



Fife College Board

EXTERNAL EFFECTIVENESS REVIEW

Report compiled by Douglas Mundie
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Background

The revised Code for Good Governance of Scotland's Colleges requires each college Board to undertake an externally facilitated, independent, review of the effectiveness of its governance at least once every three years. In keeping with this requirement, Douglas Mundie was contracted to conduct a full review, including a personal interview with each Governor of the Board and each member of the Senior Management Team (SMT). These interviews were conducted in January 2017, following a prior observation of a full Board meeting on 21st December 2016.

Summary of Findings

Fife College is a college in transition, having been created from the merger of multiple colleges and their estates across Fife, and it is transforming into one sizeable college helping to provide tertiary education for the whole region through a more coherent set of campuses. In addition, the Principal of the College retired in November 2016, and the new Principal will take up his post on 1st March 2017. There is currently an *inter-regnum*, with appropriate arrangements in place to ensure the continuation of good governance by the Board, and continued leadership and oversight of the day-to-day running of the College.

Overall, the Board of Fife College is an effective one, exhibiting excellent attitudes towards its responsibilities and towards its students. The Governors exhibit a broad range of skills and experience across its membership, led by an experienced and well-regarded Chair. There is clear recognition throughout the Board of the significant challenges facing this College, in particular the inadequacy of their current funding resulting in the setting of a deficit budget, and the use of depreciation as "cash"; these risks, coupled with the risks involved with a major new build programme to provide modern facilities in the west of Fife, and the appointment of a new Principal, have kept the Board fully occupied in recent months. Nevertheless, individually and collectively, they remain focused on their core mission "to inspire and empower", and exhibit determination to make a success of the new College and the opportunities for students that it brings.

There are a number of development issues for the Board to consider:

- *Curriculum*: what is the Board's role in the oversight of the curriculum, and its involvement in the way in which Learning & Teaching at the College should develop and evolve?
- *Interaction with students and staff*: how effective are the current interactions in delivering an accurate awareness of issues given that it is a multi-campus college? How useful, both to the Board and to the staff themselves, is the current practice of staff presentations at Board meetings?
- *Provision of Information*: what level of detail is required in the Board papers, as opposed to that required by committees and the SMT?

- *Use of Board time:* how long should Board meetings last, and what is a reasonable Agenda to be tackled in that time, given the need for challenge and debate? Is there a role that IT could play in electronically providing the papers more securely and with greater interaction between Governors in advance of the meeting?
- *Personal Liabilities:* how well does every member of the Board understand their own liabilities in the eyes of the law when faced with the financial realities in which their College now operates?
- *Composition of the Board & Committees:* how should the current mix of skills, gender, and ethnicity develop in future in line with Government policy? Should there be a period of tenure established for the Chairs of Committees?

Each of these issues will be expanded on later in this Report. It is timely that there will be a Strategy Away-Day on the 31st January, and a Development Day in April, at which these issues can be addressed.

Effective Governance in practice

There are six principles enshrined in the five sections of the Code for Good Governance, and these are reflected in the attitudes of the Governors of Fife College:

1. *Leadership and Strategy:* to be effective, a Board needs to be clear on its objectives, its vision and direction, and this requires clear leadership at both Board and Committee level. This was demonstrated throughout the interviews in which there was clear respect for the knowledge and experience brought by each of the Chairs, including the explicit recognition of the challenge that good leadership should offer to committee discussions. There was recognition of the principles of ethical and strategic leadership, which are included in the Strategic Plan for the College and in its Outcome Agreement. There was concern expressed as well of the voluntary nature of the role of a Governor, and the need to balance their time commitments with the range of responsibilities needing their input – this leads to a tension between the amount of time people can offer to their role, and the amount of time needed to understand the issues and to challenge and debate thoroughly the issues facing the Board. A Senior Independent Member (SIM) has been appointed, but (as is the case with a number of colleges) the exact purpose of the role has caused some debate, and the College is involved in the national discussion of this, which is being led by CDN.

