

**Minute of the Board of Management Meeting
Held in the Kilwinning Campus
On Thursday 31 March 2016 at 4.00 pm**

(Paper 1)

Present: Willie Mackie (Chair)
Holly Bates
Nicki Beveridge
Julie Bradley
Heather Dunk
Fiona Fawdry
Jim English
Fiona Fawdry
Barbara Graham
Gordon James
Alan McGregor
Juliana Pyper-McFarland
Alan Walker

Observers: Margarette Bryan
Douglas Mclvor
Marri Welsh

In attendance: Roger Mullin MP (For Item 10)
Brendan Ferguson (Board Secretary)
Michael Breen
Jackie Galbraith
Bernadette McGuire
Jane McKie
Donna Vallance

1 Welcome

The Chair welcomed everyone to the meeting, and in particular Margarette Bryan, Douglas Mclvor and Marri Welsh as observers and Roger Mullin MP, as the co-author of the Culture Study which was part of the Agenda for this meeting.

2 Apologies

Apologies were received from Board members Angela Alexander, Bill Costley and Tom Wallace.

3 Declarations of Interest

The Chair, W Mackie, declared that as a member of Colleges Scotland Board he had an interest in the National Bargaining Outcomes which would be considered under Items 9 and 10 of the agenda. As such the Chair would be handed to A Walker, Vice Chair, for these items of business. . J Bradley and J

Pyper-McFarland also declared that, as elected members of College staff, they also held an interest in both Items 9 and 10 on the agenda.

The Board noted the above declarations and agreed to the approach as outlined. Given the contents of the papers, it was deemed that no person was required to leave the meeting for these items.

4 Culture Study 2015 (Paper 10)

The Chair introduced Roger Mullin MP who, prior to his election to the Westminster Parliament, had worked with and advised the College on a number of matters during and immediately after the merger process which had formed Ayrshire College. As a result, Roger was known to the Board and to College staff and had undertaken the previous Culture Study which had been completed pre-merger. As part of the outcomes of the original study, a commitment had been made to undertake a follow up Culture Study two years after vesting. The follow up study had been agreed before his election as an MP. Since his election Roger had expressed his desire to ensure that the study should be completed, and had undertaken to write up the findings in his own time and without charge.

R Mullin introduced the 2015 Culture Study Report and its findings and took Board Members through the report as contained in Paper 10. R Mullin highlighted a number of aspects of the report including:

- The College was still going through a significant period of change, both in the wake of the merger but also in terms of the new operational and national environment.
- Despite staff operating in an environment of ongoing change there were notable signs of improvement in the perceptions of staff.
- This improvement in perception owed much to the two way communication strategy of the College within which the Board and the senior management continually undertake face to face communication with staff across the College.
- There was a noticeable positive movement in the views of staff with more than five years of employment history with the College.
- The views of staff were significantly less diverse across the campuses than previously was the case.
- There was a positive shift in the views of staff at the Kilwinning Campus, though the Ayr Campus demonstrated some issues that would require to be addressed particularly amongst those staff with longer service.

In overall terms, R Mullin considered that the College had made significant progress since undertaking and reporting on the previous study and believed this was tribute to the manner in which the College had been managed during the period of time since merger.

Board members welcomed the report as presented by R Mullin and the positive trends in perceptions as highlighted in the analysis of the responses received. A discussion took place which covered a number of the areas within the report. A number of questions were asked and largely positive responses received. The Board was aware, however, that much work remained to be done following the inevitable reaction to change created by merger and the significant and ongoing changes being generated at both the local and national level in pursuit of meeting Scottish Government and SFC objectives.

H Dunk stated on behalf of the EMT that she welcomed the report and its content and also thanked R Mullin for giving up his time at no cost to the College to ensure that the report was completed and delivered.

The Board noted and welcomed the above report and its content, noting in particular the positive trends in the perceptions of staff.

The Board thanked Roger Mullin for the time and energy he had freely contributed towards the production of the final report on the 2015 Culture Study since his election as an MP.

R Mullin left the meeting.

