

**Board of Management
Meeting of 23 June 2014**



NOTICE OF MEETING

A meeting of the Board of Management will take place at 1030 hours on Monday 23 June 2014 in Room 703/704 at Fraserburgh Campus.

MEMBERS OF THE BOARD OF MANAGEMENT

Ms. A Bell
Mr. D Cobban
Ms. S Cormack
Mr. B Cruickshank
Mr. B Dunn
Mr. D Duthie
Mr. I Gossip
Prof. J Harper
Ms. C Inglis
Mr. J McKendrick
Ms. D Michie
Mr. K Milroy (Chair)
Prof. M Melvin
Ms. A Simpson
Mr. S Smith
Mr. A Smith
Mr. R Wallen

OTHER INVITED PARTICIPANTS

Mr. K Sime

IN ATTENDANCE

HMI J Davidson, Education Scotland (For Agenda Item 8.5)
Ms. K Gravells, Students' Association South Area President Elect
Mr. D Rennie, Students' Association Regional President Elect
Mr. R Scott, Vice Principal Finance
Ms. P May, Secretary to the Board of Management
Ms. P Kesson, Minute Secretary

Meeting of 23 June 2014

Agenda

1 Apologies for absence

2 Minutes of previous meeting

- 2.1 Minute of the meeting of 18 March 2014 (paper enclosed)

3 Matter arising from previous meeting

4 Report to the Board by the Regional Chair (paper enclosed)

5 Report to the Board by the Principal (paper enclosed)

6 Reports by Chair and Convenors

- 6.1 Meetings of Standing and Ad Hoc Committees (paper enclosed)

7 Matters for decision

- 7.1 Programme of Meetings AY2014-15 (paper enclosed)
- 7.2 Programme of Board Visits AY2014-15 (paper enclosed)
- 7.3 Code of Conduct (paper enclosed)
- 7.4 Governance Manual (paper enclosed)
- 7.5 College Budget AY2014-15 (paper enclosed)
- 7.6 Financial Statements of Banff & Buchan College of Further Education – 3 months to 31 October 2013 (paper enclosed)

8 Matters for discussion

- 8.1 The Role of the Chair (paper enclosed)
- 8.2 The Board of North East Scotland College (paper enclosed)
- 8.3 Draft Code of Good Governance for Scotland's Colleges (paper enclosed)
- 8.4 Scottish Funding Council 6-month Post-merger Review (paper enclosed)
- 8.5 Education Scotland Annual Engagement Visit, May 2014 (paper enclosed)
- 8.6 Revised Process for College Reviews (paper enclosed)
- 8.7 Estates Masterplan, Fraserburgh Campus (paper enclosed)
- 8.8 Report by Investment and Project Committee (paper enclosed)
- 8.9 Reclassification (paper enclosed)
- 8.10 Economic Impact of North East Scotland College (paper enclosed)
- 8.11 Board Planning Event – Draft Programme (paper enclosed)

9 Matters for information

- 9.1 Aberdeen and Aberdeenshire Outcome Agreement 2014-17 (paper enclosed)
- 9.2 ACSEF Presentation to Scottish Government (paper enclosed)
- 9.3 Associate College Agreement (paper enclosed)
- 9.4 Quality Policy (paper enclosed)
- 9.5 Students' Association (paper enclosed)

10 Summation of Business and Date of Next Meeting

Reserved items of business

11 Matters for discussion

- 11.1 Meetings of Standing and Ad Hoc Committees – Reserved Items of Business
- 11.2 Financial Monitoring
- 11.3 Aberdeen Skills & Enterprise Training Limited – Report by Chair
- 11.4 National Collective Bargaining
- 11.5 Job Evaluation and Salary Assessment

12 Summation of Reserved Items of Business

Draft Minute of Meeting of 18 March 2014

The meeting commenced at 1330 hours.

PRESENT – A Bell, S Cormack, B Cruickshank, D Duthie, I Gossip, J Harper, C Inglis, J McKendrick, K Milroy (Chair), M Melvin, A Simpson, A Smith, S Smith, R Wallen

IN ATTENDANCE – K Hilton, R Scott, P Sherrington, K Sime, P May, P Kesson

Mr Milroy noted that this was Ms Hilton's last meeting before leaving the College. Mr Milroy, on behalf of the Board, thanked Ms Hilton for her service and wished her well for the future.

Mr Milroy welcomed Stephen Smith as the support staff representative on the Board.

Mr Duthie, on behalf of the Board, congratulated Mr Milroy on his recent appointment as Chair of the Board of North East Scotland College.

1. Apologies for Absence

Apologies were received from D Cobban, B Dunn, and D Michie.

2. Minutes of previous Meetings

2.1 The Minute of the Planning Event held on 31 January and 01 February 2014 was approved.

2.2 The Minute of Meeting held on 10 February 2014 was approved.

3. Matters arising from previous Meetings

3.1 Currency of Qualifications

It was noted that an issue in relation to the currency of qualifications, which was raised as part of the Students' Association's presentation at the Planning Event, did not apply to North East Scotland College.

4. Matters for Decision

4.1 Revenue and Capital Budgets

The Board considered the revenue and capital budgets presented for the financial year to 31 March 2015. Members noted information issued by the Scottish Funding Council (SFC) on funding allocations.

After some discussion the Board adopted the revenue and capital budgets as presented for the financial year to 31 March 2015.

4.2 North East Scotland Further Education Foundation

The Board considered matters relating to the North East Scotland Further Education Foundation.

Information was provided on the purpose of the foundation; governance; transfer of funds; and application for grant.

After some discussion the Board agreed to the proposed transfer of funds to the Foundation by 31 March 2014 that will bring the College's cash holdings to an operational balance of £2m. Members also agreed to apply to the Foundation for a grant of £1.43m for FY2014-15 and £5.1m for FY2015-16.

The Board expressed its thanks to Mr Scott for his work in establishing the Foundation in a very tight timescale.

4.3 Associate College Agreement with Robert Gordon University

Ms Cormack, Professor Harper, and Mr Milroy declared an interest in this item.

The Board considered the Associate College Agreement with Robert Gordon University (RGU) which had been signed in 2008 by the University and the former Aberdeen College. Members noted that the Board of RGU had approved, at its meeting in December 2013, the designation of North East Scotland College as an Associate College of the University.

Members agreed to adopt the proposed Memorandum of Agreement between the College and Robert Gordon University, subject to Principal Wallen seeking clarification of the wording in paragraph 6.1 of the document.

4.4 Students' Association Constitution Schedules

The Board considered the election schedule which formed part of the Constitution of the Students' Association and which had been requested by the Board when it approved the Constitution in February 2014.

The Board approved the Students' Association Constitution Schedule on election regulations, subject to its review by the College's solicitors. Members requested that any major changes to the document be brought back to the Board for consideration.

Mr Wallen commented that he had been informed that all students should be able to access on-line voting from all campuses.

5. Matters for Information

5.1 Post-merger Monitoring and Evaluation

The Board considered the self-evaluation report submitted by the College to the Scottish Funding Council (SFC) in preparation for the SFC's monitoring visits in April and May 2014.

Professor Harper and Ms Simpson commented that there was ample and demonstrable evidence available to show that the merger had been effective.

The Board noted the self-evaluation report and its accompanying appendices. It was agreed that a plan for the Board's self-evaluation activities over the next six months would be developed by the Board Chair and Secretary in liaison with Mr Sherrington.

6. Summation of Business and Date of next Meeting

The Secretary gave a summation of the business discussed.

The next Board of Management meeting is scheduled to take place on Monday 16 June 2014. However, Mr Milroy explained that an event for the Oil and Gas Industry Leadership Group is being hosted by the College on that date at the Aberdeen Altens Campus. Members therefore agreed with his suggestion that the date for the next Board meeting be rescheduled.

Reserved Items of Business

7. Matters for Decision

7.1 Aberdeen Skills and Enterprise Training Ltd – Banking Arrangements

7.2 Remuneration Committee

The meeting concluded at 1420 hours.

Report to the Board by the Regional Chair

1. Introduction

1.1. The purpose of this paper is to update the Board on recent developments in the FE sector.

2. Colleges Scotland and College Development Network

2.1 A review of the structures of both organisations was recently undertaken to identify governance and operational changes required to enable them to respond effectively to the regionalisation of the college sector.

2.2 The organisations have redefined their roles as follows:

2.2.1 Colleges Scotland aims to be the voice of the FE sector and its constituent regions. It will also take on responsibility for implementing and managing the national bargaining process.

2.2.2 College Development Network will build on its role as the best practice organisation for the sector, supporting the ongoing change process and future developments.

2.3 Changes to governance structures of the two organisations will be implemented by 01 August 2014.

2.4 The Regional Chair will serve on the Colleges Scotland Board, which will comprise the Chairs from all of the 13 regional colleges/bodies together with four Principals nominated by their peers. The Rt. Hon. Henry McLeish will continue as Chair of the Board. The Regional Chair has been appointed as Chair of Colleges Scotland Board Corporate Affairs Committee. The Principal will also serve on Colleges Scotland Board and has been appointed to serve as a member of the management side in the National Collective Bargaining arrangements.

3. Strategic Dialogue Event on 'Developing Strong and Effective College Students' Associations in Scotland'

3.1 The event, held at Aberdeen City Campus on 23 May 2014, was attended by the Regional Chair, Principal, the two NESC Students' Association Presidents, the NESC Students' Association Regional President, the two area NESC Students' Association Presidents, Vice Principal Student Services, Vice Principal Organisational Development. Other key College staff, Representatives from the SFC and NUS, and members of the Dundee and Angus Students' Association.

3.2 The aim of the strategic dialogue was to gather thoughts and views on the future development of college students' associations in Scotland by engaging with a range of stakeholders, particularly those who have experienced the changes across the colleges, and how they can be supported to become strong and effective.

3.3 Feedback on the event has been positive.

4. Developing Talent: Growing Business' Skills Summit

4.1 The summit, held on 16 May, 2014, launched Scottish Apprenticeship Week 2014 and was delivered by SCDI and Skills Development Scotland, in partnership with OPITO.

4.2 The summit explored issues such as employer engagement in schools; maximising Modern Apprenticeships' benefits for individuals and businesses; the Certificate of Work Readiness; investment in work-based learning; and streamlined recruitment practices.

- 4.3 At the summit, the Cabinet Secretary for Training, Youth and Women's Employment called for "businesses the length and breadth of the country to work in partnership with the education sector and the Scottish Government to ensure the recommendations of the upcoming final report by the Wood Commission make a difference to the lives of Scotland's young people", and also stressed "the need for Scotland's employers to continue to make young people their business."

5. Education Scotland's 'Statement of Ambition for Adult Learning in Scotland'

- 5.1 The Cabinet Secretary for Education, recently launched Education Scotland's 'Statement of Ambition for Adult Learning in Scotland'. The ambition aims to ensure everyone, regardless of background, can access a learning opportunity to enhance their skills at any age or stage in their life. A copy of the Statement of Ambition can be accessed on the Education Scotland website – www.educationscotland.gov.uk

6. Commission for Developing Scotland's Young Workforce

- 6.1 The Commission published its final report, 'Education Working for All!', on the 03 June 2014. The report contains 39 recommendations addressing three key areas – Education and Training, Involvement of Employers, and Advancing Equalities. A copy of the full report can be accessed on the Scottish Government's website – <http://www.scotland.gov.uk/Resource/0045/00451746.pdf>
- 6.2 The Regional Chair together with senior College staff will attend an event to discuss implementation arrangements being hosted jointly by the Scottish Government and the Scottish Funding Council on 17 June 2014.

7. Upcoming Events/Meetings

- 7.1 10 June - Code of Governance Working Group
17 June - Wood Commission Conference
18 June - National Economic Forum
19 June - Regional Chairs Meeting With Cabinet Secretary.

8. Recommendation

- 8.1 It is recommended that the Board consider the information in this report.

Ken Milroy
Regional Chair

Report to the Board by the Principal

1. Introduction

- 1.1 The purpose of this report is to provide the Board with information about significant recent developments.

2. Over-clad of Aberdeen City Campus, Tower and East Blocks

- 2.1 The work to over-clad the Tower and East Blocks of Aberdeen City Campus is progressing well. The programme is on schedule and on budget. Comments from stakeholders and neighbours of the College have been universally favourable. Disruption to College activities has been minimal.

3. Japanese Consul Visit

- 3.1 On 02 and 03 June 2014 the Japanese Consul to Scotland, Mr Kitaoka, visited the College. During his visit he spent time at the Altens, Aberdeen City and Fraserburgh Campuses and the Scottish Maritime Academy in Peterhead.
- 3.2 On the evening of 02 June Mr Kitaoka attended a dinner at Gate 63, the College's training restaurant at the Aberdeen City Campus, with members of the Board of Management and the College's Management Team.

4. End of Year Events

- 4.1 In order to celebrate and showcase student skills a number of end of year events have been held. These include:
- A performance of the Crucible in the Studio Theatre, Aberdeen City Campus;
 - A performance of David Copperfield at the Lemon Tree;
 - The end-of-year creative industries show at Aberdeen City Campus;
 - The end-of-year art show at the Fraserburgh Campus;
 - The film show at the Belmont Cinema;
 - The end-of-year fashion show at Aberdeen City Campus;
 - Student Achievement and Community Citizenship Awards at Aberdeen City Campus.

- 4.2 Feedback from audiences/attendees at the various events to date has been very positive.

5. Learning Opportunities Awards Ceremony

- 5.1 The Awards Ceremony for students on Learning Opportunities programmes took place on the afternoon of 18 June 2014. Mr Doug Duthie, Vice Chair of the Board, presented the prizes.

6. Recognition and Procedure Agreements

- 6.1 The Recognition and Procedure Agreement for support staff has been signed by the three recognised trade unions (Unison, Unite and GMB), and meetings of the Local Joint Negotiating Committee (LJNC) for support staff will now be convened on this basis in order to discuss the implementation of the outcomes of the post-restructuring job evaluation and salary assessment processes.
- 6.2 In the case of lecturing staff, the EIS national officers are currently not prepared to sign the Recognition and Procedure Agreement and as such meetings are still being held on the basis of combined meetings of the two separate LJNCs (for Fraserburgh staff and Aberdeen staff respectively) in order to discuss the way forward.

7. Board of College's Scotland

7.1 The Board of College's Scotland is now made up of:

- 13 chairs of regional colleges/regional boards
- 4 college principals.

7.2 It has been agreed by college principals that one of the four principals should be the person fulfilling the role of chair of the College Principals Executive Group (currently Liz McIntyre of Borders College).

7.3 A selection process was recently undertaken to choose the other three principals, and those chosen were:

- Audrey Cumberford, West College Scotland
- Christina Potter, Dundee & Angus College
- Rob Wallen, North East Scotland College.

8. Recommendation

8.1 It is recommended that the Board note the contents of this report.

Rob Wallen
Principal

Meetings of Standing and Ad Hoc Committees

1. Introduction

- 1.1. The purpose of this paper is to assist the Board to consider the business conducted at meetings of the Board's Committees.

2. Background

- 2.1. The Board's Governance Manual states that "Minutes of meetings of Committees of the Board shall be presented to the next available meeting of the Board".
- 2.2. The inclusion of this item of business as part of the agenda of meetings of the Board of Management provides the Chair and Committee Chairs the opportunity to bring matters considered at meetings of standing and ad hoc committees to the attention of Members and to afford Members the opportunity of asking the Chair and Committee Chairs for further information on business that has been transacted.
- 2.3. The approved minutes of meetings held since the last meeting of the Board of Management have been circulated in hard copy to Members as appropriate.
- 2.4. Members have the opportunity to discuss matters designated as 'reserved items of business' as a separate item in this agenda.

3. Recommendation

- 3.1. It is recommended that the Board of Management consider business conducted at meetings of the Board's Committees.

Rob Wallen
Principal

Programme of Meetings AY2014-15

1. Introduction

- 1.1. The purpose of this paper is to allow Members to establish a programme of meetings for the Board and its Committees for AY2014-15.

2. Programme of Meetings

- 2.1. The early establishment of a programme permits Members to plan their time commitment to the work of the College. A suggested programme is given in the appendix to this report.
- 2.2. Attached as appendix 1 is a proposed programme of meetings of the Board of Management and Standing Committees (Audit, Finance and General Purposes, Human Resources, and Learning & Teaching and Student Services) reflecting the arrangements in the current year.
- 2.3. Meetings of other Committees are called as necessary and are not part of the programme proposed in this paper.
- 2.4. It should be noted that dates for Board of Management and Standing Committees scheduled until the end of December 2014 were agreed by the Board of Management at its first meeting on 04 November 2013.

3. Recommendation

- 3.1. It is recommended that the Board consider:
- 3.1.1 Amending the date of the Board Meeting scheduled for 13 October 2014 due to its proximity to the Board's Planning Event;
- 3.1.2 Approving the proposed dates for Board of Management and Standing Committees in AY2014-15.

Rob Wallen
Principal

Pauline May
Secretary to the Board of Management

Board of Management**Programme of Meetings****Academic Year 2014-15**

Board of Management Planning Event		
Date	Time	Venue
Friday 10 October 2014	1.00pm	TBC
Saturday 11 October 2014	9.30am	TBC

Board of Management Meetings		
Date	Time	Venue
Monday 13 October 2014	2.00pm	G10, Aberdeen City Campus
Monday 08 December 2014	2.00pm	G10, Aberdeen City Campus
Monday 09 February 2015	2.00pm	G10, Aberdeen City Campus
Monday 08 June 2015	2.00pm	Fraserburgh Campus

Standing Committee Meetings	
Date	Venue
Tuesday 16 September 2014	G10, Aberdeen City Campus
Tuesday 18 November 2014	G10, Aberdeen City Campus
Tuesday 20 January 2015	G10, Aberdeen City Campus
Tuesday 17 March 2015	G10, Aberdeen City Campus
Tuesday 19 May 2015	G10, Aberdeen City Campus
Tuesday 21 July 2015	G10, Aberdeen City Campus

It is anticipated that the Standing Committee Meetings will commence at the following times:

0900 hours	Finance and General Purposes Committee
1000 hours	Investment and Project Committee
1030 hours	Human Resources Committee
1130 hours	Audit Committee
1400 hours	Learning & Teaching and Student Services Committee

Programme of Board Visits AY2014-15

1. Introduction

- 1.1 The purpose of this paper is to allow the Board to consider a proposed programme of visits during AY2014-15.

2. Background

- 2.1 At its first meeting on 04 November 2013, the Board agreed that it would be beneficial for members to be provided with opportunities to experience at first hand the services offered by the College and to interact with staff and students.

- 2.2 The Board also agreed that the following approach to Board visits should be adopted:

- 2.2.1 Visits should each be scheduled for a time that precedes or follows a Board meeting and be on a site the same as or adjacent to where the meeting will be held.
- 2.2.2 At least one visit per year should be arranged for Fraserburgh/Peterhead, at least one for Aberdeen City, at least one for Aberdeen Altens; a visit to Craibstone/Clinterty should also be considered; visits to one or more of the other leased centres of the College could also be considered.
- 2.2.3 Typically there will be four visits per year.
- 2.2.4 The visits should be co-ordinated by Sandra Walker, Vice Principal Curriculum, but involving other members of SMT depending on the particular site/function being visited.
- 2.2.5 Each visit should last a maximum of 1.5 hours.
- 2.2.6 Each visit should allow an opportunity to Board members to meet staff and students and to tour facilities in a managed way that nevertheless allows them to interact with staff and students without mediation by management.
- 2.2.7 If there are less than four Board members available to take part in any specific visit one week before the visit, the visit will be cancelled/rescheduled.

- 2.3 The following visits have been offered to Board Members since November 2013:

Visit	Date	Time	Visit	Venue
1	09 December 2013	11.30am	Sector of Service Industries & Social Sciences	Aberdeen City Campus
2	23 June 2014	09.30am	General Tour	Fraserburgh Campus
3	23 June 2014	1.30/2.00pm	General Tour	Scottish Maritime Academy, Peterhead

3. Programme for AY2014-15

3.1 The following is proposed for consideration by the Board:

Visit	Date	Time	Visit	Venue
1	13 October 2014 (or new date if rescheduled)	11.30am	School of Creative Industries, Computing & Business Enterprise	Aberdeen City Campus
2	08 December 2014	11.00am	Engineering and Oil & Gas	Aberdeen Altens Campus, incl ASET
3	09 February 2015	11.30am	School of Service Industries	Aberdeen City Campus
4	08 June 2015	11.30am	New Facilities & Resources and General Tour	Fraserburgh Campus

4. Recommendation

4.1 It is recommended that the Board consider, and if so minded approve, the proposed programme for visits to College facilities and departments during AY2014-15.

Rob Wallen
Principal

Code of Conduct

1. Introduction

- 1.1 The purpose of this paper is to allow the Board to consider the Code of Conduct for Members of the Board of Management of North East Scotland College.

2. Model Code of Conduct for Members of Devolved Public Bodies

- 2.1 In December 2013, the Scottish Government approved a revised Model Code of Conduct for Members of Devolved Public Bodies.
- 2.2 Attached as appendix 1 is a letter received in May 2014 from Mr Cross, Deputy Director, advising that College Boards of Management are required to adopt the revised code within three months.
- 2.3 Attached as appendix 2 is the Model Code of Conduct rebadged for adoption by the Board of Management of North East Scotland College.
- 2.4 It should be noted that key documents referred to in the Code, i.e. On Board – A Guide for Board Members of Public Bodies in Scotland, the Ethical Standards in Public Life etc (Scotland) Act 2000, and the Bribery Act 2010, can be accessed in the Board of Management Members' Area of AbNet.

3. Registration of Interests

- 3.1 The letter from Mr Cross also highlights the introduction of a new requirement for the registration of gifts and hospitality over £50, and shares and securities which may be significant to or relevant to the work of the body.
- 3.2 Following adoption of the Code of Conduct, Board Members will be asked by the Secretary to the Board of Management to review their individual entries in the North East Scotland College Register of Interests to ensure compliance with the new requirements.

4. Recommendation

- 4.1 It is recommended that the Board consider, and if so minded, adopt the Code of Conduct for Members of the Board of Management of North East Scotland College.

Rob Wallen
Principal

Pauline May
Secretary to the Board of Management

Employability, Skills and Lifelong Learning Directorate
Colleges and Adult Learning - Funding and Policy Division

T: 0300-244 1292 F: 0300-244 1270
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Chairs of boards of management of incorporated colleges (as per annex)

In 2014 Scotland Welcomes the World



GLENEAGLES
SCOTLAND 2014

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.

