

## Board Meeting

Date of Meeting	Monday 22 May 2017
Paper Title	Update on Transition to Fully-Operational Fundable Body Status
Agenda Item	14
Paper Number	BM6-J
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 obligations for fully-operational fundable body status.

### 2. Recommendations

- 2.1 The Board is invited to:
- **note** the updates provided on activity to further develop GCRB's financial management arrangements;
  - **note** the updates provided on activity to further develop GCRB's staffing capacity; and
  - **agree** that GCRB should be the preferred body for the employment of staff and delegate authority to the Nominations and Remuneration Committee to oversee the process to meet the full requirements of being an employer.

### 3. Background

- 3.1 The Scottish Funding Council confirmed formally to GCRB in the letter attached as Annex A that it has agreed to award GCRB fully-operational fundable body status from 1 April, 2017.
- 3.2 This paper provides members with an update on ongoing work to further develop GCRB capacity to meet its fully-operational fundable body obligations.

### 4. Update on Developing GCRB Financial Management Arrangements

- 4.1 Resources - Jim Godfrey was engaged to provide financial support to GCRB and commenced this work on 20 March 2017. This short-term engagement will provide temporary support pending the recruitment of a Director of Finance.

- 4.2** Insurance – has been put in place in respect of Employers Liability (£10m) and Public Liability (£5m) cover. Employers Liability insurance is a statutory requirement and Public Liability cover is strongly recommended. Work is taking place to obtain quotes for other relevant insurance cover, such as professional indemnity and trustee liability. The cost of insurance cover has been included in the forecast costs for 2016-17 and the budget for 2017-18.
- 4.3** Capital Funding 2017-18 – work has taken place to develop a Capital Funding Policy for 2017/18. This is a separate item on the agenda of this Board meeting.
- 4.4** Banking – the forms have now been completed by all parties and submitted to the Royal Bank of Scotland. The process was quite complex and required a number of issues to be resolved before progressing. It is expected that the bank account will be operational in the next week.
- 4.5** Internal Audit – work has been undertaken by the Internal Auditor to review GCRB’s approach to risk management and the implementation of the Financial Memorandum. These two studies have been reviewed and feedback provided. The audit reports will be presented to the next meeting of the Audit Committee for consideration. Any recommendations, and changes arising, will be incorporated within revised policies and procedures.
- 4.6** Bribery Policy – in accordance with the Bribery Act 2010, an anti-bribery policy has been produced for GCRB. This is a separate item on the agenda of this Board meeting.
- 4.7** Consolidated Accounts – work has taken place to progress the actions necessary to achieve the consolidated accounts for 2015-16. Regional finance colleagues met to discuss the issue in February 2017 and a further meeting was held on 25 April 2017. The issue was also discussed with Scott Moncrieff (external auditors), also on the 26 April. Further to the meetings, an outline timetable of actions will be presented to the Audit Committee at its meeting on 15 May 2017.
- 4.8** Service Level Agreements - have been drafted to cover the relationship between GCRB and the Scottish Funding Council. The draft document has been provided to the Scottish Funding Council for comment and feedback. Service level agreements were also considered for some services provided by Assigned Colleges to GCRB. Having reviewed the matter it is felt that any agreement must be appropriate to the level of service being provided i.e. that a simple Memorandum of Understanding may be appropriate.
- 4.9** Assurance/Monitoring – one of the key issues arising from the review of the Financial Memorandum is the role of GCRB in terms of being confident that the Assigned Colleges are fulfilling their obligations. The challenge for GCRB is to gain assurance whilst minimising the burden on the Assigned Colleges. Work has taken place to begin to shape these ideas but this is still work-in-progress. Some of the emerging thoughts are:
- Placing reliance upon the systems of internal control within Colleges.
  - Keeping abreast of College developments through the sharing of existing management information.

- The role of GCRB staff and the role of the Board in obtaining the confidence and assurance i.e. what tasks could be delegated by the Board to the Director of Finance & Resources.
- Adopting a risk based approach to the assurance process.
- Consideration of the timely nature of information i.e. to ensure that GCRB is aware of any issue at the earliest opportunity.
- That an open and transparent culture is likely to lead to a positive exchange of information and thereby increased confidence.