There is still some merging taking place of the Management Information Systems from the legacy colleges which led to some concern being voiced on the consistency of information; but overall, there was confidence voiced in the improvement of controls in place within the college.

2. *The Student Experience*: there are two student Board members, both of whom have been on the Board for less than one year. As the Students' Association has written into their Constitution that two sabbatical officers shall be the student Board members, their period of office is limited to just one year, unless they are recommended for a second term of office. This has proven to be useful in previous years where student Board members have had a second term of office. Inevitably, there is a huge amount of learning to be absorbed by a student in their first year, but there was a clear understanding expressed about the difference of being a student representative and that of being a member of a Board.

There is little interaction with the students or staff outwith the formal Board activities which leads to a question of how a broader awareness of views can be heard by the Governors, and whether or not such additional awareness is necessary. There appeared to be some appetite for this, and there were several suggestions (both from Governors, and from the students and staff) of ways in which more interaction could take place, and this should be discussed by the Board. Concern was expressed that the ten minute presentation by staff members at a Board meeting, while informative, and while the staff appreciated the opportunity to engage with the Board, the session came over as being squeezed into a time-pressured meeting, and as such did not encourage a “deep dive” in to understanding the issues being presented; it was also questioned about whether this was a good use of staff time, and perhaps a longer session as part of a themed Board meeting could allow for broader discussion and understanding. In reality, when the sessions were established, they were intended to brief Board members on the activities of the College staff as part of the establishment of the new regional College and to augment training for Board members. The sessions are due to be completed in June 2017 and any further development will be discussed thereafter.

Surveys of both student and staff opinions have been carried out, but there is some uncertainty about the usefulness of the approach to date, in particular with the choice of questions used in the staff survey. It was also unclear whether or not the actions coming from the survey results were fully implemented.

Of greater significance is the current discussion over whether or not there should be a sub-Committee of the Board formed to focus on Learning & Teaching. At present, such a Committee is a staff committee, rather than a sub-Committee of the Board, and the debate will be about whether an additional Board Committee should be formed. This will bring into sharp focus the distinction in roles between those of a Board and those of the Executive. A Board needs to concentrate on strategic issues, and not become embroiled in the operational issues which are the remit of a SMT executive; if formed, the two committees would have to have carefully crafted, complementary, remits. At present, the Board consider this area through Curriculum issues being a standing item for report by the Principal at the beginning of the Agenda of every Board meeting. The

oversight of the curriculum of a college is at the very heart of this debate; some colleges have such a Board committee, others do not – so learning from the experience of others should prove helpful in the discussion on this topic scheduled for the Board’s Strategy day on 31st January. The conclusion of this debate will then underpin the delivery of relevant and high quality learning in Fife College.

The engagement of the College with external bodies in delivering a high-quality experience for the learner could be more effective –the report from Education Scotland did not seem to recognise the College was in transition. Efforts to engage with other institutions locally, and with Fife Council, are increasing, and starting to show results.

3. *Accountability and Risk*: there is clarity in the accountability of committees and Chairs; the Scheme of Delegation was approved at the Board meeting on 21st December 2016; the Outcome Agreement KPIs are reviewed regularly through the agendas of the Board and its sub-Committees. There are two separate Boards, that of the Adam Smith Foundation (ASF), and that of the subsidiary company Carnegie Enterprise Ltd (CEL). The ASF is a separate company and registered charity which was set up to fundraise and attract scholarships to support students. It reports to the main Board through the provision of its Minutes following their Board meeting. CEL is responsible for the commercial activity in its business (c.£1m p.a.), but this is only a small part of the commercial activity of the College. The Minutes of its meetings go to the Finance, Commercial & Estates Committee (which has oversight of the commercial activity within the College) and also directly to the Board for the scrutiny of its wholly-owned subsidiary. This is not duplication, but a necessary part of the governance of these activities.