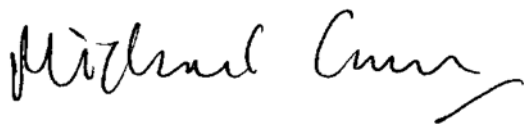
Once the Code is formally approved by Scottish Government, the Code and a copy of the approval letter will be passed to the Standards Commission for their records and for publication of the Code on their website.

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



CODE of CONDUCT
for
MEMBERS
of
THE BOARD of MANAGEMENT of
NORTH EAST SCOTLAND COLLEGE

CODE OF CONDUCT for MEMBERS of the BOARD of MANAGEMENT OF NORTH EAST SCOTLAND COLLEGE

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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 North East Scotland College “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.

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.

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

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.

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.

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.

Governance Manual

1. Introduction

- 1.1 The purpose of this paper is to allow the Board to consider proposed amendments to its Governance Manual.

2. Governance Manual

- 2.1 At its first meeting in November 2013, the Board adopted a Governance Manual. Minor amendments to the Manual were then considered and adopted by the Board at its meeting in December 2013.
- 2.2 Attached as an appendix to the paper is a copy of the Governance Manual, annotated with proposed amendments.
- 2.3 The proposed amendments include:
- Changes to reflect the enactment of the Post-16 Education (Scotland) Act 2013;
 - The dissolution of the Contracts Committee;
 - Changes to reflect the adoption of the Scottish Government's Model Code of Conduct for Members of Devolved Public Bodies (as considered under Agenda Item 7.3).

3. Recommendation

- 3.1 It is recommended that the Board consider, and if so minded, adopt the amended Governance Manual.

Rob Wallen
Principal

Pauline May
Secretary to the Board of Management

Appendix 1 – Agenda Item 7.4 appears under separate cover

College Budget

1. Introduction

- 1.1. The purpose of this paper is to assist the Board of Management to consider matters related to the College's revenue and capital budgets.

2. Background

- 2.1. Scottish further education colleges are operating in a period of transition where changes in governance and financial management are being made as a result of legislation and the reclassification of Scottish colleges as 'public bodies' from 01 April 2014.
- 2.2. In recent months many transitional issues have been clarified. However, there are issues that remain to be resolved in relation to the reclassification of colleges and a settled pattern of operation has yet to be established. In terms of the new system of financial accountability and management it is likely that further issues will emerge during the year and that it will take the completion of one full financial year before the practical implications of reclassification are evident and understood.
- 2.3. The Board's Governance Manual states that authority to approve annual budgets is reserved to the Board of Management. At the meeting on 18 March 2014, the Board set the revenue and capital budgets for the current financial year. This paper provides information on budget management and proposes the revision of the capital budget.

3. Revenue Budget 2014-15

- 3.1. The planned outcomes for the current financial year remain forecast to be achieved.
- 3.2. The revenue budget is in the process of being converted to provide targets for budget holders based on the academic year, ensuring that income and expenditure are kept within planned limits. A programme of familiarisation and training for budget holders in being followed to ensure that colleagues are aware, prior to the beginning of the academic year, of the requirements on them and the College to operate within budget limits.

4. Operating Budget 2015-16

- 4.1. Colleges now operate in the Scottish Government's budgetary cycle, which has reached the point where departmental budgets for the financial year to 31 March 2016 (FY2015-16) are about to be considered. Consequently the SFC has asked colleges to provide indicative budgets for that year, which will be consolidated and passed to the Scottish Government.
- 4.2. The SFC has provided colleges with a pro-forma to be used in submitting proposed budgets for FY2015-16. The pro-forma comprises a summarised Income and Expenditure Account and 5 figures drawn from the Balance Sheet.
- 4.3. The proposed outline operating budget for North East Scotland College has been issued under separate cover as appendix 1 to this paper. The figures have been provided on the basis of the most recent College budget, adjusted for known factors that impact on the College's base budget.

5. Capital Plan

- 5.1. Under the system of financial accountability and management applying from 01 April 2014, the amount that boards of management are authorised to spend on capital works is limited to the amount of the capital grant allocation for the year. That said, external funding, such as donations, might be used to augment the allocation. The use of revenue grant to fund capital works is expressly prohibited.

- 5.2. The capital plan for the College has been revised and is presented as appendix 2 to this paper.
- 5.3. The most significant movements in the plan since March 2014 are the inclusion of: the anticipated sale proceeds of the site of the former Balgownie Centre; contractor contribution to the improvement of catering facilities; the cost of the Fraserburgh masterplan approved in May 2014; an increase in the provision for the costs of refurbishment of the Aberdeen City Campus; additional capital works across College campuses; and the capital contribution to the development of the Ellon Learning Centre.
- 5.4. Officials of the SFC have indicated that while they do not anticipate that funding will be available to support projects such as the Fraserburgh masterplan or the redevelopment of the Aberdeen City Campus, it is possible that SFC funds might be available in the current year to support other capital projects. In such circumstances, the College could then reduce the amount of the donation that it seeks from the NES FE Foundation.

6. Recommendation

6.1. It is recommended that the Board:

- 6.1.1. note the information provided in this paper;
- 6.1.2. consider adoption of the outline operating budget for the financial year to 31 March 2016;
- 6.1.3. consider adoption of the proposed capital plan for the 3 financial years to 31 March 2017.

Rob Wallen
Principal

Roddy Scott
Vice Principal - Finance

Appendix 1 – Agenda Item 7.5 appears under separate cover

**NORTH EAST SCOTLAND COLLEGE
CAPITAL BUDGET
COLLEGE ONLY**

	Capital Works £000s	Minor Works £000s
Spending by Financial Year		
FY2013-14	6,314	30
FY2014-15	5,723	1,919
FY2015-16	7,245	725
FY2016-17	10,300	725
Total Spending	29,582	3,399
Funding		
College Reserves	4,188	30
Revenue budget	0	922
SFC Capital Grant (2013-14)	1,395	0
SFC Grant (2014-15)	1,395	725
SFC Grant (2015-16) (estimated)	1,395	725
SFC Grant (2016-17) (estimated)	1,395	725
Contractor Contribution	0	272
NES Foundation - Inherited Reserves	8,666	0
Property Sale Proceeds	10,000	0
OGAS	1,148	0
	29,582	3,399
	-	-

Note: All figures include project costs, fees and VAT

ESTATES CAPITAL WORKS

FINANCIAL YEARS 2014-15 TO 2016-17

[illegible]

**NORTH EAST SCOTLAND COLLEGE
CAPITAL BUDGET
FINANCIAL YEARS 2014-15 TO 2016-17**

ESTATES MINOR WORKS

MINOR CAPITAL WORKS	Allens	City	Clinterty	Fraserburgh	Leamington Centres	Total	Comments	FY13-14	FY14-15	FY15-16	FY16-17
MINOR WORKS	£000s	£000s	£000s	£000s	£000s	£000s		£000s	£000s	£000s	£000s
Essential Items (2014-15)											
Air conditioning, FG13 and FG 14	35	-	-	-	-	-	35 Summer 2014	-	35	-	-
Allens Data Centre (secondary data centre)	75	-	-	-	-	-	75 Scope to be determined	-	75	-	-
Art & Design Development	-	-	-	122	-	-	122 Summer 2014	-	122	-	-
Boardroom	-	132	-	-	-	-	132 Summer 2014	-	132	-	-
Corridor redecoration - walls and flooring	50	50	25	-	15	-	140 Scope to be determined	-	140	-	-
External Redecoration (paint/wash down)	50	85	30	50	-	-	215 Scope to be determined	-	125	90	-
Fitness Suite Development	-	-	-	102	-	-	102 Summer 2014	-	102	-	-
Fixed Electrical Installation Inspection works	25	25	-	25	-	-	75 Not yet specified	-	75	-	-
Heating valves/pipework/repair replacement	50	50	50	-	-	-	150 Not yet specified	-	150	-	-
Lead burning	18	-	-	-	-	-	18 Summer 2014	-	18	-	-
Lighting upgrade, Blocks D & E	35	-	-	-	-	-	35 Summer 2014	-	35	-	-
Lighting upgrade, Clinterty Workshop	-	-	30	-	-	-	30 Summer 2014	-	30	-	-
Metering Skid, AbCol Plant	125	-	-	-	-	-	125 Summer 2014	-	125	-	-
Motor Vehicle Workshop	150	-	-	-	-	-	150 Summer 2014	-	150	-	-
Refectory Serovery/Kitchen Upgrade	239	23	5	55	-	-	322 College element £50k, contractor £272k	-	322	-	-
Roof Repairs, Teaching Block	-	-	127	-	-	-	127 Completed in May 2014	30	97	-	-
Utilities sub-meters	20	41	-	-	-	-	61 Summer 2014	-	61	-	-
General provision	25	50	-	25	25	125	Scope to be determined	-	125	-	-
	897	456	267	379	40	2,039		30	1,919	90	0
Other Items in future years											
Unallocated budget (FY2015-16)	200	200	60	125	50	635	Not yet specified	-	-	635	-
Unallocated budget (FY2016-17)	150	260	90	150	75	725	Not yet specified	-	-	-	725
Totals	1,247	916	417	654	165	3,399	Taken to Summary	30	1,919	725	725
Funding											
							30 College Reserves	30	-	-	-
							922 Revenue budget	-	922	-	-
							0 SFC Grant (2013-14)	-	-	-	-
							725 SFC Grant (2014-15)	-	725	-	-
							725 SFC Grant (2015-16) (estmndctd)	-	-	725	-
							725 SFC Grant (2016-17) (estmndctd)	-	-	-	725
							272 Contractor Contribution	-	272	-	-
							0 NES Foundation - Inherited Reserves	-	-	-	-
							0 Property Sale Proceeds	-	-	-	-
							0 OGAS	-	-	-	-
								30	1,919	725	725
								3,399			

Financial Statements of Banff & Buchan College of Further Education – 3 months to 31 October 2013

1. Introduction

- 1.1. The purpose of this report is to enable the Board of Management to consider approval of the draft Financial Statements of the Board of Management of Banff & Buchan College of Further Education for the 3 months to 31 October 2013, together with the Auditor's Report on the statements.

2. Background

- 2.1. On 01 November 2013, Banff and Buchan College merged with Aberdeen College to form North East Scotland College. The Scottish Government made an Order transferring the property, rights, liabilities and obligations of Banff and Buchan College to Aberdeen College and winding up and dissolving its (Banff and Buchan's) board of management.
- 2.2. In terms of accounting treatment, Financial Reporting Standard (FRS) 6 covering acquisitions and mergers is relevant and provides criteria to determine whether merger or acquisition accounting should be applied. The criteria includes the:
 - role of the respective parties in the combination of the bodies;
 - dominance of management including the board and senior management structures;
 - relative size of the parties combining.
- 2.3. Consequently 'acquisition accounting' was considered appropriate for the combination of Banff and Buchan College with Aberdeen College. This means that audited accounts are required for the period from 01 August 2013 to 31 October 2013 i.e. the 3 month period between the last financial year end and the vesting date for North East Scotland College.
- 2.4. Draft financial statements for the 3 months to 31 October 2013 are presented to the Board for consideration. The statements have been reviewed by Audit Scotland, external auditors, and are scheduled to be reviewed by the Audit Committee at a meeting immediately prior to this meeting of the Board of Management. At that meeting, the Audit Committee shall also consider the report presented by Audit Scotland on the findings of the external audit review.
- 2.5. The auditor has expressed an unqualified audit opinion on the results for the year.
- 2.6. The appendix to this report, which is circulated under separate cover, contains a number of documents:
 - Annex 1 – Draft Financial Statements;
 - Annex 2 – Glossary of Terms;
 - Annex 3 – Audit Scotland Report;
 - Annex 4 – Letter of Representation.

3. Publication of Financial Statements

- 3.1. The Board of Management is required to submit these audited financial statements to the Scottish Funding Council (SFC) by 30 June 2014.

4. Recommendation

4.1. It is recommended that the Board of Management:

- 4.1.1. note the report presented by Audit Scotland;
- 4.1.2. consider and, if so minded, approve the Financial Statements for the 3 months to 31 October 2013;
- 4.1.3. request the Chair of the Board and Principal to sign the Financial Statements on behalf of the Board.

Rob Wallen
Principal

Roddy Scott
Vice Principal – Finance

Appendix 1 – Agenda Item 7.6 appears under separate cover

The Role of the Chair

1. Introduction

- 1.1 The purpose of this paper is to provide the Board with information about the role of the Chair.

2. Background

- 2.1 The regionalisation of further education provision in Scotland initiated by the Scottish Government has led to 13 regions being identified, in each of which there is a single college or some form of regional super-structure ensuring that the colleges in the region work closely together.
- 2.2 In this context, the role of the Chair of the Regional College or of the Regional Board that has been created in multi-college regions is different from that of the Chair in the separate colleges before the regionalisation process.

3. The Role of the Chair

- 3.1 Attached as appendix 1 is a copy of a letter received from the Scottish Government indicating the responsibilities of the Chair.
- 3.2 Attached as appendix 2 is a copy of a letter sent to Mr Michael Cross of the Scottish Government asking for clarification on a number of points.
- 3.3 Attached as appendix 3 is a copy of the response received from Mr Michael Cross.

4. Recommendation

- 4.1 It is recommended that the Committee consider the role of the Chair of the Board of North East Scotland College.

Rob Wallen
Principal

Cabinet Secretary for Education and Lifelong Learning
Michael Russell MSP

T: 0845 774 1741
E: scottish.ministers@scotland.gsi.gov.uk



4 March 2014

Invitation to Accept Appointment to the Office of Chair of the Board of Management of []

I am delighted to inform you that you have been successful in your application to become Chair of the Board of Management of [].

In exercise of the powers conferred on the Scottish Ministers by paragraph 3(2)(a) of Schedule 2 to the Further and Higher Education (Scotland) Act 1992 ("1992 Act"), as amended by section 6(1) of the Post-16 Education (Scotland) Act 2013, I am writing to invite you to accept appointment as Chair of the Board of Management of []. This appointment will be for four years, commencing on 4 March 2014 and ending on 3 March 2018, subject to the provisions of the 1992 Act and the terms and conditions set out in Annex A to this letter.

As I am sure you will appreciate, college boards have a critical role to play in helping deliver the objectives set by the Scottish Ministers and in ensuring that colleges commit funds and plan in pursuit of these goals both effectively and efficiently. I am also clear that the new regional chairs will operate as a collective, leading the sector in Scotland.

Your duties on the Board of Management of [] are as set out in Annex A to this letter.

I should be grateful if you would confirm in writing your willingness to accept this appointment on the above terms by signing and dating the box provided on the final page of **Annex A**. Please also complete **Annex B**. Please return these completed originals to:

[name]
Scottish Government
Public Appointments Centre of Expertise
E1 Spur
Saughton House
Broomhouse Drive
Edinburgh
EH11 3XD

It would be helpful if you could return these forms by []. Duplicates of Annexes A and B are also enclosed which you may wish to keep for your records. If you have any questions, please contact [name] by telephone on [number] or by email to [email].

You may wish to read *On Board* which is the Scottish Government's generic guide on the duties of board members of public bodies. You can download it from www.scotland.gov.uk/Topics/Government/public-bodies/On-Board. This manual is intended to help you in fulfilling your duties throughout the period of your appointment.

I am grateful for the commitment to public service that you have shown in applying for this appointment. If you accept, as very much I hope you will, I trust that you will find it both interesting and rewarding.

Yours sincerely

MICHAEL RUSSELL



CHAIR OF THE BOARD OF MANAGEMENT OF []

TERMS AND CONDITIONS OF APPOINTMENT

1 Status

- 1.1 You are appointed to hold the office of Chair of the Board of []. In these terms and conditions, except where stated, “you” and related expressions refer to the holder of that office.
- 1.2 You are one of a number of office-holders that constitute the Board of Management of [] (“the Body”).
- 1.3 You are not a servant or agent of the Crown or a civil servant, and do not have any status, immunity or privilege of the Crown.

2 Interpretation

- 2.1 Where relevant, statutory terms, conditions and other requirements of office also apply to you.
- 2.2 The terms and conditions contained in this Annex (“the terms”) are to be read in a way that is consistent with any enactment. If such a reading is not possible, the terms do not apply to the extent that they are inconsistent with any such enactment.
- 2.3 The terms are not to be construed as constituting a contract of employment or service, or a contract for services between you and the Scottish Ministers or the Crown.

3 Functions

- 3.1 The main functions (including powers and duties) of the Body are those set out in the Further and Higher Education (Scotland) Act 1992 (as amended) (the “1992 Act”) and the Further and Higher Education (Scotland) Act 2005 (as amended) (the “2005 Act”). Significant amendments were made to the 1992 Act and the 2005 Act by the Post-16 Education (Scotland) Act 2013 (“the 2013 Act”).
- 3.2 You will provide active and effective leadership, direction, support and guidance to ensure that the Body delivers, and is committed to delivering, its functions effectively and efficiently and in accordance with the aims, policies and priorities of the Scottish Ministers.
- 3.3 You will provide a strong ‘challenge function’, carefully scrutinising planned and underlying assumptions before decisions are taken. In exercising this function, you will, where necessary, challenge other members and senior officials of the Body.

CHAIR OF THE BOARD OF MANAGEMENT OF []
TERMS AND CONDITIONS OF APPOINTMENT

3.4 Specific functions may vary but, unless otherwise agreed, you will:

- Lead significant change in the role and functions of the body;
- Provide effective leadership to the Body, including chairing meetings and fostering sound decision-making and full participation by other members of the Body;
- Ensure the body fulfils its duties, roles and responsibilities, including those as an employer, which will comprise:
 - Contributing to the on-going reform of the college sector and future developments at a **national level**;
 - Maintaining a strong collective sense of **delivery, accountability, and challenge** in investment of considerable public funds;
 - Ensuring **probity and propriety** in the workings of the Body;
 - Ensuring that as Chair of the Body you are sufficiently informed in order to **hold executives to account** for the implementation of Board decisions;
 - Promoting the **highest standards of governance**, propriety and conduct in the business of the Body;
 - Leading the board in **making decisions**, developing its capacity to do so;
 - **Preparing** for, and **attending**, meetings of the Body and relevant committees of which you are a member;
 - Developing **strategy**, including assisting the development, approval and monitoring of the Body's plan(s), specifically developing and being accountable for **outcome agreements** which meets the needs of a region and make best use of available funding, consistent with national strategy and agreed with SFC;
 - Ensuring that all resources (**staff, finance and premises**) are used effectively and responsibly to support local priorities and strategic objectives, and overseeing the delivery of effective performance of the Body's activities, ensuring it achieves its aims, including monitoring the **financial position** against budget allocations and key financial targets and ensuring corrective action is taken where required;
 - Approving, where appropriate, a **statement of accounts** for each financial year on the basis determined by Scottish Ministers;

CHAIR OF THE BOARD OF MANAGEMENT OF []

TERMS AND CONDITIONS OF APPOINTMENT

- Ensuring **open and transparent** procedures and processes are in place for ordinary **board appointments**, having regard to Ministerial guidance;
- Adopting a **self-evaluation** policy and process to support board development;
- **Appraising and recording the performance** of the principal and other members of the Body (including any member holding the office of the vice chair) against the individual objectives applying to those offices and also the extent to which those office-holders contribute to ensuring that the Body as a whole delivers its functions effectively and efficiently;
- Playing a central role in the workings of the college within a region and nationally, acting as an **ambassador**, building close relationships and networking with others in the region e.g. local authority and employers;
- Acting as the **principal spokesperson and public face** of the Body, including communicating its vision, purpose, outcomes and goals to college staff, employers, learners, other learning providers, and public bodies including the Scottish Funding Council, the Scottish Parliament, Ministers, the media and more widely;
- Serving as a **trustee** of the college as a charity; and
- Carrying out other tasks that may reasonably be required.

4 Accountability

- 4.1 You are individually accountable to the Scottish Ministers for your actions and decisions of office. You are also jointly accountable with other members of the Body to the Scottish Funding Council (SFC) for the actions and decisions of the Body in relation to any funding the Body receives from the SFC.

5 Period in Office

- 5.1 You are entitled to hold office from [] (inclusive) or to such earlier date as is specified in or by virtue of paragraph 5.2 or to your date of resignation or removal (whichever date comes first). You vacate office when your period in office ends (whatever the reason).
- 5.2 If the Body is dissolved or wound up while you are in office, your period in office ends on the date that the Body is dissolved or wound up, or such other date as may be specified in any enactment.

CHAIR OF THE BOARD OF MANAGEMENT OF []

TERMS AND CONDITIONS OF APPOINTMENT

- 5.3 If any other change is made to the Body which the Scottish Ministers consider requires your period in office to end, your period in office ends on such earlier date as the Scottish Ministers may, by one month's written notice, specify.
- 5.4 If a future administration decides on a change of policy on how the Body should operate and considers that an alternative office-holder should be appointed, your period in office to ends on such earlier date as the Scottish Ministers may, by one month's written notice, specify.
- 5.5 As provided for in paragraph 5(5) of Schedule 2 to the 1992 Act, as amended by paragraph 2(7)(b)(iv) of the schedule to the 2013 Act, you may resign at any time by giving notice in writing to the Scottish Ministers. Where possible, it would be helpful for succession planning purposes to give three months written notice to the Scottish Ministers.

6 Time Commitment

- 6.1 You will devote up to 1.5 days per week (during the first year you may need to devote an average of 2 days per week) to performing your functions as and when required. You will attend meetings of the Body regularly, and will contribute fully at these and to performing your other functions.

7 Remuneration

- 7.1 You are entitled to receive from the Body a fee of £xxx for every 7.5 hours (excluding meal breaks) devoted to performing your functions (as required or requested by the Body) on a pro rata basis, up to a maximum total fee of £xxx in year one and then £xxx per financial year after that.
- 7.2 You will receive no fee for any time devoted to performing your functions which exceeds 104 days in the first financial year and then 78 days in subsequent years. However, the Scottish Ministers may, exceptionally, approve additional remuneration if they consider it necessary or expedient that you devote significantly more time to performing your functions during a particular financial year.
- 7.3 You are not entitled to a pension in respect of your office, and you will generally not be entitled to any gratuity, allowance or compensation when your period in office ends (whatever the reason).
- 7.4 Remuneration will be paid through payroll and is taxable. PAYE deductions in respect of income tax and National Insurance will be made.

CHAIR OF THE BOARD OF MANAGEMENT OF []

TERMS AND CONDITIONS OF APPOINTMENT

8 Expenses

- 8.1 You are entitled to be reimbursed by the Body for expenses as the Body may determine, calculated by reference to such criteria as the Scottish Ministers may determine in accordance with section 12(5) of the 1992 Act, that appear to the Body to be necessary or expedient for the proper discharge of your functions, being mindful of appropriate expenditure limits and the need to ensure value for public money.
- 8.2 In performing your functions, you are also entitled to receive from the Body such allowances as the Body may determine, calculated by reference to such criteria as the Scottish Ministers may determine in accordance with section 12(5) of the 1992 Act.