These initial thoughts will be developed into a future proposal which recognises the organisational ethos, resources available and degree of assurance required.

- 4.10** College Financial Reports – following the section above on assurance, a key aspect is the financial information provided by Assigned Colleges. In the past, Colleges have provided monitoring information directly to the Scottish Funding Council. In the future, Colleges will provide information to GCRB, who in turn will provide this to the Scottish Funding Council. We are working through this transition at present. This process has been discussed with both the Scottish Funding Council, and the Colleges, and it has been agreed that a parallel process will operate for the next few months to address any shortcomings before commencing the fully devolved process. The first stage of the new process was that the Colleges sent their latest cash flow returns to GCRB on 21 April at the same time that they were sent to the Scottish Funding Council. Work is in progress to determine how this information can be consolidated into a format that can be provided to future meetings of the Performance and Resources Committee and the Board.

## **5. Developing GCRB Staffing Capacity**

### ***Update on GCRB Permanent Staffing Arrangements***

- 5.1** The GCRB Nominations and Remuneration Committee has been considering arrangements for GCRB permanent staffing and reviewing the pros and cons of employment options for GCRB staff including direct employment, joint employment and a permanent secondment arrangement with one college.
- 5.2** The Committee has considered the risks associated with each approach, particularly around pensions, responsibilities and VAT implications.
- 5.3** GCRB now requires to finalise arrangements for its permanent staffing. Although it was previously agreed by GCRB that the best approach in employing staff members was to establish a ‘permanent secondment’ arrangement between the individual’s existing employer (one of the assigned colleges) and GCRB, since this decision was made, issues have been raised during the drafting of secondment agreements regarding the payment of value added tax on salary costs.
- 5.4** It should be possible to avoid the necessity to charge VAT on the secondment of the Executive Director as the focus of the role is regional planning, monitoring and delivery of

education in Glasgow. As the primary focus of the role relates to the management of educational services then any secondment should be exempt from VAT.

- 5.5 However, the provision of other services, e.g. Finance or Administration, through a secondment from a College to GCRB is more likely to attract VAT. These services are similar to business services and further removed from the direct provision of education.
- 5.6 If GCRB is the employer and there isn't a secondment of staff to GCRB (for business services) there are no VAT implications.
- 5.7 GCRB is currently set up with HM Revenue and Customs as the employing body with a unique Pay as You Earn (PAYE) reference number. GCRB has also received a letter from the Pensions Regulator regarding a staging date for automatic enrolment of a pension scheme. In effect, GCRB is already an employer and this is the view of HM Revenue and Customs and the Pensions Regulator.
- 5.8 In terms of potential pension liability for GCRB, this is a common problem for many small public bodies because a liability relating to previous service is a large burden across a small pool of people. The issue regarding the pension liability will occur when any employee joins GCRB with previous pensionable service within a public body. The liability increases when the salary is higher and previous service longer. However, GCRB has a January 2016 letter from the Scottish Government providing a guarantee regarding potential future liabilities and this therefore significantly mitigates any risks of pension liability.
- 5.9 GCRB has not been established as a separate body with the Strathclyde Pension Fund. An application to join the scheme was submitted but a decision was taken in May 2016 not to proceed with this application. As an employer, GCRB is required to provide a pension scheme to its employees. The staging date for automatic enrolment is 1 November 2017 and with 6 months to go until this date, GCRB must choose a pension scheme and start the declaration of compliance.
- 5.10 Based upon the above considerations, the Nominations and Remuneration Committee **recommends to the Board that it agrees that GCRB should be the preferred body for the employment of staff** (and particularly support staff) and **that it is content to delegate authority to the Nominations and Remuneration Committee to oversee the process to meet the full requirements of being an employer.**

#### ***Update on Collaborative Management Staffing Arrangements***

- 5.11 As agreed at a previous meeting of the Board, a collaborative management approach will be used to build on current existing practice and develop regional management capacity.
- 5.12 A key aspect of the approach involved the establishment of Regional Leads, drawn from college management teams to lead delivery of aspects of regional strategy.
- 5.13 GCRB and the assigned colleges have now agreed staffing for 2017-19 for the following regional lead roles:

