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REGIONAL BOARD REPORT

Subject: Board Effectiveness Review	**Purpose:** **For Approval** ☒ **For Discussion** ☐ **For Information** ☐
Prepared by: Tony Jakimciw	**Date: 12 April 2017**

Purpose: To seek formal approval for the 2017 College Effectiveness Review

Executive Summary:
Members have previously considered and discussed the draft College Effectiveness Review undertaken BY Polley Solutions. At the last Board meeting members approved the final draft report subject to a small number of factual amendments being made.

The final version of the report is attached which has been submitted to the SFC by the due date. Members are asked to formally approve the final version.

Recommendation: Members are asked to confirm their approval of the 2017 College Effectiveness Review.

Previous Committee Approvals:
Board meeting 2 March 2017

For publication ☐	**For publication with redactions** ☐	**Not for publication** ☐

Signed:

Author **Principal**

Governance Effectiveness Review

Borders College

Report compiled by Jan Polley

Polley Solutions ltd

March 2017

Polley Solutions

Overview

1. This governance effectiveness review was independently facilitated by Polley Solutions Ltd. This report records the main findings of the review. The review was conducted in an open and engaged manner, including:
   - an initial discussion with the board chair
   - observation of a board meeting
   - one-to-one structured confidential discussions with a sample of board members
   - a desktop review of the college's governance documentation
   - a facilitated workshop for board members at which they identified areas for development.

2. From this evidence, Borders College has a strong, experienced and skilled board that takes governance responsibilities seriously and adheres to the Code of Good Governance. The board works in close and constructive partnership with a team of senior staff who have made real effort over the years to promote good governance and support the board in its role.

Areas of good practice

3. There is evidence of a strong governance partnership between senior staff and the board, with considerable thought given to shaping the governance processes so that the board can add maximum value to the college. This review identified a number of existing areas of particular good practice including:

Code of Good Governance sections	Examples of good practice
Leadership and Strategy	The board has ongoing engagement in the development of the annual Regional Outcome Agreement and the 5 year strategic plan and there is considerable evidence of systematic and regular reporting to the board of progress against a range of agreed Key Strategic Indicators, annual priorities and self evaluation plans
Accountability	There is very strong evidence of processes developed over the last few years to support good governance including agendas that prioritise papers for decision, an excellent covering template that clarifies the purpose of papers, good evidence of links between the board and its committees including examples of the board remitting topics to a committee, committee referring matters back to the Board and a custom of committee chairs providing the covering page for committee minutes. There is also a college engagement scheme for board members 'Learning for Leading', that encourages board members to get involved with a faculty or department in a structured way that promotes good governance.
Effectiveness	There is clear evidence of a healthy transparent governance partnership between board members and staff. There is a focus on encouraging greater challenge and added value from board members with, for example, the senior management team drafting papers in a manner that promotes those aims, and committee chairs being encouraged to work closely with staff on agendas. Staff and student members report feeling encouraged and engaged

Future board development

4. A facilitated board workshop was held in November 2016. At this workshop board members explored the strengths of the college against recognised standards of good governance and identified where they would like to make further improvements.

5. This review has concluded that the college meets its obligations under the Code of Good Governance (see detailed findings below) and, in a number of areas, promotes highly effective governance. Areas identified for further development in the course of this review, including those identified during the November workshop, are:

Areas of governance development 2017-18

Leadership and strategy

- Reinforce the existing performance framework used by the board by identifying how each board paper links to the college's strategic goals and its KPIs, so that members can identify alignment or gaps
- Take time to discuss the Board's duty of corporate social responsibility, to ensure that the balance between local and national priorities is correct, and that board membership reflects the importance of local employers

Quality of the student experience

- Review and extend the level of board member engagement with students, building on existing initiatives such as Learning for Leading and considering options such as attending a student faculty meeting

