(xvi) the diverse range of issues facing colleges within the sector due to various pressures and dynamics.

The Board NOTED that recruitment and retention was central to College's ability to become financially sustainable. The Principal highlighted that a significant amount of work had been conducted under the Recruitment, Retention & Productivity Programme within the transformation plan.

The Board NOTED a tabled recruitment update, as considered by the Audit & Risk Assurance Committee on 14 April, which provided an overview of 2016/17 College recruitment and performance against 2016/17 credit targets. The Associate Principal, Jonny Pearson, highlighted the positive impact of the 'one applicant one application' approach and the benefits of separating internal and external applications. The Board AGREED that the dashboard of live data provided by the Associate Principal was extremely helpful and should be refined by the Executive for consideration at future Board meetings.

The Board NOTED and DISCUSSED a tabled paper outlining the overall assumptions underlying the transformation plan and the types of financial support required to achieve its implementation. The Chair thanked the Chief Operating Officer for presenting the information to the Board and asked members to recognise that much of the detail remained under discussion with the SFC, and hoped that future drafts would illustrate the refinement of outlined assumptions. The Board AGREED that the College and the SFC would request a joint internal audit report to test the transformation plan proposal's financial assumptions.

The Board AGREED that the Policy & Resources Committee would be delegated authority to progress a deliverable and manageable transformation plan. The Board AGREED that the SFC Finance Director should be invited to attend the Committee, but recognised the need for further discussion between the Principal and SFC Finance Director to identify how best to facilitate further SFC involvement.

The Board AGREED that due to the practicalities of the voluntary severance scheme, as proposed within the transformation plan, it would be appropriate for the Policy & Resources Committee to meet no later than the week commencing 02 May. Further to this, the Board AGREED that the Student President would be invited to attend for the Business Transformation Plan item at the Policy & Resources Committee. The Chair emphasised that the Student President's attendance would be in addition to the current ECSA engagement arrangements facilitated by the Deputy Principal.

The Chair thanked the Board, the Executive and the SFC for engaging in discussions around the progression of the transformation plan and highlighted the importance of close cooperation between the College and the SFC in the development and implementation of the plan.

The SFC Chief Executive, Finance Director and Outcome Agreement Manager left the meeting

5.1.3 COLLEGE BUDGET BI-ANNUAL REVIEW

The Board NOTED a report detailing the College's financial positon and budget for six months to January 2016. The Chief Operating Officer highlighted that the largest movement on expenditure had been staffing due to the national pay award of 1% (or £300 whichever was greater).

5.1.4 MANAGEMENT ACCOUNTS TO FEBRUARY 2016

The Board NOTED the financial performance of the College, as highlighted in the financial accounts to February 2016.

The Board DISCUSSED the deficit situation following the clawback of funds for the academic year 2015/16, aligned to the current year activity shortfall of (a minimum) 12,000 credits. The Chief Operating Officer informed the Board that the off-setting of transitional arrangement for the current year clawback remained ongoing and subject to the implementation of a robust transformation plan. The Board NOTED members concerns regarding the College's financial position whilst the transformation plan proposal remained under development.

5.1.5 REGIONAL OUTCOME AGREEMENT 2016/17

The Board NOTED a draft of the 2016/17 Regional Outcome Agreement, as endorsed by the Policy & Resources Committee, which included further information on SDS Regional Skills Assessment Data as previously requested by the Board.

The Board NOTED that an indicative funding amount for the academic year 2016/17 would be confirmed by the SFC in November 2016, once the Scottish Government had approved the sector's final funding figure.

The Board APPROVED the 2016/17 Regional Outcome Agreement for submission to the SFC.

Sarah-Jane Linton left the meeting

5.2 ACADEMIC COUNCIL

5.2.1 MINUTES 11.03.16

The Board NOTED the Academic Council minutes from the meeting held on 11 March and, at the Committee Chair's invitation, welcomed the contribution made by co-opted Committee members from the six curriculum areas.

The Board NOTED that the Committee had received presentations on the apprenticeship models in place at the College and its current aim to achieve STEM Assured Status. The Board DISCUSSED apprenticeships at the College and the Government's announcement of the introduction of an Apprenticeship Levy in April 2017. The Principal informed the Board that areas of the College would seek to create apprentice posts and that this would be accounted for within the Business Transformation Plan.

5.3 AUDIT & RISK ASSURANCE COMMITTEE

5.3.1 MINUTES 25.02.16

The Board NOTED the Audit & Risk Assurance Committee minutes from the meeting held on 25 February. The Committee Chair highlighted that the Committee had reviewed the College's policies and procedures to prevent instances of fraud, bribery and corruption, and agreed minor amendments to the Anti-Fraud Policy to consolidate the document further.

The Board NOTED the Committee had received an update on the ongoing procurement process, led by Audit Scotland, to select external auditors for the college sector.

