




# North East Scotland College (NESCOL)

**Externally Facilitated Effectiveness Review**

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# Main Report

## 1. Background

The updated Code of Good Governance for Scotland's Colleges ('the Code'), published in August 2016, contained the following requirement:

"The board must keep its effectiveness under annual review and have in place a robust self-evaluation process. There should also be an externally facilitated evaluation of its effectiveness at least every three years. The board must send its self-evaluation (including an externally facilitated evaluation) and board development plan (including progress on previous year's plan) to its funding body and publish them online".

In April 2020 the Chair of the Good Governance Steering Group advised that the timescales for College boards/regional strategic bodies to complete the externally facilitated effectiveness reviews had been relaxed following consultation with the Scottish Government and Scottish Funding Council (SFC). This extended the deadline for submitting the final reports for the externally facilitated effectiveness review to the end of April 2021. The original deadline set for submission was 31 December 2020.

This report represents the 2020/21 iteration of the externally facilitated effectiveness review described in the Code.

## 2. Scope, Objectives and Overall Findings

In August 2016, the College Development Network (CDN) published a Guidance Note, which provided the context and the process for conducting the Externally Facilitated Effectiveness Review described in the updated Code. This guidance built on the Board Member Development Framework, published in November 2015.

This effectiveness review covers the five sections of the Code namely:

- Section A** - Leadership and Strategy
- Section B** - Quality of the Student Experience
- Section C** - Accountability
- Section D** - Effectiveness
- Section E** - Relationships and Collaboration

This report builds on the previous Externally Facilitated Effectiveness Review produced by the College's previous internal auditors, Wylie & Bisset, in February 2017, which highlighted a number of strengths and identified 20 areas of good practice in the governance framework operating within the College at that time. The February 2017 report also set out two areas of governance development for 2017/18 to build on the foundations already in place. These were low level recommendations which were subsumed into the College's routine tracking of internal audit recommendations.

### 2. Scope, Objectives and Overall Findings (Continued)

The scope agreed with the College for the 2020/21 iteration of the review was to observe the 16 December 2020 meeting of the Regional Board, as required by the Code. In addition, it was agreed that Option 3i, as described in the August 2016 Guidance Note, would be completed; namely 'A board workshop is held that results in an agreed summary of views'. Questionnaires were issued to all members of the Regional Board; to the Co-opted Member of Curriculum & Quality Committee; to the two Trade Union Observers; and to the members of the College Executive Team. The results obtained from the completed questionnaires were utilised to inform the discussion at a Regional Board Focus Group, which was held on 5 February 2021. The issues arising from this focus group were subsequently triangulated and then pressure tested as part of a desktop review.

Overall, our review concludes that the College demonstrates a high level of compliance with the Code. Therefore, the improvement areas identified in Sections 4 and 6 in this report should be viewed in the context of further refinement and enhancement to the governance arrangements which are designed to build on the solid foundations which the College has already developed.

The Board is extremely strong in terms of the breadth and depth of knowledge, with a range of expertise available to provide support and challenge for management. There is an obvious pride associated with membership of the Regional Board and a palpable commitment to working with the College to shape and deliver the regional objectives.

The governance framework is operating effectively with clear roles and responsibilities for the Regional Board and each of the standing sub committees. The key role of the Director of Strategy & Planning / Secretary to the Board in maintaining the governance framework and updating the Regional Board was clear from the Board meeting observed and from the discussion at the subsequent February 2021 Regional Board Focus Group discussion.

Although some of the questionnaires issued were not completed, there was a high level of Board Member engagement in this review through the Regional Board Focus Group with all Board Members contributing to the detailed discussion on the issues arising from the analysis of the questionnaires. This reflects a high degree of engagement with the College in their role as individual Board Members.

From our observation of the Regional Board, it was apparent that staff and student representatives on the Board are treated as full members of the Board and that the platform provided to express the views from a student and staff perspective allows these views to be given due consideration and prominence. We also noted the attendance of trade union observers at the Board meeting, which has been proactively adopted in advance of the change in legislation.

