

## **BOARD OF MANAGEMENT**



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### **Minute of Extraordinary Meeting of the Board of Management held on Wednesday 17 February 2016 at 3.00pm in the Boardroom, Langside Campus**

#### **Present**

Alex Linkston (AL) (Chair, External Member)  
Sandra Heidinger (SHei) (External Member)  
Stephen Henson (SHen) (Teaching Staff Member)  
Michaela Ibis (MI) (Student Member)  
Gordon McGuinness (GMcG) (External Member)  
Hollie Moran (HM) (Student Member)  
Alex Muirhead (AM) (External Member)  
David Newall (DN) (External Member)  
Gill Troup (GT) (External Member)  
Claire Walker (CW) (Support Staff Member)  
Susan Walsh (SW) (Principal)  
Michael Yuille (MY) (External Member) – until end of item 16.08

#### **Attending**

Tracy Elliott (TE), Director of Finance  
Eleanor Harris (EH), Depute/Vice Principal, Curriculum  
Brian Hughes (BH), Vice Principal, Strategy and Performance  
Lorraine McGaw (LMcG), Director of Organisational Development  
Janet Thomson (JT), Vice Principal, Resources  
Scott Gillon (SG), Wylie and Bisset - until end of item 16.08

#### **16.01 Welcome and Apologies**

The Chair welcomed everyone to the Extraordinary Board of Management meeting. There were no apologies.

#### **16.02 Declaration of Interests**

There were three declarations of interests. C Walker declared an interest in item 16.09, S Henson declared an interest in item 16.10, and E Harris declared an interest in item 16.11.

#### **16.03 Determination of Other Business**

There was one item of Other Business requested by B Hughes who wanted to provide information to members on the 2 year post merger review which was shortly to be undertaken by the SFC.

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### **16.04 Minutes of Board of Management Meeting held on 9 December 2015**

There were two amendments noted to the minutes of the 9 December 2015 which were on page 2 in the final paragraph of that page in the fourth last line to add after teaching and support staff “in those Colleges which are signatories to the NRPA”, and on page 6 in the Capital Masterplan item first and second paragraph both had a reference to Cardonald College which should instead refer to Cardonald campus.

With these two amendments the minutes of the meeting held on 9 December 2015 were approved.

### **16.05 Matters Arising - Action Grid**

The action grid was noted. Updates were given on the following action items in the grid:-

Item 15.09a – Publication of minutes. The Chair thanked everyone who had been involved in bringing the previous sets of minutes up to date. B Hughes gave an update on this item highlighting that the College lawyers Anderson Strathern had advised that there were potentially some data protection issues and some items which may be legally privileged. Therefore the minutes were currently with Anderson Strathern to review and consider any potential redactions. There was a query from a Board member on the timescale for concluding this and B Hughes indicated that Anderson Strathern had been requested to do their review as quickly as possible and they are aware of the Board’s position being a presumption to publish where possible.

The Chair took this opportunity to highlight to the Board that interviews were being held the next day for the Clerk to the Board. It was noted that the long leeting had already been completed and that three candidates were being interviewed as the final short leet stage in the process.

Item 15.25 – Articles of Governance. A point was raised on the Approval of the Revised Articles of Governance and B Hughes clarified that they were discussed at the Board development Day in early December and then an updated version including minor amendment as agreed at the Development day was approved at the December Board meeting.

Item 15.36 – Task Group Joint Report. E Harris updated that the communication to staff on the progress in relation to the Task Group had now been issued.

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### **16.06 Final Financial Statements for the Sixteen Month Period Ending 31 July 2015**

The Board received the final financial statements for the sixteen month period ending 31 July 2015. It was highlighted that there were no changes to the financial figures in the report since last reported to the Board in December. The main changes were in the Operating and Financial Review section and particularly in relation to the governance statement with the proposed changes being made to add more clarity.

T Elliott highlighted the main changes were on pages 16, 17, 30 and 33 of the financial statements as shown in the shaded areas of the distributed papers. The changes were: a new section on pages 16 and 17 titled Governance Matters which gave a list of factual events between February and October to help to provide context for the reader; page 30 now contained information in relation to the College's position in respect of national bargaining and the National Recognition and Procedures Agreement; and page 33, added some further detail on the data security breach item to provide greater clarity. It was noted that the dates in the three places at the signing pages of the statements should read 17 February rather than 17 January and this had been amended in the copies to be signed by the Chair and the Principal. Also T Elliott highlighted that at the beginning of the 5<sup>th</sup> paragraph on page 16 wording should be changed from "On 26 March" to 'In March'.