5.3.2 MINUTES 14.04.16

The Board NOTED the Audit & Risk Assurance Committee minutes from the meeting held on 14 April. The Committee Chair informed the Board that the Committee had reviewed a Section 22 Report produced by Audit Scotland to draw the Scottish Parliament's attention to their concerns relating to the significant financial challenges facing Edinburgh College. The Board NOTED that the Committee had considered additional audit work requested by Audit Scotland following the publication of the report.

The Board NOTED that the Committee had considered the Edinburgh College Resource Returns to 31 March 2016, and a supporting Certificate of Assurance from the Principal to the Accountable Officer of the SFC. The Committee Chair advised the Board that the Committee had also received an internal audit report on the Edinburgh College Resource Returns which outlined that the appropriate processes and controls were in place for preparing and submitting the Returns.

5.3.3 TOP RISK REGISTER 2015/16

The Board NOTED the Top Risk Register (TRR) for April 2016, and the commentary provided by the Senior Management Team. The Chief Operating Officer outlined an emerging risk related to the first phase of the transformation plan and the restructuring of College senior management.

5.4   EXTERNAL ENGAGEMENT COMMITTEE

5.4.1 MINUTES 22.03.16

The Board NOTED the External Engagement Committee minutes from the meeting held on 22 March. The Committee Chair highlighted the continued development of the College's brand architecture, as part of the wider 'brand pre-launch activity'. The Board NOTED the Committee's request for the Executive to continue to progress the standardisation of centre names and sub-brands, and to reconsider the positioning of the Development Trust logo in the same 'family' as the College brand.

The Board NOTED that representatives of the East Lothian Community Planning Partnership (ELP) would be attending the next meeting of the Committee to consider joint achievements and opportunities between ELP and the College.

6.   PRINCIPAL & CHIEF EXECUTIVE REPORT

6.1   The Board NOTED a report from the Principal on business critical aspects of College business, including: Staff briefings; student recruitment; curriculum; the SFC Post Merger Review; external relations; and, achievement.

6.2   The Board NOTED that the Principal had spoken to over 500 members of staff at breakfast and lunchtime briefing sessions across the campuses, to update staff on the transformation plan, curriculum planning, recruitment and the priority based budget process. The Principal informed the Board that another round of staff briefings would take place in May 2016, which would focus on the restructure, new policies and further updates on the transformation plan.

6.3 The Board NOTED an update on student recruitment, including an overview of unique applications, internal applications and offers made. The Principal informed the Board that the application window would remain open for another three weeks for full-time students and that the marketing campaign for August full-time courses had now moved into a targeted phases focussing on course area.

6.4 The Board NOTED that further to the Executive Team and Board members meeting with the SFC on 07 March, to discuss the Post Merger Review, a draft report would undergo a factual reviewed by the Executive Team in the coming weeks. Once complete the report would be published on the SFC website in late May 2016.

6.5 The Board NOTED that a significant number of achievements had been made since the last Board meeting in February, including individual student awards, team recognition and college-wide initiatives. The Chair, on behalf of the Board, congratulated all the award winners and asked that the Board's acknowledgement was forwarded on to all the individuals involved.

7. EDINBURGH COLLEGE STUDENTS' ASSOCIATION

Al Wilson, ECSA Director, joined the meeting

7.1 ECSA REPORT

7.1.1 The Board NOTED the outcome of the 2016/17 ECSA sabbatical elections, which had 16 candidates vying for three posts. The Student President advised the Board that the elections had seen 1228 votes cast, the highest voter turnout achieved to date.

7.1.2 The Board NOTED and congratulated the following newly elected officers who would take post from 01 July:

(i) President, Neal Black
(ii) Vice President Welfare, Amanda Clark
(iii) Vice President Sports & Activities, David Tait

7.1.3 The Board NOTED the launch of ECSA's first ever student-led teaching awards, the ECSA-llence Awards. The ECSA Vice President informed the Board that the awards aimed to highlight the great work that goes on within the College, with students able to nominate College staff across four categories. The Board welcomed the launch of the awards and DISCUSSED possible links between the College's own award event and the ECSA-llence Awards, and ways to support the wider recognition of student achievement.

7.2 ECSA CONSTITUTION

7.2.1 The Board NOTED an updated version of the ECSA Constitution, which was originally drafted in 2013. The Student President highlighted that a decision was taken to review the Constitution in the 2015/16 academic year due to the number of organisational changes within Students' Association since it came into operation.

7.2.2   The Board NOTED the amendments made to the Constitution to reflect the new layer of governance created through the establishment of ECSA's Trustee Board.

7.2.3   The Board DISCUSSED the review of the ECSA Constitution and NOTED the endorsement of the Executive Team to the proposed changes.

7.2.4   The Board APPROVED the updated Constitution of Edinburgh College Students' Association.

7.3   ECSA FUNDING BID 2016/17

7.3.1   The Board NOTED a 2016/17 ECSA Funding Bid, which included an overview of the Students' Association's performance against its 2015/16 Operational Plan, and an outline of its objectives and funding request for the upcoming academic year. Further to this, the Student President and Vice President provided a presentation to the Board to highlight key elements of the funding bid.