The involvement of the College in a range of collaborative projects and initiatives demonstrates the College is willing to innovate and to work with partners to deliver shared objectives. It is evident that the specific challenges facing the North East of Scotland are recognised by the Regional Board and the executive team and the College has already taken steps to ensure that the College plays a key role in the economic regeneration of the region and also contributes at a national level to shape the future of education and training across Scotland to meet future needs. Both senior management and Board Members demonstrated a clear understanding of the importance of engaging effectively with other partners to deliver the outcomes set out in the ROA. It is apparent that the College has engaged with partner organisations through the Community Planning Partnership and that this is still seen as an important forum to develop shared approaches to regional challenges.

Our overall findings are that the College can demonstrate a high degree of compliance with the Code of Good Governance for Scotland's Colleges with a high degree of satisfaction amongst the Members of the Regional Board in terms of the governance framework and the way in which this is being applied in practice.

### 3. Audit Approach

An initial scoping meeting was held on 8 December 2020 to agree on the audit approach and the timelines for completion. This meeting was attended by the facilitator, the Director of Strategy & Planning / Secretary to the Board, and the Chair of the Regional Board.

It was agreed that the facilitator would attend the remote meeting of the Regional Board on 16 December 2020, which was conducted using MS Teams. This allowed the opportunity to observe the contributions of Regional Board Members on a range of agenda items, including several reports of strategic importance to the Board, such as the annual update of the College's Governance Manual; the new NESCOL Students' Association Constitution; the SFC review Phase 1 feedback; the progress update on the delivery of the College's Strategic Plan 2018 to 2021 and the Interim Outcome Agreement for academic year 2020/21.

In advance of the Regional Board Focus Group a questionnaire was issued to each Member of the Regional Board; to the Co-opted Member of Curriculum & Quality Committee; to the two Trade Union Observers; and to the members of the College Executive Team, with the topics drawn directly from the Code. The results of the 12 completed questionnaires can be summarised as follows:

- Not all questions were answered by all respondents.
- The comments provided on the questionnaires highlighted a reluctance amongst newer Board Members to provide a score on specific issues.
- Responses on the scale from Very Poor to Very Good were given a weighted score. So, a response of Very Poor scored 1 while a response of Very Good scored 5. No average scores less than 4.00 out of 5. So, no question averaged less than Good.
- There were no questions where Board performance was scored as 'Very Poor'.
- There were three questions where Board performance was scored as 'Poor' covering two of the Governance Criteria included in the Code of Good Governance (Section B - Quality of the Student Experience and section D - Effectiveness).
- Areas where Board performance was scored as 'Satisfactory' were focused on Section A - Leadership & Strategy, Section B - Quality of the Student Experience, Section D - Effectiveness and Relationships and Section E - Collaboration.

From the analysis of the responses provided on the completed questionnaires, 10 areas were selected for further exploration and discussion at the Regional Board Focus Group based on the average scoring. This discussion focused on any questions which scored less than 4.3 out of a maximum of 5.

In addition, a number of other areas to consider were discussed at the Regional Board Focus Group. These areas were drawn from the comments on the questionnaires and from our recent experience in conducting similar reviews in other colleges.

The results of the Regional Board Focus Group discussions have been collated and mapped against the Code. The issues raised were then pressure tested against a raft of corporate documentation which was collated as part of this review.

### 4. Summary of Findings

As highlighted above in Section 2, our review provides independent confirmation that the positive view of the governance framework expressed by Regional Board Members in the completed questionnaires is robust and that the College can demonstrate a high level of compliance with the Code. Our review highlighted a number of areas where the College can demonstrate particular strengths in specific aspects of the Code. Our review also highlighted specific areas where there is perhaps scope for improvement or enhancement to the current arrangements. Both strengths and areas for improvement are summarised below. The detailed observations, recommendations and agreed management responses for each of the improvement actions is set out within Section 6 below. It is proposed that any improvement actions arising from this review should be incorporated into the College's rolling Development Plan, thereby building on any governance activity already underway. The other areas for consideration are included for transparency in order to allow Board consideration. These are summarised in Section 7 below.

