

**Minute of the Ayrshire College Board of
Management Meeting
held in Kilwinning Campus
on Monday 9 December 2013 at 5.30 pm**



Present: Willie Mackie (Chair)
Nicki Beveridge
Kathryn Cole
Bill Costley
Heather Dunk (Principal)
Steven Fegan
Barbara Graham
Stephen Greenwood
Waiyin Hatton
Gordon James
Carol Kirk
Alan Walker
Tom Wallace

In attendance: Michael Breen
Jane McKie
Bernadette McGuire
Brendan Ferguson (Minutes)
Mary Palmer
Gillian Cleland (Minutes)

1 Welcome and Introductions

The Chair welcomed everyone to the fourth meeting of the Ayrshire College Board of Management and asked the Board to welcome Mary Palmer, Student's Association Vice President, Kilmarnock Campus, who was attending the meeting at the invitation of the Board.

2 Apologies

Apologies were received from Marie Macklin and Jackie Galbraith.

3 Declaration of Interest

There were no declarations of interest.

4 Minute of Meeting held 28 October 2013

Subject to a correction to the spelling of Ms Beveridge's surname and the addition of a list of those present who left the meeting prior to consideration of the reserved item, the minutes be confirmed as a correct record.

Proposed: Alan Walker
Seconded: Nicki Beveridge

Action: Gillian Cleland to make necessary changes

5 Minute of Extraordinary Board Meeting held 31 October 2013

Subject to the removal of Stephen Greenwood and Sharon Rennie from the list of those in attendance, the minutes be confirmed as a correct record.

Proposed: Kathryn Cole
Seconded: Barbara Graham

Action: Gillian Cleland to make necessary changes.

6 Matters Arising

All matters arising are covered within the agenda items.

7 Board and Committee Updates

Estates and New Campus Development Committee Minutes – 17 September 2013

Dr Wai-yin Hatton, Chair of the Estates and New Campus Development Committee, advised that the minutes were an accurate record and had been approved at the meeting of the Committee held on 31 October 2013. There were no further updates, apart from the single item agenda which was to approve the appointment of the Preferred Bidder for the new Kilmarnock Campus.

Steven Fegan pointed out that his first name had been spelt incorrectly under Apologies.

Action: Gillian Cleland to amend spelling.

Finance Committee Minutes – 19 September 2013

Tom Wallace, Chair of the Finance Committee, advised that the minutes were an accurate record of discussion and had been approved at the follow up meeting held on 7 November 2013. General discussion from the meeting on 7 November focussed on:

- Ayr and Kilmarnock Financial Statements to July 2013;
- Surplus land at Newtonhead – Michael Breen to look at valuation and report back to Estates and New Campus Development Committee;
- Asset liabilities – North Ayrshire;
- Budget for the 8 months to 31 March 2013 – based on the budget approved at the Ayrshire Partnership Board (APB);
 - College results forecast at the end of March;
 - Projected balance sheet incorporating James Watt;

- Management accounts to 2 months to 30 September 2013;
- Capital expenditure position; and
- Student funds – including internal provision of £450k.
- SFC Circular to request in year student funding circa £2m.

Action: Michael Breen to report back on the position regarding the valuation of the surplus land at Newtonhead, Ayr.

Audit Committee Minutes – 24 September 2013

Alan Walker, Chair of the Audit Committee, advised that the minutes were an accurate record of the meeting and Gordon James (Vice-Chair) confirmed that the minutes had been approved at the meeting on 21 November 2013. Mr James gave a brief update on points of discussion from the 21 November meeting which was also attended by Auditors, Henderson Loggie, KPMG and Scott Moncrieff.

General discussion points included:

- Financial statements for Ayr and Kilmarnock;
- Surplus land at Newtonhead;
- Letters of representation –included in the Board papers;
- SUMs audit carried out by Wyllie Bisset; and
- Risk Register.

Mr Walker asked for it to be noted that there was no visibility of the financial or audit summary for the Kilwinning Campus. This is because these reports are now the responsibility of the West College Scotland who have subsumed responsibility for the former James Watt College, of which the Kilwinning Campus was a part. Information in relation to the Kilwinning Campus of the former James Watt College will be made available to Ayrshire College in due course.

8 Chair's Report

The Chair reported the following:

- That the main focus of his report related to the meetings he had attended with the Cabinet Secretary. The Chair had attended a business dinner with the Cabinet Secretary on 21 November at which the Cabinet Secretary had indicated how pleased and impressed he was with the ongoing progress and development being achieved by Ayrshire College.

Five of the Regional Leads had become Board members on Scotland's Colleges Board and the Regional Chair appointments would be made in January 2014.

