

# Board of Management

You are invited to attend a meeting of the **Board of Management** to be held on **Thursday 12 December 2013** in the **Boardroom, Falkirk Campus** at **4.30pm**.  
Refreshments will be available from 4.00 pm

## Tour of Oil and Gas facilities (4pm start for members who wish to undertake tour)

### Agenda

1. Apologies for Absence
2. Declarations of Interest

### FOR APPROVAL

- |   |  |                |
|---|--|----------------|
| 3.  | Appointment of Board Members   | Bill Blair     |
| 4.  | Committee Membership   | Hugh Hall      |
| 5.  | Minute of Board of Management of 19 September 2013                                   |                |
| 6.  | Minutes and draft minutes of other Committees:                                       |                |
|   | a) HR (Inc. Nomination) Committee – 17 October 2013                                  |                |
|   | b) HR (Inc. Nomination) Committee – 19 November 2013                                 |                |
|   | c) Strategic Development Committee – 21 November 2013                                |                |
|   | d) Audit Committee – 26 November 2013  |                |
|   | e) Finance Committee – 27 November 2013  |                |
| 7.  | Strategic Plan 2014 – 2018   | Ken Thomson    |
| 8.  | Annual Report and Financial Statements 2012-13                                       | Alison Stewart |
| <p>(Paper 8 is withheld from publication on the Forth Valley College website under Section 25 Information Otherwise Accessible of the Freedom of Information (Scotland) Act 2002 - <a href="http://www.forthvalley.ac.uk/about/corporate_information/college_reports">http://www.forthvalley.ac.uk/about/corporate_information/college_reports</a>)</p> |  |                |
| 9.  | Report to the Board of Management and the Auditor General For Scotland               | Alison Stewart |
| 10.   | Annual Report to the Scottish Funding Council on Institutional Led Review of Quality | Fiona Brown    |
| 11.   | Audit Committee Chairs Annual Report to the Board of Management                      | Robert Gil     |
| 12.   | Procurement Policy 2013  | Alison Stewart |
| 13.   | Procurement Strategy 2013  | Alison Stewart |
| 14.   | Student Union Constitution   | David Gentles  |

### FOR DISCUSSION

- |     |                                  |                |
|-----|----------------------------------|----------------|
| 15. | ONS Reclassification of Colleges | Alison Stewart |
| 16. | New Falkirk Campus – The Concept | Tom Gorman     |

17. Cultural Survey Outcomes
18. Student Union Report
19. Review of Risk
20. Any other competent business

Andrew Lawson

David Gentles

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# Board of Management

<b>Subject:</b> Appointment of Board Members	<b>Agenda Item: 3</b>
<b>Date:</b> 12 December 2013	<b>FOR APPROVAL</b>

## 1. Purpose of Report

To seek Board of Management approval for the appointment of four new members.

## 2. Recommendation

That members approve the appointment of the four candidates outlined in this paper.

## 3. Background

The College Board of Management currently consists of 13 Members.

Under the new requirements of the Post-16 Education (Scotland) Act 2013 (The Act), the Board of Management of a regional College (the classification of Forth Valley College) will need to consist of between 15 and 18 members.

The Act also requires that two members of the Board of Management be students of the College. At this time, the Student Union President is a serving Board member. The Student Union Constitution which will be presented to the Board of Management for approval on 12 December 2013 outlines in Section 6 of the document how the other student member will be selected.

It was identified that, due to retirements in the past year and that some existing members are reaching the end of their maximum eight year tenure period; additional members required to be recruited.

## 4. Key Considerations

The Nomination Committee, supported by the Chair of the Board of Management, Mr Andrew Carver and the Principal, interviewed four identified candidates on 17 October 2013. (Further detail can be found in the minute of this meeting, contained within the Board papers as item 6a)

After due consideration of their qualifications, experience, understanding of the time commitment for the Board and their reasons for wanting to serve on the Board of Management, the Nominations Committee have recommended each of the following individuals to be appointed as members of the Board of Management, with a commencement date of 12 December 2013 for an initial period of four years.

- Fiona Campbell
- Caryn Jack
- Liam McCabe
- Nigel Scott

Should the Board approve their appointment, and factoring in the additional student member to be identified, this will bring the Board of Management membership up to the maximum 18 members.

#### 5. Risk

Low – the process followed was transparent and successful appointment will bring the Board of Management up to full complement.

<b>Author:</b>	William Blair
<b>Date:</b>	4 December 2013

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## Board of Management

<b>Subject:</b> Committee Membership	<b>Agenda Item:</b> 4
<b>Date:</b> 12 December 2013	<b>FOR APPROVAL</b>

### 1. Purpose of Report

For Board members to consider and approve the attached revised committee membership.

### 2. Recommendation

That members approve the new membership of the Committees of the Board.

### 3. Key Considerations

The Board of Management has 5 established committees –

- Audit
- Finance
- HR (Inc. Nomination)
- Remuneration
- Strategic Development

There is also an estates specific committee (the Estates Development Steering Committee) which is currently in abeyance at this time. This committee will be re-activated at an appropriate time in the Falkirk Estates Development process.

The remits for each committee state the preferred number of members participating in each and, subject to approval of the new Board members, there are now sufficient members available to bring each committee up to full strength.

The attachment to this paper lists the proposed membership for each committee.

### 4. Risk

Low – Bringing each committee to full strength will reduce the likelihood of meeting cancellation due to quorum issues.