Accountability

- Refine existing risk management arrangements, to be clear about the sources of assurance used by board members to monitor that risks are under control
- Build on existing engagement with staff, including holding board meetings in different campuses, and take stock of Learning for Leading to ensure it works for all board members and parts of the college and results in useful reports back to the board / committee
- Ensure all members of the remuneration committee complete the obligatory national on-line training

Effectiveness

- Review the induction programme offered to new board members to ensure it meets their needs, and produce a collated board induction pack
- Ensure that governance self-evaluation processes for the board, its committees, chairs and individual members is sufficiently comprehensive
- Ensure that all board members attend the sector's national induction workshops

Relationships and collaboration

- The board will consider how it can increase its strategic engagement with partners, without duplicating the work of staff

Detailed findings

6. This review assessed the board's performance under each section of the Code of Good Governance.

7. The review examined the governance documentation published on the college's website and a range of other documents helpfully provided by the college. Structured confidential discussions were held with four board members, including a staff member

and student member, with interviewees chosen to reflect a range of board experience and backgrounds. A board meeting in December 2016 was also observed. A list of the evidence sources used for this review is shown at the end of this report.

Leadership and strategy

8. Each board and committee meeting includes an agenda item that requires members to declare any relevant interests, and to update their register of interests if required. That register appears up to date and is available on the college's website. The recently developed board member recruitment pack contained details of the Nine Principles of Public Life and the Code of Good Conduct, making clear that applicants would be required to abide by them if appointed.

9. The board has considerable involvement in the development of the college's Regional Outcome Agreement and in the recently published strategic plan Towards 2020. As one board member said in a one-to-one discussion with me *'drafts come back and forward to committees and the board until we are happy'*. Towards 2020 sets out the purpose, vision and values of the college. The college website also contains details of the underlying strategies, the performance framework and the self-evaluation reports that track progress towards the strategic goals.

10. The board agreed the associated performance framework for Towards 2020. A report setting out the proposed Key Strategic Indicators, their targets and the associated annual indicators went to the board meeting in June 2016 for its agreement. There is also strong evidence of board oversight of performance. For example, at each board meeting the Principal's Report includes the Key Strategic Indicators Snapshot Report. This provides an update of performance against target, and an analysis of any areas of weakness. Individual committees also review in more depth the associated strategies, their KPIs and the college's related self-evaluation reports. At their recent facilitated workshop, board members indicated that they wished to be sure that these mechanisms are covering all aspects of the college's strategic goals. They asked for papers to state which goals and indicators they relate to, so that board members can be sure there are no gaps in their oversight of performance.

11. Both Towards 2020 and the Regional Outcome Agreement refer in detail to the economic and social needs of the area. They are explicitly linked to the priorities of the region's Community Planning Partnership and the Skills Investment Plans produced by Skills Development Scotland. Also, the college is a signatory to the region's Single Outcome Agreement. The first strategic objective in Towards 2020 is 'to respond to the needs of the region'.

12. It was clear from the- one-to one discussions and the facilitated workshop that the board is keen to ensure that it meets the needs of the people of the Borders, although it was noted that there can be tension between local and national priorities. The board also agreed at the facilitated workshop that it would be helpful if board members had more engagement with external stakeholders, although this should be done in a way that does not duplicate the work of staff.

13. One of the criteria sought during the recent board member recruitment exercise was *'Good understanding of the needs of the Borders economy, employers, communities and learners, and the challenges of a political environment, at a national and regional level'.* The recruitment pack also stated that the college *'welcomes applications from groups currently under-represented on Scotland's public bodies, such as women, disabled people and people aged under 50.'* The current board has slightly more female members than male members. More generally, the board approved an updated Equality, Diversity and Inclusion Policy for the college in June 2016 and both the board and the relevant committee review Equality Impact Assessments.

<u>Quality of the student experience</u>

14. The board has two student members who are also members of the Curriculum and Quality and the Finance and General Purposes committees. Board agendas often include written reports from the Students Association (e.g. the BCSA Annual Report 2015-16 went to the September Board meeting). The Student Association's constitution was approved by the Board in April 2016, and Education Scotland reported to the Board during the 2016 Annual Engagement Visit that *'it was obvious the Students' Association had a good sense of their role and the students had spoken positively and enthusiastically'*. Student board members indicated that they receive great support from the staff member assigned to the Student Association.