9 Removal from Office

- 9.1 The Scottish Ministers are required to remove you from office (by giving notice to you in writing) in the circumstances set out in paragraph 5B(1) of Schedule 2 to the 1992 Act, as inserted by paragraph 2(7)(c) of the schedule to the 2013 Act – see Appendix.
- 9.2 The Scottish Ministers may remove you from office (by order) in the circumstances set out in section 24(1) of the 1992 Act, as substituted by section 7 of the 2013 Act – see Appendix.
- 9.3 The Scottish Ministers must under paragraph 5B(3) of Schedule 2 to the 1992 Act remove you from office (by giving you notice in writing) if you are removed from office from another board of management under section 24(1) of the 1992 Act or from a Regional Board under section 23Q of the 2005, as inserted by section 12 of the 2013 Act – see Appendix.

10 Changes to the Terms

- 10.1 The Scottish Ministers may, by one month's written notice, change the terms as necessary or expedient (or as agreed with you) including relevant remuneration.

11 Conduct

- 11.1 You will comply with any conduct rules that apply to you including the requirements of any code that applies to you by virtue of Part 1 of the Ethical Standards in Public Life etc. (Scotland) Act 2000.

CHAIR OF THE BOARD OF MANAGEMENT OF []

TERMS AND CONDITIONS OF APPOINTMENT

11.2 You will observe the following principles of public life:

- *Public Service* – you will act in the interests of the Body and in accordance with the functions and duties of the Body;
- *Selflessness* – you will act and take decisions solely in terms of the public interest and will not do so in order to gain financial or other material benefits for yourself, your family, or your friends;
- *Integrity* – you will not place yourself under any financial or other obligation to outside individuals or organisations that might influence you in performing your functions;
- *Objectivity* – in carrying out any public business, including making any public appointments, awarding contracts, or recommending individuals for rewards and benefits, you will make choices on merit;
- *Accountability and Stewardship* – you will account for your decisions and actions to the public. You will consider issues on their merits, taking account of the views of others and ensure that the Public Body uses its resources prudently and in accordance with the law;
- *Openness* – you will be as open as possible about all the decisions and actions you take and will give reasons for your decisions and restrict information only when the wider public interest clearly demands it;
- *Honesty* – you will declare any private interests relating to your public functions or duties and to take steps to resolve any conflicts arising in a way that protects the public interests;
- *Leadership* – you will promote and support these principles by leadership and example;
- *Respect* – you will respect fellow members and employees of the Body and the role they play, treating them with courtesy at all times.

11.3 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 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

CHAIR OF THE BOARD OF MANAGEMENT OF []
TERMS AND CONDITIONS OF APPOINTMENT

(c) gifts received on behalf of the public body.

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.

12 Liability

12.1 If legal proceedings are brought against you by a third party, the Body will meet any civil liability incurred in performing your functions, provided that you acted honestly and in good faith, and did not act recklessly or negligently.

13 Confidentiality

13.1 You will exercise due care in the use of information to which you have access in the course of performing your functions or in consequence of your office, and you will protect information that you receive in confidence from unauthorised disclosure.

13.2 When your period in office ends (whatever the reason) you will continue to owe a duty of confidentiality to the Body and to the Scottish Ministers in relation to information of a confidential nature to which you had access during your period in office.

13.3 You may be removed from office if the Scottish Ministers are satisfied that you disclosed information, without authority (statutory or otherwise), that you received in the course of performing your functions or in consequence of your office, or used it for personal gain or advancement.

14 Conflicts of Interest

14.1 You will not take part in activities which conflict with the interests of the Body and, in particular, you must not misuse your office, or any information acquired in the course of your office, to further your private interests or those of others.

14.2 You will declare any personal or business interest which might be perceived to influence your judgement in performing your functions. If any such interest arises in relation to a matter under consideration by the Body, you will declare that interest at the relevant meeting for recording in the minutes. You will ensure that such interests are recorded in a register held by the Body.

14.3 You will not participate in any discussion or determination by the Body of a matter in which you have a relevant personal or business interest and will withdraw from any such discussion or determination if your interest is direct and pecuniary. If the matter under consideration gives rise to a potential conflict of interest you will inform the Body.

CHAIR OF THE BOARD OF MANAGEMENT OF []

TERMS AND CONDITIONS OF APPOINTMENT

15 Political Activity

15.1 You may be removed from office if the Scottish Ministers are satisfied that the acceptance or holding of any other office, role, position or interest means that it is not appropriate for you to hold office.

16 Performance Appraisal

16.1 Your performance will be appraised by the Scottish Government ('the appraiser') against the individual objectives applying to your office and also the extent to which you contribute to ensuring that the Body as a whole delivers its functions effectively and efficiently, and in accordance with Ministerial aims, policies and priorities.

16.2 The appraiser will arrange an annual appraisal interview with you to discuss and review your performance. A short annual appraisal of your performance will be prepared and signed by the appraiser, and you will have the opportunity to comment on and sign it.

16.3 Your appraisal reports may be disclosed by the appraiser to the Scottish Ministers, and the Scottish Government's Colleges and Adult Learning Division. The appraiser will refer reports of unsatisfactory performance to the Division, and will refer other reports at its request.

16.4 You may be removed from office if the Scottish Ministers are satisfied that your performance means that you are no longer suitable to hold office. Where applicable, your appraisal reports may also be used by the Scottish Ministers in assessing your suitability for re-appointment.

I accept appointment to the office of Chair of the Board of Management of [] on the terms set out in Annex A.

Signature:

Date:

Full name (in block capitals):

CHAIR OF THE BOARD OF MANAGEMENT OF []

TERMS AND CONDITIONS OF APPOINTMENT

Appendix

REMOVAL OF OFFICE

Extract from paragraph 5B of Schedule 2 to the 1992 Act

5B(1)The relevant person must remove a member of the board from office (by giving notice in writing to the member) if—

(a) the member— .

(i) is sentenced as mentioned in paragraph 5A(1)(a)¹; or

(ii) has become a person to whom paragraph 5A(1)(b)² applies; or

(b) the relevant person is satisfied that the member—

(i) has been absent from meetings of the board for a period longer than 6 consecutive months without the permission of the board; or

(ii) is otherwise unable or unfit to discharge the member's functions.

(2) In sub-paragraph (1), "relevant person"—.

(a) in the case of the chairing member of the board of a regional college, means the Scottish Ministers;

(b) in the case of any other member of the board of a regional college, means the board of management of that college;

(c) in the case of a member of the board of a college which is not a regional college, means the regional strategic body for that college.

¹ has within 5 years of the date on which the appointment would take effect, been sentenced (following conviction for an offence in the United Kingdom, the Channel Islands, the Isle of Man or the Irish Republic) to imprisonment for a period of not less than 3 months, whether suspended or not, without the option of a fine.

² is an undischarged bankrupt. "undischarged bankrupt" means a person -

(a) whose estate has been sequestrated and who has not been discharged (or against whom a bankruptcy order has been made and is still in force); .

(b) who has granted a trust deed for, or made a composition or arrangement with, creditors (and has not been discharged in respect of it); .

(c) who is the subject of a bankruptcy restrictions order, or an interim bankruptcy restrictions order, made under the Bankruptcy (Scotland) Act 1985 or the Insolvency Act 1986; .

(d) who is the subject of a bankruptcy restrictions undertaking entered into under either of those Acts; .

(e) who has been adjudged bankrupt (and has not been discharged); or .

(f) who is subject to any other kind of order, arrangement or undertaking analogous to those described in paragraphs (a) to (d), anywhere in the world.

CHAIR OF THE BOARD OF MANAGEMENT OF []

TERMS AND CONDITIONS OF APPOINTMENT

(3) The Scottish Ministers must, by giving notice in writing to the member, remove a member from office if the member is removed from office under section 24 of this Act (in relation to any other college) or section 23Q of the Further and Higher Education (Scotland) Act 2005 (in relation to any regional board).

Extract from Section 24 of the 1992 Act

24(1) This section applies where—

(a) it appears to the Scottish Ministers that the board of management of any college of further education—

- have committed or are committing a serious breach of any term or condition of a grant made to them under section 12 or 12B of the Further and Higher Education (Scotland) Act 2005 (“the 2005 Act”);
- have committed or are committing repeated breaches of such terms or conditions;
- have failed, or are failing, to provide or secure the provision of education of such standard as the Scottish Ministers consider appropriate;
- have failed, or are failing, to discharge any of their duties properly; or
- have mismanaged, or are mismanaging, their financial or other affairs; or

(b) the Council has informed the Scottish Ministers that a college of further education whose board of management is established in pursuance of this Part is not, or is no longer, a body for which there are suitable provisions, procedures and arrangements of the type described by or under section 7(2) of the 2005 Act.

**DECLARATION OF OTHER PUBLIC APPOINTMENTS
AND POLITICAL ACTIVITY**

Public Appointments and Non-Executive Directorships

Please detail other public appointments that you hold which were made by, or on the recommendation of, Ministers, and any Non- Executive Directorships in the public, private or third sector. If you do not hold any, please enter 'Nil'.

Name of body or office	Position (chair, member, etc.)	Remuneration (£ per day / per annum)	Time commitment (days per week / month)

Political Activity

Please tick any that you have undertaken in the last 5 years:

Obtained office as a local Councillor, MSP, MP, MEP etc.	
Stood as a candidate for one of the above offices	
Spoke on behalf of a party or candidate	
Acted as a political agent	
Held office such as chair, treasurer or secretary of a local branch of a party	
Canvassed on behalf of a party or helped at elections	
Undertook any other political activity which you consider relevant	
Made a recordable donation to a political party (see note overleaf)	

Please name relevant parties/bodies and describe your involvement (if any):

**DECLARATION OF OTHER PUBLIC APPOINTMENTS
AND POLITICAL ACTIVITY**

Recordable Donations

The Political Parties, Elections and Referendums Act 2000 requires the Electoral Commission to maintain a register of all recorded donations reported to them. Currently, the following donations are recordable:

- Where no previous relevant donation has been recorded, one of more than £5,000, or an aggregate amount of more than £7,500;
- Where there has been a previous recording of a donation, donations that in individually or in aggregate are more than £1,500;
- Where donations of more than £1,500 have been made to a subsidiary accounting unit (such as a constituency association, local branch, or youth organisation).

The register records the political party receiving the donation, the name of the donor, the amount of the donation, the type of donation and the date on which it was accepted. Information on the Electoral Commission and the register of donations to political parties can be found on its website at: www.electoralcommission.org.uk.



Principal & Chief Executive: Rob Wallen

10 April 2014

Mr Michael Cross
Deputy Director
Employability, Skills and Lifelong Learning Directorate
Colleges and Adult Learning – Funding and Policy Division
Atlantic Quay
150 Broomielaw
Glasgow
G2 8LU

Dear Michael

The Chair, Vice Chair and Board Secretary of North East Scotland College and I have been discussing the requirements of the role of Chair as detailed in the Chair's contract and the implications for that for the role and responsibilities of the Board and me, as Principal and Chief Executive, and for the College as an institution.

To clarify our understanding and so that we can properly inform the Board, it would be helpful if you could clarify – or direct us to the person who can clarify – a number of issues.

- 1) In relation to the employment status of the Chair, where does that lie for the routine HR responsibilities – for example, sick leave and the general duty of care of an employer (for example in relation to work-load)?
- 2) In the list of responsibilities contained in the contract (see attached) there seems to be a mixture of responsibilities that are those of the Chair as an individual and those which are the responsibility of the whole Board. On the attached version I have marked in red what we understand to be the accountability for each one; could you clarify whether our interpretation is the correct one?
- 3) When will further guidance be issued about the timescales and process for the appointment of other lay members of the Board?

I look forward to receiving your response on these issues.

Yours sincerely

A handwritten signature in black ink, appearing to read "Rob", with a long, sweeping horizontal stroke underneath.

Rob Wallen
Principal

Specific functions may vary but, unless otherwise agreed, you will:

- Lead significant change in the role and functions of the body; **Chair**
- Provide effective leadership to the Body, including chairing meetings and fostering sound decision-making and full participation by other members of the Body; **Chair**
- Ensure the body fulfils its duties, roles and responsibilities, including those as an employer, which will comprise:
 - Contributing to the on-going reform of the college sector and future developments at a **national level**; **Chair**
 - Maintaining a strong collective sense of **delivery, accountability, and challenge** in investment of considerable public funds; **Board**
 - Ensuring **probity and propriety** in the workings of the Body; **Chair**
 - Ensuring that as Chair of the Body you are sufficiently informed in order to **hold executives to account** for the implementation of Board decisions; **Chair**
 - Promoting the **highest standards of governance**, propriety and conduct in the business of the Body; **Board**
 - Leading the board in **making decisions**, developing its capacity to do so; **Chair**
 - **Preparing** for, and **attending**, meetings of the Body and relevant committees of which you are a member; **Chair**
 - Developing **strategy**, including assisting the development, approval and monitoring of the Body's plan(s), specifically developing and being accountable for **outcome agreements** which meets the needs of a region and make best use of available funding, consistent with national strategy and agreed with SFC; **Board**
 - Ensuring that all resources (**staff, finance and premises**) are used effectively and responsibly to support local priorities and strategic objectives, and overseeing the delivery of effective performance of the Body's activities, ensuring it achieves its aims, including monitoring the **financial position** against budget allocations and key financial targets and ensuring corrective action is taken where required; **Board**
 - Approving, where appropriate, a **statement of accounts** for each financial year on the basis determined by Scottish Ministers; **Board**
 - Ensuring **open and transparent** procedures and processes are in place for ordinary **board appointments**, having regard to Ministerial guidance; **Chair**
 - Adopting a **self-evaluation** policy and process to support board development; **Board**
 - **Appraising and recording the performance** of the principal and other members of the Body (including any member holding the office of the vice chair)

against the individual objectives applying to those offices and also the extent to which those office-holders contribute to ensuring that the Body as a whole delivers its functions effectively and efficiently; **Chair**

- Playing a central role in the workings of the college within a region and nationally, acting as an **ambassador**, building close relationships and networking with others in the region e.g. local authority and employers; **Chair**
- Acting as the **principal spokesperson and public face** of the Body, including communicating its vision, purpose, outcomes and goals to college staff, employers, learners, other learning providers, and public bodies including the Scottish Funding Council, the Scottish Parliament, Ministers, the media and more widely; **Chair**
- Serving as a **trustee** of the college as a charity; and **Board**
- Carrying out other tasks that may reasonably be required. **Chair**

Employability, Skills and Lifelong Learning Directorate
Colleges and Adult Learning - Funding and Policy Division

T: 0300-244 1292 F: 0300-244 1270
E: Michael.cross@scotland.gsi.gov.uk



Rob Wallen
Principal
North East Scotland College
Aberdeen City Campus,
Gallowgate,
Aberdeen
AB25 1BN

In 2014 Scotland Welcomes the World



29 May 2014

Dear Rob

Thank you for your letter of 10 April about the role of the chair of a board of management of a regional college. Apologies for the delay in replying. Taking each of your points in turn:

The employment status of the Chair

1. The 2013 Act did not change the employment status of the chair in that, as before, he or she is not an employee of the college; nor, for the sake of clarity, is he or she an employee of the Scottish Ministers. The chair remains a member of the board of management. We assume therefore that current practices will prevail – for example, for the purposes of absence and management. That said, Ministers are the “relevant person” under the 1992 Act in terms of removing a chair in very specific circumstances.

Chair/Board Accountability

2. You asked about the respective responsibilities of the chair and the board (with reference to my letter of 4 March). I am not sure, however, that distinction is always clear cut.

3. You will be aware that with the exception of the first two functions¹, the functions are prefaced:

“Ensure the body fulfils its duties, roles and responsibilities, including those as an employer, which will comprise..”

4. All of the functions that follow are therefore germane to the college fulfilling its duties, roles and responsibilities. Some require the chair to act as an individual or as a board member;

¹ lead significant change in the role and functions of the body; and provide effective leadership to the Body, including chairing meetings and fostering sound decision-making and full participation by other members of the Body

and some require the chair to ensure action by the board. In all cases, the chair will be held accountable.

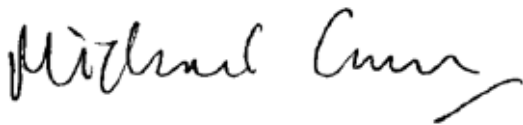
5. In trying to make a distinction between chair and board responsibilities, the risk is we lose sight of the specific role of the chair. So, for example, you suggest that “promoting the **highest standards of governance**, propriety and conduct in the business of the Body” is a matter for the board. While I agree that it is, it is also important to understand the specific role here of the chair to ensure that the board promotes the highest standards of governance.

Timescales and process for the appointment of other lay members of the Board

6. The timescale for the appointment of lay members of the Board was determined by the arrangements made for your College set out in my letter of 4 March. In terms of the process, our current consultation on draft Ministerial guidance on appointments ends on 30 May (we have given Colleges Scotland a week’s extension beyond this). Our aim is to publish the guidance in final form over the summer.

7. Since others in the sector may have similar questions, we will recast yours and place information on our website. So thank you for raising this.

Yours sincerely



MICHAEL CROSS
Deputy Director

The Board of North East Scotland College

1. Introduction

- 1.1 The purpose of this paper is to provide the Board with an opportunity to consider the future development of the Board of North East Scotland College (NESC).

2. Background

- 2.1 The regionalisation of further education provision in Scotland initiated by the Scottish Government has led to 13 regions being identified, in each of which there is a single college or some form of regional super-structure ensuring that the colleges in the region work closely together.
- 2.2 In this context, the Scottish Government decided that existing Boards should continue, with a slight change to membership, for the period 01 April 2014 to 31 March 2015, but that a process should be implemented that would lead to new membership of the Boards from 01 April 2015.

3. Establishing the New Membership

- 3.1 The intention is that the Board members appointed to serve from 01 April 2015 would be selected on the basis of a set of criteria designed to ensure a balanced and effective Board. This approach had been followed by the previous individual College Boards in this region and as such this is not, in this region, an unfamiliar concept.
- 3.2 However, there are implications that need to be addressed.
- 3.3 The current position seems to be that all existing Board members would demit office with effect from 31 March 2015 but that some (or conceivably all) of them might be reappointed following a new selection process.
- 3.4 This in itself has the risk of causing some instability; if the Board was substantially (or conceivably) entirely new there would be a risk of loss of corporate knowledge and experience. That problem would affect all colleges.
- 3.5 However, in one regard the position of NESC is different from any other college: NESC has a highly successful private sector training company subsidiary, ASET.
- 3.6 Under the terms of its articles, the majority of the members of the Board of ASET have to be members of the Board of NESC. In the event that some or all of the members of the Board of ASET were not readopted as members of the Board of NESC there would be a considerable risk to ASET having lost the continuity of experience of established directors of ASET.

4. A Way Forward

- 4.1 One possible approach would be to seek to phase the establishment of the new Board membership, with a transitional period in which the new Board could be established in two parts. In this way there would not only be a phased development of the College Board but also the opportunity to phase any change in the composition in the Board of ASET in such a way that one or more new members were in post for a while alongside longer established members.

4.2 A proposed approach to phasing the establishment of the new Board is as follows:

- Appoint one more NESC lay Board member to the ASET Board;
- Have half of the current NESC Board retire early in such a way that two members of the ASET Board retire and two do not (Scottish Government would allow us to do this);
- Appoint half the members of the new NESC Board;
- Replenish the ASET Board up to 4 NESC lay Board members + 1 other;
- Let the other half of the NESC Board retire;
- Appoint the other half of the new NESC Board;
- Replenish the ASET Board up to 4 NESC lay Board members + 1 other.

5. Recommendation

5.1 It is recommended that the Board consider the future development of the Board of NESC.

Ken Milroy
Regional Chair

Pauline May
Secretary to the Board of Management

Draft Code of Good Governance for Scotland's Colleges

1. Introduction

- 1.1 The purpose of this paper is to allow the Board to consider the draft Code of Good Governance for Scotland's College.

2. Background

- 2.1 As part of the college regionalisation process the Scottish Government intends to ensure that the governance of colleges is of a consistently high standard across all regions.
- 2.2 As part of this process, the Scottish Government wishes to establish standards of good governance practice for all college boards to provide the essential foundations for compliance within the legislative framework set out by the further and higher education acts.

3. Draft Code of Governance

- 3.1 Attached as appendix 1 is a copy of the draft Code of Good Governance for Scotland's Colleges.
- 3.2 The draft Code has been developed by a Steering Group comprised of Regional Chairs, Chairs, Principals, staff and student representatives and Board Secretaries. Mr Milroy is a member of the Steering Group.
- 3.3 The draft Code sets out the principles of good governance across five main areas:
- Leadership and Strategy;
 - Quality of the Student Experience;
 - Accountability;
 - Effectiveness;
 - Relationships and Collaboration.
- 3.4 The first stage of consultation on the Code took place in December 2013 when stakeholders were invited to provide comments on what should be included. The College submitted a response to the first stage of consultation.
- 3.5 The second stage of the consultation asked respondents to identify any aspects of the draft Code which are unclear or could be improved.
- 3.6 Attached as appendix 2 is a copy of the College's response to the second stage of the consultation on the Code, which was submitted to the College Development Network ahead of the deadline of 02 June 2014.
- 3.7 Once finalised, the Code will be owned by the college sector, and the College will be required to comply with it as a condition of grant from the Scottish Funding Council.

4. Recommendation

- 4.1 It is recommended that the Board note the draft Code of Good Governance for Scotland's Colleges.

Rob Wallen
Principal



Code of Good Governance for Scotland's Colleges

Governance and the Code

Corporate governance:

- is the way in which organisations are directed and controlled
- defines the distribution of rights and responsibilities among the different stakeholders and participants in the organisation
- determines the rules and procedures for making decisions on corporate affairs including the process through which the organisation's objectives are set, and;
- provides the means of achieving those objectives and monitoring performance.

The overarching purpose of governance for Scotland's Colleges¹ is:

“to lead the college, set its strategic direction and values and ensure effective management and financial controls to support the student experience within a framework of public accountability and transparency”.

The Code of Good Governance for Scotland's Colleges ('the Code') has been developed, and is owned, by the college sector. Colleges are required to comply with it as condition of grant from either the Scottish Funding Council or their regional strategic body. It establishes standards of good governance practice for all college boards and provides the essential foundations for compliance within the legislative framework set out by the further and higher education acts.

