

Board of Management

You are invited to attend a meeting of the **Board of Management** to be held on **Thursday 26 June 2014** in room **FG.03, Grange Building, Falkirk Campus** at **4.30pm**. Refreshments will be available from 4.00 pm

Education Scotland Annual Engagement Visit Presentation

Peter Connelly

Agenda

1. Apologies for Absence
2. Declarations of Interest
3. Principal's Report

Ken Thomson

FOR APPROVAL

4. Minute of Board of Management of 27 March 2014
5. Matters Arising
 - a) B/13/039 College Operational Plan
 - b) B/13/040 College Process for Working with Foundation
 - c) B/13/041 Capital and Maintenance Budget 2014/15
6. Minutes and draft minutes of other Committees:
 - a) Audit Committee – 1 May 2014
 - b) Strategic Development Committee – 12 June 2014
 - c) HR (Inc. Nomination) Committee – 17 June 2014
 - d) Finance Committee – 17 June 2014
 - e) Audit Committee – 17 June 2014

7. * External Auditor Annual Report and Letter of Representation

Alison Stewart

8. Annual Report and Financial Statements 2013/14

Alison Stewart

(Paper 8 is withheld from publication on the Forth Valley College website under Section 25 Information Otherwise Accessible of the Freedom of Information (Scotland) Act 2002 - http://www.forthvalley.ac.uk/about/corporate_information/college_reports)

9. * Annual Report of the Audit Committee to the Board of Management

Bob Gil

10. Draft Budget 2015/16

Alison Stewart

11. * Board Calendar of Meetings

Alison Stewart

12. Proposal for Demolition of Middlefield Campus, Falkirk

Tom Gorman

13. * Code of Conduct for Members of the Board of Management

Alison Stewart

FOR DISCUSSION

14. Student Union Report

David Gentles

15. Commission for Developing Scotland's Young Workforce – Final Report Ken Thomson

* The Chair will ask at the start of the meeting whether members wish to discuss any of the starred items. If not, it will be assumed that the Board wishes to agree/note the recommendations of these particular papers without discussion.

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| 16. | Operational Plan Monitoring Demonstration | David Allison |
| 17. | Review of Risk | |
| 18. | Any other competent business | |
| 19. | Remuneration Committee Minute 21 May 2014 | Bill Blair |

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* The Chair will ask at the start of the meeting whether members wish to discuss any of the starred items. If not, it will be assumed that the Board wishes to agree/note the recommendations of these particular papers without discussion.

Board of Management

Subject: Principal's Report	Agenda Item: 3
Date: 26 June 2014	FOR DISCUSSION

1. Purpose of Report

To present to the Board of Management the second report on activity undertaken by the Principal since the last Board meeting in March 2014.

2. Recommendation

That the Board should note and comment on the activity undertaken since March 2014.

Key Achievements

- In March 2014 the College's Operational Plan for 2014 – 2015 was approved by the Board and circulated to all staff. This will be a key document in directing Departmental and Service operations over the next year.
- The new SMT structure (see section 4 for further detail) is now in place and is designed to maximise delivery of the College's Strategic Plan 2014 to 2018, with clear lines of strategic responsibility linked to the College's Business model, objectives and annual operational plan. The Wood Commission for Developing Scotland's Young Workforce produced their final report "Education Working for All!" in mid-June and a summary of the findings is noted in the agenda together with the College's proposed strategic response. Both the SMT and I have been heavily involved in supporting the Commission, and I was pleased to be invited to be a speaker, along with Gordon Grant, Operations Manager at Ineos, at their conference at COSLA in Edinburgh which was chaired by Angela Constance, Cabinet Secretary for Young People. Our Engineering Modern Apprentices and the SCOTS programme with Falkirk Council were also noted as best practice at the conference. SMT will be taking a proactive and innovative strategic response to the report to maximise potential funding allocations.
- SFC have confirmed strategic funding of £490k to demolish the Middlefield building. This is a key step to the new Falkirk Campus following on from a successful migration of all staff to the main building. In addition, and following agreement with SFC, Tom Gorman is now leading on an Outline/Full Business Case hybrid model for Falkirk.

- I was part of a very successful Falkirk Council led delegation to China in May 2014 which incorporated trade mission visits to Shanghai, Yueqing and Hangzhou. The visit was supported by SDI and was a follow up to two visits to Falkirk by the Yueqing Municipal Government. A Memorandum of Agreement was signed with the International Business School in Yueqing and a further visit to Falkirk is planned for August. This was a very successful visit highlighting the strength in partnership for inward investment into the Falkirk area and attended by the Leader and Deputy Leader of Falkirk Council along with the Chief Executive and senior officials, representatives of business, the Head Teacher from Braes High who have a Confucius link with China and Forth Valley College. Participation in this type of activity strengthens the College's profile and will help direct the College's future international strategy. The Chair of the Board, Board members, the Principal and SMT hosted the Annual Review of the College by Education Scotland and led by HMle Peter Connelly. This was a very good report and HMle Peter Connelly will be attending the Board meeting to report and discuss the content.

3. SMT structure

- The new SMT structure will deliver the Strategic Plan for 2014 to 2018 as approved by the Board of Management in December 2013.
- The Strategic Plan is predicated on an ambitious and innovative business model with a clear mission for "Making Learning Work". The six strategic themes and objectives are interlinked and reflect the interdependencies of all aspects of College activity.
- An Operational Plan covering the six strategic themes was approved by the Board of Management in March 2014 to deliver Year One of the Strategic Plan.
- A review across the sector following a number of mergers shows that there is no one size fits all in senior management structures, with a variety of roles and responsibilities. It is evident these structures will need to be reviewed in the coming years as the curriculum and college structures evolve within the regional college context. Forth Valley College is in an advantageous position having completed merger in 2005 and generated efficiencies savings from 2008 to 2012. This position has allowed us to design and implement a strong senior management structure.
- Consequently, and following comprehensive thought and discussion over the last year, the senior management structure for Forth Valley College will consist of the Principal and Chief Executive and six Associate Principals and Executive Directors (APED), each of whom will be responsible for one of the six strategic themes within the College business model.
- The title "Associate Principal and Executive Director" will give clarity on seniority and position within College, University and external business environments and provide continuity with the title "Principal and Chief Executive".

- The SMT structure is noted below and will consist of 6 Associate Principal and Executive Directors in the following areas and with key areas of responsibility:

1. Associate Principal and Executive Director Estates Development

Tom Gorman

Strategic Theme – Creating a superb environment for learning

2. Associate Principal and Executive Director Learning and Teaching

Post advertised

Strategic Theme – Cultivating a vibrant learning organisation where learners develop skills, achieve qualifications valued by industry and progress seamlessly.

3. Associate Principal and Executive Director HR and Operational Effectiveness

Andrew Lawson

Strategic Theme – Instilling an Energy and passion for our people, celebrating success and innovation

4. Associate Principal and Executive Director Finance

Alison Stewart

Strategic Theme – Leading as a business that is a champion for governance, financial control and balanced risk taking.

5. Associate Principal and Executive Director Business Development

Post advertised and offered. Waiting confirmation from successful candidate.

Strategic Theme – Enhancing our position as the business and community partner of choice.

6. Associate Principal and Executive Director Information Systems and Communications

David Allison

Strategic Theme – Delivering a whole system approach, simply effective, efficient and consistent.

4. Local College News

- I have held 22 Staff briefings with all staff across the College, Teaching and Service Departments, to reflect on the year and to highlight the success of the first year of “Making Learning Work”. These briefings also give staff the opportunity to interact directly with me and ask any questions they may have.
- We welcomed SNIPEF (Sector Skills Council for the Plumbing Industry) to the Falkirk Campus and to launch their two day national competition.
- In June we held the first graduation of the SCOTs programme with 42 young people receiving certificates from Mary Pitcaithly, CEO Falkirk Council.
- In April we held a very successful 50th Anniversary of the Falkirk campus with over 100 attendees. The highlight for me was meeting the first Head of Science, 86 year old Andrew Prentice and meeting the very first Executive Secretaries from 1963. An excellent evening in promoting a potential alumni network. Excellent press coverage.
- The College hosted an Oil and Gas careers event organised by the Engineering Department and involving a dedicated session for Falkirk schools and an open evening attended by over 120 people. Exhibitors included Petrofac, Ineos, SDS, OPITO, Shell, BP and Calachem
- The College hosted an MA Week with a wide range of activities which included a very successful open day and a Back to the Shop Floor event with senior managers from Ineos, FMC and Scottish Power coming to the College and working directly with their apprentices.
- Launch of Connect Forth – our College radio station which is hosted by the Creative Industries Department in Stirling.
- Fiona Brown, Head of Curriculum and Quality designed and delivered a very successful two day Curriculum Conference with all teaching Departments. Each Department was able to showcase curriculum developments aligned with a strategic rationale and linked to the Colleges Strategic Plan.

5. Networking

- Attended Destination Stirling event at Bannockburn Centre to preview the new facility and a networking opportunity.
- Colette Filippi, Associate Principal and Executive Director for Business Development and the Principal facilitated a strategic discussion with Scottish Canals at the Falkirk Wheel to develop closer links with the Helix development; opportunities through the Canals College project and commercial and other training opportunities. A Memorandum of Understanding will be signed by the Principal and CEO of Scottish Canals.
- I attended the SCDI annual dinner and conference at the RBS Gyle headquarters. Forth Valley College was mentioned as a key contributor to skills development.
- I attended the 2 year celebration of Creative Stirling at the Church of the Holy Rude, Stirling
- I was invited to be part of the Strategic Discussion team for Heriot Watt University with the SFC. According to Laurence Howells, CEO SFC, this was the first time a College Principal had been part of a Universities strategic dialogue. We used this opportunity to highlight the HEI project and discuss the idea of the Engineers of the Future Family of programmes.
- I attended the Stirling University Graduation Dinner.

6. Presentations

- I presented at a CAPITA conference at the Carlton Hotel in Edinburgh on School College Partnership and National Assessment.
- I presented at a Princes Trust “Learning for Earning” event at Murrayfield Stadium on the importance of Employer Engagement and working with the third Sector.
- I was a speaker at the launch of the Outcome Agreement for Colleges and Universities at Stirling University which was attended by Mike Russell, Cabinet Secretary for Education. The HEI project with Stirling University was noted as excellent practice.

7. Key Meetings

I undertook the following key meetings in the period March 2014 to June 2014:

- Wendy Bellows, Head Teacher, Queen Victoria School, Dunblane -. Engaging the MoD Boarding School with school college partnership opportunities.
- Creative Learning Conference at the Lighthouse, Glasgow on the National Creative Learning Plan – to help support our drive for creativity within our own Learning and Teaching strategy.
- Halogen – Raymond Robertson – to identify opportunities to maximise our public affairs presence in Scottish Government
- Forth Valley Chamber of Commerce – Laurence Barrett CEO and identifying opportunities to maximise the presence of the Chamber in Stirling. I had been leading on setting up a Stirling Chamber which was subsequently overtaken by the involvement of Forth valley Chamber covering the regions of Falkirk and Stirling.
- CEO Energy Skills Partnership (SDS) – Mike Duncan – to identify future opportunities through OGAS and also to maximise the career opportunities for the oil and gas industries through a school conference which was organised and successfully delivered at the College on June 10.
- SFC Vice Chairman – Paul McKelvie – to discuss strategic opportunities for a new Falkirk and in developing the Engineers of the Future Family model.
- SFC Estates and SFC OA Manager – Martin Kirkwood and Andrew Youngston. The Principal and the APED for Estates Development, Tom Gorman, met and agreed with SFC the process for taking forward an Outline/Full Business Case model for a new Falkirk Campus.
- Calachem MD – Neil Partlett – to identify opportunities to develop a skills pipeline for a skilled workforce for the Chemical Industry.
- Institute of Directors – CEO David Watt – to highlight the role of Colleges in employer engagement and skills development and to showcase Stirling Campus as a potential venue for IoD activities.
- SFC/Scottish Government – Jon Grey, Strategic Director to discuss and advise on the implementation on Employer Engagement and outcomes from the Wood Commission for SG.
- Graham Dairies – Robert Graham MD – to identify potential Apprenticeship opportunities
- Allied technologies – Peter Duncan MD – to discuss the China visit and opportunities for MA's
- Stirling Council – Leader of the Council Johanna Boyd and Councillor Corrie McChord on setting up a SCOTS programme for Stirling.
- SQA Accreditation Committee – Committee member.

8. College Sector Meetings

- Hosted Dumfries and Galloway Principal and SMT at the Falkirk Campus to discuss potential partnerships and to share best practise in systems, structure development and funding methodology. Attended the Holyrood Parliament reception for Colleges Scotland.
- Attended the Holyrood Parliament reception for OGAS hosted by Heriot Watt University.
- Attended two meetings of the College Principals Group.
- Nominated Principal for the SFC Steering Committee on Curriculum and Quality with Paul Little from Glasgow City.
- Attended a day long Regional Chairs and Principals event at the Roxburghe Hotel, Edinburgh.

9. Contact with Scottish Government

- Met with Anne McGuire MP who will be standing down for the next election. Johanna Boyd, Leader of Stirling Council, has been nominated as the Labour candidate.
- Mike Russell MSP and Cabinet Secretary for Education to launch the College and University Outcome Agreement.
- Angela Constance MSP – Cabinet Secretary for Young People – Wood Commission and Employer Engagement

10. Community Planning Partnership

- I attended one meeting of the Falkirk Community Planning Partnership Leadership group. Forth Valley College has been identified as a key and proactive partner within the CPP following an Audit Scotland report.
- I attended two Stirling Community Planning Partnership Leadership Group meetings with Anne Mearns as Forth Valley College Board representative and had two meetings as Strategic Lead for Employability, tackling barriers to employment and increasing skills
- I attended the inaugural meeting of the new Falkirk Economic Partnership, formed on the back of the Ineos crisis.

Author: Ken Thomson	SMT: Ken Thomson
Date: 17 June 2014	Date: 17 June 2014



Board of Management

Meeting:	Board of Management
Location:	Kildean Suite, Stirling Campus
Date:	27 March 2014 (commencing at 4.30pm)

Present: Mr Hugh Hall (Chair)
Mrs Anne Mearns (Vice Chair)
Dr Ken Thomson (Principal)
Mrs Shona Struthers
Mr David Gentles (Student Union President)
Dr Bill Blair
Mrs Elaine McGeorge
Mr Colin Alexander
Ms Beth Hamilton
Mr Andrew Carver
Mr Liam McCabe
Mr Robert Addie
Mrs Fiona Campbell

Apologies: Mr Ken Richardson
Mrs Caryn Jack
Mr Nigel Scott
Mr Bob Gil

In Attendance: Mr David Allison, Director of Information Services
Mrs Alison Stewart, Director of Finance and Corporate Services
Mrs Colette Filippi, Associate Principal Business Development
Mr Stephen Jarvie, Corporate Governance & Planning Officer (Minute)
Mrs Monica McLeod, Lecturer
Mr Richard Reid, Lecturer
Mr James Callander, Forth Valley College Foundation

Dr Bill Blair opened the meeting and welcomed Monica McLeod and Richard Reid on behalf of the Board.

The Principal introduced Monica and Richard and provided an overview of the recent TES awards ceremony in London, where Monica and Richard were 2 of the 6 nominees for the FE Most Innovative Teacher of the Year award.

The Principal was pleased to confirm that Richard had won this prestigious award, and that this outstanding achievement was well deserved.

Richard and Monica described to members the work they had undertaken which had secured their nominations and their visit to the TES awards in London alongside the Principal, Depute Chair and other staff members.

The Board congratulated both Monica and Richard on being nominated for such a prestigious award and Richard for his well-deserved win.

B/13/032 Declarations of Interest

None

B/13/033 Forth Valley College Foundation

The Director of Finance and Corporate Services noted that there were two items covering the Foundation to be considered at the Meeting. This item related to the activity of the Foundation and would be presented by Mr James Callander, Foundation Trustee.

Mr Callander thanked the Board for the opportunity to discuss the Foundation and provided an overview of the creation of the Foundation, the appointment of trustees and the charitable purpose of the Foundation.

He also indicated his appreciation for the assistance provided in the creation of the Foundation by College staff and by Beth Hamilton, Ken Richardson and Shona Struthers.

Mr Callander outlined the proposed method for interacting with the College, noting that there were two meetings per annum scheduled, although more could be scheduled on an exceptional basis. The first meeting each year would consider the annual plan to be submitted by the College and the second would be used to monitor progress against funded activity.

- a) Members noted the content of the update and thanked Mr Callander for his work to date

B/13/034 Minute of Board of Management of 12 December 2013

The minutes of the meeting held on 12 December 2013 were approved.

B/13/035 Matters Arising

- a) B/13/019 Annual Report and Financial Statements 2012-13

The Director of Finance and Corporate Services reported that after the December Board meeting, agreement had been received from the External Auditors on the Annual Report and Financial Statements 2012-13. An electronic version was circulated to members and approval was received.

The Annual Report and Financial Statement 2012-13, with an unqualified statement from the External Auditors, were then submitted to the relevant bodies.

- b) B/13/027 New Falkirk Campus – The Concept

The Principal explained that members had requested the concept plan be amended to focus more on key sectors and confirmed that this had occurred, with additional Oil and Gas Academy information added to the document.

c) B/13/027 Funding Strategy

The Principal reported that the Concept Plan had been used successfully to engage with SFC. He reported that approval had been received to proceed to Outline Business Case for the Falkirk campus and that, in reference to the Funding Strategy, SFC had recommended waiting until the OBC stage was completed.

Members queried the possible funding methodologies that the College could access such as Scottish Futures Trust. The Principal confirmed that all relevant funding streams would be considered.

d) B/13/029 Student Union Report

The Depute Chair requested an update on progress in discussions between the Student Union and First Bus.

The Student Union President confirmed that discussions had taken place but had not been positive. He noted that further meetings had been scheduled to pursue this matter.

B/13/036 Minutes and draft minutes of other Committees:

a) Audit Committee – 6 February 2014

No issues were highlighted.

b) Strategic Development Committee – 13 March 2014

The Depute Chair commented that, while there had been no issues raised at the meeting, there had been a very interesting presentation from College staff on new methods of sharing best practice via an online resource containing short videos.

The Principal provided a brief overview of the new system and it was agreed that a full presentation on this item would be taken to the September Board of Management meeting.

c) HR (Inc. Nomination) Committee – 18 March 2014

The Committee Chair indicated that it had been a busy meeting. He highlighted the Committee's satisfaction that Health and Safety related incidents continued to decline.

He explained the potential risk to the College arising from a move to a national bargaining position for the sector on staff pay.

He also advised that, in relation to the upcoming agenda item B/13/047, both Beth Hamilton and he had volunteered to work with SMT on preparing a response to the Scottish Government consultation on Board Recruitment.

The Depute Chair of the Board asked that she be considered to support the consultation review.

d) Finance Committee – 18 March 2014

The Committee Chair advised that the majority of items covered were included in the Board agenda. She highlighted that the Committee had recognised the hard work of the Director of Finance and Corporate Services and the Finance Team.

B/13/037 Tuition Fees and Fee Waiver Policy

The Director of Information Services presented the annual update of the Tuition Fees and Fee Waiver Policy for approval, noting the changes made since the last approved version.

Members queried the information in the cover paper relating to the correspondence from the UK Borders Agency. The Director of Information Services provided members with background to this matter and noted it related to two individuals who did not come to the UK after having successfully applied to do so.

a) Members approved the Tuition Fees and Fee Waiver Policy.

B/13/038 College Regional Outcome Agreement 2014-17

The Director of Information Services presented the final draft of this document to members. He highlighted that previous drafts had been seen and considered by SMT, the Strategic Development Committee, the Board of Management and by the Scottish Funding Council.

He confirmed that suggested improvements had been incorporated into the final draft and that this document had been reviewed and approved by SFC and their Chair.

Members thanked the Director of Information Services for his work in producing the Outcome Agreement.

a) Members approved the College Regional Outcome Agreement 2014-17.

B/13/039 College Operational Plan

The Principal presented the College Operational Plan for approval.

He informed members that this was based on the Strategic Plan as approved at the December meeting of the Board and had had input from a wide variety of College managers and members of the Strategic Development Committee. He also outlined how this document ties into College Departmental and Individual plans to ensure a cohesive approach across the organisations.

The Principal commented that this was the first time an operational plan had been brought to the Board of Management for approval.

Members queried how progress would be measured against the operational targets. The Principal confirmed that a tracking document would be prepared and presented at meetings of the Strategic Development Committee. High level information would also be included in the Principal's Update report at each Board meeting.

a) Members approved the College Operational Plan.

B/13/040 College Process for Working with Foundation

The Director of Finance and Corporate Services presented a paper outlining the authorisation mechanisms by which the College will donate surpluses, submit an Annual Plan and apply for grants from the Foundation.

