Board Meeting

Date of Meeting	Monday 12 December 2016
Paper Title	Update on Transition Planning for Fully-Operational Fundable Body Status
Agenda Item	11
Paper Number	BM3-G
Responsible Officer	Robin Ashton, GCRB Executive Director
Status	Disclosable
Action	For Decision

1. Report Purpose

1.1 To update the Board on progress made to ensure GCRB has the capacity to meet its fully-operational fundable body obligations when these are implemented by the Scottish Funding Council (SFC).

2. Recommendations

2.1 The Board is invited to:

- **note** that GCRB and the SFC are working on a transition plan to allow fully-operational fundable body status to be implemented on April 1, 2017

- **note** the work underway for GCRB to develop and implement appropriate funding allocation and financial monitoring arrangements before April 1, 2017.

- **consider** and **agree** to the proposal that GCRB's internal auditor and lawyer are contracted to support this transition planning work;

- **note** that the Chair of GCRB will formally request that SFC provide additional resources to the Glasgow College Region for GCRB staffing costs;

- **consider** GCRB staffing proposals and, subject to any amendment, **request** the GCRB Nominations and Remuneration committee further develop these for consideration at the next meeting of the GCRB board; and

- **request** a further update on transition planning progress at the next meeting of the Board.

3. Background

3.1 Following a review of GCRB governance arrangements, the Scottish Funding Council has confirmed formally to GCRB that it has made significant and effective progress in operating effectively as a Regional Strategic Body, and it is their view that GCRB is fulfilling its statutory role to secure coherent provision of high quality further and higher education.

3.2 GCRB and the SFC are now working on a detailed transition plan which sets out tasks and timeframes related to funding, monitoring and financial arrangements which will allow fully-operational fundable body status to be implemented by April 1, 2017.

3.3 At the meeting of the GCRB Board on the 31 October 2016, members considered a presentation provided by the SFC which described the financial monitoring requirements which GCRB would be responsible for developing and maintaining.

3.4 Following this discussion, members reviewed a paper which set out in more detail the full extent of GCRB's statutory and governance responsibilities, and which asked members to consider the implications of this on GCRB staff capacity to meet these obligations.

3.5 This paper provides members with an update on ongoing work to develop GCRB arrangements for funding allocation and financial monitoring, and which further develops proposals related to increasing GCRB staffing capacity.

4. Developing GCRB arrangements for funding allocation and financial monitoring

4.1 The table below provides a summary of the areas of work which GCRB requires to complete prior to becoming fully-operational and an indication of planned timescales to enable fully-operational status to be implemented by April 1, 2017.

<u>Development work required for GCRB funding/performance monitoring arrangements</u>

Aspect	Action	Dec	Jan	Feb	Mar	Apr	May
Funding decisions	Agree teaching grant funding allocation model	▨	▨	▨			
	Develop and agree capital grant allocation model	▨	▨	▨	▨	▨	
	Management of conflict of interest	▨					
Funding allocation	Develop GCRB banking arrangements and associated GCRB finance procedures	▨	▨	▨			
	Finalise and audit grant awarding procedures	▨	▨	▨			
	Agree with SFC assigned college financial memorandum	▨	▨	▨			

Aspect	Action	Dec	Jan	Feb	Mar	Apr	May
Funding monitoring	Develop and audit financial monitoring arrangements	▓	▓	▓			
	Agree position on accounts consolidation	▓					
Funding movement/ recovery	Develop and agree GCRB procedures for inter-region funding movement	▓	▓				
	Develop and agree GCRB procedures for funding recovery	▓	▓				
Student activity planning/ monitoring	Develop and agree regional activity targets for 2017/18	▓	▓	▓	▓		
	Develop and agree target monitoring procedures	▓	▓	▓			

4.2 Further detail on the areas of action set out above, including current progress is provided in Annex A.

4.3 It is proposed that Henderson Loggie, GCRB's Internal Auditor is contracted to support completion of the following actions within the required timescales:

- develop GCRB banking arrangements and associated GCRB finance procedures;

- finalise and audit grant awarding procedures; and

- develop and audit financial monitoring arrangements

4.4 It is proposed that GCRB's solicitors are engaged to support work to:

- develop and agree GCRB procedures for inter-region funding movement; and
- develop and agree GCRB procedures for funding recovery

4.5 In terms of the development of procedures for allocation of capital funding, following the recommendation of the Audit Scotland report on the College Sector that the allocation of capital funding should take account of need, the SFC are currently undertaken a national review of the college estate. As a funding body, GCRB therefore similarly requires to work with the Glasgow colleges to determine the current condition of the regional estate and prepare a plan to ensure that it is fit for purpose. Given the complexity and scale of this task, it may be appropriate to seek support from external consultants in order to complete this within required timescales. However, whilst this work requires to be completed within this academic year, the transition to full-operational fundable body status is not contingent on this being finalised in advance of April 2017.