Scotland's Colleges are diverse and this Code is intended to promote the principles of good governance. It is expected that all colleges will comply with these principles. In exceptional circumstances, it is possible that the Code's principles may need to be met by means different to those envisaged in the Code. On these occasions colleges will be required to explain why the principles have not been observed. This allows individual board's scope to adopt the principles of the code while honouring the Code's fundamental principles, taking into account the different legislative frameworks that govern colleges.

Boards must not only follow the letter but also the spirit of the Code to ensure good governance. Boards must think deeply, thoroughly and on a continuing basis about

¹ . Scotland's colleges refers to colleges either funded by the SFC or by a regional strategic body for the provision of education. Such colleges can be incorporated or non-incorporated.

their overall tasks and the implications of these for the roles of their individual members. Key to this is the leadership of the Chair, the support given to and by the Principal, and the frankness and openness of mind with which issues are discussed and tackled by all board members.

DRAFT

Statement of Compliance with Good Governance

Each college should state its adoption of the Code in the corporate governance statement contained in its annual audited financial statements and the Chair, on behalf of the Board, is encouraged to report personally as to how the principles have been applied by the Board. Where a college's practice is not consistent with any particular principle of the Code, it should make this known to the Scottish Funding Council in advance of publishing the information and offer an explanation for that inconsistency in its corporate governance statement. Colleges will be expected to offer a clear rationale for exceptions in the context of their college's operational model and to identify mitigations.

Principles

Section A: Leadership and Strategy

- Conduct in Public Life
- Vision, Mission and Strategy
- Corporate Social Responsibility

Section B: Quality of the Student Experience

- Learner Engagement
- Relevant and high quality learning
- Quality Monitoring and oversight

Section C: Accountability

- Accountability and Delegation
- Risk Management and Audit
- Financial and Institutional Sustainability
- Employee Relations

Section D: Effectiveness

- The board chair
- Board members
- Principal and Chief Executive
- Board Secretary
- Board member appointment, induction and training
- Board evaluation

Section E: Relationships and Collaboration

- Partnership working
- Openness and Transparency
- Staff and Students

Section A: Leadership and Strategy

Conduct in Public Life

- A.1 Every college must be headed by an effective board that is collectively responsible for setting, demonstrating and upholding the values and ethos of the organisation.
- A.2 The nine key principles underpinning public life in Scotland, which incorporate the seven Nolan principles, must be the basis for board decisions and behaviour.

Vision, Mission and Strategy

- A.3 The board is responsible for determining the college's mission, strategic direction, educational character, values and ethos. Board members have a collective leadership role in fostering an environment that enables the college to fulfil its mission, for the benefit of learners and the community it serves.
- A.4 The board must develop and articulate a clear vision for the college. This should be a formally agreed statement of the organisation's purpose and desired outcomes which should be used as the basis for the organisation's overall strategy and planning processes.
- A.5 The board is responsible for formulating strategy by identifying strategic priorities and providing direction within a structured planning framework. The board provides overall strategic leadership and takes all final decisions on strategic matters affecting the college.
- A.6 The board must monitor performance against strategy including identification of appropriate Key Performance Indicators to monitor achievement of the college's vision and mission and ensure that these have due regard to the interests of stakeholders.
- A.7 The board is responsible for the development of outcome agreements, in partnership with their regional strategic body as appropriate, which meet the needs of the region and make best use of available funding, consistent with national strategy and agreed with SFC. The board must engage as partners with all stakeholders in the development and agreement of outcome agreements and monitor performance in achieving the agreed outcomes.

Corporate Social Responsibility

- A.8 The board must demonstrate high levels of corporate social responsibility by ensuring the college behaves ethically and contributes to economic development while improving the quality of life of its workforce as well as of the local community and society at large.
- A.9 The board must exercise its functions with a view to improving economic and social wellbeing in the locality of the college. It should have regard to social and economic needs and social inclusion issues.
- A.10 The board must provide leadership in equality and diversity. The board must ensure it fulfils its statutory obligations and duties in respect of equalities legislation.
- A.11 The board must seek to reflect the make-up of its community through offering maximum opportunity of membership to a range of potential members and removing potential barriers to membership, in partnership with its regional strategic body, as appropriate.
- A.12 The board must appoint one of the independent non-executive members to be the senior independent director to provide a sounding board for the chair and to serve as an intermediary for the other board members and the board secretary when necessary. The senior independent director should also be available where contact through the normal channels of chairman, principal or other board members has failed to resolve an issue or for which such contact is inappropriate.

Section B: Quality of the Student Experience

Learner Engagement

- B.1 The board must have close regard to the voice of its learners and the quality of the student experience should be central to all board decisions.
- B.2 The board must lead by example in relation to openness, by ensuring that there is meaningful on going engagement and dialogue with students, the students' association and as appropriate staff and trades unions in relation to the quality of the student experience. Consultation is essential where significant changes are being proposed.

Relevant and high quality learning

- B.3 The board must seek to secure coherent provision for students, having regard to other provision in the college's locality. The board must be aware of external local, national and international bodies and their impact on the quality of the student experience, including community planning partners, skills

development and enterprise agencies and employer bodies. The board must seek to foster good relationships and ensure that the college works in partnership with external bodies to enhance the student experience, including employability. The board should seek to improve participation.

Quality Monitoring and Oversight

- B.4 The board must ensure appropriate mechanisms are in place for the effective oversight of the quality of the learning experience and work with other bodies as appropriate to oversee and monitor this. The board must ensure that the college works in partnership with sector quality agencies and other appropriate bodies to support and promote quality enhancement and high quality services for learners.
- B.5 The board must expect to see student surveys and monitor action plans that could impact on the quality of the student experience.

Section C: Accountability

Accountability and Delegation

- C.1 The board is accountable to its students and to other stakeholders, including the public, employers and its local community for the provision of appropriate, high quality education that enhances social and economic well-being.
- C.2 The college must maintain and publically disclose a current register of interests for all board members. All board members should declare any conflicts of interest and withdraw from meetings as appropriate or when requested to do so.
- C.3 The board must ensure that its decision-making processes are transparent, properly informed, rigorous and timely, and that appropriate and effective systems of financial and operational control, risk assessment and management, are established, monitored and continuously improved.
- C.4 Boards may delegate responsibilities to committees for the effective conduct of board business. The required committees are Audit, Remuneration and Nominations/Appointments.
- C.5 Delegation of responsibilities from, and reservations to, the board and its committees must be clarified through a scheme of delegation including the functions delegated by the board to the chair, committees, the principal and state which matters are reserved.
- C.6 Boards must consider and have in place procedures to ensure effective working relationships and constructive dialogue amongst the board as a whole and ensure there is effective reporting and two way communication between committees and the board.

Risk Management and Audit

- C.7 The board is responsible for the management of risk and opportunity. It must set the risk appetite of the college and ensure there is an appropriate balance between risk and opportunity and that this is communicated via the principal to the executive team.
- C.8 The board must maintain sound risk management and internal control systems. It must ensure there is a formal on-going process for identifying evaluating and managing the college's significant risks and review the effectiveness of risk management and internal control systems.
- C.9 The Audit Committee must support the board and the principal by reviewing the comprehensiveness, reliability and integrity of assurances: the college's governance, risk management and internal control framework.
- C.10 The scope of the Audit Committee's work must be defined in its terms of reference and encompass all of the assurance needs of the board and the principal. The Audit Committee must have particular engagement with internal and external audit and financial reporting issues.
- C.11 The membership of the Audit Committees must consist of non-executive board members who must be independent and objective. The chair of the board must not be a member of the Audit Committee. The role of the executive is to attend meetings at the invitation of the committee chair and to provide information either for the whole duration of a meeting or for particular agenda items.
- C.12 The Audit Committee terms of reference must provide for the committee to sit privately without any non-members present for all or part of a meeting if they so decide. The Audit Committee members should meet with the internal and external auditors without the executive team present at least annually.
- C.13 At least one member of the Audit Committee should have recent relevant financial or audit experience.

Financial and Institutional Sustainability

- C.14 The board is responsible for ensuring the financial and institutional sustainability of the college. College boards are accountable to the Scottish Funding Council or their Regional Strategic Body for the funding they receive from it. The board must ensure compliance with the SFC/Regional Strategic Body Financial Memorandum and if appropriate aspects of the Scottish Public Finance Manual.
- C.15 Boards have a responsibility to promote economic and social well-being in their college localities and to ensure that funds are used as economically, efficiently and effectively as possible.

- C.16 For colleges that are charitable organisations, board members are also charity trustees. Boards must be aware of their responsibilities under charity legislation and ensure compliance with relevant provisions.

Employee Relations

- C.17 The board must ensure that the college meets its moral and legal obligations to its staff. Day to day staff management is delegated to the principal.
- C.18 The board is responsible for employment policies and must ensure appropriate consultation with staff and recognised trades unions. The board should see staff surveys and monitor any resulting action plans.
- C.19 The board must ensure compliance with all statutory information and consultation of employee's regulations. The board must seek to ensure effective dialogue between trades unions and management and should promote positive employee relations.
- C.20 Boards must ensure that regional colleges fulfil their statutory duty to consult and collaborate with trades unions and students associations through appropriate mechanisms.

Section D: Effectiveness

The Board Chair

- D.1 The chair is responsible for leadership of the board and ensuring its effectiveness in all aspects of its role. The chair is responsible for setting the board's agenda and ensuring that adequate time is available for discussion of all agenda items, particularly strategic issues. The chair must promote a culture of openness and debate by facilitating the effective contribution of all board members and ensuring constructive relations between board members.

Board members

- D.2 The whole board is collectively responsible and accountable for all board decisions. Board members must make decisions in the interest of the college as a whole rather than selectively or in the interests or as a representative of a particular constituency.
- D.3 Staff and student board members are full board members and bring essential and unique, skills, knowledge and experience to the board. Staff and student board members must not be excluded from board business unless there is a clear conflict of interest, in common with all board members.
- D.4 The board must ensure that the respective functions of governance and management, and the roles and responsibilities of the chair, the principal, the board secretary and individual board members, are clearly defined.

Principal and Chief Executive

- D.5 The board must appoint the principal as chief executive of the college, securing approval from the regional strategic body if necessary and must put in place suitable arrangements for monitoring their performance.
- D.6 The board must ensure there is an open and transparent recruitment process for appointment of the principal and obtain approval for the appointment and their terms and conditions, where required. Students and staff members should have an opportunity to contribute to the recruitment process.
- D.7 The board delegates to the principal, as chief executive, authority for the academic, corporate, financial, estate and human resource management of the college, and should ensure the establishment of such management functions as should be undertaken by and under the authority of the principal.
- D.8 The board must ensure a clear process is in place to set and agree Key Performance Indicators for the principal. This process should seek the views of student and staff members. The chair, on behalf of the board, should monitor and review the principal's performance at least annually against the agreed KPIs.
- D.9 There must be a formal procedure in place for setting the remuneration of the principal by a designated committee of non-executive members. The board may wish to supplement this by taking evidence from a range of sources. In particular, staff and students could have a role in gathering and submitting evidence to the relevant committee.
- D.10 The principal has an important role in supporting effective governance. The principal shares responsibility with the chair and the board, supported by the board secretary, for enabling good governance through supporting effective communication and interaction between the board and the rest of the college including staff and students.
- D.11 The chair and the principal have a shared responsibility to provide leadership for the organisation as a whole. The principal is the operational interface between the board and the college.
- D.12 The board must provide a constructive challenge to the principal and hold the principal and the executive team to account.

Board Secretary

- D.13 All board members must have access to services of board secretary who has an important governance role in advising the board and individual board members and supporting good governance. The board secretary should advise the board and executive team on governance, the role of the board and board matters.

- D.14 The board secretary must directly support the chair in ensuring the board receives appropriate, timely and high quality information in a form that allows it to monitor and scrutinise the college's activities and to challenge performance when required. The board secretary must support the chair in ensuring compliance with all relevant legislative and governance requirements.
- D.15 The board secretary is responsible to the chair and the board. The board secretary must be independent of the college executive in relation to the board secretary role and report directly to the chair. The processes and procedures for appointment and removal of the board secretary should be a decision of the board as a whole.

Board Member Appointment, Induction and Training

- D.16 Regional college boards must ensure that there is a formal and open procedure in place for recruiting and selecting new non- executive board members. Boards must have regard to all relevant Ministerial Guidance on board appointments.
- D.17 The board is responsible for ensuring appropriate arrangements are in place for the conduct of student elections and elections of staff members to the board.
- D.18 The chair must ensure that new board members receive a formal induction on joining the board, tailored in accordance with their individual needs. The board secretary should support the chair in the provision of relevant induction for new board members.
- D.19 All board members must undertake appropriate training and development in respect of their governance role. The board secretary should support the chair in the provision of relevant training and development opportunities for board members, which should be tailored to meet board members skills and needs. The board secretary must keep records of the development activity of board members, including the chair.

Board Evaluation

- D.20 Extension of the term of office of board appointments requires evidence and the Board must ensure appropriate mechanisms are in place to support this.
- D.21 The board must keep its effectiveness under annual review and have in place a robust self-evaluation process. There should be externally facilitated evaluation of its effectiveness every three to five years.
- D.22 The board must agree a process for evaluating the effectiveness of the board chair and the committee chairs. The evaluation of the board chair should normally be led by the vice-chair or senior independent director.

- D.23 The performance of regional college chairs will also be evaluated by the Scottish Government, as regional colleges chairs are appointed by the Scottish Ministers and are personally accountable to them.

Section E: Relationships and Collaboration

Partnership working

- E.1 Colleges and regional strategic bodies must work in partnership to secure the coherent provision of a high quality of fundable further and higher education in their localities.
- E.2 Colleges and regional strategic bodies must ensure effective regional planning, consultation and collaboration following the principles of effective collaborative working: partnership; mutual respect and trust; and working towards commonly agreed outcomes.
- E.3 Boards must ensure effective partnership working with local and national bodies including businesses, public and third sector organisations to develop commonly agreed priorities following the principles of effective collaborative working.
- E.4 The board must encourage and support effective partnership working and collaboration within and across regions to address local needs and meet national priorities and specialisms.

Openness and Transparency

- E.5 The work of the board and its committees should be communicated appropriately to internal and external stakeholders to support effective and transparent governance.
- E.6 The board, via the board secretary, must ensure the board agenda, minutes, policies and appropriate reports are published within appropriate time frames, ensuring and monitoring compliance with freedom of information legislation.

Staff and Students

- E.7 The board must encourage a strong, autonomous and independent students' association and should ensure that the students' association is adequately resourced.
- E.8 The board must ensure that the students' association operates in a fair and democratic manner and fulfils its responsibilities. The students' association must have a written constitution, which should be subject to the approval and review by the board at intervals of not more than five years.
- E.9 The board and the students' association must establish clear guidelines on relationships and effective communication.

- E.10 The board must promote good employee relations and ensure mechanisms are in place for on-going meaningful engagement with staff. The board should have in place appropriate mechanisms to support effective engagement with all staff, with the principal delegated to operationalise the outcome of board decisions, values and ethos to all staff.
- E.11 The principal must set an example to the college's employees and the board should require the principal to communicate throughout the college the board's expectations on the college's culture, values and behaviours.
- E.12 The principal, on behalf of the board, must ensure that appropriate governance standards are cascaded through the organisation. The board should ensure that it is aware of the employees' and trades unions' views on relevant issues.

DRAFT

DRAFT Code of Good Governance for Scotland's Colleges

Consultation response from North East Scotland College

1 The document is in general effective in terms of outlining principles of good governance applicable to the College sector.

One general concern is that it is not clear what is the status of the contents. There is reference to a 'Code' and to 'principles'. It states that "it is expected that all colleges will comply with these principles. In exceptional circumstances, it is possible that the Code's principles may need to be met by means different to those envisaged in the code. On these occasions colleges will be required to explain why the principles have not been observed. This allows individual board's (sic) scope to adopt the principles of the code while honouring the Code's fundamental principles"

It seems to be unclear whether the Code is just the principles or whether there is some part of it which is the implementation of the principles. It seems to confuse the principles and the means by which the principles are implemented. Surely the principles themselves must be observed – but it is not clear what are the "means" "envisaged" in the code in which there may be some latitude.

In general the document does not acknowledge the role of the Principal as a member of the Board. The emphasis on the purely "operational" role of the Principal could be reconsidered.

There are some areas of detail requiring clarification or further consideration which are identified in the 'Comments on details', in the attached appendix.

2 The code certainly is appropriate for North East Scotland College. We are not aware of any particular circumstances of other colleges which might require to be addressed – except that perhaps the complexity of multi-college regions (perhaps especially the UHI region) may need to be given specific consideration.

3 The document is in general accessible and should be easy enough to implement.

However, as noted above, there are some areas of detail requiring clarification or further consideration which are identified in the 'Comments on details', in the attached appendix.

4 Additional practical guidance

The provision of practical guidance on the four identified areas is to be welcomed. It will help provide consistency and avoid duplication of effort. A further element of clarification could be provided on the processes of evaluation:

- Evaluation of the Principal
- Evaluation of the Board members by the Chair
- Self-evaluation by the Board
- External evaluation of the Board.

Appendix

Comments on details

A3 There is reference to the Board's role in relation to the College's mission. Does that mean there is an expectation that a College should have a mission statement? Our Board decided one was not necessary, as the mission of colleges is fairly clear.

A6 What is the role of the ROA in this? Surely the ROA sets many of the KPIs. Surely also the Board do not monitor the achievement of the "vision and mission" (assuming it has a mission) but rather monitors the achievement of the KPIs which are derived from the vision (as well as being set in the ROA).

A7 Is it the role of the Board to engage with "all stakeholders"? Surely it is primarily the role of managers to do that – and surely no-one expects anyone to engage with *all* stakeholders?

A10 What does "provide leadership in equality and diversity" actually mean? Is it the same as "fulfils its statutory obligations" in the second sentence? If so this is repetition. If it is something else, what is it?

A10 should say "The Board must seek to reflect *in its membership* the make-up of the community".

B2 What is "meaningful ongoing engagement and dialogue with students" in practice? Is that dialogue by college staff more than dialogue by Board members direct with students? What is the role of the student representatives on the Board? Who decides what changes are significant enough to warrant consultation? Presumably the dialogue with trade unions is actually with the management team (though the Board need to be aware of any significant developments).

B3 "The Board should seek to improve participation" – what does "improve" mean? Does it mean "increase"? What is the relationship between this and specific targets set in the ROA?

C6 "Procedures to ensure effective working relationships and constructive dialogue amongst the Board as a whole" – what are these procedures? Does it mean standing orders or something else?

C15 The phrase "to promote economic and social well-being in their college localities" repeats what is said in section A9.

D3 There are occasions where staff and/or student representatives may need to be excluded for issues of confidentiality as well as for issues of conflict of interest, and they need to be allowed for.

D6 From whom is approval to be obtained?

D8 Is it for the full Board to set the KPIs for the Principal – or for the Chair to do so?

D9 Does this mean that staff and students "gather and submit evidence" to the remuneration committee on what they expect the Principal to be paid? What kind of evidence would you expect to be submitted?

D10 “Supporting effective communication and interaction between the Board and the rest of the college” – what does that mean?

D11 The phrase “operational interface between the board and the college” is rather stark. (In E10 is the even more stark phrase “with the principal delegated to operationalize the outcome of board decisions”). Is this what is really intended?

D13 The first line is ungrammatical. “the” and “a” are missing.

D20 What “evidence” is required for the extension of the term of office of a Board member?

D21 Why is the external evaluation only every “three to five years”? If it is needed, should it be annual? What is meant by “external”? External to the Board or external to the College?

E2 How can partnership be one of “the principles of effective collaborative working”? Surely partnership is collaborative working?

E10 The point about engagement with staff is already made elsewhere.

E12 should be split into two separate points: the second sentence is on a completely separate issue from the first (ie it should be E13).

E13 In this new E13 there is reference again to the Board being aware of the views of employees and trade unions. Again, what does it mean in practice? Again, what is the role of staff and student representatives on the Board?

Scottish Funding Council 6-month Post-merger Review

1. Introduction

- 1.1 The purpose of this paper is to provide information to the Board about the recent 6-month post-merger review of North East Scotland College undertaken by the Scottish Funding Council (SFC).

2. Background

- 2.1 Colleges in Scotland receive the bulk of their funding through the SFC, which itself is funded directly by Scottish Government.
- 2.2 The SFC has been made responsible by Scottish Government to monitor the progress and effectiveness of the merger process across Scotland's colleges and of the post-merger integration within the newly formed regional colleges.
- 2.3 In order to do this the SFC has established a framework that includes a visit six months after merger.

3. 6-month Post-merger Visit to North East Scotland College

- 3.1 The 6-month post-merger visit involved:
 - 3.1.1 A visit on 04 April 2014 by four officials of the SFC, covering both Fraserburgh and Aberdeen City Campuses; the four involved were the College's own Outcome Agreement Manager and the person who has assisted him in relation to the Aberdeen and Aberdeenshire region, and two other officials who had been involved in other regions of Scotland. Then officials met a number of staff and students drawn from different areas of the College. They also received a summary of progress from the SMT and a range of supporting documentation.
 - 3.1.2 A visit on 19 May 2014 by a member of the Board of SFC and three officials of SFC; the three officials were the College's own Outcome Agreement Manager and the person who has assisted him in relation to the Aberdeen and Aberdeenshire region, and the Director responsible for Outcome Agreements.

4 Feedback from the 6-month Post-merger Review

- 4.1 On 19 May 2014 the party from SFC met the Senior Management Team and (separately) the Chair and Principal and a number of lay members of the Board.
- 4.2 The feedback to the SMT indicated that the SFC had identified that the merger had been well managed and that the post-merger integration was progressing well.
- 4.3 They advised that they would provide a letter within two weeks of the date of the visit recording their findings in writing. At the time of composition of that paper that letter had not yet been received.

5 Recommendation

- 5.1 It is recommended that the Board consider the contents of this report.

Rob Wallen
Principal

Education Scotland Annual Engagement Visit, May 2014

1. Introduction

- 1.1 The purpose of this paper is to provide information to the Board about the recent Annual Engagement Visit by Education Scotland to North East Scotland College.

2. Background

- 2.1 Under the current HMIE Quality Framework colleges are subject to a full "Review" approximately every four years, with a smaller-scale "engagement visit" each year in between Reviews.
- 2.2 The so-called Annual Engagement Visits (AEVs) each involved one or perhaps two members of the Education Scotland team of Her Majesty's Inspectors accompanied by one or more Associate Assessor (a senior member of staff of another College who works as part of the inspection team); typically such AEVs each run over two days. (By comparison a full review typically takes a week and may involve 20 or more Inspectors and Associate Assessors.)