<b>Author:</b> Hugh Hall
<b>Date:</b> 4 December 2013

**DRAFT as at 4 December 2013**

**Forth Valley College Board of Management Committees**

**Audit Committee – 4 Members** (Board Chair and Principal are also Ex Officio Members)

<b>Proposed Membership</b>
Mr Bob Gil (Chair)
Ms Beth Hamilton
Mr Colin Alexander
Mr Nigel Scott

**Finance Committee – 5 Members** (Board Chair and Principal are also Ex Officio Members)

<b>Proposed Membership</b>
Ms Shona Struthers (Chair)
Mr Andrew Carver
Mr Ken Richardson
Mr Liam McCabe
Mrs Caryn Jack

**HR (Inc Nomination) Committee – 6 Members** (Board Chair and Principal are also Ex Officio Members)

<b>Proposed Membership</b>
Dr Bill Blair (Chair)
Ms Beth Hamilton
Mrs Elaine McGeorge
Mrs Anne Mearns (Vice Chair)
Mrs Fiona Campbell
Mr Nigel Scott

**Remuneration Committee – 3 Members**

<b>Proposed Membership</b>
Dr Bill Blair (Chair)
Mr Hugh Hall
Mrs Anne Mearns

**Strategic Development Committee – 8 Members** (Board Chair and Principal are also Ex Officio Members)

<b>Proposed Membership</b>
Mrs Anne Mearns (Chair)
Mr Andrew Carver
Mr Robert Adie
Mr David Gentles
Mr Colin Alexander
Mr Ken Richardson
Ms Caryn Jack
Mrs Fiona Campbell



## ***Board of Management***

<b>Meeting:</b>	<b>Board of Management</b>
<b>Location:</b>	<b>Boardroom, Stirling Campus</b>
<b>Date:</b>	<b>19 September 2013 (commencing at 4.30pm)</b>

Present: Mr Hugh Hall (Chair)  
Mrs Anne Mearns (Vice Chair)  
Dr Ken Thomson (Principal)  
Mrs Shona Struthers  
Ms Beth Hamilton  
Mr David Gentles  
Mr Andrew Carver  
Dr Bill Blair  
Mrs Elaine McGeorge  
Mr Robert Addie

Apologies: Mr Colin Alexander  
Mr Ken Richardson  
Mr Bob Gil

In Attendance: Mr Jim Callander – Co-opted member  
Mr David Allison, Director of Information Services  
Mr Andrew Lawson, Associate Principal – HR and Student Services  
Mrs Alison Stewart - Director of Finance and Corporate Service  
Mrs Fiona Brown – Head of Curriculum, Quality and Learning Services  
Mr Stephen Jarvie, Corporate Governance & Planning Officer (Minute)

Andrew Brawley, Education Scotland, attended the meeting and presented to Board Members on two topics.

### Annual Engagement Visit

Mr Brawley reported on the visit of 20 May 2013. He noted that this was a very positive visit with no main points for action. He noted a number of strengths within the College which included Engineering which performs above sector norms, a reflective staff culture within the College and an engaged and positive learner population.

### Revised review framework

Mr Brawley updated Board members on changes to the College review framework, noting that this is now on a 3 year cycle as opposed to the previous 4 year cycle.

He noted that there were also changes to the manner in which reports would be made, moving from confidence to effectiveness statements. He highlighted that Fiona Brown, Head of Curriculum, Quality and Learning Services, had been appointed as an associate assessor under the revised framework and would be well placed to advise the College on the new system. The Principal highlighted to members that six other members of staff have been appointed by Education Scotland as Associate Assessors.

Board members noted the positive presentation and commended the staff on maintaining the high level of quality within the Organisation.

**B/13/001      Declarations of Interest**

None

**B/13/002      Minute of Board of Management of 20 June 2013**

The minute of the meeting held on 20 June 2013 were approved.

**B/13/003      Matters Arising**

**a) B/12/051 Risk Register**

This item will be covered under B/13/010.

**B/13/004      Minutes and draft minutes of other Committees:**

a) Strategic Development Committee – 13 June 2013

Anne Mearns noted this had been a very positive meeting and that the provision of Equalities Training for Board Members had been identified as beneficial to members.

The Associate Principal – HR and Student Services noted that plans to offer this training to Board members are being progressed.

b) Audit Committee – 5 September 2013

Beth Hamilton noted there were no items to highlight from the last meeting of the Audit Committee.

c) Strategic Development Committee – 5 September 2013

Anne Mearns noted the meeting was positive.

d) Finance Committee – 10 September 2013

Shona Struthers highlighted the activity progressing with the ONS Reclassification of Colleges item and highlighted the quality of input provided on the Hospitality and Salon Services business plan.

The Chair noted input from Head of Departments would be of value to Board members and requested that Heads be invited to future Board Meetings to present on the work of their Departments.

The Principal agreed this would be of value and arrangements would be put in place.

**B/13/005 Year-on Report to SFC on Outcomes of Education Scotland Review**

The Head of Curriculum, Quality and Learning Services presented the report on the 2012 Education Scotland Review visit to Board members for approval. She noted the report was a requirement of the Scottish Funding Council to show progress against recommendations made from the 2012 report.

She highlighted the recommendations had been minor and progress was made against each of these.

Members noted the content of the report and recommended that the submitted version provide detail proportionate to the nature of each recommendation.

a) Members approved the report.

**B/13/006 Re-Appointment of Board Members**

Dr Bill Blair assumed the Chair for this item as the re-appointment related to the current Chair and Vice Chair.

The Associate Principal – HR and Student Services presented a report noting that the Chair and Vice Chair had each reached the end of their first 4 year appointment. He noted that each of these members was eligible for re-appointment for a further 4 year period and recommended to members the Chair and Vice Chair be reappointed in their current roles.

a) Members noted the positive input to the work of the Board by the Chair and Vice Chair and approved the reappointment as outlined in the paper.

**B/13/007 Student Union Report**

David Gentles, Student Union President, presented a report outlining the activities of the Student Union since the last meeting of the Board and highlighting activities in place for the start of the new term.

Members welcomed the content of the report and noted the increased level of student engagement with the Student Union.