She confirmed that the College's approach to working with the Foundation had been reviewed and approved by the External Auditors.

She updated members on the issues the College had experienced with securing cohesive guidance on donations to Foundations and confirmed that written approval had finally been provided that week. Accordingly the Director of Finance and Corporate Services was currently analysing the College accounts to identify an appropriate level of donation to transfer to the Foundation.

The Director of Finance and Corporate Services indicated that, based on the guidance from SFC, there was a risk that the College may breach their Banking Covenants. This is thought to be a small risk as the College bankers have been kept apprised throughout the entire process.

The Director of Finance and Corporate Services sought approval to make a donation to the Foundation £4.4m

Members thanked the Director of Finance and Corporate Services for her significant amount of work as well as the Finance Team and those Board Members who had supported the College through this process.

- a) Members approved a donation of £4.4m to the Foundation
- b) Members approved the processes proposed for interacting with the Foundation

B/13/041 Capital and Maintenance Budget 2014/15

The Director of Finance and Corporate Services presented an overview of the proposed capital and maintenance activity for 2014/15. She outlined recent changes in SFC guidance regarding capital and revenue costs.

The Chair of the Finance Committee noted that this item had been fully considered at the recent meeting.

- a) Members approved the Capital and Maintenance Budget 2014/15
Members approved the Director of Finance to seek SFC approval to switch £258k of revenue grant to capital.

B/13/042 Budget 2014/15

The Director of Finance and Corporate Services presented the Budget for 2014/15 and reported on the challenges of preparing a budget that straddles two separate academic years.

The Chair of the Finance Committee confirmed that this item had been fully considered at the recent meeting.

- a) Members approved the Budget 2014/15.

B/13/043 Extension of Internal Auditor Appointment

The Chair advised that this item had been considered and approved at the Audit Committee.

- a) Members approved the extension.

B/13/044 Principal's Report

The Principal presented the Principal's Report. He indicated that this was the first time such a report had been brought to the Board and sought input on the content from members.

Members commented that the report was very useful in giving an insight into the levels of activity undertaken by the Principal and asked that, where meetings with external and other stakeholders had resulted in an impact for the College, that this be noted in the report.

Members also asked for more information on key internal meetings and activity to be included.

- a) Members noted the content of the report

B/13/045 Board of Management Transitional Arrangements

The Director of Finance and Corporate Services updated members on Board Appointment information as a result of the implementation of the Post-16 Education (Scotland) Act 2013. She highlighted that there would be a one year transition phase and that members would be required to reapply for membership.

The Chair requested that, while the College awaited Scottish Government guidance, the College should begin to scope out the processes they should have in place and that this could be used to influence the Scottish Government consultation referred to by the Chair of the HR (Inc. Nomination) Committee in B/13/036

- a) Members noted the content of the update.

B/13/046 Student Union Report

The Student Union President provided an update on activity since the last meeting of the Board. He discussed the successful round of Student Council meetings which had occurred with SMT input and the achievement of the LGBT CharterMark.

The Chair informed members that NUS Scotland were currently looking at elevating the status of College Student Unions and asked that information on this item be sent to the Student Union President by the Principal.

- a) Members noted the content of the report.

B/13/047 Strategic Dialogue Meeting with SFC

The Principal discussed the recent successful meeting with senior members of SFC, including their new Chair. He outlined the positive feedback which had been received, particularly around the strategic vision for the College which had been evidenced by discussions at all levels of the College.

- a) Members noted the content of the report.

B/13/048 Review of Risk

No new risks identified.

B/13/049 AOCB

None

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Audit Committee

Meeting:	Audit Committee
Location	Principal's Office, Falkirk Campus
Date:	1 May 2014 (commencing at 4.30pm)

Present: Mr Bob Gil (Chair)
Mr Colin Alexander
Mrs Beth Hamilton
Mr Nigel Scott
Mrs Shona Struthers

Apologies: None

In Attendance: Mr Stephen Jarvie, Corporate Governance and Planning Officer
Mrs Alison Stewart, Director of Finance and Corporate Services
Ms Claire Monaghan, Baker Tilly
Ms Colette Filippi, Associate Principal Business and Innovation
Mr Stuart Inglis, Henderson Loggie

A/13/034 Declarations of Interest

None

A/13/035 Minute of Audit Committee of 6 February 2014

The Minutes of meeting of 6 February 2014 were approved as a correct record.

A/13/036 Matters Arising

a) A/13/027 Committee Meetings and Programme of Business

The Chair noted that the College had emailed members with an updated schedule of meetings.

b) A/13/030 Internal Audit: Presentation of Reports

The Director of Finance and Corporate Services reported that member's suggestions had been fed back to the team overseeing the development of the next version of the Student Finance application system, and these would be included when this is rolled out.

A/13/037 External Audit Planning Memorandum

Stuart Inglis, Henderson Loggie, presented the proposed audit plan, noting that this was prepared in line with the code of audit practice and that there were no unusual aspects to highlight.

Mr Inglis noted that the proposed fee was at the top of the Audit Scotland fee range. He indicated that this was a reflection of both the audit activity to be undertaken and the recent advice provided to the College in relation to the foundation.

Members queried whether there had been guidance provided in how to treat the disparity between the financial and academic years. Mr Inglis confirmed that Audit Scotland were not issuing guidance at this time.

- a) Members approved the External Audit Planning Memorandum

A/13/038 Internal Audit Project Plan 2014/15

Claire Monaghan presented the proposed three year plan, noting that this had been created through discussion with the SMT, a review of the College risk register, and of past audit activity.

- a) Members approved the Internal Audit Plan
- b) Members requested that Business Continuity be added to the schedule for 2015/16
- c) Members recommended that a 3 year plan should be resubmitted annually to allow for any future changes to be included

A/13/039 Business Continuity Policy

The Corporate Governance and Planning Officer presented the draft Business Continuity Policy for approval.

He highlighted the remaining actions resulting from the recent internal audit and progress to date, along with proposed timelines for completion of this activity.

- a) Members approved the Business Continuity Policy

A/13/040 Progress Report on Audit Recommendations

The Corporate Governance and Planning Officer presented members with an update on progress. He noted that it was proposed that a number of recommendations, primarily related to Business Continuity, have their implementation dates amended and outlined the rationale for each change.

He also demonstrated the new tracking methodology which has been implemented using the SharePoint system to ensure the collection and retention of evidence for completed recommendations

- a) Members noted the content of the report
- b) Members approved the revised implementation dates as outline in the report

A/13/041 Internal Audit: Presentation of Reports

Claire Monaghan presented two internal audit reports.

For Business Development, she noted that this audit was conducted on an area which had undergone significant change and had implemented a number of improvements in processes. The audit made 4 medium recommendations.

For the Follow Up Review, Ms Monaghan highlighted that there had not been follow up activity for a few years and that the audit had been conducted on a sample basis. Of the 27 recommendations sampled, 25 had been found to be complete.

The Corporate Governance and Planning Officer noted that, owing to the historic nature of one of the outstanding recommendations, the College was unable to provide the evidence required. He noted that the new audit tracking methodology demonstrated earlier will ensure that all necessary evidence is held in a central location.

- a) Members noted the content of both audit reports
- b) Members recommended that the other historic follow-up recommendations be reviewed by the College to ensure the required evidence is in place.

A/13/042 Risk Management

The Director of Finance and Corporate Services presented the College Strategic Risk register and outlined changes since the last meeting. She highlighted that the risk related to “inadequate facilities for learners due to lack of capital investment” had been amended to reflect that the recent refurbishment work to the Weir blocks in Falkirk had only been able to secure a 3 year occupancy certificate from the Council.

- a) Members noted the content of the report
- b) Members recommended that the risk pertaining to ONS be replaced with one relating to potential lack of control over assets passed to the Foundation, and self-insurance to be added as a risk

A/13/043 Review of Risk

Risks were identified in each covering paper.

A/13/044 Any Other Competent Business

The Director of Finance and Corporate Services noted that a draft Code of Governance for the sector has been issued to Colleges. As this relates to the remit of the Committee, this draft was included with the papers for member's information.

The Director of Finance and Corporate Services requested that members review to draft code and email any comments to her.

Shona Struthers updated members on the issue of insurance, noting that under the Scottish Public Finance Manual Colleges should self-insure. She reported that concerns had been raised regarding this regulation and that the Scottish Government has agreed that the College sector can maintain current insurance practices for the next year whilst they make their case.

Mrs Struthers advised that a survey will be issued to College's to obtain feedback on this issue.

Members noted the update and expressed an initial view that self-insurance would not be a preferred methodology for the College and also recommended that insurance be added to the risk register.

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Strategic Development Committee

Location:	Boardroom, Falkirk Campus
Date:	12 June 2014 (commencing at 4.30 pm)

Present: Mrs Anne Mearns (Chair)
 Dr Bill Blair
 Mrs Fiona Campbell
 Mr Andrew Carver
 Mr David Gentles, Student Union President
 Mrs Caryn Jack
 Mr Robert Addie
 Mr Ken Richardson

Apologies: Mr Colin Alexander

In Attendance: Mr David Allison, Director of Information Services
 Mrs Fiona Brown, Head of Curriculum, Quality and Learning Services
 Mr Stephen Jarvie, Corporate Governance and Planning Officer
 Dr Ken Thomson, Principal
 Mrs Caroline Storey, Diversity Coordinator

S/13/035 **Declarations of Interest**

None

S/13/036 **Minutes of meeting held on 13 March 2014**

The Minute of the meeting of 13 March 2014 was accepted as an accurate record.

S/13/037 **Matters arising**

a) S/13/027 Learner Success Performance Indicators 2012-13

The Director of Information Services reported that the level of withdrawals where no cause was known had been reviewed. This was a very small number (9 in the last academic year) and it was felt that this did not warrant significant amendment to College processes, however it would be explored if further level of detail could be captured.

b) S/13/028 Protection of Children, Young People and Adults as Risk of Harm
- Annual Update

It was reported that the issue of document security had been resolved. Members highlighted that concerns re ensuring external contractors meet College requirements for working near protected groups had not been answered. It was agreed to provide an update at the next meeting of the Committee.

c) S/13/031 College Operational Plan

The Principal confirmed all Committee comments had been incorporated into the final version of the Operational Plan.

d) S/13/032 Student Activity

This will be covered under item S/13/044

e) S/13/026 Learning and Teaching Innovations for Good Practice

It was reported that tracking of online resource use was being examined for incorporation into the system for when it goes live later in the year.

S/13/038 HEI Update

The Head of Curriculum, Quality and Learning Services summarised progress with HEI fund activity within the College. She outlined increases in provision with 2 new degree programmes being run in conjunction with the University of Stirling, and the ongoing developments with other universities.

The Chair queried whether students could graduate with an HND at the end of the College segment of their course. The Head of Curriculum, Quality and Learning Services confirmed that they could.

Members queried if there was an impact on the application processes for next year owing to the late funding announcement. The Head of Curriculum, Quality and Learning Services noted that there were mechanisms in place to assist applicants and that they would not be disadvantaged.

a) Members noted the content of the report

S/13/039 Annual Engagement Report

The Head of Curriculum, Quality and Learning Services presented the report following the April 2014 visit by Education Scotland. She highlighted that the report had no major recommendations and that the College had been extremely pleased with the positive feedback on discussions between learners and Education Scotland.

Members queried the focus on School College partnership work in the Falkirk area rather than Forth Valley as a whole.

The Principal commented that, owing to the differences in each council's processes, activity in the Falkirk area was more embedded at this time. He noted however, that there were positive developments within Clackmannanshire and Stirling and that he hoped they would soon be operating at a similar level of provision.

a) Members noted the content of the report

S/13/040 Commission for Developing Scotland's Young Workforce – Final Report

The Head of Curriculum, Quality and Learning Services presented members with a paper which focussed on the key recommendations from the new report which was issued on 6 June 2014.

Members queried how the integration with the Senior Phase of Curriculum for Excellence worked. The Head of Curriculum, Quality and Learning Services confirmed that senior phase students attend the College for 2 half day periods and that this was directly linked to their school timetable.

The Principal commented that this was the current model in place with Falkirk Council and that the College is keen to replicate this with Clackmannanshire and Stirling councils.

Members queried whether the College had any information regarding implementation of the recommendations referred to in the paper. The Principal confirmed that there was no official information at this time and noted that, given the advanced nature of the provision on offer by the College, there is a risk that any funding made available will be targeted at those Colleges who do not have a similar level of provision.

a) Members noted the content of the report

S/13/041 Equalities Report

The Diversity Coordinator presented members with an update on progress and developments within the College in relation to equalities.

She noted that the College had been awarded both the BRITE and LGBT awards, with Forth Valley being the first College in Scotland to receive the BRITE award.

She highlighted the increased participation of staff in providing information in relation to protected characteristics and confirmed that similar questionnaires would be sent to students to ascertain the overall college picture.

The Chair noted that the Committee had recommended that they undertake equalities training to enable equalities to be considered during decision making. The Corporate Governance and Planning Officer noted that this had not occurred and would be looked into further.

Members queried whether there were any national initiatives aimed at redressing the gender imbalance in STEM courses. The Diversity Coordinator noted that there were a few and that the College did engage with these.

a) Members noted the content of the report

S/13/042 Student Union Update

The Student Union President summarised that activity of the Student Union since the last meeting of the Committee.

He outlined the recent Student Union elections and noted that the new President would be attending the next meeting of the Board on 26 June. He noted that, owing to funding received from SFC, this was now a sabbatical position.

He reported on a recent charity walk which raised funds for the Food Bank which students can access if needed.

Members queried how many students had used the food bank to date and the Student Union President reported that it was approximately 80.

- a) Members noted the content of the update

S/13/043 Monitoring of College Operational Plan

The Director of Information Services provided members with a demonstration of the new system which is designed to track progress against all the targets within the College Operational Plan.

Members welcomed the introduction of the new system and made a number of suggestions on how the presentation of the information might be improved.

- a) Members noted the content of the demonstration

S/13/044 Student Activity and Room Utilisation

The Director of Information Services presented a snapshot of the current levels of student activity, noting that these were mainly on target and that no significant issues had been identified.

He informed members that a review of room utilisation rates had been conducted and outlined the totals by campus.

The Principal noted that this work was made possible by the significant level of forward planning which goes into the preparation of the timetables for each year.

- a) Members noted the content of the report

S/13/045 Review of Risk

No new risks identified

S/13/046 Any Other Competent Business

The Chair expressed her appreciation and that of the Committee to Bill Blair and David Gentles who were attending their last committee meeting as Board members. She highlighted that their support and input had been invaluable to the work of the committee.



HR (Inc. Nomination) Committee

Location:	S1.19, Stirling Campus
Date:	17 June 2014 (commencing at 4.30pm)

Present: Dr Bill Blair (Chair)
Ms Beth Hamilton
Ms Elaine McGeorge
Mr Nigel Scott

Apologies: Mrs Fiona Campbell

In Attendance: Mr Andrew Lawson, Associate Principal HR and Student Services
Mr Steven Still, Human Resources Manager
Mrs Irene Kane, Executive Administrator

H/13/023 Declarations of Interest

No declarations were made.

H/13/024 Minutes of Meeting of 17 June 2014

The minutes of the meeting of 18 March 2014 were approved as an accurate record.

H/13/025 Matters Arising

a) H/13/010 Pay Negotiations

The Associate Principal HR and Student Services reported that the EIS teaching have accepted the offer. Negotiations with Unison support staff still ongoing. They were offered 1%, reviewed 2% increase, rejected with show of hands. Further meeting set up and Unison going to postal ballot. An update will be brought to the next meeting of the Committee.

b) H/13/017 Health, Safety and Sustainability Update

The Chair said that the Head of FM and Health and Safety and her team did good work and the reports to the committee were comprehensive and excellent. Due to time pressure on this occasion, it had been agreed to take the current report as read. The Committee agreed that unless there were urgent items, updates were not necessary at every meeting.

c) H/13/018 Board of Management Transitional Arrangements

Members had requested clarity on the terminology used in the paper on different types of Board, e.g. what were Assigned Colleges. This was provided in the For Information papers.

H/13/026 Staff Development

The Human Resources Manager presented a report on the staff development programme for Session 2014/15. He informed the committee that this will focus on training for academic staff in August 2014 and support staff separately in February 2015. The change to offer separate staff development days for academic and support will allow for a better uptake of staff development for support staff at a more appropriate time in the year. The events will be closely monitored to identify improvements and future development areas.

In depth discussion took place regarding the types of staff development being provided and it was agreed that the proposed staff activity was an excellent way forward.

a) Members noted the content of the report

H/13/027 SFC Staff Performance Indicators

The Human Resources Manager reported that Scottish Funding Council (SFC) performance indicators (KPIs) are a requirement which the college must complete annually. After discussion it was agreed that it would be helpful if the data report was provided to the HR Committee following the "staffing return" being submitted to SFC. This report should be presented annually and compare the last five years.

a) Members noted the content of the report

H/13/028 Absence Reports

The Human Resources Manager provided an update on the College absence statistics for 2013/14 and outlined the traffic light system used to highlight reasons for absence. The FE Sector average is approximately 3% and over the last five years College absence has fallen. Absence is also recorded electronically which has ensured accurate recording.

Members enquired as to the College's provision of employee support (e.g. occupation health). The Human Resources Manager advised that a variety of support measures are in place for staff and that the overall reduction in absence is due to several contributing factors, such as improved monitoring and welfare and supportive measures such as occupational health and employee counselling service.

a) Members noted the content of the report.

H/13/029 Update on National Bargaining (Verbal)

The Associate Principal HR and Student Services reported that working groups are now in place and will be meeting in September. It was agreed that an update be provided for the next meeting.

a) Members noted the content of the update

H/13/030 Review of Risk

Members noted that Unison pay negotiations continue to be a risk to the College.

H/13/031 Any Other Competent Business

Staffing Establishment Update

The Associate Principal HR and Student Services provided members with an update on staffing. The Principal has taken the opportunity to review the titles of the Senior Management Team who are each now both Associate Principal and Executive Director. Following a recent successful interview process Colette Filippi has been offered the post of Associate Principal and Executive Director – Business Development with an immediate start date.

A member queried the sudden spike between February and April for the Department of Hospitality and Salon Services on the report provided. It was confirmed that this was due to seasonal working requirements in the Gallery restaurant, Stirling Campus.

The Associate Principal HR and Student Services indicated one major change in staffing. The Head of Applied Science and Computing is leaving the College to take up a post in another organisation. The Department will be merged with two other Departments in the College and a revised Head of Department Post advertised internally.

Programme of Committee Business

It was agreed that the Head of HM and Health and Safety be invited to the next meeting to provide a report.

The Chair of the Committee reminded informed members that this would be his last meeting as Chair, as his mandate as Board member expires in July. He wished to record his thanks to everyone he had worked with on the HR Committee - Board colleagues past and present, members of the SMT and the Executive Office, and all the relevant College staff who had contributed in many different ways to the meetings.



Finance Committee

Meeting:	Finance Committee
Location:	S1.18, Stirling Campus
Date:	17 June 2014 (commencing at 4.30pm)

Present: Mrs Shona Struthers (Chair)
Mr Andrew Carver
Mr Liam McCabe
Ms Caryn Jack
Mr Ken Richardson

Apologies: None

In Attendance: Mrs Alison Stewart, Director of Finance
Mr Bob Gil, Chair, Audit Committee
Dr Ken Thomson, Principal
Mr Stephen Jarvie, Corporate Governance and Planning Officer
Mrs Monica Halcro, Senior Finance Manager
Mr Bob Armstrong, Head of Department
Mrs Cathie Wylie, Henderson Loggie

F/14/032 Declarations of Interest

None.

F/14/033 Minutes of Meeting held on 18 March 2014.

The minutes of the meeting held on 18 March 2014 were approved.

F/14/034 Matters Arising

a) F/14/021 Treasury Management Strategy 2014/15

Members had approved the strategy for presentation to the main Board. The Director of Finance confirmed that this occurred at the 27 March meeting of the Board.

b) F/14/022 Budget 2014/15

Members approved the budget for presentation to the Board. The Director of Finance confirmed that the budget was approved at the 27 March meeting of the Board.

c) F/14/023 Capital Budget 2014/15

The Principal reported that a letter had been received from the Scottish Funding Council confirming that they would fully fund the demolition of Middlefield. A paper will be taken to the next meeting of the Board seeking approval for the demolition.

d) F/14/027 2013/14 Forecast Outturn

Members had requested that the Forecast Outturn be updated. The Director of Finance confirmed that this had happened and was taken to the 27 March meeting of the Board.

F/14/035 Accounting Policies for the Year Ended 31 March 2015

The Director of Finance presented the accounting policies for year ended 31 March 2015. She highlighted the changes made from the current set of accounting policies.