3. Annual Engagement Visit to North East Scotland College

- 3.1 The AEV to North East Scotland College took place on 12 and 13 May 2014.
- 3.2 The College's inspector, HMI Jan Davidson, was accompanied by one other HMI and an Associate Assessor.
- 3.3 Between them they met staff and students at Fraserburgh, Aberdeen City and Aberdeen Altens Campuses.

4. Feedback from the Annual Engagement Visit

- 4.1 At the end of the visit they provided their feedback based on the interviews they had held and their examination of a wide range of documentation.
- 4.2 It was noted that substantial progress had been made in developing integrated approaches and systems for the College in the six months following merger.
- 4.3 It was also noted that there had been no indication of any disruption of the learner experience.
- 4.4 The further actions that they proposed were all in line with the programme of work that was already underway.
- 4.5 A written report on the AEV will be provided, but at the time of writing is not yet available.
- 4.6 HMI Jan Davidson will be in attendance at the meeting to provide Members with feedback.

5. Recommendation

- 5.1 It is recommended that the Board consider the contents of this report.

Rob Wallen
Principal

Revised Process for College Reviews

1. Introduction

- 1.1 The purpose of this paper is to provide information to the Board about a development in the process of reviewing colleges.

2. Background

- 2.1 Under the current HMle Quality Framework colleges are subject to a full "Review" approximately every four years, with a smaller-scale "engagement visit" each year in between Reviews. In undertaking this role the HMIs are acting on behalf of the Scottish Funding Council (SFC), from whom they have a contract for this work.
- 2.2 Alongside the requirements of the HMle Quality Framework, colleges are now subject to a range of other criteria as detailed in the Outcome Agreements.
- 2.3 As a result, the SFC has decided that there is a need to see how these two processes could be better aligned to avoid duplication or inconsistency.

3. Revised Approach to the Review of Colleges

- 3.1 The proposed new arrangements involve SFC and HMle working in concert rather than in isolation.
- 3.2 The details of the new approach have not yet been identified, however an action-learning project is being established to pilot and help develop a new approach. The participants in the project are: North East Scotland College, Ayrshire College, South Lanarkshire College, the SFC and Education Scotland. Attached as an appendix to this paper is a high level summary of the intentions for the project.
- 3.3 It is understood that in the new arrangements there will no longer be the full four-yearly review involving a large team of inspectors.
- 3.4 Rather it is understood that the arrangements will involve closer working between SFC and HMle and the College on a routine basis and that the focus will be on colleges being able to put in place internal quality arrangements that are robust enough to satisfy SFC and HMle that the quality of provision is being properly managed.
- 3.5 This then will be no easy option; in order to satisfy the HMle and SFC, the College's systems for setting and monitoring standards will have to be robust and transparent. They will also be subject to some degree of external validation.
- 3.6 A meeting is being planned with SFC and HMle to discuss the new approach some time in June 2014. Further detail will be provided to the Board when it becomes available.

4. Recommendation

- 4.1 It is recommended that the Board consider the contents of this report.

Rob Wallen
Principal

Colleges action- learning project

Purpose

Following a period of radical change in the college sector SFC is setting up an action-learning project to take forward further changes. The participants in the project are three colleges, SFC and Education Scotland. The themes for this work are:

Integration

Establish one process for evaluating outcome agreements and academic quality, and eliminate unnecessary duplication.

Ownership

Place ownership for evaluating outcomes and quality with the colleges, because this is the route to real quality improvement.

Challenge

Boards, Scottish Government, SFC, learners and other stakeholders need to know that evaluation is robust. This work must ensure that credibility is built into college self-evaluation by embedding independent, critical, challenging voices into the college processes.

Regional approach

There is no longer one system or method for the college sector. Regional funding and outcome agreements recognise that every region is different. The action-learning method for this project will allow for further development of regional solutions, the colleges and partners have been challenged to run an experiment to design robust approaches. External reviews for the colleges in the project will be suspended.

Governance

This project will be managed by SFC. There will be a steering group chaired by the SFC Chief Executive. Members of the steering group will include a Regional Lead, the Chair of the Colleges Quality Improvement Group, Education Scotland, and Scottish Government.

Timing

The project will take place in AY2014-15.

3 June 2014

Estates Masterplan, Fraserburgh Campus

1. Introduction

- 1.1 The purpose of this paper is to advise the Board of developments in refurbishing the College's estate.

2. Background

- 2.1 Before merger, Aberdeen College had a detailed estates strategy which considered a phased approach to the refurbishment and upgrading of the College's various campuses. The College's estate was in good condition, having been well maintained and upgraded over many years, and there were no issues that required immediate action – there were no facilities of an unacceptable standard. The intention, however, was to have a pre-emptive and proactive approach to ensuring the estate remained in good condition and that changes were made to further enhance the learner experience and to adapt to changes in the curriculum and technology. The phasing was based on an estimation of the availability of funds (from already accumulated reserves, from future inflows of cash and on assumptions about the receipt of proceeds from the sale of the site of the Balgownie Centre). The first major step in that process was the over-clad and re-roof of the Aberdeen City Campus Tower and East blocks – which is currently underway.
- 2.2 Before merger, Banff & Buchan College benefited from a substantial refurbishment funded by SFC. The funds provided, however, did not allow the refurbishment of the entire campus, but left the areas used for certain subjects – including engineering, motor-vehicle, construction, art and design, and sport and fitness – untouched. There was no specific estates strategy document, but there were some plans for upgrading – including of the welding areas (funded by SFC through the OGAS initiative) and the car park.

3. Review of the Estates Strategy

- 3.1 Following merger it was agreed that a review should be carried out of the existing (i.e. Aberdeen College) estates strategy in such a way that it would become a regional strategy covering all campuses of NESCC, providing the same phased approach to estates upgrading as had been provided for Aberdeen College campuses before merger.

4. Works Required at Fraserburgh

- 4.1 Following merger an informal survey was carried out of the Fraserburgh Campus. This identified that there were areas which were in need of attention to bring them up to the standard of other parts of the (merged) College's estate and to provide an appropriate learning environment for students – namely the areas used for engineering, motor-vehicle, construction, art and design, and sport and fitness. This was regarded as an immediate priority – whereas other works that had been listed within the existing estates strategy were identified as being desirable but not essential.
- 4.2 A process was set up to identify what work was required. This involved input from staff involved in the delivery of the curriculum in these areas. The focus was both on providing high standard facilities for the delivery of the existing provision and also on providing room for expansion of numbers of students on existing programmes (such as engineering apprenticeships) and accommodation for additional programmes to increase the range of offer at the Fraserburgh Campus (for example a science laboratory). Increasing capacity in technical subject areas will be particularly important in the light of the Wood Commission recommendations regarding vocational provision for school pupils. Increased capacity for engineering provision is also a priority given the skills gap in the oil and gas industry and the high demand for places on engineering courses.

- 4.3 A firm of architects prepared a paper identifying different options.
- 4.4 The options were presented to the Finance & General Purposes Committee at their meeting on 20 May 2014, and agreement was reached on a preferred option, at a cost of £8.2m.
- 4.5 Action is now being taken to implement the preferred option.
- 4.6 Some other less costly works are also being undertaken in relation to the art and design and sports areas.
- 4.7 Taken together these works will complete the refurbishment of those areas that were not refurbished during the Fraserburgh 2012 programme.

5. Funding the option

- 5.1 The Finance & General Purposes Committee agreed that an approach should be made to the NES Foundation for the release of funds sufficient to cover the cost of the work on engineering, construction and motor-vehicle. The Foundation has already agreed in principle to release £4m for works in Fraserburgh, but will now be asked to make a larger sum available.
- 5.2 However, it was also noted that officials of SFC, having seen the existing accommodation for these subject areas, agreed that they were a priority and in principle would be in favour of providing financial support for the works. If support is available from SFC, the amount needed from the Foundation would obviously be less.
- 5.3 If in practice little or no funding is available from SFC, it will mean that the funds available in the Foundation will be considerably diminished; a balance of ca £2m will remain until further receipts are made into the Foundation.
- 5.4 However, the sale of the site of the former Balgownie Centre is expected to release additional funds (perhaps as much as £10million) in the forthcoming years and for the time being at least it is anticipated that the College group (i.e. the College and ASET taken together) will be able to donate further funds to the Foundation.
- 5.5 This will ensure that there are funds available to put towards the works that will be identified in the revised estates strategy and allow a phased approach to undertaking them.

6. Recommendation

- 6.1 It is recommended that the Board consider the issues relating to the refurbishment of areas of the Fraserburgh Campus.

Rob Wallen
Principal

Report by the Investment and Project Committee

1. Introduction

- 1.1 The purpose of this paper is to assist the Board to consider the work of the Investment and Project Committee.

2. Background

- 2.1 The Investment and Project Committee has been delegated authority and responsibility for the fulfilment of the Board's Estates Development Strategy.
- 2.2 The Committee is required, under its terms of reference, to report to meetings of the Finance and General Purposes Committee and the Board of Management on the business that it conducts.

3. Business Conducted by the Committee

- 3.1 Since the last meeting of the Board of Management, the Committee has met on two occasions – on 18 March and 20 May 2014.
- 3.2 The business conducted at the meeting of 18 March was concerned with monitoring progress of works to over-clad and re-roof the Tower and East Blocks at Aberdeen City Campus, and on works to re-equip the Engineering Workshops at the Fraserburgh Campus.
- 3.3 The business conducted at the meeting of 20 May was concerned with monitoring progress of works to over-clad and re-roof the Tower and East Blocks at Aberdeen City Campus.
- 3.4 Mr Milroy will provide an oral report to this meeting on the business conducted at the meeting of the Committee.
- 3.5 The next meeting of the Committee is scheduled to take place on 15 July 2014.

4. Recommendation

- 4.1 It is recommended that the Board consider the information provided on the work of the Investment and Project Committee.

Rob Wallen
Principal

Reclassification

1. Introduction

- 1.1. The purpose of this paper is to provide information to the Board of Management on matters related to the reclassification of colleges as central government bodies.

2. Financial Memorandum and the Scottish Public Finance Manual

- 2.1. The SFC has issued an addendum to the current Financial Memorandum with colleges, which is effective from 1 April 2014. It has also issued a draft Financial Memorandum, which it is intended will be effective from 1 August 2014. These documents give effect to the changed financial accountabilities and requirements that are the consequence of reclassification, which have been brought to the attention of the Board and its Committees in papers considered at meetings and at the recent briefing given by an official of the SFC.

3. Insurance

- 3.1. The SFC has confirmed that colleges are allowed to renew insurances on the expiry of current insurance cover and, after further clarification from officials, it is the case that the College and ASET can put insurance covers in place for the year to 31 July 2015.
- 3.2. This approach provides time for the Scottish Government to consider a business case in support of colleges carrying insurance as they do currently. Colleges Scotland, the representative body for colleges, is working to prepare the business case, which it is intended is submitted to the Scottish Government in September 2014.
- 3.3. It is understood that SFC officials see a distinction between insurance covers that might be described as being necessary to allow colleges to tender for commercial work, such as public and products liability, and other insurances, such as buildings, contents and business interruption. That being the position taken by officials, assurance is being sought, as part of Colleges' Scotland's business case, that the Scottish Government would act as 'insurer' in the event that colleges are not permitted to enter into insurance contracts for buildings, contents and business interruption.
- 3.4. This is a significant matter for the College. At present the College carries insurance to replace buildings and contents and to provide funds for increased cost of working and business interruption in the event of a major incident.
- 3.5. The College has specialist facilities such as the AbCol plant at the Aberdeen Altens Campus, which are unique in the UK. The College and ASET would face significant losses of income should there be a catastrophic event that prevents the facility from being used. The question is to be asked, 'who will cover financial losses if the College and ASET are not allowed to insure against these risks?'

4. Scottish Funding Council Returns

- 4.1. The reclassification of colleges means that the SFC pays grants to colleges on the basis of cash flow projections that are updated month-by-month during the financial year with the balance of funds being paid in the final month (March). At the time of writing, three monthly cash flow forecast returns have been submitted. SFC uses these returns to determine the amount of revenue grant and student support funds to be released to the College.

4.2. In recent months many transitional issues have clarified. However, there are issues that remain to be resolved in relation to the information requirements of the SFC. A settled pattern of operation has yet to be established. It is likely that further issues will emerge during the year and that it will take the completion of one full financial year before the practical implications of reclassification are evident and understood.

5. Recommendation

5.1. It is recommended that the Board note the information provided in this paper.

Rob Wallen
Principal

Roddy Scott
Vice Principal - Finance

Economic Impact of North East Scotland College

1. Introduction

- 1.1 The purpose of this paper is to allow the Board to consider the economic impact assessment conducted by EMSI.

2. Background

- 2.1 For many years colleges in Scotland have been providing vocationally specific training which has provided the skills needed by industry and commerce but has also provided for individuals a route-way into sustainable and rewarding employment.
- 2.2 However, while the vital roles played by schools and universities are well recognised, the role of colleges can often be underestimated or overlooked entirely.
- 2.3 For many, colleges are perceived as being very much an inferior destination after school – a place where people go if they can't get in to university.
- 2.4 This is of course wrong in many ways – but primarily because society and the economy need a wide range of different types of skills and because in many cases the skills of those who achieve a college qualification are in high demand (sometimes in higher demand than the skills of those who have achieved some sort of university degrees).
- 2.5 It is also the case that little research has been conducted into exactly what colleges contribute to the national economy.

3. EMSI

- 3.1 For this reason the College chose to have an economic assessment carried out of its economic impact. The assessment was undertaken by an international company called EMSI, using an economic impact assessment analysis approach which we are advised is robust and highly regarded.
- 3.2 Attached as appendix 1 is the executive summary of the report and as appendix 2 is a fact sheet which distils the main findings of the work. The full report and other fact sheets aimed at other audiences are available on request.
- 3.3 It will be noted that for a Scottish Government investment of £33.1m pa the College delivers an economic impact of £406.4m pa, and that the direct return on investment to the government is 17.9%.
- 3.4 It is intended that the data arising from this assessment should be the basis for a media campaign to raise awareness in the region as to the fundamental role played by the College.

4. Recommendation

- 4.1 It is recommended that the Committee discuss the outcomes of the EMSI research.

Rob Wallen
Principal

DEMONSTRATING THE VALUE OF

North East Scotland College

EXECUTIVE SUMMARY

May 2014

ANALYSIS OF THE SOCIAL & ECONOMIC IMPACT OF LEARNING

emsi



INTRODUCTION

North East Scotland College (NESC) creates value in many ways. The College is committed to putting learners on the path to success and plays a key role in helping them increase their employability and achieve their individual potential. With a vast range of courses and apprenticeships, the College's provision enables learners to acquire qualifications and develop the skills they need in order to have a fulfilling and prosperous career. The College also provides an excellent environment for learners to meet new people and make friends, while participation in College courses improves the learners' self-confidence and promotes their mental health. All of these social and employment-related benefits have a positive influence on the health and well-being of individuals.

However, the contribution of NESC consists of so much more than solely influencing the lives of learners. The College's provision supports a range of employment sectors in its service region, referred to as the North East Region and defined as Aberdeen City and Aberdeenshire in Scotland. This provision supplies employers with the skilled workers they need to make their businesses more productive. The expenditure of NESC, along with the spending of its staff and its learners, further supports the local economy through the output and employment generated by local suppliers. Lastly,

and just as importantly, the economic impact of NESC extends as far as the Exchequer in terms of increased tax receipts and decreased public sector costs.

In this report we aim to assess the economic impact of NESC on its key stakeholder groups: learners, society, taxpayers, and the local community. The fact that learning makes a difference to these groups is well known, but comparatively little research has been done to quantify the monetary value of the impacts. Some of the more recent studies include Fujiwara's (2012)¹ analysis of the impact of adult learning and the March 2010/11 study commissioned by the Department for Business, Innovation and Skills (BIS)² on the economic impact of the FE Sector. Although the approaches used in these and other similar studies vary, they all contribute valuable information to the growing body of evidence that proves the value of investing in education.

The approach in this study is twofold. We begin with a standard investment analysis to determine how the investments in NESC will perform for a given investor over time. The investors in this case are learners, soci-

1 Daniel Fujiwara, 'Valuing the Impact of Adult Learning' (National Institute of Adult Continuing Education: Leicester, 2012).

2 Rachel Beaven et al, 'Measuring the Economic Impact of Further Education' (Department for Business, Innovation and Skills, BIS Research Paper Number 38: London, March 2011).

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ety, and taxpayers, all of whom pay a certain amount in costs to support the learning activities at NESC. The learners' investment consists of their direct outlays, such as those for tuition fees and books, plus the opportunity cost of spending time learning opposed to earning income through employment. Society invests in learning by forgoing the services that it would have received had government not funded the College and the business output that it would have enjoyed had learners been employed instead of learning. Taxpayers contribute their investment through government funding via organisations such as the Skills Funding Agency. In return for these investments, learners receive a lifetime of higher earnings, society benefits from an expanded tax base and a reduced demand for social services, and taxpayers benefit from higher tax receipts and avoided public sector costs. To determine the feasibility of the investment, the model projects benefits into the future, discounts them back to their present value, and compares them to their present value costs. Results of the investment analysis for learners, society, and taxpayers are displayed in the following three ways: 1) net present value of benefits, 2) rate of return, and 3) benefit/cost ratio.

The second component of the study focuses on the economic impacts created by NESC on the local business community in the North East Region. Regional economic

impact analysis is distinct from investment analysis in that it focuses on a single time period and does not project impacts into the future, nor does it factor in costs incurred by stakeholders. To derive results, we rely on a specialised input-output (IO) model to calculate the additional income created in the North East Region's economy as a result of the increased consumer spending and added skills generated by NESC and its learners. Results of the regional economic impact analysis are measured in terms of the added income created by the following three effects: 1) impact of staff and College expenditure, 2) impact of learner expenditure, and 3) impact of the skills acquired by learners still active in the North East Region's workforce.

Data and assumptions used in the study are based on several sources, including the 2012-13 Individual Learner Records (ILR) reports from NESC, industry and employment data from Nomis official labour market statistics, demographic and earnings data from the Office for National Statistics (ONS), and EMSI's input-output model. The study applies a conservative methodology and follows standard practice using only the most recognised indicators of investment effectiveness and economic impact. For more information on the data used to derive the results, we encourage our readers to contact the College for full documentation of the study.



STUDY HIGHLIGHTS

The results of this study show that NESC has a significant positive impact on its main stakeholder groups: learners, society, taxpayers, and the local business community. Using a two-pronged approach that involves an investment analysis and a regional economic impact analysis, we calculate the benefits to each of these groups. Key findings of the study are as follows:

INVESTMENT ANALYSIS

BENEFITS TO LEARNERS

- Learners as a whole paid a total of **£18.3 million** to cover the cost of tuition fees and books and supplies at NESC in 2012-13. All learners also forwent **£91.7 million** in earnings that they would have generated had they been working instead of learning.
- In return for the monies that learners invest in NESC, they will receive a present value of **£642 million** in increased earnings over their working lives.
- Every £1 that learners pay for their education at NESC yields **£5.80** in higher future wages. This translates to a **19.0%** annual return on their investment.

BENEFITS TO SOCIETY

- Society as a whole invested **£417.8 million** in NESC through direct outlays and the loss of potential output from learners who spent time at the College rather than working.
- In return, society in the UK will receive a present value of **£773.3 million** over the course of the learners' working lives, in the form of an expanded tax base and a

variety of social benefits related to reduced crime, lower unemployment, and increased health and well-being.

- Society will receive **£1.90** in benefits in return for every £1 invested in NESC. The average annual return on investment is **8.6%**.

BENEFITS TO TAXPAYERS

- Taxpayers in the UK paid **£33.1 million** to support the operations of NESC in 2012-13.
- The net present value of the added tax revenue stemming from the learners' higher lifetime incomes and the increased output of businesses amounts to **£125.2 million** in benefits to taxpayers. Avoided costs to the public sector adds another **£3.8 million** in benefits due to a reduced demand for government-funded social services in the UK.
- Taxpayers see an average annual return of **17.9%** on their investment in NESC. The corresponding benefit-cost ratio is **£3.90** in benefits returned for every £1 in costs.

REGIONAL ECONOMIC IMPACT ANALYSIS

IMPACT OF STAFF AND COLLEGE EXPENDITURE

- NESC employed **619** full-time equivalent (FTE) staff in 2012-13. Staff costs amounted to **£28.8 million**, much of which was spent in the North East Region to purchase groceries, clothing, and other household goods and services.
- The College is itself a buyer of goods and services and spent **£24 million** to support its operations in 2012-13. This expenditure further benefited many local suppliers in the North East Region.
- The net impact of staff and College expenditure in the North East Region comes to approximately **£38.7 million** in added income in the regional economy each year.

IMPACT OF LEARNER EXPENDITURE

- NESC learners who relocate to the North East Region from outside of the area spend money at local shops to buy books and supplies, purchase groceries, rent accommodation, pay for transport, attend sporting events, etc.
- The expenditure of NESC's non-local learners annually adds approximately **£6.9 million** in income to the North East Region's economy.

IMPACT OF ADDED WORKFORCE SKILLS

- Many of NESC's learners stay in the North East Region. Their enhanced skills and abilities bolster the output of local employers, leading to higher regional income and a more robust economy.
- The accumulated impact of former NESC learners who are currently employed in the regional workforce amounts to **£360.9 million** in added income in the North East Region's economy each year.

TOTAL IMPACT ON LOCAL BUSINESS COMMUNITY

- Altogether, the economic contribution of NESC to the local business community in the North East Region is **£406.4 million** each year.
- Total added income created by the College and its learners is equal to **1.0%** of the total economic output of the North East Region and represents roughly **14,356** average wage jobs.

METHODOLOGY & RESULTS

NESC generates a wide array of benefits. Learners benefit from higher lifetime earnings, society and taxpayers benefit from an expanded tax base and avoided social costs, and the local business community benefits from increased consumer spending and higher skill levels in the workforce. In this study, NESC investigates the benefits it creates to each of its main stakeholder groups, i.e., learners, society, taxpayers, and the local business community. The following two analyses are presented: 1) investment analysis, and 2) regional economic impact analysis. Benefits to learners, society, and taxpayers fall under the investment analysis, and benefits to the local business community fall under the regional economic impact analysis. The methodology and results for both of these analyses are described more fully below.

INVESTMENT ANALYSIS

Investment analysis is the process of evaluating total costs and measuring these against total benefits to determine whether or not a proposed venture will be profitable. If benefits outweigh costs, then the investment is worthwhile. If costs outweigh benefits, then the investment will lose money and is thus considered unprofitable. In this section, we consider NESC as an investment from the perspectives of learners, society, and taxpayers. The backdrop for the analysis is the entire UK economy.

