

## BOARD OF MANAGEMENT ACTION TRACKER

COMMITTEE: Board of Management Meeting

(Paper 1a)

DATE RAISED	ACTION No	ACTION	DUE DATE	OWNER	STATUS*	COMMENTS
28.09.17	1	The Board monitor closely and await the outcome of the Scottish Government's considerations on the provision of funding to meet the capital and interest repayments of the Kilwinning Campus PFI contract. When that outcome is communicated, the Board review Risk BRIC3 with a view to setting it at the appropriate level.	By March 2019	Board Secretary	In Progress (Updated September 2019)	<p>Following discussions with SFC, the Board had approved the preparation and submission of a Financial Sustainability Plan (FSP) covering the two years 2019 to 2021 that was forwarded to SFC in November 2018. As a part of this process, an offer of £700K of strategic funding had been received from SFC for each of the two years of the FSP. This represented approximately 50% of the annual PFI costs to the College and the FSP had been calculated on that basis prior to its submission. The FSP had been set against the FFR approved by the Board and returned to SFC at the beginning of October 2019. As a part of this process, an Organisational Review, as approved by the Board, was also underway. The Board noted that SFC intended to introduce a new college funding model with effect from academic year 2022-23.</p> <p>A further FFR prepared in line with the above position was considered by the Board at its meeting on 26 September 2019.</p>
29.03.18	1 Update	The Board and the College continue to ensure that all relevant stakeholders remain fully briefed on	Ongoing until a solution	Board Chair/Principal	Completed	

DATE RAISED	ACTION No	ACTION	DUE DATE	OWNER	STATUS*	COMMENTS
		the impact that the PFI payment continues to have on the fiscal health of the College.	has been reached			
Audit 28.09.17	2	Consideration of cross representation between BRIC and Audit Committee <sup>1</sup>	December 2017	Board Chair, Chair of Audit Committee, Board Secretary	Completed	There is now cross representation between the BRIC and Audit Committees.
28.09.17	3	Circulation of Proposed Memorandum (MoA) of understanding with HALO	October 2017	Principal/Board Secretary	Completed	The MoA was circulated, approved and signed in October 2017
28.09.17	4	Consideration to be given as to how the College and the Hospitality Industry can co-operate in an effort to increase the number of people being attracted to learn and train for a future career in the industry.	June 2018	Board/EMT/Directors	In Progress (Updated September 2019)	Under the revised structure operational from August 2019, discussions are taking place between the College and the industry with a view to how best to address the industry's requirements within curricula development moving forward
14.12.17	5	The Ayrshire College Constitution and Standing Orders be updated to reflect the discussion at the Board	March 2018	Board Secretary	Completed	
14.12.17	6	The Financial Statements be approved as agreed by the Board, signed and submitted.	December 2017	Board Chair/Principal	Completed	
14.12.17	7	A high level summary of the draft budget for 2018-19 be prepared and	By Board Development	Director of Finance & Student Services	Completed	

<sup>1</sup> Traditionally there has been no cross representation between Finance Committee and Audit Committee to ensure that the independence of the Audit Committee was not compromised. With the revision of the Board Committee structure, the sustainability of this position is being revisited alongside the review of the first year of operation of the revised Committee structure.

DATE RAISED	ACTION No	ACTION	DUE DATE	OWNER	STATUS*	COMMENTS
		circulated for the information when sufficient information has been provided by SFC	Day on February 20 2018			
29.03.18	8	The Board and the College would continue to ensure that all relevant stakeholders remained fully briefed on the impact that the PFI payment was continuing to have on the fiscal health of the College.	Provision of regular updates at each meeting until resolution is reached	Board Chair and Principal	Completed	Meetings with elected representatives held in April 2018.  Questions being raised at the Scottish Parliament by Elected Representatives.
21.06.18	9	Letter to the CabSec seeking approval for the appointment of new Board Members	1 August 2018	Board Chair and Secretary	Completed	
21.06.18	10	Issues in relation to declining student numbers, demographic decline and increased competition be reflected in the LTC Extract of the Corporate Risk Register	December 2018	Chair of LTC/VP Finance & Skills	Completed	
21.06.18	11	Corporate Risk Register Risk BRIC1 be reviewed in 2018-19 to ascertain whether it remains appropriate in light of the funding that may be available from the ACF in the future	June 2019	Chair of BRIC/VP Finance & Skills	In Progress	
27.09.18	12	Approved five year Financial Forecast Return be submitted to SFC	October 2018	VP Finance & Skills	Complete	

DATE RAISED	ACTION No	ACTION	DUE DATE	OWNER	STATUS*	COMMENTS
28.03.19	13	Future ACSA News publications to be circulated to board members	2019-20	Student President and Vice President	In Progress	To be implemented in 2019-20
28.03.19	14	A response from the Board of Management to the Unison letter be prepared and forwarded to Unison.	April 2019	Executive Management	Completed	
28.03.19	15	In the light of the discussion held under Item 10 of the minutes, a meeting to be held with the CEO of SFC to discuss the Board's concerns regarding the Outcome Agreement, as set out in Paper 6 above, and the challenges associated in meeting the outcomes in the current financial environment.	Not Specified	Board Chair and Principal	Completed	
20.06.19	16	Immediate approach to the Scottish Government re the appointment of a new board member	June 2019	Board Chair and Board Secretary	Completed	
20.06.19	17	The College to liaise with SFC on retaining the balance of VS budget expenditure	2019/20	Principal	In Progress	
20.06.19	18	The Board's Responsibilities and Standing Orders be updated to reflect approval of the revised Committee structure.	September 2019	Board Secretary	Completed	

\* **Not Started** / **In Progress** / **Completed**

**Board of Management Meeting**

**26 September 2019**

- Subject:** Student Association Report
- Purpose:** To update Board Members on Student Association activity since the last meeting
- Recommendation:** That Board Members note the content of the report and feedback any recommendations they may have

**1. Background**

After a month long period of induction and training, Student President, Jack McCrindle, and Student Vice President, Lauren Howieson, officially took up their positions on the 31<sup>st</sup> July.

Jack studied NC Sound Production at Ayr campus prior to becoming Student Vice President for the 2018/2019 academic year. Lauren studied HNC Social Science at Kilwinning campus last year before being successfully elected to the position of Student Vice President.

Both officers attended the NUS Scotland 'Lead and Change' training in July in preparation for their new roles.

**2. Current Situation**

Following a period of evaluation, review and planning over the summer, ACSA has set out its priorities for the year ahead which include; Student Mental Health, communication (in particular use of ACSA social media, Moodle and the college website), student carers, care experienced students and there will also be a focus on underrepresented groups.

The Student Association, along with the Head of Quality Enhancement and Head of Student Experience has undertaken a review of the class feedback model within Ayrshire College. Promotion of the new Your Voice Matters, Student Ambassador model, will be rolled out across the college upon the students return in September following a promotional campaign aimed at both students and staff. The new model will provide robust processes through which students can help shape curriculum design and curriculum delivery.

Further development work regarding a review of the Association's Executive Committee is underway with a view to a new model being introduced for the 2020/21 academic year.

### 3. Association Activity

#### Student Mental Health Agreement

The Student Association has been working with the Head of Student Experience and the Equality and Inclusion Advisor to produce a Student Mental Health Agreement which lays out the College and Student Association's commitment to providing activities, initiatives and support which promote positive mental health for both students and staff. The Student President and Vice President attended the NUS Scotland, Think Positive, Mental Health Agreement Event in Edinburgh on the 22 July which showcased the work Universities and Colleges are undertaking with regards to Student mental Health Agreements.

#### Fresher's Events

The association has planned one marketplace Fresher's event on each main campus and a mini Fresher's on the Irvine Campus as follows:

Tues 3 Sept	Wed 4 Sept	Thurs 5 Sept	Thurs 12 Sept
Kilwinning	Ayr	Kilmarnock	Irvine

Stall holders include a mix of third sector organisations, companies offering discounts to students and the campus liaison officers.

In addition to this, the Student President has been working with Sound Production lecturer, Murray Baxter, on a Freshers social event at a local music venue and nightclub, Furys & Harleys in Ayr which will take place on the 12 September.

#### Wear It On Your Sleeve

The Student Association will continue to promote its men's mental health campaign, Wear it On Your Sleeve. The campaign aims to encourage males to open up and talk about mental health with the message that 'talking saves lives'. Male staff champions from across the College are wearing a bright pink Wear It On Your Sleeve hoodie and giving out pocket sized cards which contain information on mental health services to encourage students to talk to them about mental health and to break the taboo of male mental health. Champions will be asked to wear their hoodie on the 26 of each month to maximise impact. In addition to the hoodies, which are exclusively for males, the Student Association will be introducing Wear It On Your Sleeve lanyards and pin badges to enable all gender identities to support the campaign. Following interest from students with regards to wearing the hoodies, it has been decided that the Student Association will purchase a supply for hoodies for students to purchase at a small cost with the proceeds going to a men's mental health charity (yet to be decided). It is hoped that all students will know that Ayrshire College is a safe and supportive environment which supports students and staff who are experiencing poor mental health.

#### Free Sanitary Product Promotion

Ayrshire College Students Association prides itself on being one of the first Associations in Scotland to provide free sanitary products to students. In 2015 the Association launched its #notaluxury.period campaign in response to the taxing of sanitary products at the time as a luxury item. The following year the Association managed to secure sponsorship with Always Ltd who provided a free supply of

sanitary products to the Association for two years. Upon the release of funding from the Scottish Government last year and guidelines stipulating that all education establishments are to provide free sanitary products to students, the Association intend to promote this across the college and also look at alternative more sustainable sanitary products such as moon cups. The Student Vice President has arranged for the organisation HeyGirls!, who support colleges and universities with their sanitary wear campaigns, to attend the Freshers events and will meet to discuss how they can support the Association with promoting the initiative shortly.

### Promotion of Your Voice Matters

The launch of Your Voice Matters will take the form of a poster and email campaign aimed at students to encourage them to apply for one of the Student Ambassador positions. Thirty six ambassadors will be recruited from across the College to undertake training which will incorporate working towards a Level 5 Leadership Award. Ambassadors will be recruiting through an application and selection process rather than being democratically elected to ensure that they have the appropriate skills and capacity to fulfil the role and work towards the leadership award in addition to their course studies.

### Conference Attendance

NUS Lead and Change – The Student President and Student Vice-President attended this training upon taking up post in July which is delivered by NUS Scotland and has been specifically designed for new and returning sabbatical officers.

That's Quality! Colleges – the Student President and Student Vice President attended this event on the 7 and 8 August which provided a comprehensive introduction to the national arrangements and processes around quality enhancement and encouraged consideration of how best to use these arrangements in Student Association roles.

The Gathering - The Student President and Vice President will attend the NUS Scotland's Gathering event which takes place on the 29 August in Edinburgh. The Gathering brings together examples of best practice from Student Associations from across the sector.

### Future Activity

#### Clubs and Societies

The Student Association will be looking to recruit students interested in helping facilitate student clubs within the College. We are hoping to initially set up an LGBT+ group and debating club on each campus, supported by the Student Vice President and the Student President is hoping to take part in the Jog Scotland Jog Leader training to set up a jogging group for both students and staff. This group will train with a view to taking part in the Roon the Toon 5K and 10K races in spring next year. The Student President also hopes to undertake gym instructor training to help staff the Kilmarnock gym to encourage more students to make use of the sports facilities on campus. Recruitment for clubs will take place during September with a view to getting them up and running as soon as possible.

## Movember

As part of the work of the Promoting Wellbeing group the Student Association will be organising activities for students around the national Movember campaign which raises awareness of mens health. This takes place throughout the month of November and incorporates a 10k run.

## Care Experienced Support

The Student Association will be recruiting a Care Experienced Students Officer who will represent our care experienced students, one of our priority groups, and who will help us to create a care experienced forum, link in with the local Champions Boards and attend care experienced events. This includes the care experienced events which take place in the College as organised by the Head of Student Experience and which take place during National Care leaver's week in November.

### **4. Proposals**

N/A

### **5. Risks**

Due to the challenging issues dealt with within the SA there is a risk of reputational damage.

### **6. Equality Impact Assessment**

Due to the nature of this paper an equality impact assessment has not been undertaken.

### **7. Conclusion**

The ACSA will continue to work alongside staff in order to best support and encourage students, and make the 2019/20 session both enjoyable and successful for students.

**Jack McCrindle**  
**Student President**  
**15 August 2019**

### **Publication**

This paper will be published on the College website.

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**Board of Management Meeting**

**26 September 2019**

**Subject:** Updates to the Board of Management Responsibilities and Standing Orders

**Purpose:** To update in line with changes to the operational environments of the Board and the College. Members are advised that only the highlighted text needs to be considered. The rest is included for contextualisation purposes only.

**Recommendation:** The proposed updates be approved

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**1. Background**

Changes in the operational environment of both the Board and the College have necessitated a review of the wording contained in the Board's Responsibilities and Standing Orders to reflect constantly evolving processes.

**2. Current Situation**

The appointment of a new CEO will always bring about changes in the internal operational environment and College processes. In addition, there have been changes in the external environment in recent years, particularly in relation to the introduction of National Bargaining, and these are starting to have an impact on College and Board processes. It is the responsibility of the Board Secretary to ensure that these changes are appropriately reflected in the Board's governance documentation. It is the responsibility of the Board to approve the changes proposed.

**3. Proposals**

The proposed changes are highlighted in Appendix 1 and are largely editorial. Those highlighted in yellow are additions or substitutions. Those highlighted in red are deletions. The most significant changes are to the Terms of Reference (ToR) of the Performance Review and Remuneration Committee (RemCo). These changes are largely resultant on the impact of National Bargaining and include changes resultant on the need to bring responsibility for the Director's remuneration, terms and conditions into the Committee's ToR, and to reflect the residual responsibilities towards staff previously covered by RemCo after they leave the employ of the College. All of the proposed amendments fall into one of the following categories:

- Amendments to take account of the Board's approval for the implementation of the revised Board Committee Structure.
- An amendment to clarify the relationship between the Board and the Audit Committee in relation to the approval of the Corporate Risk Register.

- The addition of additional bullet points into the “Duties” of some Committees to reflect operational experience.
- To reflect changes consequent on the introduction of National Bargaining.

**4. Consultation**

Audit Committee, Performance Review and Remuneration Committee (2018/19), Jane McKie - Vice Principal

**5. Resource Implications**

None

**6. Risks**

There is a risk to the effective good governance of the College if the Board Responsibilities and Standing Orders are not maintained.

**7. Equality and Diversity Impact Assessment**

N/A.

**8. Conclusion**

The Board is asked to approve the proposed updates contained in Appendix 1

**Brendan Ferguson  
Secretary to the Board of Management  
September 2019**

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## Ayrshire College Board of Management

### Responsibilities and Standing Orders

#### Extracts Containing Proposed Amendments for Consideration and Approval at the Board Meeting 26 September 2019

Date of first issue:	12 August 2013
Revision number:	6
Date of Draft Consideration by the Board of Management:	6 December 2018
Responsibility for Review:	Chair of Board of Management
Date of last review:	September 2017
Date of next review:	August 2020

**Xxxxx** – Proposed Amendment

**Xxxxx** – Proposed Deletion

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## **Section 3: Standing Orders – Board and Committees’ Terms of Reference**

### **3.1 Board of Management Terms of Reference**

#### **Introduction**

The Board of Management is responsible for the overall functioning and strategic direction of the College. The Board of Management is also responsible for planning the future development of the College and for ensuring its effective management.

The Board of Management has ultimate responsibility for all the affairs of the College.

The Board of Management is publicly accountable for the College’s stewardship of public funds and given the nature of this obligation demands the highest standards of Corporate Governance.

#### **Remit**

The Board of Management is responsible for overseeing all matters related to function and strategic direction of the College. The Board of Management through its Committees will provide strategic leadership to ensure that the College aims and objectives are achieved. The Board will also ensure, through the actions of the Chair, that the requirements in relation to new members’ induction and mentoring, from both the Board and board committees perspective, are properly fulfilled and enacted.

#### **Board of Management Membership**

The membership of the Board of Management will be constituted as determined by Statutory Provision.

As currently constituted under Statutory Provision, the Board of Management shall consist of not less than 15 or more than 18 persons.

The Board shall comprise:

- The Principal of the College;
- A person being elected by the teaching (curriculum) staff from among their own number;
- A person being elected by the service/support (non-curriculum) staff from among their own number
- 2 persons being appointed by being nominated by the Students’ Association of the College from among students of the College (this includes students on a sabbatical year).

- Up to 12 other people, not being members of staff or full-time students, who have experience in different industry sectors, commercial or employment matters, or the practice of a profession, or who represent the Third Sector, Public Sector Bodies or Trades Union, or who otherwise have an interest in the College and in further and higher education and who represent the demography and diversity of the region (these appointments will be the “Non-Executive Members”).

### **Quorum**

50% of the Board of Management places occupied will constitute a quorum.

### **Attendance**

The Board of Management may co-opt individuals as appropriate. Details of the proposed co-opted individuals will be approved by the Chair of the Board in advance. The role, remit and term of membership of the co-opted individuals will be determined by the Board.

The Executive Management Team and other Staff, as required, should attend meetings of the Board of Management to provide information and reports as appropriate.

The Board has the option of meeting without any members of staff present. Where the Board Secretary has been also been excluded, the Chair of the Board shall arrange for a full minute of the meeting to be recorded, which shall include a full explanation of why the Board Secretary was excluded from the meeting.

### **Meetings**

The Board shall normally meet on a quarterly basis, but shall meet on a minimum of three occasions per annum.

Any member of the Board of Management may convene additional meetings as and when required by giving a minimum of ten working days’ notice to the Secretary to the Board of Management to call a meeting.

The Chair of the Board of Management will instruct the Secretary to the Board of Management to call meetings of the Board. The agenda and supporting papers will be sent to members at least five working days before the day of the meeting.

Where, in the opinion of the Chair, an exceptional and urgent matter of business requires to be considered by the Board at shorter notice than that provided for above, the Chair may instruct the Board Secretary to call a meeting of the Board of Management at a time, date and place determined by the Chair.

## Duties

The Board of Management has responsibility *for overseeing the business of the College, determining its future direction and fostering an environment in which the College vision, mission and objectives are achieved and the potential of all learners is maximised.* The Board of Management is the employer of all staff of the College.

*The Board of Management must ensure compliance with Statutory Provision and their ordinances, schedules and provisions; together with all advice, guidance and direction provided, from time to time, by the Scottish Government, SFC or other properly constituted agency which regulate the College and its framework of governance and, subject to these, take all final decisions on matters of fundamental concern to the College.*

The following items are retained for approval by the Board of Management, upon advice from or recommendation by the relevant Committee where appropriate, and may not be delegated:

- To approve Strategies presented by the relevant Committees;
- To approve the planning cycle proposed by the Executive Management Team for the preparation of the Outcome Agreement, the College Strategic Plan, and to approve the Plan itself before publication;
- To approve the annual accounts, following consideration by the **Business, Resources and Infrastructure Committee** and Audit Committee;
- To approve the College budget proposals, following consideration by the **Business, Resources and Infrastructure Committee**;
- To approve the appointment of the Principal and Chief Executive;
- To approve any financial packages in excess of statutory provisions, for severance payments, following consideration by the Performance Review and Remuneration Committee;
- To receive and consider at each meeting the Board of Management extract from the rolling Ayrshire College Corporate Risk Register, and to advise the Audit Committee Accordingly.
- To receive, consider and **discuss, by exception, extracts from** **approve the Ayrshire College Corporate Risk Register drawn to the Board's attention following consideration and comment by** the Audit Committee
- To receive, consider and approve recommendations from the Search and Nomination Committee on the membership of new and reappointed Board Members, prior to submission to the Scottish Ministers for approval;<sup>1</sup>

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<sup>1</sup> In the interests of practicality, this may be undertaken by circulation where a meeting of the Board is not immediately scheduled.