15. The board members interviewed expressed their appreciation of the contribution made by the student board members in recent years. They, in turn, felt that they were encouraged to speak up, '*I can say if it's not like that for students when I read something in a paper'*, and there have been several examples in recent months of action being taken after board meetings to address matters raised by students. The board receives presentations from time to time from students who have, for example, won awards. The Curriculum and Quality committee also reviewed the Annual Learner Satisfaction Survey in June 2016. Committee members suggested that focus groups of students who had been at the college for some time be formed to build a view of what would most enhance the student experience.

16. Nevertheless there was general acknowledgement that board members should seek to have more engagement directly with students even though some does take place

through the Learning for Leading initiative discussed later in this report. The student president is keen to facilitate closer engagement with students, and would welcome board members attending, for example, student faculty meetings '*board members could sit on a sofa and chat and get a much more accurate idea …. Be like the secret millionaire!'* The Board agreed at the facilitated workshop that engaging more with students should form part of its development plan for 2017-18.

17. The Curriculum and Quality committee reviewed the Learners Destination Survey in June 2016. The committee oversees a wide range of work relating to the quality and relevance of learning including the Employer Engagement Strategy, the Access and Inclusion Strategy and the Outcome Agreement self-evaluation. It receives regular reports which identify both good and weak performance including

- Courses for Concern and Praise
- Student Discipline
- Complaints and Compliments

18. Although the college has achieved good reviews from Education Scotland, it has recognised some areas of weakness over the last few years and these have been the subject of strong board and staff partnership working. Board and committee papers show a transparent and ongoing dialogue between staff and board members analysing the situation and assessing the success of remedial action. In its recent Annual Engagement Visit Education Scotland said that "s*taff have shown strong ownership and responsibility and have good strategies and interventions in place …….There was a strong culture of continuous quality improvement in the College"*.

<u>Accountability</u>

19. As indicated above, the board was regularly involved in the development of the 2016-17 Regional Outcome Agreement, signing it off in June 2016. There have since been early discussions of the 2017-18 Regional Outcome Agreement.

20. There is considerable evidence over the last year of the board keeping a wide range of its legal responsibilities under review, e.g. corporate parenting, prevent strategy, equalities, anti-bribery, community empowerment legislation and health and safety. In April 2016 the board also reviewed the recommendations of the Scottish Government's Task Group Report and the Chair's committee took stock of the college's remuneration procedures in the light of Audit Scotland's report into Coatbridge College. An internal audit review of corporate governance reported in January 2016 that '*The College's governance arrangements are in line with the Code of Good Governance for Scottish Colleges'.* In addition, the external auditors report to the board, considered as part of the 2015-16

annual accounts, stated that the accounts were in accordance with legal requirements, including charities legislation.

21. Decision making appears to be transparent and extremely well structured, with papers almost always issued on time and agendas split into items for approval, discussion and information. Each board and committee paper has a front page clearly stating its purpose, an executive summary and the recommendations. Observation of a board meeting showed that staff introduce papers succinctly, and leave the discussion to board members, and that the chair encourages all to contribute if they desire. Each set of minutes is accompanied by a separate page with a list of actions arising from the meeting and the people responsible for taking them forward.

22. The college has seven committees – Audit, Remuneration, Curriculum and Quality, Human Resources, Finance and General Purposes, Nominations and Chairs committee. The remits of all the committees are published, and are reviewed regularly by the Board with an example of a recent review arising from a committee's recognition that its remit needed adjustment to fit its business. Strategy documents, progress against KPIs, the board agendas and minutes those of most of the committees are currently published on the college website. This website is being updated and the intention is to publish the papers of the board and all of the committees before meetings unless they are confidential (the most recent board papers are now online). The existing website also contains a Corporate Governance Guide which includes a statement of delegated authorities from the board to the chair and principal. There is also a statement of the authority reserved to the board.