Members queried the use of social media to engage with students. David noted that the Student Union did not have the resources to manage a Facebook presence at this time. Members suggested that the Student Union look into utilising the main College Facebook page to increase their online presence.

a) Members noted the content of the report

**B/13/008      ONS Reclassification of Colleges (Verbal Update)**

The Director of Finance and Corporate Services provided an update on the work of the College project team and highlighted the recommendations from the group to date regarding next steps.

She noted that external advice has been sought from the College external auditors, the College bank and from the lawyers supporting this work.

She also noted that SFC had provided additional grants to Colleges to assist in the implementation of the ONS recommendations.

Finally she highlighted that the calendar of Board meetings would need to be adjusted to accommodate the timescales associated with a revised financial year end, and that a paper outlining the new schedule would be brought to the December meeting of the Board.

Members noted the update and requested that an overview briefing paper and schedule of work for the next couple of months be prepared and circulated to members.

- a) Members noted the content of the update

**B/13/009      Student Activity**

The Director of Information Services provided an overview of student activity to date to members. He highlighted that activity to date was on target with College expectations.

The Chair noted that the Wood Commission had released its interim report and one of the major recommendations related to School/College activity.

The Principal outlined activity between the College and local schools to date and agreed to provide an overview on the Wood Commission report to the next meeting of the Board of Management.

- a) Members noted the content of the report
- b) Members requested that the Interim Wood Commission report be circulated to members

**B/13/010      Risk Management**

The Director of Finance and Corporate Services presented the updated risk register to members and highlighted the changes made to the register following input from members at the previous meeting of the Board.

- a) Members noted the content of the report

**B/13/011      Review of Risk**

No new risks identified.

**B/13/012      AOCB**

The Associate Principal – HR and Student Services updated members on recruitment activity for new Board members, noting 4 potential candidates had been identified and that these individuals would be invited to a meeting of the Nomination Committee.

The Chair noted that this would be the final meeting for Jim Callander as a co-opted member on the Board of Management. He thanked Jim for his outstanding service to the College and the Board of Management over a significant period of time.

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## **HR (Inc. Nomination) Committee**

<b>Location:</b>	<b>Room 6, Falkirk Campus</b>
<b>Date:</b>	<b>17 October 2013 (commencing at 4.00pm)</b>

**Present:** Dr Bill Blair (Chair)  
 Ms Elaine McGeorge  
 Mr Andrew Carver (Board Member)  
 Mr Hugh Hall (Board Chair)

**Apologies:** Ms Beth Hamilton

**In Attendance:** Dr Ken Thomson (Principal)

**N/13/001      Declarations of Interest**

No declarations were made.

**N/13/002      Background**

Due to current and upcoming vacancies on the Board of Management there was a requirement to recruit new members for the Board. Following advertising in the national and local press there had been a good number of applications, and these had been reviewed by the members of the HR (Inc. Nomination Committee) and the SMT and a short list of candidates had been drawn up.

**N/13/003      Interview procedure**

As the HR (Inc. Nomination) Committee currently comprises only three Board members with one being unable to attend, another Board member, Andrew Carver had agreed to join the Committee for the interviews, while the Board Chair Hugh Hall was an ex officio member.

**N/13/004      Interviews**

The Committee proceeded to interview the following individuals:

Fiona Campbell  
 Caryn Jack  
 Liam McCabe  
 Nigel Scott

In each case their motivation, experience and aptitudes were discussed, and their time constraints clarified.

Following the interviews, the Committee voted to recommend that all four individuals be appointed to the Board as members for an initial term of four years as from January 1 2014. The recommendation took into account the mix of particular skills that they will bring to the Board, together with their associated contacts and their age and gender profile.

**N/13/005 Risk**

Members view the risk associated with this activity as low, noting that the process followed was transparent and the final decision as to the appointments is subject to the approval of the full Board of Management.

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## **HR (Inc. Nomination) Committee**

<b>Location:</b>	<b>A202, Alloa Campus</b>
<b>Date:</b>	<b>19 November 2013 (commencing at 4.30pm)</b>

**Present:** Dr Bill Blair (Chair)  
Ms Beth Hamilton  
Ms Elaine McGeorge

**Apologies:** None

**In Attendance:** Mr Andrew Lawson, Associate Principal HR and Student Services  
Mr Steven Still, HR Manager  
Mrs Claire Shiels, Head of FM and Health and Safety (for item H/13/005 only)  
Mr Stephen Jarvie, Corporate Governance and Planning Officer

**H/13/001      Declarations of Interest**

No declarations were made.

**H/13/002      Minutes of Meeting of 25 April 2013**

The minutes of meeting of 25 April 2013 were approved as a correct record.

It was identified that, under Item H/12/042, a report should be brought to the next meeting of the Committee on the value of wSUMs within the College. It was agreed that this report would come to the March 2014 meeting of the Committee.

**H/13/003      Matters Arising**

a) H/12/046 Government Commitment to National Bargaining

The Associate Principal HR and Student Services noted that this would be covered under item H/13/009

**H/13/004      Staff Development**

The HR Manager provided a verbal overview of staff development activity within the College. He outlined new programmes which have been specifically developed to support –

- Curriculum Managers
- Head of Teaching Departments
- Head of Service Departments
- Departmental Administrators

The HR Manager also outlined changes to the delivery of annual staff development training days. He noted that the current model of 2 consecutive days for all staff was logistically challenging with low attendance.

The new approach recognises the difference in training needs of academic and support staff and will be offered at times of the year which better suit the needs of each group.

The HR Manager concluded with an overview of the improvements to the Personal Target Setting and Review process, noting that the system has been developed to remove manual processes and utilise online resources.