- To ensure that appropriate and adequate induction procedures are in place for all new Board Members
- To ensure that the arrangements made to implement the College Health and Safety Management System are effective.

### **Authority**

The Board of Management is authorised to investigate any matters in any reasonable manner as it sees fit. The Board of Management is authorised to receive and record information received as a part of any investigatory process from persons who are not members of the Board and who are not employees of the College provided they wish to co-operate in the provision of information and whilst taking account of policy and legal rights and responsibilities.

The Board of Management is authorised to seek and obtain any information it requires from any Senior Manager or Employee of the College, its Advisors or Member of the Board of Management whilst taking account of policy and legal rights and responsibilities.

### **Reporting Arrangements**

At the end of each meeting, the Board will decide on the business of the meeting that may be fully published on the College website. Normally it would be expected that complete minutes and papers will be published: except where the exclusions listed in paragraph 2.8 of these Standing Orders apply.

Minutes will be kept of the proceedings of the Board by the Board Secretary. These will be circulated, in draft form normally within ten working days to the Executive Management Team representative for checking and then to the Chair of the Board for consideration. It is expected that minutes will be checked timeously and any amendments advised to the Secretary to the Board of Management.

The Chair of the Board shall submit draft minutes to the next Board meeting for approval.

## **3.2 Audit Committee Terms of Reference**

### **Introduction**

The Audit Committee is identified as a Committee of the Ayrshire College Board of Management. The approved Terms of Reference and information on the composition and frequency of the Committee will be considered as an integral part of the College Standing Orders.

The Committee will be known as the Audit Committee of the Board and will be a Standing Committee of the Board of Management. For the purposes of the Terms of Reference, unless otherwise indicated, 'the Board' means the Ayrshire College Board of Management.



## **Remit**

The Committee will be responsible for overseeing all matters related to the external and internal audit of the College and provide assurance to the Board that the requirements of the Code of Audit Practice published by Audit Scotland are observed along with all other relevant regulations and legislation. The Committee will have a particular engagement with internal and external audit and financial reporting issues.

## **Committee Membership**

The Committee membership shall consist of a minimum of four non-executive Board members who shall be independent and objective in terms of their Audit Committee function and, in line with good practice, will not include either the Principal or the Chair of the Board. At least one member of the Audit Committee must have recent relevant financial or audit experience.

The Committee Chair will be appointed by the Board.

Committee membership will be reviewed annually by the Board, taking account of the remaining terms of office of the Committee members.

## **Quorum**

50% of the total membership of the Committee will constitute a quorum.

## **Attendance**

The Committee may co-opt additional individuals as appropriate. Details of proposed co-opted individuals will be notified to the Chair of the Board in advance. The role, remit and term of membership of co-opted individuals will be determined by the Committee.

External and Internal Auditors shall normally attend meetings and will be invited to all meetings.

The Vice Principal Finance and College Systems, the Director of Finance and Student Funding and, where appropriate, other staff should attend meetings of the Committee to provide information and reports as appropriate.

## **Meetings**

The Committee shall normally meet on a quarterly basis, but shall meet on a minimum of three occasions per annum.

Any member of the Committee may convene additional meetings of the Committee as and when required by giving a minimum of ten working days' notice to the Secretary to the Board of Management to call a meeting.

The Committee Chair will instruct the Secretary to the Board of Management to call meetings of the Committee. The agenda and supporting papers will be sent to members at least five working days before the day of the meeting.

The Committee may meet privately without any non-members (with the exception of the secretary) for all or part of a meeting if they so decide.

The Committee will normally meet with the External and Internal auditors annually without any members of the Executive Management Team being present.

### **Duties**

- To agree Strategies within the Committee's overall remit subject to Board of Management Approval.
- Reviewing and advising the Board of Management on the effectiveness of the College's financial and other internal control Systems.
- Reviewing and advising the Board of Management on corporate governance requirements.
- Appointing the College's Internal Auditors and agreeing on the terms of reference for an audit service.
- Reviewing the scope and effectiveness of the work of the internal and external auditor using appropriate performance indicators.
- Considering issues raised in audit reports, annual management letter and reporting to the Board of Management on action required.
- Considering the College's annual financial statements and external auditor's report prior to submission to the Board of Management by the **Business Resources and Infrastructure Committee**. Recommending to the Board the adoption of the audited Annual Accounts.
- Agreeing an internal and external audit plan.
- Advising the Board of Management on internal and external value for money reviews which secure the effective use of College resources.
- Preparing an Annual Report to the Board of Management on the work of the Audit Committee which will then be submitted to the Scottish Funding Council.
- Reviewing reported cases of impropriety to establish whether they have been appropriately handled.
- Agreeing the fees of Internal and External Auditors.
- Ensuring the system of risk management established by Ayrshire College remains fit for purpose and is being appropriately maintained.

- At each meeting receive and consider the rolling Ayrshire College Risk Register and comment accordingly to the Board of Management.
- The consideration and approval of the Ayrshire College Business Continuity Plan at the second quarterly meeting of each session.

### **Authority**

The Committee is authorised to investigate any matters which fall within its Terms of Reference.

The Committee is authorised to seek and obtain any information it requires from any Senior Manager or Employee of the College, its Advisors or Member of the Board of Management whilst taking account of policy and legal rights and responsibilities.

### **Reporting Arrangements**

At the end of each meeting, the Committee will decide on the business of the meeting that may be fully published on the College website. Normally it would be expected that complete minutes and papers will be published: except where the exclusions listed in paragraph 2.8 of these Standing Orders apply.

Minutes will be kept of the proceedings of the Committee by the Board Secretary. These will be circulated, in draft form normally within ten working days to the Executive Management Team representative for checking and then to the Chair of the Committee for consideration. It is expected that minutes will be checked timeously and any amendments advised to the Secretary to the Board of Management.

The Chair of the Committee shall report on the work and recommendations of the Committee and submit Committee minutes to the Board meeting for information.

## **3.5 Performance Review and Remuneration Committee Terms of Reference**

### **Introduction**

The Performance Review and Remuneration Committee is identified as a Committee of the Ayrshire College Board of Management. The approved Terms of Reference and information on the composition and frequency of the Committee will be considered as an integral part of the College Standing Orders.

The Committee will be known as the Performance Review and Remuneration Committee of the College Board and will be a Standing Committee of the Board of Management. For the purposes of the Terms of Reference, unless otherwise indicated 'The Board' means the Ayrshire College Board of Management.

## Remit

The Committee will be responsible for overseeing all matters related to Performance Review and Remuneration of ~~the Executive Management Team~~ those members of staff whose remuneration consideration lies outwith the scope of the National Recognition and Procedures Agreement (NRPA) and provide assurance to the Board on all such matters. In undertaking its deliberations, the Committee should take evidence from a range of sources. In particular, students and staff should have a role in contributing views/evidence to the Committee as appropriate. The Board Chair will report on the performance of the Principal and make recommendations in relation to the Principal's remuneration accordingly. For all other staff whom the Committee has responsibility for considering performance and remuneration, reporting and recommendations will be the responsibility of the Principal.

## Committee Membership

The Committee shall be chaired by an appropriate Board Member appointed by the Board on the recommendation of the Chair and membership will be the Board Chair, the Board Vice Chair, the Chairs and Vice Chairs of the Board Committees and the Senior Independent Member (SIM). At the discretion of the Board Chair, in discussion with the Chair of the Committee, additional members may be added from time to time with the approval of the Committee. The Principal may not be a member of this Committee.

The Principal shall be in attendance for the Committee except where discussions relate to their Performance and Remuneration.

The Committee membership will be reviewed annually by the Board, taking account of the remaining terms of office of the Committee members.

## Quorum

50% of the total membership of the Committee will constitute a quorum.

## Attendance

The Committee may co-opt additional individuals as appropriate. Details of proposed co-opted individuals will be notified to the Chair of the Board in advance. The role, remit and term of membership of individuals will be determined by the Committee.

The Committee may invite other persons to attend meetings of the Committee to provide information and reports as appropriate.

## Meetings

The Committee shall meet as appropriate, but not less than once per academic year.

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Any member of the Committee may convene additional meetings of the Committee as and when required by giving a minimum of ten working days' notice to the Secretary to the Board of Management to call a meeting.

The Committee Chair will instruct the Secretary to the Board of Management to call meetings of the Committee. The agenda and supporting papers will be sent to members at least five working days before the day of the meeting.

## Duties

- To discuss the Performance of ~~those the Executive Management Team~~ members ~~of staff who are not included within the scope of the NRPA~~ in line with the College's Performance Review frameworks.
- To agree remuneration for those ~~members of staff who are not included within the scope of the NRPA.~~
- To consider applications from individuals who were outwith the scope of the NRPA and who were in the employ of the College at the effective date of a National Bargaining pay award, but who left their College employment prior to a decision being taken to implement and backdate the agreement/pay award. Consideration will be based on the receipt of a request in writing from the individual concerned. As a general principle, and subject to confirmation of satisfactory performance and all other matters being in order, it is expected that any former member of staff would normally be treated in the same manner as current staff in terms of a payment being made.
- To take account of any advice given by the Scottish Funding Council in ~~terms of the remuneration. of the Executive Management Team.~~
- To take account of any guidance issued by the Treasury or other relevant Government bodies on public sector salaries.
- To consider benchmarking information across the Sector ~~and Job Evaluation processes,~~ as appropriate, in determining remuneration strategies for ~~the Executive Management Team.~~ ~~staff outwith the scope of the NRPA.~~
- To report to the Board of Management on remuneration policies for ~~the Executive Management Team.~~ ~~staff outwith the scope of the NRPA~~

## Authority

The Committee is authorised to investigate any matters that fall within its Terms of Reference.

The Committee is authorised to seek and obtain any information it requires from any Senior Manager or Employee of the College, its Advisors or Member of the Board of Management whilst taking account of policy and legal rights and responsibilities.

## **Reporting Arrangements**

Minutes will be kept of the proceedings of the Committee by the Board Secretary. These will be circulated in draft form, normally within eight weeks, to the Chair of the Committee for checking and immediately thereafter to the Committee Members. It is expected that minutes will be checked timeously and any amendments advised to the Secretary to the Board of Management.

The Chair of the Committee will report to the Board on the work and recommendations of the Committee and submit approved Committee minutes to the Board for information.

## **Section 4: Standing Orders – Scheme of Delegation**

### **Principles**

#### **4.1 General**

In order for Colleges to operate effectively, the Board of Management must delegate authority to the Chair, Committees and relevant staff to undertake various responsibilities. These delegated authorities must be documented in a Scheme of Delegation.

It should be noted that legislation does not allow for delegation to Board members other than the Chair. Therefore, any responsibilities normally undertaken by other individuals e.g. the Depute Chair of the Board/Senior Independent Director, should not be documented in this Scheme. (The Principal is a member of staff as well as a Board member, and can therefore be delegated authority.)

When delegating authority, the Board should remember that, whilst it can delegate the performance of its functions, the Board itself retains overall responsibility and accountability. It is therefore essential that the Board has the appropriate checks and balances in place to ensure that functions are being exercised effectively and appropriately and in accordance with the delegated authority.

When delegating authority, the Board must have due regard to legislation and terms and conditions of grant (including in relation to its Financial Memorandum, the Scottish Public Finance Manual, the Code of Good Governance for Scotland's Colleges).

The Scheme of Delegation should also take account of internal documents e.g. financial regulations and which set out levels of delegation relating to financial or other matters.

#### **4.2 Authority Reserved to the Board**

For clarity, the Board must set out a list of decisions it requires or wishes to retain responsibility for e.g. approval of Annual Accounts. It is acceptable for these items to be discussed by other Committees first (e.g. in the case of

Annual Accounts, **the Business, Resources and Infrastructure Committee** may look at the detail and make a recommendation to the Board for their approval), but the final approval or decision must be considered by the Board as a whole.

### **4.3 Delegation to Committees**

The Board may establish Committees for any purpose and any such Committee may appoint Sub Committees.

In accordance with the Code of Good Governance for Scotland's Colleges, the minimum Committees required are Audit, Remuneration, Finance and Nominations/Appointments. The Board must consider which Committees would be most useful to support the volume of business it undertakes. Where in-depth scrutiny of particular issues is required, it may be useful to have a Committee with members with the appropriate skills to do this, who can then present a summary of this to the full Board. **(e.g. budgets and accounts by a Finance Committee; staff policies by an HR Committee etc).** The requirements for Committees are likely to vary between Colleges and apart from the minimum Committees specified above, it is for the Board to determine what would be most useful.

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### Learning and Teaching Committee Work Plan 2019-20

September	November	March	June
<b>Reports to this meeting</b>			
Terms of Reference & 2019-20 Work Plan	Draft 2020-21 Curriculum Delivery Plan	2018-19 Sector KPIs	
Published Regional Outcome Agreement 2019-20	Draft Regional Outcome Agreement 2020-21	Draft Regional Outcome Agreement 2020-21	Final Regional Outcome Agreement 2020-21
2018-19 Performance Indicator Report	College Leaver Destination Survey 2017-18	2019-20 Semester 1 Student Satisfaction Survey outcome	2019-20 Student Satisfaction and Engagement Survey
2019-20 Enrolment Position Update Report		Education Scotland Progress Visit Update	
2018-19 External Verification Report			
<b>Reports to each meeting</b>			
Student Association Report 2019-20	Student Association Report 2019-20	Student Association Report 2019-20	Student Association Report 2019-20
2018-19 Final Credit Position Report at August 2019	2019-20 Credit Report & Early Withdrawals Position	2019-20 Credit Report & Early Withdrawals Position	2019-20 Credit Activity Target Progress Report
Enhancement Plan 2019-20 Progress Report	Enhancement Plan 2019-20 Progress Report	Enhancement Plan 2019-20 Progress Report	Enhancement Plan 2019-20 Progress Report
2018-19 Student Support Funds: Final Position at July 2019	2019-20 Student Support Funds position	2019-20 Student Support Funds position	2019-20 Student Support Funds position
2018-19 Industry Programmes Report	2019-20 Apprenticeships and Work Based Learning Report	2019-20 Apprenticeships and Work Based Learning Report	2019-20 Apprenticeships and Work Based Learning Report
Complaints Quarterly Report Q3	Complaints Quarterly Report Q4	Complaints Quarterly Report Q1	Complaints Quarterly Report Q2
2019-20 Corporate Risk Register (V1): LTC Extract	2019-20 Corporate Risk Register (V2): LTC Extract	2019-20 Corporate Risk Register (V3): LTC Extract	2019-20 Corporate Risk Register (V4): LTC Extract



**Business, Resources and Infrastructure Committee Work Plan 2019-20**

<b>September</b>	<b>November</b>	<b>March</b>	<b>June</b>
<b>Reports to this meeting</b>			
Terms of Reference & 2019-20 Work Plan	Statutory Accounts to July 2019 (Before Audit Finalisation)	2020-21 SFC Indicative Funding: Revenue & Capital	2020-21 Budgets for Academic Year ending 31 July 2020
SFC 5 Year Financial Forecast Return (FFR)	2018-19 Health, Safety and Wellbeing Annual Report	2020-21 First Draft SFC Funded Capital & Revenue Expenditure Programme	2020-21 SFC Funded Capital & Revenue Expenditure Programme
			FY 2019-20 SFC Resource Returns
			2020-21 Student Resource Funds Allocation
<b>Reports to each meeting</b>			
2019-20 Management Accounts	2019-20 Management Accounts	2019-20 Management Accounts	2019-20 Management Accounts
2019-20 Cashflow Projections	2019-20 Cashflow Projections	2019-20 Cashflow Projections	2019-20 Cashflow Projections
2018-19 Student Support Funds Final Position at July 2019	2019-20 Student Support Funds Position Update	2019-20 Student Support Funds Position Update	2019-20 Student Support Funds Position Update
2019-20 SFC Funded Capital Expenditure Position	2019-20 SFC Funded Capital Expenditure Position	2019-20 SFC Funded Capital Expenditure Position	2020-21 SFC Funded Capital Expenditure Position
HR and Organisational Development Reports	HR and Organisational Development Reports	HR and Organisational Development Reports	HR and Organisational Development Reports
2019-20 Corporate Risk Register (V1): BRIC Extract	2019-20 Corporate Risk Register (V2): BRIC Extract	2019-20 Corporate Risk Register (V3): BRIC Extract	2019-20 Corporate Risk Register (V4): BRIC Extract

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**Audit Committee Work Plan 2019-20**

September	December	March	June
Terms of Reference & 2019-20 Work Plan	2018-19 Financial Statements to July 2019	2019-20 Internal Audit Reports	2019-20 Internal Audit Reports
2018-19 Internal Audit Reports	2018-19 Letter to SAA Covering Internal Audit of Discretionary Funds Return	Internal Audit Rolling Action Plan at February 2020	External Audit Strategy Review and Plan for 12 Months Ending July 2020
Corporate Risk Register 2019-20 (V1)	2018-19 Credit Data Return Internal Audit Report	Corporate Risk Register 2019-20 (V3)	Internal Audit Rolling Action Plan at May 2019
Internal Audit Rolling Action Plan at September 2019	2018-19 Audit Committee Chair's Draft Annual Report	Audit Development Session provided by an external or internal Auditor	Corporate Risk Register 2019/20 (V4)
2019-20 September Internal Audit Progress Report	2019-20 November Internal Audit Progress Report		Audit Scotland Annual Report on the Performance of Scotland's Colleges
External Audit Progress Report	Internal Audit Rolling Action Plan at November 2019		
	Corporate Risk Register 2019-20 (V2)		
	2018-19 Internal Audit Reports		
	Business Continuity Plan 2019-20		

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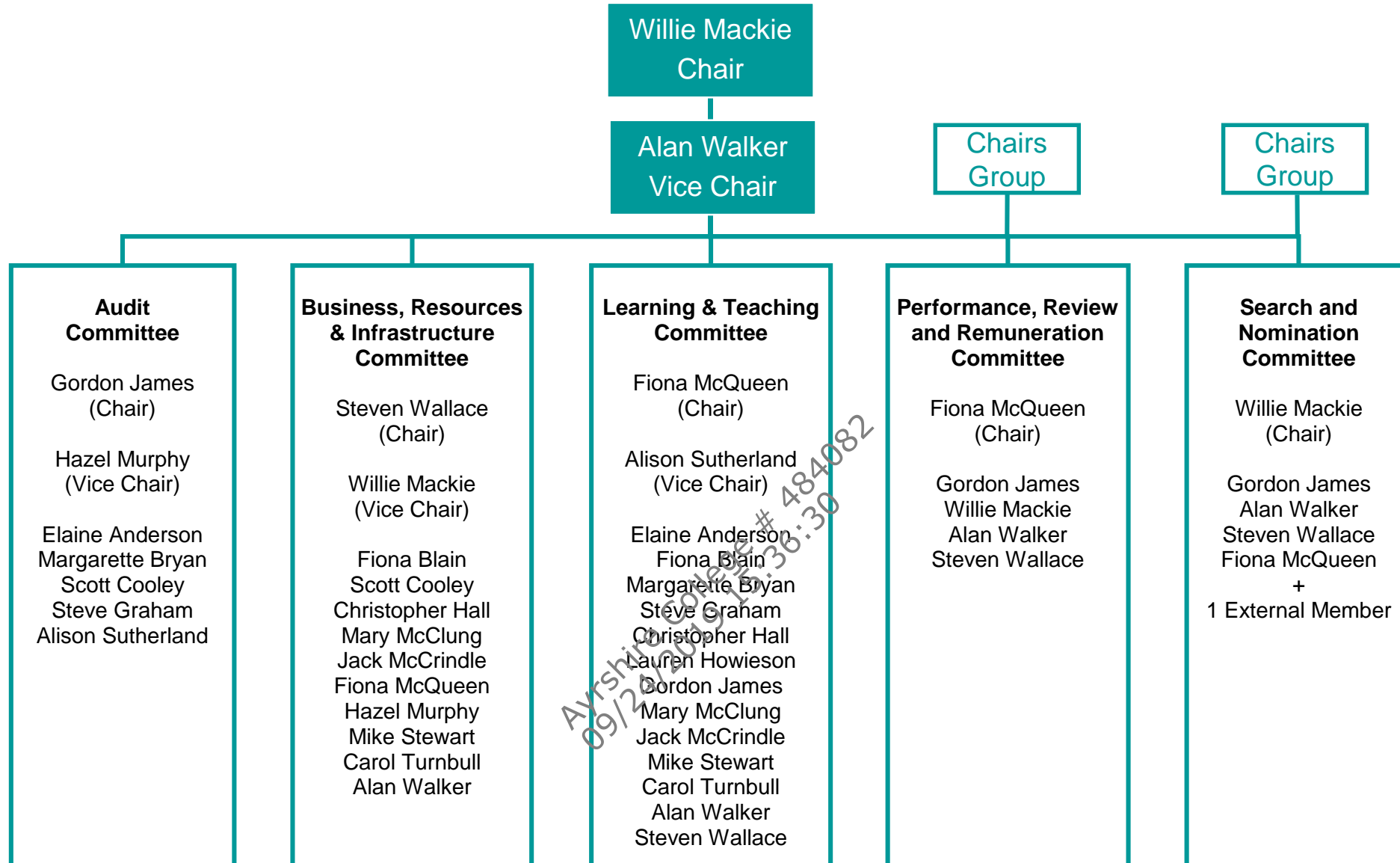
**Board of Management Work Plan 2019-20**