Two replacement pages were tabled which were page 15 and page 30. Page 30 had not previously stated compliance or non-compliance and this had now been amended in the tabled page to state that the College believes there has not been full compliance with the Code of Good Governance for Scotland's Colleges in 2014/15. This wording has now been agreed with the auditor. The tabled revised page 15 now contained an additional sentence as shown in the shading to make specific reference to the breach of the SFC delegated limit of £25k for non-competitive action. This had not been stated in the previous version.

M Yuille highlighted that as the revised page 30 states that the College believes there has not been full compliance with the Code of Good Governance for Scotland's Colleges during 2014/15, then the College needs to be prepared to answer the question should it be asked where was the lack of full compliance to allow for a swift response should that occur.

G Troup queried the wording of the fourth paragraph in the Governance Matters section in reference to the meeting of 23<sup>rd</sup> February where it stated at least one member stated they could not support the decision. It was agreed that the wording should be amended to read "The minutes of the meeting indicate that at least one member stated they could not support the decision".

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A Linkston indicated that the reference to his designation should be changed from Chair of NHS Lothian Health Board to Chair of NHS Forth Valley.

With those minor final amendments the Board approved the final Financial Statements for the sixteen month period to 31 July 2015 which would be signed today by the Chair of the Board and the Principal.

### **16.07 Annual Audit Report / External Auditor's Management Report for 2014/15 including Letter of Representation**

The Board were taken through Wylie and Bisset's Annual Audit Report by Scott Gillon. It was noted that the Board had already seen an earlier draft of this report at their 9<sup>th</sup> December meeting which had reflected the audit work undertaken to that date by Wylie and Bisset. The report as now circulated contained some updated sections as indicated in the shading in the draft for approval version with the changes highlighted on pages 3 to 4, 7 to 9, 12 to 13, 16 to 17 and 21 to 24.

S Gillon referred to page 35 of the report and highlighted two of the four bullet points in relation to the assessment of the external audit opinion. Firstly he highlighted that they are required to have an opinion on whether the financial statements are in agreement with the accounting records. He highlighted that it is the external auditor's role to review the financial information in the financial statements and assess whether the statements provide a true and fair view and are consistent with the Operating and Financial Review. In addition however he highlighted the fourth of the bullet points on page 35 of the report and advised that they need to consider their audit opinion on whether the Statement of Corporate Governance and Internal Control complies with SFC requirements. It is important for the auditor to review the corporate governance for the College for the reporting period and if the corporate governance statement had not stated that there had not been full compliance then Wylie and Bisset would have been unable to sign off on that point without qualification of their audit opinion.

Wylie & Bisset have had to complete further work along with Audit Scotland over last six to eight weeks to reach their final conclusions which has involved further review of paperwork and interviews with senior management. They are now able to sign off with an unqualified audit opinion and with their Annual Audit Report making a number of recommendation points in relation to corporate governance.

S Gillon also referred to the Judicial Review which they had become aware of fairly recently and that had been another aspect they needed to be consider in preparing the final wording of their Annual Audit Report.

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S Gillon ran through the Executive Summary of the Annual Audit Report and highlighted the unqualified audit opinion in section 1.2. He then provided an overview of the remaining sections in the Executive Summary on governance, regularity, and the remuneration report which is a new requirement for this financial period and of which they have undertaken an audit review..

He highlighted to the Board the two new sections on page 12 of the report which were in relation to Corporate Governance and the Judicial Review which was already covered in the Executive Summary, and a point on Information Disclosed to Auditors. This latter point had now been added as Wylie & Bisset feel that there were periods where some key events occurred during the period relating to these statements where they were not made aware of some matters as timeously as they could have been. There was also an additional section now on page 13 on Use of Public Funds which made specific reference to the amount of funds spent on legal fees and other costs such as HR consultancy and public relations and to the fact that one of the appointments for legal advice had exceeded the delegated financial limit for non-competitive procurement action.

The next change in Wylie and Bisset's report was on pages 16 and 17, section 5.3 which gave more detail on their review of the Colleges Statement of Corporate Governance.

S Gillon then highlighted the new section 8.2 in the report on Compliance with the Code of Good Governance for Scotland's Colleges on pages 21 to 24. Wylie & Bisset have given fairly detailed recommendations in this section and have assigned a high priority to these recommendations. He stated that Wylie and Bisset were comfortable that there are actions in place to ensure these points are addressed as soon as possible and that some are already being actioned.