The Director of Finance highlighted that a new SORP would be implemented in the 2015/16 financial year which would impact on the accounting policies from that year onwards.

a) Members approved the Accounting Policies for the Year Ended 31 March 2015.

F/14/036 Draft Budget 2015/16

The Director of Finance presented the draft budget for 2015/16. She noted that the College was required to produce a high level budget for SFC as part of the overall Scottish Government budgeting processes.

The Director of Finance listed the key assumptions made in producing the budget, noting that SFC guidance was to assume the same level of activity and funding as 2014/15. The budget was therefore based upon current figures with anticipated developments such as HEI programme funding included.

Members commended the budget, noting that it was very clear and welcomed the clarity on the assumptions used in producing the document.

- a) Members queried the projected salary increase for 2015/16. The Principal provided an update on current negotiations with the recognised Trade Union Members approved the Draft Budget 2015/16

F/14/037 Draft Financial Memorandum 2014/15

The Director of Finance provided the draft financial memorandum for 2014/15. She noted that, as a result of the change in status for College's, we were now required to comply both with the Scottish Public Finance Manual (SPFM) as well as the SFC Financial Memorandum.

The Draft Financial Memorandum presented had been developed by SFC to incorporate the requirements of the SPFM.

The Director of Finance highlighted a number of concerns with the document as it currently stands and noted that College's Scotland had been in contact with SFC to seek a chance to discuss the draft Financial Memorandum.

Members queried the delegated authorisation levels whereby the College would be required to seek SFC approval and the impact this would have on College activities. The Director of Finance outlined the anticipated impact at this time.

The Chair updated members on the activity underway to prepare a business case for Colleges to retain commercial insurance and noted the potential impact on the activities in the sector if approval was not received.

- a) Members noted the content of the report.

F/14/038 Review of Risk

Risks were identified in the papers as presented.

F/14/039 AOCB

None

F/14/040 Annual Report & Financial Statements 2013/14

The Director of Finance presented the Annual Report and Financial Statements which cover an 8 month period as the College transitions from a July to a March year end. She highlighted the work of the Finance team in delivering these accounts in such a short period of time.

The Director of Finance highlighted to members that neither Audit Scotland nor the Scottish Funding Council had provided guidance in terms of recognising income in a financial year which does not align with the Academic Year to which the funding relates to. She noted that this presented a risk to the College as the treatment as adopted and agreed with Henderson Loggie could possibly be challenged by a future External Auditor.

Members queried the Local Government Pension Scheme figure included in the accounts. The Director of Finance reported that this was a historical issue which has been raised with the Actuaries previously. Now that the College had the same year end as Falkirk Council, a further comparison of the level of pension provision would be undertaken.

The Director of Finance highlighted that, as a result of the reclassification of the College by ONS and the new financial regulations that the College must abide by, the College was in breach of our banking covenants with Barclays. She outlined the activities undertaken to ensure Barclays were fully informed of the changes being implemented to the College and that the risk would remain until such time as a final response from Barclays was received.

- a) Members approved the Annual Report and Financial Statements 2013/14.

F/14/041 Draft External Audit Annual Report to the Board of Management

Cathie Wylie from Henderson Loggie presented the draft External Auditor annual report. She expressed her thanks to the College Finance Team for their assistance in reaching this point and the smooth audit process.

Mrs Wylie covered the key points in the report and noted that Henderson Loggie were anticipating an unqualified opinion in relation to the Financial Statements.

Members queried the grade A recommendation provided in relation to the Forth Valley College Foundation, noting that as this was an independent entity, the College has no control over any risk associated with this.

Mrs Wylie explained the reason behind its inclusion in the report and agreed that the current rating system for the recommendation may not accurately reflect this item. She informed members that this would be re-examined before the final version of the report is issued.

- a) Members approved the report subject to the requested amendment.

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Audit Committee

Meeting:	Audit Committee
Location	S1.18, Stirling Campus
Date:	17 June 2014 (commencing at 5.30pm)

Present: Mr Bob Gil (Chair)
Mrs Beth Hamilton
Mr Nigel Scott
Mrs Shona Struthers

Apologies: Mr Colin Alexander

In Attendance: Mr Stephen Jarvie, Corporate Governance and Planning Officer
Mrs Alison Stewart, Director of Finance
Mr Billy McIntosh, Baker Tilly (except item A/13/052)
Mrs Cathie Wylie, Henderson Loggie (except item A/13/052)

A/13/045 Annual Report and Financial Statements 2013/14

The Director of Finance presented the Annual Report and Financial Statements which cover an 8 month period as the College transitions from a July to a March year end. She highlighted the work of the Finance team in delivering these accounts in such a short period of time.

The Director of Finance highlighted to members that neither Audit Scotland nor the Scottish Funding Council had provided guidance in terms of recognising income in a financial year which does not align with the Academic Year to which the funding relates to. She noted that this presented a risk to the College as the treatment as adopted and agreed with Henderson Loggie could possibly be challenged by a future External Auditor.

Members queried the Local Government Pension Scheme figure included in the accounts. The Director of Finance reported that this was a historical issue which has been raised with the Actuaries previously. Now that the College had the same year end as Falkirk Council, a further comparison of the level of pension provision would be undertaken.

The Director of Finance highlighted that, as a result of the reclassification of the College by ONS and the new financial regulations that the College must abide by, the College was in breach of our banking covenants with Barclays. She outlined the activities undertaken to ensure Barclays were fully informed of the changes being implemented to the College and that the risk would remain until such time as a final response from Barclays was received.

a) Members approved the Annual Report and Financial Statements 2013/14.

A/13/046 Draft External Audit Annual Report to the Board of Management

Cathie Wylie from Henderson Loggie presented the draft External Auditor annual report. She expressed her thanks to the College Finance Team for their assistance in reaching this point and the smooth audit process.

Mrs Wylie covered the key points in the report and noted that Henderson Loggie were anticipating an unqualified opinion in relation to the Financial Statements.

Members queried the grade A recommendation provided in relation to the Forth Valley College Foundation, noting that as this was an independent entity, the College has no control over any risk associated with this.

Mrs Wylie explained the reason behind its inclusion in the report and agreed that the current rating system for the recommendation may not accurately reflect this item. She informed members that this would be re-examined before the final version of the report is issued.

a) Members approved the report subject to the requested amendment.

A/13/047 Declarations of Interest

Mr McIntosh and Mrs Wylie declared an interest in relation to A/13/052.

A/13/048 Minute of Audit Committee of 1 May 2014

The Minutes of meeting of 1 May 2014 were approved as a correct record.

A/13/049 Matters Arising

a) A/13/041 Internal Audit: Presentation of Reports

Members had recommended that the College examine those previous audit recommendations not covered by Baker Tilly. The Corporate Governance and Planning Officer confirmed that this would occur over the summer period.

b) A/13/042 Risk Management

At the May meeting, members had made some recommendations for amendment to the Risk Register. The Corporate Governance and Planning Officer confirmed that these had occurred and would be covered under A/13/055.

A/13/050 Internal Audit Annual Report

Mr McIntosh presented the annual report from Baker Tilly. He highlighted the activity which had occurred over the previous 8 month period and noted that no high recommendations had been made.

a) Members approved the report.

A/13/051 Chairs Annual Report to the Board of Management

The Chair presented members with the annual report for the Board of Management. He outlined the key positions and noted that, following approval of the previous item, the report would be updated to include the opinion of the Internal Auditors before being issued to the Board of Management.

a) Members approved the report.

A/13/052 Appointment Process for Internal Auditors

The Director of Finance outlined the proposed methodology for identifying and appointing a new firm of Internal Auditors to take over when Baker Tilly's tenure expired. She highlighted the intention to utilise the Internal Audit framework from APUC to support the appointment activity.

The Director of Finance also requested that a member of the Committee volunteer to participate in the appointment process.

a) Members approved the content of the report and the use of APUC framework

b) Nigel Scott volunteered to participate in the appointment process.

A/13/053 Progress Report on Audit Recommendations

The Corporate Governance and Planning Officer presented members with an update on progress against audit recommendations.

He noted that there were two recommendations where extensions were being proposed and outlined the reason for these.

- a) Members noted the content of the report and approved the extensions as outlined in the report.

A/13/054 IT Service Desk Project Advisory Report

Mr McIntosh presented the recent phase 1 audit activity on the College IT helpdesk function. He noted that, unlike normal audits which are used to ascertain how an existing function is performing and make specific recommendations, this audit had been designed to establish how an ideal helpdesk function could potentially be created.

Members queried whether non-IT department staff could further enhance the proposed help desk function, with local champions identified whom staff could approach about low level issues.

- a) Members noted the content of the report
- b) Members agreed that, as the report was different from the usual approach, the recommendations in the report would not form part of the Audit Progress tracking report.

A/13/055 Risk Management

The Director of Finance presented the latest College Strategic Risk register to members. She noted the changes that had occurred since the last meeting of the Committee and highlighted how the general risk associated with ONS reclassification had been broken down into a number of specific risks.

Members discussed the risk identified by Cathie Wylie whereby interaction between the College and the Forth Valley College Foundation with no other parties involved could challenge the Foundation's independent status. The Director of Finance confirmed that this risk would be added to the register as a high impact, low likelihood risk.

- a) Members noted the content of the report.

A/13/056 Review of Risk

Risks were identified in each covering paper.

A/13/057 Any Other Competent Business

The Director of Finance discussed the proposed meeting dates for the Committee in the next financial year.

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Board of Management

Subject: External Auditor Annual Report	Agenda Item: 7
Date: 26 June 2014	FOR APPROVAL

1. Purpose of Report

To submit the annual audit report from Henderson Loggie, external Auditors, for approval

2. Recommendation

That members approve the content of the report attached to this paper.

3. Background

As part of the 2013/14 Annual Audit Plan Henderson Loggie undertook an audit of the financial statements of the College and the corporate governance arrangements for internal control and performance management.

4. Key Points

The draft version of this report was presented to, and approved by, the Audit Committee on 17 June 2014.

Henderson Loggie anticipates issuing a report with an unqualified opinion on the financial statements of the College for the period ended 31 March 2014.

5. Risk

Low. The audit process had been robust with positive interaction between the College and Henderson Loggie.

Author: Stephen Jarvie	SMT: Alison Stewart
Date: 20 June 2014	Date: 20 June 2014



HENDERSON LOGGIE
Chartered Accountants

Forth Valley College

**Annual Audit Report for 2013/14
to the Board of Management and
the Auditor General for Scotland**

External Audit Report No: 2014/02

Draft Issued: 13 June 2014

Draft Issued: 20 June 2014

Final Issued:

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Highlighted sections reflect updates to the draft discussed at the Audit Committee on 17 June

Notice: About this report

This report has been prepared in accordance with our responsibilities under International Standards on Auditing (ISAs) and those set out within Audit Scotland’s Code of Audit Practice (‘the Code’) and Statement of Responsibilities of Auditors and Audited Bodies.

This report is for the benefit of only Forth Valley College and is made available to Audit Scotland (together with the beneficiaries), and has been released to the beneficiaries on the basis that it shall not be copied, referred to or disclosed, in whole or in part, without prior written consent.

Nothing in this report constitutes a valuation or legal advice.

We have not verified the reliability or accuracy of any information obtained in the course of our work, other than the limited circumstances set out in the scope and objectives section of this report.

This report is not suitable to be relied on by any party wishing to acquire rights against Henderson Loggie CA (other than the beneficiaries) for any purpose or in any context. Any party other than the beneficiaries that obtains access to this report or a copy and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law Henderson Loggie CA does not assume any responsibility and will not accept any liability in respect of this report to any party other than the beneficiaries.

Executive Summary

Financial Statements

- On 26 June 2014 we plan to issue an audit report with an unqualified opinion on the financial statements of the College for the period ended 31 March 2014 and on the regularity of the financial transactions reflected in those financial statements.
- One impact of the Office for National Statistics (ONS) decision to reclassify incorporated colleges as Central Government bodies from 1 April 2014 is that college year-ends have changed to 31 March and in 2013/14 the accounting period for Forth Valley College was for the eight months to 31 March 2014, although the Scottish Government secured a concession from HM Treasury to allow University of the Highlands and Islands (UHI) incorporated colleges to retain 31 July for accounting purposes only. The latest update from the ONS Project Board, dated 25 March 2014, advised non-UHI incorporated colleges that further clarification about a possible July year end in 2015 would follow in due course once negotiations between HM Treasury, the Scottish Government and the Scottish Further and Higher Education Funding Council (SFC) have been concluded.
- The College has shown a surplus for the eight month period ended 31 March 2014 of £0.240 million (2012/13: surplus of £0.495 million for the year ended 31 July 2013). The College has an Income and Expenditure Account balance of £(3.477) million at 31 March 2014 (31/07/13: £(4.379) million).
- The annual financial statements of the College comply with the Accounts Direction issued by the SFC and the Statement of Recommended Practice (SORP) on Accounting for Further and Higher Education.
- 10 composite audit and accounting adjustments were made to the draft financial statements presented for audit; which had the impact of increasing the reported surplus for the period by £0.809 million.
- A number of disclosure and clarification adjustments were made to the financial statements to ensure SORP and Accounts Direction compliance and improve the overall presentation of the financial statements.
- The College expects to meet its WSUMs target for the academic year to 31 July 2014 (2012/13: 229 WSUMs (0.2%) over target).
- The College's pension liability increased in total by £3.024 million to £10.202 million at 31 March 2014 (2012/13: decreased in total by £1.955 million) which was largely due to changes in key actuarial assumptions relating to discount rates.

Corporate Governance

- The College's Corporate Governance Statement confirms that the College complies with all of the provisions of the UK Corporate Governance Code 2010 in so far as they apply to the further education sector, as well as Colleges Scotland's Guide for College Board Members 2012, and it has complied with these throughout the period ended 31 March 2014.
- No material weaknesses in the accounting and internal control systems were identified during the 2013/14 financial statements audit which would adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements. Some areas were however identified from our systems controls testing during 2013/14 where controls could be further improved to bring them more into line with good practice.

Executive Summary

Corporate Governance (Continued)

- We did not identify any matters of concern relating to the College's corporate governance arrangements regarding the prevention and detection of fraud, or standards of conduct and the prevention and detection of corruption.
- The College had an on-going process for identifying, evaluating and managing its significant risks.
- The Post-16 Education (Scotland) Act 2013 includes provisions in relation to the identification of principles of good governance practice for the college sector. A draft 'Code of Good Governance for Scotland's Colleges' has been issued for consultation and, once finalised, colleges will be expected to comply with the new Code as condition of grant from the SFC or their regional strategic body.

Performance

- The College management and committee structure included mechanisms to monitor and manage financial and non-financial performance which are considered appropriate.
- A Regional Outcome Agreement with the SFC is in place for 2013/14.

Outlook

- The funding position will remain challenging going forward. However the voluntary severances undertaken in recent years has helped to reduce pay costs and assist the College in coping with the funding reductions, and increased commercial work is helping to generate extra income. However robust budget setting and monitoring arrangements will be essential in helping to retain sustainability.
- The College's total funding allocations for the 2014/15 academic year from the SFC for Teaching and Fee Waiver is £19.767 million, the same as that received for 2013/14 and with the same WSUMs target (118,503). The College's capital allocation for 2014/15 from the SFC is £1.411 million (2013/14: £1.414 million).
- The Designation of Regional Colleges (Scotland) Order 2014 came into force on 3 March 2014 and formally designated Forth Valley College, and the other nine colleges in single college regions, as regional colleges.
- The reclassification of incorporated colleges in Scotland as Central Government bodies from 1 April 2014 has a number of implications for budgeting, reporting and accounting practices. Other than the change in financial year-end the main practical impact of this change is that colleges are required to undertake monthly cash forecasts and report these to the SFC to ensure that they only draw down sufficient funding to meet forecast expenditure. The format of financial statements will also have to change from 1 April 2014 as Central Government bodies use the Government Financial Reporting Manual ('the FReM'). The changes for 2014/15 are not likely to be significant as the Education SORP is expected to take precedence over the FReM.
- Incorporated colleges and Regional Boards are also required to comply with the requirements of the Scottish Public Finance Manual (SPFM), except where directed by SFC's Accountable Officer.

Executive Summary

Outlook (Continued)

- A draft of a new Financial Memorandum with Colleges has been issued by the SFC for consultation, setting out the formal relationship between the SFC and fundable bodies in the college sector, and the requirements with which fundable bodies are expected to comply in return for payment of grant by the SFC. This will be effective from 1 August 2014.
- Three new accounting standards (Financial Reporting Standard (FRS) 100, 101 and 102) come into force for accounting periods commencing on or after 1 January 2015 which means that 2015/16 will be the first reporting year. However, comparative figures for 2014/15 will be required. In addition, a new Education SORP has been developed following the publication of the new FRSs, which will also be effective from 2015/16.

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Introduction

Background

1. 2013/14 was the third year in our five year appointment as external auditors of Forth Valley College ('the College'). This report summarises our opinion and conclusions and highlights significant issues arising from our work. It covers the communication of findings from the audit required by International Standard on Auditing (ISA) (UK and Ireland) 260: Communication of Audit Matters with Those Charged with Governance.
2. The audit framework is outlined in our Strategic Planning Memorandum and 2013/14 Annual Audit Plan issued on 10 April 2014 and considered and approved by the Audit Committee at its meeting on 1 May 2014. The scope of the audit was to:
 - provide an opinion on, to the extent required by the relevant authorities, the financial statements and the regularity of transactions in accordance with the standards and guidance issued by the Financial Reporting Council;
 - review and report on the College's corporate governance arrangements in relation to systems of internal control, the prevention and detection of fraud and irregularity, standards of conduct, and prevention and detection of corruption; and the College's financial position; and
 - review and report on the College's arrangements to manage its performance, as they relate to the economy, efficiency and effectiveness in the use of resources.
3. Our audit approach focused on the identification of the significant risk areas facing the College and the significant classes of transactions, estimates, other account balances and disclosures impacting upon the financial statements. These include:
 - compliance with legislation and financial regulations;
 - fixed assets transactions, including consideration of any impairment, on-going estate improvements and maintenance; and compliance with relevant financial reporting standards;
 - recoverability of debtors;
 - recognition of funding provided for specific purposes and the regularity of corresponding expenditure. There was increased risk in this area for 2013/14 given that SFC funding is provided on an academic year basis to 31 July and the financial year-end has moved to 31 March;
 - the setup of, and accounting for transfers made to, the Forth Valley College arms-length foundation;
 - compliance with FRS 17 – Retirement Benefits and provision for pension liabilities for early retirals; and
 - compliance with the SORP on Accounting for Further and Higher Education.

Introduction

Basis of Information

4. External auditors do not act as a substitute for the College's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
5. To a certain extent the content of this report comprises general information that has been provided by, or is based on discussions with, management and staff of the College. Except to the extent necessary for the purposes of the audit, this information has not been independently verified. The contents of this report should not be taken as reflecting the views of Henderson Loggie CA except where explicitly stated as being so.
6. As our audit is designed primarily to enable us to form an opinion on the financial statements taken as a whole, our report cannot be expected to include all the possible comments and recommendations that a more extensive special examination would bring to light. Weaknesses or risks identified by us are only those that have come to our attention during our normal audit work in accordance with the Audit Scotland Code of Audit Practice, and may not be all that exist.

Acknowledgement

7. Our audit has brought us in contact with a range of College staff. We wish to place on record our appreciation of the co-operation and assistance extended to us by staff in the discharge of our responsibilities.

Financial Statements

Audit Opinion

8. On 26 June 2014 we plan to issue an audit report with an unqualified opinion on the financial statements of the College for the period ended 31 March 2014 and on the regularity of the financial transactions reflected in those financial statements.
9. We are required to undertake audit work from the Balance Sheet date up to the date of signing the financial statements and this will be undertaken in the period up to 26 June 2014. No post balance sheet events have been identified to the date of this report that required adjustment to be made to the financial statements or additional disclosure in a note thereto other than those relating to the changes as a result of reclassification as Central Government bodies from 1 April 2014.

Audit Completion

10. An important measure of proper financial control and accountability is the timely closure and publication of audited financial statements. Table 1 summarises the three key elements of the audit process.

Table 1: Key elements of the audit process

Completeness of draft financial statements

A set of draft financial statements was received on 8 May 2014, on the second day of the audit fieldwork. The first draft did not include the Operating and Financial Review, Corporate Governance information and a number of financial statement disclosures and these were received after the audit fieldwork had been completed. These were of a high standard and required minimal presentational changes as part of the audit process.

Quality of supporting working papers

Working papers provided to support financial statement figures were of a satisfactory standard.

Response to audit queries

Audit queries were dealt with in a timely manner.