<b>September</b>	<b>December</b>	<b>March</b>	<b>June</b>
<b>Reports to this meeting</b>			
Board of Management Terms of Reference & 2019-20 Work Plan	2018-19 Financial Statements to July 2018: <ul style="list-style-type: none"> <li>i. Board of Management Report and Financial Statements</li> <li>ii. Annual Report to the Board of Management and Auditor General</li> <li>iii. Letter of Representation</li> </ul>	Draft Board & Committee Meeting Dates 2020 - 2021	Revised Committee Structure 2018 – 2020 Review of Operation
Board and Committee Membership 2019-20	Internal Audit Annual Report	Draft Outcome Agreement 2020-21	Board Rolling Development Plan 2020-21
SFC 5 Year Financial Forecast Return (FFR)	Audit Committee Annual Report	2020-21 SFC Indicative Funding: Revenue & Capital	Outcome Agreement 2020-21
	2018-19 Evaluative Report & 2018-21 Enhancement Plan	2020-21 First Draft SFC Funded Capital & Revenue Expenditure Programme	2020-21 Budgets for Academic Year ending 31 July 2021
	2018-19 Health, Safety and Wellbeing Annual Report		2020-21 SFC Funded Capital & Revenue Expenditure Programme
<b>Reports to each meeting</b>			
Chair's report	Chair's report	Chair's report	Chair's report
Student Association Report	Student Association Report	Student Association Report	Student Association Report
Progress of National Bargaining	Progress of National Bargaining	Progress of National Bargaining	Progress of National Bargaining
Committee Chairs Reports	Committee Chairs Reports	Committee Chairs Reports	Committee Chairs Reports
Receipt of Confirmed Committee Minutes	Receipt of Confirmed Committee Minutes	Receipt of Confirmed Committee Minutes	Receipt of Confirmed Committee Minutes
2019-20 Corporate Risk Register (V1)	2019-20 Corporate Risk Register (V2)	2019-20 Corporate Risk Register (V3)	2019-20 Corporate Risk Register (V4)

# Board of Management Committee Structure

AY 2019-20

(Paper 5)



**Minute of the Meeting of the Business, Resources and  
Infrastructure Committee  
Held at the Kilmarnock Campus  
On 4 June 2019**

*(Paper 8)*

**Present:** Nicki Beveridge (Acting Chair)  
Chris Hall  
Willie Mackie  
Fiona McQueen  
Hazel Murphy  
Kevin Simpson  
Carol Turnbull (Principal)  
Alan Walker  
Steven Wallace  
Marri Welsh

**In attendance:** Brendan Ferguson (Board Secretary)  
Michael Breen (Vice Principal – Finance and Skills)  
Anne Campbell (Vice Principal – Strategy and Skills)  
David Davidson (Director of HR and Organisational Development)  
James Thomson (Director of Finance and Student Funding)  
Liz Walker (Head of Financial Services)

**1 Welcome and Declarations of Interest**

The Chair welcomed everyone to the meeting. There were no declarations of interest.

**2 Apologies**

Apologies were received from Committee Chair Tom Wallace and from EMT member Jane McKie.

**3 Minutes of the Previous Meeting held on 12 March 2019 (Paper 1) (P)**

The minutes were approved as a correct record

Proposed: Willie Mackie  
Seconded: Steven Wallace

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## **Matters Arising and Action Tracker (Paper 1a) (P)**

There were no matters arising not dealt with on the agenda.

- Action 4 - **The Committee agreed this should be updated to include a formal review date of December 2019.**
  
- Action 6 - **Subject to the description being amended to read BRIC5, the Committee agreed this action should now be marked as Completed**
  
- Action 9 - **The Committee agreed to a circulation date of September 2019**
- Action 11 - **Subject to BRIC6 being updated to include the agreed cross-reference (BRIC 8), the Committee agreed this should now be marked as Completed**
  
- Action 12 - **The Committee was advised that the initial meeting had taken place and a follow-up was to be organised. It was agreed that this should be updated to include a due date of September 2019 and would remain marked as In Progress**
  
- Action 13 - **The Committee noted this would be included in the next cycle of meetings**
  
- Action 14 - **The Committee noted that the Chair of the Learning & Teaching Committee had asked for this to be included on the agenda for the Learning & Teaching Committee in September 2019**

## **4 2018-19 Management Accounts to 30 April 2019 (Paper 3) (P)**

M Breen took the Committee through Paper 3 as written, noting that this represented the position to 30 April 2019, nine months into the College financial year. M Breen then took members through the position to date and the projections to the end of July 2019, and concluded by stating that he was pleased to be presenting a significantly improved position to that projected in June 2018.

The Committee welcomed the content of Paper 3, noting that the overall trading position was significantly ahead of budget at April 2018 and the trends suggested further positive movements to the end of July 2019. During discussion, the suggestion was made that, for future budget papers, a triangulation with the current management accounts forecasts and trends would assist the overall comprehension of Board members.

**The Committee welcomed and approved Paper 3.**

**5 2019-20 SFC Funded Capital and Revenue Expenditure Programme/Funding Bid to Ayrshire College Foundation (Paper 4) (P)**

M Breen introduced Paper 4 and explained that the Paper would be taken in two parts. In response to a question, M Breen noted that it was quite possible that the very significant reduction in Capital Funding Grant received by the College for 2019-20 would be maintained for at least three years. A further question was asked on the projected impact that this reduction would have on the College. M Breen replied that proposed capital projects in support of curricula development would have to be delayed until the grant funding required to realise these projects became available. As a result, of the funding level only two limited projects were being proposed for 2019-20, as set out in Paper 4. The project being prioritised was the refurbishment of the Health and Social Care room in the Kilwinning Campus, with the balance being used for small projects.

The Committee noted the position as outlined in the first part of Paper 4 and regretted the impact this low level of capital funding could have on planned future developments should this decreased funding continue into future years.

In the second part of the paper, the Committee noted that because of the decreased funding available, the College's match funding share of the previously approved three-year ICT investment programme would not be available in 2019-20. The Committee agreed to the proposal that a case be presented to the Ayrshire College Foundation (ACF) at its next meeting that the previously approved and ring fenced funding of £250K now be prioritised for ICT development.

Discussion also took place on the possible identification of other charitable sources to support the procurement of requisite equipment in support of proposed projects. M Breen stated that that this would be considered and that Project proposals would require to be developed accordingly.

**The Committee agreed that Paper 4 be commended to the Board for approval.**

**6 2019-20 Student Support Funds Allocation (Paper 7) (P)**

M Breen introduced Paper 7, noting that the total allocation of circa £10.04 million was the same amount of funding as that received in academic year 2018-19, after accounting for received in year funding. Also highlighted was the decrease in FE Discretionary Fund allocation for 2019-20. This was felt to be a response to the reduced number of students applying for the fund: a consequence of the disadvantageous impact of Universal Credit payments received. M Breen explained that the College was able to allocate the total funding into the requisite categories, as set out in Paper 7, and previous years' trends and experience has been used as the basis of the allocations. The expected position in relation to EMAs was also explained before M Breen concluded by confirming that the allocation from SAAS for HE Discretionary support was expected in June 2019

The Committee noted Paper 7 and the decrease in the FE Discretionary Fund allocated. The Committee very much regretted the impact of the roll out of Universal Credit legislation on some of the College's most vulnerable students. It was further noted that this matter would be discussed at the September 2019 meeting of the Learning & Teaching Committee, prior to consideration at the Board of Management.

### **The Committee noted the content of Paper 7**

## **7 Organisational Review Update (Presentation)**

D Davidson provided a presentation setting out the progress to date in implementing the Organisational Review and reminded the Committee that the revised structure would be operational from 1 August 2019. In addition, the presentation covered the costs to date of voluntary severance (VS) compared to the budget agreed by SFC. C Turnbull added that the full budget would not be required in 2018-19, but proposed that the College discuss with SFC the retention of the balance to support further organisational change in 2019-20.

The Committee noted the current position and the approval of the Voluntary Severance budget by SFC. In response to a question, D Davidson stated that VS would remain open until 31 July 2019, but it was not expected that there would be significant new applications prior to the deadline. A final report for 2018-19 would be provided to the Committee its meeting in September 2019.

**The Committee noted the content of the presentation and congratulated the College on its management of the process to date.**

**It was agreed that the College should liaise with SFC on retaining the balance of the VS budget expenditure pending the completion of the Organisational Review Project.**

## **8 HR and Organisational Development Report (Paper 8) (P)**

D Davidson took the Committee through Paper 8 as presented, highlighting to the Committee that the Job Evaluation of support staff was currently being undertaken within the College in line with the national agreement. The Committee was reminded that that the outcomes of job evaluation would be backdated to September 2018.

In response to a question, M Breen confirmed that SFC had set aside funding at College level, proportionate to the request made by Colleges Scotland. At this stage, the final costs to the College could not be quantified, but his understanding was that funding would be made available to the sector when required.

During discussion, the Committee welcomed the positive trends on managing absence and work-related stress instances. Also welcomed was the statement that the annual Staff Health and Wellbeing Day would this year be held on Friday 21 June.



Also as part of the discussion, the Committee agreed to a suggestion by the Chair that separate papers covering Investors in People, TQFE and impact of GTCS registration be received by the Committee at future meetings

**The Committee noted Paper 8 and agreed that it would expect to receive the IIP, TQFE & GTCS papers at meetings during the 2019-20 academic year.**

*Action: The Committee to receive future papers setting out the background, relationship to HR Strategy, challenges, benefits and, where appropriate, a cost benefit analyses of Investors in People ..*

**9 2018-19 Student Support Funds Position as at 7 May 2019 (Paper 9) (P)**

M Breen took the Committee through Paper 9 as presented and advised there were no significant issues to report.

**The Committee noted Paper 9.**

**10 2018-19 SFC Funded Capital and Revenue Expenditure Programme at March 2019 (final position) (Paper 10) (P)**

M Breen took the Committee through Paper 10 as presented, noting that expenditure had progressed as previously approved by the Board and SFC. M Breen added that the expenditure deadline had been extended by SFC to 31 July 2019. A final position report would be provided at the next meeting of the Committee in September 2019.

A number of questions were asked by members and satisfactory responses received.

**The Committee noted Paper 10.**

**11 Date of Next Meeting – Tuesday 10 September 2019 in Kilwinning Campus**

*P – Paper will be published on the College Website*

*R – Paper is reserved, because it contains data or information of a personal nature, which is restricted by legislation, or because it contains commercially sensitive information, and will not be published on the College Website*

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**Minute of the Learning & Teaching  
Committee Meeting  
Held at the Kilmarnock Campus,  
On Thursday 30 May 2019**



*(Paper 9)*

**Present:** Nicki Beveridge (Chair)  
Fiona McQueen (Vice Chair)  
Margarette Bryan  
Carol Turnbull  
Chris Hall  
Gordon James  
Jack McCrindle  
Juliana Pyper-McFarlane  
Kevin Simpson  
Alan Walker  
Marri Welsh

**In attendance:** Yvonne Melvin (Board Office)  
Anne Campbell (Vice Principal – Strategy and Skills)  
Julie Maxwell (Director – Care and Early Years Education)  
Gavin Murray (Director – Aero, Construction, Engineering and Science)  
Doreen Wales (Acting Director – Student Services)

**1 Welcome and Declarations of Interest**

The Chair welcomed everyone to the meeting.

There were no declarations of Interest.

**2 Apologies**

Apologies were received from Committee members Tom Wallace and Fiona Fawdry, from EMT members Michael Breen and Jane McKie, and from SMT members Elaine Hutton, Michael McHugh, Stuart Millar, James Thomson and Moira Birtwistle.

**3 Minutes of the Previous Meeting held on 7 March 2019 (Paper 1) (C/P)**

The minutes were approved as a correct record.

Proposed: Alan Walker  
Seconded: Margarette Bryan

**Action Tracker (Paper 1a)**

A Walker noted that a large number of the actions were stated as either In Progress or Not Started. The Committee agreed and confirmed that this should now be used as an active document, which is regularly updated by the Board office.

- Action 2 - D Wales to arrange for the Mental Health and Wellbeing Officer, Hugh Dykes, to present to the Committee at their meeting in September 2019.
- Action 5 - The Committee agreed that this should now be marked as Completed.

Action 6 - A Campbell confirmed that discussions were ongoing and setting a realistic target would not be possible at this stage. The Committee agreed that this should be marked as Completed, with the comments section stating that discussions have been initiated and are ongoing as this is a national matter.

Action 6 was further discussed by the Committee following the issues surrounding leaver destinations raised at the previous meeting. A Campbell assured the Committee that high-level data is gathered in terms of reasons for students leaving and being recorded as withdrawn. This data is analysed at course level and then considered and actioned through the Evaluation Process.

G James commented that discussions, at the previous meeting, were regarding the positive destinations in terms of students who leave/withdraw due to gaining employment in their chosen field. It was a concern of the Committee that this could only be reported to SFC as a withdrawal, regardless of the reason, and that no account was taken of the value added as a result of the individual's time at the College or the resultant benefit to society. A Campbell advised that this data was held by the College and the issue was being discussed with the SFC as a national matter affecting all Colleges.

Action 7 - The Committee agreed this should now be marked as Completed.

Action 11 - J McCrindle advised the Committee that the Student Association is struggling to recruit and a re-evaluation process is underway. Discussions have not yet taken place and the portfolios are currently being looked at. A further update will be provided at the meeting in September 2019.

Action 12 - Discussions regarding early withdrawal took place earlier in the meeting. A Campbell advised that guidance had been sought from SFC and the College Estates Team. As a result, it was clear that the College's carbon footprint was continuing to reduce. The Committee agreed that this should now be marked as Completed.

#### **4 Matters Arising**

There were no matters arising that were not included on the agenda.

#### **5 Student Association Report (Paper 2) (P)**

J McCrindle took the Committee through the content of Paper 4 as presented.

D Wales advised the Committee that she also attended the launch of the Going Further for Student Carers Award on 14 March and confirmed that the next stage would be for the College to work towards achieving recognition for student carers.

The Wear It on Your Sleeve Launch had gone well and resulted in the involvement of 30 male staff champions. Due to the success of the launch, the campaign was being continued in the next academic session.

M Welsh highlighted the useful information in the Student Association Report and asked if it could also include information on future events. This request was noted by J McCrindle.

M Bryan suggested the use of sealed boxes being made available to students, which they can use to deposit any mental health issues they may be experiencing. This was noted by J McCrindle who will pass the suggestion to the Mental Health and Wellbeing Officer.

**The Committee congratulated J McCrindle on his acceptance to the NUS Scottish Executive Council.**

**The Committee noted the contents and welcomed the above report.**

*Action: Future Student Association Reports to include information on future ACSA related events.*

## **6 Impact of Industrial Action (Verbal)**

A Campbell provided a verbal update on the current position in relation to the industrial action being taken by some members of the EIS-FELA Union. There had been no resolution to date, however, the Committee was informed that the Vice Principal was working closely with Directors, Heads and Curriculum Managers on contingency plans to ensure students are not disadvantaged. A further offer had been tabled by the Employers Association and would be discussed on 31 May 2019 by the Union and the Employers Association representatives. C Turnbull stated she had been requested to tele-connect to this meeting and that an update would be provided in due course.

A Walker stated that some Board members and employers had not been aware of the specific details of the industrial action. A Campbell noted this comment and advised that communication to Employers and students was routinely circulated.

**The above verbal report was noted.**

## **7 Internal Audit Programme – Student experience/curriculum reviews (Paper 3) (P)**

A Campbell introduced paper 3 and provided further details on each of the Internal Audit Assignments as suggested to the Committee. It was agreed that the three areas selected were acceptable, however, M Welsh enquired about the total number of assignments on the initial list. A Campbell advised the three were chosen from a list of six. G James, as Chair of Audit Committee, provided the Committee with further information from the perspective of the Audit Committee and advised that it would be a 3-year audit plan, during which any exceptional areas arising would be looked at individually. He also advised that it was agreed at the Audit Committee in March 2019 that a decision on the suggestions should be made by the L&T Committee. F McQueen queried if early withdrawal was given consideration and A Campbell advised this would be covered as a natural part of the curriculum review. C Hall highlighted that the areas chosen were clear and

asked how the objectives were selected, particularly in relation to access students and vulnerable groups. A Campbell advised the objectives were reached through discussion with SLT and it was felt that objective two in Assignment 1 covered this issue; however, the definition could be edited to include further specific details.

**The Committee noted paper 3 and endorsed the recommended assignments.**

## **8 Student Satisfaction and Engagement Survey 2018-19 (Paper 4) (P)**

A Campbell introduced Paper 4 and advised that the survey was open for 4 weeks at all Colleges over March and April. The survey consisted of 10 mandatory questions set by the SFC for benchmarking purposes. National results would be published in September/October 2019. However, it was felt that Ayrshire College results were better provided to the Committee at this meeting rather than waiting until the September 2019 meeting. The Committee agreed to a suggestion that the paper would benefit from being presented in graphical format going forward.

J McCrindle enquired about an easier method of student access to the survey and suggested a paper copy be provided via the Student Association. A Campbell noted the suggestion and stated that she would have further discussions with the Head of Quality Enhancement on the matter. K Simson raised the issue of timing and potential clashes with the student election process. A Campbell advised the timing was set by SFC and could not be changed.

Discussions followed regarding the detail of the course level results, during which various questions were asked about correlation between differing data sets. C Turnbull responded and indicated if there were an issue between scoring and early withdrawals it would be highlighted.

The Chair enquired if course specific survey completion was an issue. A Campbell confirmed this could be checked on Moodle.

**The Committee noted the content of Paper 5 and agreed that it demonstrated an overall positive trend, but questioned whether the response rate could be improved. The Committee also noted that the College was actively considering ways to encourage enhanced participation going forward.**

## **9 Credit Activity Target 2018-19 Progress Report (Paper 5) (P)**

A Campbell introduced Paper 5 and confirmed that the College was on course to reach its credit target.

**The Committee noted Paper 5 and that the College was on course to meet its credit target.**

## **10 Enhancement Plan 2018-19 Progress Report (Paper 6) (P)**

A Campbell introduced Paper 6, highlighting to the Committee that, as requested, this was now a standing item and covered the 3-year period 2018-21. The Committee's attention was drawn to the appendices provided, specifically

Appendix 2 containing commentary on the specific actions due for completion in 2018-20, and which remained outstanding.