#### Strengths

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##### Section A – Leadership and Strategy

- a) The Code of Conduct for Members of the Regional Board specifically references the Ethical Standards in Public Life etc. (Scotland) Act 2000 and the nine general Principles of Public Life in Scotland.
- b) In general Board Members feel that they can shape the vision, direction, character and values of the College through Regional Board meetings and at Strategy Events. The Regional Board meeting in December 2020 provided the opportunity for detailed discussion on a number of areas of strategic importance including the governance manual; the Students' Association Constitution; the College's response to the SFC Phase 1 review; the Strategic Plan; and the Interim Outcome Agreement.
- c) Overall Board Members were satisfied with the level of performance information provided although some Board Members did highlight the need for an enhanced focus around target setting and the monitoring of progress against agreed targets.
- d) Board Members demonstrated a clear understanding of the need to monitor achievement of the Regional Outcome Agreement (ROA) and to align the strategic objectives of the College with regional and national outcomes. It was highlighted that early conversations with the SFC had commenced in advance of formal publication of the relevant guidance.
- e) The Staff Governance Standard has been referenced at the Governance Steering Group and the HR Committee in order to direct discussions and shape the College approach;
- f) Respect and diversity are a central pillar of the College's core values. The College published an Equal Pay Statement and Policy in 2017 and a Gender Action Plan is in place covering the period 2017 to 2021. An Equality and Diversity Policy is also in place.
- g) A new Regional Board Equality and Diversity Champion was appointed at the Regional Board meeting in December 2020. The roles and responsibilities are embedded within the Governance Manual and include attendance at the College's Equalities Committee and attendance at the Board's Governance Steering Group.
- h) The discussion at the Regional Board Focus Group demonstrated a high degree of understanding of the social and economic needs of the communities which the College serves and a clear recognition that some of the opportunities and challenges are unique to the Aberdeen and Fraserburgh geographic areas and therefore require a tailored College approach which is not applicable to other parts of the country.
- i) A Stakeholder Engagement Session was delivered at the Board's Strategy Event in November 2020 around the College's Communications Strategy and the approach to Stakeholder Engagement.

## 4. Summary of Findings (Continued)

### Strengths (Continued)

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#### Section B – Quality of the Student Experience

- a) Each meeting of the Regional Board is attended by the Regional President of the Students' Association as one of the Board's Student Members.
- b) The terms of reference for the Curriculum and Quality Committee includes the requirement to provide oversight on the quality of learning and teaching and the student experience.
- c) At the time of the Regional Board Focus Group discussion work was ongoing to refresh the Students' Association Partnership Agreement, which will involve input from the Curriculum and Quality Committee.
- d) An updated Student's Association Constitution was presented to the December 2020 meeting of the Regional Board.
- e) There is ongoing dialogue around the budget position and the funding required to pay for postholders within the Student's Association structure. This links into the ongoing review of the Enhancement Plan.
- f) The Strategic Planning sessions allow the opportunity for the student voice to feed into strategic discussions;
- g) Further work is planned to revisit the wider topic of student engagement and this will be progressed in collaboration with the NUS and SPARQS. This work will also examine the flow of information from the class representative framework through the Students' Association to the Executive Team.
- h) Partnership working has been progressed with SDS, Jobcentre Plus and the third sector in order to develop a regional approach. Two SDS Advisors provide drop-in sessions twice a week at the City campus and across the Altners/Fraserburgh campuses.
- i) The mechanisms to ensure effective oversight of the quality and inclusiveness of learning were considered good or very good by all Board Members surveyed.

#### Section C – Accountability

- a) The standing committee meetings timetable has been maintained throughout the COVID-19 pandemic with meetings held virtually.
- b) The quality of Regional Board and Board subcommittee papers is considered to be generally good with papers received timeously in the majority of occasions.
- c) The Board has established risk management processes which allow the effective identification and monitoring of mitigating actions through the Audit and Risk Committee and the Regional Board.
- d) The Audit and Risk Committee is well established, and the membership includes Members with specific experience of finance, accounting or auditing as stipulated by the Code. The remit of the Audit and Risk Committee specifically references the committee's responsibility around governance, risk management and the internal control framework.
- e) There is a Risk Management Policy in place and the requirement for the Audit and Risk Committee to consider this policy prior to formal approval by the Regional Board is embedded within the Audit and Risk Committee terms of reference.
- f) The Strategic Risk Register shows the risk appetite set by the Regional Board for each category of risks.
- g) Tailored risk management training for Members of the Regional Board was delivered on 17 March 2021.
- h) The specific duty to review reports submitted by the College's internal auditors and to monitor progress is reflected in the terms of reference, as is the requirement to monitor the College's external auditors.
- i) A closed session once a year with the internal and external auditors is built into the Audit and Risk Committee terms of reference, in line with good practice. The Chair of the Regional Board can attend this closed session if deemed appropriate to do so.