Benefits to Learners

In 2012-13, NESC served 20,481 unique learners across various qualifications and levels. Table 1 shows the breakdown of enrolments at NESC by education level, beginning with entry level up through greater than Level 3. As indicated, the bulk of the College's provision was at Level 2, comprising 62% of all enrolments, followed

by Level 1, which comprised 19% of all enrolments.

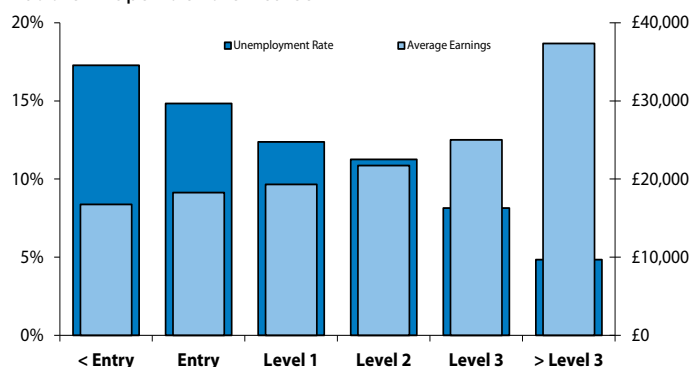
In order to go to the College and depending on their level of funding, learners at NESC pay money to cover the cost of tuition fees and purchase books and supplies. All learners also forgo earnings that they would have generated had they been working instead of learning. Together these two cost factors comprise the learners' total investment in their education at NESC, equal to £109.9 million in 2012-13 (the sum of £18.3 million in tuition fees, books, and supplies and £91.7 million in forgone earnings). This translates to an average cost of £5,367 per learner, the bulk of which comprises the opportunity cost of spending time learning rather than working.

TABLE 1. Breakdown of enrolments at NESC, 2012-13

EDUCATION LEVEL	%
Entry Level	<1%
Level 1	19%
Level 2	62%
Level 3	11%
> Level 3	8%
Total	100%

Source: Data supplied by NESC.

FIGURE 1. Unemployment rate and average annual earnings by education level received by individuals in the North East Region at the midpoint of their career



In return for the costs of education, learners receive a stream of higher future earnings that continues to grow throughout their working lives. As shown in Figure 1, mean income levels received by average-aged workers at the midpoint of their career increase as individuals attain higher levels of education. Employment prospects also increase, so unemployment levels decrease as learners gain higher education levels. Table 2 shows the average lifetime earnings that learners can expect to receive at each education level.

The marginal differences between education levels form the basis for determining the earnings benefits that accrue to learners in return for their education investment. For example, the average Level 3 achiever from NESC will see an increase in earnings of £3,274 each year compared to someone with Level 2 qualifications. This amounts to a present value of approximately £124,393 in higher earnings over a working lifetime.

To calculate the learners' return on investment, we use the differences in wages to attach a monetary value to the learners' achievement level at NESC in 2012-13. We then project this earnings increase into the future over the course of the learners' working career by applying the well-known human capital earnings function developed by Jacob Mincer, where earnings gradually increase from the time learners enter the workforce, come to a peak shortly after the career midpoint, and then dampen slightly as learners approach retirement. The result is a stream of projected future benefits tailored to the learners' specific achievement levels at NESC.

TABLE 2. Average lifetime earnings by education level received in the North East Region, undiscounted

EDUCATION LEVEL	EARNINGS	DIFFERENCE
< Entry level	£636,616	n/a
Entry	£694,548	£57,932
Level 1	£734,399	£39,851
Level 2	£826,041	£91,642
Level 3	£950,434	£124,393
> Level 3	£1,419,166	£468,732

Source: Derived from data supplied by ONS. Figures are weighted according to the specific gender and ethnicity profile of the NESC learner population.

TABLE 3. Present value of benefits and costs, learner perspective (£ thousands)

A. Present value of future earnings stream	£642,031
B. Present value of learner costs	£109,924
Net present value (A - B)	£532,107
Benefit/cost ratio (A / B)	5.8
Rate of return	19.0%

Source: EMSI.

The final step is to discount the stream of future earnings to the present in order to account for the time value of money. For the learner perspective we assume a discount rate of 3.5%. The present value of the benefits is then compared to the costs that learners pay for their education (i.e., tuition fees and forgone earnings) to derive the investment analysis results, expressed in terms of a net present value, benefit/cost ratio, and rate of return. Results appear in Table 3.

As shown in the table, the present value of the higher future earnings that accrue to learners yields a cumulative sum of £642 million. Costs are provided in the second row of Table 3, equal to £109.9 million, which includes tuition fees, books and supplies, and the opportunity cost of time. By dividing the £642 million in benefits by the £109.9 million in costs, we derive a benefit-cost ratio of 5.8. This means that, for every £1 learners invest at NESC in the form of tuition fees and forgone earnings, they will receive a cumulative £5.80 in higher future earnings over the course of their working life. Recall that the bulk of the learners' investment comprises their opportunity cost, so even if they spend little to no money on tuition fees, this does not necessarily mean that their returns will also have a correspondingly small value.

The rate of return is perhaps the most recognised indicator of investment effectiveness. Given the cost of education and the stream of associated future benefits, the rate of return indicates how much a bank would have to pay a depositor of like amount to yield an equally rewarding stream of future payments. Table 3 shows NESC learners earning an average annual rate of return of 19.0% on their investment of time and money. This is an impressive return compared, for example, to the less than 3% return per annum that can be expected from saving money in today's Individual Savings Accounts (ISAs).

Benefits to Society

NESC is in many ways a social enterprise. It aims to improve the lives of young people and adults by increasing their employability and raising their individual potential. It helps to create shared wealth in the UK economy through the higher incomes of learners and the increased output of businesses. Further, it tackles social problems such as crime, unemployment, and poor lifestyle habits by positively influencing the health and well-being of its learners.

From the perspective of society, the social value created by NESC takes on two forms. The first and largest component is the added income created in the UK. As discussed in the previous section, learners earn more

because of the skills and qualifications they acquire while attending NESC. Businesses also earn more because the enhanced skills of learners make capital more productive (i.e., buildings, machinery, and everything else). This in turn raises profits and other business property income throughout the national economy. Together, increases in earnings and business output stimulate corresponding increases in value added, thereby raising prosperity in the UK and expanding the tax base for society as a whole.

NESC's social value also consists of the savings that accrue to society through the improved lifestyles of learners. Learning is statistically correlated with a variety of life changes that generate social savings in three main categories: 1) health, 2) crime, and 3) unemployment. Health savings include avoided medical costs associated with smoking, obesity, and mental disorders. Crime savings consist of reduced security expenditure and insurance administration, lower victim costs, and reduced Criminal Justice System expenditures. Unemployment savings comprise the reduced demand for income assistance and Jobseeker's Allowance benefits. By combining data sets that relate learning to improved social behaviour, we are able to quantify how education contributes to the lowering of social costs and ultimately improves quality of life.

Table 4 shows the present value of the added income and social savings that occur in the UK over the working lifetime of NESC learners. As shown, added income amounts to a present value of £758.7 million, due to the increased lifetime earnings of learners and associated increases in business output. Social savings amount to £14.6 million, the sum of health, crime, and unemployment savings in the UK (see also Figure 2). Altogether, the total social value of NESC is £773.3 million. Note that the figures in Table 4 have been adjusted to account for counterfactual outcomes where NESC does not exist.

In order to calculate society's return on investment, we must first determine what it cost society to support NESC during the reporting year. Costs to society break down into two main categories, direct outlays and opportunity costs. Direct outlays simply refer to NESC's operating and non-operating revenues, equal to £55.8 million in 2012-13. Opportunity costs refer to the loss of earnings and output that would have been generated in the UK economy had learners chosen to work full-time rather than learning. Opportunity costs also include the government services that would have been undertaken had taxes been collected on the incomes that learners forgo. Together direct outlays and opportunity costs equal £417.8 million in costs to society during the reporting year.

TABLE 4. Present value of added income and social savings that accrue to society (£ thousands)

	TOTAL
ADDED INCOME	
Increased income in the UK	£758,695
SOCIAL SAVINGS	
Health savings*	£4,672
Crime savings	£9,042
Unemployment savings†	£910
Total	£773,320

* Includes savings from reduced smoking, obesity, and mental disorders.

† Includes savings from a reduced number of JSA claimants.

Source: EMSI.

FIGURE 2. Present value health, crime, and unemployment savings to society (£ thousands)

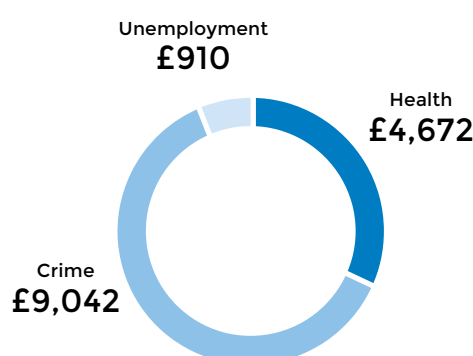


TABLE 5. Present value of benefits and costs, social perspective (£ thousands)

A. Present value of social benefits	£773,320
B. Present value of social costs	£417,821
Net present value (A - B)	£355,499
Benefit/cost ratio (A / B)	1.9
Rate of return	8.6%

Source: EMSI.

Table 5 shows the investment analysis results. In return for the £417.8 million that society invests in NESC, it receives a net gain (in present value terms) of £355.5 million. The associated benefit-cost ratio is £1.90 for every £1 spent, and the average return on investment is 8.6% annually.

Benefits to Taxpayers

Benefits and costs under the taxpayer perspective only look at the monetary gains and losses that accrue to the public sector as a result of NESC. Learners earn more, which means they make higher income tax payments and National Insurance contributions. The por-

tion of their higher earnings that learners spend also leads to higher value added tax (VAT) receipts. Further, as employers increase their output and make more purchases for supplies and services, they benefit the Exchequer through their higher corporation tax and VAT payments. Altogether, the present value of the added tax receipts that accrues to taxpayers amounts to £125.2 million.

A portion of the social savings enjoyed by society also accrues strictly to taxpayers. As learners become more employable, the demand for Jobseekers' Allowance benefits reduces. Learners put less of a demand on the National Health Service (NHS) for medical treatment as a result of their improved health habits. Further, the reduced probability that learners will commit criminal offences leads to a reduced demand on the Criminal Justice System for law enforcement services. Figure 3 illustrates in present value terms how the £14.6 million in health, crime, and unemployment savings to society translates to £3.8 million in savings to taxpayers. These represent the monies that taxpayers do not have to spend as a result of the reduced demand for government-supported social services.

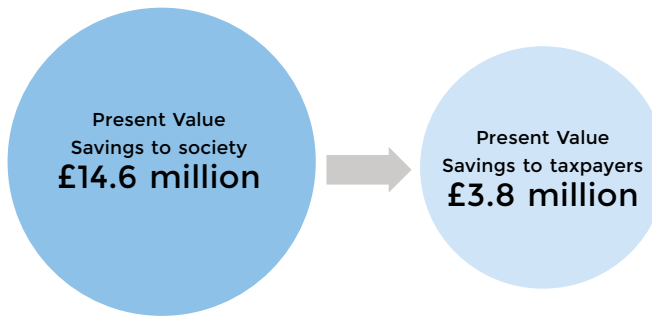
Summing the present value of the added tax revenues and savings to taxpayers yields £129.1 million (net of the same counterfactual adjustment applied to the social perspective). This value appears in the top row of Table 6. Also shown in the table are the costs to taxpayers, equal to £33.1 million. These represent

TABLE 6. Present value of benefits and costs, taxpayer perspective (£ thousands)

A. Present value of taxpayer benefits	£129,051
B. Present value of taxpayer costs	£33,051
Net present value (A – B)	£96,000
Benefit/cost ratio (A / B)	3.9
Rate of return	17.9%

Source: EMSI.

FIGURE 3. Present value savings to society and associated savings to taxpayers



the total funding received by NESC from taxpayers in 2012-13.

By comparing taxpayer costs to the £129.1 million in benefits, we derive a benefit/cost ratio of 3.9. This means that for every £1 of public money invested in NESC, taxpayers receive a cumulative value of £3.90 over the course of the learners' working lives. This translates to a 17.9% annual return on investment to taxpayers for their support of NESC, again a solid investment that compares favourably with other long-term investments in both the private and public sectors.

REGIONAL ECONOMIC IMPACT ANALYSIS

NESC promotes economic growth in the North East Region in a variety of ways. The College is an employer and a buyer of goods and services, while the living expenses of learners from outside of the region benefit local businesses. In addition, NESC is a primary source of education to local residents and a supplier of trained workers to local industry.

In this section we examine the economic impacts of NESC on the local business community through the increased consumer spending and enhanced business productivity generated by the College and its learners. The impacts reflect the economic relationships among the North East Region's industries and are calculated using EMSI's proprietary input-output (IO) model. The model places particular reference on how much each industry purchases from every other industry by using NUTS3 (county and unitary authority level) area data from the Office for National Statistics' (ONS) Supply and Use Tables (SUTs), as well as regional and national industry jobs totals and national sales-to-jobs ratios. The results are then expressed in terms of income (as opposed to sales) in order to present a more accurate picture of the College's actual impacts by accounting for monies that leave the economy.

The following pages present the results of the analysis broken down according to the following three effects: 1) impact of staff and College expenditure, 2) impact of the expenditure of learners who relocate to the North East Region to attend the College, and 3) impact of the added skills of former NESC learners who are still employed in the North East Region's workforce.

Impact of Staff and College Expenditure

NESC is an important employer in the North East Region, providing jobs for a wide range of staff across a number of occupations. In 2012-13, the College

employed full-time and part-time staff equivalent to 619 full-time employees. Of these, approximately 100% were North East Region residents. Total staff costs at NESC in 2012-13 amounted to £28.8 million, which became part of the North East Region's overall income. Staff expenditure on groceries, eating out, clothing, and other household costs also helped support local shops and businesses.

In addition to its staff, NESC is itself a large-scale buyer of goods and services. In 2012-13, the College spent £24 million to support its operations. Much of this expenditure benefited local suppliers in the North East Region, creating a knock-on effect that generated additional employment and income throughout the regional economy.

The impact of NESC's payroll and purchases is subdivided into the following two main effects: the direct effect and the indirect effect. The direct effect comprises the College's payroll and employee benefits, less monies paid to individuals working outside the region. The indirect effect refers to the additional income created in the economy as NESC employees and suppliers spend money in the region to purchase even more supplies and services.

To calculate the indirect effect, we remove any expenditures that occur outside of the North East Region and map the remainder to the 19 top-level industry sectors of the IO model. We then run the data through the model's knock-on matrix to estimate how the spending of the College and staff affects the output of other industries in the area. Finally, we convert the sales figures to income by means of value added-to-sales ratios, also provided by the IO model. Table 7 shows the results, a total of £41.4 million in gross impacts attributable to the direct effect of staff costs plus the indirect effect that occurs as the College and its staff spend money in the region.

One adjustment must be made to the gross impact before deriving the net impact of staff and College expenditure. NESC received an estimated 25.1% of funding from local sources in the North East Region, whether from local residents (in the form of tuition fees) or from other private and public sources located in the region. Given this phenomenon, a portion of the income that the College creates in the North East Region's economy is offset by the income that it withdraws from the economy. As such, not all of the impacts generated by NESC and its staff can be considered new monies brought to the region.

To determine the 'net' impact of NESC payroll and purchases, we take the estimated portion of funding that originated from local sources and convert it to spending.

TABLE 7. Impact of staff and College expenditure (£ thousands)

	TOTAL
Total income in the region	£42,143,890
Direct effect of staff costs	£28,827
Indirect effect	£12,533
Gross total	£41,360
Alternative use of funds adjustment	-£2,668
Net total	£38,692

Source: EMSI.

We then bridge the spending figures to the individual sectors of the IO model, calculate the knock-on effect, and convert the amounts to income. The result, equal to £2.7 million, allows us to see what income would have been created in the North East Region anyway, even if NESC did not exist.

Subtracting the £2.7 million in alternative uses of funds from the £41.4 million in gross impacts yields a net impact of £38.7 million in added income in the regional economy. This value appears in the bottom row of Table 7. Assuming that NESC employs approximately the same number of people and spends approximately the same amount each year, this value may be considered an annual figure.

Impact of Learner Expenditure

NESC attracts many learners from outside of North East Scotland. In particular, many learners move to North East Scotland from other parts of Europe to join the growing labour force in the region, and they rely on the college to provide them with the necessary training demanded by local employers. Learners who relocate to the North East Region to attend NESC spend money at local shops to buy books and supplies, purchase groceries, rent accommodation, pay for transport, attend sporting events, and so on. The expenditures of NESC's non-local learners support local suppliers and create knock-on effects, thereby generating income and a need for further jobs.

In order to calculate the knock-on effects of out-of-region learners, we begin by estimating their gross expenditure in 2012-13, a total of £11.8 million. Note that we exclude the expenses of in-commuters since they spend little in the region compared to those who live in the North East Region. We then calculate the direct effect by mapping the £11.8 million in sales to the industry sectors in the IO model, adjusting them to account for leakage, and converting them to income by applying value added-to-sales ratios.

The indirect effect comprises the additional income created as the businesses that benefit from NESC's non-local learners also spend money in the North East

Region. We derive this effect by running the same £11.8 million in sales (net of leakage) through the knock-on matrix and applying value added-to-sales ratios from the IO model to convert the results to income.

Summing together the direct and indirect effect, we estimate that the spending of NESC's out-of-region learners annually adds approximately £6.9 million in income to the North East Region's economy. Since we are capturing the impacts of only those learners who relocate to the region (thereby injecting new monies into the North East Region's economy), we do not have to adjust for the alternative use of funds as we did for the staff and College expenditure in the previous section. It must also be noted that, given data limitations of the number of learners who relocated to the region, these impacts may be understated. All of the results leading to this impact are presented in Table 8.

Impact of Added Workforce Skills

NESC's strong focus on workforce development manifests itself at all levels of the College's provision. In addition to delivering specific training and consultancy solutions to businesses, the College maintains close links with local employers in order to target the type of employee training that best meets their growth strategies. Further, NESC's vocational learning programmes and apprenticeships allow employers and the College to work together to develop industry-specific training schemes that benefit both the learners and employers. All of these services provide valuable resources to businesses and help develop the skills of the existing North East Region labour force.

Employee training and development is just one way that employers benefit from the presence of NESC. By aligning its provision with key employment sectors in the region, NESC helps produce the skilled workers that are needed to support the North East Region labour market. Table 9 presents the percentage breakdown of NESC instructional activity by top-level subject sector categories, based on the College's weighted student units of measurement (wSUM) production. Engineering comprises the highest percentage of activity (21%), followed by Care/Healthcare (15%) and Art & Design (9%).

Many NESC learners stay in the North East Region and are more productive because of the quality education they invested in at the College. Over time, the skills of former NESC learners accumulate, steadily increasing the training level and experience of the North East Region's workforce. As the skills embodied by former learners stockpile, a chain reaction occurs in which higher learner incomes generate additional rounds of consumer spend-

TABLE 8. Impact of expenditure of non-local learners (£ thousands)

	TOTAL
Total income in the region	£42,143,890
Direct effect of learner expenditure	£5,771
Indirect effect	£1,110
Total	£6,882

Source: EMSI.

TABLE 9. NESC breakdown of instructional activity by subject sector

SECTOR SUBJECT AREA	% OF TOTAL
Engineering	21%
Care/Healthcare	15%
Art & Design	9%
Social Studies	8%
Computing	7%
Sport & Recreation	6%
Special Programmes	5%
Construction	5%
Business & Management	4%
Food Technology and Catering	4%
Social Work	3%
Transport	3%
Office & Secretarial	3%
Agriculture & Horticulture	3%
Science & Maths	2%
Personal Development	1%
Minerals & Materials	1%
Total	86%

Source: Data supplied by NESC.

TABLE 10. Impact of added workforce skills (£ thousands)

	TOTAL
Total income in the region	£42,143,890
Direct effect of added workforce skills	£275,949
Indirect effect	£84,914
Total	£360,863

Source: EMSI.

ing, while new skills and training translate to increased business output and higher property income, causing still more consumer purchases and regional knock-on effects. The sum of all these direct and indirect effects comprises the total impact of the learners' added skills in the North East Region's economy.

Assigning a monetary value to the added skills acquired by learners that are still active in the North East Region's workforce requires data on the historical enrolments and corresponding achievement levels of NESC learners over the past 15-year-period. Notional hours are used to determine the achievement levels of NESC learners, and serve as a proxy for the level of skills learners contribute to the regional workforce. Using

these data in conjunction with the wage differentials from Table 2, we can determine the total amount of higher earnings associated with the educational achievements of past and present learners. We then convert this to value added using the ratios supplied by the IO model. The result, equal to £275.9 million, appears in Table 10 and represents the accumulated direct effect of the added skills acquired by learners whom NESC has served over the last 15 years.

To calculate the indirect effect, the model allocates increases in regional income to specific industrial sectors and augments these to account for both demand-side and supply-side knock-on effects. Demand-side effects refer to the increased demand for consumer goods and services as the higher incomes of skilled workers and their employers are spent in the local economy. Supply-side effects occur through a process of 'agglomeration,' whereby growth becomes to some degree self-perpetuating. The presence of one industry, for example, attracts other industries that use the first industry's outputs as inputs, which produces subsequent rounds of industry growth, and so on. Both demand-side and supply-side effects are calculated using the knock-on matrix and value-added to sales ratios provided by the regional IO model.

Altogether, the accumulated contribution of for-

mer NESC learners who are currently employed in the regional workforce amounts to £360.9 million, the sum of £275.9 million in direct effects and £84.9 million in indirect effects. These results appear in Table 10.

Total Impact on Regional Economy

Table 11 displays the grand total of NESC's impact on the North East Region in 2012-13. Altogether, the results of this study show that the economic contribution of NESC to the local business community in the North East Region is approximately £406.4 million each year. This is equal to around 1.0% of the North East Region's total economy and represents roughly 14,356 average wage jobs.

These results demonstrate several important points. First, NESC promotes regional economic growth through its own operations spending, through the spending of its non-local learners, and through the increase in productivity as former NESC learners remain active in the regional workforce. Second, the impact of added skills in the regional workforce is by far the largest and most important impact of NESC, stemming from higher incomes of learners and their employers. And third, regional income in the North East Region would be substantially lower without the educational activities of NESC.

TABLE 11. Total impact of NESC (£ thousands)

	TOTAL	% OF TOTAL
Total income in the region	£42,143,890	
Impact of staff and College expenditure	£38,692	<.1%
Impact of expenditure of non-local learners	£6,882	<.1%
Impact of added workforce skills	£360,863	0.9%
Total impact on local business community	£406,437	1.0%

Source: EMSL.