The Cabinet Secretary had spoken on the impacts of ONS and the layers of requirements that were restricted in the public finance manual.

- The Chair reported the outstanding achievement by Steven Fegan (Student's Association Vice President, Ayr Campus) at the recent "Scotland's Colleges Awards". Steven had received the "Student Contribution Award." The Chair forwarded the Board's warmest congratulations to Steven on his achievement which was considered meritorious and deserved.
- At the same ceremony, Ayrshire College was awarded "Highly Commended" for its partnership with GE Caledonian and the Chair forwarded the Board's congratulations to all concerned.
- Further recognition was achieved at the recent "SQA Star Awards" where David Cunningham (HND Sports Coaching and Development, Kilmarnock Campus) received the runner up award of "Highly Commended" in the College Candidate of the year category. The Chair forwarded the Board's congratulations to David.

9 Scottish Government: Letter of Guidance

The Chair asked the Board to note the content of the letter which had been sent to Professor Alice Brown, Chair of SFC from Michael Russell MSP. A letter of Guidance to Ayrshire College would be expected in the New Year once the simplified funding model had been agreed.

10 2013/14 Revised Budget (8 months to 31 March 2014)

Michael Breen, (Vice Principal, Corporate Services) asked the Board to approve the Revised 2013/14 Budget for the 8 months August 2013 to 31 March 2014.

Mr Breen provided a brief background on the processes and work undertaken, explaining that the biggest challenge had been the focus on the change of financial year. He added that the final figures for the Kilwinning Campus of James Watt College were outstanding, for the reasons outlined in 7 above. It was expected that a set of management accounts and balance sheet for Kilwinning Campus would be submitted by the West College Scotland to the Board for consideration at their March meeting.

The Board of Management unanimously approved the Revised 2013/14 Budget for the 8 months August 2013 to 31 March 2014.

11 Reclassification of Colleges by ONS

Michael Breen explained that Scottish Funding Council were still producing information and looking at both the practical and high level aspects for both the academic as well as financial year. In particular matters in relation to the establishment of Charitable Foundations by the colleges into which annual surpluses could be paid were being rapidly progressed. Mr Breen is in regular

contact with Turcan Connell to ensure ongoing progress and added that after feedback from Alistair Gordon (Director of Finance & Student Funding) and Brendan Ferguson (Secretary to the Board of Management), a draft Memorandum of Articles for the Ayrshire College Foundation was sent to Turcan Connell, listing a number of points for consideration. Mr Ferguson highlighted the importance that a Memorandum of Articles should be agreed and submitted to OSCR prior to the Christmas break in order to ensure timeous progress in the establishment of the Foundation. The document was quite specific and had been drafted by Turcan Connell for all colleges.

The Chair advised that John Rainey would be happy to act as Chair of the Foundation. Gordon Hunt, Campus Director at UWS, Ayr and a former member of Stow College Board was also happy to be involved as a trustee.

The above progress report be noted and the establishment of the Foundation be considered as a priority action. A progress report be provided to next scheduled meeting of the Board in March.

12 2012/13 Statutory Financial Statements

Michael Breen reported the following as having been presented to the Finance Committee on 7 November 2013 and the Audit Committee on 21 November 2013. Their contents had been discussed and approved by both Committees and their formal approval is recommended to the Board of Management:

Ayr College

Ayr College Financial Statements listed:

- Income for the year of £14,934,000;
- An operating surplus for the year of £86,000; and
- Net assets of £24,717,000.

The Ayr College Strathclyde Pension Fund position was valued at 31 July 2013 by Hymans Robertson. This resulted in a reduction in the net pension deficit.

Land and buildings were revalued by the District Valuer as at July 2013, which resulted in a net increase in valuation, primarily in respect of the main Ayr Campus. The surplus land at Newtonhead, Ayr had been valued at £375,000. Mr Breen advised that the premises had been on the market for approximately five years with offers in the region of £1m being invited. Given the above, advice would be sought on a potential reduction in the marketed price. This would be agreed by the Estates and New Campus Development Committee.

The external audit fieldwork had been completed by KPMG. Representatives from KPMG presented their Annual Report to the Audit Committee on 21 November 2013. KPMG confirmed that they intended to give a clean audit report.

Kilmarnock College

Kilmarnock College Financial Statements listed:

- Income for the year of £14,100,000;
- An operating surplus for the year of £481,000; and
- Net assets of £16,570,000.