5. Developing GCRB Staffing Capacity

5.1 The transition paper presented to the Board in October asked members to consider current GCRB staffing capacity to meet the responsibilities which GCRB will be held accountable for once fully-operational status is granted.

5.2 Discussion by members at the meeting raised the issue of an SFC funding contribution to GCRB costs based on the rationale that as SFC were transferring a statutory responsibility to GCRB, there was a valid basis on which to suggest that staff resources should also be transferred to GCRB. Based on the views expressed by members, the Chair of GCRB will formally request that SFC provide additional resources to the Glasgow College Region for GCRB staffing to deliver the transferred statutory responsibilities and the GCRB Chair is scheduled to meet with the SFC Interim Chief Executive to discuss this on 9 December 2016.

5.3 Alongside discussion of the funding impact of any additional staffing, GCRB members also requested that further work was undertaken to scope out more explicitly the work GCRB was required to undertake on an annual basis and to set out from this related GCRB staffing requirements.

5.4 The paper on transition planning provided to the GCRB Board at the October 31 meeting set out in summary the range of responsibilities to which GCRB will be held accountable once fully-operational fundable body status is achieved. These were grouped under three main headings:
   1. strategy development and ROA related responsibilities;
   2. funding and financial management responsibilities; and
   3. governance responsibilities.

5.5 Annex B provides an overview of these responsibilities set out over a standard academic year and this is intended to demonstrate more fully the extent of activity which GCRB will be required to undertake on an ongoing basis to fulfil its statutory responsibilities.

5.6 Based on the extent of responsibilities and activities set out in Annex B, it is proposed that for GCRB to operate effectively, that its staffing complement should be increased and that it should recruit a Finance and Resources Director and a Curriculum and Quality Director. The table overleaf sets out at a high-level, an overview of the suggested remits of these posts.

Proposed GCRB Staffing Roles

Finance and Resources	Curriculum and Quality
• Lead and support activity which enhances long-term regional financial planning and sustainability. • Collect, collate, monitor and review assigned college financial information and provide independent evaluative reports to GCRB highlighting risks and identifying mitigating actions. • Lead, support and report on collaborative activity to develop regional funding approaches which align to delivery of regional strategic goals and which improve the efficient use of regional funds. • Support the strategic management of the regional estate and the provision of high quality learning environments. • Lead, support and report on collaborative activity to enhance the regional internal control environment, including improving the alignment of internal audit and risk management functions. • Coordinate and manage short-life projects and report on their delivery to GCRB and stakeholders.	• Undertake, and report on, environment scanning activity which highlights relevant stakeholder and socio-economic needs and identifies regional curriculum planning impacts. • Lead, support and report on the collaborative development of strategies to deliver a coherent regional curriculum which meets regional social and economic needs and integrates with other education provision. • Participate in the joint leadership of regional self-evaluation activity and assigned college quality arrangements and report on this to GCRB and the SFC. • Collect, collate, monitor and review assigned college student records information and provide independent evaluative reports to GCRB highlighting risks and identifying mitigating actions. • Coordinate and manage short-life projects and report on their delivery to GCRB and stakeholders.

5.7 With respect to the above proposals, members should be aware that Scottish Government estimates of GCRB staffing needs which were set out when the Post-16 Education Act was being drawn up, suggested that a regional strategic body such as GCRB was likely to require a chief officer, a finance officer and a regional curriculum lead. The staffing proposals set out above therefore align closely to this initial Scottish Government analysis.

5.8 Whilst recognising that discussions with the SFC over the potential transfer of additional regional resource are still ongoing, it is suggested to members that they consider and, and subject to any amendment, request the GCRB Nominations and Remuneration committee to further develop these and provide more fully developed proposals at the next meeting of the GCRB board. This would allow the two staffing proposals to be more fully scoped out and preparatory work undertaken which would enable GCRB to be in a position to fulfil its responsibilities should the SFC grant fully-operational status by April 1, 2017 as planned.