- a) Members noted the content of the update
- b) Members requested a short written report on progress to the March meeting

#### **H/13/005 Health and Safety Update**

The Head of FM and Health and Safety provided members with an update on Health and Safety Key Performance Indicators.

She noted that accidents and incident rates were down from previous years, that a sustainability group has been established to oversee College waste reduction, and that staff absence was currently below the sector averages the College was aware of as outlined in H/13/007 below.

Members queried whether students were involved in the work of the Sustainability group. The Associate Principal HR and Student Services confirmed that the Student Union President was a member of this group.

- a) Members noted the content of the report

#### **H/13/006 Staffing Establishment Update**

The HR Manager presented members with a report on the current staffing establishment position within the College.

Members requested that future reports contain previous year's statistics for the purposes of comparison.

The Chair noted the recent press interest in the use of zero hours contracts within organisations and queried if there are any of these contracts in use within the College.

The HR Manager confirmed that there are no College employees on zero hours contracts. He noted that there were some casual contracts for gym assistant and artist model roles and provided members with an overview of the difference between this contract type and zero hours contracts.

- a) Members noted the content of the report and the assurance regarding zero hours contracts

**H/13/007 Absence Data Report**

The HR Manager presented an update on staff absence within the College.

He noted that, while there is a lack of sector statistics on absence, he does participate in the HR Managers' Community of Practice group which had compiled statistics across its members. Compared to these statistics, the absence rates for the College are below average and had the third lowest absence rate overall.

Members queried the effectiveness of the Back to Work process within the College. The HR Manager confirmed that this system appears to work well; ensuring staff who have had a long term illness are able to return to work in a phased and supported manner which meets their needs.

- a) Members noted the content of the report.

**H/13/008 Cultural Survey Response**

The Associate Principal HR and Student Services provided a verbal update to members on a cultural survey which had recently been conducted with College staff.

He noted that the survey had a good response rate with 61% of staff completing the document.

While a detailed analysis is still underway, he was able to report on some headline statistics such as –

- 72% of respondents liked working for the College, and
- That the new Principal had received positive feedback from his staff engagement to date.

He informed members that he intended to complete the analysis and bring it to the Board of Management meeting in December 2013.

Members queried how feedback to staff would be managed. The Associate Principal HR and Student Services confirmed that the methodology for feedback to students known as "You Said – We Did" would be used.

Members noted that this was an effective methodology but care should be taken over the commitments made to ensure staff were not promised activity that could not be delivered in a reasonable timescale.

- a) Members noted the content of the update

**H/13/009 Government Commitment to National Bargaining**

The Associate Principal HR and Student Services reported on progress with this topic since the last meeting of the Committee. He reported that some consultation activity had occurred which the College had responded to and

that there remained a number of issues to be resolved between the group established by the Scottish Government to progress this area and trade unions.

a) Members noted the content of the update

**H/13/010 Pay Negotiations**

The Associate Principal HR and Student Services updated members on negotiations with the College's recognised trade unions on the College's pay offer.

He outlined the offer being made at this time and noted that a quick, indicative poll of EIS members by their union indicated that they would not accept this offer.

He noted that both UNISON and EIS had to now perform a formal ballot of their members and outlined the potential actions should the unions reject the offer being made.

Members queried how many staff were union members. The HR Manager reported that union membership was approximately 60% of teaching staff in EIS and 50% of support staff in UNISON.

The Associate Principal HR and Student Services indicated that a paper on the outcome of the pay negotiations would be brought to the next meeting of the Committee.

a) Members noted the content of the update

**H/13/011 Update on Board Recruitment**

The Chair noted that the paper circulated to members on this topic should have been provided in the form of a minute. A minute of the meeting was then circulated to members.

The Chair provided a brief overview of the four candidates interviewed and outlined the process of the recruitment activity and the decision reached as noted in the minute to recommend all four candidates to the Board for appointment as members.

The Chair noted that the candidates provided a good mix of age, skills and gender.

a) Members noted the content of the minute

b) Members noted that a paper recommending membership of the four candidates would be presented to the December 2013 meeting of the Board of Management for final approval

**H/13/012 Review of Risk**

The Associate Principal HR and Student Services noted that the pay negotiations item had the potential to arise as a risk if the pay offer was rejected and the unions moved to a dispute/industrial action position. The position would be revised once the outcome of Union ballots was known.

**H/13/013 Any Other Competent Business**

None

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## ***Strategic Development Committee***

<b>Location:</b>	<b>A203, Alloa Campus</b>
<b>Date:</b>	<b>21 November 2013 (commencing at 4.30 pm)</b>

Present: Mrs Anne Mearns (Chair)  
 Dr Bill Blair  
 Mr Robert Addie  
 Mr David Gentles

Apologies: Mr Andrew Carver

In Attendance: Dr Ken Thomson, Principal  
 Mr David Allison, Director of Information Services  
 Mr Tom Gorman, Director of Estates Developments  
 Ms Joanna McGillivray, Head of Department Applied Science and Computing (item S/13/016 only)  
 Mr Stephen Jarvie, Corporate Governance and Planning Officer

**S/13/011      Declarations of Interest**

None

**S/13/012      Minutes of meeting held on 5 September 2013**

The minute of 5 September 2013 was approved subject to a minor text correction under item S/13/007

**S/13/013      Student Union Constitution**

The Student Union President presented members with the revised Student Union Constitution. He noted that this document was a requirement for the Student Union to have and that it had been edited to reflect recent changes in both legislation and in the composition of the Student Union Executive team.

He also noted that, under the Post-16 Education (Scotland) Bill 2013, there was a requirement to have 2 student members on the Board of Management and outlined the methodology proposed to identify these individuals.

He further noted that the draft document had been presented at the recent meetings of the Student Council to secure their approval for the amendments and that this had been received.