**The Committee noted the contents of Paper 6 and appendices.**

**11 Industry Programmes 2018-19 Progress Report (Paper 7) (P)**

A Campbell introduced Paper 7 and highlighted an increase in the 2019-20 contract Modern Apprenticeship award from 141 to 196, particularly in the area of Food & Drink. It was also highlighted, to the Committee, that recruitment for the 2019-20 Foundation Apprenticeships had been strong, particularly in Engineering. G Murray advised that the College would be providing Aeronautical themed Foundation Apprenticeships for the first time in 2019-20 to provide students with more choice in engineering disciplines. The College had also piloted 1-year Foundation Apprenticeships options in the Care & Early Years Education area, which had been well received. The Committee was asked to note the encouraging number of companies taking up the Flexible Workforce Development Fund for the first time. C Turnbull advised of an ongoing issue with CITB regarding sub-contracts to colleges. Following an announced change of framework by SQA, which, in turn, had a knock-on effect on costing. Negotiations with various parties had been ongoing and a full paper would be provided at the Board of Management meeting in June 2019 for consideration.

**The Committee noted the contents of Paper 6 and agreed it would also be beneficial for this Paper to be presented at the Business, Resources and Infrastructure Committee meeting.**

**12 Student Support 2018-19 as at 7 May 2019 (Paper 8) (P)**

A Campbell introduced Paper 8 and stated that there were no issues to note.

**The Committee noted the contents of Paper 8.**

**13 Recruitment Update 2019-20 as at 15 May 2019 (Paper 9) (P)**

A Campbell took the Committee through Paper 9 and noted that the College was slightly ahead of its position at the same stage in 2017-18.

**The Committee noted and welcomed Paper 9.**

**14 Ayrshire Growth Deal (Verbal)**

C Turnbull provided a verbal update on the progress to date of the Ayrshire Growth Deal (AGD) advising that the College was well represented on a number of groups, C Turnbull advised that she would sit on the Regional Economic Partnership and the Strategic Board. The AGD was currently at the stage of developing business cases for projects, which the College would be involved in, however, no timelines had yet been provided with regard to spending or project start dates.

F McQueen enquired whether the College was currently required to start developing new programmes and Curriculum in line with the projects. C Turnbull advised that it was still early as project timelines and industry engagement would be required for this.

**The Committee noted and thanked C Turnbull for the verbal update.**

**15 Risk Register – LTC Extract at May 2019 (Paper 10) (R)**

The paper was introduced by the Chair and the Committee noted that no changes had been proposed. A Campbell then welcomed any questions from the members. A discussion ensued regarding adjusting risk appetites, in relation to all risks and, more specifically, in engaging with the Ayrshire Growth Deal. The Committee also queried and discussed the timeline for risk reviews. It was agreed that C Turnbull would discuss this further with the Board secretary with a view to organising a workshop for the Board in relation to this.

**The Committee noted the contents of Paper 10 and agreed that all Risks remain as recorded.**

Received for Information

**16 Complaints Report 2018-19 (Q2 Nov-Jan) (Paper 11) (P)**

A Campbell noted that this was the Committee's first opportunity to view the Report outlined in Paper 11. A discussion ensued during which it was suggested that a positive report could also be produced, along the lines of 'You Said, We Did' notice boards. The Committee agreed that this was an idea worth considering.

**The Committee noted Paper 11 and agreed they would like to continue receiving it in the future.**

**17 Regional Outcome Agreement 2019-20 (Paper 12) (P)**

A Campbell confirmed to the Committee that the agreement was submitted to the SFC by the deadline of 30 April 2019.

**The Committee noted the content of Paper 12**

**18 Date of Next Meeting:** The next meeting will be held on Thursday 5 September 2019 at 4.00 pm, Ayr Campus, Room G93.

*(C/P) Confirmed minutes will be published*

*(P) Papers will be published on the College website*

*(R) Papers will not be published for reasons of commercial sensitivity or for reasons of personal data confidentiality*

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**Present:** Gordon James (Chair)  
Margarette Bryan  
Hazel Murphy (Vice Chair)  
Steven Wallace

**In attendance:** Brendan Ferguson (Board Secretary)  
Michael Breen (Vice Principal, Finance and Skills)  
Yvonne Melvin (Board Office)  
James Thomson (Director of Finance and Student Funding)  
Joanne Buchanan (Mazars – External Auditors)  
Suzie Graham (Mazars – External Auditors)  
Claire Robertson (BDO – Internal Auditors)

## 1 Welcome and Declarations of Interest

The Chair welcomed everyone to the meeting. There were no declarations of interest.

## 2 Apologies

Apologies were received from Committee Member Fiona Fawdry and from Strategic Leadership Team Members Anne Campbell and Jane McKie.

## 3 Minutes of the Previous Meeting held on 19 March 2019 (Paper 1) C/P

The minutes were approved as a correct record.

Proposed: Hazel Murphy  
Seconded: Margarette Bryan

## 4 Matters Arising and Action Tracker (Paper 1A)

Page 10, Item 10: to bring to this Committee a *brief summary of any GDPR issues that arise* be added to the Action Tracker for future meetings

Action Tracker Item 9 – Rec. ref 2 of the IT internal Audit Report was not accepted because of the implications for vulnerable students were they to be inadvertently locked out of their College Account. Rather secondary protocols were in place to ensure sensitive areas such as Finance, Admincontrol, etc were protected. Further cognisance of this matter would be taken as part of future upgrades.

*Action: Completed*



Action Tracker Item 10 – Following further discussion it was now considered that, as the Organisational Review was ongoing, 2019-20 would be the most appropriate time to hold the Internal Audit of Income Generation, including the Flexible Workforce Development Fund.

*Action: Completed*

## **5 2018-19 Internal Audit Report: Infrastructure Report (Paper 2) (P)**

C Robertson (BDO) introduced Paper 2 and took the Committee through the report and its findings as set out in the paper. M Breen acknowledged the Report's findings and stated that while the College does have a record of accomplishment of effective project delivery, as evidenced by the works completed over the last few years; this had not been clearly set down in terms of paperwork. A formally documented project management framework and methodology in line with best practice would be in place by the start of the new academic session 2019-20.

The Committee noted and agreed the responses from the College to the recommended improvements set out in Paper 2. The Committee also asked that the Report acknowledge the role played by the Business, Resources and Infrastructure Committee (BRIC) and the Board in approving Project proposals, and in monitoring the progress of projects throughout the quarterly Board and committee cycles. The Report, as read, appeared to indicate that project approval lay solely with the Principal, when that was demonstrably not the case. The Report also appeared to indicate that no overarching project monitoring existed. A simple examination of the BRIC and Board minutes would reveal that monitoring does currently exist, but that had not been acknowledged. It was agreed that M Breen would liaise with BDO in revising the wording appropriately.

During discussion, S Wallace raised a question over the recommended use of Prince 2 as a Project Management methodology. It was considered that while Prince 2 was an effective operational framework, it was not necessarily the most cost effective or the most appropriate for the College to use. It was agreed that the approach to be adopted was a matter for College Management to decide, and should not be dictated by the name of a provider contained within the Report.

**Paper 2 and the Management Responses were approved, subject to the following caveats:**

- **The text of the Report be revised to acknowledge the roles played by the Business, Resources and Infrastructure Committee and the Board of Management in project approval and monitoring.**
- **The choice of project management framework and methodology lie with College Management.**

*Action: M Breen liaise with BDO in revising the text of the above report in line with the above discussion.*

**6 Summary of 2018-19 Internal Audit Progress (Paper 3) (P)**

C Robertson introduced the above. The Chair acknowledged the content was in line with the agreed 2018-19 Internal Audit Plan as approved by the Committee.

**The Committee noted and approved the content of the above Report.**

**7 Draft Internal Audit Plan 2019-20 (Paper 4) (P)**

C Robertson introduced Paper 4 as presented and confirmed that the inclusion of Commercial Income Generating Programmes in 2019-20 would increase the total number of days to 53, the additional 5 days being carried over from 2018-19.

The Chair confirmed that following discussion with the Chair of the Learning and Teaching Committee, the Student Experience/Curriculum Review would include:

- 2019-20 – Schools and Community Provision
- 2020-21 – Curriculum Planning

**The Committee noted and approved Paper 4, with the inclusion of Commercial Income Generating Programmes, as the Internal Audit Plan 2019-20.**

**8 2018-19 Internal Audit Report: Final SFC Return (Paper 5) (P)**

C Robertson introduced Paper 5 and confirmed that there were no findings of a medium or significance and no recommendations within the report.

**The Committee noted and welcomed the above report.**

**9 External Audit Strategy Memorandum: Year Ending 31 July 2019 (Paper 6) (P)**

J Buchanan (Mazars) took the Committee through the Audit Strategy Memorandum. The Memorandum summarised the external audit approach, set out details of the Audit Team, highlighted significant areas of audit risk and areas of key judgements. These included ensuring that all SFC regulations and requirements in relation to Voluntary Severance costs had been met, and the preparation and submission of the FFR and Financial Sustainability Plan.

**The External Audit Strategy Memorandum including fees and reports were approved by the Committee.**

**10 2018-19 Internal Audit Rolling Action Plan at 8 May 2019 (Paper 7)**

J Thomson introduced Paper 7. The Committee noted that the two audit actions identified had been completed and documented.

**The Committee noted the content of Paper 7**

**11 AOB**

Following a discussion at the Business Resources and Infrastructure Committee, it was agreed by the Audit Committee that a training/refresher session on Risk Appetite, using FFR as the exemplar, be conducted at the scheduled November 7 Board Development Day.

**10 Date of Next Meeting – Tuesday 17 September 2019 at 4pm in the Kilmarnock Campus.**

*P - Papers will be published on the College Website*

*R - Papers will not be published for reasons of commercial confidentiality or for reasons associated with data protection legislation*

*A/P - Already published on the College Website*

*C/P - Confirmed minutes will be published on the College Website*

**Reserved Items on the next page.**

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# Schedule of Meetings (chronological)

(Paper 11)

## AY 2019-20

COMMITTEE	DATE	TIME	CAMPUS	PAPERS FOR CIRCULATION
Learning & Teaching Committee	Thursday 5 September 2019	4.00 PM	Ayr	29.08.19
Business, Resources & Infrastructure Committee	Tuesday 10 September 2019	4.00 PM	Kilwinning	03.09.19
Audit Committee	Tuesday 17 September 2019	4.00 PM	Kilmarnock	10.09.19
Board of Management Meeting	Thursday 26 September 2019	12.00 PM	Spirit Aerosystems	19.09.19
Board Induction/Development Day	Thursday 7 November 2019	All Day	Kilwinning	N/A
Learning & Teaching Committee	Thursday 14 November 2019	4.00 PM	Kilmarnock	07.11.19
Business, Resources & Infrastructure Committee	Tuesday 19 November 2019	4.00 PM	Ayr	12.11.19
Audit	Tuesday 26 November 2019	4.00 PM	Kilwinning	19.11.19
Board of Management Meeting	Thursday 12 December 2019	4.00 PM	Ayr	05.12.19
Board Development Day	Thursday 30 January 2020	All Day	Kilmarnock	N/A
Learning & Teaching Committee	Thursday 5 March 2020	4.00 PM	Kilwinning	27.02.20
Business, Resources & Infrastructure Committee	Tuesday 10 March 2020	4.00 PM	Kilmarnock	03.03.20
Audit Committee	Tuesday 17 March 2020	4.00 PM	Kilmarnock	10.03.20
Board of Management Meeting	Thursday 26 March 2020	4.00 PM	Kilmarnock	19.03.20
Board Strategy Day	Tuesday 21 April 2020	All Day	Ayr	N/A
Learning & Teaching Committee	Thursday 28 May 2020	4.00 PM	Kilmarnock	21.05.20
Business, Resources & Infrastructure Committee	Tuesday 2 June 2020	4.00 PM	Kilmarnock	26.05.20
Audit Committee	Tuesday 9 June 2020	4.00 PM	Kilwinning	02.06.20
Board of Management Meeting	Thursday 18 June 2020	4.00 PM	Ayr	11.06.20

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# Schedule of Meetings (grouped)

## AY 2019-20

COMMITTEE	DATE	TIME	CAMPUS	PAPERS FOR CIRCULATION
Learning & Teaching Committee	Thursday 5 September 2019	4.00 PM	Ayr	29.08.19
Learning & Teaching Committee	Thursday 14 November 2019	4.00 PM	Kilmarnock	07.11.19
Learning & Teaching Committee	Thursday 5 March 2020	4.00 PM	Kilwinning	27.02.20
Learning & Teaching Committee	Thursday 28 May 2020	4.00 PM	Kilmarnock	21.05.20
Business, Resources & Infrastructure Committee	Tuesday 10 September 2019	4.00 PM	Kilwinning	03.09.19
Business, Resources & Infrastructure Committee	Tuesday 19 November 2019	4.00 PM	Ayr	12.11.19
Business, Resources & Infrastructure Committee	Tuesday 10 March 2020	4.00 PM	Kilmarnock	03.03.20
Business, Resources & Infrastructure Committee	Tuesday 2 June 2020	4.00 PM	Kilmarnock	26.05.20
Audit Committee	Tuesday 17 September 2019	4.00 PM	Kilmarnock	10.09.19
Audit Committee	Tuesday 26 November 2019	4.00 PM	Kilwinning	19.11.19
Audit Committee	Tuesday 17 March 2020	4.00 PM	Kilmarnock	10.03.20
Audit Committee	Tuesday 9 June 2020	4.00 PM	Kilwinning	02.06.20
Board Meeting	Thursday 26 September 2019	12.00 PM	Spirit Aerosystems	19.09.19
Board Meeting	Thursday 12 December 2019	4.00 PM	Ayr	05.12.19
Board Meeting	Thursday 26 March 2020	4.00 PM	Kilmarnock	19.03.20
Board Meeting	Thursday 18 June 2020	4.00 PM	Ayr	11.06.20

# Scotland's colleges 2019

*(Paper 12)*



AUDITOR GENERAL 

Prepared by Audit Scotland  
June 2019



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# Auditor General for Scotland


The Auditor General's role is to:

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

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

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

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Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

# Contents



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## Audit team

The core audit team consisted of: Mark MacPherson, Mark McCabe, Yoshiko Gibo, Angus Brown and Sanya Ahmed, with support from other colleagues and under the direction of Angela Canning.

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## Links

-  PDF download
-  Web link



# Key messages



- 1** The college sector reported a small, but improved, underlying financial surplus in 2017-18. Colleges are operating within an increasingly tight financial environment and the sector-wide position masks particular financial challenges for some colleges. The gap between colleges' income and expenditure is widening and this is forecast to continue, with 12 incorporated colleges forecasting recurring financial deficits by 2022-23.
- 2** Colleges face increasing cost pressures. The increase in Scottish Government revenue funding for 2019/20 covers only the additional costs of harmonising pay and conditions across the sector (excluding cost of living increases and increases in employers' pension contributions). Current Scottish Government capital funding falls short of the estimated costs of maintaining the college estate. The proportion of non-government income that colleges generate has reduced over time, and cash balances and money held by arm's-length foundations fell.
- 3** Student numbers increased, and the sector exceeded its learning activity targets. Over the past three years, colleges have been providing less learning to students aged 16-24 and more to students aged 25 and over. Colleges are widening access to disabled, ethnic minority and care-experienced students. After several years of increasing learning delivered to students from deprived areas, the proportion of learning delivered to this group fell slightly in 2017-18.
- 4** There is considerable variation across colleges in terms of student attainment and retention and those going on to positive destinations. Average attainment rates for students in full-time education have remained relatively static in recent years. The attainment rate for full-time further education, at 66 per cent, is some distance from the Scottish Funding Council's (SFC) target of 75 per cent by 2020-21. Attainment gaps still exist for students from the most deprived areas, students with disabilities and for care-experienced students.
- 5** There is scope for the SFC to work with individual colleges and their boards to improve financial planning and to achieve greater transparency in the sector's financial position. The SFC can also be more transparent in how it reports colleges' performance against outcome agreements and student satisfaction data. The SFC has agreed aspirational and stretching targets with colleges in their latest outcome agreements. Based on recent performance trends, achieving some of these targets will be very challenging for colleges.

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## Recommendations

### Colleges should:

- agree their underlying financial position with the SFC prior to finalising their accounts ([paragraph 5](#))
- improve data collection and response rates for student satisfaction and publish results ([paragraphs 52–53](#))
- use *How good is our college?* effectively to drive improved performance and enhance the quality of service provision ([paragraphs 55–57](#)).

### College boards and regional bodies should:

- agree medium-term financial plans that set out the mitigating actions to ensure their college's financial sustainability ([paragraphs 17–19](#))
- submit agreed medium-term financial plans to the SFC along with financial forecast returns (FFRs) ([paragraphs 17–19](#)).

### The SFC should:

- work with colleges to agree their underlying financial position prior to finalising their accounts ([paragraph 5](#))
- require colleges to submit medium-term financial plans to support FFRs in assessing financial sustainability across the sector ([paragraphs 17–19](#))
- publish college region performance against all outcome agreement measures ([paragraph 44](#))
- publish good-quality student satisfaction data for every college ([paragraph 52](#)).

### The SFC and Scottish Government should:

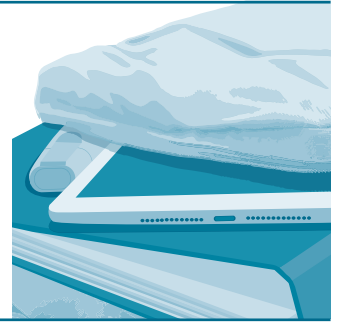
- agree and publish a medium-term capital investment strategy that sets out sector-wide priorities ([paragraph 24](#))
- review whether targets for college provision and student outcomes, including for students from deprived areas, remain relevant and realistic, based on current performance trends ([paragraph 31](#)) ([paragraphs 41–42](#))
- work with colleges to deliver the necessary improvements in performance to meet agreed outcome agreement targets ([paragraph 45](#)).

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# Part 1

## Financial health



### Key messages

- 1** The college sector reported a small, but improved, underlying financial surplus in 2017-18. Colleges are operating within an increasingly tight financial environment and the sector-wide position masks particular financial challenges for some colleges.
- 2** The Scottish Government has been providing colleges with real-terms increases in revenue funding since 2016/17. The most recent increase for 2019/20 covers only the additional cost of harmonising staff terms and conditions. Colleges also need to fund cost of living pay increases and any unfunded element of increases in employers' pension contributions. The proportion of non-government income, such as education contracts and other commercial income, has reduced. Colleges' ability to access other sources of funding, such as cash and arm's-length foundation (ALF) balances, is also reducing.
- 3** The gap between colleges' income and expenditure is widening. Twelve incorporated colleges were forecasting recurring financial deficits by 2022-23. At the time of their annual audits, ten of these were still to determine the specific actions needed to achieve financial sustainability.
- 4** Scottish Government capital funding falls short of what is needed to meet the estimated costs of maintaining the college estate. The Scottish Government is working with the Scottish Futures Trust and SFC to identify an appropriate revenue funding model for future investment in the college estate.