5 Chair's Report

The Chair reported on matters pertinent to the Board since its previous meeting including:

- The engagements attended as Board Chair.
- Colleges Scotland meetings attended, many of which were directly related to decision taking on the outcomes of National Bargaining.
- The Chair confirmed that G James had accepted appointment as Chair of the Estates and New Campus Development Committee.
- The Chair congratulated the Student Association on the first anniversary celebration of #ThisAyrshireGirlCan held at the Kilwinning Campus on 8 March 2016. The event was a tremendous success and the First Minister, who had attended the proceedings, stated how impressed she had been with the event and the #ThisAyrshireGirlCan campaign which had been designed, launched and implemented by the Student Association
- The Chair confirmed that he had taken the opportunity at the 8 March event to invite the First Minister to perform the official opening of the new Kilmarnock Campus. The First Minister had confirmed that she would be delighted to perform the ceremony and the College would now liaise with the First Minister's Office on dates and details.

- Finally, the Chair thanked all Board Members who had attended the recent strategic dialogue event with the SFC to provide their views for inclusion within the Ayrshire College post-2-year post merger report.

5 Minutes of the Ayrshire College Board Meeting held on 17 December 2015 (Paper 1)

The Minutes were approved as a correct record.

Proposed: A Walker
Seconded: A McGregor

6 Matters Arising

Item 7, Page 5 – A Walker reported that no response or acknowledgement had been received to the letter sent to SFC. As a result, and following the recent meeting of the Audit Committee, the letter had been re-sent, on this occasion in both hard copy and email format, and a response to the initial correspondence was sought.

The Board noted the lack of response to the letter from the Chair of the Audit Committee with disappointment and awaited with interest the response to the follow up letter.

7 Student Association Report (Paper 2)

H Bates took the Board through the highlights of the above paper and added:

- Class meetings had been very positive and were proving to be an important structure in the democracy of the Student Association.
- Ayrshire College Student Association (ACSA) had won the NUS Scotland award for the Best Student Association. This brought spontaneous applause from members who felt it to be a well-deserved accolade.
- ACSA had sent a delegation to Holyrood to join the NUS led lobby of the Scottish Government in aid of obtaining better funding support for Scotland's colleges.
- The #ThisAyrshireGirlCan first anniversary celebration event had been a tremendous success and ACSA thanked the College for its support and encouragement over the previous year.
- The Student Sabbatical elections to choose the senior student office bearers for 2016-17 would shortly get underway, with the results being announced on 6 May 2016.

A number of questions were asked and comments made in support of the above report and the work of ACSA.

The Board commended the above Report. The Board also commended highly the work and achievements of ACSA and its office bearers and reiterated their view that the award of Student Association of the Year (Scotland) was thoroughly deserved.

8 Letters of Guidance from the Scottish Government to SFC *Papers 3a and 3b*

W Mackie, from the Chair, introduced the above letters. The letters related to the funding guidance and expectations sent by the Cabinet Secretary for Education and Lifelong Learning to the Chair of SFC. Unfortunately, the letters had not yet been translated into the funding letter sent to individual colleges informing them of the funding allocation for 2016-17.

The Chair continued that such a delay in the receipt of the funding letter was unprecedented. It placed colleges in the position of completing the spring cycle of Board and Committee meetings without having set and agreed the budget for the following year. In turn, this meant that as colleges approached the end of academic year 2015-16 they were unable to plan for the following academic year, scheduled to begin on 1 August 2016.

The letters of guidance to SFC provided indication that 2016-17 was likely to bring another flat cash budget settlement, with no reduction in student target numbers. In such a situation, which effectively represented a funding decrease taking into account inflation and fixed costs, colleges were required to plan carefully their curricula and staffing requirements for the following academic year. The delay in being informed of the 2016-17 funding settlement meant that colleges would enter the next academic year without having been able to plan their curriculum and staffing strategies in sufficient time to enact them during the summer of 2016. H Dunk, as Principal, concurred with the Chair's comments as outlined above, and added that the College was being expected to plan in the absence of information. This was an impossible position from which to realistically conduct strategic planning, including any review of curriculum and staffing. The indications were that the sector was unlikely to receive its funding letters before the Scottish Parliamentary election on 5 May 2016. As such, no staffing review could be conducted by Ayrshire College during the summer of 2016.

W Mackie added that he and the Principal were doing everything in their power to achieve a resolution to this very challenging situation, and concluded by stating that the emerging situation did not send a positive message to those colleges that had been well managed in terms of both outturn and governance.