Corporate Governance Statement

11. Colleges are required to include a statement on their corporate governance arrangements within their annual financial statements. The statement describes the ways in which the College has complied with good practice in corporate governance, including the arrangements for risk management.
12. We are required to review the statement to assess whether the description of the process adopted in reviewing the effectiveness of the system of internal control appropriately reflects the process and report where the statement is not consistent with our knowledge of the body and report if the statement does not comply with SFC requirements.
13. The College's corporate governance statement for 2013/14 states the College complies with all of the provisions of the UK Corporate Governance Code 2010, in so far as they apply to the further education sector, as well as Colleges Scotland's Guide for College Board Members 2012, and it has complied with these throughout the period ended 31 March 2014.
14. From our audit work and our review of the College's statement we have no issues to report within our audit opinion.



Financial Statements

Audit and Accounting Adjustments and Confirmation

15. In Table 2 we draw attention to the agreed audit and accounting adjustments to the financial statements made by management following the audit process which had the impact of increasing the 2013/14 surplus by £0.809 million.

Table 2: Audit and accounting adjustments

	Description	I&E DR £'000	I&E CR £'000	B/Sheet DR £'000	B/Sheet CR £'000
1	Wages and salaries	991			
	Social security costs	72			
	Accruals				1,063
	<i>Being creation of accrual for holiday pay at 31/03/14</i>				
2	SFC Grant Income		1,154		
	Tuition Fees	26			
	SQA Fees and Charges		217		
	Accrued Income			1,154	
	Accruals and deferred income			191	
	Deferred Income				
	<i>Being reversal of accrued exam fees (as exams did not take place in period) and deferral of income relating to exam fees. Also, increase in Grant in Aid income recognised, which is based on staff costs in the period as a percentage of 2013/14 academic year estimated staff costs, as a result of the holiday pay accrual being included (see adjustment 1 above)</i>				
3	SFC Grant Income		493		
	Deferred Income			493	
	<i>Being release of deferred income relating to SFC capital grants received but not utilised, which have been transferred to the Forth Valley College Foundation</i>				
4	Income		73		
	Expenditure		6		
	Accrued Income			69	
	Deferred Income			10	
	<i>Being adjustments for changes in income recognised due to inclusion of holiday pay in income recognition percentage (see above) and other miscellaneous accruals.</i>				
5	Accruals			42	
	Fixed Assets Cost				42
	<i>Being adjustment to year end accrual for fixed asset expenditure on Weir / Mezzanine capital project</i>				
	Carried forward				
		1,089	1,943	1,959	1,105



Financial Statements

Audit and Accounting Adjustments and Confirmation (Continued)

Table 2: Audit and accounting adjustments (Continued)

	Description	I&E DR £'000	I&E CR £'000	B/Sheet DR £'000	B/Sheet CR £'000
	B/F	1,089	1,943	1,959	1,105
6	SFC Grant Income	44			
	Depreciation		44		
	Deferred Capital Grants				44
	Accumulated Depreciation			44	
	<i>Being transfer of assets between fixed asset categories and recalculation of depreciation and capital grant income released as a result</i>				
7	SFC Grant Income		6		
	Other operating expenses	13			
	Accruals				13
	Deferred Capital Grants			6	
	<i>Being late accrual of invoices and funding of part of these using capital grant</i>				
8	Pension provision				26
	Pension reserve			24	
	Other pension costs	3			
	Income and Expenditure Account				1
	<i>Being adjustments to FRS17 figures for updated actuarial report</i>				
9	Tuition fees and education contracts		8		
	Other operating expenses	32			
	Accrued income			8	
	Accruals				32
	<i>Being further late invoice accruals and adjustments to accrued income</i>				
10	Staff costs	139			
	Pension provision charge		129		
	Interest cost	1			
	Actuarial loss in respect of pension scheme				11
	<i>Being adjustment to correct error in FRS17 report</i>				
	Total	1,321	2,130	2,041	1,232
		=====	=====	=====	=====
	Overall change to Net Surplus		809		

16. In addition, a number of disclosure and clarification adjustments were made to the financial statements to ensure SORP and Accounts Direction compliance and improve the overall presentation of the financial statements.

Confirmations and Representations

17. We confirm that as at the date of this report, in our professional judgement, Henderson Loggie CA was independent within the meaning of regulatory and professional requirements and the objectivity of audit staff was not impaired.
18. In accordance with auditing standards, we obtained representations from the College on material issues.

Financial Statements

Financial Position

19. SFC circular SFC/31/2009, issued on 16 October 2009, defines a sustainable college as one which 'continually develops the quality of its learning activities to meet the changing needs of its customers, society and the economy, controls its costs, and year on year secures sufficient income to resource its planned activities and enable a level of current and future investment necessary to maintain its assets.'
20. One impact of the ONS decision to reclassify incorporated colleges as Central Government bodies from 1 April 2014 is that college year-ends have changed to 31 March and in 2013/14 the accounting period for Forth Valley College was for the eight months to 31 March 2014, although the Scottish Government secured a concession from HM Treasury to allow UHI incorporated colleges to retain 31 July for accounting purposes only. The latest update from the ONS Project Board, dated 25 March 2014, advised non-UHI incorporated colleges that further clarification about a possible July year end in 2015 would follow in due course once negotiations between HM Treasury, the Scottish Government and the SFC have been concluded.
21. Table 3 provides a summary of the College's planned and actual financial results.

Table 3: Comparison of planned and actual financial results

	2012/13 (year) Actual £000	2013/14 (8 months) Planned £000	2013/14 (8 months) Actual £000	2014/15 (year) Planned £000
Financial outturn Surplus/(Deficit)	495	(98)	240	138
Income and expenditure reserves (excluding pension reserve)	(4,379)	(4,530)	(3,477)	(2,720)
Cash balances	6,292	4,880	786	1,159

Source: Audited financial statements and College budgets

22. A direct comparison of College income in 2013/14 of £23.840 million, before exceptional items, against last year is not possible given the change in accounting year-end. Points to note for 2013/14 include:
 - SFC capital grants totalling £1.104 million have been released directly to income in 2013/14. This includes £0.493 million of grants previously included in deferred income as they had not been utilised by the College, which the SFC has confirmed can be transferred to the Forth Valley College Foundation; and £0.476 million of grants used to fund small items mostly related to the new Oil and Gas facility that have not been capitalised;
 - there has been increased income from tuition fees and education contracts, including collaboration with universities and major new commercial contracts; and
 - other income includes two one-off receipts totalling £0.434 million including the recovery of input VAT under-recovered in previous years.

There was also exceptional income of £3.000 million from the release of a provision made in previous years (refer paragraph 34 below).

Financial Statements

Financial Position (Continued)

23. Given that SFC grant allocations follow the academic year to 31 July the College needed to consider how much teaching grant income had been 'earned' up to 31 March 2014 and should be recognised in the financial statements. Similarly, consideration also needed to be given as to how much tuition fee income should be recognised up to 31 March 2014. These issues were subject to discussion amongst all auditors at the Audit Scotland Further Education Sector Meeting in March 2014 and we had further discussions with the College's Director of Finance & Corporate Services on the accounting treatment. In relation to income recognition, while no single methodology was seen as more correct, Audit Scotland stressed that it was for individual colleges to demonstrate to their auditors that they had applied an appropriate methodology to arrive at an acceptable estimate. The College has recognised 73% of total SFC teaching grant and fee income received for the 2013/14 academic year. This is based on a calculation of staff costs in the eight month period ended 31 March 2014, including accrued holiday pay, as a percentage of estimated staff costs for the academic year to 31 July 2014. This was considered to provide an acceptable estimate of the income 'earned' up to 31 March 2014.
24. A direct comparison of College expenditure in 2013/14 of £26.600 million against last year is not possible given the change in accounting year-end. Points to note for 2013/14 include:
- staff costs include a holiday pay accrual of £1.063 million made at 31 March 2014. The College's holiday year runs from September to August. At the previous 31 July accounting year-end no holiday pay accrual was made as this was considered to be immaterial. With the change to a 31 March accounting year-end a material holiday pay liability arises and this has been accrued;
 - expenditure includes a donation of £4.400 million made to the Forth Valley College Foundation (refer paragraph 35 below). This also accounts for a large part of the decrease in the cash balances between 31 July 2013 and 31 March 2014. There was no equivalent donation made in 2012/13; and
 - a revaluation adjustment to the early retirement pension provision at 31 March 2014 resulted in a charge of £0.594 million to the Income and Expenditure Account. This was due to the actuary's assumptions being amended, including using a lower discount rate on liabilities. The revaluation adjustment at 31 July 2013 resulted in a credit of £0.005 million to the Income and Expenditure Account.
25. In recent years, voluntary severance costs, accounting for estates developments and the donation to the Forth Valley College foundation has led to the College reporting an Income and Expenditure Account reserve deficit (£3.477 million at 31 March 2014). The underlying position in 2013/14 continues to be robust and projections show that the College should be able to manage the position long term.

2013/14 SUMs Outturn

26. The College's estimated outturn against its 2013/14 Weighted SUMs target is shown in Table 4 below.

Table 4: 2013/14 Weighted SUMs estimated outturn

	2012/13	2013/14
WSUMs target (including ESF and PACE WSUMs)	112,233	118,503
WSUMs 2012/13 actual / 2013/14 estimate	112,462	118,636
Excess	229	133

Source: Audited SUMs returns (2012/13) and College management information system (2013/14)

Financial Statements

Financial Position (Continued)

27. The audit of the SUMs return for the 2013/14 academic year is still to be carried out. To gain assurance over whether the College would meet its WSUMs target we performed an analytical review on WSUMs figures per Dominant Programme Group against last year and checked figures to FES reports from the student records system. At 30 May 2014 the student records system was showing that 117,609 WSUMs had been earned for 2013/14 and the College was forecasting that the remaining 894 WSUMs to target would be achieved before 31 July 2014.

FRS 17 Retirement Benefits

28. In 2013/14 the College accounted for its participation in the local government pension scheme as a defined benefit scheme. This is consistent with the accounting treatment adopted in previous years.

29. The College's pension liability increased in total by £3.024 million (2012/13: decreased in total by £1.955 million) to £10.202 million at 31 March 2014 which was largely due to changes in key actuarial assumptions relating to discount rates.

Capital Income and Expenditure

30. The main capital additions in 2013/14 related to the completion of the College's new Oil and Gas facility, which was funded by the SFC, and renovation of a number of parts of the main Falkirk campus buildings to enable staff and students from the Middlefield building to be relocated there.

31. The College plans to decommission and demolish the Middlefield building as it has now reached a condition where it is uneconomical to operate and unsuitable to accommodate staff or students. At 31 July 2013 Middlefield was included in the College's financial statements at an existing use value and this was revisited based on the current plans for the site. In line with the Education SORP a valuation was obtained by the College from an independent valuer on the basis of market value, with expected directly attributable selling costs deducted where material. Based on the valuation obtained we are content that the Middlefield site is included in the financial statements at an appropriate valuation.

32. FRS 15 – Tangible Fixed Assets and the SORP require that where a tangible fixed asset comprises two or more major components with substantially different useful economic lives, each component should be accounted for separately for depreciation purposes and depreciated over its individual useful economic life. The requirements of FRS 15 to capitalise and depreciate separately the components of what could previously have been treated as a single item ensures that the assets are charged to the Income and Expenditure Account over the periods in which they are consumed. We noted in last year's Annual Report that the new Alloa and Stirling campuses were depreciated on a component accounting basis in 2012/13 for the first time. We noted however that the Falkirk campus buildings had been depreciated over 32 years as a whole and not as separate components and recommended that component accounting was considered further for the College's other buildings in future years. Management advised that the College does not intend to adopt component accounting for the current Falkirk Campus. If and when a new Falkirk Campus is brought into use component accounting will be adopted for that building.

Financial Statements

Financial Position (Continued)

Provisions

33. The College has a provision in its balance sheet at 31 March 2014 of £7.536 million (31/07/13: £7.200 million) relating to pension costs from early retirements awarded to former employees. The College's approach to the valuation of the provision is to have an independent actuarial firm calculate this provision annually.
34. At 31 July 2013 there was a provision in the College's financial statements for £3.000 million for amounts that had to be repaid to the SFC when the College sells surplus land at Branshill, Alloa, up to a maximum of £3.000 million. The requirement to return these proceeds to the SFC was included as a specific condition of an offer of additional capital grant support of £3.000 million made to the College by the SFC on 6 July 2011. Following further discussion during 2013/14 the SFC has now rescinded this specific condition and the College has released the provision to the Income and Expenditure Account.

Forth Valley College Foundation

35. An arms-length foundation, the Forth Valley College Foundation, was set up in December 2013 into which the College has transferred £4.400 million by way of a donation in March 2014, and intends to transfer future surpluses. The objects of the Foundation are to advance the charitable purposes of the College to include the advancement of education by making grants and financial support for projects and activities being carried out by and supported by the College. The main reason for setting up the Foundation is that the Central Government budget mechanisms mean that the ability to use college reserves and surpluses in future periods is restricted.
36. To ensure that the Foundation is not consolidated into the College's financial results it requires to be independent of the College. During 2013/14 we have had discussions with College management in relation to the Foundation, including with regard to the composition of the Board, the accounting treatment of donations from the College to the Foundation and the amount that can be transferred. At 31 March 2014 we have determined that the Foundation is at arms-length from the College and does not require to be consolidated. This position will be reviewed annually looking at the ongoing operation of the Foundation. The College should ensure that procedures are in place to ensure that the Foundation is considered independent on an ongoing basis (see recommendation R1 Appendix II).

Corporate Governance

Corporate Governance

37. The College is responsible for ensuring that governance arrangements follow the three fundamental principles of openness, integrity and accountability and that these arrangements are in place to ensure the proper conduct of its affairs. Mechanisms to monitor the adequacy and effectiveness of these arrangements should also be in place.
38. Our responsibility, as noted in the Code of Audit Practice, is to review and report on audited bodies' corporate governance arrangements as they relate to:
- Bodies' reviews of corporate governance and systems of internal control, including reporting arrangements;
 - The prevention and detection of fraud and irregularity;
 - Standards of conduct and arrangements for the prevention and detection of corruption; and
 - The financial position of audited bodies.
39. Comments on the financial position and the College's Corporate Governance Statement are covered in the Financial Statement section of this report.
40. We have considered the College's governance arrangements through formal review of documents and procedures and informal observation of the operation of committee arrangements and the relationships between Board members and staff. In particular we have considered arrangements for risk management and reporting to committees. We did not identify any areas of concern regarding the College's governance arrangements.
41. The Post-16 Education (Scotland) Act 2013 includes provisions in relation to the identification of principles of good governance practice for the college sector. In anticipation of them coming into effect, the SFC invited the Regional Leads to convene a Steering Group to develop a draft 'Code of Good Governance for Scotland's Colleges'. The first stage of consultation took place in December 2013 when stakeholders were invited to provide comments on what should be included in the new Code, for consideration by the Steering Group. On 24 April 2014 the second stage of consultation commenced, with comments invited from all interested parties by 2 June 2014.
42. The Steering Group has taken a very deliberate decision to keep the Code focussed on the principles of good governance and not include practical guidance on best practice. In so doing, the aim is to achieve a more concise, accessible and unambiguous document that sets out clearly what is required of colleges. The draft Code sets out the principles of good governance across five main areas: Leadership and Strategy; Quality of the Student Experience; Accountability; Effectiveness; and Relationships and Collaboration. Colleges will be expected to comply with the new Code as condition of grant from the SFC or their regional strategic body. The draft 'Code of Good Governance for Scotland's Colleges' was provided to the Audit Committee on 1 May 2014 for information purposes and the College's procedures will be benchmarked against the final Code once issued.

Risk Management

43. Risk management is important for the development and on-going review of systems of internal control.
44. The College's Risk Management Policy and Procedure details the College's approach to risk capture, monitoring and reporting.
45. The College has a Strategic Risk Register which is reviewed by the Audit Committee. Risk is a standing item on the agenda for the Senior Management Team, all Board committees and the Board. There are also risk registers which are compiled and reviewed by each operating area of the College.

Corporate Governance

Systems of Internal Control

Control Environment

46. No material weaknesses in the accounting and internal control systems were identified during the 2013/14 financial statements audit which would adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements.
47. Some areas were however identified from our system controls testing undertaken during 2013/14 where controls could be further improved to bring more into line with good practice. These have been raised with management in order to consider possible mitigating action and some have already been addressed. Actions for improvement included:
- incorporating further segregation into the Sun finance system access controls for some members of staff;
 - making sure that staff do not have the ability to both raise and authorise a purchase request on the FIDO purchase order authorisation system;
 - remind staff that purchase orders must be completed for all transactions with the exception of those where the finance procedures do not require this;
 - considering what controls could be put in place to ensure that transactions processed by the administrator of the FIDO and Sun systems are appropriate;
 - reviewing the BACS transaction limits and requiring two electronic signatories;
 - ensuring that all cash income banking sheets are correctly completed and signed-off and that till rolls are always attached where available; and
 - implementing procedures to ensure that all journals and month-end reconciliations are reviewed and evidence of review is recorded.

Internal Audit

48. Audit Scotland's Code of Audit Practice directs us to maintain effective co-ordination with internal audit and place the maximum possible reliance on their work. Baker Tilly provided internal audit services to the College in 2013/14.
49. We have reviewed the scope and extent of work performed by internal audit during the year and considered the impact of their findings and conclusions on our work, where appropriate. We have also considered the adequacy of the provision and are content that the audit service is of good quality.
50. The annual internal audit report for the period ended 31 March 2014 did not identify any issues that affect our audit conclusions although highlighted some weaknesses identified in reviews undertaken during the period. These issues are currently being addressed by College management.

Fraud and irregularity, standards and conduct, and prevention and detection of corruption

51. During 2013/14 we had regard to ISA 240: The Auditor's Responsibility to Consider Fraud in the Audit of Financial Statements.
52. The College has appropriate arrangements in place regarding the prevention and detection of fraud, including Standing Orders and Operating Guidelines and Code of Conduct, Financial Regulations and an Anti-Fraud and Anti-Corruption Policy and Procedure.
53. No frauds were identified during the period from 1 August 2013 up to the date of this report.

Corporate Governance

Fraud and irregularity, standards and conduct, and prevention and detection of corruption (Continued)

54. The College has in place the following procedures / policies in relation to standards of conduct and prevention and detection of corruption:
- Standing Orders and Operating Guidelines and Code of Conduct;
 - Register of Board Members' Interests;
 - Anti-Fraud and Anti-Corruption Policy and Procedure;
 - Anti-Bribery Policy; and
 - Whistleblowing Policy.
55. The arrangements for maintaining standards of conduct and the prevention and detection of corruption are considered to be appropriate.

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Performance

Performance Audit

Introduction

56. The terms of appointment from Audit Scotland include a requirement for a proportion of our audit time to be spent on performance audit work. Performance audit work covers a variety of areas, both financial and non-financial, including both Audit Scotland centrally directed studies and locally determined studies based on agreement between each organisation and their auditors.
57. No mandatory performance audit studies were identified by Audit Scotland for the College during 2013/14 although Audit Scotland has requested auditors to provide information in a data set for use in a sector report. In particular it has requested information about voluntary severance schemes and payments. The College did not make any payments under a voluntary severance scheme during the 2013/14 period.

Education Scotland Review

58. We are required by Audit Scotland's Code of Audit Practice to contribute to the 'whole organisation' approach to inspection through co-ordination amongst auditors, inspectors and other scrutiny bodies. We therefore place reliance on the reported results of the work of statutory inspectorates in relation to corporate or service performance.
59. Education Scotland undertook their annual engagement review in April 2014 and feedback from this was positive.

College Performance Arrangements

60. The College does not have a formal mechanism to consider Audit Scotland reports however we have been advised this will be implemented in future when any new reports are received.
61. Arrangements for financial and non-financial management are established in the College, through the operation of the Senior Management Team and the Board and its various committees. This includes budget setting and monitoring structures.
62. The College's Standing Orders and Operating Guidelines and Code of Conduct, including its Scheme of Delegation records the performance management aspects of the Board and each committee, and where appropriate, their responsibility to take action to address issues in performance. Discussion with managers and our review of meeting papers and minutes confirms these responsibilities appear to be undertaken in an appropriate manner.
63. The College has a Corporate Plan 2014-18 and an annual 2013/14 Operational Plan.
64. Key performance indicators are set out in the Operating and Financial Review in the College's annual report.
65. The College has a Regional Outcome Agreement which is aimed at responding to the national objectives and priorities for post-16 education, and works with Local Authorities, Community Planning Partnerships, Skills Development Scotland and employers to ensure its education provision meets the needs of learners and the community. The College continues to work in partnership with organisations to achieve economies of scale and better efficiency.
66. In October 2013 the College undertook a self-evaluation against the targets set out in the 2012/13 Regional Outcome Agreement and this is planned to be done for the 2013/14 academic year as well.
67. The College's arrangements for performance management as outlined above are considered to be appropriate.