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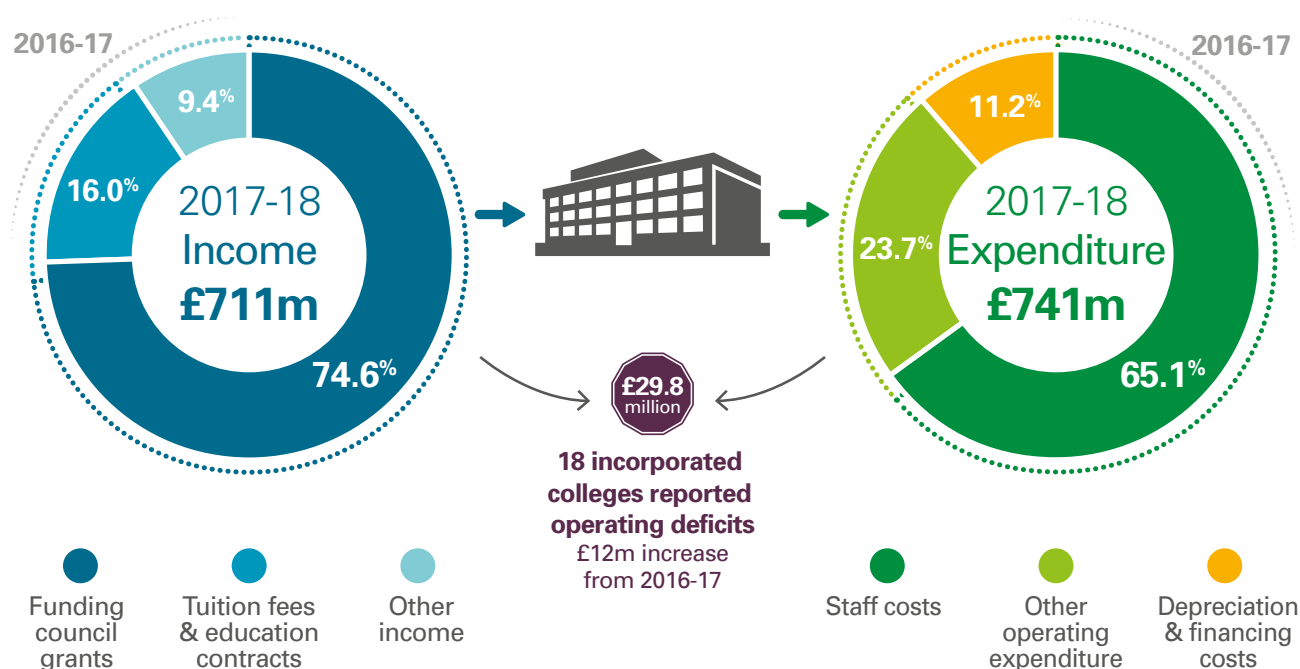
### The underlying financial position for the college sector improved slightly in 2017-18, but the gap between income and expenditure is widening

- 1.** Income remained unchanged across the sector in 2017-18 at £711 million. This represents a 1.9 per cent reduction in real terms from 2016-17. Scottish Government funding (provided through grants from the Scottish Funding Council) increased by 1.0 per cent in real terms. The proportion of income from other sources, such as education contracts and other commercial income, fell, meaning that colleges are increasingly dependent on Scottish Government funding ([Exhibit 1, page 7](#)).

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## Exhibit 1

Colleges have achieved an underlying surplus but the gap between income and expenditure is widening



## Underlying financial surplus



Source: College accounts/SFC

2. Colleges' expenditure increased by £11.8 million (0.3 per cent in real terms) to £741 million in 2017-18, widening the gap between income and expenditure. As a result, the sector's operating deficit increased to £29.8 million. Eighteen of the 20 incorporated colleges reported operating deficits.

3. Adjusting the operating position for technical accounting factors that are beyond a college's immediate control, such as pensions and net depreciation, helps to provide a clearer picture of a college's short-term financial health. After such adjustments, incorporated colleges reported an underlying surplus of £3.1 million. While the underlying surplus is £2.8 million higher than in 2016-17, it represents a very small percentage of sector expenditure (0.4 per cent).

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4. The overall underlying surplus for the six non-incorporated colleges is £0.1 million, equivalent to 0.4 per cent of their expenditure of £25.6 million and less than half the surplus in 2016-17 (£0.25 million).

5. In calculating and reporting their underlying operating positions, colleges continue to interpret the SFC's accounts direction inconsistently. While the differences between colleges' and the SFC's calculations are small overall (around £1.4 million), differences in individual college figures can be significant.

6. As public bodies, colleges are expected to operate with balanced budgets, but they are operating within an increasingly tight financial environment. The underlying positions of individual colleges are shown on [\(Exhibit 6, page 12\)](#), together with other indicators of financial health.

### **The latest increase in Scottish Government revenue funding is only enough to cover the costs of harmonising staff terms and conditions**

7. Scottish Government revenue funding to the sector reduced in the period leading up to college reorganisation. Revenue funding for the sector has increased year-on-year since 2016/17 in real terms, mainly due to the Scottish Government funding the costs of harmonising staff terms and conditions. All of the increase in funding in 2019/20 is to fund these costs [\(Exhibit 2, page 9\)](#).

8. The SFC and Colleges Scotland have calculated the additional cost from harmonising staff terms and conditions at £50 million per annum from 2019-20. This includes £12 million allocated over the next two years to fund the harmonisation of terms and conditions for support staff. Colleges and the Educational Institute of Scotland (EIS) are in dispute over the cost of living pay claim for lecturers, over and above the harmonisation of pay, terms and conditions. This has resulted in several periods of industrial action and they have yet to reach agreement. The additional costs of the settlement will have further implications for colleges' costs and financial sustainability.

9. There is no additional Scottish Government revenue funding to cover other cost increases over this period, such as cost of living increases and increases in employer pension contributions. Scottish ministers have committed to pass on any specific UK funding made available to help meet planned increased employer pension contributions to the Scottish Teachers Superannuation Scheme. There still may be a significant element that remains unfunded for colleges [\(Exhibit 3, page 9\)](#).

### **Staffing changes will affect SFC funding for harmonising terms and conditions**

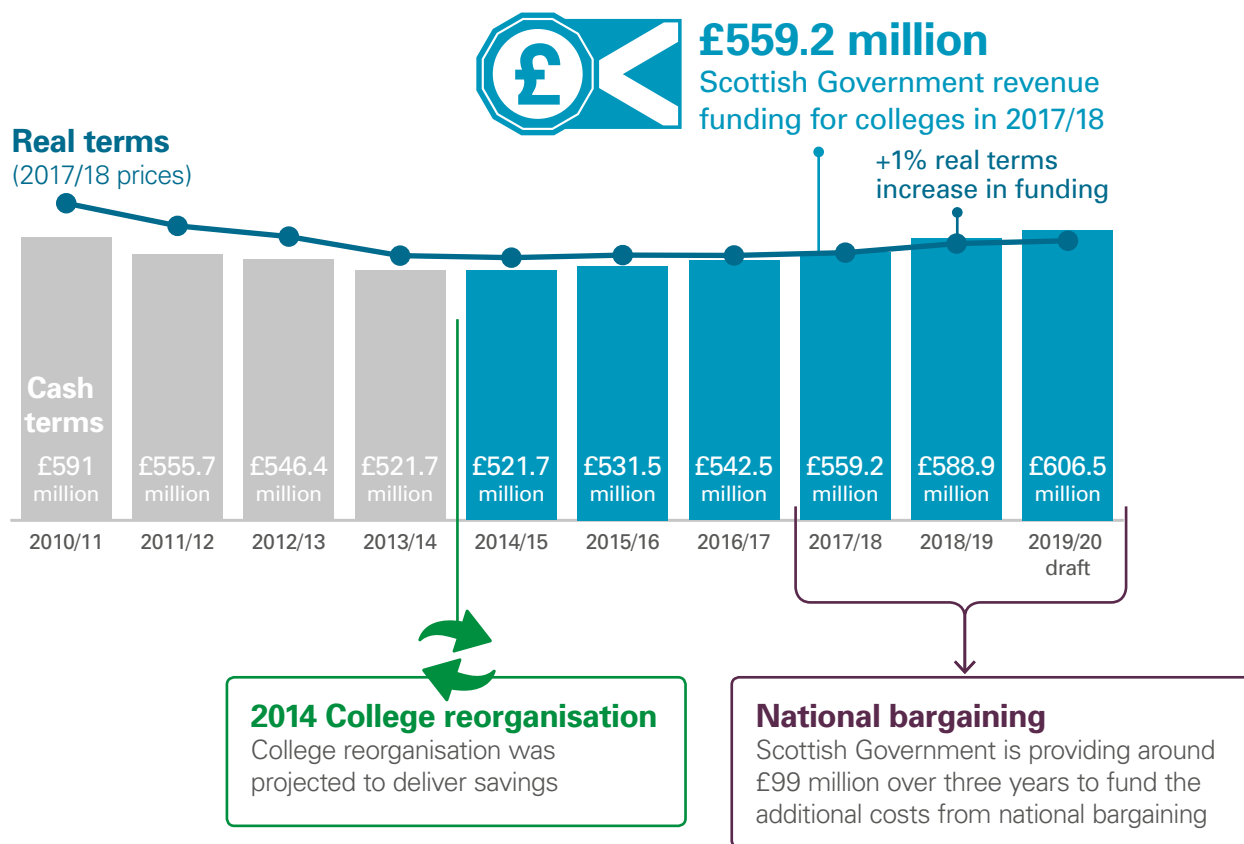
10. Total staffing numbers across the sector in 2017-18 remained unchanged, but the staffing profile across the sector has changed.<sup>1</sup> The number of non-teaching staff fell, while the number of teaching staff increased by the same proportion. The proportion of full-time permanent teaching staff with a recognised teaching qualification fell by one percentage point to 87.9 per cent.

11. Small changes at sector level mask noticeable changes within some colleges

- Twelve incorporated colleges increased their teaching staff numbers. Of these, seven reduced their non-teaching staff.
- Seven incorporated colleges reduced teaching staff. Of these, three increased their non-teaching staff.
- Three incorporated colleges increased both teaching and non-teaching staff numbers, while four reduced both teaching and non-teaching staff.

## Exhibit 2

### Scottish Government revenue funding for colleges



Source: Scottish Government

## Exhibit 3

### Colleges staffing 2017-18



Note: Staffing numbers fluctuate depending on the point in the year they are recorded.

Source: College staffing returns to the SFC

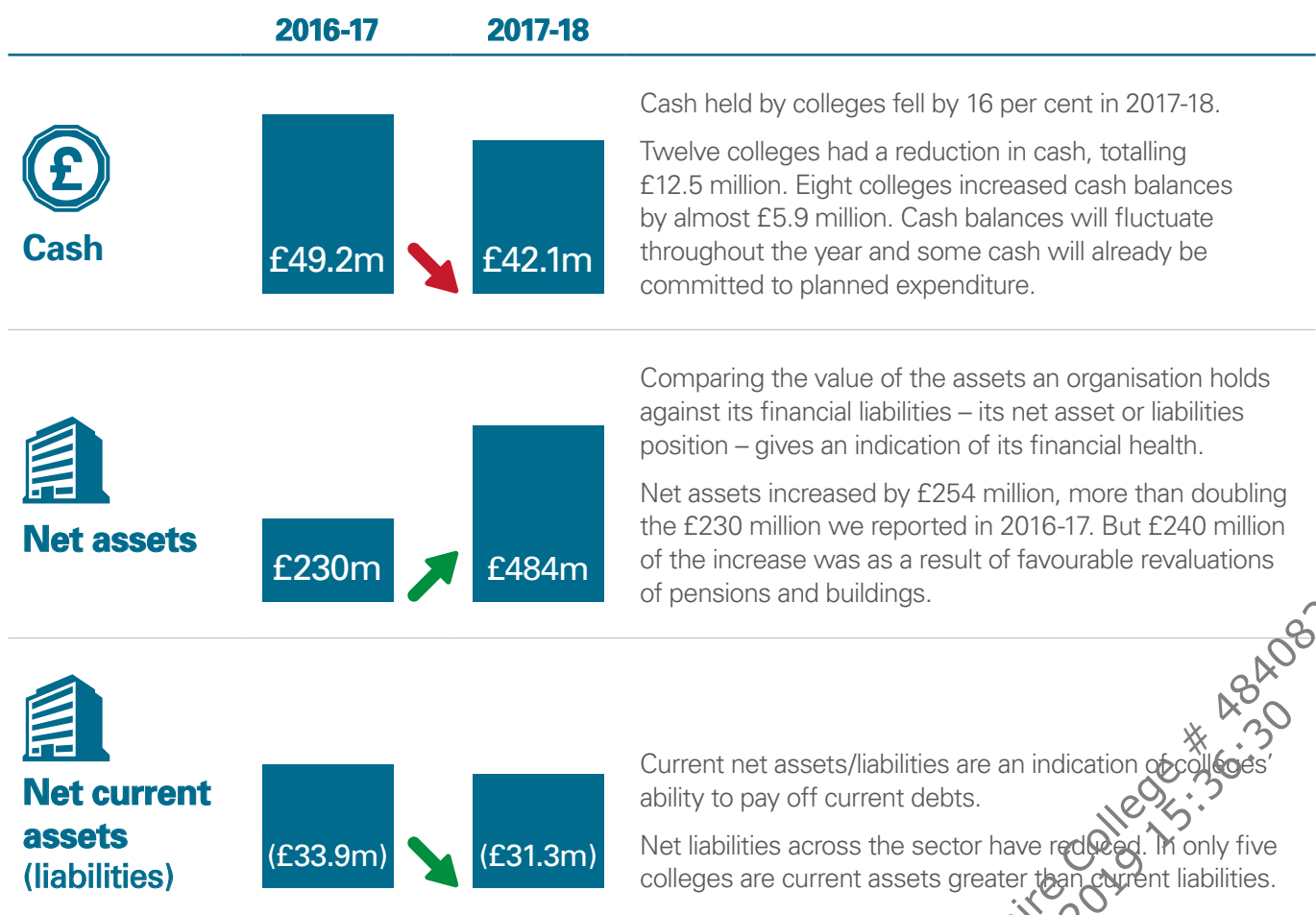
12. Current funding allocations for harmonisation of terms and conditions are based on the number of staff in April 2018. The SFC will consider changes in staff numbers when determining future funding allocations.

### Some sector-level financial health indicators improved in 2017-18 but the ability to draw on cash balances and ALF income has reduced for most colleges

13. Performance across the sector varied against financial health indicators. The sector's access to cash reduced. Its current net asset/liabilities position improved (ie, the sector's ability to pay its debts), with a reduction in net liabilities. Net assets more than doubled in 2017-18, mainly due to factors outside colleges' direct control. ([Exhibit 4](#)).

## Exhibit 4

### College sector financial health indicators



Source: Incorporated college 2017-18 accounts

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### Arm's-length foundations continue to be a reducing source of funds for colleges

**14.** Fifteen colleges received funding from arm's-length foundations (ALFs) in 2017-18. Around 80 per cent (£8.4 million) of the total sector income from ALFs was provided to Ayrshire, City of Glasgow, Glasgow Clyde and Glasgow Kelvin colleges. ALFs are independent, charitable bodies that were set up when colleges were reclassified as public bodies and could no longer retain significant cash reserves. Colleges can donate money into ALFs and can apply to ALFs for funding. Colleges have typically used income from ALFs to fund voluntary severance, capital works and investment in equipment and digital infrastructure.

**15.** Balances held by ALFs are reducing, with colleges planning to apply to use a further £6.25 million of ALF funding in 2018-19. ALF balances vary significantly, with some colleges having little or no scope to access any ALF income. For the remainder of colleges, the ability to apply for income from ALFs is becoming increasingly limited as balances reduce ([Exhibit 5](#)).

### Exhibit 5

The balances of arm's-length foundations (ALFs) are reducing



Source: College accounts and ALF accounts or SFC – ALF balances not in college accounts

### There is significant variation in the financial positions of individual colleges

**16.** There is significant variation in the financial indicators at individual college level. Taken on their own, each indicator is not a reliable measure of financial health. But, taken together, the indicators provide a broad indication of the extent to which each college is exposed to financial risk ([Exhibit 6, page 12](#)).

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## Exhibit 6

### Financial indicators

Colleges	Underlying surplus/deficit	Operating surplus/deficit	Cash	Net assets	Net current assets/liabilities
Ayrshire College	-1.9%	-4.9%	3.3%	78.5%	-8.1%
Borders College	1.6%	-0.6%	19.9%	0.5%	10.5%
City of Glasgow College	0.7%	-2.5%	7.6%	29.7%	-4.8%
Dumfries and Galloway College	-0.5%	-8.1%	5.5%	82.7%	-6.7%
Dundee and Angus College	0.3%	-4.6%	2.7%	77.7%	-6.3%
Edinburgh College	0.6%	-3.4%	1.4%	111.5%	-8.7%
Fife College	0.2%	-6.6%	4.2%	61.3%	-3.1%
Forth Valley College	1.9%	-2.3%	15.6%	-14.0%	1.6%
Glasgow Clyde College	0.3%	-1.0%	5.3%	138.8%	-5.0%
Glasgow Kelvin College	1.5%	1.0%	4.6%	41.9%	-10.3%
Inverness College	1.4%	-5.2%	14.6%	-10.2%	-5.0%
Lewis Castle College	1.9%	-5.1%	2.7%	48.0%	-4.9%
Moray College	1.2%	-3.5%	5.9%	90.6%	-5.9%
New College Lanarkshire	0.9%	-4.3%	1.8%	53.9%	-8.7%
North East Scotland College	-2.2%	-8.1%	4.9%	85.0%	5.5%
North Highland College	0.4%	-6.0%	3.0%	22.1%	2.3%
Perth College	0.0%	-5.7%	8.6%	103.0%	-8.4%
South Lanarkshire College	4.0%	0.2%	3.9%	56.0%	-5.5%
West College Scotland	0.0%	-4.7%	6.2%	101.9%	0.0%
West Lothian College	0.9%	-5.0%	3.9%	-16.6%	-4.4%
<b>Scotland</b>	<b>0.4%</b>	<b>-4.0%</b>	<b>5.7%</b>	<b>65.2%</b>	<b>-4.2%</b>

Quartile: Highest 1 2 3 4 Lowest

#### Notes:

- Financial indicators are shown as of the proportion of each college's expenditure
- For each indicator, we have shown colleges' performance broken down into quartiles, with the highest performance shown in Quartile 1 and the lowest performance in Quartile 4.

Source: College accounts

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## Twelve incorporated colleges are forecasting recurring deficits during the next five years

**17.** The SFC requires colleges to submit five-year financial forecast returns every year, and provides colleges with common financial planning assumptions to use when preparing their forecasts. Although colleges did apply the SFC's common assumptions, the SFC identified that colleges had not been consistent in compiling their most recent financial forecasts.<sup>2</sup> Colleges had broadly adopted one of two approaches: making forecasts that incorporated actions to address potential deficits; or forecasting their future financial position based on how they currently operate. Twelve colleges are forecasting recurring deficits during the next five years. Of the six non-incorporated colleges, only Orkney College is not projecting a recurring deficit during the next five years.

## Only two of the 12 incorporated colleges forecasting recurring deficits had identified specific actions to address their financial challenges

**18.** At the time of their annual audit, only two of the 12 colleges forecasting a recurring deficit had identified the specific actions needed to address their financial challenges. A further five colleges were in the process of developing specific actions. Of the ten colleges still to determine agreed actions to address recurring deficits, six are forecasting a deficit position by the end of the next academic year: Inverness, North Highland and West Lothian colleges are forecasting deficits from 2018-19; and Forth Valley, Glasgow Clyde and Glasgow Kelvin colleges are forecasting deficits from 2019-20 ([Exhibit 7](#)).

### Exhibit 7

Status of colleges' responses to forecasted recurring deficits

## 12 colleges forecasting a recurring deficit

At the time of their 2017-18 annual audits:



Source: SFC/colleges' external auditors

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**19.** The SFC asked colleges that are projecting deficits to identify the actions needed to achieve financial sustainability. Additional financial pressures have emerged since colleges prepared their financial forecasts, including reduced capital funding and additional employer pension contributions. Unless funding increases, or colleges change how they operate, these are likely to result in future forecasts showing a worsening financial picture.

### Three colleges face particular challenges to their financial sustainability

**20.** Auditors have highlighted that increasing operating deficits present challenges to financial sustainability in many colleges. Three colleges face particular challenges.

#### Ayrshire College



Ayrshire College reported an underlying deficit of £1 million in 2017-18 and was forecasting increasing deficits over the next five years, with a cumulative deficit of around £12 million (equivalent to 23 per cent of its current expenditure) by 2022-23. The college faces a number of cost pressures. It has identified annual PFI payments of £1.4 million until 2024-25 as its highest risk.