Michael Breen explained that 2012/13 represented the second (and final) year of Henderson Loggie's appointment as External Auditor. The external audit fieldwork had been completed and a formal audit clearance meeting held on 1 November 2013 at Kilmarnock Campus. Henderson Loggie were pleased with the audit process and there were no material matters that they wished to raise.

The Board of Management unanimously approved the Statutory 2012/13 Annual Financial Statements of both Ayr and Kilmarnock Colleges

Action: Michael Breen to send letters of appreciation to Jim Wilson, former Director of Finance, Ayr College, and Alistair Gordon thanking them for their efforts.

13 2012/13 Letters of Representation – Ayr College and Kilmarnock College

Michael Breen advised that both letters were standard Letters of Representation, albeit their styles differ as is normal with different companies preparing them, and were provided in connection with the audit of the financial statements of the Board of Management of both Ayr and Kilmarnock College.

In relation to the Letter of Representation for Kilmarnock College, Paper 11, Tom Wallace queried Point 5, the accrual of £141,765 included in the financial statements for the clawback of European Social Fund monies. Mr Breen confirmed that no update had been received from East Ayrshire Council in relation to any payment requirement and that the auditors were content that the figure remain until clarification is received.

The Board of Management approved both Letters of Representation for signing.

14 Audit Committee Annual Reports

Ayr College

This report focused on Internal Audit as the finalisation and approval of the 2012/13 financial statements. Internal Audit Services were provided throughout the year by Scott Moncrieff. Four Internal Audit reports in respect of 2012/13 were covered – Financial Reporting and Asset Management; Risk Management; Follow Up Review and SUMs. Excellent feedback had been received from the Auditors and the Audit Committee were pleased to confirm to the Board of Management

that they were satisfied that the areas audited and standard of work carried out had been appropriate. Alan Walker had signed off the Ayr College 2012/13 Audit Committee Annual Report as Chair of the Audit Committee, Ayr College.

Kilmarnock College

This report also focused on Internal Audit as the finalisation and approval of the 2012/13 financial statements. Internal Audit Services were provided by BDO Stoy Hayward for a three year period to 2010/11 with a further two year option, exercised by the College, to cover 2011/12 and 2012/13. The selection of Internal Audit assignments were made on the basis of the Internal Audit Needs Assessment and the annual Operational Plan for 2012-13. Three Internal Audit Reports in respect of 2012/13 were covered – Follow Up Review from Prior Years; Approach to Curriculum Planning; Central Stores. Excellent feedback had been received by the Auditors.

The College's External Audit Service is provided by Henderson Loggie who were appointed by Audit Scotland for a five year period commencing 2011/12. 2012/13 therefore represents the second year of their appointment.

The Audit Committee were pleased to confirm to the Board of Management that they were satisfied that the areas audited and the standard of work carried out had been appropriate. The Kilmarnock College Audit Committee Annual Report 2012/13 had been signed off by John Ferguson, Chair of Audit Committee in June 2013.

Ayrshire College

This report was based on the four months ended 30 November 2013. As the vesting date of Ayrshire College was 1 August 2013, matters contained within this report fell under the remit of both the Ayrshire College Audit Committee and Board of Management. Scott Moncrieff, previously the Internal Auditors for Ayr College, are continuing in place for 2013/14 with the agreement of the Audit Committee. The Internal Audit Programme for 2013/14 was discussed and agreed at their first meeting. Audit Scotland had appointed KPMG as the External Auditor for Ayrshire College until the end of financial year 2015/16. Audits were carried out on – FES Return and WSUMs Return, Education Maintenance Allowances (EMAs) and Student Support Funds (SSF) Audit for both FE and HE.

Alan Walker asked that it be noted that there was no Audit Committee Annual Report for the Kilwinning Campus (formerly part of James Watt College). Michael Breen advised that talks were ongoing with colleagues at West College Scotland and it was expected that a limited balance sheet would be made available at the earliest opportunity.

The Chair passed his thanks to Alan Walker, Gordon James and Michael Breen for their assistance and support.

The Board of Management unanimously approved the Audit Committee Annual Reports for Ayr, Kilmarnock and Ayrshire College.

15 Ayrshire College Risk Register

Michael Breen advised that the risk register had been presented to the Audit Committee and a summary would be presented to the Board each time it is considered by the Audit Committee. Mr Breen added that this was a rolling document that would be regularly updated and feedback from Board members on the content and presentation of the document would be welcomed. Twenty one separate strategic risks were noted and clustered into various areas. General discussion took place on the document and its content and members welcomed the progress made since its previous consideration. It was felt that the document represented a realistic summary of the position of the College at this time. In so doing, the Board asked that the report's authors review the document and ensure that the names on the risk register classification and the impacts summary match. In addition, the Board agreed that in light of the risk associated with the reclassification of the Colleges, a separate risk category in relation to ONS be established.