Members welcomed the revisions to the document and highlighted a few outstanding minor text discrepancies to be addressed before the document is presented to the Board of Management.

- a) Members approved the Student Union Constitution document
- b) Members recommended that the document be further proofread before presenting to the Board of Management for approval

**S/13/014 Matters arising**

- a) S/13/005 2014/15 Outcome Agreement

This item will be considered as a separate paper.

- b) S/13/007 Student Activity

A paper on this item is included in the 'for information' papers issued to members.

**S/13/015 Student Funding (Online System Demo)**

The Director of Information Systems presented on the new system in use within the College to support the application process for student funding.

He noted that the system customised itself based upon input from students, ensuring all relevant questions are completed and evidence sought but, unlike the previous paper based system, removing questions that are not relevant to the individual.

He highlighted the increased levels of communications with students, with automatic emails and online guides supporting them through the process. He also noted the positive feedback received from students and the lack of formal complaints to date relating to student funding.

He also noted the reduction of internal manual processing within the College, ensuring a quicker turnaround and communication of funding decisions to students.

Members welcomed the demonstration and the direction of the new system.

Members recommended that the system should have a clearer declaration page relating to the provision of true and accurate information.

- a) Members noted the content of the presentation

**S/13/016 HEI Programmes Report**

The Head of Department Applied Science and Computing presented members with an overview of current activity under the Higher Education Investment Programme.

She noted that there were currently 88 students participating in this programme at the moment and discussed the arrangements in place with the four universities participating in this programme with the College.

Members queried possibilities for expansion of this activity. The Head of Department Applied Science and Computing noted that the main challenge to this activity is in the availability of appropriate accommodation within the College and that this was currently being looked into.

- a) Members noted the content of the presentation
- b) Members requested that HEI Programme activity be listed as a separate category in reports on Retention, Progression and Success

**S/13/017 Falkirk Estates Proposal**

The Director of Estates Developments presented members with the draft concept plan for a new 21,000 sqm Falkirk campus.

He noted that, while there may not be funding available at the moment, the process for progressing through the various design and approval stages meant that commencing activity now should have the College in a more advantageous position when funding is likely to become available again.

Members queried whether the documentation had been considered by the Board Estates Development Steering Committee.

The Principal confirmed that the EDSC is currently stood down due to the completion of Alloa and Stirling but that this committee would be reformed at an appropriate point in the Falkirk development process.

- a) Members welcomed the on-going activity aimed at securing a new campus at the Falkirk site

**S/13/018 Student Union Report**

The Student Union President presented a report outlining the activities of the Student Union since the last meeting of the Committee.

- a) Members noted the content of the report

**S/13/019 Draft Strategic Plan**

The Principal presented members with the draft Strategic Plan for 2014-2018. He noted that the plan was based on the business model for the College which he has successfully presented to staff, local businesses, the Board and Local Authorities.

He reported that the Strategic Plan, once approved by the Board of Management, would be used to develop the College operational and Departmental plans which will contain the KPI's which will be used to measure overall progress.

The Principal highlighted that section 6 required more editing to ensure that the style matches the rest of the document. Members agreed, noting that the current content was very specific for a strategic level document.

- a) Members noted the content of the plan

**S/13/020 Outcome Agreement 2014-17**

The Director of Information Services provided a paper containing the current draft of the Outcome Agreement for 2014-17 and where the College was in the timeline for finalising this document.

It was agreed that members would review the document and provide feedback directly to the Director of Information Services or the Corporate Governance and Planning Officer.

a) Members noted the content of the paper

**S/13/021 Review of Risk**

No new risks identified

**S/13/022 Any Other Competent Business**

None

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## Audit Committee

<b>Meeting:</b>	<b>Audit Committee</b>
<b>Location</b>	<b>S1.18 Stirling Campus</b>
<b>Date:</b>	<b>26 November 2013 (commencing at 5.30pm)</b>

Present: Mr Bob Gil (Chair)  
Mrs Beth Hamilton

Apologies: None

In Attendance: Mr Stephen Jarvie, Corporate Governance and Planning Officer  
Mrs Alison Stewart, Director of Finance and Corporate Services  
Mrs Janet Hamblin, Baker Tilly  
Mrs Cathie Wyllie, Henderson Loggie  
Mrs Shona Struthers, Finance Committee Chair  
Mrs Monica Halcrow, Finance Manager

### **A/13/011 Declarations of Interest**

None

### **A/13/012 Minutes of meeting held on 5 September 2013**

The Minutes of meeting of 5 September 2013 were approved as a correct record.

### **A/13/013 Matters Arising**

a) A/13/004 Internal Audit Annual Report

This was covered under item A/13/014

### **A/13/014 Revised Internal Audit Annual Report**

Janet Hamblin, Baker Tilly, presented the revised internal audit annual report, which incorporated recent audit activity.

She noted that the Community Planning Partnership audit was currently being finalised and that this would be brought to the next meeting of the committee.

She discussed the Stock Control, noting that there was a high recommendation relating to catering stock control but that this was not material to the operations of the College.

Members requested that the report be amended to reflect the materiality of the Stock Control audit.

The Corporate Governance and Planning Officer raised the issue of follow up on completed audit recommendations and outlined the new recording system in place. Following discussion members agreed that, for past audit recommendations, Baker Tilly would check these on a sampling basis.

- a) Members approved the content of the report, subject to the changes requested above

**A/13/015 Draft External Audit Annual Report to the Board**

Cathie Wyllie, Henderson Loggie, presented their draft report to members. She noted that there had been a number of adjustments made in relation to minor modifications within the balance sheet.

She also noted that Henderson Loggie had been in contact with Baker Tilly regarding the recent Internal Audit activity and that she was confident that there are no issues arising from internal audit which would affect their report.