23. Committee minutes routinely go to the Board immediately following the committee meeting, with a covering page from the committee chair bringing any particular issues to the attention of the Board. Where that meeting takes place within a few days of the board meeting, the committee chair provides an oral report and the minutes are tabled at the next board meeting. At its September 2016 meeting the board took the decision to publish minutes which were no longer confidential, in line with its duty of transparency.

24. It was clear from the one-to-one discussions and from the facilitated board workshop that members are content with the timing and quality of board papers.

25. A strategic risk register is in place showing links to the strategic plan and its associated KPIs. Helpfully the register also specifies the governance body (board or committee) responsible for overseeing each risk and its associated controls. The board is asked to approve the risk register at each meeting, and the register is also reviewed by the relevant committees. Any changes requested by a committee are notified to the board

at its next meeting. In addition to this regular process, the board allocated time during a Strategy Day in November 2016 to risk management – this helped new board members understand the thinking behind the risk register and ensured that the Board keeps its own thinking fresh.

26. All members of the Audit committee are non-executives and the chair is a chartered public accountant. Members meet the internal and external auditors without staff present before each committee meeting, and there is no evidence of any concerns raised by auditors. The internal audit plan, agreed with the committee, is based around the college's strategic plan, development plan and risk register. The committee reviews internal audit reports at each meeting, assesses progress against the agreed audit plan and the implementation of recommendations. The committee submitted an annual report to the board in December 2016.

27. The Remuneration committee is not chaired by the board chair; its remit was revised and signed off by the board in April 2016. Earlier in 2016 the committee asked that its procedures be checked against the requirements of new SFC guidance on severance payments and requested that a simple checklist be developed that could be used by committee members in future. In March 2016 the Committee agreed the Principal's remuneration in accordance with the terms of its remit, its policy for remuneration to all members of the senior management team and, as required by the Code of Good Governance, following consultation with staff and students. Committee members are aware of the need to complete the on-line training module and have registered on the College Development Network site but not all have yet completed it.

28. The Finance and General Purpose committee has a clear remit from the board and, at each meeting, reviews year-to-date financial performance including management accounts, the balance sheet, financial KPIs, any revisions to financial forecasts and projected achievement of student activity targets. As stated above, the external auditors report with the 2015-16 accounts confirmed that the college's accounts were in accordance with all legal requirements. In its annual report to the board the committee stated that *'The college is to be commended on its prudent approach to financial management and the operating surplus achieved during this period and the Finance Team on achievement of a clean audit report'.*

29. Two staff members sit on the board, and are members of the Audit, Curriculum and Quality, Finance and General Purposes and HR committees. Evidence suggests that staff board members feel able to express their views, and, action is taken when issues of concern are raised (e.g. issues relating to light levels). The HR committee generally meets twice a year but met only once in 2016 due to lack of business, when it approved

an HR and organisational development strategy, its implementation plan and an HR self-evaluation and development plan.

30. The board uses two other approaches aimed at ensuring the staff voice is heard by board members. Firstly, the board hears from faculty heads and business managers from time to time who are invited to make presentations on the strengths and weaknesses of their areas.

31. Secondly, the Learning for Leading scheme is an innovative and valuable initiative that enables each board member to engage directly with staff and students in a particular area of the college. Each board member is assigned an area of the college and is expected to visit it twice in the first year and once annually thereafter. After each visit members are asked to complete a report which goes to the Curriculum and Quality committee setting out the main learning gained and any issues they would like to pass on to senior management.

32. Discussion with board members has shown considerable enthusiasm for this scheme which is seen as enabling board members to understand things at the 'front line'. Benefits include enabling board members to gain a better feel for the real risks that may hamper delivery of strategic objectives and, in one instance, it enabled a board member to see the improvement in staff morale arising from some agreed management action. In a few instances the scheme has proved less effective and it may be that there are useful lessons to gain from that. At the facilitated workshop board members agreed that all members should take part in the scheme, but that the support and processes around it could be usefully reviewed to maximise its effectiveness.