The Board noted their serious concern at the above report by the Chair and the Principal and concluded that the decision to delay the presentation of the funding letters to Scotland's colleges was both ill-judged and ill-timed. The consequence of this action, in delaying the setting and agreement of the 2016-17 budgets by colleges, and the

inevitable impact on staffing and curriculum planning was considered to be unacceptable to the point that it should never be repeated.

9 SFC Guidance on Seeking Approval for Severance Schemes and Settlement Agreements SFC/GD/01/2016 (Paper 4)

W Mackie stated that it was very important that the Board, as a whole, received this document and fully understood its content, particularly in the light of recent Public Audit Committee scrutiny on the events within Coatbridge College and their consequences.

The Board noted the above SFC circular and the guidance contained therein. The Board also noted the continuing requirement that all Voluntary Severance Schemes be approved by SFC before being rolled out for implementation.

10 National Bargaining Outcomes 2015 – 17 (Papers 5, 6, 7, 8 and 9)

The Chair was handed to A Walker for this Item.

H Dunk reminded members that papers 5 to 8 had already been approved by the Board via circulation and the Board was asked to consider Paper 9. H Dunk then took the Board through Paper 9 which provided details of the proposed pay settlement jointly agreed by Colleges Scotland and EIS-FELA negotiators at their NJNC meeting on 18/19 March 2016.

Within her introduction, H Dunk explained the separate reasons for the strike action which took place in Glasgow on the same day as the national strike action on 17 March 2016. An outcome of the resolution of the Glasgow dispute was an agreement to form a constituted Employers Association, with each college having membership and voting rights, which in the future would be responsible for strategically setting the agenda for the employer's side in future pay and terms and conditions negotiations.

The Committee noted that the detail of the joint agreement reached by the NJNC on 19 March 2016, as set out in the analysis contained in Paper 9, had been surprising. In overall terms, a number of aspects of the settlement were considered to be disappointing, with seemingly open ended commitments being made, with no detail of how these commitments could or would be fulfilled or funded.

It was noted that the settlements as outlined would add circa £900k to the paybill at a time of flat cash funding and, until the 2016-17 funding letter had been received from SFC, it was not possible to know what, or if any, additional funding would be made available to offset the significant costs involved. The Board further noted, with disappointment, the decision not to make any payroll deduction from those individuals who had taken part in the strike day on 17 March 2016. It was considered that this decision sent a very poor message to those staff who had attended work on that day, as well as EIS-FELA, nationally, going forward.

The Board also noted with concern that the proposed pay award required a double payment to be made to lecturing staff to cover the period April to August 2015. Lecturing staff in Ayrshire had already received their locally negotiated pay award for that period, but the terms of the proposed settlement required that the agreement be backdated to 1 April 2015. The Board was very concerned by the governance implications inherent within a requirement to make two pay awards for the same time period. The Principal had written to Shona Struthers, Chief Executive at Colleges Scotland, seeking confirmation that the Government and SFC were content that Ayrshire College would be making a double pay award to lecturing staff for the period 1 April 2015 to 31 July 2015.

The Principal's email correspondence had been referred to the Scottish Government and the Principal read the response, dated 30 March 2016, from Michael Cross, Head of Colleges, Young Workforce & SFC Sponsorship Division, and Deputy Director, Advanced Learning & Science Directorate, as follows:

"In response to your e-mail to Shona Struthers dated 23 March, I understand that April 2015 is the agreed and negotiated starting position for the sector for the 2015-16 pay award. I am also aware that, in this transitional year, the move from local to national bargaining will result in an overlap of settlement dates of four months for some colleges.

This is simply to confirm that the settlement date is entirely a matter for the NJNC to determine. The Scottish Government is therefore unable to comment on it or on the consequences for some Colleges.

The Board voiced serious concern at the content of Mr Cross's response and noted that the proposed settlement also provided a timescale for reaching pay harmonisation across the FE sector. However, the Scottish Government had consistently stated that it could not underwrite any settlement on pay uplift or pay harmonisation reached by the NJNC. The Board wished to emphasise and place on record its unanimous view that Ayrshire College could not afford to meet on a sustainable basis either a pay uplift or harmonisation while flat cash funding of the college sector continued.