- a) Members approved the content of the report

**A/13/016 Audit Committee Chairs Annual Report to the Board of Management**

The Chair presented the draft report to members. It was noted that the report needed to incorporate the overall assurance from the Internal Audit Annual report and that, now the report had been presented to and approved by members, this would be added.

- a) Members approved the content of the report
- b) Members approved that the Chair would sign off on the amendments above on behalf of the committee

**A/13/017 Internal Audit Project Plan**

Janet Hamblin, Baker Tilly, presented the internal audit project plan for the year. She noted that the plan had been created in consultation with Senior Management and covered the period to end March 2014 to reflect the change in the financial year from 2014/15 onward.

- a) Members approved the internal audit project plan

**A/13/018 Draft Annual Report and Financial Statements 2012/13**

The Director of Finance and Corporate Services presented the Draft Annual Report and Financial Statements. She highlighted to members that it may be necessary to perform a prior year adjustment due to ONS reclassification and led members in a discussion on the options and implications of this.

The Director of Finance and Corporate Services noted that the draft Annual Report and Financial Statements were currently in draft format and that Henderson Loggie had requested some further minor changes to be made.

Overall the accounts are in a positive position and are reporting an operating surplus compared to the budget, demonstrating that the College continues to be operationally strong and past deficits in recent years have related to the estates.

- a) Members approved the Draft Annual Report and Financial Statements 2012/13 subject to the amendments discussed

**A/13/019 Progress Report on Audit Recommendations**

The Corporate Governance and Planning Officer presented the report outlining progress against audit recommendations. He noted that a number of recommendations have been completed and that those considered to be 'live' at this time were all within date.

a) Members noted the content of the report

**A/13/020 Internal Audit: Presentation of Reports**

Janet Hamblin, Baker Tilly, presented members with the reports for internal audit activity that had occurred since the last meeting of the committee.

She noted that the Post Implementation Review audit had been very successful with no recommendations. Similarly the Student Activity audit had been very successful with no recommendations.

On the Business Continuity Plan audit, she highlighted that there were a number of recommendations, with 9 ranked as Medium. She further noted that the management responses were satisfactory.

Members were concerned regarding the number of recommendations. The Corporate Governance and Planning Officer noted that, while there were issues in terms of the written procedures, operationally the Colleges approach to business continuity had been demonstrated as being robust in a number of incidents.

The Director of Finance and Corporate Services assured members that this matter was being progressed internally and that a paper would be taken to SMT to approve the appointment of specialists to ensure that the plan was updated to reflect current best practice.

Members requested that this be added to the risk register. The Corporate Governance and Planning Officer confirmed that this had already occurred.

Janet Hamblin presented the Stock Control Audit. She noted that there were 1 High recommendation, with 5 Medium and 3 Low.

In relation to the High recommendation she confirmed that this related to the overall control of stock.

Members reviewed the report and requested that the recommendations for the High item be implemented as soon as possible.

a) Members noted the content of the reports

**A/13/021 Risk Management**

The Director of Finance and Corporate Services presented the risk register to members. She highlighted that the register had been amended to record progress to date against mitigating actions and a visual tracker to show changes to scores when they occur.

Members queried the score allocated to the Business Continuity Plan and asked that this be reviewed.

a) Members noted the content of the report

**A/13/022      Review of Risk**

The Chair highlighted that Stirling Council were currently examining the impact of an anticipated rise in NI contribution and noted that the College should be aware of this.

**A/13/023      Any Other Competent Business**

None

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# ***Finance Committee***

<b>Meeting:</b>	<b>Finance Committee</b>
<b>Location:</b>	<b>S1.19, Stirling Campus</b>
<b>Date:</b>	<b>27 November 2013 (commencing at 4.30 pm)</b>

Present: Mrs Shona Struthers (Chair)  
Mr Andrew Carver

Apologies: None

In Attendance: Mr Stephen Jarvie, Corporate Governance and Planning Officer  
Mrs Alison Stewart, Director of Finance and Corporate Services  
Mr Paul Johnstone, Procurement Manager for items F/13/010 and F/13/011 only  
Mrs Monica Halcro, Finance Manager

**F/13/008      Declarations of Interest**

None

**F/13/009      Minutes of meeting held on 10 September 2013**

The minutes of the meeting held on 10 September 2013 were approved.

**F/13/010      Procurement Policy**

The Procurement Manager presented members with the new Policy document and highlighted the changes incorporated into this. He noted that the threshold levels had been changed to reflect operational practices within the College, providing a level of autonomy to departments whilst ensuring that the Procurement Manager can assist on higher value projects.

- a) Members approved the Procurement Policy

**F/13/011 Procurement Strategy 2013**

The Procurement Manager presented members with the updated strategy, noting that the changes involved were minor.

He also presented the latest results from the Procurement Capability Assessment (PCA). He noted that the criteria had changed for this year and that the result achieved by the College was higher than expected, with APUC anticipating a further rise in score next year.

He also noted that, while APUC had released the PCA scores, the updated KPI's had yet to be received.

- a) Members approved the strategy
- b) Members requested that the revised KPI's be circulated when they are received.

**F/13/012 Capital Expenditure – Middlefield Exit**

The Director of Finance and Corporate Services presented members with a paper outlining the Middlefield exit. She noted that the Committee had previously approved an overall budget for this activity and that this report was designed to provide more detail.

She noted that, since the paper had been circulated, information received from the Director of Estates Developments indicated that the overall costs may increase by £100,000.

Members queried the level of fees and VAT included in the pricing. The Director of Finance and Corporate Services confirmed that this was a standard fee level and that VAT was not recoverable.

Members also expressed concern that the fee for the project had increased by almost 10% since the paper had been written.

The Director of Finance and Corporate noted the concerns of the members and highlighted the necessity of the project to exit from poor quality accommodations and the attendant on-going savings that this would generate.