In February 2019, the SFC agreed the college's two-year financial sustainability plan. The SFC will provide the college with an additional £1.3 million in 2018-19 to fund a voluntary severance scheme and additional revenue funding support of £0.7 million in both 2019-20 and 2020-21.



The college anticipates its severance scheme will contribute to financial sustainability by generating savings of £1.66 million a year, reducing its projected cumulative deficit by 2022-23 to £5 million. Like other colleges, Ayrshire will need to continue to manage its costs, and to develop the necessary actions to balance its operating position from 2021-22 onwards.

#### New College Lanarkshire



Last year, the Auditor General for Scotland prepared a statutory report on the college, which highlighted the financial challenges facing the college and the potential impact on its longer-term financial sustainability. The college reported an underlying surplus of £0.6 million for 2017-18.



During the year, the SFC provided the college with £1.1 million for voluntary severance and a short-term cash advance of £1.3 million to address cash-flow difficulties.



The Lanarkshire Regional Board has agreed a five-year regional business plan with the SFC. This forecasts an underlying surplus for the college by 2019/20. The college anticipates receiving a further repayable advance of £2.6 million from the SFC in 2018-19, subject to maintaining progress and achieving the milestones in its plan.



To achieve financial sustainability, the college is reducing staffing costs. The SFC will provide £645,000 for the next voluntary severance scheme proposed in the plan. The college also intends to increase non-SFC income and to pursue opportunities for shared services with South Lanarkshire College.

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## North Highland College



The college reported a small underlying surplus of £0.1 million in 2017-18 but faces several key risks to its financial sustainability.



The college has previously required cash advances from its regional body, the University of the Highlands and Islands (UHI). It is forecasting a cumulative underlying deficit of £2.5 million by 2022-23 (equivalent to around 16 per cent of current costs) and a negative cash-flow position from 2019-20 onwards.



The college has loans of £1.3 million and in 2017-18 relied on waivers from its bank to avoid breaching loan covenants. At the time of the annual audit, the college did not have an agreed financial plan in place to achieve the required savings in both the short and longer term.



The auditor highlighted the need for more detailed interaction between the college and UHI as savings plans are developed. The college has since begun a curriculum review, with a view to achieving savings for the 2019-20 budget. However, the college anticipates that it may require financial support from UHI, in the form of cash advances, for 2019-20.

**21.** Staff costs are the largest area of college expenditure and those colleges that have produced financial plans to address their underlying financial deficits are planning or currently implementing voluntary severance schemes as part of their plans.

### Scottish Government capital funding is insufficient to address colleges' maintenance requirements

**22.** Capital funding is needed for the maintenance and improvement of buildings and investing in digital infrastructure. The Scottish Government provided £76.7 million of capital funding for the sector in 2018/19. Of this, £43.1 million related to existing capital commitments, including Forth Valley College's new campus project, £27 million was allocated for very high-priority backlog maintenance identified in the SFC's estates survey in 2017.<sup>3</sup> The SFC is monitoring whether funding for backlog maintenance has been spent as planned.

**23.** In 2019/20, capital funding for the sector has fallen to £47.6 million. Of this, £22.7 million is for Forth Valley College's new campus. After other specific capital commitments,<sup>4</sup> the SFC is allocating £21 million to address lifecycle and backlog maintenance needs.<sup>5</sup> Colleges and the SFC have calculated annual lifecycle maintenance costs to be around £22 million, over and above the £77 million high-priority backlog maintenance costs previously identified in the SFC's 2017 estates survey.

**24.** Reduced capital spending creates a risk that the cost of urgently needed backlog maintenance increases. This in turn poses a potential risk to some colleges' ability to continue to deliver their core services in a safe environment and to invest in new digital infrastructure to generate efficiencies and enhance the student experience. The Scottish Government is working with the Scottish Futures Trust and the SFC to identify an appropriate revenue funding model for future investment in the college estate ([Exhibit 8, page 16](#)).

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**Exhibit 8**  
Capital funding

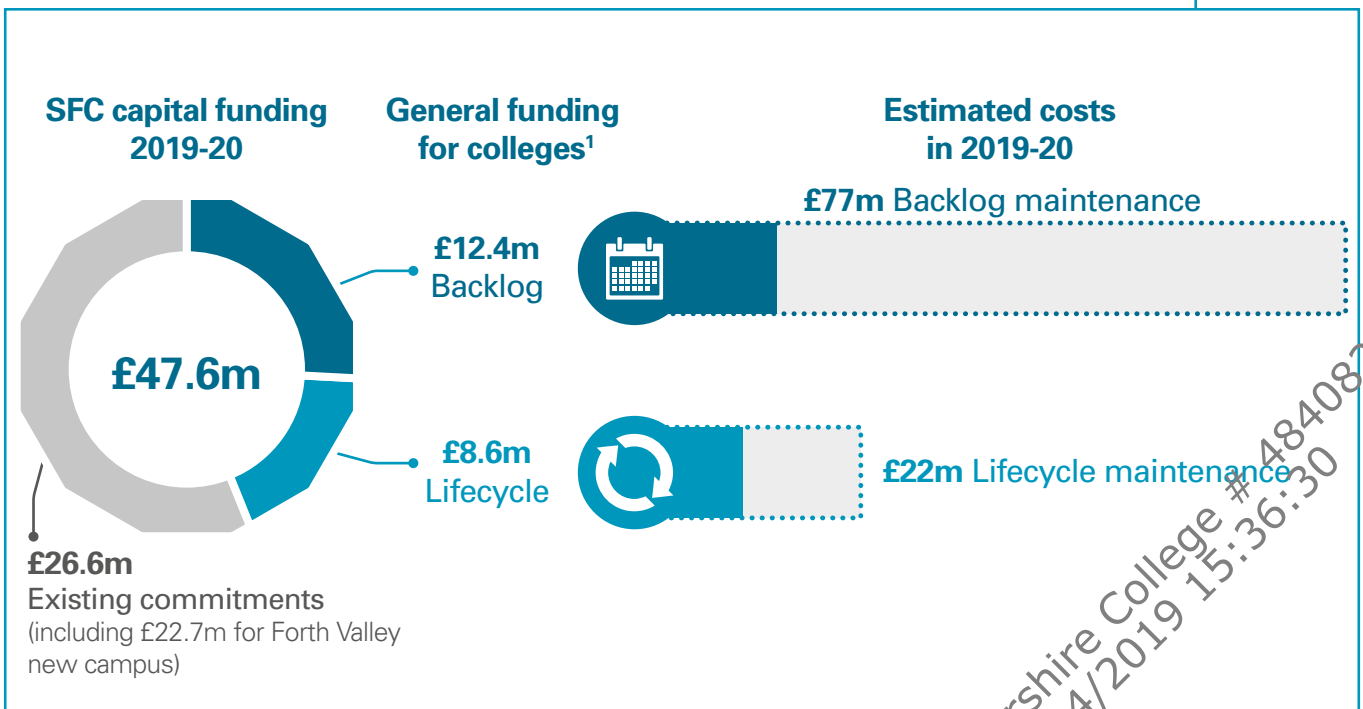
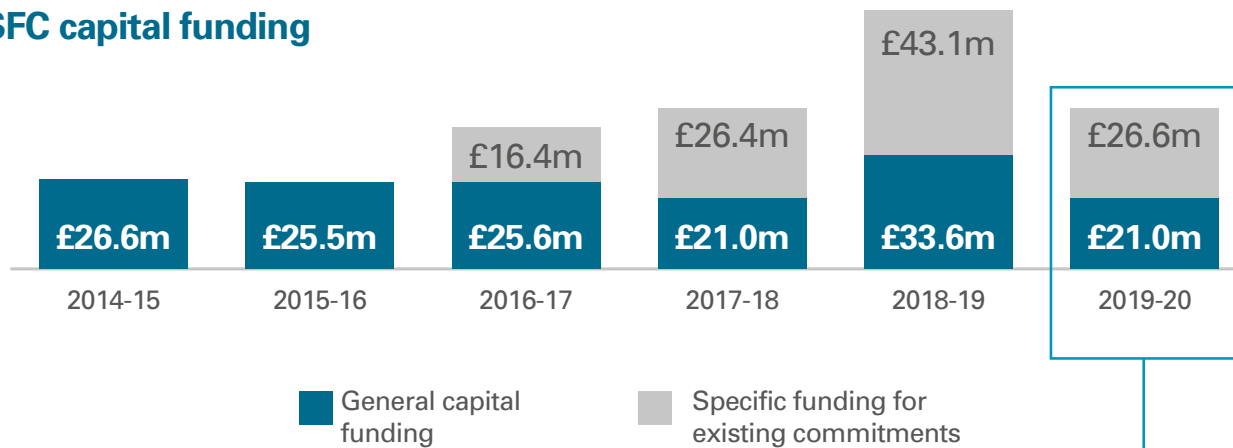


**£47.6 million**

**Capital funding in 2019-20**

Typically, capital funding is used for the maintenance and improvement of buildings but is becoming increasingly important for investing in and developing digital infrastructure.

**SFC capital funding**



Note: 1. Excluding Forth Valley  
Source: Scottish Government/SFC

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## The potential implications of the UK's withdrawal from the EU remain unclear

**25.** The college sector is examining the potential implications surrounding the UK's planned withdrawal from the EU. The main areas that are likely to be affected are students, staff and funding. Data shows that:

- 7.3 per cent of credits are delivered to non-UK EU nationals (2016-17).
- Colleges' representative body, Colleges Scotland, estimates that non-UK EU nationals make up around three per cent of current staff in the sector. There will however be variation across colleges, with potentially the most significant impact being in Edinburgh and Glasgow.
- The SFC is allocating around £13 million to colleges to deliver European Social Fund (ESF) activity in 2019-20. This includes an assumed ESF contribution from the European Commission of around £5 million (around 0.7 per cent of current total sector income), subject to the submission of successful claims to the Scottish Government. College accounts for 2017-18 show that an additional £2.6 million of European income was received across the sector (0.4 per cent of total sector income). This was predominantly for ERASMUS+ placements.<sup>6</sup>

**26.** The wider potential implications of EU withdrawal remain unclear. While the direct impact on colleges is likely to be relatively small compared to some other parts of the public sector, colleges anticipate that the indirect effects could be much more significant. This includes potential reductions in EU funding that colleges receive through students funded by other organisations.

# Part 2

## Performance



### Key messages

- 1** Student numbers increased, and the sector exceeded its learning activity targets. Over the past three years, colleges have been providing less learning to students aged 16-24 and more to students aged 25 and over.
- 2** Colleges are widening access to learning for disabled, ethnic minority and care-experienced students but the proportion of learning delivered provided to students from deprived areas fell slightly in 2017-18. Attainment rates for students in most of these categories continue to be below those of the student population overall.
- 3** Fewer students are completing their courses but a slightly higher proportion of students gaining a qualification are going on to positive destinations. Average attainment rates for students in full-time education have remained relatively static in recent years. The attainment rate for full-time further education, at 66 per cent, is some distance from the SFC target of 75 per cent by 2020-21.
- 4** There continues to be considerable variation across colleges in terms of student outcomes. The SFC has agreed aspirational and stretching targets with colleges in their latest outcome agreements. Based on recent performance trends, achieving some of these targets will be very challenging for colleges.

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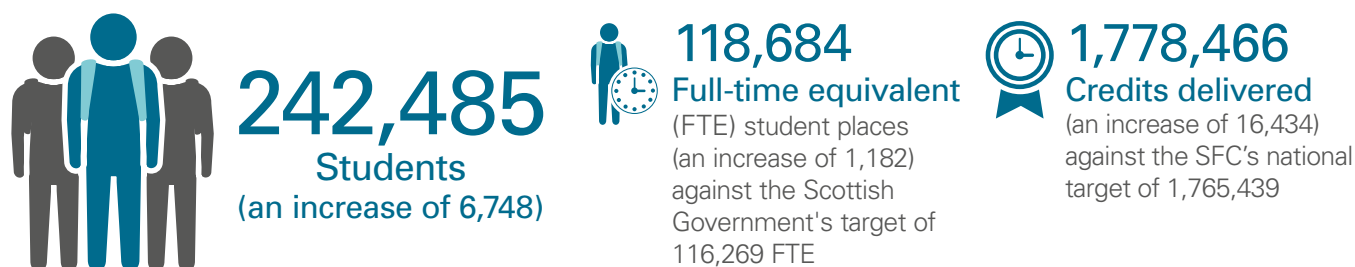
### **Student numbers increased, and the sector exceeded both the Scottish Government's learning target and the SFC's national activity target**

**27.** In return for their funding from the SFC, college regions agree a range of outcomes they aim to deliver each year. Outcome Agreements contain ten measures to assess colleges' progress. Within these ten measures there are national priority measures based around learning credits delivered, the achievement of qualifications (attainment) and successful students going on to positive destinations.

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## Exhibit 9

### Number of students and amount of learning delivered 2017-18



Source: SFC

**28.** Colleges delivered 16,434 more credits than in 2016-17 and exceeded the SFC's national activity target by 0.7 per cent. Five colleges missed their individual target (by a very small percentage in two instances):<sup>7</sup>

- Fife College (by 0.1 per cent)
- New College Lanarkshire College (by 0.2 per cent)
- North East Scotland College (by 1.4 per cent)
- Lews Castle College (by 4.7 per cent)
- Orkney College (by 4.5 per cent).

**29.** Where regions miss their credit target, the SFC – or the regional body, in a multi-college region – can decide to recover funding. Where the SFC or regional body is aware that a college may miss its target, it can look to redistribute both the activity and the funding to another college or region.

**30.** UHI is committed to providing access to learning across the region, and to avoid centralising delivery in urban areas. Where colleges in the Highlands and Islands region have not met their targets, UHI is working closely with the colleges to understand, support them and, where necessary, review targets to reflect circumstances. For example, Lews Castle College faces particular challenges due to a declining population in the Outer Hebrides, and UHI is working with the college to assess the effects of this change, and to support the college to adjust its focus to deliver a financially sustainable operating model.

**31.** Colleges also exceeded the Scottish Government's target of delivering 116,269 FTE places<sup>8</sup>, delivering 118,684 FTE places, an increase of 1,182 (one per cent) on 2016-17 ([Exhibit 9](#)). The Scottish Government's target has remained constant since 2012-13 though the context in which colleges operate has been changing:

- The young Scottish population has been reducing and is projected to reduce further over the next few years. This is resulting in fewer young students (16-24) at college, and more school-aged and older students.

Lanarkshire College # 484082  
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- The Scottish Government continues to promote widening access to further and higher education. Its aim is for 20 per cent of students entering university to be from the 20 per cent most deprived areas by 2030. While colleges play an important role in supporting a learner's whole journey, this may reduce the number of students that will consider studying at college in future.

### **Over the past three years, colleges have been providing fewer credits to students aged 16-24 and more to students aged 25 and over**

**32.** In October 2017, the Minister for Further Education, Higher Education and Science confirmed that colleges no longer needed to prioritise full-time education for 16-24 year olds.<sup>9</sup> It is clear that college provision was changing before this announcement. Between 2014-15 and 2017-18, the number of students aged 16-24 fell by 6,887 (or by six per cent). There was a corresponding increase in the number of students aged 25 and over by 6,664 (or by seven per cent). Over the same period, the proportion of learning credits delivered by colleges shifted from students aged 16-24 to students aged 25 and over by four percentage points ([Exhibit 10, page 21](#)).

**33.** Between 2014-15 and 2017-18, there was an increase of 86 per cent (15,815) in the number of school pupils under 16 years of age attending college. Students aged under 16 now make up an additional six per cent of the student population compared to 2014-15. Despite this, credits delivered to under 16 years old have remained very small at only around three per cent. Under the Scottish Government's Developing the Young Workforce programmes, colleges work closely with schools and councils, offering more vocational courses to school pupils. Most courses will not be graded but aim to expand pupils' curriculum choices and help them develop a career path. In 2017-18, all colleges except Newbattle Abbey College delivered credits to students under 16 years of age.<sup>10</sup>

### **More change is needed to achieve gender balance across important subject areas**

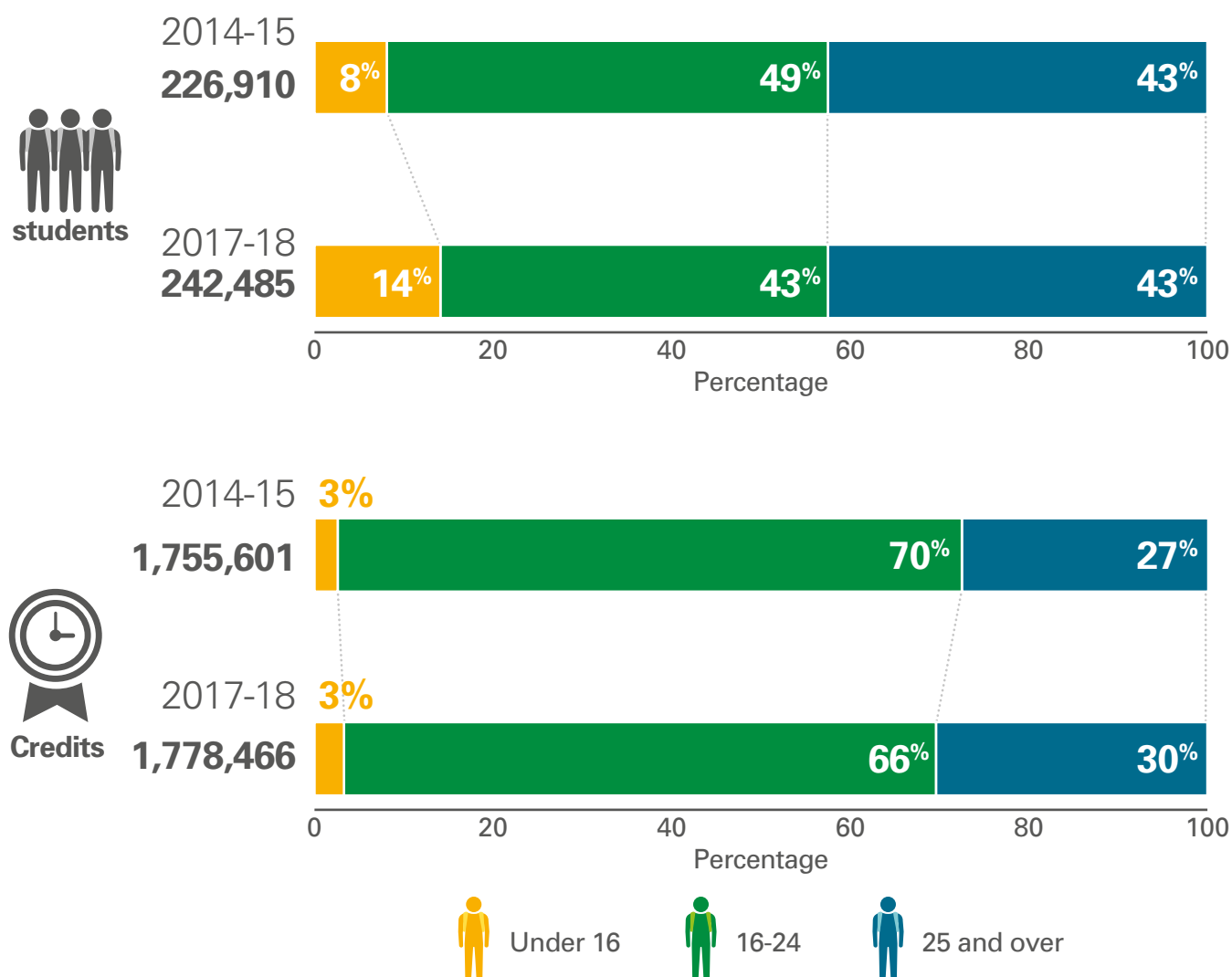
**34.** Female students represent 52 per cent of the student population (125,899) and males 48 per cent (115,945).<sup>11</sup> The number of female students increased by more than the number of male students in 2017-18 (increasing the proportion from 51 per cent last year).