- Regional CPD Lead – Audrey Miller, Vice Principal Human Resources and Organisational Development, Glasgow Kelvin College
- Regional Student Experience Lead – Gillian Plunkett, Head of Admissions and Student Support, City of Glasgow College
- Regional DYW Lead – John Rafferty, Assistant Principal, Glasgow Clyde College
- Regional Curriculum and Quality Lead - Joanna McGillivray, Vice Principal Student Experience, City of Glasgow College (note: this role also Chairs the regional college learning and teaching group).
- Regional Student Data Lead – Brian Gallagher, Head of MIS, Glasgow Clyde College

**5.14** It is estimated that the regional leadership roles will require a commitment of one day per week and role descriptions of the above roles are provided in Annex B.

**5.15** A key element of the collaborative management approach will be to provide space to collaborate as a regional team, with time spent working together in GCRB office space supporting regional leads and GCRB staff to build relationships, share insights, and collaborate together on the achievement of regional goals.

**5.16** Opportunities will be provided for participants to contribute to evaluation of the effectiveness of working arrangements and the outputs of this will be used to further enhance regional operational effectiveness.

## **6. Risk Analysis**

**6.1** The activities summarised in this paper are intended to mitigate risks to GCRB relating to its capacity to fulfil its specified responsibilities.

## **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** There are no specific financial implications associated with this report.

## **9. Regional Outcome Agreement Implications**

**9.1** Aspects of this report contribute to the governance arrangements for GCRB and therefore, support the Regional Outcome Agreement.



29 March 2017

Margaret Cook  
Chair of Glasgow Colleges' Regional Board  
City of Glasgow College  
190 Cathedral Street  
Glasgow G4 0RF

*Dear Margaret,*

### **Review of regional governance arrangements**

I am writing to confirm that, at its meeting on 17<sup>th</sup> March 2017, the SFC Board agreed to award Glasgow Colleges' Regional Board (GCRB) fully operational fundable body status from 1<sup>st</sup> April 2017. This will allow GCRB to assume all of the responsibilities associated with a Regional Strategic Body, including the funding for college provision in Glasgow Region, applying appropriate monitoring processes, and monitoring the performance of the assigned colleges.

### **Background**

The Post-16 Education (Scotland) Act 2013 provided the legislative structure to support the regionalisation of the college sector, including the creation of regional strategic bodies in the three multi-college regions. On 1 May 2014 the new Regional Board for Glasgow Colleges was created as the Regional Strategic Body (RSB) for the Glasgow region; and on 1 August 2014 the three Glasgow colleges - City of Glasgow College, Glasgow Clyde College and Glasgow Kelvin College - were assigned to the Regional Board. From that date, the law allowed for GCRB to assume the responsibilities of the RSB for the region.

However, as a transitional arrangement, SFC continued to fund the three assigned colleges directly until we were satisfied suitable regional governance structures and processes were in place to allow for the governance and management of funds within the region.

## **Review of regional governance arrangements**

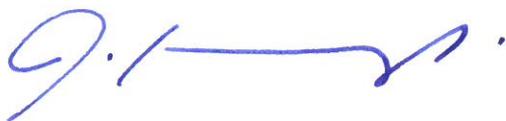
As you know, we have been carrying out an extensive assessment of the regional governance arrangements. Taking all of the evidence together, including the recently developed procedures for the management of grant payments by GCRB to its assigned colleges, and the creation of the Director of Finance and Resources post alongside an interim arrangement that provides for a high level financial expertise, we are satisfied your regional governance structures and processes are sufficiently robust to support GCRB's regional responsibilities, including the management of SFC funding for the region.

I can confirm that SFC will no longer fund the three assigned colleges directly for further education. Instead, we will in future provide the full amount of this funding to GCRB, which will, in turn, fund its assigned colleges. You should note that student support funding will continue to be paid by SFC direct to the colleges, as required by law.

I should be grateful if you would continue to liaise with my staff to ensure a smooth transition to the new arrangements.

Finally, I would like to extend my thanks to you, members of the GCRB Board, and executive staff for assisting us in carrying out this assessment.