- a) Members approved report

**F/13/013 Accounting Policies for the year ended 31 March 2014**

The Director of Finance and Corporate Services presented the accounting policies for year ended 31 March 2014. She noted that it was a requirement to bring these to the Committee for consideration each year and that there had been no substantive changes since last year's policies.

- a) Members approved the Accounting Policies for the year ended 31 March 2014

**F/13/014 Draft Annual Report and Financial Statements 2012/13**

The Director of Finance and Corporate Services highlighted that these had been considered and approved by the Audit Committee the previous evening.

She noted that overall it was a positive year for the College, generating a surplus against budget.

She highlighted the impact of ONS reclassification on the College I&E reserves and outlined on-going discussions with the College internal and external auditors on this point.

She also noted that, due to the potential changes, it may be required to have an additional meeting of the Finance and Audit Committees prior to the Board of Management meeting.

- a) Members noted the content of the report

**F/13/015 Budget Monitoring 2013/14 – Quarter 1**

The Director of Finance and Corporate Services presented an update on the College position as at the end of Quarter 1.

She highlighted changes to the reporting format to provide additional clarity in the information presented to the committee.

Members queried where the College was in relation to the budget. The Director of Finance and Corporate Services noted that we were on track at this time.

- a) Members noted the content of the report

**F/13/016 ONS Reclassification**

The Director of Finance and Corporate Services outlined the latest issues identified in association with the reclassification such as capital expenditure and the requirement to self-insure. She also outlined the potential implications for an arm's length foundation.

- a) Members noted the content of the update

**F/13/017      Review of Risk**

The Director of Finance and Corporate Services highlighted the risks associated with pension auto-enrolment, noting the increased cost for the College. She reported that the College had met with the requirement to have these new arrangements in place and that further information would be provided once the additional costs had been fully quantified.

- a) Members noted the update on auto-enrolment
- b) Members requested that the full Strategic Risk Register be brought to each committee meeting.

**Any other competent business**

None

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<b>Subject:</b> Strategic Plan 2014-2018	<b>Agenda Item:</b> 7
<b>Date:</b> 12 December 2013	<b>FOR APPROVAL</b>

## 1. Purpose of Report

For Board members to consider and approve the **Strategic Plan for 2014-2018** (attached to the Board papers).

## 2. Recommendation

That members approve the Strategic Plan 2014-2018

## 3. Key Considerations

The Strategic Plan 2014-2018 is a high level document detailing the ambitions of the College, demonstrating how the College intends to deliver our mission statement of **Making Learning Work**.

The Strategic Plan is the starting point of a College wide planning process which will result in –

- **Strategic Plan**
- 6 key strategic vision documents

- **College Operational Plan**
- To quantify the Strategic Objectives into deliverables and targets

- **Departmental Plans**
- Detail the contribution of individual Departments to the overall College Operational and Strategic targets

- **Personal Review and Development (PRD)**
- Each member of staff will detail their responsibilities for, and contribution to, Departmental and College wide Operational and Strategic Objectives

The Strategic Plan (in draft format) was considered by the Strategic Development Committee on 21 November 2013.

Following this meeting suggested improvements, along with further input from Senior Management Team members, was incorporated into the final version of the document

#### 4. Risk

Low – The Strategic Planning process is a robust one with careful consideration and constructive challenge used in the development of each Strategic Objective

<b>Author:</b> Stephen Jarvie	<b>SMT:</b> Ken Thomson
<b>Date:</b> 4 December 2013	<b>Date:</b> 4 December 2013

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## Board of Management

<b>Subject:</b> Report to the Board of Management and the Auditor General for Scotland	<b>Agenda Item:</b> 9
<b>Date:</b> 12 December 2013	<b>FOR APPROVAL</b>

### 1. Purpose of Report

To submit the annual audit report from Henderson Loggie, external Auditors, for approval

### 2. Recommendation

That the Board approves the report as attached, subject to final year end adjustments currently being discussed with Henderson Loggie.

### 3. Background

As part of the 2012/13 Annual Audit Plan Henderson Loggie, undertook an audit of the financial statements of the College and the corporate governance arrangements for internal control and performance management.

### 4. Key Points

The draft version of this report was presented to, and approved by, the Audit Committee on 26 November 2013.

The College, in conjunction with Henderson Loggie, is currently finalising some year end adjustments. A final version of the report will be submitted by Henderson Loggie at this time.

### 5. Risk

Low. The audit process had been robust with continued consultation between the College and Henderson Loggie.

<b>Author:</b> Stephen Jarvie	<b>SMT:</b> Alison Stewart
<b>Date:</b> 6 December 2013	<b>Date:</b> 6 December 2013



**HENDERSON LOGGIE**  
Chartered Accountants

## **Forth Valley College**

**Annual Audit Report for 2012/13  
to the Board of Management and  
the Auditor General for Scotland**

**External Audit Report No: 2013/02**

**Draft Issued: 20 November 2013  
2<sup>nd</sup> Draft Issued: 21 November 2013  
Final Issued:**

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## **Notice: About this report**

This report has been prepared in accordance with our responsibilities under International Standards on Auditing (ISAs) and those set out within Audit Scotland’s Code of Audit Practice (‘the Code’) and Statement of Responsibilities of Auditors and Audited Bodies.

This report is for the benefit of only Forth Valley College and is made available to Audit Scotland (together with the beneficiaries), and has been released to the beneficiaries on the basis that it shall not be copied, referred to or disclosed, in whole or in part, without prior written consent.

Nothing in this report constitutes a valuation or legal advice.

We have not verified the reliability or accuracy of any information obtained in the course of our work, other than the limited circumstances set out in the scope and objectives section of this report.