**35.** In 2016, the SFC committed to increasing the minority gender share in the most imbalanced subjects.<sup>12</sup> Its aim is for the gender balance of students enrolling on important subject areas to be no greater than 75:25 per cent by 2030. Progress towards addressing the long-standing gender imbalances has been limited and will require a concerted effort from schools, colleges and wider society in making sustainable change ([Exhibit 11, page 22](#)).

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### Exhibit 10

Change in the number of students and learning credits delivered across the sector over the past three years



Note: The proportion of credits for 2017-18 doesn't add up to 100 per cent due to rounding.

Source: SFC

#### **Eighteen college boards have more men than women**

**36.** In February 2019, 246 board members across the sector were men (57 per cent of the total members) and 187 were women (43 per cent of the total members). The number of men increased by 12, while the number of women decreased by four.

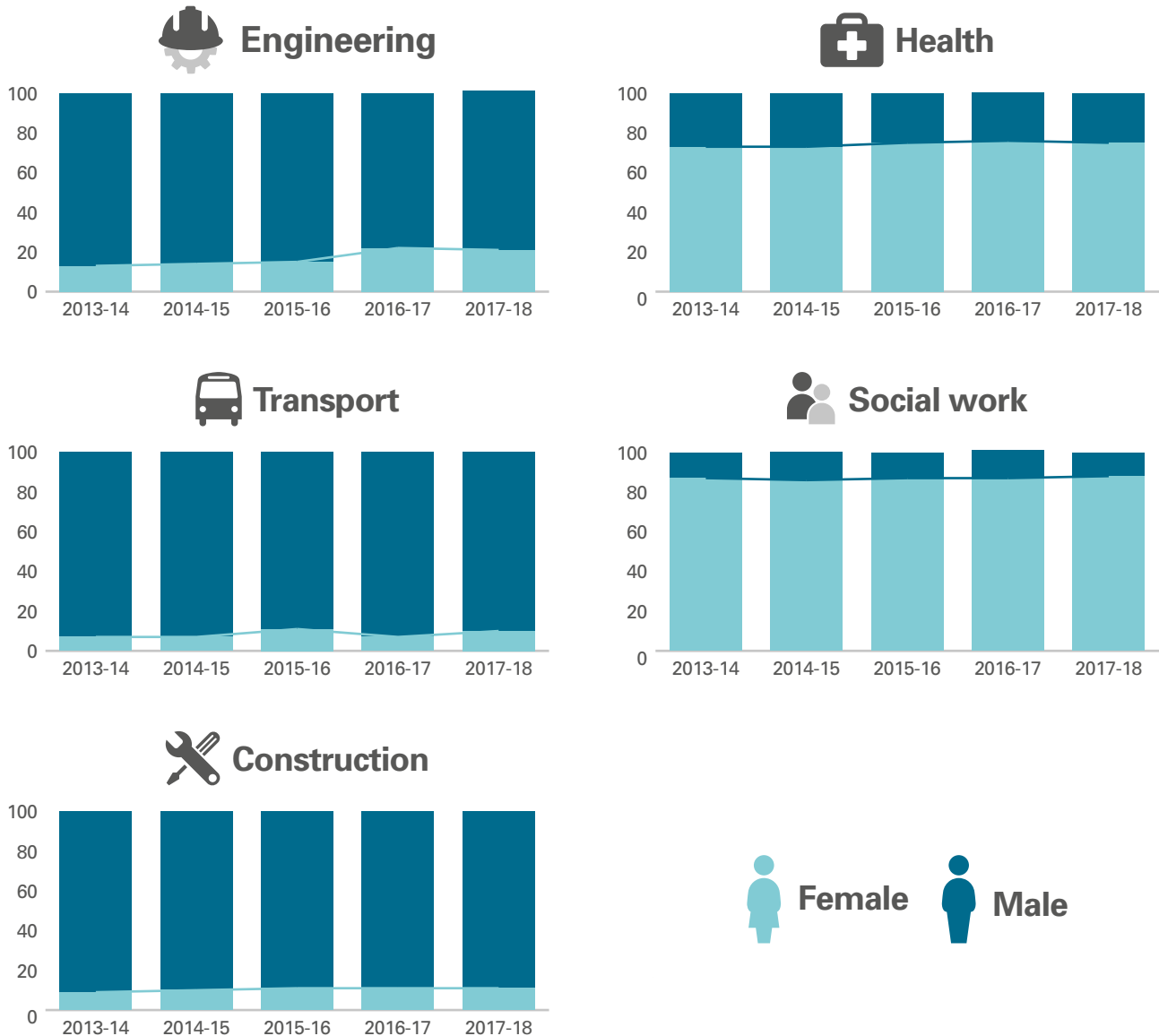
**37.** Four college boards have more women members than men and five have an equal gender split. Orkney College Board has the most uneven gender balance with 19 men and three women.

**38.** The Gender Representation on Public Boards (Scotland) Act 2018 requires 50 per cent of non-executive members on public boards to be women by 2022. The gender balance of college boards is not entirely under the control of colleges as some members are elected to their position.

Fife College # 484082  
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### Exhibit 11

Proportion of students on each course by gender (headcount)



Source: SFC

### Colleges are widening access to students from a range of backgrounds, but are not meeting targets for students from the most deprived areas

39. Colleges are committed to widening access to learning for all, particularly those who may have found it more difficult to enter further and/or higher education. Across the sector, the proportion of credits colleges deliver to students from an ethnic minority, who have been in care or who have disabilities has increased in recent years.<sup>13</sup>

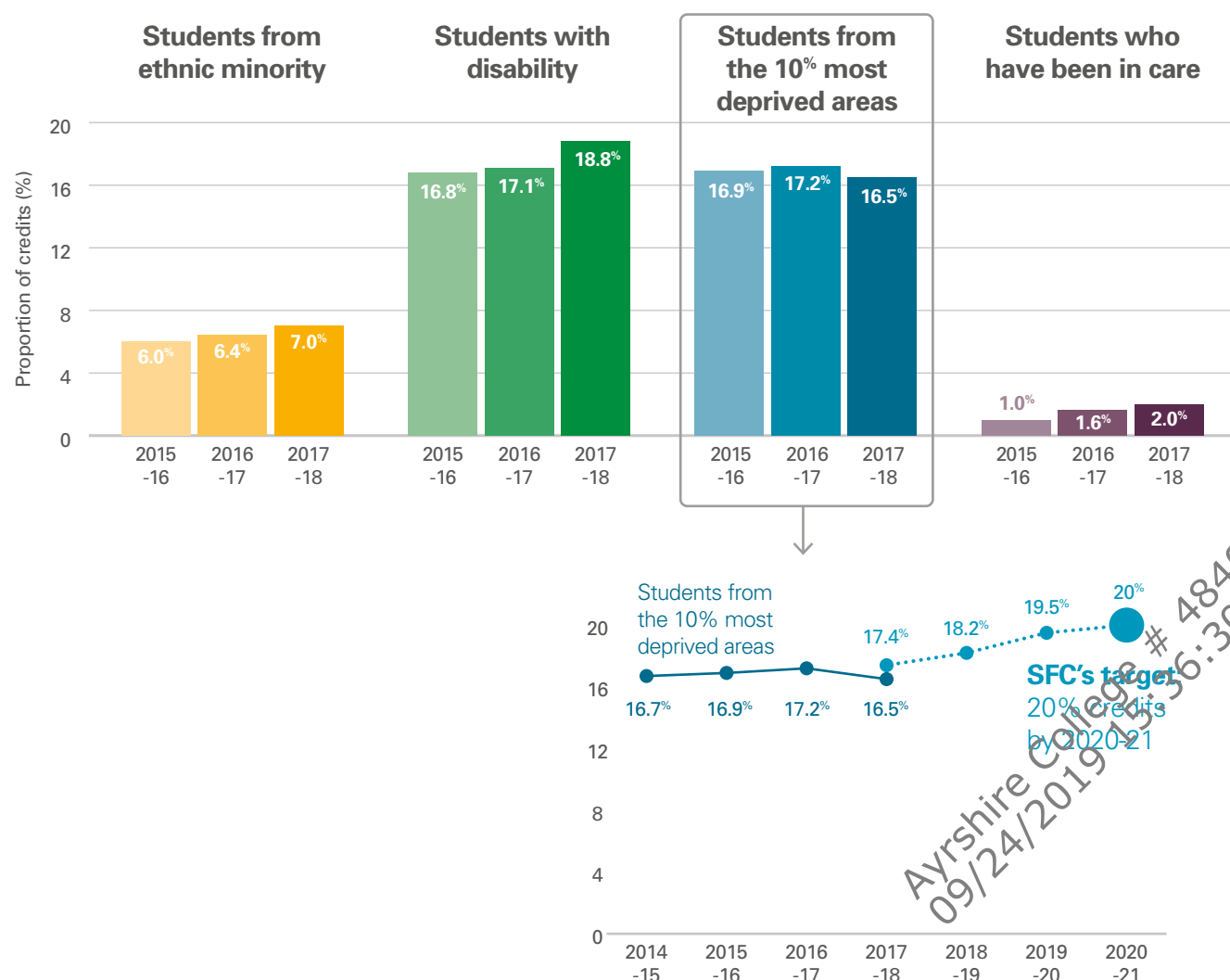
Ayrshire College # 484082  
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**40.** The proportion of credits that colleges deliver to students from the ten per cent most deprived areas had also been increasing, but this trend reversed in 2017-18.<sup>14</sup> The proportion of credits delivered to these students, at 16.5 per cent, was below the SFC’s national target of 17.4 per cent.<sup>15</sup> The reasons for this decrease are likely to be complex. For example, the trend is for school pupils to stay on longer at school. Also, in line with the Scottish Government’s aim of widening access to higher education, there has been an increase in the proportion of students from deprived areas going to university. Increasing the proportion of credits to students from the most deprived areas will require a coordinated effort from schools, colleges, universities and other relevant stakeholders ([Exhibit 12](#)).

**41.** Based on recent trends, the SFC’s target of delivering 20 per cent of credits to students from the ten per cent most deprived areas by 2020-21 looks difficult to achieve.

### Exhibit 12

Proportions of credits delivered to students from selected groups























Source: SFC

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## Exhibit 13

### National performance summary, 2017-18

The proportion of students completing their courses is falling, but the proportion of full-time students going on to positive destinations is improving.

	 <b>Attainment rates</b>	 <b>Retention rates</b>	 <b>Positive destinations</b>	 <b>Satisfaction</b>
<b>Further education</b>				
 Full-time	66.1  (0.8%)	74.9  (0.0%)	86.0  (1.9%)	93.1  (0.3%)
 Part-time	78.2  (1.1%)	89.8  (0.2%)	–	–
<b>Higher education</b>				
 Full-time	71.3  (0.3%)	81.6  (1.2%)	81.6  (1.4%)	83.2  (4.2%)
 Part-time	80.4  (1.8%)	91.6  (0.3%)	–	–

(%) – Percentage change from the previous year

Note: The latest positive destinations data available is for 2016-17. Percentage change is from 2015-16.

Source: *College Performance Indicators 2017-18*, Scottish Funding Council, 2019; *College Leaver Destinations 2016-17*, Scottish Funding Council, 2018; and *Student Satisfaction and Engagement 2017-18*, Scottish Funding Council, 2018

### Student attainment has remained relatively static in recent years and further work is required to address the attainment gap

42. The SFC aims to improve attainment rates (the proportion of students completing their course successfully) in full-time further education and higher education to 75 per cent by 2020-21. The average attainment rate for full-time further education improved in 2017-18. In contrast, the average attainment rate in full-time higher education fell slightly. Both remain below the SFC's long-term target, with a significant improvement needed in further education over the next three years. The SFC has set intermediate national attainment targets for full-time students, although it did not set a target for 2017-18. It does not set national targets for part-time students ([Exhibit 14, page 25](#)).

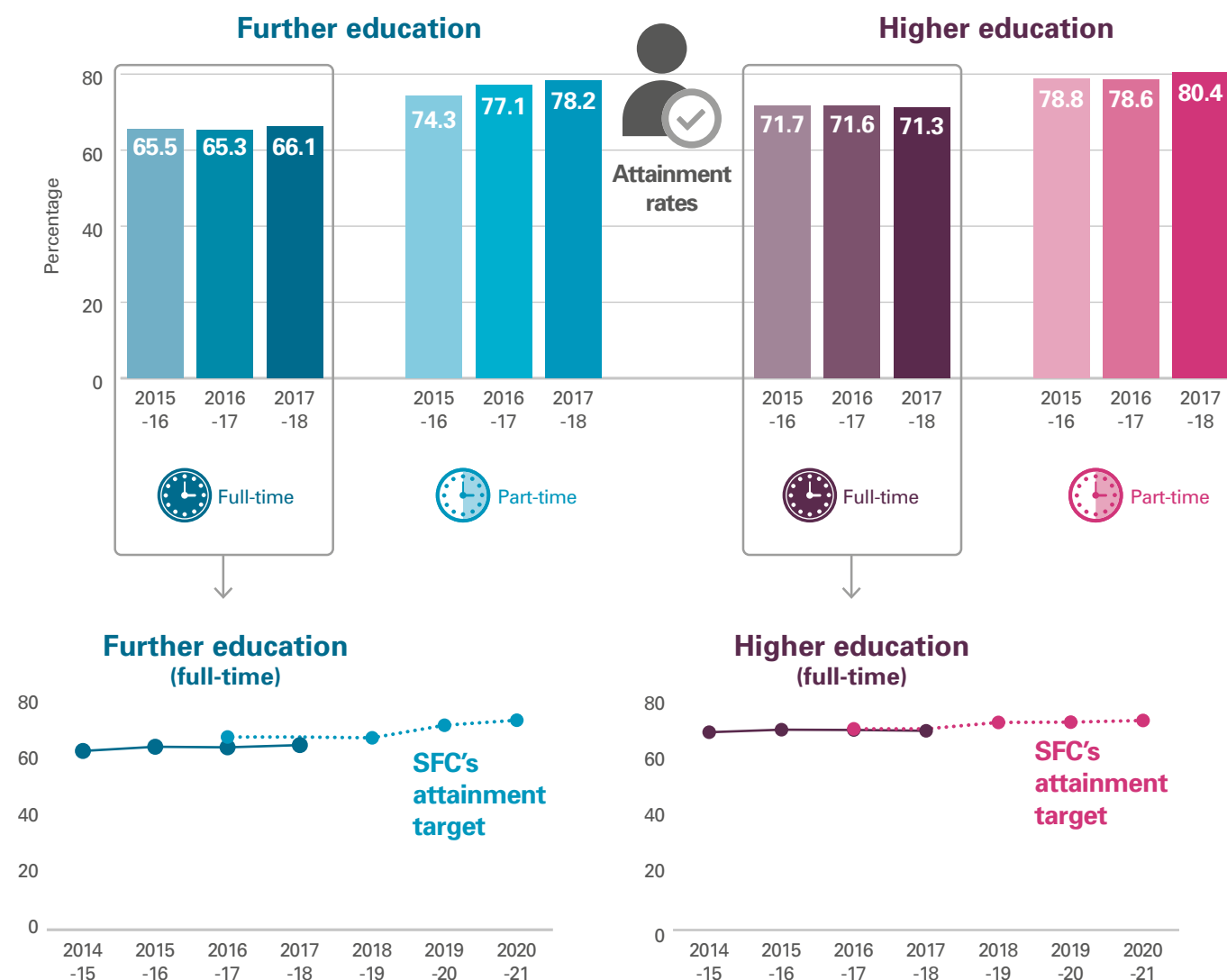
### Only two regions met all of their agreed overall attainment targets

43. There is wide variation in regional performance against attainment targets ([Exhibit 15, page 26](#)):

- West College Scotland region met all four targets. Highlands and Islands region met both targets for further education.
- Two regions missed all four targets (Dumfries and Galloway and North East Scotland colleges).

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### Exhibit 14 Attainment rates



Source: SFC

44. The SFC does not report the performance of college regions against regionally agreed attainment targets in its Summary of Progress and Ambitions report.<sup>16</sup>

45. In 2018-19, the SFC plans to improve its use of Outcome Agreements to achieve its desired outcomes for learners, for skills development and ultimately for inclusive economic growth in Scotland. This includes agreeing more ambitious targets with college regions to deliver Scottish Government priorities. Based on performance to date, some existing targets will be very challenging for colleges. It is important for the SFC and colleges to be clear on what will be needed to deliver the more ambitious targets.





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## Exhibit 15

Attainment rates: progress towards outcome agreement targets



### Attainment target met in 2017-18


	No of college regions providing this type of study <sup>1</sup>	No of college regions	Percentage
<b>Further education</b>			
 Full-time	15	6	40%
 Part-time	13	9	69%
<b>Higher education</b>			
 Full-time	13	2	15%
 Part-time	11	5	45%

Note: 1. Total numbers are based on 13 college regions plus SRUC and Newbattle Abbey College, with the exceptions being: Part-time further and higher education: Ayrshire and Newbattle Abbey colleges did not set 2017-18 targets for these measures in their Outcome Agreement; and Higher education: College outcome agreement measures are not applicable to Highlands and Islands region or SRUC at this level.

Source: SFC

### More work is required to close the attainment gap for certain groups of students

**46.** Students from an ethnic minority, on average, achieve better results than the overall student population, but more work is required to close the attainment gap for the rest of the identified student groups.<sup>17</sup> Students who have been in care have the lowest attainment rates, and were the only group where attainment decreased in 2017-18 ([Exhibit 16, page 27](#)).

**47.** The SFC is committed to raising the attainment rates for students from the most deprived areas to achieve overall attainment rates of 75 per cent by 2027-28.<sup>18</sup> In [Scotland's colleges 2018](#) , we reported that the attainment gap between students from the least and most deprived areas had increased between 2011-12 and 2016-17.

**48.** Last year, we reported that the attainment gap in 2016-17 increased between those students from the least and most deprived areas. In 2017-18, the attainment gap for those in further education closed slightly, from 7.4 to 6.5 percentage points (69.7 per cent compared to 63.2 per cent). The attainment gap for those in higher education was 7.7 percentage points, the same as in 2016-17 (74.4 per cent compared to 66.7 per cent).

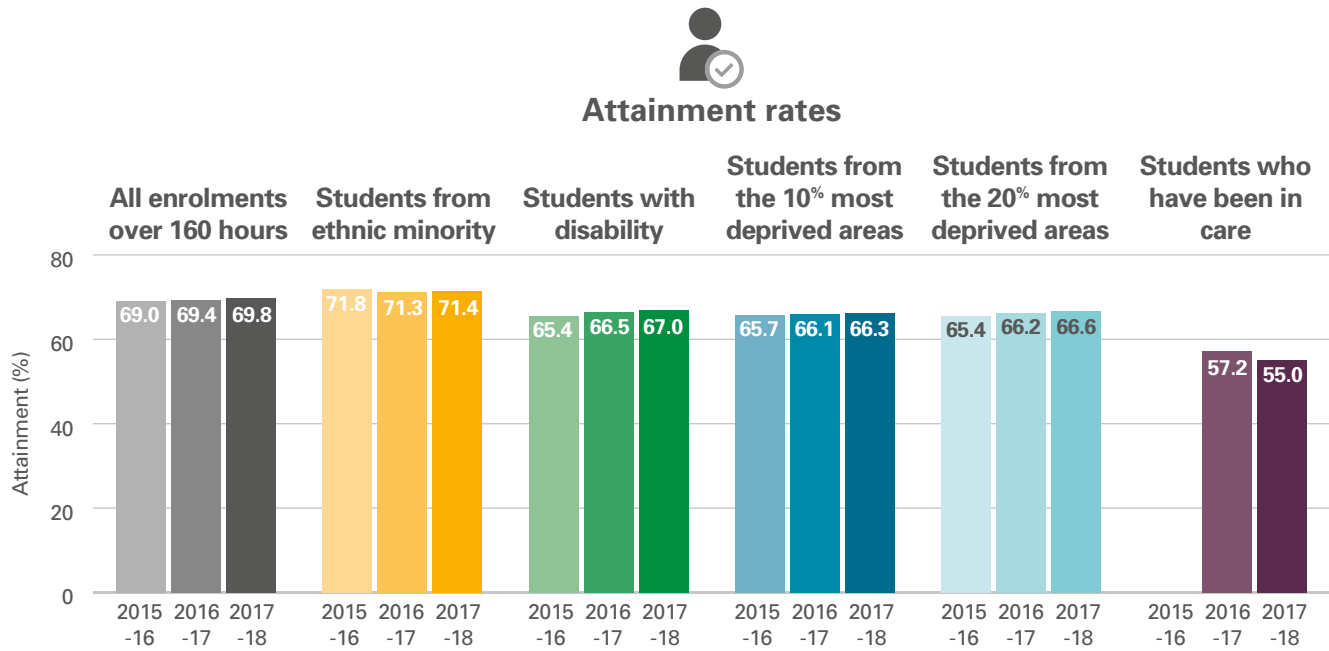
### Fewer students completed their course in 2017-18

**49.** Challenges still exist in improving student retention (the proportion of students completing their course, either successfully or partially). The proportion of full-time further education students that completed their course remained unchanged in 2017-18 but the proportions fell for all other types of study ([Exhibit 17, page 27](#)).