6. Risk Analysis

6.1 Management of the following risks identified by GCRB in its risk register is contingent on GCRB having the capacity to fulfil its specified responsibilities:

- If SFC is not satisfied with how GCRB has responded to its requirements for fully-operational fundable body status, GCRB's ability to make a positive difference on the student experience in Glasgow might be constrained
- If key stakeholders lose confidence in GCRB, leverage of current and future partnership resources for delivery of the ROA will be impaired.
- If the assigned colleges lack confidence in the quality of GCRB's governance, effective collaboration across the region will be impaired and GCRB's ability to make a positive difference on the student experience in Glasgow might be constrained
- If staff across the region lack confidence in regional co-ordination of key change activities, collaboration will be ineffective.
- If GCRB is unable to improve its reputation, its ability to ability to make a positive difference on the student experience in Glasgow might be constrained
- The Regional Outcome Agreement is not appropriately aligned with local needs/ market intelligence and curriculum planning does not respond appropriately to regional needs.

6.2 A key risk to achieving fully-operational fundable body status within the planned timescale of April 1, 2017 is the limited staff capacity within GCRB to undertake the extent of work required, alongside other commitments. To mitigate this risk, it is proposed that GCRB's internal auditor and lawyer are contracted to support transitional planning work.

7. Legal Implications

7.1 The transition planning work described in this paper is intended to develop GCRB capacity to enable it to take full responsibility for its statutory obligations.

8. Financial Implications

8.1 This paper recommends that GCRB's internal auditors and lawyers are contracted to support transitional planning work. Estimated costs for this are approximately £3-5k and can be met from GCRB's existing resources.

8.2 Resources required for additional staffing would be more extensive and are currently estimated at an additional cost to GCRB of £150 – £180k. The funding for this would have to be either provided as additional resource from SFC or allocated from the main grant provided to the region. Members should note that it was suggested by the Scottish Government when the Post-16 Education Act was being implemented that any regional staffing costs would be met from current funding through the identification of regional efficiencies.

9. Regional Outcome Agreement Implications

9.1 Once fully–operational fundable body status is granted, the SFC will enter into an outcome agreement with a regional strategic body. Both that outcome agreement and the associated conditions of grant will form the basis of the regional strategic body's accountability to the SFC.

Annex A: Action plan for development of GCRB funding/performance monitoring arrangements

1. Funding Decision Arrangements

Aspect	Action	Dec	Jan	Feb	Mar	Apr	May	Notes
Agree Teaching Grant Funding Allocation Model	Review funding elements	▓						Complete
	Finalise price bands	▓						Complete
	Finalise assumed fee-levels estimates.	▓	▓					
Develop and agree Capital Grant Allocation Model	Assess regional estates needs within context of national SFC review of estates needs.	▓	▓	▓				Work not yet started – may require consultancy support
	Identify impacts of any proposed capital allocation approaches				▓	▓		
	GCRB agreement of approach for 2017/18.					▓	▓	
Agree approach to management of Conflict of Interest	Board discussion as to whether it wishes to seek Scottish Government approval to alter its code of conduct.	▓	▓					Clarification provided earlier by SFC and Standards Commissioner

2. Funding Allocation Arrangements

Aspect	Action	Dec	Jan	Feb	Mar	Apr	May	Notes
Put in place GCRB banking arrangements and associated GCRB finance procedures	Undertake needs assessment with RBS							Complete
	Complete application process	▓	▓					
	Develop and agree account management and control arrangements		▓	▓				Suggest that internal auditor support this development
Finalise grant awarding procedures	Review draft existing procedures and identify development needs	▓	▓					Suggest that internal auditor support this development
	Design new procedures and set out control and monitoring arrangements		▓	▓				
Agree with SFC assigned college Financial Memorandum	SFC to notify GCRB of their approval of FM	▓						Formal feedback on draft FM provided by colleges. City of Glasgow College confirmed in writing that it is not currently willing to agree to the FM.
	SFC/GCRB to consider and respond to City of Glasgow College position on FM.	▓	▓	▓				