CONCLUSION

The results of this study demonstrate that NESC creates value from multiple perspectives. The College addresses the needs of employers by providing them with staff development opportunities and supplying the workforce with qualified, trained workers. Local businesses benefit from the patronage of NESC and the expenditure of College staff and learners. The College also indirectly benefits taxpayers by generating increased tax receipts and reducing the demand for public sector services.

The most important value that NESC creates, however, is the impact it has on its learners. The experiences that learners receive at the College have the power to shape the rest of their lives and put them on the path to becoming happy and productive members of their communities. This, after all, is the College's mission, and for as long as it continues to deliver excellence to learners, all other stakeholder groups will see the positive impacts of learning in their lives too.

REGIONAL ECONOMIC IMPACT ANALYSIS

BENEFITS TO LOCAL BUSINESS COMMUNITY

£38,692	Added income created by staff and College expenditure (£ thousands)
£6,882	Added income created by expenditure of non-local learners (£ thousands)
£360,863	Added income created by added skills (£ thousands)
£406,437	Total income created in the regional economy (£ thousands)
1.0%	% of total output of the regional economy
14,356	Total output as number of average wage jobs

INVESTMENT ANALYSIS

BENEFITS TO LEARNERS

£532,107	Net present value of higher future earnings over working life (£ thousands)
19.0%	Return on investment
5.8	Benefit/cost ratio

BENEFITS TO SOCIETY

£355,499	Net present value of added income and social externalities (£ thousands)
8.6%	Return on investment
1.9	Benefit/cost ratio

BENEFITS TO TAXPAYERS

£96,000	Net present value of added tax receipts and avoided costs (£ thousands)
17.9%	Return on investment
3.9	Benefit/cost ratio

ABOUT EMSI Economic Modelling Specialists International (EMSI) provides employment data and economic analysis via web tools and custom reports. The company has also produced more than 1,300 comprehensive impact analyses for colleges and universities in the UK, US, Canada, and Australia. Founded in 2000, EMSI is located in Moscow, Idaho with branch offices in the UK, and it serves education, economic, and workforce development institutions and organisations. Visit our website at www.economicmodelling.co.uk for more information.

DEMONSTRATING THE VALUE OF *North East Scotland College*

FACT SHEET

ANALYSIS OF THE SOCIAL & ECONOMIC IMPACT OF LEARNING

OVERVIEW

North East Scotland College (NESC) has a significant positive impact on its main stakeholder groups: learners, society, taxpayers, and the local business community. Using a two-pronged approach that involves an investment analysis and a regional economic impact analysis, the model applied in this study calculates the benefits to each of these groups. This fact sheet presents the key findings.

INVESTMENT ANALYSIS

BENEFITS TO LEARNERS

- Learners as a whole paid a total of **£18.3 million** to cover the cost of tuition fees and books and supplies at NESC in 2012-13. All learners also forwent **£91.7 million** in earnings that they would have generated had they been working instead of learning.
- In return for the monies that learners invest in NESC (i.e., in the form of tuition fees and forgone earnings), they will receive a present value of **£642 million** in increased earnings over their working lives.
- Every £1 that learners pay for their education at NESC yields **£5.80** in higher future wages. This translates to a **19.0%** annual return on their investment.

BENEFITS TO SOCIETY

- Society as a whole invested **£417.8 million** in NESC through direct outlays and the loss of potential output from learners who spent time at the College rather than working.
- In return, society in the UK will receive a present value of **£773.3 million** over the course of the learners' working lives, in the form of an expanded tax base and a variety of social benefits related to reduced crime, lower unemployment, and increased health and well-being.
- Society will receive **£1.90** in return for every £1 invested in NESC. The average annual return on investment is **8.6%**.

BENEFITS TO TAXPAYERS

- Taxpayers in the UK paid **£33.1 million** to support the operations of NESC in 2012-13.
- The present value of the added tax revenue stemming from the learners' higher lifetime incomes and the increased output of businesses amounts to **£125.2 million** in benefits to taxpayers. Avoided costs to the public sector adds another **£3.8 million** in benefits due to a reduced demand for government-funded social services in the UK.

FOR EVERY £1 SPENT

£5.80

Gained in lifetime higher earnings for learners

£1.90

Gained in added income and savings to society

£3.90

Gained in added tax receipts and avoided costs to taxpayers

- Taxpayers see an average annual return of **17.9%** on their investment in NESC. The corresponding benefit-cost ratio is **£3.90** in benefits returned for every £1 in costs.

REGIONAL IMPACT ANALYSIS

IMPACT OF STAFF & MEMBER COLLEGE EXPENDITURE

- NESC employed **619** full-time equivalent (FTE) staff in 2012-13. Staff costs amounted to **£28.8 million**, much of which was spent in the North East Region to purchase groceries, clothing, and other household goods and services.
- The College is itself a buyer of goods and services and spent **£24 million** to support its operations in 2012-13. College expenditure further benefited many local suppliers in the North East Region.
- The net impact of staff and College expenditure in the North East Region comes to approximately **£38.7 million** in added income in the regional economy each year.

IMPACT OF LEARNER EXPENDITURE

- Learners at NESC who relocate to the North East Region from outside of the area spend money at local shops to buy books and supplies, purchase groceries, rent accommodation, pay for transport, attend sporting events, and so on.
- The expenditure of NESC's out-of-region learners annually adds approximately **£6.9 million** in income to the North East Region's economy.

IMPACT OF ADDED WORKFORCE SKILLS

- Many of NESC's learners stay in the North East Region. Their enhanced skills and abilities **bolster the output** of local employers, leading to higher regional income and a more robust economy.
- The accumulated contribution of former NESC learners who are currently employed in the regional workforce amounts to **£360.9 million** in added income in the North East Region's economy each year.

TOTAL IMPACT ON LOCAL BUSINESS COMMUNITY

- Altogether, the economic contribution of NESC to the local business community in the North East Region is **£406.4 million** each year.
- Total added income created by NESC and its learners is approximately equal to **1.0%** of the total economic output of the North East Region in 2012-13 and represents roughly **14,356** average wage jobs.

INCOME CREATED BY NESC

Impact of College and staff expenditure

£38.7 MILLION

Impact of non-local learner expenditure

£6.9 MILLION

Impact of learner skills

£360.9 MILLION

Total income created per year

£406.4 MILLION

ABOUT EMSI Economic Modelling Specialists International (EMSI) provides employment data and economic analysis via web tools and custom reports. The company has also produced more than 1,300 comprehensive impact analyses for colleges and universities in the UK, US, Canada, and Australia. Founded in 2000, EMSI is located in Moscow, Idaho with branch offices in the UK, and it serves education, economic, and workforce development institutions and organisations. Visit our website at www.economicmodelling.co.uk for more information.

Board Planning Event – Draft Programme

1. Introduction

- 1.1 The purpose of this paper is to allow the Board to consider the proposed programme for the Board's Planning Event in October 2014.

2. Background

- 2.1 At the Board's last Planning Event in January/February 2014, it was agreed that the next Planning Event should be held in October 2014.
- 2.2 Following a discussion on future Board Planning Events, Members also agreed that:
- future events should focus on the College moving forward, and not on review and monitoring
 - there should be an increased amount of external input and that it would be beneficial to invite speakers that could help the Board to make strategic judgements
 - break-out sessions should continue to be included in future programmes.

3. Proposed Programme

- 3.1 Attached as an appendix to the paper is a proposed programme for the Planning Event.

4. Recommendation

- 4.1 It is recommended that the Board consider the proposed programme for the Planning Event.

Rob Wallen
Principal

Board Planning Event – Draft Programme

Friday 10 October 2014

1230hours **Lunch**
1300hours **Event begins**

1300 - 1330hours

Session 1

- Outcome Agreement 2014-15 – Review of progress
- Changes in the planning context (e.g. ONS reclassification; regionalisation; funding issues; constitutional position)

Session 2

1330 - 1445hours

The Skills Needs of Industry

Presentations by Bob Collier (Chief Executive, AGCC) and James Bream (Research & Policy Director, AGCC) and Chris Brodie (Key Industries Manager, SDS), followed by whole-group discussion)

1445 – 1500hours **Tea and coffee break**

Session 3

1500 - 1600hours

Group discussions:

- NESCol's Vision and Values
- Priorities for developing the College's services (modes of attendance, skills areas, student support)

Session 4

1600 - 1700hours

Updates:

- Estates developments
- Commercial activity
- Students' Association

1900hours **Drinks and Dinner**

Saturday 11 October 2014

0930 Event reconvenes

Session 5

0930 - 1030hours

School Links, including a presentation by Maria Walker (Director of Education, Learning and Leisure, Aberdeenshire Council)

Session 6

1030 - 1130hours

Group discussion on the draft Strategic Plan 2014-15 and the draft Outcome Agreement 2015-16 and beyond

1130 - 1145hours **Tea and coffee break**

Session 7

1145 - 1200hours

Feedback and plenary discussion

Session 8

1200 - 1230hours

Review of Planning Event

Board's Self-evaluation

1230hours

Event ends

Aberdeen and Aberdeenshire Outcome Agreement 2014-17

1. Introduction

- 1.1 The purpose of this paper is to allow the Board to consider the Outcome Agreement between the Aberdeen and Aberdeenshire region and the Scottish Funding Council for the period 2014-17.

2. Background

- 2.1 Outcome Agreements were introduced by the Scottish Funding Council (SFC) in AY2012-13. They are intended to enable the SFC and colleges to demonstrate the impact of the college sector and its contribution to meeting Scottish Government priorities.
- 2.2 A summary of what the college sector has achieved since the beginning of AY2012-13 (when the post-16 reforms began to take effect) and a forward look at the commitments the college sector has made for AY2014-15 and beyond can be accessed on the SFC website:
Colleges - Putting the Learner at the Centre, Summary of Progress & 2014-15 Outcome Agreements
- 2.3 Outcome Agreements for all Scottish colleges and universities for the period 2014-17 can also be accessed on the SFC website:
<http://www.sfc.ac.uk/funding/OutcomeAgreements/OutcomeAgreementsOverview.aspx>

3 Aberdeen and Aberdeenshire Outcome Agreement 2014-17

- 3.1 Attached under separate cover as appendix 1 is a copy of the Aberdeen and Aberdeenshire Outcome Agreement for 2014-17.
- 3.2 The Agreement has been signed by the Chair and the Principal on behalf of the College, and by the Chief Executive of the Scottish Funding Council.
- 3.3 The signing of the Outcome Agreement is formal confirmation that the College accepts the funding, student targets and the associated college conditions of grant for the region.
- 3.4 The Agreement has been made available to College staff on both AbNet and bNet and an item has been included in the May edition of 'Connected', the College's monthly newsletter, to inform all staff and to ensure there is an awareness and understanding of this key document.

4. Outcome Progress Table

- 4.1 Attached as appendix 2 is a copy of the Outcome Progress Table, which is included in the Outcome Agreement, annotated by the Principal following discussion with senior management colleagues.
- 4.2 The additional text highlights a number of caveats and consequences in relation to the measures included in the table. This exercise was undertaken following a request from a Board Member at a previous Board Meeting.

5. Recommendation

- 5.1 It is recommended that the Board note the Aberdeen and Aberdeenshire Outcome Agreement for 2014-17.

Rob Wallen
Principal

Appendix 1 – Agenda Item 9.1 appears under separate cover

Part 2 - Outcomes & Targets

It should be noted that the complexity of the context within which these aspirations have been recorded has been explained to the SFC - for example, some uncertainty as to funded levels of activity and income; the impact of demographic changes on enrolments; the impact of Curriculum for Excellence on the extent to which schools will retain pupils into the fifth and sixth year; the depression of the wider UK economy, and the buoyancy of the regional economy of Aberdeen and Aberdeenshire. As such, the aspirations recorded here are caveated and represent an honest attempt to predict patterns of activity amongst the uncertainty and unpredictability. They are, in effect, a numerical manifestation of the policy intentions of North East Scotland College, rather than representing a matrix of definitive prediction of the outcome of the implementation of those policy intentions.

Please note that the Performance data presented below has been provided by the SFC, unless otherwise stated.

Indicator	Performance			Aspirations			Note
	Region Baseline 2011/12	Scotland 2011/12	Region 2012/13	2014/15	2015/16	2016/17	
SFC Priority - Efficient and sustainable							
College Outcome – To remain a financially stable, well resourced and sustainable institution that supports the objectives of the Scottish Government							
Non-SFC income as % of total income	N/A	N/A	31	32 *	33 *	34 *	*Aspirations set for Financial Forecast Return reporting periods rather than Academic Year.
Current assets: current liabilities ratio	2.5	1.9	3	1 *	1 *	1 *	
Days cash to expenditure	180	110	157	20 *	20 *	20 *	
Gross carbon footprint (three-year period)							It has not been possible for the College to provide this information. Former AbCol environmental procedures and monitoring systems are currently being extended across the new College. College-wide systems are expected to be in place by the end of 2014. It will then be possible to set realistic regional targets which will also reflect improvements created by the completion of the Aberdeen City Campus over-clad and re-roof project in October 2014.
	N/A	N/A	TBC	TBC	TBC	TBC	

Caveats and consequences: 1) A reduction in SFC income per se is likely to lead to an increase in the percentage of non-SFC income; it may not be an indicator of more effective College performance but of governmental cuts. 2) Equally decisions to reroute some government funding through an agency other than SFC (e.g. SDS) will also mean a reduction in the percentage of income that is non-SFC 3) Therefore it is to be questioned what is the point of this measure; if it is about colleges increasing the amount of income from purely commercial activities then it should say so explicitly.

Indicator	Performance			Aspirations			Note	
	Region Baseline 2011/12	Scotland 2011/12	Region 2012/13	2014/15	2015/16	2016/17		
SFC Priority - Right learning in the right place								
College Outcome – To provide access to and pathways through the College and into further study or work for all those who are able to benefit from them, including those who may encounter barriers to learning								
Volume of SUMs delivered							The College has assumed that the baseline of 2012/13 activity will remain constant throughout the planning period. In addition, in 2014/15 2,000 WSUMs (mostly engineering) will be delivered and a further 4,600 WSUMs funded through an ESF underspend project are available. The College may also participate as a partner in a SFC-led ESF project in 2015/16 and 2016/17.	
Proportion of SUMs delivered to learners aged 16-19 and 20-24:	164,800	1,957,928	149,012	149,012	149,012	149,012	Scottish Government priority measure	
	<i>Total SUMs delivered to 16-19</i>	87,854	964,627	81,227				
	<i>Proportion delivered to 16-19</i>	53.30%	49.30%	54.50%	55.00%	55.50%		56.00%
	<i>Total SUMs delivered to 20-24</i>	31,740	396,843	29,457				
<i>Proportion delivered to 20-24</i>	19.30%	20.30%	19.80%	20.00%	20.50%	21.00%		
Proportion of SUMs delivered to full-time learners aged 16-19 and 20-24:							Scottish Government priority measure. Region: Total FT SUMs delivered in 2011/12: 123,039; Total FT SUMs delivered in 2012/13: 119,380	
<i>Total FT SUMs delivered to 16-19</i>	75,806	798,905	68,387					
<i>Proportion delivered to 16-19</i>	61.60%	56.30%	60.90%	61.00%	61.50%	62.00%		
<i>Total FT SUMs delivered to 20-24</i>	24,289	314,396	22,565					
<i>Proportion delivered to 20-24</i>	19.70%	22.10%	20.10%	20.00%	20.50%	21.00%		

Caveats and consequences: 1) Since we have not been given our wSUM target for 15/16 or 16/17 the numbers here are pure speculation 2) Since the funding system is to change in 15/16 and will not use wSUMs any more, the measure is obsolete anyway 3) Any increase in the proportion of wSUMs delivered to those aged 16-24 will mean a reduction in the proportion delivered to those 25 and over; if the total volume of activity remains the same or is reduced the volume delivered to those aged 25 and over will decrease 4) Increasing the proportion for those aged 16-19 reduces the volume that will be available for those in work who need to develop their skills further so that they can make a greater contribution 5) Many factors affect the number of 16-24 year olds who come to College – demographics, labour market conditions, education authority policy, university recruitment: as such achieving these targets is not just a matter of College effectiveness – but depends on the chance outcomes of decisions in other parts of the “system”.

Indicator	Performance			Aspirations			Note
	Region Baseline 2011/12	Scotland 2011/12	Region 2012/13	2014/15	2015/16	2016/17	
SFC Priority - Right learning in the right place							
College Outcome – To provide access to and pathways through the College and into further study or work for all those who are able to benefit from them, including those who may encounter barriers to learning							
Proportion of SUMs delivered to learners in the most deprived 10% postcode areas in Scotland:							Scottish Government priority measure
<i>Number of SUMs delivered to MD10</i>	10,219	309,265	8,813				The SFC have advised that these figures will be used as markers rather than targets e.g. to identify any significant changes , under-represented groups. It is not anticipated that the population of students from different ethnic backgrounds will change substantively during the planning period as it is broadly reflective of the population of the North East – unless there are significant unforeseeable immigrations and emigrations of people.
<i>Total number of SUMs delivered in region</i>	164,800	1,957,928	149,012				
<i>Proportion</i>	6.20%	15.80%	5.90%	6.20%	6.20%	6.30%	
Volume of SUMs relating to learners from different protected characteristic groups							
Ethnicity:							
<i>White</i>	160,180	1,848,615	144,349				It is not anticipated that the balance between male and female enrolments will change substantially during the planning period. While it is intended to increase activity in engineering which is traditionally male dominated, actions will be taken to encourage greater female participation in this area.
<i>Any mixed background</i>	656	10,618	597				
<i>Asian, Asian Scottish or Asian British</i>	2,304	54,651	2,162				
<i>Black, Black Scottish or Black British</i>	1,202	27,078	1,343				
<i>Other ethnic background</i>	457	7,262	562				
<i>Information refused</i>	0	8,056	0				
<i>Information not known</i>	0	1,647	0				
Sex:							
<i>Male</i>	76,085	937,327	70,857				
<i>Female</i>	88,715	1,020,599	78,155				
<i>Other</i>	0	0	0				

Indicator	Performance			Aspirations			Note
	Region Baseline 2011/12	Scotland 2011/12	Region 2012/13	2014/15	2015/16	2016/17	
SFC Priority - Right learning in the right place							
College Outcome – To provide access to and pathways through the College and into further study or work for all those who are able to benefit from them, including those who may encounter barriers to learning							
Volume of SUMs relating to learners with profound and complex needs enrolled on courses involving formal recognition of achievement	SFC is currently developing the guidance for capturing this information						
Volume of SUMs delivered to learners at S3 and above as part of ‘school-college’ provision	3,324	65,166	2,990	3,500	4,000	4,500	

Caveats and consequences: 1) The rationale for the focus on MD10 zones is not clear 2) The issue of the ethnic composition of the student population is important but given that the College largely recruits from the regional area, the College's intake has to be seen in relation to the local population mix; It is not clear what the policy intention is behind this; there is a high proportion of Eastern European (i.e. White) students in the College – is that a matter of interest? The proportion of the intake categorised as Black and Asian is low – but so is the proportion of the local population; is the underlying policy assumption that we mirror in our intake the local population mix? 3) In relation to the composition of the student body by sex/gender, what is the policy intention? Is it to have a 50-50% balance? Does it matter what courses they are enrolled on? Is gender differentiation on courses a matter of concern? What allowance is made for individuals who do not self identify as either male or female? 4) Are colleges expected to provide for students with "profound and complex needs"? Previously "mild to moderate" was the area of focus; North East Scotland College is not in a position to provide for people with "profound and complex needs" (as that term is understood by the College) as the College does not have the resources required to care for people in this category. With the emphasis on employability the College has an excellent track record of moving students with "mild to moderate" additional support needs into work or further study. 5) What is the policy intention in terms of provision for school pupils? Is there an expectation of slow steady increase or of a sudden step change? Given that schools ultimately control what happens to pupils in schools, the achievement of any target will be dependent on the schools making the necessary adjustments to facilitate pupils participation in college programmes.

Indicator	Performance			Aspirations			Note
	Region Baseline 2011/12	Scotland 2011/12	Region 2012/13	2014/15	2015/16	2016/17	
SFC Priority - High quality learning							
College Outcome – To offer high quality vocationally relevant learning opportunities to support the skills needs of the North East of Scotland							
Percentage of enrolled students successfully achieving a recognised qualification:							Scottish Government priority measure
FE - Full time - Total enrolments	4,507	52,107					The College is committed to improving student outcomes over the planning period and the Percentage figures proposed reflect this.
FE - Full time - Successfully completed	2,744	33,109					
FE - Full time - Proportion	60.90%	63.50%	65.10%	66.00%	67.00%	68.00%	
HE - Full time - Total enrolments	2,846	31,743					It is not possible to provide data on the number of students in each category as the balance of students in each category as the balance between FE and HE and FT and PT cannot be projected over such as long period given the necessity of responding to changing client demand
HE - Full time - Successfully completed	1,911	21,936					
HE - Full time - Proportion	67.10%	69.10%	70.30%	71.00%	72.00%	73.00%	
FE - Part time - Total enrolments	9,949	100,855					
FE - Part time - Successfully completed	8,413	79,546					
FE - Part time - Proportion	84.60%	78.90%	85.50%	86.00%	87.00%	88.00%	
HE - Part time - Total enrolments	1,522	12,204					
HE - Part time - Successfully completed	1,131	9,192					
HE - Part time - Proportion	74.30%	75.30%	77.80%	78.00%	79.00%	80.00%	

Caveats and consequences: 1) Is the definition of 'recognised qualification' standardised across all colleges? Is it clear that it means a relevant externally certificated group award – rather than a locally devised programme including some nationally certificated units along other locally-devised and college-certificated units? If the latter, then there can be no meaningful comparison between colleges or between one college and the average of all other colleges.