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### Exhibit 16

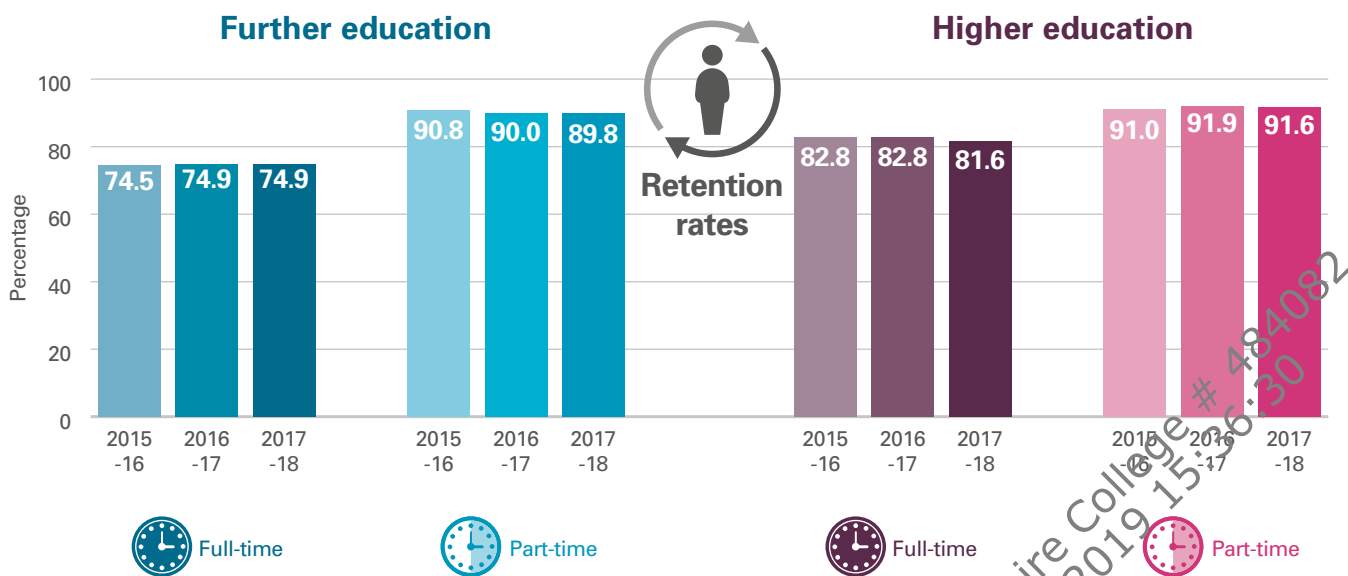
Attainment on courses over 160 hours for students from selected groups



Source: SFC

### Exhibit 17

Proportion of students completing their course



Source: SFC

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**50.** Since 2017, the Scottish Government has been running a College Improvement Project (CIP) to raise attainment and retention. It has worked with five colleges through the CIP, trying to identify what improvement can be shared across the sector.<sup>19</sup> The project is scheduled to finish in 2019. While it is too early to assess the impact of the project, more work is required to improve retention. The Scottish Government plans to monitor changes in retention as improvement actions are scaled up and spread to different courses within the colleges and across the sector.

### **A greater proportion of students who qualify are going on to positive destinations**

**51.** Latest data (covering 2016-17) shows that 95 per cent of full-time student qualifiers with destinations confirmed entered a positive destination, such as employment or continued education (2015-16, 94.9 per cent).<sup>20</sup> Of all qualifiers, 84.5 per cent moved into a positive destination (2015-16, 82.7 per cent). Around two-thirds of all qualifiers went on to further study or training (up by one percentage point from 2015-16). 17.7 per cent of all qualifiers entered work (up by 0.7 percentage point).

### **The SFC does not publish college-level student satisfaction data**

**52.** Student satisfaction is a performance measure in college Outcome Agreements. For 2017-18, the SFC reported student satisfaction for the sector, but only using data from those colleges that received at least a 50 per cent response rate to their survey (15 of 26 colleges for full-time further education and five of 15 colleges for full-time higher education). It does not publish student satisfaction data for individual colleges or results for part-time and distance or flexible learning students. Publishing good-quality information on student satisfaction for individual colleges would allow students, and potential students, to determine whether a college provides a good experience for students. It also means that colleges can be effectively held to account by other stakeholders.

**53.** The SFC has been working with the college sector to conduct the Student Satisfaction and Engagement Survey (SSES) since 2015-16. However, over the past three years, response rates to the SSES have varied noticeably across colleges and the SFC does not yet believe that all colleges are conducting the survey in a way that allows either it or individual colleges to place reliance on the survey results. The SFC held an event for colleges in February 2019 to explore ways to improve response rates.






### **College performance varies widely for student outcomes**

**54.** Taken together indicators on student attainment, retention, destinations and satisfaction provide a broad indication of a college's performance. There was significant variation in performance across colleges; the proportion of students from deprived areas can influence performance, but it is clearly not the only factor ([Exhibit 18, page 29](#)).

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## Exhibit 18

Performance indicators for full-time further education in colleges

Colleges	 % credits for FT	 Attainment rates	 Retention rates	 Positive destinations	 Satisfaction	College's self-evaluation for 'Outcome and Impact'
Glasgow Kelvin College	45.5	60.2 ↓	69.0 ↓	82.9 ↑	-	Good
West College Scotland	58.5	69.2 ↑	78.1 ↑	80.6 ↓	-	Good
Glasgow Clyde College	67.1	66.1 ↑	74.9 ↑	82.8 ↑	96.7 ↑	Good
Ayrshire College	74.4	66.9 ↔	73.9 ↓	82.6 ↓	-	Good
City of Glasgow College	58.9	67.9 ↓	76.3 ↓	91.2 ↑	84.5 ↓	Very Good
New College Lanarkshire	75.4	61.4 ↑	68.3 ↑	89.9 ↑	89.0 ↓	Satisfactory
Dundee and Angus College	70.0	75.4 ↑	81.4 ↑	81.7 ↑	95.4 ↑	Very Good
Fife College	61.8	59.1 ↑	73.4 ↑	71.7 ↑	91.9 ↑	Satisfactory
South Lanarkshire College	74.5	69.7 ↓	76.2 ↑	89.1 ↓	98.5 ↑	Very Good
West Lothian College	67.9	65.5 ↑	75.3 ↑	89.7 ↑	-	Good
Forth Valley College	51.8	71.4 ↓	77.2 ↓	75.6 ↓	95.1 ↓	Very Good
Edinburgh College	62.9	60.7 ↓	70.6 ↓	85.9 ↑	-	Good
Newbattle Abbey College	100.0	52.1 ↓	69.9 ↓	81.3 ↑	100 ↑	Good
Dumfries and Galloway College	70.6	59.6 ↓	70.6 ↑	88.3 ↑	-	Satisfactory
Perth College	78.4	70.0 ↑	77.2 ↓	85.2 ↑	96.2 ↑	Good
Borders College	78.0	68.7 ↑	77.1 ↑	86.9 ↓	-	Very Good
SRUC Land based	63.9	68.3 ↓	82.3 ↓	87.8 ↓	-	-
North Highland College	55.7	71.8 ↑	83.2 ↑	90.0 ↑	-	Very Good
Argyll College	47.4	76.0 ↑	82.0 ↑	80.9 ↓	94.3 ↑	Very Good
West Highland College	48.1	69.8 ↓	77.8 ↓	87.4 ↑	100 ↑	Very Good
Inverness College	69.5	70.6 ↑	77.7 ↑	87.3 ↓	94.7 ↑	Very Good
North East Scotland College	72.6	66.6 ↑	77.0 ↑	87.2 ↓	94.0 ↑	Good
Lewis Castle College	46.5	60.8 ↓	71.6 ↓	90.3 ↑	100 ↑	Satisfactory
Moray College	74.2	69.0 ↑	75.5 ↑	84.2 ↑	94.0 ↑	Good
Orkney College	33.1	75.0 ↓	80.3 ↓	84.3 ↓	-	Very Good
Shetland College of Further Education	32.0	77.8 ↓	85.6 ↑	97.2 ↑	-	Very Good
<b>Number of colleges where performance increased in 2017-18</b> ↑		<b>13</b>	<b>15</b>	<b>16</b>	<b>13</b>	
<b>Proportion of total number of colleges %</b>		<b>50%</b>	<b>58%</b>	<b>62%</b>	<b>87%</b>	
<b>Quartile:</b>	Highest	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	Lowest

Notes:

- Colleges are listed according to the proportion of students from the most deprived areas (Glasgow Kelvin College having the highest proportion).
- Percentage point changes are from 2016-17 (For leaver's destination data, from 2015-16. See Note 3).
- The latest leaver's destination data available is for 2016-17. The figures are across further and higher education study. College-level figures published are not broken down by the two.
- The overall student satisfaction rates are included only for colleges with a response rate of 50 per cent or more, in line with the SFC publication.
- For each indicator, we have shown colleges' performance broken down into quartiles, with the highest performance shown in Quartile 1 and the lowest performance in Quartile 4.

Source: *College Performance Indicators 2017-18*, Scottish Funding Council, 2019; *College Leaver Destinations 2016-17*, Scottish Funding Council, 2018; *Student Satisfaction and Engagement 2017-18*, Scottish Funding Council, 2018; Colleges' self-evaluation reports, 2019; and SFC's Infact database

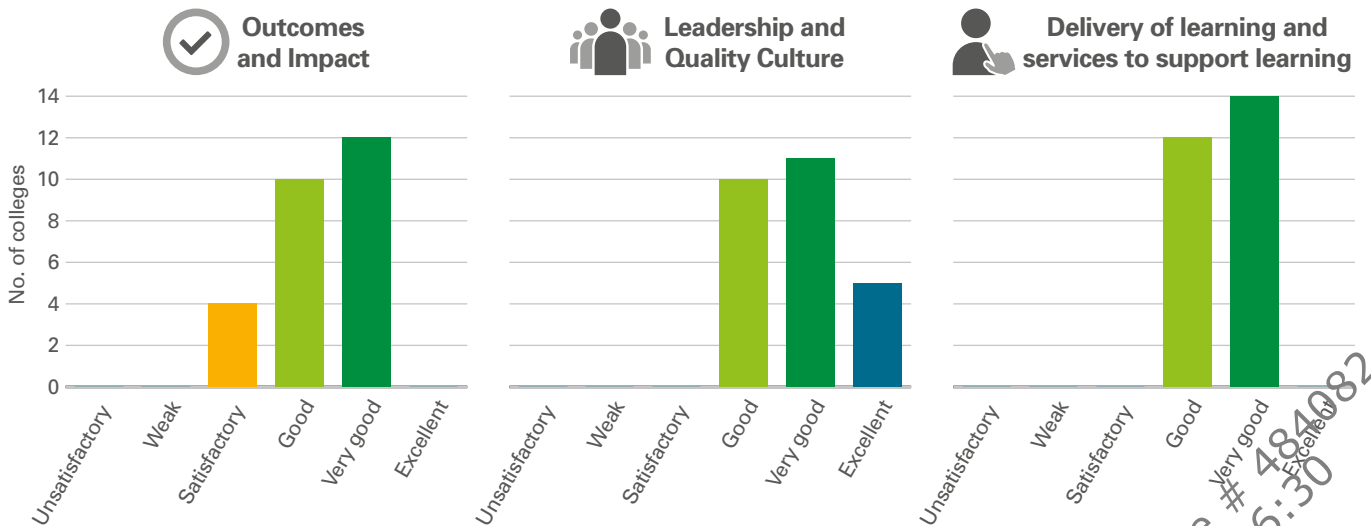
## Colleges have published enhancement plans to improve their performance

55. The SFC and Education Scotland, the national body for supporting quality and improvement in learning and teaching, introduced a new quality assessment evaluation framework for colleges, *How good is our college?* in 2016.<sup>21</sup> The new quality framework is based on a validated self-evaluation and is intended to enable colleges to assess progress and develop an improvement plan.

56. In January 2019, individual college results were published for the first time with grades in three categories: Outcomes and impact; Leadership and quality culture; and Delivery of learning and services to support learning. All colleges graded themselves as 'Good' or above for two of the three categories. In general, colleges assessed their Leadership most highly and the outcomes and impact for students least highly ([Exhibit 19](#)).

57. The factors considered in relation to 'Outcomes and impact' map closely to attainment and retention but not to positive destinations and student satisfaction. Some colleges which consider their performance to be 'Good' or better have relatively low levels of attainment (in the bottom half of the quartiles). It is not clear how colleges' own assessment of performance fits with the views of their students and staff.

**Exhibit 19**  
College's self-evaluation grades






Source: Education Scotland

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# Endnotes

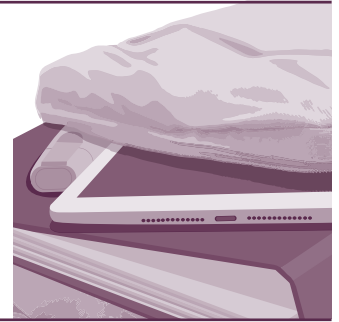


- 1 *College Staffing Data 2017-18*, Scottish Funding Council, 2019.
- 2 Financial forecast returns submitted by colleges to the SFC in September 2018 and covering the period to 2022-23.
- 3 [College sector estates condition survey](#) , Scottish Funding Council, December 2017.
- 4 This includes £1.5 million to support business cases for the highest priority campuses and £1.4 million for very high priority maintenance at Fife College.
- 5 *Outcome agreement funding for colleges*, Scottish Funding Council, 2019.
- 6 Erasmus+ is the European Union programme for education, training, youth and sport. It runs for seven years, from 2014 to 2020. Erasmus+ aims to modernise education, training and youth work across Europe. It is open to education, training, youth and sport organisations across all sectors of lifelong learning, including school education, further and higher education, adult education and the youth sector.
- 7 Lanarkshire region and the Highlands and Islands region both met their regional targets.
- 8 *College Statistics 2017-18*, Scottish Funding Council, 2019.
- 9 2018-19 Outcome Agreement Guidance, Letter from Minister for Further Education, Higher Education and Science to Chair of Scottish Funding Council, 2017.
- 10 SFC's Infact database.
- 11 According to the SFC's Infact database, 641 students did not give their gender or described it as 'Other'.
- 12 Gender Action Plan, Scottish Funding Council, 2016.
- 13 *College Statistics 2017-18*, Scottish Funding Council, 2019.
- 14 The level of deprivation is calculated using the Scottish Index of Multiple Deprivation (SIMD) 2016. In the previous two years, it is based on the SIMD 2012.
- 15 [College Region Outcome Agreements: Summary of Progress and Ambitions](#) , Scottish Funding Council, September 2017.
- 16 [College Region Outcome Agreements Summary of Progress and Ambitions report 2018](#) , Scottish Funding Council October 2018, summarises performance for the sector from colleges regions' Outcome Agreements.
- 17 *College Performance Indicators 2017-18*, Scottish Funding Council, 2019. Attainment on courses over 160 hours.
- 18 *Guidance for the development of College Outcome Agreements: 2017-18 to 2019-20*, Scottish Funding Council, 2016.
- 19 Dundee and Angus College, Edinburgh College, Inverness College UHI, New College Lanarkshire and West College Scotland.
- 20 *College Leaver Destinations 2016-17*, Scottish Funding Council, 2018. The data available is for full-time students only across further and higher education.
- 21 *How good is our college?*, Education Scotland, 2016.

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# Appendix


## Audit methodology



### What the report covers

This report looks at all colleges in the sector and Scotland's Rural College (SRUC), to present a comprehensive picture of the sector and its performance.

Until 1992, Scottish councils ran all publicly funded colleges in Scotland. Under the Further and Higher Education (Scotland) Act 1992, most of these colleges established their own corporate body and boards of management. The boards of management took over responsibility for the financial and strategic management of the colleges. These colleges are referred to as incorporated colleges and produce accounts which are subject to audit by the Auditor General for Scotland. The remaining six colleges are generally referred to as non-incorporated colleges. SRUC is classed as a higher education institution but counts towards the achievement of the national target for colleges. The report primarily focuses on incorporated colleges. However, we state clearly where we include data relating to non-incorporated colleges.

The college sector in Scotland comprises the 20 incorporated colleges and six non-incorporated colleges, organised into 13 college regions (as shown in Appendix 2 of [Scotland's colleges 2018](#) ). Ten of these regions consist of one college. The three remaining regions (Glasgow, Highlands and Islands, and Lanarkshire) have more than one college. The individual colleges in Glasgow and in Highlands and Islands are assigned to the relevant regional strategic body, ie Glasgow Colleges' Regional Board (GCRB) or University of Highlands and Islands (UHI). In Lanarkshire, New College Lanarkshire is the regional body and South Lanarkshire College is assigned to the Lanarkshire Board.

### Financial commentary

Incorporated colleges prepare their accounts based on the academic year, which runs from 1 August to 31 July. This differs from the Scottish Government's financial year, which runs from 1 April to 31 March. We use the following conventions in this report:

- 2017-18 when referring to figures from colleges' accounts, or figures relating to the academic year
- 2017/18 when referring to funding allocations made in the Scottish Government's financial year.

Financial figures in real terms are adjusted for inflation. The base year for this report is 2017-18. The GDP deflator provides a measure of general inflation in the domestic economy. We have used the GDP deflator from March 2019 to calculate the real-terms figures for other years.

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## Our audit involved

- Analysing relevant Scottish Government budget documentation, colleges' audited accounts and auditors' reports covering the financial periods ending July 2018.
- Analysing information held by the SFC, including financial, performance and activity data.
- Interviewing Colleges Scotland, student unions, trade unions, the SFC and the Scottish Government.
- Analysing data that we requested from colleges' external auditors.

## Detailed methodology for specific sections in the report

### Underlying financial position [\(page 7\)](#)

Incorporated colleges reported an overall deficit of £29.8 million in their 2017-18 audited accounts. In reporting the underlying financial position, we have used the SFC's data for each college based on the accounts direction it issued in 2018.

### Calculating student numbers [\(page 19\)](#)


In this report we present student numbers by headcount, drawn from the SFC's Infact database. Where possible, this headcount excludes any multiple enrolments, meaning if a student had been enrolled at two colleges in 2017-18 they would only be counted once. Where we show full-time and part-time student numbers this will include multiple enrolments.

In line with last year's report, we have included non-incorporated colleges and SRUC to give a comprehensive picture of performance against the Scottish Government's national target for learning activity.

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# Scotland's colleges 2019

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ISBN 978 1 911494 93 5 AGS/2019/2

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