The continual erosion of funding available to support learning, resulting from such a position would inevitably bring about a diminution of the services provided to learners and stakeholders. The Board was unanimously of the view that if the Scottish Government wished national bargaining to be continued successfully and without constant discord, then it would have to provide the funding required thorough the injection of new monies to meet its aims.

The Board noted, with concern, the terms of the draft agreement negotiated by the NJNC. In particular, the Board wished to record its serious concern at the governance implications of being required to make a double payment to lecturing staff for the period 1 April to 31 July 2015.

The Board also questioned the affordability of the agreement during an ongoing period of flat cash funding of the FE sector. It was the view of the

Ayrshire College Board of Management that if the Scottish Government, having instigated the implementation of national bargaining, maintained its current position of being unable to underwrite any settlements reached, including the achievement of pay harmonisation across the college sector, then Ayrshire College would be unable to afford the payments required without an eventual and inevitable diminution of the services provided to learners and stakeholders.

11 Risk Registers

W Mackie resumed the Chair.

Revised Corporate Risk Register (V2) at February 2016 (*Paper 11*)

A Walker, as Chair of the Audit Committee, introduced V2 of the Revised Corporate Risk Register and stated that the Audit Committee had discussed concerns around the possible delay in the completion of the new Kilmarnock Campus. The above V2 version of the Risk Register had been agreed following these discussions.

A further workshop to consider the best way to take forward members' understanding and consistent assessment of Risk Appetite was held after the meeting had concluded. As a result, revisions would be made for further consideration and reported to the June meetings of the Audit Committee and the Board of Management.

The Board noted and approved Paper 11, the Revised Corporate Risk Register (V2)

New Campus Risk Register (V13) at February 2016 (*Paper 12*) New Campus Development Update Report (*Paper 13*)

G James, as Chair of the Estates and New Campus Development Committee (ENCDC), introduced the New Campus Risk Register which had been considered and approved by both the New Campus Project Board and the ENCDC before being noted by the Audit Committee on 24 March 2016.

The main issue for consideration had been the delays associated with the construction of the new campus building in Kilmarnock, as outlined in Paper 13, although the contractor was still maintaining that the new building would be handed over on schedule. H Dunk confirmed that the College would not accept handover of the new building until all quality and construction issues had been resolved and all appropriate documentation was in place. The Board agreed that the associated risk level had been increased accordingly.

The Board noted, with concern and disappointment, the increased risk surrounding the handover date for the new campus.

The New Campus Risk Register (V13) was noted and approved.

12 Preparation of a Board Development Plan (*Papers 14 to 16*)

W Mackie introduced papers 14 to 16 and stated that the actions and themes identified would form the basis of a Board Development for 2016-17.

The Board welcomed the above papers and agreed that a short life working group be established to prepare proposals for the Board Development Plan 2016-17 for consideration at the September 2016 meeting of the Board.

13 Committee Chairs Reports

The Committee Chairs provided verbal reports on the matters considered by the Committees since the last meeting of the Board and not already dealt with under the agenda for this meeting. The confirmed minutes of these meetings would be received by the Board at its next meeting.

The Chairs' reports were noted by the Board.

14 Standing Committee Minutes

The following confirmed Standing Committee Minutes were received by the Board:

- **Audit Committee:**
 - **10 December 2015 (*Paper 17*)**
- **Estates and New Campus Development Committee:**
 - **5 November 2015 (*Paper 18*)**
- **Finance Committee:**
 - **19 November 2015 (*Paper 19*)**
- **Human Resources and Organisational Wellbeing Committee**
 - **3 December 2015 (*Paper 20*)**
- **Learning and Teaching Committee**
 - **17 December 2015 (*Paper 21*)**

21 Date of Next Meeting: Thursday 23 June 2016 at 4.00pm, Ayr Campus

Papers Received for Information

- **Report of the 2013-14 Audit of Coatbridge College: Governance of Severance Arrangements**
- **Presentation given at Learning and Teaching Committee on Performance Indicators 2014-15**
- **Skills Development Scotland's Regional Skills Assessment Ayrshire – January 2016**
- **SFC Review of Extended Learning Support 2016**