Indicator	Performance			Aspirations			Note
	Region Baseline 2011/12	Scotland 2011/12	Region 2012/13	2014/15	2015/16	2016/17	
SFC Priority - High quality learning							
College Outcome – To offer high quality vocationally relevant learning opportunities to support the skills needs of the North East of Scotland							
Number and proportion of learners progressing from each of the different SCQF levels into a higher level of study within the same college:							
Number of progressing this year into a higher level:							
Non-recognized qualification	687	4,836	258				The College is committed to creative positive Progression pathways. This data set combines FT and PT activity. As the number of PT students is much greater than that of FT students, the data set does not reflect the high proportion of FT students who progress to further study. In many cases PT students do not progress to further study at the next SCQF level. On advice from the SFC, the College has assumed that current levels of progression will be maintained but changes in the balance of FT and PT activity will affect the appearance of the data in ways which will not reflect an actual change in performance.
1	4	184	10				
2	21	287	87				
3	128	1,338	72				
4	460	3,765	392				
5	661	7,255	603				
6	394	4,476	477				
7 (HNC)	227	3,158	235				
8 (HND)	1	327	0				
9	0	18	0				
10	0	0	0				
11	0	0	0				
12	0	0	0				
N/A	557	2,490	371				
Total	3,140	28,134	2,505				

Indicator	Performance			Aspirations			Note
	Region Baseline 2011/12	Scotland 2011/12	Region 2012/13	2014/15	2015/16	2016/17	
SFC Priority - High quality learning							
College Outcome – To offer high quality vocationally relevant learning opportunities to support the skills needs of the North East of Scotland							
Proportion progressing to a higher level: Non-recognized qualification	10.60%	5.10%	6.40%				
1	66.70%	8.70%	58.80%				
2	6.90%	11.90%	18.00%				
3	25.30%	15.10%	29.40%				
4	8.60%	10.90%	8.70%				
5	20.80%	16.00%	25.60%				
6	17.30%	10.50%	21.40%				
7 (HNC)	12.10%	10.90%	12.60%				
8 (HND)	0.00%	1.60%	0.00%				
9	0.00%	1.20%	0.00%				
10	0.00%	0.00%	0.00%				
11	0.00%	0.00%	0.00%				
12	0.00%	0.00%	0.00%				
N/A	N/A	N/A	N/A				
Number and proportion of successful students who have achieved HNC or HND qualifications articulating to degree level courses with advanced standing:							Scottish Government priority measure
Number of AS articulating students	317	2,929	438	440	445	450	(Articulation Hub Baseline Target for 2013/14 and 2014/15 - 390)
Number of HND/HNC leavers	1,232	17,606	1,396	1,396	1,396	1,396	
Proportion	25.70%	16.60%	31.38%	31.52%	31.88%	32.23%	
Number and proportion of full-time college qualifiers in work, training and/or further study 3-6 months after qualifying	SFC is currently developing the guidance for capturing this information						Enhanced return to be developed and piloted through 2013/14. Baseline to be set Autumn 2014.

Indicator	Performance			Aspirations			Note
	Region Baseline 2011/12	Scotland 2011/12	Region 2012/13	2014/15	2015/16	2016/17	
SFC Priority - A developed workforce							
College Outcome – To offer high quality vocationally relevant learning opportunities to support the skills needs of the North East of Scotland							
Number of all apprenticeships supported at the college (those eligible for SFC funding)	SFC is currently developing the guidance for capturing this information			At the time of writing, the College had 536 registered apprentices. A bid had been submitted for an additional 276 places in 2014/15 and the outcome was awaited.			
Number of starts and forecast completions for direct contracted apprenticeships (e.g. in construction)	SFC is currently developing the guidance for capturing this information						
Number of places delivered through SDS employability fund (EF) (starts and forecast completions) as a proportion of all the SDS EF places allocated in a region	SFC is currently developing the guidance for capturing this information			The College has been awarded 68 ringfenced places for 2014/15. The North East received 517 places, the College will therefore be delivering 13% of the region's places. At the time of writing, a bid for an additional 64 places had been submitted and the outcome was awaited. The College plans to marginally increase the number of places in future years however this is dependant on the outcome of future bids.			
Amount of all employer related activity	21,736	269,089	22,345	23,000	23,500	24,000	
Levels of non-SFC income generated							*Aspirations set for Financial Forecast Return reporting periods rather than Academic Year.
	N/A	N/A	£15.8m	£18m *	£18m *	£18m *	
Number of full-time learners with substantial placements (more than ten days) in business and industry	SFC is currently developing the guidance for capturing this information			In 2013/14 300 students, mostly care, are undertook a substantial placement. The College anticipates that this number will be maintained until curriculum planning and mapping is finalised and patterns of activity determined.			

Caveats and consequences: 1) It is not clear what the data on “progression to a higher level” means or why it is relevant; why is there an emphasis on ‘within the same college’? Surely the key thing if anything is progression, irrespective of institution – the data shows that 1 student is recorded as having progressed from HND to a higher level when we know that over 300 articulated direct into RGU degree programmes alone? 2) The percentages are particularly unhelpful if this refers to both PT and FT students 3) Obtaining data on what ex-students are doing 3 and 6 months after leaving is very hard to collect; colleges are not resourced to do that; is that a job for SDS?

ACSEF Presentation to Scottish Government

1. Introduction

- 1.1 The purpose of this paper is to provide information to the Board about a recent presentation by Aberdeen City and Shire Economic Future (ACSEF) to Directors of Scottish Government departments.

2. Background

- 2.1 ACSEF is a group which brings together representatives of both the public sector and the private sector to promote the economic development of North East Scotland. It acts as the steering group for Scottish Enterprise in the region, though its remit is wider than that. ACSEF has nominated "champions" for each of its priority themes. One of those themes is "Skills" and the Principal of North East Scotland College is the current "champion" for that theme.
- 2.2 There is a strong perception that the particular circumstances – and needs – of the region are not well understood by politicians and government officials based in the central belt. In this context, ACSEF arranged for Directors of Scottish Government departments to visit Aberdeen on 09 June 2014 to receive a brief input on each of a number of key regional themes from the relevant "champions" and to discuss the circumstances. Besides Skills, the other themes which were covered were housing, infrastructure and transport.
- 2.3 A visit was also included to the new office developments by Aberdeen Airport so the officials could see the scale extent of current development work.

3. Session for Directors of Scottish Government Departments

- 3.1 Each of those providing an input was limited to three PowerPoint slides, each with a particular focus: the context for the theme; the issues/challenges associated with it; and what Scottish Government can do to assist.
- 3.2 ACSEF (in the form of the officials from Aberdeenshire Council and Scottish Enterprise who service it) provided advice to try to ensure there was consistency across all of the brief inputs.
- 3.3 Attached as an appendix is a version of the PowerPoint as used for this event; the text in purple was not included in the PowerPoint as displayed – but represents the data that were mentioned in the oral presentation.
- 3.4 The feedback from the Directors was that the session had been very worthwhile and that they now much better understood how Aberdeen and Aberdeenshire had many features that made it distinct from other parts of Scotland.
- 3.5 In the discussion of the skills issues there was significant discussion on, amongst other things: the impact of ONS reclassification, especially on the issue of insurance and the potential impact on commercial activity if insurance is not allowed; the argument for an additional "weighting" element for public sector salaries in the region; the need to identify effective working relationships that can deliver the aspirations of the Wood Commission report; the need for targets set for the College to reflect the local circumstances; and the need to ensure that funded activity in the area is not further reduced.

4. Recommendation

- 4.1 It is recommended that the Board note the contents of this report.

Rob Wallen
Principal

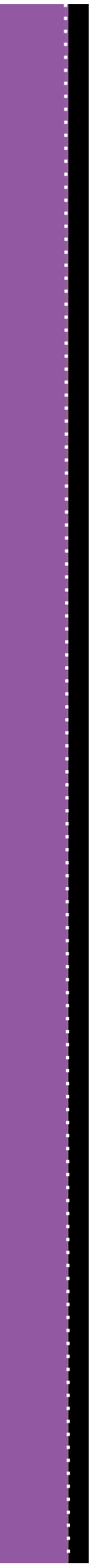
Skills issues in NE Scotland



The context for skills in NE Scotland

- **NE economy is buoyant (but with variation within the region)**
SDS RSA 2014: Annual GVA City & Shire £15.3bn (14% of Scottish total) and GVA per employee £62,900 (Scottish ave £43,700)
- **Dominance of oil and gas** Reuters.com March 2014: 60% of Aberdeen working population supported by the industry
- **High wage economy** SDS RSA 2014: median earning £605 (Scottish ave £508)
- **Low levels of unemployment** Jan 2014: Aberdeen City 1.5%; Shire 0.8% (Scottish ave 3.1%)
- **High uptake of training; high levels of qualification** 29% degree level graduates
(Scottish ave 24%); SDS RSA 2014 5% 16-24 no quals (Scottish ave 7%)
- **Large economic impact of College** 7130 FT students, 16230 PT students; EMSI 2014: £406m economic impact pa for £33m SG investment (17.9% ROI; benefit-cost ratio £3.90 to £1)
- **Labour drawn to NE from other parts Scotland, UK, EU** SDS RSA 2014: population growth 2002-12 9% (Scottish average 5%); GRO 2014: projected population growth 2010-2035 22%

- Despite training/migration some skills/people shortages
- Recruitment to some posts very difficult (engineering, but also many lower paid posts such as care; problems for public sector including education/training organisations)
- Lure into energy sector, poaching within energy sector
- Generally high cost of living, esp housing
Nov 2011: Aberdeenshire ave house price £219k (Dundee ave £121k); 2013 average Aberdeen private rent more than £1000 pcm – most expensive in Scotland
- Insufficient housing for inward migration
long waiting lists for social housing; limited affordable housing being built
- Pressure from impending developments AWP, housing, offices, energy
- Reduction in funded College places
WSUMs: 2010-11 190,063; 2014-15 177,057
- SFC main focus on 16-24
(not on mid career up-skilling)



What SG can do

Policy

- Maintain/increase funding for training in this region (SFC, SDS)
- Support consortia (eg OGAS) to provide workforce development
- Recognise distinct nature of region in targets set (eg on priority age groups)
- Allow NE weighting for public sector salaries

Funding

- Increase funded vocational provision for pupils (ie Wood recommendations)
- Support projects to promote labour mobility into NE (eg residential accommodation)
- Fund engineering extension in Fraserburgh (ca £8m)



Associate College Agreement

1. Introduction

- 1.1 The purpose of this paper is to update the Board on the College's Associate College Agreement with Robert Gordon University.

2. Background

- 2.1 In 2008 a formal Associate College Agreement was signed between Aberdeen College and Robert Gordon University.
- 2.2 At its Board meeting on 19 December 2013 the Board of Robert Gordon University approved the designation of North East Scotland College as an Associate College of the University and the proposed Memorandum of Agreement between the two organisations.
- 2.3 At its Board meeting on 18 March 2014 the Board of North East Scotland College approved the Memorandum of Agreement, subject to the clarification of the wording of paragraph 6.1.
- 2.4 Attached as an appendix to this paper is a slightly revised version of the proposed Memorandum of Agreement.
- 2.5 The Agreement was signed by the Principals of the two organisations at the College's Aberdeen City Campus on 26 May 2014.

3. Recommendation

- 3.1 It is recommended that the Board note the revised wording of the Memorandum of Agreement between the two organisations.

Rob Wallen
Principal

Memorandum of Agreement

between

The Robert Gordon University, a body corporate incorporated under The Robert Gordon University (Establishment) (Scotland) Order 2006, a Scottish Charity (Charity Number SC013781) and having its principal administrative office at Garthdee House, Garthdee Road, Aberdeen, AB10 7QB ("the University")

and

The Board of Management of North East Scotland College (formerly known as Aberdeen College) a body corporate constituted by and acting under the Further and Higher Education (Scotland) Act 1992 and having its administrative centre at Aberdeen City Campus, Gallowgate, Aberdeen AB25 1BN ("the College")

1. Purpose:

- 1.1 The University has previously entered into a Memorandum of Agreement with Aberdeen College for the purpose of enhancing learning opportunities in the North East of Scotland and identifying Aberdeen College as an Associate College of the University.
- 1.2 On 1st November 2013 Aberdeen College and Banff and Buchan College merged to form North East Scotland College.
- 1.3 The University now wishes to identify North East Scotland College as an Associate College of the University.

2. Objects

- 2.1 The principal objects of the collaboration shall be to;
 - 2.1.1 maximise the lifelong learning opportunities for learners in the region by enabling better and deeper collaboration to support articulation from schools and communities to College and then to degree courses at the University;
 - 2.1.2 raise aspirations of learners at all levels by the creation of flexible and innovative learning pathways linked to employment;
 - 2.1.3 promote access and inclusion for potential learners by developing a shared vision and strategy to increase articulation and progression opportunities for all, specifically targeting under-represented groups;
 - 2.1.4 ensure that national priorities for skills development are realised at all stages of the learning journey by developing articulation and progression opportunities that meet local and national skill needs;

- 2.1.5 promote the sharing of good practice through effective joint planning as appropriate, to improve the quality and range of articulation opportunities for learners in ways which improve learner outcomes;
- 2.1.6 explore opportunities for shared services and economies of delivery to maximise the utilisation of resources to engage and support learners;
- 2.1.7 act as a model for effective working within Scotland between a Scottish College and a University.

3. Period of Agreement

- 3.1 This Agreement shall be effective from the last date of signing hereof and shall continue in full force and effect for an initial period of five years ("the Initial Period"), after which it shall be subject to review and either institution may seek to terminate it or, by mutual agreement, continue with it on the same or amended terms.
- 3.2 In the event of either institution contravening or permitting the contravention of any of the provisions of this agreement, the other institution may at its discretion and without prejudice to any other remedies competent to it, terminate the agreement with immediate effect.
- 3.3 In the case of any contravention or failure to implement the terms of this agreement which is capable of being remedied by the contravening institution, the other institution will not exercise its right to terminate this agreement without first having given written notification to the contravening institution requiring the same to be remedied within a reasonable timescale.

4. Use of Name and Logo

- 4.1 Both institutions shall be permitted to use the name and logo of the other institution within marketing and advertising materials relating to identified and agreed target markets, for the promotion of articulation and progression opportunities. The College and the University shall also be permitted to identify the College as an "Associate College" of the University.
- 4.2 Neither institution shall use the other institution's name or logo for any purpose other than in accordance with clause 4.1 hereof without that institution's specific permission. Permission should be sought as follows:

North East Scotland College: Ian McDougall, Design, Publicity and Advertising Manager

Robert Gordon University: Shona Cormack, Vice Principal and Pro Vice Chancellor (Student Experience and External Relations)

5. Management

- 5.1 Nothing within this agreement shall have any effect on either institution's autonomy, existing governance arrangements or management structures.
- 5.2 This collaboration shall continue to be managed by the joint steering group of the parties ("the Group"). The Principal (or nominee) of each institution shall be responsible for chairing the Group on an annual alternate basis.
- 5.3 The Group shall meet at least twice each year. In addition, the Group may establish operational management sub-groups to progress specific aspects of the collaboration, the remit and constitution of which shall be at the discretion of the Group.
- 5.4 The Group shall produce on an annual basis a report on progress of the collaboration which shall be submitted to the Board of Management or Board of Governors of each institution.
- 5.5 Nothing within this agreement shall prevent either institution from forming collaborative relationships of a similar nature with any other party.

6. Confidentiality

- 6.1 **Neither institution shall**, either during the Initial Period or thereafter, directly or indirectly disclose to any third party any information concerning the business of the other institution, its accounts or finances, or any other information which might reasonably be deemed to be confidential by that institution, which have or may come to their knowledge during the course of or pursuant to this Agreement ("Confidential Information").
- 6.2 Neither institution shall use Confidential Information belonging to the other institution either during the Initial Period, any extension thereof or at any time thereafter, for any purpose other than in furthering the collaboration without the prior written consent of the institution to which the Confidential Information belongs.
- 6.3 Both institutions shall ensure that their officers, employees, and agents comply with the provisions of this Clause 6.

7 Future Agreements

- 7.1 All matters on which agreement is ultimately reached relating to the collaboration and which concern intellectual property rights or significant contribution of resources by either institution shall be formalised in a separate written agreement, signed on behalf of each institution by an authorised signatory. Both institutions acknowledge that until such an agreement is signed by their authorised signatory, all discussion, understandings and agreements which concern intellectual property or any significant contribution of resources, will not be legally binding.

8 Previous Agreements

- 8.1 This Agreement sets out the entire understanding between the Parties and supersedes any prior Agreements (including, for the avoidance of doubt, those between the University and Aberdeen College) concerning collaboration to enhance learning opportunities.

.....

Principal, The Robert Gordon University

.....

Date

.....

Principal, North East Scotland College

.....

Date

Quality Policy

1. Introduction

- 1.1 The purpose of this paper is to provide the Board with an opportunity to consider the College's Quality Policy.

2. Background

- 2.1 Attached as an appendix to this paper is a copy of the College's Quality Policy.
- 2.2 The Policy has taken elements of the former Colleges' previous approaches to quality and combined these to retain the best quality-related practices for North East Scotland College.
- 2.3 The Policy was considered by both the Quality Improvement and Assurance Committee and the Senior Management Team before being finalised and approved for adoption.
- 2.4 It should be noted that the Quality Policy is part of a suite of quality related policies - Assessment and Verification Policy; Complaints Policy; Quality Assurance on Course Provision; Internal Quality Audit; and Criteria to Govern Course Provision.

3. Recommendation

- 3.1 It is recommended that the Board note the College's Quality Policy.

Rob Wallen
Principal



Quality Policy

QA02

Quality Policy

Review Date: May 2015

1.0 Introduction

The College's commitment to continuous quality improvement is integral to its vision and values. It seeks to transform students' lives and help them to successfully realise their ambitions through the provision of inspirational teaching and high quality support services. To implement and measure this commitment, the College has adopted the self-evaluation quality frameworks of Education Scotland as criteria against which self evaluation will be carried out. The management and improvement of quality is the shared responsibility of every member of staff.

2.0 Management of Quality

Strategic responsibility for Quality within the College rests with the Principal, and with other Senior Managers, under the oversight of the Board of Management.

Functional management responsibility for quality improvement, quality assurance, internal quality auditing, self-evaluation, complaints management and surveying student and user satisfaction, rests with the Vice Principal Organisational Services; implementation of many of the quality arrangements is undertaken by the Head of Quality, and by the Quality Team.

Operational responsibility for quality issues and self-evaluation of course and subject provision rests with Heads of School, Faculty Managers and Curriculum & Quality Managers. Specific quality-related responsibilities are indicated in job descriptions and in written College procedures.

Operational responsibility for quality issues and self-evaluation in support teams and departments rests with line managers. Specific quality-related responsibilities are indicated in job descriptions and in written College procedures.

The Quality Improvement and Assurance Committee (QIAC) of the Academic Board has responsibility for monitoring the effectiveness of quality assurance arrangements and the standard of self-evaluation reports for all aspects of College services including programme delivery and support functions.

3.0 Quality Procedures and Arrangements

In order to implement quality management and improvement, the College maintains a structure of procedures and practices covering:

- Validation and Approval
- Lesson Observation
- Management of Assessment and Verification
- Performance Management
- Dissemination of Good Practice
- Engagement with learners
- Client surveys
- Quality audit
- Self-evaluation

The College sets targets for all activities where relevant and monitors performance against targets as a measure of quality improvement.

4.0 Quality-related Resources

The College Intranet will house resources relating to quality assurance and quality improvement, including the following:

- College Vision and Values
- College Outcome Agreement
- College Policies and Procedures
- Personnel Structure for Permanent Staff
- SFC/Education Scotland Quality Frameworks
- Internal Quality Audit arrangements
- Complaints Policy
- Self-evaluation documentation
- Baseline report on quality arrangements
- Annual Institution Led Quality Reviews

which will form the basis for the work of all teams operating in the College.

5.0 Performance Indicators

Information on performance indicators is available from:

Head of Quality	Student retention and attainment data Post-course Success Ratio (PCSR) Student Equality-related Data Surveys of Student Experience Surveys of Stakeholder Satisfaction Complaints Data
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Status approved by:	Principal
Date of version:	May 2014
Responsibility for Policy:	Principal
Responsibility for Review:	Principal
Date of equality impact assessment:	December 2009
Review date:	May 2015

Students' Association

1. Introduction

- 1.1 The purpose of this paper is to provide the Board with information on the recent Students' Association elections and student representation on the Board of Management for AY2014-15.

2. Background

- 2.1 Since the merger of Aberdeen College and Banff & Buchan College the two former Students' Associations have been working together to develop a new regional structure for the North East Scotland College Students' Association.
- 2.2 The regional structure, which will be implemented from AY2014-15, involves a new single sabbatical Regional President, who will be responsible for the overall strategic direction and for representation on a regional level, and two separate sabbatical Area Presidents – one serving students of the Fraserburgh and Peterhead campuses (and related learning centres) and one serving students of the various Aberdeen campuses (and related learning centres) – each with responsibility for the day-to-day direction of the Association in their respective area in line with the Association's strategy and plan of work and regional and local policies.

3. Election Results

- 3.1 Elections for Students' Association officers for AY2014-15 were held 14–16 May 2014. A digital platform, purchased from NUS, enabled the election and count to take place across the region. The elections were presided over by Natalie Masterton, NUS (Returning Officer) and Susan Dubois, NESCol SA Student Engagement Officer (Deputy Returning Officer).
- 3.2 A total of 179 votes were cast across all Campuses within the region. The results were as follows:
- 3.2.1 Two candidates ran for the new office of Regional President and the results were as follows:

Candidate	Votes Received
David Rennie	123
Jaqui Orme	32
ReOpen Nominations	4

David Rennie was therefore elected to serve as Regional President during AY2014-15.

- 3.2.2 Two candidates ran for the office of North Area President and the results were as follows:

Candidate	Votes Received
Sophie Brooks	58
Kirsty Taylforth	49
ReOpen Nominations	1

Sophie Brooks was therefore elected to serve as North Area President during AY2014-15.

- 3.2.3 One candidate ran for the office of South Area President and the results were as follows:

Candidate	Votes Received
Kara Gravells	56
ReOpen Nominations	5

Kara Gravells was therefore elected to serve as South Area President during AY2014-15.

- 3.3 The term of office for each of the three Presidents is 01 July 2014 to 30 June 2015.

Student Representation – Board of Management

- 4.1 Following the enactment of the Post 16 Education (Scotland) Act 2013 in March 2014, the Board of a regional college is to include “two persons appointed by being nominated by the students’ association of the college from among the students of the college”.

- 4.2 The Students’ Association Schedule on Structure states:

Student Board Members

- 4.2.1 The Regional Student President will serve as a Student Board Member on the College Board of Management
- 4.2.2 The role of the second student board member will be filled by the President of the Area where the Regional Student President was not registered as a student at the time of their election. Hereafter, when referring to this person in their role as a board member as opposed to Area Student President they will be referred to as the Second Student Member of College Board of Management.
- 4.3 David Rennie, Regional President, and Kara Gravells, South Area President, will therefore serve on the Board of Management during AY2014-15.
- 4.4 David Rennie and Kara Gravells will be in attendance at the Board Meeting scheduled for 23 June 2014.

5. Recommendation

- 5.1 It is recommended that the Board note the information provided on the recent Students’ Association elections and on student representation on the Board of Management for AY2014-15.

Rob Wallen
Principal