Turning to the management of risk, there is a detailed Risk Register in place which is reviewed regularly. Both the internal and external Audit Reports comment favourably on the controls that are in place. As might be expected, the Board appears to be more risk-averse than the SMT, and that should bring forward a constructive debate on strategic issues. On papers coming to the committees and Board, it might be worth adopting a practice used elsewhere to put focus on the implications of any recommendations in a paper by having three short summary statements at the end of a paper stating what the author’s perceptions are of: 1) the Risks assessed, 2) any implications for Equality and Diversity issues, and 3) any Financial implications. This can give reassurance to the readers that such issues have been considered, and whether or not they need further debate. It may be that the statements simply say that there are no such risks envisaged, but that in itself can provide a degree of reassurance that the issues have been considered.

The Audit Committee has a chair who is experienced through his private sector career in assessing risk, and who is well-regarded as understanding the role and risks examined

by the committee. Challenge within the committee is robust and is encouraged, and there is evidence of a determination to focus on detail. Positively, the Audit and the Finance Committees meet together annually with the Auditors to discuss together the past year, and to assess future risks – this is good practice to ensure a breadth of understanding across the Board. The Audit Committee can also meet in private with external advisors, should there be a need. The Remuneration Committee is a part of the Chair's Committee (which embraces Governance, Nominations, and Central Communications as well) but it is clear that Remuneration is chaired by the Depute Chair of the Board, not the Chair, when it is convened in that mode. The Board recognises the need for the members of the Remuneration Committee to undertake the training module available on the CDN Governance Hub, and this is being monitored by the Board Secretary. By design, the Chair of the Board does not attend or intrude in the work of its sub-Committees, but he may attend by invitation should his counsel be sought.

4. *Board Effectiveness*: The remits of the Committees are clear, and do not provide overlap with those of other committees; discussions with the staff who support these committees demonstrate a clear understanding of their roles. Minutes are taken and actions recorded; follow-up is then pursued at the subsequent meeting. It is not clear what the period of tenure is for Committee Chairs; this should be considered and documented to ensure that the role is refreshed on a known basis.

The makeup of the Fife College Board is well-balanced across the range of skills and experience required. There is a clear matrix maintained of the requirements and who meets which ones. If there is a weakness, it could be argued that one more individual with a financial background would be helpful, and could join the Finance Committee, as the only individual with financial training is already a member of the Audit Committee – good governance practice will exclude the same person from membership of the Finance Committee. It might be helpful if someone with a background in IT was also recruited at some point. The Register of Interests is available online, both for Board members and for the SMT. The Chair of the Board is well-regarded both by fellow board members and by the staff and student members. He is seen as an effective chair, who has the experience and knowledge necessary for the role, and who maintains and uses external networks for the benefit of the College. Observation at the December Board meeting showed that challenge was encouraged, and each board member was drawn out where necessary to ensure that they contributed to the discussion. The student members in particular were encouraged to speak, and the student voice always gets time within the Board meeting to update the Board and express their views.

It is not possible to comment directly on the way in which the Principal interacts with the Board as the previous Principal retired in November 2016 and the new Principal takes up the post in March 2017. The appointment process for the new Principal was

examined, and is regarded by everyone as open, transparent, and inclusive – even by those whose personal preference within the final candidates did not secure majority support. There is universally a positive attitude towards the eventual appointee, and his arrival is awaited keenly. There is an *inter-regnum* arrangement in place meantime, where the leadership of the College is shared between the three members of the SMT; the Chair meets with them fortnightly to review activities. The Chair is however clear that in doing so, he is not straying into operational issues; his role is to provide support and a sounding board for the individuals, should it be required.

The Board Secretary, who reports directly to the Chair, is also well-regarded, not just for the efficiency with which papers are produced and circulated, but for the support given at all times to Board members. There has been a long period of significant change within the college, and the experience and knowledge brought by the Board Secretary is seen as invaluable. Where support or guidance is sought by Board members, it is willingly provided. Her role on the Board Secretaries Steering Group and Network helps to ensure that Fife College is abreast of national developments and changes in guidance for the sector. The Board Secretary also circulates Colleges Scotland's press cutting briefing service by email each morning – this is welcomed by as many Board members as those who find it adds too much to the burden of information overload. It was noted that Governors can opt out of the service should they choose to do so!

