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## **Minutes of the Scotland's Colleges Board of Directors Thursday 17 February 2010 at 1030, Argyll Court, Stirling**

**Present:** Brian Keegan (Chair)  
John Burt (Vice Chair)  
Peter Finch  
Tom Drake  
Christina Potter  
John Russell  
Ray Harris

**In Attendance:** Gayle Shotton (Company Secretary)  
Lesley McEwan (Minutes)

**Apologies:** Suzanne Dawson  
Mandy Exley  
Ian Graham  
Graham Johnstone  
Linda McKay  
Craig Thomson  
Linda McTavish  
Steve Brannagan

### **1. Declaration of Interests**

There were no updates to the Declaration of Interests Register.

### **2. Welcome and Apologies**

The Chair welcomed the members to the 8<sup>th</sup> meeting of Scotland's Colleges Board of Directors and Lesley McEwan to her first meeting in her temporary role assisting the Company Secretary.

Apologies were received from Suzanne Dawson, Mandy Exley, Ian Graham, Graham Johnstone, Linda McKay, Linda McTavish, Steve Brannagan and Craig Thomson.

### **3. Chairs' Introductory Remarks**

The Chair indicated that the main agenda item related to discussions regarding the future business model and associated subscription proposals.

### **4. Minutes of the Last Meeting and Matters Arising**

#### **Minutes of Last Meeting and Matters Arising**

The minutes of the meeting held on 17 December 2009 were noted as a true record and signed by the Chair of the Board.

#### **Rolling Action Points**

The Chair noted the Rolling Action Points paper and advised that all items were either complete or to be covered under the agenda items of the meeting. Regarding item 1 it was agreed to include consideration of a Board residential on the agenda for the next meeting.

**Action: Board residential to be added to the agenda for the next meeting.**

## 5. Committee Update

- **Remuneration Committee – Minutes of 14 January 2010**

The Chair of the Remuneration Committee, Brian Keegan, highlighted the key points of the meeting as follows;

- *Interim Chief Executive's Terms and Conditions of Employment*  
The Committee unanimously agreed that the current terms and conditions, subject to the adjustment of the continuous service clause, were acceptable due to the nature and duration of the extension.
- *Interim Chief Executive's Salary*  
The Committee agreed that, due to the duties and responsibilities the Interim Chief Executive will have, the salary for the post should remain at its current level for the duration of the extended contract.
- *Title of Post*  
The Committee members agreed that the term 'Interim' should remain in all contractual documentation however, the post should be labelled as 'Chief Executive' for the duration of the extended contract.
- *Announcement of the Chief Executive's Extension*  
The Committee agreed that Scotland's Colleges staff should be told as soon as possible via an e-mail from the Chair of the Board of Directors and that the Chair should also send an e-mail update to the Chairs' and Principals.

The Chair has since also contacted Mark Batho at the Scottish Funding Council to inform him.

The Chair was pleased to report that Ray Harris had accepted the extension to his contract and would therefore remain with Scotland's Colleges until 31 March 2011.

- **Audit Committee – Co-opted Member**

The Chair of the Audit Committee, John Russell, reported that following the agreement of the Directors at the Board meeting on 20 October 2009 to co-opt a member with financial expertise onto the Committee, Audit Committee members had interviewed two potential candidates for the position. The Committee are recommending Gordon Hutcheson be co-opted to the Committee due to his relevant financial experience. The Audit Committee also requested that an induction programme be set up at both Scotland's Colleges and several member Colleges to provide Gordon with an induction to the Sector and the Organisation.

The board approved the recommendation of the Audit Committee and agreed to set up formal training and induction for Gordon.

**Action: Chair of Audit Committee and Finance Director to set up formal training and induction for Gordon.**

The Board noted that Baker Tilly have been appointed as internal auditors of Scotland's Colleges. The Chair of the Audit Committee also reported that the draft Internal Audit Needs Assessment from Baker Tilly had been received and this was tabled at the meeting. The report detailed the three year plan and the risk assessment categories. It was noted that in year one the core finance systems would be assessed, year two the strategic systems, corporate management systems and core finance systems and year three strategic systems, corporate management systems and operational systems. Directors discussed the summary of the three

year plan and noted that IT strategy/security was indicated as a significant risk but not included in the three year plan. John Russell highlighted that the plan could be adjusted for years two and three and this could be included should it be felt relevant.

A discussion followed regarding a mechanism for the Audit Committee to feed back results of audit reports to the Board of Directors. It was agreed that good practice dictates that Committee Chairs should present annual reports to the Board going forward.