There was a query from C Walker regarding page 9 of the report who queried the word 'decrease' in respect of total income between the comparison of 2014/15 and 2013/14 twelve month annualised figures. It was agreed this should read 'resulting in an increase' in the report rather than 'resulting in a decrease'.

T Elliott asked for further information on what was being referred to on page 12 in reference to information being provided timeously. S Gillon indicated that Wylie and Bisset had first heard about some points in the press and when the Board was removed in October they had found out about it from a third party. Also on the matter of the data security breach they had been informed of that rather late in the process hence Wylie & Bisset feel there were a number of occasions when could have been notified more timeously.

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Wylie & Bisset wished to place on record thanks to the senior management team particularly given the level of additional information that has had to be provided through the review process. This included helping to get information from third parties which was difficult to obtain, and some of which had some restrictions placed upon it.

D Newall queried what the auditor would expect the College to have done to provide information more timeously. S Gillon referred to only short time lags for information on the Principal's suspension information and the removal of the Board, however there had been a longer time lag for the data security breach. Normally, the first point of contact would be through relevant senior managers to the auditor.

S Walsh highlighted these were exceptional circumstances and she wished it to be a matter of record that senior management had done an excellent job. Senior management had been in a difficult position and had to act in a unique situation reacting to the many changes taking place at the time.

A Linkston emphasised that these had definitely been exceptional circumstances and positively acknowledged the work of senior management throughout the period. He gave the assurance of the Board that they will work with auditors to keep them fully informed on an on-going basis in future.

G Troup stated it was a helpful point to reinforce the message of thinking widely on who needs to be communicated with when circumstances occur.

The Board noted the External Auditor's Annual Audit Report and approved the financial statements for signing and approved the Letter of Representation for signing.

T Elliott referred to the Letter of Representation on page 36 of the Annual Audit Report and highlighted that the College and Wylie and Bisset have agreed that they should insert the words 'apart from the governance issues referred to in the 2014/15 Financial Statements' in the first sentence of the Letter of Representation.

S Gillon indicated that the items in the Letter of Representation are fairly standard and therefore they not asking Board to sign up to anything more than other clients. This Letter of Representation will be held on file by Wylie & Bisset.

S Gillon will ensure that the wording is up-dated in the Annual Audit Report for this item and the change to the wording on page 9 before the report is sent to SFC by the end of the week.

**Action: Wylie and Bisset**

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### **16.08 National Recognition and Procedures Agreement**

S Walsh indicated that the Board needs to consider the National Recognition and Procedures Agreement (NRPA) and decide how to proceed. The paper for the Board provides the historical background, charity trustee's requirements, the current position, and the issues to be considered to allow Board members to make an informed decision. The paper does not make a recommendation as this decision may have consequences for Board members as individuals and the collective view of the Board on this matter is sought for instruction as to how to proceed.

A Linkston indicated that he has been involved in collective bargaining over a number of years. However, the difficulty with the current process is that Glasgow colleges' issues are not represented. In his view the College should sign the NRPA but before that can happen the College needs representation in the process and there need to be to the negotiating framework. The College need to have a direct say in the process rather than through the Regional Board. He feels the position is quite clear when you read the legal advice supplied with the Board papers.

There was a query from a Board member of the option to have agreement in principle and if this was the case then what was the College bound by.

A Linkston stated that Colleges Scotland need to set up an Employers' Board to ensure that all Colleges are represented. All Colleges as employers should have a vote, agree who the negotiators are, and agree the red line boundaries for the negotiations. He highlighted that the three Glasgow Colleges comprise 25% of the sector workforce in Scotland and they are not represented at the negotiations at present.

There was a query on how many Colleges have not signed the NRPA and S Walsh indicated that it could be up to 13 Colleges as it was the three Glasgow Colleges and the Colleges in the University of the Highlands and Islands. It was noted that other Colleges can sign as they are represented at the negotiations. S Henson reported he believed there were 10 non-signatories to the NRPA.

C Walker asked whether not signing the NRPA affects us being compliant with the Code of Good Governance. It was clarified that at the moment the College needs to comply or explain and that signing the NRPA is a voluntary action. If the College doesn't sign the NRPA, then it has to explain to SFC why this decision had been taken. S Walsh highlighted that there is reference to national collective bargaining in Section 19 of the Code of Good Governance and that the code is linked to the SFC Financial Memorandum however the College could take a position of being supportive of college bargaining but need to explain why the decision was taken to not sign the NRPA.

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A Linkston indicated that he was happy to discuss with SFC and to explain the position of the Board. Staffing was the biggest single cost for the Board on an annual basis, and to have no representation on a body looking at the arrangements with its staff is not logical.