Outlook

2014/15 and beyond

68. The funding position will remain challenging going forward. The voluntary severances undertaken in the College in recent years has helped to reduce pay costs and assist the College in coping with the funding reductions. Commercial business and collaboration work has increased in 2013/14 which has helped grow income. However robust budget setting and monitoring arrangements will be essential in helping to achieve sustainability.
69. The College's total funding allocations for the 2014/15 academic year from the SFC for Teaching and Fee Waiver is £19.767 million, the same as that received for 2013/14 and with the same WSUMs target (118,503). The College's capital allocation for 2014/15 from the SFC is £1.411 million (2013/14: £1.414 million).

Post-16 Education (Scotland) Act 2013

70. The Post-16 Education (Scotland) Act 2013 makes provision: about the support for, and the governance of, further and higher education institutions, including provision for the regionalisation of colleges; for reviews of how further and higher education is provided; for sharing information about young people's involvement in education and training; and for connected purposes. The Bill for this Act of the Scottish Parliament was passed by the Parliament on 26 June 2013 and received Royal Assent on 7 August 2013.
71. The Scottish Government has identified Forth Valley College as making up the Central region and the College is not included in a regional grouping with any other college. The Designation of Regional Colleges (Scotland) Order 2014 came into force on 3 March 2014 and formally designated Forth Valley College, and the other nine colleges in single college regions, as regional colleges.
72. The Board of Management has been kept up-to-date regularly with information about the regionalisation process including the duties of regional colleges.

ONS Reclassification

73. The reclassification of incorporated colleges in Scotland as Central Government bodies from 1 April 2014 has a number of implications for budgeting, reporting and accounting practices and issues for consideration which the SFC has addressed through a series of Reclassification Communications and ONS Project Board Updates.
74. Other than the change in financial year-end the main practical impact of this change is that colleges are required to undertake monthly cash forecasts and report these to the SFC to ensure that they only draw down sufficient funding to meet forecast expenditure. The format of financial statements will also have to change from 1 April 2014 as Central Government bodies use the Government Financial Reporting Manual ('the FReM'). The changes for 2014/15 are not likely to be significant as the Education SORP is expected to take precedence over the FReM. No changes in accounting treatment are likely to be required although additional disclosure will be required, particularly in relation to remuneration and out-turn against budget.

75. Incorporated colleges and Regional Boards are also required to comply with the requirements of the Scottish Public Finance Manual (SPFM), except where directed by SFC's Accountable Officer.

SFC Financial Memorandum with Colleges

76. A draft of a new Financial Memorandum with Colleges has been issued by the SFC for consultation, setting out the formal relationship between the SFC and fundable bodies in the college sector, and the requirements with which fundable bodies are expected to comply in return for payment of grant by the SFC. This will be effective from 1 August 2014.
77. The draft Financial Memorandum shows a significant number of changes from the existing version, reflecting all the recent governance changes in the sector and the reclassification of incorporated colleges in Scotland as Central Government bodies.

Outlook

FRS 102 'The Financial Reporting Standard' and new Education SORP

78. The FRC has been implementing a convergence programme aligning UK Generally Accepted Accounting Practice (GAAP) to International Financial Reporting Standards (IFRS) and published three new FRSs (FRS 100, 101 and 102) with the substantive FRS 102 'The Financial Reporting Standard' representing the final step towards IFRS convergence. These three new FRS' become the new UK GAAP, which is fully IFRS-based. The new accounting standards come into force for accounting periods commencing on or after 1 January 2015 which means that 2015/16 will be the first reporting year. However, comparative figures for 2014/15 will be required.
79. In addition, a new Education SORP has been developed following the publication of the new FRSs and this received final approval from the FRC on 26 March 2014 following an extensive consultation process, and will also be effective from 2015/16. The new SORP was formally published in May 2014 and is available on www.fehesorp.ac.uk.

Appendix I

Audited Bodies' Responsibilities

Extracts from the Audit Scotland Code of Audit Practice

The Scottish ministers, elected members, governing bodies, boards, accountable officers, managers and officials have primary responsibility for ensuring that public business is conducted in accordance with the law and proper standards, and that public money is handled with integrity and spent appropriately. Public bodies and those responsible for conducting their affairs must discharge this accountability by establishing and maintaining proper governance arrangements and effective stewardship of the resources at their disposal.

Financial statements

Audited bodies' financial statements are an essential part of accounting for their stewardship of the resources made available to them and their performance in the use of those resources. Audited bodies are responsible for:

- ensuring the regularity of transactions, by putting in place systems of internal control to ensure that they are in accordance with the appropriate authority
- maintaining proper accounting records
- preparing financial statements which give a true and fair view of their financial position and their expenditure and income, in accordance with the relevant financial reporting framework (eg, the Financial Reporting Manual or an Accounting Code of Practice)
- preparing and publishing with their financial statements an annual governance statement, statement on internal control or statement on internal financial control and a remuneration report
- preparing consolidation packs and, in larger bodies, preparing a Whole of Government Accounts return.

Many audited bodies publish other information, such as an annual report, alongside the financial statements.

Audited bodies should prepare financial statements in accordance with statutory timescales or in good time to allow audits to be completed by any dates specified by sponsoring directorates or other bodies. Financial statements should be prepared in accordance with all relevant regulatory requirements and be supported by accounting records and working papers prepared to an acceptable professional standard.

Corporate governance arrangements

The three fundamental principles of corporate governance – openness, integrity and accountability – apply to all audited bodies, whether their members are elected or appointed, or whether they comprise groups of people or an individual accountable officer

Through its chief executive or accountable officer, each body is responsible for establishing arrangements for ensuring the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements.

Audited bodies usually involve those charged with governance (including audit committees or similar groups) in monitoring these arrangements.

Systems of internal control

Audited bodies are responsible for developing and implementing systems of internal control, including risk management, financial, operational and compliance controls.

They are required to conduct annual reviews of the effectiveness of their governance, systems of internal control, or internal financial control, and report publicly that they have done so. Such reviews should take account of the work of internal audit and be carried out by those charged with governance, usually through bodies' audit committees.

Rigorous self-evaluation should be a central part of audited bodies' performance management to support continuous improvement

Appendix I

Audited Bodies' Responsibilities

Prevention and detection of fraud and irregularities

Audited bodies are responsible for establishing arrangements to prevent and detect fraud and other irregularity.

This includes:

- developing, promoting and monitoring compliance with standing orders and financial instructions
- developing and implementing strategies to prevent and detect fraud and other irregularity
- receiving and investigating alleged breaches of proper standards of financial conduct or fraud and irregularity
- participating, when required, in data matching exercises carried out by Audit Scotland.

Standards of conduct and arrangements for the prevention and detection of bribery and corruption

Audited bodies are responsible for ensuring that their affairs are managed in accordance with proper standards of conduct and should put proper arrangements in place for:

- implementing and monitoring compliance with appropriate guidance on standards of conduct and codes of conduct for members and officers
- promoting appropriate values and standards
- developing, promoting and monitoring compliance with standing orders and financial instructions

Financial position of audited bodies

Audited bodies are responsible for conducting their affairs and for putting in place proper arrangements to ensure that their financial position is soundly based having regard to:

- such financial monitoring and reporting arrangements as may be specified
- compliance with any statutory financial requirements and achievement of financial targets
- balances and reserves, including strategies about levels and future use
- the impact of planned future policies and foreseeable developments on their financial position.

Best Value

The Scottish Public Finance Manual explains that accountable officers appointed by the Principal Accountable Officer for the Scottish Administration have a specific responsibility to ensure that arrangements have been made to secure Best Value. Best Value is defined as the continuous improvement in the performance of functions. This includes having regard to the concepts of economy, efficiency and effectiveness and the need to meet equal opportunity requirements, and contributing to the achievement of sustainable development.

Achievement of Best Value or value for money depends on the existence of sound management arrangements for services, including procedures for planning, appraisal, authorisation and control accountability and evaluation of the use of resources. Audited bodies are responsible for ensuring that these matters are given due priority and resources, and that proper procedures are established and operate satisfactorily.

Appendix II

2013/14 Annual Audit Report Recommendations

Para Ref.	Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date
36	<p>Financial Position</p> <p>Forth Valley College Foundation</p> <p>R1 The College should maintain an ongoing review of its involvement with the Foundation to ensure that this remains independent and that the Foundation does not need to be consolidated in the College financial statements in future.</p>	Medium	The Board of Management believes that it holds no control over the operations of Forth Valley College Foundation. The College however has recognised the risk that if the Foundation's operations are not seen to be independent this may lead to consolidation. This risk will be monitored by the audit committee to ensure independence is maintained.	Yes	Alison Stewart, Director of Finance	N/A as will need to be reviewed year on year

Grade

High	Issue subjecting the organisation to material risk and which should be dealt with as a high priority
Medium	Issue subjecting the organisation to significant risk and which should be addressed by management.
Low	Less significant matters, which would enhance efficiency, or do not require urgent attention but which should be followed up within a reasonable timescale.

Appendix III Follow up of 2010/11 Annual Audit Report Recommendations

Observation	Recommendation	Priority	Original College Response, Responsibility and Timescale	Update
<p>Corporate Governance The UK Corporate Governance Code requires the Chair should hold meetings with the non-executives without the executives present. The non-executive members should meet without the chair present at least annually to appraise the chair's performance and on such other occasions as are deemed appropriate. This is not done at the College.</p>	<p>We recommend that the non-executive directors meet periodically without the chair in order to appraise their performance.</p>	<p>Low</p>	<p>Agreed. Annual appraisal will be implemented. Ken Thomson September 2012</p>	<p>November 2012: Owing to the upcoming changes to the governance framework for further education in Scotland, the College has decided to hold implementation of this recommendation until the new systems / structure become clear. This was reported to, and approved by, the Audit Committee on 9 May 2012.</p> <p>November 2013: This did not happen in 2012/13 but arrangements are in place for this to be undertaken in 2013/14.</p> <p>June 2014: The Chair has the ability to meet with the non-executive Board member should they choose to. The Chair can also ask executives to leave the Board meeting for discussion of particular items if they feel this is appropriate. A survey was issued on 28 August 2013 to Board members and included a Board Skills Matrix, Fit and Proper Persons test Declaration, Board Member Annual Review (appraisal of members' own input), and Appraisal and Evaluation the Chair. The findings from this process were reviewed by the Vice-Chair and there were no points highlighted that required follow-up action.</p>

Grade

Low Priority – Recommendation which, although not addressing significant weaknesses, would either improve efficiency or ensure that the College matches current good practice.

Board of Management

Subject: Annual Report of the Audit Committee to the Board of Management	Agenda Item: 9
Date: 26 June 2014	FOR APPROVAL

1. Purpose of Report

To present to members the annual report from the Chair of the Audit Committee to the Board of Management.

2. Recommendation

That members approve the content of the report attached to this paper.

3. Background

There is an annual requirement for the Chair of the Committee to provide an overview of the Committee's activity to the full Board of Management. The report covers the previous financial year period.

4. Risk

Low.

Author: Bob Gil
Date: 18 June 2014

ANNUAL REPORT OF THE AUDIT COMMITTEE TO THE BOARD OF MANAGEMENT

1. Introduction

This report covers the 8 month period from 1 August 2013 to 31 March 2014

Membership of the Committee during that period was as follows:

Name	Attendance Record
Bob Gil	3 out of 3
Beth Hamilton	3 out of 3
Nigel Scott (Joined 6 February 2014)	1 out of 1
Colin Alexander (Joined 6 February 2014)	0 out of 1
Shona Struthers (As Finance Committee Chair)	2 out of 3

The Committee met on the following dates:

5 September 2013
26 November 2013
6 February 2014

2. Internal Audit

Internal Audit is governed by the Code of Audit Practice, as published by the Scottish Funding Council (SFC). The code requires internal audit to adopt a risk-based approach to its programme, and to undertake follow-up work to ensure that all recommendations accepted by College management have been implemented.

Audit Provider: Baker Tilly. Their charge for the period was £33,345. (Fees are based upon the degree of responsibility and skill of staff, and the time involved in the work. Fees for additional services or assignments are agreed separately in advance).

Annual Report on Audit Activities: The internal auditor's report on audit activities carried out during the year 2013–2014 was considered by the Audit Committee at its June meeting – (item 5 on the June 2014 Audit Committee Agenda). Internal Audit assignments were carried out broadly in accordance with the Audit Plan agreed by the Audit Committee in November 2013.

Achievements: The audit assignments were identified based upon a review of the College risk register, the identification of new systems being implemented within the College and those audits (i.e. SUMs) required on a rolling basis.

The specific audit reports produced for each assignment made recommendations for the improvement of internal procedures and controls, and each recommendation was given an agreed target date for implementation. The monitoring of internal audit recommendations was a standing agenda item on Audit Committee meetings during 2013-2014.

Effectiveness: On the basis of the work undertaken during the year the auditors have expressed an opinion that the College has “no major weaknesses in the College’s risk management, control and governance processes”.

2014-2015 Audit Plan: In accordance with the requirements of the Code of Audit Practice, the needs assessment and risk analysis has been reviewed along with the corporate audit plan. To enable effective forward planning, the College produced a three year outline audit plan for the College. This Plan will continue to be reviewed on a regular basis with the internal auditors and the Audit Committee to ensure that local requirements are met. A copy of this plan is attached.

3. External Audit

The Public Finance and Accountability Act (Scotland) 2000 transferred the responsibility for the appointment of external auditors for FE Colleges from Boards of Management to the Auditor General for Scotland. Audit Scotland, on behalf of the Auditor General, conducted a procurement exercise leading to the appointment of external auditors for the financial years 2011-2012 to 2016-2017.

Audit Provider: Henderson Loggie.

Auditors Report: The external auditor’s report on the Financial Statements for the year 2013-2014 is included as item 7 on the Board agenda. The audit was carried out during April/May 2014.

Management Letter: During the course of the audit the auditors performed overviews of the key financial systems of the College to assess their adequacy for the purposes of ensuring that accurate, timely and complete accounting records were being maintained. The recommendations resulting from this exercise are set out in the report of the external auditor.

4. Other Matters

During the past year, in addition to receiving reports from the internal and external auditors, the Committee also considered the following:

- Risk Register and treatment of significant risks

5. Adequacy and Effectiveness

The Committee accepts the views of the internal and external auditors that Forth Valley College’s internal financial and management systems are adequate and that the Board of Management’s responsibilities have been satisfactorily discharged.

Bob Gil
Chair
18 June 2014

Forth Valley College – Internal Audit Plan

Overview of the proposed three year internal audit programme following discussions with SMT on 18 March 2014:

Audit Area	Allocation of days		
	2014	2015	2016
HR Effectiveness Maintenance –	6	-	-
VFM review Business	6	-	-
Development – Phase II IT Help	4	-	-
Desk – Phase II	4	-	-
Payroll	4	-	-
Forecasting & Management Reporting	-	5	-
IT System Effectiveness	-	8	-
Marketing & Communication	-	5	-
Business Continuity – IT Systems	-	4	-
Compliance – Financial Regulations	-	4	-
Governance / Board Effectiveness	-	-	6
Curriculum Review Relationship	-	-	7
Management Delivery of	-	-	6
Strategic Objectives	-	-	8
SUMS	7	7	7
Follow up on previous reports	3	3	3
Audit management	2	2	2
Total Audit Days	36	38	39

Board of Management

Subject: Draft Budget 2015/16	Agenda Item: 10
Date: 26 June 2014	FOR APPROVAL

1. Purpose of Report

To submit the draft Budget for 2015/16 to the Board of Management for discussion and approval.

2. Recommendation

That the Board considers the budget and approves the budget for 2015/16.

3. Background

Until 2014 Colleges' financial years mirrored the academic year and the year end was therefore 31 July. Budgets would be presented to the Board of Management in June prior to the start of the new academic year in August.

The reclassification of FE colleges as being Arms-length Public Bodies from 1 April 2014 has resulted in a number of requirements in relation to budgets

- the year-end date has changed to 31 March and budgets must now be prepared on a financial year (FY) which runs April to March rather than an academic year (AY) of August to July.
- Draft budgets for the FY 2015/16 must be submitted to SFC by the end of June 2014 to feed into the Government budgeting cycle. Initial allocations to SFC will be announced in September 2014 with final allocations being confirmed in February 2015.

4. Key considerations

The budget as it stands is showing an operating surplus of £102k which excludes potential FRS 17 adjustments and does not incorporate any donation of surpluses to Forth Valley College Foundation.

Given the early preparation of the budget there is the potential for increased commercial activity. Any additional contribution from could be transferred to Forth Valley College Foundation.

The draft budget was considered and approved at the Finance Committee meeting of 17 June 2014.

5. Key Assumptions

SFC Income

- In January 2014 the SFC issued indicative allocations for AY 2014/15. The allocation for FVC is £19,766,913 based on delivery of 118,503 wsums. For 2015/16 Budget, it has been assumed that the wsums target and funding will remain the same as 2014/15.
- ESF Income for AY 14/15 is £527,287 of which £301,287 has been included within the 15/16 FY budget. Allocation is based on delivery of 3,161 wsums. It has also been assumed that this funding will continue for AY 15/16 and an additional £225,968 has been included in 15/16 FY Budget.
- Capital Maintenance grant of £740k to offset maintenance projects within operating costs
- FE Childcare grant of £454,167 which is offset by identical expenditure within Other Costs
- Other sundry SFC income of £71,304 has been included in relation to strategic funding for Engineers of the Future, Woods Report Adopter Grant and ESOL

Tuition Fees and Education Contracts

- Tuition fees are based on the Tuition Fee and Fee Waiver Policy.
- Education contracts includes our contract with SDS to deliver Modern Apprentices and Employability programmes, HEI Articulation programmes and a range of commercial contracts. HEI articulation income is based on approved programmes. Commercial contracts assume the renewal of all existing contracts with an increase in commercial delivery of Complex training.

Other Operating Income

- This is predominately refectory and commercial catering income together with rental income for Stirling campus and sundry other income.

Investment Income

- Assumes retaining an average working capital requirement of £2m cash.

Salary Costs

- Academic budget is based on delivery hours of 792 per fte required to meet wSUM target
- Support budget is based on current structures with additional posts relating to contracts incorporated
- Incremental increases are accounted for
- 1% inflationary increase is included for all grades effective from 1 August 2015
- LGPS and SPPA Pension contributions remain constant at 19.4% and 14.9% respectively and also reflect the increased costs resulting from the implementation of auto enrolment
- From FY 15/16 there are changes to National Insurance. HMRC have removed the Employer's rebate on National Insurance Contributions for employees in a Pension Scheme. This change results in additional costs of approx. £250,000.
- General Salary contingency of £100k.

Staff Related Costs

- Staff development costs have been reinstated to previous levels to allow for development which has been restricted due to budget constraints, with additional budget being provided for TQFE
- 2015/16 includes restructure travel allowance in relation to a teaching department moving to Alloa
- Other Staff related costs remain constant

Operational costs

- Assumes the Middlefield building will be demolished by FY 15/16 and includes savings of £50k from 14/15's Budget.
- Includes insurance costs of £115k (confirmation of whether College's are required to self-insure is still outstanding)
- Additional costs of delivering commercial contracts
- Capital Maintenance project costs of £740k have been included
- General operational costs contingency of £100k is included
- Other costs forecast to remain relatively constant

Other Costs

- Relate to Childcare costs which are offset by SFC income.

Other information

- Interest on Loan of £200k will be offset by capital maintenance grant.
- No provision is included for pension costs relating to FRS 17 valuations due to the unpredictable nature of such adjustments.

Higher Education Institutions (HEI) Articulation programme

- The budget includes an overall contribution of £700k in relation to the HEI activity. The 2014/15 provision includes the introduction of Digital Media and Computer Science programmes with Stirling University. These programmes roll over into the 2015/16 AY and the budget therefore includes provision for a year 2 group in addition to the existing year 1 group.

6. Risk Analysis – High

The impact of the ONS reclassification on budgets is complex and a number of issues remain outstanding. There is still a question mark over whether the year-end will remain at 31 March or switch back to 31 July for the 2015 Accounts. Either way a FY budget will still be required for Government budgeting processes. Other issues include the questions of insurance and the treatment of donations to arm's length foundations.

The potential impact of national bargaining has yet to be quantified.