## 4. Summary of Findings (Continued)

### Strengths (Continued)

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#### Section C – Accountability (Continued)

- j) The Chair of the Finance and Resources Committee is specifically precluded from membership of the Audit & Risk Committee.
- k) A Remuneration Committee is in place, in line with the requirements of the Code, which determines Senior Staff Pay Policy, the remuneration of the Principal and other appropriate senior staff.
- l) Board Members expressed a very positive view around the way in which the College engages in promoting positive employee relations; delivers compliance with national collective agreements and ensures fair and effective staff management.

#### Section D – Effectiveness

- a) The leadership provided by the Chair of the Regional Board in delivering board effectiveness was universally praised, as was the relationship between the Chair of the Regional Board, the Principal and the Board Secretary in delivering for the College.
- b) The Chair of the Regional Board conducts annual one-to-one meetings with individual Board Members to discuss their experiences on the Board during the period under review and to look ahead to the following year.
- c) Members of the Board strongly expressed the view that student and staff members of the board are treated as full Members of the Board and our observation of the Regional Board meeting in December 2020 confirmed that both staff and student members contributed openly to the Board discussions with no impediment.
- d) Declarations of potential conflicts of interest are a standing agenda item for all Board committees. The Governance Manual sets out the 'Registerable Interests' which should be disclosed. The Register of Interests for the Members of the Regional Board is published on the College website.
- e) There is a formal Board recruitment process in place which is aligned to a Board Member Core Skills Matrix, as described in the Guidance Notes for Boards in the College Sector – 1. A Board Development Framework, which was published in November 2015. This skills matrix which allows skills gaps to be identified and succession planning arrangements to be put in place.
- f) The consensus amongst Board Members is that the Board contains the right mix of skills and expertise to deliver their responsibilities on the Regional Board and on Board sub committees.
- g) The role of the Senior Independent Member is set out in the Governance Manual.
- h) We confirmed that CDN training is offered to Board Members, which includes the CDN induction.
- i) The Principal's performance management objectives are monitored through updates provided to the Regional Board, allowing input from staff and student members of the Board. The responsibility of the Chair of the regional Board to conduct the performance appraisals of the Principal and the Secretary to the Board is set out in the Governance Manual.

#### Section E – Relationships and Collaboration

- a) The discussion at the Regional Board Focus Group highlighted significant activity at national level around partnership working.
- b) There is a specific focus around the economic recovery of the Aberdeen area following the oil price crash and to cope with the economic impact of the COVID-19 pandemic. This work will be progressed through a variety of mediums, including the Economic forum led by SDS.
- c) The swift response provided by the College to the SFC Phase 1 review was viewed very positively by Members of the Regional Board who welcomed the proactive response and recognised the importance of providing a comprehensive and collaborative response. The attendance of the SFC Chief Executive at the November 2020 Strategy Event was also seen as a mutually beneficial process.



## 4. Summary of Findings (Continued)

### Areas for improvement

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There were no areas for improvement identified from this review, although some areas for further consideration are set out in Section 6 below. However, these are suggestions for refining and building on the existing governance arrangements rather than steps required to ensure compliance with the Code.

## 5. Acknowledgements

We would like to take this opportunity to thank the Board Members and staff at the College who helped us during the course of our audit.

**6. Other areas to consider**

- a) Request for student input on specific agenda items with the Chair informing the Student President in advance of the meeting.
- b) Head of internal audit service to meet with any new members of the Audit and Risk Committee after their first meeting to explain the planning and reporting methodology and rationale.
- c) During the discussion around employability, it was highlighted that the Regional Board Members have a range of contacts who could help progress work in this area. The challenge of how to leverage these connections in a way which will assist the College around employability is an ongoing challenge but there is a shared understanding that this is an area which merits further exploration.
- d) Although the general feedback around Board induction was positive, the view was expressed by some Board Members that the induction process was very focused on the Regional Board and that further training to prepare Board Members for their role on Board sub committees would be useful.



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