M Yuille stated that the principled stance is to support the collective framework with the option to comply or explain. Members have to act in the best interests of the charity as a trustee and it is not in the best interests of the charity to give away control of this matter.

A Muirhead queried what the Regional Board view was. B Hughes referred to OSCR guidance summarised in the paper and the Board would be delegating authority to others to run part of its affairs. Since national bargaining was introduced the assumption was that the Glasgow Regional Chair would be at the negotiating table. To do this the Regional Chair needs delegated authority which needs to be explicitly given and never has been.

S Walsh indicated that it had been discussed at Colleges Scotland at the beginning of the development of the national bargaining process that there would be employers who would not be represented. Also it was noted that there was a meeting between the three Glasgow Colleges, the Regional Chair, the GCRB Interim Executive Officer and Colleges Scotland some months ago at which this issue was discussed. At that meeting, the Regional Chair and the GCRB Interim Executive Officer accepted there was an issue which needed to be addressed.

S Heidinger asked whether there have been discussions with Colleges Scotland on what could be done and S Walsh indicated that there have been discussions. The Principals have been involved and Hugh Hall as the Chair for Colleges Scotland has prepared a proposal however the proposal would still have Colleges Scotland Board retaining power to do negotiations. The Principals have emphasised the need for an employer body to make the process work and the risk of the negotiating process being led by a subscriptions based organisation. There is a need to have a separate employers' organisation and agree the negotiation red lines.

A Linkston stated that as we are an assigned College then we are not represented under the current arrangements. The relationship with staff is the most important one we have and it is not right we are taken out of the process. In summarising the position from the discussion he said that in principle the College Board agreed with collective bargaining and in principle would support signing the NRPA although before the Board can do so it needs an employer representative framework. Colleges Scotland need to



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set up an employers' organisation with all employers represented, then the College can sign.

Board members agreed with the position as summarised by the Chair and that the College should not sign the NRPA under the current arrangements without representation as an employer. In principle members would support signing if a suitable employers' framework is in place in future.

D Newall indicated that he believes that is the best approach. He asked for information on the position of other colleges in Glasgow. S Walsh indicated that all in a similar position at this stage in terms of signing the NRPA and the issues with the overall framework. For Glasgow Kelvin College there is an affordability issue whereas for City of Glasgow College it is mainly a governance related issue.

M Yuille and S Gillon left the meeting.

### **16.09 Pay Award Offer to Support Staff**

C Walker declared an interest in this item and left the meeting.

It was noted that as the College is not a signatory of the NRPA then it is for the Board to decide whether or not to implement the pay award as offered by the NJNC Management side on 4<sup>th</sup> December and as contained in the Board papers. The College has previously stated that would follow the support staff offer as made through national bargaining for 2015/16 and it is recommended that we do follow the offer, however, that is a Board decision.

There was a question over what period the offer covered and it was clarified that the offer covered the period from April 2015.

There was a further query over holiday entitlement and the working week. L McGaw indicated that the College were already at 35 hours/week so no impact of that, however there was some impact from the extra two days holidays offered.

A Muirhead raised a question on the cost of the offer and T Elliott confirmed the cost as £190K of which £40K is the additional cost of backdating to April rather than August 2015.

D Newall asked how this would be funded as it was not in the budget. He asked whether it was still intended to use depreciation cash for this as indicated at the last Board meeting. T Elliott indicated that it would be funded through release of depreciation cash or through release of the contingency budget. She referred

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members to paragraph 3.2 of the report and that Scottish Government have set priorities for the use of depreciation cash as student support funding and 1% pay award.

The Board agreed to accept the recommendation to make the pay award to support staff which will be paid in the March pay run.

**Action: LMcGaw**

CW re-joined the meeting.

### **16.10 Pay Award Offer to Lecturing Staff**

S Henson declared an interest in this item and left the meeting.

S Walsh summarised the current position. As the Board have not agreed to sign the NRPA based on discussions on a previous item on the agenda, then Management need a decision on what to do in respect of a pay uplift for lecturers for 2015/16. The EIS have held campus meetings within the College. They are in dispute because the College has not signed the NRPA and have issued a vote of no confidence in the Board and the Principal. If the College does pay the lecturing staff then the local dispute remains because we have not signed the NRPA. It was noted that for Colleges that have signed the NRPA the EIS are balloting for national industrial action over the imposition of the proposed pay uplift.

The Chair indicated that if we have to be in dispute he believes it is in College's best interests to pay the uplift to teacher salaries. The spending implications of the pay uplift needed to be considered and if not done this fiscal year i.e. before end March then the College would be paying two awards in one fiscal year from limited funds.