Author: Alison Stewart	SMT: Alison Stewart
Date: 19 June 2014	Date: 19 June 2014

Appendix 1

Profit and Loss		Forth Valley College		
	2013-2014 Aug 13-July 14 Budget	2014-2015 Apr 14-Mar 15 Budget	2014-2015 Apr 15- Mar 16 Budget @ June 14	
Income				
SFC Grants	20,369,838	21,464,764	21,580,094	
DGR - Term Loan Interest	205,000	200,000	200,000	
Tuition Fees & Education Contracts	6,865,867	7,471,585	7,882,276	
Other Grants	45,500	48,133	48,400	
Other Operating Income	1,047,156	1,202,956	1,245,798	
Investment Income	45,000	20,000	20,000	
Internal Recharge Income	122,000	134,569	124,440	
Total Income	28,700,361	30,542,008	31,101,008	
Expenditure				
Salary Costs	20,802,961	21,958,574	22,637,568	
Staff Related Costs	337,116	376,476	386,787	
Operational Costs	5,927,370	6,574,400	6,558,454	
Other Costs	502,000	457,490	470,217	
Term Loan Interest	205,000	200,000	200,000	
Internal Recharge Expenditure	122,000	134,569	124,440	
Total Expenditure	27,896,448	29,701,510	30,377,466	
Trading Profit/(Loss)	803,913	840,498	723,542	
Non Cash Expenditure				
Depreciation	2,213,642	2,694,475	2,464,771	
DGR - SFC Capital expenditure	(1,504,209)	(1,991,483)	(1,843,284)	
Total Expenses	709,433	702,992	621,487	
Operational Surplus	94,480	137,506	102,055	
Revaluation Reserve	(623,383)	(618,705)	(564,024)	
Net Profit/(Loss)	717,863	756,211	666,079	

Board of Management

Subject: Board Calendar of Meetings	Agenda Item: 11
Date: 26 June 2014	FOR APPROVAL

1. Purpose of Report

To present the Board of Management with the proposed calendar of meetings for session 2014/15.

2. Recommendation

That the Board of Management approves the calendar of meetings.

2. Background

The proposed calendar (attached) has been developed based upon the existing calendar and the changes to key College activities as a result of the changed financial year end.

The dates have also been checked to ensure they avoid Local Authority school holiday dates.

3. Risk

Low risk

Author: Stephen Jarvie	SMT: Alison Stewart
Date: 19 June 2014	Date: 20 June 2014

**BOARD OF MANAGEMENT
CALENDAR OF MEETINGS 2014-15**

Date	Location	Start Time	Committee
Thursday 27 November 2014	Stirling	4.00 for 4.30pm	Audit
Thursday 19 February 2015	Stirling	4.00 for 4.30pm	Audit
Thursday 18 June 2015	Stirling	5.30 pm	Audit (Joint Meeting with Finance)
Thursday 18 September 2014	Alloa	4.00 for 4.30pm	Board of Management
Thursday 11 December 2014	Falkirk	4.00 for 4.30pm	Board of Management
Thursday 26 March 2015	Stirling	4.00 for 4.30pm	Board of Management
Thursday 25 June 2015	Falkirk	4.00 for 4.30pm	Board of Management
Tuesday 16 September 2014	Falkirk	4.00 for 4.30pm	Finance
Tuesday 25 November 2014	Stirling	3.30 for 4.00pm	Finance
Tuesday 17 March 2015	Falkirk	4.00 for 4.30pm	Finance
Thursday 18 June 2015	Stirling	4.00 for 4.30pm	Finance (Joint Meeting with Audit)
*Tuesday 21 October 2014	Alloa	4.00 for 4.30pm	HR (Inc. Nomination Committee)
*Thursday 23 October 2014	Alloa	4.00 for 4.30pm	HR (Inc. Nomination Committee)
Tuesday 18 November 2014	Alloa	4.00 for 4.30pm	HR (Inc. Nomination Committee)
Tuesday 24 March 2015	Alloa	4.00 for 4.30pm	HR (Inc. Nomination Committee)
Tuesday 16 June 2015	Alloa	4.00 for 4.30pm	HR (Inc. Nomination Committee)
<i>* Interview sessions for Board of Management positions</i>			
Thursday 11 September 2014	Falkirk	4.00 for 4.30pm	Strategic Development
Thursday 20 November 2014	Alloa	4.00 for 4.30pm	Strategic Development
Thursday 12 March 2015	Stirling	4.00 for 4.30pm	Strategic Development
Thursday 11 June 2015	Falkirk	4.00 for 4.30pm	Strategic Development

Subject: Proposal for Demolition of Middlefield Campus, Falkirk	Agenda Item: 12
Date: 26 June 2014	FOR APPROVAL

1. Purpose of Report

The purpose of this report is to seek Board of Management approval to :

- The proposed (SFC funded) demolition of the existing Middlefield Campus and preparing the brownfield site for future development/sale, as shown shaded in the photograph below.
- The expenditure of £490k, as this is above the Principal's delegated authority level.



2. Recommendation

That members –

- Approve the proposed (SFC funded) demolition of the existing Middlefield Campus and preparing the brownfield site for future development/sale.
- Approve the expenditure of £490k as this is above the Principal's delegated authority level.

3. Background

- Middlefield campus is currently one of the poorest buildings in the FE sector. An independent condition survey by Property consultants CBRE in September 2013, advised:
 - The Middlefield campus is generally considered to be in poor condition with total backlog maintenance of £8M. This investment however does not include a full refurbishment and will not provide a building fully compliant with current regulations.
- The entire annual maintenance budget for all campuses in the College for 2014/15 is £940k and insufficient to meet this requirement on an on-going basis.
- A 'RIDDOR' incident (Reporting Of Injuries Diseases and Dangerous Occurrences) at Middlefield in July 2013, required formal notification to the Health and Safety Executive and concerned the release of carbon monoxide gas from an old boiler adjoining the staff work room, fortunately there were no injuries.
- Agreement was reached with SFC in late 2013 to migrate all staff out of the Middlefield Campus by April 2014, with costs to be met by the College. This work was completed on programme and within budget on 31 March 2014.
- Agreement was also reached with SFC to consider demolishing the Middlefield Campus building, post migration of staff, preparing the brownfield site for potential development/sale.
- A justification for demolishing Middlefield and seeking SFC funding support was submitted to SFC on 1 May, copy attached.
- On 16 June 2014, SFC agreed to fund £490,000 from their College Strategic Fund budget for the demolition of the Middlefield campus.

4. Risk

There are significant risks in retaining the Middlefield Campus and these are summarised below:

- Significant Health and Safety risks, including Fire safety issues.
- Non-compliant with current building regulations, particularly mechanical and electrical services.
- Non-compliant with DDA.
- Concerns in the CBRE report over structural movement, concrete testing and drainage.
- Extensive asbestos in the building.

A timely and prudent 'Investment to Save' strategy of demolition will remove the above risks and realise the following savings and strategic outcomes:

- Remove £8M Backlog maintenance.
- Save requirement for £100k of security boarding up costs.
- Save £120k per annum of unbudgeted running costs associated with a dilapidated building.
- Save estimated £50k per annum on Middlefield rates and insurance.
- De-risk site for future development.
- Increase value of site by up to £490k.
- Secure an excellent site for the potential development of a new Falkirk Campus headquarters.
- Is consistent with the New Falkirk Campus Concept proposal, submitted to SFC in January 2014.
- The future investment potential of the site is maintained e.g. for residential development if site not required by FVC.
- Assist economic development in the Falkirk Gateway area, by acting as a potential Enabling Works for future development.
- Provide a critical focus to strengthen the Colleges future plans around its mission of 'Making Learning Work'.
- Strengthen and develop improved college and public sector/industry engagement, mutual leverage and value.
- Create an Improved environment by removing a dilapidated building adjoining the main campus.
- Allow Forth Valley College to avoid using £490k of project costs from the Arm's Length Foundation Trust.

5. Programme

- | | |
|--|------------------------|
| • SFC approved funding of Middlefield demolition | June 2014 |
| • Design team tendered and appointed | July 2014 |
| • Contractor tenders issued | August 2014 |
| • Building warrant approved and site start | September/October 2014 |
| • Project complete | February/March 2015 |

Author: Tom Gorman	SMT: Tom Gorman
Date: 18 June 2014	Date: 18 June 2014

**Proposal for SFC funded Demolition of
Middlefield Campus, Falkirk**



Tom Gorman

Director of Estates Development

29 April 2014

1. Introduction

This proposal is to seek £490,000 (inclusive of VAT) of funding support from SFC for the demolition of the 7,100 sq m vacant and dilapidated Middlefield Campus building in Falkirk, preparing the brownfield site for future development/sale, as shaded in blue in the aerial photograph below.



2. Background

- Middlefield campus is currently one of the poorest buildings in the FE sector. An independent condition survey by Property consultants CBRE in September 2013, advised:
 - The Middlefield campus is generally considered to be in poor condition with total backlog maintenance of £8M. This investment however does not include a full refurbishment and will not provide a building fully compliant with current regulations. The entire annual maintenance budget for all campuses in the College for 2014/15 is £940k and insufficient to meet this requirement on an on-going basis.
 - It is not currently DDA compliant.
 - It does not comply with current building regulations, particularly mechanical and electrical services.
 - It has significant Health and Safety risks, including Fire safety issues

- Further reports were recommended by CBRE on concerns over structural movement, concrete testing and drainage.
- There is extensive asbestos in the building.
- The last 'RIDDOR' incident (Reporting Of Injuries Diseases and Dangerous Occurrences) at Middlefield in July 2013, required formal notification to the Health and Safety Executive and concerned the release of carbon monoxide gas from an old boiler adjoining the staff work room, fortunately there were no injuries.
- Agreement was reached with SFC in late 2013 to migrate all staff out of the Middlefield Campus by April 2014, with costs to be met by the College. This work was completed on programme and within budget on 31 March 2014.
- Agreement was also reached with SFC to consider demolishing the Middlefield Campus building, post migration of staff, preparing the brownfield site for potential development/sale.
- It was agreed FVC would prepare a justification for demolishing the Middlefield campus and seek 100% funding support from SFC for this work.
- The justification for demolishing and seeking SFC funding support, are contained within sections 3 and 4 of this proposal.

3. Justification for demolishing the Middlefield campus

An options appraisal was carried out to determine the optimum solution for the Middlefield site, taking into account the new Falkirk Campus Concept proposals dated January 2014. Three options were considered:

Option 1, do nothing

Advantages

- Delays spending £490,000

Disadvantages

- Initial £100,000 unbudgeted Capital cost required to board up windows, doors, etc, to secure building and reduce the risk of destruction by vandals.
- Continued maintenance and other costs of £60,000 required per annum e.g. alarms, legionella, fire safety maintenance/testing, utilities, grounds maintenance, etc.
- Additional external Security Company costs of £60,000 required per annum, including evenings and weekend cover, to reduce risk of destruction by vandals.
- Estimated on-going rates and insurance costs of £50,000 per annum.
- Potential for negative media coverage.
- Negative reaction from students, staff, local partners, stakeholders and police, maintaining a dilapidated building.
- £490,000 costs of demolition still required at a future date.

The 'do nothing' option is not considered a viable option. It is worth noting that the two FVC janitors houses emptied and boarded up on the adjoining site approximately 5 years earlier, were completely destroyed by vandals after an 18 month period of significant disruption.

Option 2, Refurbish

Advantages

- Perceived cheaper option for future accommodation

Disadvantages

- CBRE have advised that the Middlefield campus is generally considered to be in poor condition with a requirement for backlog maintenance of £8M. In addition they have advised this investment does not include a full refurbishment and will not provide a building fully compliant with current regulations.
- The building is in excess of 50 years old and considered at the end of its useful life.
- There are existing structural, concrete, asbestos and fire safety issues.
- The building is insufficient to accommodate upper floor expansion without significant structural alteration and improvement.
- There are serious drainage issues which flood the low lying elements of the building with sewage on a regular basis.

A potential upgrade/refurbishment of Middlefield is not considered to be value for money given the significant backlog maintenance costs of £8M and limitations on structure, services, and drainage.

Option 3, Demolish

Advantages

- Secures an excellent site for the potential development of a new Falkirk Campus headquarters.
- Is consistent with the New Falkirk Campus Concept proposal, submitted to SFC in January 2014.
- De-risks site and increases value by up to £490k.
- Removes requirement for £8M Backlog maintenance.
- Removes exposure to vandalism and disruption and requirement for £100k of boarding up costs. In keeping with previous demolition contracts, this will also be the strong recommendation of the Crime Prevention Officer.
- Removes requirement for £120k per annum of running costs associated with a dilapidated building.
- Removes requirement for estimated £50k per annum for rates and insurance.
- Reduces Carbon Footprint, consistent with College Sustainability policy.
- Future investment potential maintained e.g. for residential development if site not required by FVC.

- Assists economic development in the Falkirk Gateway area, by acting as a potential Enabling Works for future development.
- Provides a critical focus to strengthen the Colleges future plans around its mission of 'Making Learning Work.
- Strengthens and develops improved college and public sector/industry engagement, mutual leverage and value.
- Creates an Improved environment by removing a dilapidated building adjoining the main campus.

Disadvantages

- One off investment in demolition costs of £490k required in 2014.

Conclusion:

The demolition of the existing Middlefield Campus building is regarded as the optimum solution.

4. Justification for SFC funding the demolition of the Middlefield Campus

- To date Forth Valley College have contributed £950k in funds as part of an enabling strategy to vacate the Middlefield building and to migrate all staff to refurbished facilities within the main building.
- Forth Valley College are now progressing the Outline Business Case (OBC) at their cost and with agreement from SFC, with both organisations aware that as yet there are no funds for a new estate. It is therefore recognised that this is an enabling project to put Forth Valley College in the best possible position should funds become available.
- SFC are asked to contribute the £490k to demolish the Middlefield building for the following reasons:
 - The overall cost of migrating staff from the dilapidated Middlefield building and subsequent demolition is £1.44m. FVC have already funded £950k of this sum from the 13/14 Capital budget and have budgeted £150k for the OBC.
 - FVC are unable to fund the remaining £490k shortfall from the 14/15 Capital budget.
 - SFC commitment to fund the demolition project will reduce dependency on future SFC grant, assisting the Business Case.
 - The £490k that FVC do not need to spend can be used as contingency within the Arms Length Foundation Trust (ALFT) for the next stage of the new build.
 - There is considerable interest in developing a new Falkirk Campus. Whilst it is recognised that capital funding is not yet available, an SFC contribution to a project of this nature would be a strong positive message to our partners eg INEOS/Falkirk Council, of the Governments continued commitment to investing in the Falkirk area.
- A timely and prudent 'Investment to Save' strategy by SFC to fund the £490k demolition costs will therefore realise the following savings and strategic outcomes:
 - Saves £8M Backlog maintenance.

- Saves requirement for £100k of security boarding up costs.
- Saves £120k per annum of unbudgeted running costs associated with a dilapidated building.
- Saves estimated £50k per annum on Middlefield rates and insurance.
- De-risks site for future development.
- Increases value of site by up to £490k.
- Secures an excellent site for the potential development of a new Falkirk Campus headquarters.
- Is consistent with the New Falkirk Campus Concept proposal, submitted to SFC in January 2014.
- The future investment potential of the site is maintained e.g. for residential development if site not required by FVC.
- Assists economic development in the Falkirk Gateway area, by acting as a potential Enabling Works for future development.
- Provides a critical focus to strengthen the Colleges future plans around its mission of 'Making Learning Work.
- Strengthens and develops improved college and public sector/industry engagement, mutual leverage and value.
- Creates an Improved environment by removing a dilapidated building adjoining the main campus.
- Allows Forth Valley College to save £490k of project costs within the ALFT towards funding for the full business case and contribution to the capital spend for the new estate.
- A SWOT analysis endorsing the justification of £490k funding support from SFC is included in Appendix A.

5. **Financial Summary**

Cost of Migrating staff from Middlefield	£950,000
Demolition of Middlefield building	£490,000
Total Cost	£1,440,000
<u>Deduct</u>	
FVC agreed contribution	-£950,000
Proposed SFC contribution	£490,000

6. Programme

- SFC approve funding of Middlefield demolition May 2014
- Design team tendered and appointed June 2014
- Tenders issued July 2014
- Building warrant approved and site start August/September 2014
- Project complete January 2015/February 2015

If approved in May 2014, anticipated completion would be 8 months later in January/February 2015, avoiding significant costs associated with securing and maintaining the building.

7. Conclusion

Demolition of the existing Middlefield campus is the optimum solution from a business, commercial and value for money perspective, de-risking the site, increasing the value and reducing future development costs.

Critical funding support from SFC of £490,000 will allow this option to be progressed quickly and remove the need for £8M of Backlog maintenance, £100k of security boarding up costs and £170k of running costs per annum. Any savings to FVC will be transferred into the College Arm's Length Fund for future reinvestment in the proposed new Falkirk Campus.

Demolition is also a strategic fit with College Estate plans, as described in the new Falkirk Campus Concept document submitted to SFC in January 2014 and currently progressing to Outline Business Case.

Funding of this work will also signal to students, staff, partners and stakeholders our continued intention to re-invest in our Falkirk Headquarter site, further reinforcing our mission of 'Making Learning Work'.

Appendix A

OBJECTIVE: SFC FUND DEMOLITION OF FVC MIDDLEFIELD BUILDING

SWOT ANALYSIS

Strengths

- § Strategic recognition for new campus and the appropriate phasing of developments.
- § FVC will be able to hold a contingency fund within the FVC ALF to support next phase of development
- § Available contingency will allow for progression to full business case without reverting to SFC.
- § FVC saves security and servicing costs.
- § FVC can ensure appropriate line of funds for essential repair and maintenance of campus to provide today's learners with continued high quality environment.
- § Recognised politically as an invest to save model.
- § Public money being used to help the Falkirk TIF initiative and Helix project and allowing the start of an anchor development to Gateway site.
- § Confident support to FVC Board and staff lifting morale - recognises commitment.
- § SFC are supporting FVC Strategic Plan.

Weaknesses

- § Whilst FVC could contribute the £490k to demolition this will dramatically reduce any funds to the college ALF.
- § SFC provide funds for Middlefield resulting in high expectation for SFC to fund whole project.

Opportunities

- § Brown field site signals to the business and community that the College is serious in developing Falkirk campus and potentially leveraging additional funds.
- § Decommissioning Middlefield allows FVC to focus on campus build and essential maintenance for main campus.
- § Allows OBC and potential FBC to run in parallel with demolition.
- § Weir blocks almost complete - a momentum is in place.
- § Early signs of development kick starts Gateway development for Falkirk Council.
- § Early demolition encourages Falkirk Council to discuss further developmental opportunities with FVC.

Threats

- § Without SFC and with the maintenance and repair costs currently requiring work through a phased programme, the threat is Middlefield becomes a 2-3 year programme - (1) Boarding up and (2) demolition. This is added cost to FVC.

Board of Management

Subject: Code of Conduct for Members of the Board of Management	Agenda Item: 13
Date: 27 March 2014	FOR APPROVAL

1. Purpose of Report

To present the new Code of Conduct for Members of the Board of Management for adoption as issued by the Employability, Skills and Lifelong Learning Directorate of the Scottish Government.

2. Recommendation

That the Board of Management approves and adopts the Code of Conduct as appended to this report.

3. Background

The Ethical Standards in Public Life etc. (Scotland) Act 2000 requires codes of conduct for relevant public bodies, of which the College is one. The Act requires Ministers to produce a Model Code which the public bodies are then required to adopt. Please see attached letter from Michael Cross for further information

4. Key Considerations

The College is required to confirm acceptance of the new Model Code of Conduct by no later than 22 August 2014.

Should members wish to amend any part of the Code, the College will need to enter into negotiations with the Scottish Government before this can be adopted

5. Risk

Low – The Model Code of Governance is a standard document which applies across many areas of the Public Sector in Scotland.

Author: Stephen Jarvie	SMT:
Date: 18 June 2014	Date:

Chairs of boards of management of incorporated
colleges (as per annex)

In 2014 Scotland Welcomes the World



22 May 2014

Dear chair

MODEL CODE OF CONDUCT FOR MEMBERS OF DEVOLVED PUBLIC BODIES

The Ethical Standards in Public Life etc. (Scotland) Act 2000 provides for Codes of Conduct for local authority councillors and members of relevant public bodies. The Act requires the Scottish Ministers to lay before Parliament a Model Code for Members of Devolved Public Bodies. Public bodies listed in schedule 3 of the Act are required to produce a Code of Conduct in line with the Model Code.

The revised Model Code was approved by Scottish Parliament on 4th December 2013 and we are now seeking your co-operation to ensure a new Code is produced and agreed by the Board of Management of your college.

Where relevant the revised Model Code, takes into account changes introduced in the revised Councillors' Code and also suggestions submitted to the public consultation. The changes introduced in the Model Code are proportionate and make it easier to understand.

In summary, the Model Code now highlights the need for Board members to have an awareness of their Board's policies in relation to a number of areas e.g. appointments, equality, diversity, succession planning, bullying and harassment in the workplace and the Bribery Act 2010. It introduces a new requirement for registration of gifts and hospitality over £50 and shares and securities which may be significant to or relevant to the work of the body.