<u>Effectiveness</u>

33. It was clear from the evidence gathered for this review that the chair is highly rated by the board. His own background experience, inclusive approach with the board and effective partnership with the principal were all mentioned. .It was also clear from the board observation that the chair manages board meetings sensitively, striking a balance between encouraging contributions and keeping the debate focused and succinct. Comments from board members included

- *Tony is very knowledgeable and encourages us to ask questions… he makes it clear that he wants questions and challenge*
- *We are well led by Tony, he is very very good, knows the sector and brings people into meetings.*
- *Tony and Liz have led by example and made a good team.*

34. Indeed the chair's strength puts an added onus on board members to ensure that they do not expect him to carry too much of the collective load. This is recognised by board members. The board works well together and was described as '*intelligent and considered – sometimes it is like a dog with a bone, but always considered'*. Staff and student members are seen by all as full board members, and potential conflicts of interest are dealt with in a supportive manner.

35. As indicated above, the college principal, who recently left for another job, was highly respected by all board members. Indeed a number of members commented on the quality and approach of the whole senior team, praising their skill in supporting the work of the Board and their efforts to build a culture amongst staff that both expected and welcomed board challenge – *'we are very fortunate in our senior team. They are very good at providing excellent papers and then taking a step back and not trying to influence our debate'*. The chair's appraisal of the principal is based on the college's performance framework and, in past years, included consultation with staff and students. This process will continue with the new principal.

36. The college has employed a part-time independent board secretary for the last few years. He did a good job but left recently. The Board has agreed with the Scottish Funding Council that a member of the college senior management team should take on the job temporarily with support from administrative staff but the intention is to recruit a new independent board secretary in due course.

37. All board members, including the chair, are subject to an annual appraisal process in line with sector guidance (although the process for the board's appraisal of the chair is being reviewed for next year). Following the most recent round of board member appraisals the board endorsed a Board Development Plan at its December meeting covering the four areas of knowledge set out in the sector's Board Development Framework - the external environment, organisational knowledge, team working and board member skills.

38. Recent recruitment of new board members was carried out in accordance with Ministerial guidance. The procedures for the recruitment of student and staff members are clear and consistent with sector expectations. All new board members receive induction from the college but, at its facilitated board workshop, board members suggested that it would be helpful to consolidate the information provided to new members into a single induction pack. All board members are also expected to attend the national induction training – and most have already done so.

Relationships and collaboration

39. There is considerable evidence of partnership working within the college at local, regional and national levels. This is reported to the relevant board and committee meetings and the board is well aware of the need to balance these sometimes differing priorities. In 2016 the board also met with its counterparts in Dumfries and Galloway College to explore opportunities for playing a pro-active role in responding to the Scottish Government's Enterprise and Skills Review.

40. Looking ahead, the board has indicated that it would like to extend its work with partners, utilising its own networks and influence in order to support the work of the college's staff.

Conclusion

41. Staff and board members have taken part in this review in an open and engaged manner, with all concerned showing an interest in and willingness to contribute to a culture of continuous improvement of the governance of the college.

42. Polley Solutions would like to thank everyone at Borders College for their help and support in the compilation of this report.

Sources of evidence used in this review

- One-to-one interviews with a sample of board members
- Views expressed during a facilitated workshop held with board members in November 2016
- Observation of the December 2016 board meeting

Written Evidence

- Governance documentation, including roles, remits and delegated authorities
- Minutes and papers relating to board meetings during 2016
- Minutes and papers relating to committee meetings during 2016
- Regional Outcome Agreements 2016-17 and 2017-18
- Towards 2020 strategic plan
- Registers of interest and board member details shown on website
- Corporate Governance Guide
- Strategic Risk Register
- various internal audit reports
- External Audit Report to the Board 2015-16
- Board member skills matrix
- Board member recruitment pack
- Board Development Plan 2016-17