Yours sincerely



**John Kemp**  
Interim Chief Executive

cc Robin Ashton, Executive Director, GCRB  
Paul Little, Principal, City of Glasgow College  
Alasdair Barron, Chair, City of Glasgow College  
Eleanor Harris, Acting Principal, Glasgow Clyde College  
David Newall, Chair, Glasgow Clyde College  
Alan Sherry, Principal, Glasgow Kelvin College  
Irving Hodgson, Chair, Glasgow Kelvin College

## **Annex B: Regional Lead Role Descriptions**

The regional lead roles will involve the following generic responsibilities

- To be an effective member of the regional leadership team, contributing to the strategic direction of the region and leading implementation of actions which support achievement of regional goals.
- To build close, collaborative relationships with the assigned colleges to achieve an enhanced regional impact and delivery of strategic ambitions.
- To lead regional planning ensuring that college services are delivered in support of regional strategic objectives.

Further detail on the specific responsibilities of these four roles is set out below:

### Regional CPD Lead

- To advise the GCRB executive and Regional Board on matters relating to continuous professional development, in terms of both regional and national developments.
- To lead regional activity which establishes a regional professional learning community and which promotes and facilitates the sharing and development of practice across the region's colleges and provides regional CPD opportunities, including the development of online resources.
- To support the sharing of practice with respect to the embedding of Fair Work values and behaviours within college operating policies, procedures and working arrangements

### Regional Student Experience Lead

- To advise the GCRB executive and Regional Board on matters relating to student admissions and learner support services, in terms of both regional and national developments.
- To lead activity which establishes integrated regional approaches to admissions and learner support services across the colleges, and which provide a regionally consistent and supportive student experience and reduce barriers for applicants from under-represented and priority groups.
- To lead the enhancement of information, advice and guidance provided at key transition phases and the development of common approaches to progression and inter-college articulation.
- To lead the development of regionally consistent student financial support arrangements.

### Regional Developing the Young Workforce (DYW) Lead

- To advise the GCRB executive and Regional Board on matters relating to delivery of the recommendations of the Commission for Developing Scotland's Young Workforce.
- To lead regional activity which strengthens partnerships and collaborative work with local authority education services and employers, enhancing the marketing of college vocational learning opportunities to Senior Phase pupils and extends early intervention approaches.
- To lead regional work which aligns the provision of Senior Phase work experience to college vocational pathways and promotes a focus on STEM provision aligned to labour market needs.
- To support actions to improve gender balance and increase the impact on other protected groups.
- To enhance opportunities for school and college teaching staff to share practice and develop their understanding of vocational learning pathways.

### Regional Curriculum and Quality Lead

(Note: this role will also Chair the regional Learning and Teaching Group.)

- To advise the GCRB executive and Regional Board on matters relating to curriculum and quality, in terms of both regional and national developments.
- To lead regional activity which supports the joint planning of curriculum portfolio across the region, supporting the development of a strategic, regional approach to portfolio review and workforce development based on local, regional and national needs.
- To support and enhance the monitoring and evaluation of the quality of college delivery across the region.
- To liaise with a range of regional and national stakeholders, including education partners, universities and local authority education services to further develop partnership approaches to curriculum development and delivery and which support effective learner pathways and progression into work and further study.
- To lead regional activity which enhances the range and extent of learning modes offered, with a particular focus on increasing the flexibility of learning opportunities and the volume of work-based learning so that more employees are able to upskill and progress within the workplace.
- To promote the sharing of practice with respect to the development of college Access and Inclusion strategies and implementation of the recommendations of the Commission on Widening Access.
- To further extend articulation arrangements with universities and where appropriate, develop regional strategic partnership agreements to provide a simplified interface for Glasgow college liaison.

### Regional Student Data Lead

- To advise the GCRB executive and Regional Board on matters relating to student data collection, monitoring and reporting in terms of both regional and national developments.
- To develop a regional data monitoring and reporting capacity which provides access to in-year FES data and to provide reports on demand and which allow analysis by SFC FES data fields.
- To provide the GCRB executive with student data reports which support regional strategic planning and monitoring, including Regional Outcome Agreement activity.
- To promote the sharing of practice and the standardisation of approaches to student data management.