7.3.2   The Board NOTED that ECSA were on track to complete over 90% of their objectives for 2015/16 and surpass many of their KPIs.

7.3.3   The Board NOTED that the proposed ECSA budget for 2016/17, as approved by the Executive, outlined an 8% reduction in core funding from the College. The Student President highlighted that the operational cost reductions were mainly due to the reduction of full-time sabbatical officers from four to three, resulting in significant salary savings.

7.3.4   The Board DISCUSSED the ECSA funding bid and welcomed its awareness of the College's current financial position, through the proposed efficiencies, whilst aiming to maintain its core activities. The Chair, on behalf of the Board, commended ECSA for producing a highly professional funding bid and presenting it to the Board in a clear and concise manner.

7.3.5   The Board APPROVED the ECSA funding bid 2016/17, and NOTED that it would be finalised at the next meeting of the Board when the College Budget 2016/17 would be considered. The Chair advised the Board that the proposed funding demonstrated the College's commitment to supporting ECSA's activities, and that he hoped other colleges within the sector would consider comparable funding commitments for their own students' associations.

The ECSA Director left the meeting

8.   **GOVERNANCE REPORT**

8.1   GOOD GOVERNANCE TASK GROUP BRIEFING

8.1.1   The Board NOTED that the Scottish Government's Good Governance Task Group had published its college governance report on 18 March. The Governance Director provided an overview of the Task Group's

recommendations and their wider implications for the College and the sector.

8.1.2   The Board NOTED that the Policy & Resources Committee and the Audit & Risk Assurance Committee had reviewed a full list of the Task Group's recommendations, and the former had endorsed a series of proposed actions. The Governance Director informed the Board that many of the recommendations were underway or easily accommodated within current College governance practice.

8.1.3   The Board NOTED that the Remuneration Committee would receive a briefing on implications for particular matters within its remit at its next meeting.

8.1.4   The Board DISCUSSED the recommendations and their implications for the College, including the potential burden placed on Board members through the need for additional training and development activities.

8.1.5   The Board NOTED that the College should continue its proactive response to the Task Group's recommendations and seek to reassure itself that sufficient quality assurance measures were in place to meet the increased compliance measures within the sector. The Board AGREED that the Principal and Governance Director should meet with Fiona Riddoch, a Non-Executive member with a background in quality assurance, to consider how the College develops a coherent approach to external assurance requirements and reports back to the next Board.

The ECSA Vice-President (Welfare) left the meeting

8.2   BOARD SELF-EVALUATION 2016

8.2.1   The Board NOTED details of the proposed arrangements for an externally facilitated self-evaluation in September 2016.

8.2.2   The Board NOTED the key considerations for the 2016 self-evaluation, as outlined by the Governance Director and an overview of the timescale and cost implications.

8.2.3   The Board DISCUSSED the proposed self-evaluation arrangements and AGREED that the short-term working group set-up to consider external assurances (minutes 8.1.5 refers) should review and finalise the Board external assessor arrangements.

8.3   CALENDAR OF EVENTS

8.3.1   The Board NOTED a calendar of events which provided an overview of College activities over the remainder of the academic year. The Governance Administrator emphasised the date of the FE Awards on 10 June and the Graduation Ceremony on 30 September.

8.3.2   The Board NOTED the dates of a College Development Network Board Induction Workshop and two optional briefing session on 'Data Protection/Freedom of Information' and the 'Role of a College Board Member as Charity Trustee'.

8.3.3 The Board NOTED the launch of the Glow Festival which runs from 07 May to 30 June, and showcases the work of Creative Industries students at the College. The Chair, on behalf of the Board, commended the work of staff and students to organise such a large scale event which places a spotlight on student talent at the College.

9. NATIONAL REPORT

9.1 The Board NOTED a verbal update from the Chair on ongoing matters within the sector. The Chair highlighted that the Scottish Parliament Elections on 05 May could impact on the future character of the Scottish Government.

10. RIDDOR REPORT

10.1 The Board NOTED that no new accidents or incidents reportable under RIDDOR had occurred at the College since the last Board meeting on 09 February.

10.2 The Board NOTED statistical information provided by the Chief Operating Officer on reportable accidents and incidents under RIDDOR for 2014, 2015 and 2016 (to date).

11. ANY OTHER COMPETENT BUSINESS

11.1 The Board NOTED a request from the Edinburgh College Development Trust for the Board to nominate a second member of its Non-Executive to join the Trust. The Governance Director informed the Board that following consultation with Non-Executive members of the Board, one member had expressed an interest in the position.

11.2 The Board AGREED to endorse Elaine Lee's nomination to the Development Trust as a Non-Executive member of the Board.

12. DATE OF NEXT MEETING

12.1 The next meeting would be held at 14:00hrs on 21 June 2016 at the Milton Road Campus

13. CLOSED BUSINESS

13.1 Items of business were considered by the Board as part of a closed session. Closed Items were recorded under a separate minutes (*Closed minutes 13/19.04.16 refers*).

Meeting closed at 18:05

…………………………………………… (Signature of Chair) …………………… (Date)