**Action: Scotland's Colleges Board of Directors Sub-Committees to present annual reports to the Board of Directors.**

## 6. Chief Executive Report

- **CEO report on progress – current position**

The key points of the report were highlighted as follows;

- Brian Baverstock has agreed to convene an internal meeting with all officers at the SFC who interface with Scotland's Colleges to consider funding bigger 'bundles' of activity to tie into the five outcomes of Scotland's Colleges strategic plan. A further meeting is scheduled for 26 February to agree next steps on this. In terms of reporting, it has been agreed that a single report on each 'bundle' would be the way forward and, as a first step, Scotland's Colleges will not be asked for any reports on individual projects until an overview is provided on 31 March 2010. Going forward reports to the SFC will be those that the Board and its Committees have reviewed. In terms of Council confidence in Scotland's Colleges, the Council have agreed that if our internal auditors undertake a "financial management" audit as part of a Board-approved three-year audit plan then the delivery of the associated action plan agreed with the auditors would reassure them. The Board agreed that agreeing to this review and the continuing positive discussions with SFC representatives at strategic level is building trust with the Council.
- Operational planning activity is underway and a draft plan with a high-level budget will be in place by 31 March 2010
- The CEO has begun a series of visits to Principals to reflect on their expectations of Scotland's Colleges and this is proving helpful
- The formation of Scotland's Colleges Staff Association (SCSA) has replaced the JNCC and the nomination process for membership of the Committee is underway
- The harmonisation process is underway. This is scheduled to be complete by 31 July 2010.
- A document is being produced which sets out the goals and objectives for the Chairs Congress, Principals Convention and Scotland's Colleges. The Chairs' Congress have completed theirs and the CEO is attending the next Principals Convention to discuss their high level targets.
- The Further Education Development Directorate (FEDDs) have been very helpful during the establishment of the new structure and are now advising Scotland's Colleges on the development of the website and related tools. They are working with the Public Affairs and Communications team to maximise web impact and minimise the complexity of the structure

- **Business Model – subscription proposals (non disclosure)**

## 7. Director of Sector Development Post (non-disclosure)

## 8. ASC Subsidiary

- **Minutes of Meeting of 18 December 2009**

The Finance Director reported on the ASC Board of Directors meeting held on 18 December 2009 and the following points were noted:

- The Finance Director has been appointed Company Secretary of ASC to maintain continuity across the Scotland's Colleges Group
- The bank signatories have been changed reflect the new structure
- The ASC Board were satisfied with the management accounts to 31 October 2009 and forecast to 31 July 2010
- The ASC Board have approved their standing orders and scheme of delegation which are based on those of the main Board
- Stewart Brymer had declared an interest in the legal work he is currently undertaking on behalf of ASC and this would be discussed under the next agenda item

- **Provision of Legal Services**

The Chair of ASC, Stewart Brymer, is currently providing legal services to ASC on an on-going basis. The consent of the parent company is required to authorise Stewart to vote at any ASC meeting considering the arrangement or to ensure the meeting is quorate when such matters are discussed. In order that the Board of ASC formally agree that Stewart can continue to provide legal services to ASC a written resolution will be signed. It is intended that the upper threshold for any one piece of work be set at £5,000.

Some concerns were raised by the Board of Directors regarding the potential conflict of interest present. The CEO indicated that legal services for the whole of Scotland's Colleges will be tendered in due course and therefore, any work carried out by Stewart under the current arrangement would be in the interim period and if deemed appropriate. . It was also clarified that the work he has been undertaking recently is now complete and that there are no conflicts between the ASC and SFEU Memorandum and Articles of Association. A scheme of delegation is also in place.

The Board agreed that the CEO be given authority to instruct Stewart up to £5,000 on an interim basis if appropriate. However, the authority to vote at any ASC meeting considering the provision of legal services was not approved.

## 9. Risk and Regulatory Update

Current risks were noted as:

- Future SFC Funding
- Development of business model

The CEO advised that the Executive are meeting on 22 February to update the risk register following the Baker Tilly workshop in December 2009.

## 10. Continuous Improvement and review of meeting and supporting papers

The papers were noted as good and it was clarified that for future meetings the agenda and papers would be e-mailed, posted and made available on the intranet.

**11. A.O.C.B**

It was agreed to canvass Board members to request an update on potential changes which could affect the Board membership. This would enable timely planning for elections if required. The Chair requested that the record of members attendance at meetings be circulated to the Directors.

The Finance Director reported that the internal audit review of core systems has been completed pending receipt of the draft report next week. No high priority risks have been identified. The final report will be presented to the Audit Committee at their next meeting.

**12. Date of next meeting**

The date of the next meeting will be at 1100 on Thursday 22 April 2010 at Argyll Court.

Signed \_\_\_\_\_ Date \_\_\_\_\_