We would now ask that Board of Management of your college adopts the revised Code **within three months**. If for any reason you are not going to meet this timescale could you please let me know as soon as possible.

The Commissioner for Ethical Standards in Public Life has prepared a model Code for incorporated colleges, based on one for general public bodies. A copy of this Code is attached. We would expect the Board of Management of your college to implement this in

full. If, however, in exceptional circumstances, you require to make an amendment or addition to the Code, we would ask that you refer this to us for further consideration, prior to adoption by your Board.

Please send a copy of the final Code adopted by the Board of Management of your college to Col Baird at colin.baird@scotland.gsi.gov.uk.

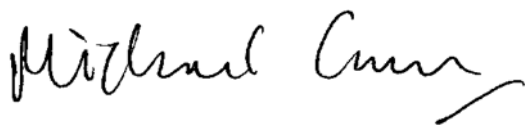
Once the Code is formally approved by Scottish Government, the Code and a copy of the approval letter will be passed to the Standards Commission for their records and for publication of the Code on their website.

If you require any further information about the Code, please do not hesitate to get in touch with Col Baird by email or by 'phone (0300 244 1412).

I am writing separately to the chair of the Regional Board for Glasgow Colleges, as the Regional Board has a slightly different model code to reflect differences in its underpinning legislation.

I am copying this letter to your college's principal.

Yours faithfully



MICHAEL CROSS
Deputy Director

Ayrshire College
Borders College
City of Glasgow College
Dumfries and Galloway College
Dundee and Angus College
Edinburgh College
Fife College
Forth Valley College of Further and Higher Education
Glasgow Clyde College
Glasgow Kelvin College
Inverness College
Lews Castle College
Moray College
New College Lanarkshire
North East Scotland College
Perth College
South Lanarkshire College
The North Highland College
West College Scotland
West Lothian College

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CODE of CONDUCT
for
MEMBERS
of
THE BOARD of MANAGEMENT of
FORTH VALLEY COLLEGE OF FURTHER AND HIGHER
EDUCATION

CODE OF CONDUCT for MEMBERS of the BOARD of MANAGEMENT OF FORTH VALLEY COLLEGE OF FURTHER AND HIGHER EDUCATION

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SECTION 1: INTRODUCTION TO THE CODE OF CONDUCT

1.1 The Scottish public has a high expectation of those who serve on the boards of public bodies and the way in which they should conduct themselves in undertaking their duties. You must meet those expectations by ensuring that your conduct is above reproach.

1.2 The Ethical Standards in Public Life etc. (Scotland) Act 2000, “the Act”, provides for Codes of Conduct for local authority councillors and members of relevant public bodies; imposes on councils and relevant public bodies a duty to help their members to comply with the relevant code; and establishes a Standards Commission for Scotland, “The Standards Commission” to oversee the new framework and deal with alleged breaches of the codes.

1.3 The Act requires the Scottish Ministers to lay before Parliament a Code of Conduct for Councillors and a Model Code for Members of Devolved Public Bodies. The Model Code for members was first introduced in 2002 and has now been revised in December 2013 following consultation and the approval of the Scottish Parliament. These revisions will make it consistent with the relevant parts of the Code of Conduct for Councillors, which was revised in 2010 following the approval of the Scottish Parliament.

1.4 As a member of the Board of Management of Forth Valley College of Further and Higher Education “the Board”, it is your responsibility to make sure that you are familiar with, and that your actions comply with, the provisions of this Code of Conduct which has now been made by the Board.

Appointments to the Boards of Public Bodies

1.5 Public bodies in Scotland are required to deliver effective services to meet the needs of an increasingly diverse population. In addition, the Scottish Government’s equality outcome on public appointments is to ensure that all appointments are more diverse than at present. In order to meet both of these aims, a board should ideally be drawn from varied backgrounds with a wide spectrum of characteristics, knowledge and experience. It is crucial to the success of public bodies that they attract the best people for the job and therefore it is essential that a board’s appointments process should encourage as many suitable people to apply for positions and be free from unnecessary barriers. You should therefore be aware of the varied roles and functions of the public body on which you serve and of wider diversity and equality issues.

1.6 You should also familiarise yourself with how the public body’s policy operates in relation to succession planning, which should ensure the public body have a strategy to make sure they have the staff in place with the skills, knowledge and experience necessary to fulfil their role economically, efficiently and effectively.

Guidance on the Code of Conduct

1.7 You must observe the rules of conduct contained in this Code. It is your personal responsibility to comply with these and review regularly, and at least annually, your personal circumstances with this in mind, particularly when your circumstances change. You must not at any time advocate or encourage any action contrary to the Code of Conduct.

1.8 The Code has been developed in line with the key principles listed in Section 2 and provides additional information on how the principles should be interpreted and applied in practice. The Standards Commission may also issue guidance. No Code can provide for all circumstances and if you are uncertain about how the rules apply, you should seek advice from the public body. You may also choose to consult your own legal advisers and, on detailed financial and commercial matters, seek advice from other relevant professionals.

1.9 You should familiarise yourself with the Scottish Government publication “On Board – a guide for board members of public bodies in Scotland”. This publication will provide you with information to help you in your role as a member of a public body in Scotland and can be viewed on the Scottish Government website.

Enforcement

1.10 Part 2 of the Ethical Standards in Public Life etc. (Scotland) Act 2000 sets out the provisions for dealing with alleged breaches of this Code of Conduct and where appropriate the sanctions that will be applied if the Standards Commission finds that there has been a breach of the Code. Those sanctions are outlined in **Annex A**.

SECTION 2: KEY PRINCIPLES OF THE CODE OF CONDUCT

2.1 The general principles upon which this Code is based should be used for guidance and interpretation only. These general principles are:

Duty

You have a duty to uphold the law and act in accordance with the law and the public trust placed in you. You have a duty to act in the interests of the public body of which you are a member and in accordance with the core functions and duties of that body.

Selflessness

You have a duty to take decisions solely in terms of public interest. You must not act in order to gain financial or other material benefit for yourself, family or friends.

Integrity

You must not place yourself under any financial, or other, obligation to any individual or organisation that might reasonably be thought to influence you in the performance of your duties.

Objectivity

You must make decisions solely on merit and in a way that is consistent with the functions of the public body when carrying out public business including making appointments, awarding contracts or recommending individuals for rewards and benefits.

Accountability and Stewardship

You are accountable for your decisions and actions to the public. You have a duty to consider issues on their merits, taking account of the views of others and must ensure that the public body uses its resources prudently and in accordance with the law.

Openness

You have a duty to be as open as possible about your decisions and actions, giving reasons for your decisions and restricting information only when the wider public interest clearly demands.

Honesty

You have a duty to act honestly. You must declare any private interests relating to your public duties and take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership

You have a duty to promote and support these principles by leadership and example, and to maintain and strengthen the public's trust and confidence in the integrity of the public body and its members in conducting public business.

Respect

You must respect fellow members of your public body and employees of the body and the role they play, treating them with courtesy at all times. Similarly you must respect members of the public when performing duties as a member of your public body.

2.2 You should apply the principles of this Code to your dealings with fellow members of the public body, its employees and other stakeholders. Similarly you should also observe the principles of this Code in dealings with the public when performing duties as a member of the public body.

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SECTION 3: GENERAL CONDUCT

3.1 The rules of good conduct in this section must be observed in all situations where you act as a member of the public body.

Conduct at Meetings

3.2 You must respect the chair, your colleagues and employees of the public body in meetings. You must comply with rulings from the chair in the conduct of the business of these meetings.

Relationship with Board Members and Employees of the Public Body (including those employed by contractors providing services)

3.3 You will treat your fellow board members and any staff employed by the body with courtesy and respect. It is expected that fellow board members and employees will show you the same consideration in return. It is good practice for employers to provide examples of what is unacceptable behaviour in their organisation. Public bodies should promote a safe, healthy and fair working environment for all. As a board member you should be familiar with the policies of the public body in relation to bullying and harassment in the workplace and also lead by exemplar behaviour.

Remuneration, Allowances and Expenses

3.4 You must comply with any rules of the public body regarding remuneration, allowances and expenses.

Gifts and Hospitality

3.5 You must not accept any offer by way of gift or hospitality which could give rise to real or substantive personal gain or a reasonable suspicion of influence on your part to show favour, or disadvantage, to any individual or organisation. You should also consider whether there may be any reasonable perception that any gift received by your spouse or cohabitee or by any company in which you have a controlling interest, or by a partnership of which you are a partner, can or would influence your judgement. The term "gift" includes benefits such as relief from indebtedness, loan concessions or provision of services at a cost below that generally charged to members of the public.

3.6 You must never ask for gifts or hospitality.

3.7 You are personally responsible for all decisions connected with the offer or acceptance of gifts or hospitality offered to you and for avoiding the risk of damage to public confidence in your public body. As a general guide, it is usually appropriate to refuse offers except:

- (a) isolated gifts of a trivial character, the value of which must not exceed £50;
- (b) normal hospitality associated with your duties and which would reasonably be regarded as appropriate; or
- (c) gifts received on behalf of the public body.

3.8 You must not accept any offer of a gift or hospitality from any individual or organisation which stands to gain or benefit from a decision your body may be involved in determining, or who is seeking to do business with your organisation, and which a person might reasonably consider could have a bearing on your judgement. If you are making a visit in your capacity as a member of your public body then, as a general rule, you should ensure that your body pays for the cost of the visit.

3.9 You must not accept repeated hospitality or repeated gifts from the same source.

3.10 Members of devolved public bodies should familiarise themselves with the terms of the Bribery Act 2010 which provides for offences of bribing another person and offences relating to being bribed.

Confidentiality Requirements

3.11 There may be times when you will be required to treat discussions, documents or other information relating to the work of the body in a confidential manner. You will often receive information of a private nature which is not yet public, or which perhaps would not be intended to be public. You must always respect the confidential nature of such information and comply with the requirement to keep such information private.

3.12 It is unacceptable to disclose any information to which you have privileged access, for example derived from a confidential document, either orally or in writing. In the case of other documents and information, you are requested to exercise your judgement as to what should or should not be made available to outside bodies or individuals. In any event, such information should never be used for the purposes of personal or financial gain, or for political purposes or used in such a way as to bring the public body into disrepute.

Use of Public Body Facilities

3.13 Members of public bodies must not misuse facilities, equipment, stationery, telephony, computer, information technology equipment and services, or use them for party political or campaigning activities. Use of such equipment and services etc. must be in accordance with the public body's policy and rules on their usage. Care must also be exercised when using social media networks not to compromise your position as a member of the public body.

Appointment to Partner Organisations

3.14 You may be appointed, or nominated by your public body, as a member of another body or organisation. If so, you are bound by the rules of conduct of these organisations and should observe the rules of this Code in carrying out the duties of that body.

3.15 Members who become directors of companies as nominees of their public body will assume personal responsibilities under the Companies Acts. It is possible that conflicts of interest can arise for such members between the company and the public body. It is your responsibility to take advice on your responsibilities to the public body and to the company. This will include questions of declarations of interest.

SECTION 4: REGISTRATION OF INTERESTS

4.1 The following paragraphs set out the kinds of interests, financial and otherwise which you have to register. These are called “Registerable Interests”. You must, at all times, ensure that these interests are registered, when you are appointed and whenever your circumstances change in such a way as to require change or an addition to your entry in the body’s Register. It is your duty to ensure any changes in circumstances are reported within one month of them changing.

4.2 The Regulations¹ as amended describe the detail and timescale for registering interests. It is your personal responsibility to comply with these regulations and you should review regularly and at least once a year your personal circumstances. **Annex B** contains key definitions and explanatory notes to help you decide what is required when registering your interests under any particular category. The interests which require to be registered are those set out in the following paragraphs and relate to you. It is not necessary to register the interests of your spouse or cohabitee.

Category One: Remuneration

4.3 You have a Registerable Interest where you receive remuneration by virtue of being:

- employed;
- self-employed;
- the holder of an office;
- a director of an undertaking;
- a partner in a firm; or
- undertaking a trade, profession or vocation or any other work.

4.4 In relation to 4.3 above, the amount of remuneration does not require to be registered and remuneration received as a member does not have to be registered.

4.5 If a position is not remunerated it does not need to be registered under this category. However, unremunerated directorships may need to be registered under category two, “Related Undertakings”.

4.6 If you receive any allowances in relation to membership of any organisation, the fact that you receive such an allowance must be registered.

4.7 When registering employment, you must give the name of the employer, the nature of its business, and the nature of the post held in the organisation.

4.8 When registering self-employment, you must provide the name and give details of the nature of the business. When registering an interest in a partnership, you must give the name of the partnership and the nature of its business.

¹ SSI - The Ethical Standards in Public Life etc. (Scotland) Act 2000 (Register of Interests) Regulations 2003 Number 135, as amended.

4.9 Where you undertake a trade, profession or vocation, or any other work, the detail to be given is the nature of the work and its regularity. For example, if you write for a newspaper, you must give the name of the publication, and the frequency of articles for which you are paid.

4.10 When registering a directorship, it is necessary to provide the registered name of the undertaking in which the directorship is held and the nature of its business.

4.11 Registration of a pension is not required as this falls outside the scope of the category.

Category Two: Related Undertakings

4.12 You must register any directorships held which are themselves not remunerated but where the company (or other undertaking) in question is a subsidiary of, or a parent of, a company (or other undertaking) in which you hold a remunerated directorship.

4.13 You must register the name of the subsidiary or parent company or other undertaking and the nature of its business, and its relationship to the company or other undertaking in which you are a director and from which you receive remuneration.

4.14 The situations to which the above paragraphs apply are as follows:

- you are a director of a board of an undertaking and receive remuneration declared under category one – and
- you are a director of a parent or subsidiary undertaking but do not receive remuneration in that capacity.

Category Three: Contracts

4.15 You have a registerable interest where you (or a firm in which you are a partner, or an undertaking in which you are a director or in which you have shares of a value as described in paragraph 4.19 below) have made a contract with the public body of which you are a member:

(i) under which goods or services are to be provided, or works are to be executed; and

(ii) which has not been fully discharged.

4.16 You must register a description of the contract, including its duration, but excluding the consideration.

Category Four: Houses, Land and Buildings

4.17 You have a registerable interest where you own or have any other right or interest in houses, land and buildings, which may be significant to, of relevance to, or bear upon, the work and operation of the body to which you are appointed.

4.18 The test to be applied when considering appropriateness of registration is to ask whether a member of the public acting reasonably might consider any interests in houses, land and buildings could potentially affect your responsibilities to the organisation to which you are appointed and to the public, or could influence your actions, speeches or decision making.

Category Five: Interest in Shares and Securities

4.19 You have a registerable interest where you have an interest in shares comprised in the share capital of a company or other body which may be significant to, of relevance to, or bear upon, the work and operation of (a) the body to which you are appointed and (b) the **nominal value** of the shares is:

- (i) greater than 1% of the issued share capital of the company or other body; or
- (ii) greater than £25,000.

Where you are required to register the interest, you should provide the registered name of the company in which you hold shares; the amount or value of the shares does not have to be registered.

Category Six: Gifts and Hospitality

4.20 You must register the details of any gifts or hospitality received within your current term of office. This record will be available for public inspection. It is not however necessary to record any gifts or hospitality as described in paragraph 3.7 (a) to (c) of this Model Code.

Category Seven: Non-Financial Interests

4.21 You may also have a registerable interest if you have non-financial interests which may be significant to, of relevance to, or bear upon, the work and operation of the body to which you are appointed. It is important that relevant interests such as membership or holding office in other public bodies, clubs, societies and organisations such as trades unions and voluntary organisations, are registered and described.

4.22 In the context of non-financial interests, the test to be applied when considering appropriateness of registration is to ask whether a member of the public might reasonably think that any non-financial interest could potentially affect your responsibilities to the organisation to which you are appointed and to the public, or could influence your actions, speeches or decision-making.

SECTION 5: DECLARATION OF INTERESTS

General

5.1 The key principles of the Code, especially those in relation to integrity, honesty and openness, are given further practical effect by the requirement for you to declare certain interests in proceedings of the public body. Together with the rules on registration of interests, this ensures transparency of your interests which might influence, or be thought to influence, your actions.

5.2 Public bodies inevitably have dealings with a wide variety of organisations and individuals and this Code indicates the circumstances in which a business or personal interest must be declared. Public confidence in the public body and its members depends on it being clearly understood that decisions are taken in the public interest and not for any other reason.

5.3 In considering whether to make a declaration in any proceedings, you must consider not only whether you will be influenced but whether anybody else would think that you might be influenced by the interest. You must, however, always comply with the **objective test** ("the objective test") which is whether a member of the public, with knowledge of the relevant facts, would reasonably regard the interest as so significant that it is likely to prejudice your discussion or decision making in your role as a member of a public body.

5.4 If you feel that, in the context of the matter being considered, your involvement is neither capable of being viewed as more significant than that of an ordinary member of the public, nor likely to be perceived by the public as wrong, you may continue to attend the meeting and participate in both discussion and voting. The relevant interest must however be declared. It is your responsibility to judge whether an interest is sufficiently relevant to particular proceedings to require a declaration and you are advised to err on the side of caution. If a board member is unsure as to whether a conflict of interest exists, they should seek advice from the board chair.

5.5 As a member of a public body you might serve on other bodies. In relation to service on the boards and management committees of limited liability companies, public bodies, societies and other organisations, you must decide, in the particular circumstances surrounding any matter, whether to declare an interest. Only if you believe that, in the particular circumstances, the nature of the interest is so remote or without significance, should it not be declared. You must always remember the public interest points towards transparency and, in particular, a possible divergence of interest between your public body and another body. Keep particularly in mind the advice in paragraph 3.15 of this Model Code about your legal responsibilities to any limited company of which you are a director.

Interests which Require Declaration

5.6 Interests which require to be declared if known to you may be financial or non-financial. They may or may not cover interests which are registerable under the terms of this Code. Most of the interests to be declared will be your personal interests but, on occasion, you will have to consider whether the interests of other persons require you to make a declaration. The paragraphs which follow deal with (a) your financial interests (b) your non-financial interests and (c) the interests, financial and non-financial, of other persons.

5.7 You will also have other private and personal interests and may serve, or be associated with, bodies, societies and organisations as a result of your private and personal interests and not because of your role as a member of a public body. In the context of any particular matter you will need to decide whether to declare an interest. You should declare an interest unless you believe that, in the particular circumstances, the interest is too remote or without significance. In reaching a view on whether the objective test applies to the interest, you should consider whether your interest (whether taking the form of association or the holding of office) would be seen by a member of the public acting reasonably in a different light because it is the interest of a person who is a member of a public body as opposed to the interest of an ordinary member of the public.

Your Financial Interests

5.8 You must declare, if it is known to you, any financial interest (including any financial interest which is registerable under any of the categories prescribed in Section 4 of this Code). If, under category one (or category seven in respect of non-financial interests) of section 4 of this Code, you have registered an interest

- (a) as the Principal of the College;
- (b) as a member of the teaching staff of the College having been elected from their number to the Board;
- (c) as a member of the non-teaching staff of the College having been elected from their number to the Board;
- (d) as a student of the College having been nominated by the Students' Association of the College to the Board; or
- (e) in relation to any particular experience or position which was relevant to / a reason for your appointment to the public body (for example, as director of an education authority)

you do not, for that reason alone, have to declare that interest.

There is no need to declare an interest which is so remote or insignificant that it could not reasonably be taken to fall within the objective test.

You must withdraw from the meeting room until discussion of the relevant item where you have a declarable interest is concluded. There is no need to withdraw in the case of an interest which is so remote or insignificant that it could not reasonably be taken to fall within the objective test.

Your Non-Financial Interests

5.9 You must declare, if it is known to you, any non-financial interest if:

- (i) that interest has been registered under category seven (Non-Financial Interests) of Section 4 of the Code; or
- (ii) that interest would fall within the terms of the objective test.

There is no need to declare an interest which is so remote or insignificant that it could not reasonably be taken to fall within the objective test.

You must withdraw from the meeting room until discussion of the relevant item where you have a declarable interest is concluded. There is no need to withdraw in the case of an interest which is so remote or insignificant that it could not reasonably be taken to fall within the objective test.

The Financial Interests of Other Persons

5.10 The Code requires only your financial interests to be registered. You also, however, have to consider whether you should declare any financial interest of certain other persons.

You must declare if it is known to you any financial interest of:-

- (i) a spouse, a civil partner or a co-habitee;
- (ii) a close relative, close friend or close associate;
- (iii) an employer or a partner in a firm;
- (iv) a body (or subsidiary or parent of a body) of which you are a remunerated member or director;
- (v) a person from whom you have received a registerable gift or registerable hospitality;
- (vi) a person from whom you have received registerable expenses.