The agendas and papers for the Board and the Committees are produced timeously, and the Board Secretary is universally praised for her role in ensuring the clarity of the papers, and for ensuring that actions are minuted and followed-up by the relevant people. There is a real concern about the quantity, rather than the quality, of information contained in each paper, which leads to a commonly-expressed view that either there is too much on each agenda to discuss properly in the given time-frame of three hours, or that too much information is provided, and that more concise papers would lead to more detailed and constructive discussion. To ease this pressure, a system of starred items i.e. those items requiring discussion, has been introduced; it has also been suggested that an Executive Summary could be used to précis the information in any paper, but that brings with it the risk that the detail in the paper is never read. It could be argued that the Board should rely more on the scrutiny of this detail at committee stage, and that a more concise version of the discussions should come to the Board. This is a common challenge in the Education sector, and a more radical approach (taken elsewhere) would be to structure the Board papers and agenda around an update and review of the agreed KPIs for the College, with Committee Chairs reporting verbally against key variances (positive and negative) as discussed at Committee meetings. Alternatively, the length of the Board meeting could be increased, although this impacts unfavourably with those Board members in full-time employment elsewhere. Again, this is planned for discussion at the Strategy Day. Agendas and Board Minutes are available online on the College website, but the Board papers are not; the Board has

considered this and included it in their forward Action plan; however, it is also being discussed by Board Secretaries Steering Group & Network as it is an issue of concern for most colleges.

The composition of the Board is currently around 60% male, and 40% female. It is acknowledged that this is not the 50:50 split sought by the Government, but the Board has prioritised the recruitment of skills above gender balance to ensure the effectiveness in staffing the committees. The Board needs to consider in addition whether all its relevant stakeholders are represented, and whether its makeup reflects the ethnicity of the College as well. There is also a need to consider succession planning, both for the Chair, and to maintain the balance of skills and experience on the Board, taking into account current Government guidance on Equalities legislation.

5. *Individual Effectiveness*: inevitably, the length of service and experience varies amongst Board Governors, and as a result, there are different experiences of their personal roles on the Board and committees. It was clear that there is willing support from the SMT for Board members who have questions arising from papers received, and that any formal training needed by the Board or its individual members is encouraged and delivered. Over half of the Board has undertaken the national CDN training seminar required by Government, and the remaining members have diary dates established. There is an annual development meeting conducted by the Chair, and a record of development needs recorded from that meeting. There are personal performance measures in place for the Principal, and the Chair's Committee reviews these at least annually. At present, there is no input from the students and staff into the setting of the Principal's salary, as recommended in the Code for Good Governance.

Concern was noted about whether or not every member of the Board understands their own liabilities in the eyes of the law when faced with the financial realities in which their College now operates – one year funding horizon; ONS restrictions on raising and retaining capital; deficit budgeting; the use of depreciation as “cash”. Given that the role of a Board member is voluntary and unpaid, the liabilities that come with the role in the College sector are regarded as disproportionate; this was also voiced at the national training seminar for college board members held at CDN on 8th December 2016 in Stirling.

It is worth the Board considering again whether an investment in modern software to help to manage the volume of Board papers more effectively would be worthwhile. A significant number of public sector bodies, both within and outwith the education sector, use a dedicated tablet on which to circulate papers. In an IT-secure environment, papers can be read and comments / questions exchanged and answered prior to a Board meeting, helping to make the meeting more effective and time-efficient.

Software from the likes of Diligent, BoardPacks, VirtualBoard and AdminControl is dedicated to such a process.