3. Funding Monitoring Arrangements

Aspect	Action	Dec	Jan	Feb	Mar	Apr	May	Notes
Develop Financial Monitoring Arrangements	Develop financial monitoring arrangements for:							Need to develop mechanism and templates for collating college data and reporting to SFC, and GCRB Board and Committees. Recommend internal auditor support the development of these.
	initial budget information return	▓	▓	▓				
	monthly and annual cash flow returns	▓	▓	▓				
	quarterly and annual resource return	▓	▓	▓				
	in-year Annual Managed Expenditure (AME) return	▓	▓	▓				
	Whole of Government Accounts (WGA) return	▓	▓	▓				
	Financial Forecast returns	▓	▓	▓				
	Student Support returns	▓	▓	▓				
Agree position on accounts consolidation	Receive feedback from Auditor General	▓	▓					Feedback provided by two other multi-college regions.
	Agree final position for 2016-17			▓				

4. Funding Movement/Recovery Arrangements

Aspect	Action	Dec	Jan	Feb	Mar	Apr	May	Notes
GCRB procedures for approach to in-year inter-region funding movement and funding recovery	Develop approach and procedures	▓	▓					May need to instruct legal advice
	Seek GCRB Board agreement			▓				

4. Student Activity Monitoring Arrangements								
Aspect	**Action**	**Dec**	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Notes**
Procedures for monitoring of college activity in relation to targets	Develop assurance mechanism which provides GCRB access to FES data	▓	▓					May require SFC to provide GCRB with FES data returns
	Integrate review of data into GCRB monitoring arrangements			▓				
	Ensure appropriate data sharing agreements in place		▓	▓	▓			

Annex B: Annual Calendar of GCRB Activity

Aspect	Activity	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Strategy/ROA	Scanning/reporting on regional environment and policy operating context	X	X	X	X	X	X	X	X	X	X	X	X
	Regional strategy development/ implementation/ review	X	X	X	X	X	X	X	X	X	X	X	X
	Student records monitoring/reporting			X	X	X	X	X	X	X	X	X	X
	ROA development and agreement	X	X	X	X	X	X	X	X	X			X
	Developing/monitoring regionally coherent curriculum delivery	X	X	X	X	X	X	X	X	X	X	X	X
	Developing/monitoring ROA delivery and quality enhancement activity	X	X	X	X	X	X			X	X	X	X
	ROA self-evaluation and regional enhancement planning	X	X	X	X	X					X	X	X
	Stakeholder engagement activity	X	X	X	X	X	X	X	X	X	X	X	X
	Developing/monitoring regional college collaboration	X	X	X	X	X	X	X	X	X	X	X	X
Finance/Estates	Development/monitoring of: financial planning and sustainability	X	X	X	X	X	X	X	X	X	X	X	X
	o initial budget information return	X	X	X	X	X	X	X	X	X			X
	o monthly and annual cash flow returns	X	X	X	X	X	X	X	X	X	X	X	X
	o quarterly and annual resource returns		X	X	X	X	X	X	X	X	X	X	X
	o in-year Annual Managed Expenditure return	X	X	X	X	X	X	X	X	X	X	X	X
	o Whole of Government Accounts return	X	X	X		X	X	X	X	X	X	X	X
	Monitoring/reporting student support funds	X	X	X	X	X	X	X	X	X	X	X	X
	Funding allocation process		X	X	X	X	X	X	X	X	X	X	
	Developing/monitoring estates review and capital development	X	X	X	X	X	X	X	X	X	X	X	X
	Monitoring/reporting of in-year capital projects	X	X	X	X	X	X	X	X	X		X	X
	GCRB financial monitoring/reporting	X	X	X	X	X	X	X	X	X	X	X	X
	Annual report and accounts		X	X	X	X	X	X	X	X	X	X	X
	Developing/monitoring value for money and actions to enhance efficiency	X	X	X	X	X	X	X	X	X	X	X	X
	Sustainability and carbon management monitoring/reporting	X	X	X	X	X	X	X	X	X	X	X	X
Governance/ assurance	Governance self-evaluation and review (both GCRB and assigned colleges)	X	X	X	X	X	X	X	X	X		X	X
	Monitoring/management of risk	X	X	X	X	X	X	X	X	X	X	X	X
	Internal audit planning/participation		X	X	X	X	X	X	X	X	X	X	
	GCRB Board/Committee organisation	X	X	X	X	X	X	X	X	X	X	X	X