There is no need to declare an interest if it is so remote or insignificant that it could not reasonably be taken to fall within the objective test.

You must withdraw from the meeting room until discussion of and voting on the relevant item where you have a declarable interest is concluded. There is no need to withdraw in the case of an interest which is so remote or insignificant that it could not reasonably be taken to fall within the objective test.

5.11 This Code does not attempt the task of defining “relative” or “friend” or “associate”. Not only is such a task fraught with difficulty but is also unlikely that such definitions would reflect the intention of this part of the Code. The key principle is the need for transparency in regard to any interest which might (regardless of the precise description of relationship) be objectively regarded by a member of the public, acting reasonably, as potentially affecting your responsibilities as a member of the public body and, as such, would be covered by the objective test.

The Non-Financial Interests of Other Persons

5.12 You must declare if it is known to you any non-financial interest of:-

- (i) a spouse, a civil partner or a co-habitee;
- (ii) a close relative, close friend or close associate;
- (iii) an employer or a partner in a firm;
- (iv) a body (or subsidiary or parent of a body) of which you are a remunerated member or director;
- (v) a person from whom you have received a registerable gift or registerable hospitality;
- (vi) a person from whom you have received registerable election expenses.

There is no need to declare the interest if it is so remote or insignificant that it could not reasonably be taken to fall within the objective test.

There is only a need to withdraw from the meeting if the interest is clear and substantial.

Making a Declaration

5.13 You must consider at the earliest stage possible whether you have an interest to declare in relation to any matter which is to be considered. You should consider whether agendas for meetings raise any issue of declaration of interest. Your declaration of interest must be made as soon as practicable at a meeting where that interest arises. If you do identify the need for a declaration of interest only when a particular matter is being discussed you must declare the interest as soon as you realise it is necessary.

5.14 The oral statement of declaration of interest should identify the item or items of business to which it relates. The statement should begin with the words “I declare an interest”. The statement must be sufficiently informative to enable those at the meeting to understand the nature of your interest but need not give a detailed description of the interest.

Frequent Declarations of Interest

5.15 Public confidence in a public body is damaged by perception that decisions taken by that body are substantially influenced by factors other than the public interest. If you would have to declare interests frequently at meetings in respect of your role as a board member you should not accept a role or appointment with that attendant consequence. If members are frequently declaring interests at meetings then they should consider whether they can carry out their role effectively and discuss with their chair. Similarly, if any appointment or nomination to another body would give rise to objective concern because of your existing personal involvement or affiliations, you should not accept the appointment or nomination.

Dispensations

5.16 In some very limited circumstances dispensations can be granted by the Standards Commission in relation to the existence of financial and non-financial interests which would otherwise prohibit you from taking part and voting on matters coming before your public body and its committees.

5.17 Applications for dispensations will be considered by the Standards Commission and should be made as soon as possible in order to allow proper consideration of the application in advance of meetings where dispensation is sought. You should not take part in the consideration of the matter in question until the application has been granted.

SECTION 6: LOBBYING AND ACCESS TO MEMBERS OF PUBLIC BODIES

Introduction

6.1 In order for the public body to fulfil its commitment to being open and accessible, it needs to encourage participation by organisations and individuals in the decision-making process. Clearly however, the desire to involve the public and other interest groups in the decision-making process must take account of the need to ensure transparency and probity in the way in which the public body conducts its business.

6.2 You will need to be able to consider evidence and arguments advanced by a wide range of organisations and individuals in order to perform your duties effectively. Some of these organisations and individuals will make their views known directly to individual members. The rules in this Code set out how you should conduct yourself in your contacts with those who would seek to influence you. They are designed to encourage proper interaction between members of public bodies, those they represent and interest groups.

Rules and Guidance

6.3 You must not, in relation to contact with any person or organisation that lobbies do anything which contravenes this Code or any other relevant rule of the public body or any statutory provision.

6.4 You must not, in relation to contact with any person or organisation who lobbies, act in any way which could bring discredit upon the public body.

6.5 The public must be assured that no person or organisation will gain better access to or treatment by, you as a result of employing a company or individual to lobby on a fee basis on their behalf. You must not, therefore, offer or accord any preferential access or treatment to those lobbying on a fee basis on behalf of clients compared with that which you accord any other person or organisation who lobbies or approaches you. Nor should those lobbying on a fee basis on behalf of clients be given to understand that preferential access or treatment, compared to that accorded to any other person or organisation, might be forthcoming from another member of the public body.

6.6 Before taking any action as a result of being lobbied, you should seek to satisfy yourself about the identity of the person or organisation that is lobbying and the motive for lobbying. You may choose to act in response to a person or organisation lobbying on a fee basis on behalf of clients but it is important that you know the basis on which you are being lobbied in order to ensure that any action taken in connection with the lobbyist complies with the standards set out in this Code.

6.7 You should not accept any paid work:-

- (a) which would involve you lobbying on behalf of any person or organisation or any clients of a person or organisation.
- (b) to provide services as a strategist, adviser or consultant, for example, advising on how to influence the public body and its members. This does not prohibit you from being remunerated for activity which may arise because of, or relate to, membership of the public body, such as journalism or broadcasting, or involvement in representative or presentational work, such as participation in delegations, conferences or other events.

6.8 If you have concerns about the approach or methods used by any person or organisation in their contacts with you, you must seek the guidance of the public body.

ANNEX A

SANCTIONS AVAILABLE TO THE STANDARDS COMMISSION FOR BREACH OF THE CODE

- (a) Censure – the Commission may reprimand the member but otherwise take no action against them;
- (b) Suspension – of the member for a maximum period of one year from attending one or more, but not all, of the following:
 - i) all meetings of the public body;
 - ii) all meetings of one or more committees or sub-committees of the public body;
 - (iii) all meetings of any other public body on which that member is a representative or nominee of the public body of which they are a member.
- (c) Suspension – for a period not exceeding one year, of the member's entitlement to attend all of the meetings referred to in (b) above;
- (d) Disqualification – removing the member from membership of that public body for a period of no more than five years.

Where a member has been suspended, the Standards Commission may direct that any remuneration or allowance received from membership of that public body be reduced, or not paid.

Where the Standards Commission disqualifies a member of a public body, it may go on to impose the following further sanctions:

- (a) Where the member of a public body is also a councillor, the Standards Commission may disqualify that member (for a period of no more than five years) from being nominated for election as, or from being elected, a councillor. Disqualification of a councillor has the effect of disqualifying that member from their public body and terminating membership of any committee, sub-committee, joint committee, joint board or any other body on which that member sits as a representative of their local authority.
- (b) Direct that the member be removed from membership, and disqualified in respect of membership, of any other devolved public body (provided the members' code applicable to that body is then in force) and may disqualify that person from office as the Water Industry Commissioner.

In some cases the Standards Commission do not have the legislative powers to deal with sanctions, for example if the respondent is an executive member of the board or appointed by the Queen. Sections 23 and 24 of the Ethical Standards in Public Life etc. (Scotland) Act 2000 refer.

Full details of the sanctions are set out in Section 19 of the Act.

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ANNEX B

DEFINITIONS

“**Chair**” includes Board Convener or any person discharging similar functions under alternative decision making structures.

“**Code**” code of conduct for members of devolved public bodies

“**Cohabitee**” includes a person, whether of the opposite sex or not, who is living with you in a relationship similar to that of husband and wife.

“**Group of companies**” has the same meaning as “group” in section 262(1) of the Companies Act 1985. A “group”, within s262 (1) of the Companies Act 1985, means a parent undertaking and its subsidiary undertakings.

“**Parent Undertaking**” is an undertaking in relation to another undertaking, a subsidiary undertaking, if a) it holds a majority of the rights in the undertaking; or b) it is a member of the undertaking and has the right to appoint or remove a majority of its board of directors; or c) it has the right to exercise a dominant influence over the undertaking (i) by virtue of provisions contained in the undertaking’s memorandum or articles or (ii) by virtue of a control contract; or d) it is a councillor of the undertaking and controls alone, pursuant to an agreement with other shareholders or councillors, a majority of the rights in the undertaking.

“**A person**” means a single individual or legal person and includes a group of companies.

“**Any person**” includes individuals, incorporated and unincorporated bodies, trade unions, charities and voluntary organisations.

“**Public body**” means a devolved public body listed in Schedule 3 of the Ethical Standards in Public Life etc. (Scotland) Act 2000, as amended.

“**Related Undertaking**” is a parent or subsidiary company of a principal undertaking of which you are also a director. You will receive remuneration for the principal undertaking though you will not receive remuneration as director of the related undertaking.

“**Remuneration**” includes any salary, wage, share of profits, fee, expenses, other monetary benefit or benefit in kind. This would include, for example, the provision of a company car or travelling expenses by an employer.

“**Spouse**” does not include a former spouse or a spouse who is living separately and apart from you.

“**Undertaking**” means:

- a) a body corporate or partnership; or
- b) an unincorporated association carrying on a trade or business, with or without a view to a profit.

Board of Management

Subject: Student Union Update	Agenda Item: 14
Date: 26 June 2014	FOR DISCUSSION

1. Purpose of Report

To advise the committee about the activities which are currently being undertaken by the Student Union in the lead up to the academic year end.

2. Recommendations

That members of the committee note the content of this report.

3. Key Considerations

Scottish Funding Council

As part of the regionalisation process colleges who underwent merger were able to access the SFC's Transformation Fund. The purpose of this fund was to enable the mergers to take place, and a portion was ring-fenced for students' association merger. This funding has been used to not only facilitate the merger of the students' associations but also to develop their infrastructure.

Because of the nature of the fund, those students' associations whose colleges weren't merging were not able to access it. However, a gap was evident between students' associations from non-merging regions, and those who merged under regionalisation. The former are therefore at risk of being left behind as other students' associations develop and move forward, and of being unable to fulfil the increased expectations on Scottish college students' associations put forward in the Post-16 Education Act, and in the Griggs Recommendation that students' association should be 'strengthened and become autonomous sustainable and appropriately funded.'

Student and staff representatives from Forth Valley met with Partnerships for Change to discuss, explore, and agree ways forward. The representatives agreed to have Partnerships for Change coordinate the development of their application to the SFC for additional funding to bring them in-line with the opportunities other students' associations have been able to access.

FVC was successful in the bid and were awarded funding over an initial two year period, allowing the Student Union to develop the main aims set out.

Charity Challenge Walk

This year due to the volume of students requiring food parcels from the local food banks at each campus, it was decided to organise a charity walk in order to raise funds and repay the food banks for their support. The walk took part on Tuesday the 20th of May and was set out as two routes- Falkirk to the Helix Kelpies and Falkirk campus to Alloa campus. The walk was well attended by both students and staff and participants were asked to donate sponsorship or food for the food banks.

Student Union Elections

The student elections are now complete and went very well with over 604 students getting involved and voting. It was particularly important this year as the role of President is now sabbatical. There were two candidates up for the post with Brian Quinn getting 284 votes and Lorraine Simpson receiving 319 votes, making Lorraine Simpson our new Sabbatical President. There were also two campus presidents elected for Falkirk and Stirling and we hope to have someone in the post at Alloa early on in the new term. There will also be two new part time positions created, a Learner Engagement Officer and an Education Officer.

Campus Chase

As the campus chase was so successful last year, the decision was made to continue with the event this year on the Stirling campus. The aim is to raise money and awareness for the college charity of the year Help the Heroes by complete a sponsored run around the college building. The winner with the fastest time around the building will be awarded with the Golden Guppy. Student honours went to BA Media and Communication student Liam Witt. Staff honours went to construction lecturer Mark Cruse.

4. Risk Analysis –Low

Author: David Gentles	SMT: Andrew Lawson
Date: 2 June 2014	Date: 2 June 2014

Board of Management

Subject: Commission for Developing Scotland's Young Workforce Final Report	Agenda Item: 15
Date: 26 June 2014	FOR DISCUSSION

1. Purpose of Report

The purpose of this report is to inform the Board of Management of the recommendations of the Commission for Developing Scotland's Young Workforce.

2. Recommendation

It is recommended that the Board consider the implications of the report for Forth Valley College.

3. Background

The Commission for Developing Scotland's Young Workforce (the Wood Commission) was set up in January 2013 to consider:

- How a high quality intermediate vocational education and training system, which complements our world-class higher education system, can be developed to enhance sustainable economic growth with a skilled workforce.
- How to achieve better connectivity and co-operation between education and the world of work to ensure young people at all levels of education understand the expectations of employers, and that employers are properly engaged.
- How to achieve a culture of real partnership between employers and education, where employers view themselves as co-investors and co-designers rather than simply customers.

The Commission published an interim report in September 2013 and this final report "Education Working for All!" was published on 3 June 2014. The final report includes 39 recommendations under the three broad headings of Education and Training, Involvement of Employers and Advancing Equalities. The full report can be accessed at this link <http://www.scotland.gov.uk/Publications/2014/06/4089>.

4. Key Considerations

The college is very well placed to respond to the recommendations of the report and welcomes the fact that some of the recommendations may provide opportunities and impetus for developments that are already within its strategic plan for 2014-2018.

The key themes in the report recommendations that are particularly relevant to the college are:

- i) **The introduction of vocational pathways, for senior phase pupils (S4-S6) which will allow them to achieve recognised vocational qualifications, through school-college partnerships, alongside their academic qualifications whilst they are still at school (Recommendation 1)**

Since the publication of the interim report, the college has been operating as an “early adopter”, with particular focus on the development of vocational pathways for school pupils in their Senior Phase (S4-S6). Around 75 S5 pupils will embark on a two year HNC programme across five subjects in August 2014. The focus over the next year will be on developing vocational pathways at NC level for 2015-2016, including the “Foundation Apprenticeships” highlighted in the report, and ensuring that pupils, parents/carers and, indeed, school staff, are fully aware of the available pathways and qualifications and their benefits for young people. Employer involvement in this process will be of prime importance, developing, where possible pathways into employment or apprenticeship.

- ii) **The promotion of enhanced skills alignment, access, progression, quality improvement and, growth in Modern Apprenticeship provision, as well as support for SMEs to recruit and support Modern Apprentices (Recommendations 7 – 10 and 20)**

As one of the most significant providers of Modern Apprenticeship (MA) activity within the sector, the college is well placed to take advantage of future opportunities these recommendations may provide. The college’s MA provision has grown by 75% from 145 in 2012-2013 to 254 in 2013-2014, particularly in Engineering, and now spans nine disciplines and all three campuses. In its discussion of Modern Apprenticeships, the report, in fact, highlights two examples from Forth Valley College: Engineers of the Future (page 30) and the new Creative and Digital Media Modern Apprenticeships in Digital Journalism (page 44).

- iii) Both of the above themes also emphasis a **focus on STEM (Recommendation 12)**. This is an acknowledged strength within the overall curriculum of the college and is reflected in our very strong links with key STEM industries and employers. Some examples are our partnership with OGAS; our integrated degree and Engineers of the Future programmes, which link college, university and industry; our status as the first college in Scotland to achieve STEM Assured status and our strong team of STEM Ambassadors across a number of college departments. We are already working with our school partners to develop more strategic and systematic approaches to promoting STEM learning to school pupils across Forth Valley and any further national efforts brought about as a result of the report will be welcomed.

- iv) **Support for young people at risk of disengaging from education (Recommendation 13)** Working in partnership with Opportunities for All coordinators within our partner local authorities, the college is already contributing significantly to this agenda and, in the last year, has increased and further focused this activity. For example, the School-College Opportunities to Succeed (SCOTS) course, in partnership with Falkirk Council, has been highly successful in introducing 120 young learners at risk of disengaging to vocational learning, and most will continue to learn at college in the forthcoming year. The college is now actively represented in school “case conferences” for learners at risk of leaving school without a positive destination and we have CPP agreement to seek ESF funding to support additional provision for young learners in this category.
- v) **The involvement of employers** is, as expected, a strong theme in the final report. Recommendations include the creation of regional, industry-led “Invest in Youth” groups; stronger business and industry partnerships with schools and colleges; industry-led skills planning and measures to encourage employers to recruit young people. Whilst the college already has strong business and industry partnerships in a number of areas we are aware that we need to enhance our understanding and awareness of our key sectors and secure greater involvement of business and industry in shaping our curriculum and this is clearly reflected in our strategic plan.
- vi) **Advancing equalities by addressing gender, ethnicity and disability inequalities in participation in vocational learning and the participation and progression of young people in or leaving care in vocational learning (Recommendations 27 – 29, 31, 34, 37)**
The college has a clear focus on equality and the promotion of diversity and welcomes these recommendations and the fact that they place the responsibility for eliminating inequalities in participation in vocational learning on all partners involved in education and careers advice and guidance. The college routinely analyses equalities data in relation to course participation and success as part of its self-evaluation process and is aware of persistent areas of gender imbalance in particular. We have made numerous attempts to address these locally, with limited success, and will welcome any national activity in support of this that may arise from the report.
- vii) **The development of Regional Outcome Agreements to include colleges’ key role in developing Scotland’s young workforce; a clear focus on employment outcomes and supporting local economic development, including meaningful and wide ranging partnerships with industry; and the enhancement of vocational education pathways. (Recommendations 4, 5 and 6)**
The report sets out eight key performance indicators, some of which are directly relevant to colleges (including attainment of vocational qualifications and post-college destinations). These recommendations emphasise the importance of including in Regional Outcome Agreements appropriate measures that recognise and reflect the above aspects of colleges’ roles in the development of Scotland’s young workforce. The challenge for the sector will be to define meaningful and measurable performance indicators in relation to these.

5. Next Steps

The key priorities for the college in the immediate term relate to points (i) and (v) above.

We will:

- Work with our school partners, through coordinated strategic planning groups in each local authority, to design vocational pathways at SCQF level 5 (referred to in the report as “Foundation Apprenticeships”) for implementation in 2015-2016, in place of the current Skills for Work provision. In doing so, we will follow the successful Engineers of the Future Family model and we will look for opportunities for the qualifications to be delivered jointly by the college and our partner schools.
- Engage more widely and deeply with employers, to ensure that the planned curriculum meets their needs for apprenticeship preparation. In our engagement with employers, we will also explore further opportunities for extending access to work experience and employer input across the full range of our provision and we will work with our local authority partners to coordinate this with school Senior Phase work experience opportunities.
- Implement a coordinated programme of engagement with school staff, parents and pupils, to ensure that they have a good understanding of the available vocational pathways and their value to senior school pupils as part of the Curriculum for Excellence Senior Phase, promoting parity of esteem with the academic qualifications young people can undertake in schools.
- The report including the above will be used with Scottish Government and SFC to ensure a proactive response and early intervention for funding as it becomes available.

6. Risk - Medium

The College is actively involved in many aspects of the recommendations within the Wood Commission. There is a risk that available funds could be distributed to schools and colleges who require considerable work to meet Wood Commission targets. Our approach will be to proactively identify new opportunities and build on existing programmes to maximise funding opportunities.

Author: Fiona Brown	SMT: Fiona Brown
Date: 14 June 2014	Date: 14 June 2014

Remuneration Committee

Meeting:	Remuneration Committee
Location:	Forth Valley College Stirling Campus
Date:	21 May 2014

Present: Dr B Blair (Chair)
Mr H Hall
Mrs A Mearns

In attendance: Mr A Lawson, Associate Principal HR and Student Services
(*except R/14006*)
Dr K Thomson, Principal (*for R/14/006 only*)

R/14/001 Apologies for Absence

None.

R/14/002 Declarations of Interest

There were no declarations of interest.

R/14/003 Minutes of Meeting held on 17 July 2012

It was noted that Mrs McKay was omitted from the previous meeting as being in attendance. The date and attendance of the previous meeting was raised as inaccurate. This was asked to be checked

R/14/004 Matters Arising

None.

R/14/005 Proposal for Principal and Chief Executive Salary 2014-2015

Mr Hall presented a paper on the remuneration arrangements for the Principal. He advised the Committee on the developments and performance of the Principal's work since his appointment and also reported on the impact, both internally and external, he has already made during his time as Principal.

The Committee approved the proposed remuneration for the Principal.

R/14/006 SMT structure 2014-2018 and recommended salaries 2014-2015

The Principal presented a paper on the revised SMT structure and recommendations for remuneration for SMT. He highlighted the change in job titles and emphasised the significance of linking these to the College's vision statements. He also advised the Committee of the prospective change in emphasis of one post which would include deputising for the Principal where appropriate.

Following discussion it was decided that the deputising role should be included for all of SMT and the most appropriate person, depending on the cover required, should represent the Principal in his absence.

The Principal highlighted the remuneration arrangements for SMT based on performance and additional responsibilities and accountability. He confirmed that these conditions were broadly compatible with the situation in other colleges

The Committee approved the remuneration for SMT and agreed that deputising for the Principal should be a shared responsibility.

R/14/007 Review of Risk

Medium.

R/14/008 Any other competent business

None.