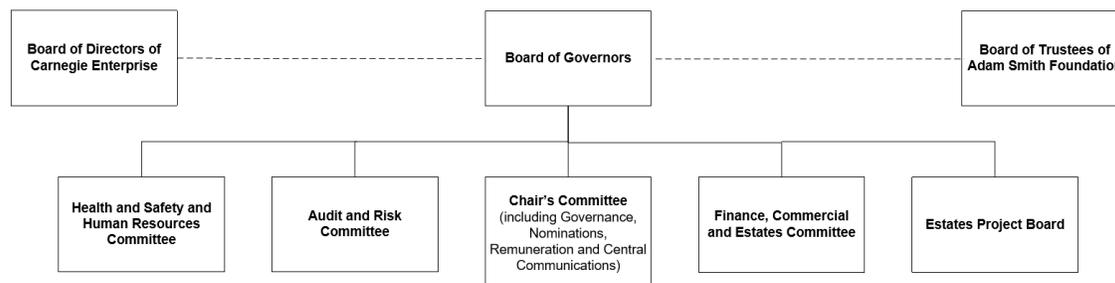
6. *Relationships and Collaboration*: the Outcome Agreement is in place, published online by the SFC, and it is monitored at every second Board meeting by the Board. Prior to the merger, there was criticism of how well the separate colleges engaged with external partners; there is now an improving engagement with other local stakeholders, but the Board must be careful not to assume that these relationships are strong just because there is a representative of an external stakeholder on the Board. Some concern was expressed regarding whether there was sufficient use of Board contacts, either informally or formally, to support the linkages already in place through the SMT. Historically, linkages with other education institutions have been less effective than might be wished, but efforts to build these are now more evident. Relationships with employers, and improving the understanding of the local skills needs through the like of the Opportunities Fife Partnership, must continue to take a priority outwith the formal Board meetings.

Since merger, the College has not fully engaged in providing positive news stories to the media. This was due to negative press coverage of legacy issues within one of the former Colleges and the former Principal's view that it was better to keep a low profile until these issues were resolved. Due to the volume and scale of work required to support the merger and organisational change programme, management also chose not to become involved in national activities such as Awards. Now that the previous issues have concluded and the organisational change programme is complete, this should be reconsidered. It would be right to build positive perceptions of the regionalised College in order to assist the College deliver its vision and ambitions. It was noted that several Governors felt that the engagement with employers could be strengthened further, and there was a need to build more international awareness for the College.

There are two Away Days held each year for Board members, one focused on Strategy, and the other on Development. These also give an opportunity for Board members to meet for longer and less formally, and these help to build the necessary working relationships within a Board. It might also be appropriate to discuss how the College might benchmark its own performance, not just within the education sector, but outwith the sector as well – if appropriate comparators can be found.

Document Review

The structure of the sub-committees of the Board are clear, with four main committees, one limited-life Board, a separate Board which manages a wholly-owned subsidiary, and a Board of Trustees for a further Board which raises funds for student scholarships:



1. **Audit & Risk Committee:** the leadership of this committee is particularly sound, with the Chair coming from a private sector, multi-national, company.
2. **Chair's Committee:** this committee incorporates the Remuneration Committee function, and appropriately, it is chaired by the Board's Depute Chair when in that mode, rather than by the Chair of the Board.
3. **Health & Safety and Human Resources:** it could be helpful to clarify further the remit of this committee's HR activity with that of the Chair's Committee when matters of personal sensitivity require discussion.
4. **Finance, Commercial and Estates:** a key committee with a big remit. It also receives the Minutes from the Board of Carnegie Enterprise Ltd to ensure that it has oversight of all the commercial activity across the College.
5. **Estates Project Board:** it has become necessary to set up this short-life Board, which reports directly to the main Board, to oversee the challenges of the new build facility at Halbeath, following its oversight of the successful completion at Levenmouth.
6. **Carnegie Enterprise Ltd:** this is the Board of a wholly-owned subsidiary of the College which encompasses the management of the Conference Centre and sells/delivers commercial training products.
7. **Adam Smith Foundation:** this is a separate organisation dedicated to raising and distributing funding for student scholarships.

In closing

This Effectiveness Review has taken place in a very engaged and constructive atmosphere. All staff and board members interviewed clearly take their roles seriously and demonstrated a commitment to driving their new College forward for the benefit of their learners.

Douglas Mundie.