Action:

- 1 Michael Breen to create separate ONS risk category.**
- 2 Michael Breen to update the wording on the impacts/risk register summary sheet.**

The Board of Management unanimously approved the risk register and agreed that the risk register summary sheet could be shared with staff.

16 Staff Governance Standard

Jane McKie introduced the paper and advised that that this had been presented at the Board Induction afternoon on 4 November 2013. This document had been developed following the culture study, led by Roger Mullin and had been adopted by Scotland's Colleges. Mrs McKie explained that the governance standard was a framework for the fair and consistent management of staff and would be a formal document. The Chair stated his view that this was an excellent piece of work and an example of positive culture which could easily be shared across the sector.

The Board of Management unanimously welcomed and approved the Staff Governance Standard document.

17 Ayrshire College Outcome Agreement 2012-13 Self-Assessment Report

The Principal advised members that there was a requirement to report to SFC on the progress being made towards the commitments contained in the 2012/13 Outcome Agreement. A very positive report will be prepared showing the excellent progress which had been achieved over a very short period of time. Jackie Galbraith and her colleagues had been asked to produce a summary report, setting the context and challenges facing the College, adding that every new

regional college would submit a Self-Assessment Report to SFC. The template had been issued by SFC and the format set out in the template had to be adhered to.

The Principal advised that that the report did not cover the North Ayrshire Campus, however SFC were aware of the position.

18 Student President Report

Steven Fegan, Student Vice President, Ayr Campus, provided an update on student developments since the last Board meeting on 28 October. Steven has continued his Mental Health/Mental Wellbeing presentations, recently delivering it to staff at the Kilwinning Campus. This was well received and the intention is to roll the presentation out to students at Kilwinning Campus at an early opportunity. Steven had also attended a White Ribbon Speakers Training Day along with staff from Kilmarnock Campus, representatives from Police Scotland and HMP Kilmarnock and had the opportunity to deliver workshops on violence against women to over 104 students from Ayr and Cumnock Campuses.

Mary Palmer gave an update on student developments at the Kilmarnock Campus. Jenny Andrews, Students' Association Assistant from Ayr Campus, had recently moved to Kilwinning to cover for the Vice President, Kilwinning Campus who was currently absent. An agency administrative assistant had been identified as a suitable replacement for Katie Pascoe, former Student's Association Research and Communications Officer, and would start as soon as possible.

Mary has been working closely with Claire Walker, Campus Liaison Officer regarding RESPECT week which started today (9 December 2013). Presentations on Road Safety had also been well attended by students.

Mary had also made significant progress towards organising the Wellbeing Week scheduled to be held in January 2014. The intention of Wellbeing Week is to ensure that student wellbeing is at an optimum and to ensure the best support and advice is received toward that end. The Association would be represented at Wellbeing Week in addition to multiple external agencies.

In addition to the above, Mary had been working with the marketing team to design new 'pop ups' for the Association. These would include photos of activities along with Facebook and Twitter pages.

The Principal recorded her congratulations to the Students' Association for their work on the "Respect" campaign, adding that NHS Ayrshire and Arran had been very impressed and are discussing the possibility of a joint approach to this. The campaign has great significance and other agencies are also looking at how they may work with the College on this in the future.

Despite several requests for feedback, no comprehensive report had been received from Kilwinning Campus.

On behalf of the Students' Association, Mary Palmer proposed to the Board that future Students' Association Board papers be permitted to include photographs of Association activity to further highlight the work that was being undertaken by the Students' Association.

The Board of Management unanimously approved this proposal.

19 Principal's Report

The Principal provided an update on key activities since the last Board Meeting, and thanked all Board members who took time out of their busy schedules to attend the breakfast and afternoon tea meetings with staff. One of the highlights was a campus tour undertaken by the Principal and Chair. This provided an opportunity to visit all satellite campuses and meet with staff and students. The Principal passed on her sincere thanks to both the Marketing and Executive Support Teams for all their hard work in organising each, individual graduation event. The Principal advised that through College funding, student kits at HNC/HND level had been provided to students at the Largs Campus. A letter of thanks from the students had subsequently been received.

20 AOCB

The Chair noted the forthcoming Celebration of Success Event which would take place at Ayr Racecourse on Thursday evening, 12 December 2013 and noted his thanks to all persons involved in its organisation.

21 Date of Next Meeting

Extraordinary Board Meeting, Thursday 27 March 2014 at 5.30 pm, Ayr Campus.

Signed by the Chairman _____

Date: 27.03.14