S Walsh stated that the mechanisms would be to open up the local RPA and offer to enter negotiations.

S Heidinger queried the timing of the national ballot for strike action and it was noted that the ballot was to be opened on Friday 19<sup>th</sup> February and to remain open until 4 March.

There was a discussion on what action the Board should take and it was agreed that the Board should follow the national offer and open negotiations with EIS locally under the extant RPA. It was noted that the EIS are against imposing the pay uplift however it was further noted that there was a concern over the funding of the uplift if not progressed before the end of March.

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The Board agreed to Management offering to open negotiations with local EIS representatives and to pay 1% to lecturing staff back-dated to April 2015.

**Action L McGaw**

S Henson re-joined the meeting.

### **16.11 Voluntary Severance Scheme**

E Harris declared an interest in this item and left the meeting

L McGaw provided an overview of the voluntary severance (VS) scheme. It had been opened in October and had closed in December. In total there had been 55 applications. The purpose of the scheme was primarily related to changes associated with the Curriculum and Estates Review. It was emphasised that the College have applied to SFC to fund the scheme as part of the overall curriculum review for Glasgow.

C Walker raised a query over pension strain on the fund costs from the VS scheme. L McGaw confirmed that this was considered within the business case for any application and there were no pension strain fund costs.

S Heidinger inquired whether an equality impact assessment had been undertaken and L McGaw confirmed it was a voluntary process. It was noted that initial letters will be sent out this Friday.

The Board approved the VS proposals outlined in the paper subject to funding being made available from SFC.

**Action L McGaw**

L McGaw highlighted the management review which had previously been mentioned to the Board and an outline cost of this of an additional £130K had been included. S Walsh indicated that when the new College structure was set up at merger, it was stated that it would be reviewed after merger. One of CMT had left soon after merger and review discussions commenced early 2015 which had then stopped given other events. The College is now looking to revisit this review where the context has changed since the previous work including the impact of the Region.

A Linkston stated that it was important to look at all costs particularly given challenging financial times of the future.

E Harris re-joined the meeting.

### **16.12 Electronic Voting on Board Matters**

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B Hughes outlined that there may be occasions when the Board may wish to take decisions electronically i.e. by some form of email communication. This situation was currently not covered in the College Articles of Governance however it is anticipated that it will be written in at future stage when the next review of the Articles for the sector is completed. This paper covers the interim period for the College and it is proposed that a decision can be taken through email correspondence as if it had been agreed at a Board meeting.

G Troup asked for clarification on whether this would only apply to items previously discussed at a Board meeting or could include other items.

D Newall stated that it needs a mechanism. Electronic voting is too narrow as it is really electronic decision making.

It was stated that it is really a virtual Boardroom and that the wording of paragraph 3.1 of the paper should be that decisions would be recorded rather than homologated.

There was a discussion on responses from members and how the process would work. D Newall emphasised that the Chair's role was very important in this process. The Chair needed to summarise the position and then seek decisions. A Linkston stated that it was also not simply about a straight majority vote. If there is any significant disagreement, then the decision could be held over to the next Board meeting.

The proposal on electronic voting on Board matters was approved.

### **16.13 Scottish Funding Council Letter of Guidance 2016/17**

The Chair raised a question on gender equality for Board members and sought clarity whether this refers only to externally appointed Board members or does it refer to all Board. This will be important for recruitment of Board members currently being undertaken.

**Action: Clerk to Board**

It was noted that the sector as a whole is likely to receive flat cash and that once indicative funding to the Region is known then allocations will have to be agreed within the Region.

The report was noted.

### **16.14 Equalities Impact Assessment on Decisions Made**

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There had been discussion on equalities impact assessment of the VS scheme and on the gender equalities issue for Board membership.

### **16.15 Review of Papers**

The Board were content with the papers for the meeting.

C Walker asked whether there is a more environmentally friendly way of circulating the papers. B Hughes indicated that this had been raised previously and remitted to B Hughes /M Yuille to consider.

**Action: B Hughes/ M Yuille**

S Henson highlighted that he had been unable to open the papers on his new College device.

### **16.16 Any Other Business**

Although B Hughes had requested one other item of business at the start of the meeting the Chair indicated that there should be no other business on Extra Ordinary meetings hence there was no other business.

One item was however flagged in relation to the planned Board of Management Strategic Development Day. The Chair requested that 30 minutes be used for a strategic development discussion at the start of next Board of Management meeting in March.

**Action: Clerk to Board**