This report is not suitable to be relied on by any party wishing to acquire rights against Henderson Loggie CA (other than the beneficiaries) for any purpose or in any context. Any party other than the beneficiaries that obtains access to this report or a copy and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law Henderson Loggie CA does not assume any responsibility and will not accept any liability in respect of this report to any party other than the beneficiaries.



## Executive Summary

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### Financial Statements

- On 12 December 2013 we plan to issue an audit report with an unqualified opinion on the financial statements of the College for the year ended 31 July 2013 and on the regularity of the financial transactions reflected in those financial statements.
- The College has shown a surplus for the year of £0.495 million (2011/12: deficit of £0.512 million before exceptional estates items and deficit of £4.569 million after exceptional estates items). The College has an Income and Expenditure Account balance of £(4.829) million at 31 July 2013 (31/07/12: £(6.368) million).
- The annual financial statements of the College comply with the Accounts Direction issued by the Scottish Funding Council (SFC) and the Statement of Recommended Practice (SORP) on Accounting for Further and Higher Education.
- 11 audit and accounting adjustments were made to the draft financial statements presented for audit; which had the impact of reducing the reported surplus for the year by £0.054 million.
- A number of disclosure and clarification adjustments were made to the financial statements to ensure SORP and Accounts Direction compliance and improve the overall presentation of the financial statements.
- The College has exceeded its WSUMs target for 2012/13 by 229 WSUMs (0.2%) (2011/12 – 110 WSUMs (0.1%) over target).
- The College's pension liability decreased in total by £1.955 million to £7.178 million which was largely due to changes in key actuarial assumptions relating to discount rates.

### Corporate Governance

- The College's Corporate Governance Statement confirms that the College complies with all of the provisions of the UK Corporate Governance Code in so far as they apply to the further education sector, and it has complied throughout the year ended 31 July 2013.
- No material weaknesses in the accounting and internal control systems were identified during the 2012/13 financial statements audit which would adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements. Some areas were however identified from our interim testing during 2012/13 where controls could be further improved to bring more into line with good practice.
- We did not identify any matters of concern relating to the College's corporate governance arrangements regarding the prevention and detection of fraud, or standards of conduct and the prevention and detection of corruption.
- The College had an on-going process for identifying, evaluating and managing its significant risks.



## Executive Summary

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### Performance

- The College management and committee structure included mechanisms to monitor and manage financial and non-financial performance which are considered appropriate.
- A Regional Outcome Agreement with the SFC is in place for 2013/14.

### Outlook

- The funding position will remain challenging going forward. The voluntary severances undertaken in recent years has helped to reduce pay costs and assist the College in coping with the funding reductions, however robust budget setting and monitoring arrangements will be essential in helping to retain sustainability.
- The College's total funding allocations for 2013/14 from the SFC for Teaching and Fee Waiver, Additional Growth, Employability and the Skills Fund have increased by £0.300 million (1.5%) over 2012/13 to £19.767 million. It should be noted however that the College's WSUMs target has increased by 6,270 WSUMs (5.6%) on 2012/13 to 118,503.
- The Scottish Government has identified Forth Valley College as making up the Central region and it is not included in a regional grouping with any other college. Ministers plan to formally designate Forth Valley College, and the other nine colleges in single college regions, as regional colleges in March 2014 although this proposal is currently out for consultation.
- Following reclassification as Central Government bodies the financial year-end of colleges is changing from the academic year-end of 31 July to the Government year-end of 31 March. The first financial period under this new regime will be the eight months from 1 August 2013 to 31 March 2014.
- The format of financial statements will also have to change from 1 April 2014 as Central Government bodies use the Government Financial Reporting Manual ('the FReM'). The changes for 2014/15 are not significant as the Education SORP takes precedence over the FReM.
- A new SORP incorporating International Financial Reporting Standards (IFRS) accounting has been developed in line with Financial Reporting Standard (FRS) 102. This will be finalised in 2014 and is expected to apply to financial statements for 2015/16 onwards. The 2014/15 comparative figures and opening balances at 1 April 2014 will require restatement in the new format.



## Introduction

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### Background

1. 2012/13 was the second year of our five year appointment as external auditors of Forth Valley College ('the College'). This report summarises our opinion and conclusions and highlights significant issues arising from our work. It covers the communication of findings from the audit required by International Standard on Auditing (ISA) (UK and Ireland) 260: Communication of Audit Matters with Those Charged with Governance.
2. The audit framework is outlined in our Strategic Planning Memorandum and 2012/13 Annual Audit Plan issued on 3 May 2013 and considered and approved by the Audit Committee. The scope of the audit was to:
  - provide an opinion on, to the extent required by the relevant authorities, the financial statements and the regularity of transactions in accordance with the standards and guidance issued by the Financial Reporting Council;
  - review and report on the College's corporate governance arrangements in relation to systems of internal control, the prevention and detection of fraud and irregularity, standards of conduct, and prevention and detection of corruption; and the College's financial position; and
  - review and report on the College's arrangements to manage its performance, as they relate to the economy, efficiency and effectiveness in the use of resources.
3. Our audit approach focused on the identification of the significant risk areas facing the College and the significant classes of transactions, estimates, other account balances and disclosures impacting upon the financial statements. These include:
  - compliance with legislation and financial regulations;
  - fixed assets transactions, including consideration of any impairment, on-going estate improvements and maintenance; and compliance with relevant financial reporting standards;
  - recoverability of debtors;
  - recognition of funding provided for specific purposes and the regularity of corresponding expenditure;
  - compliance with Financial Reporting Standard (FRS) 17 – Retirement Benefits and provision for pension liabilities for early retirals; and
  - compliance with the Statement of Recommended Practice (SORP) on Accounting for Further and Higher Education.



## Introduction

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### Basis of Information

4. External auditors do not act as a substitute for the College's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
5. To a certain extent the content of this report comprises general information that has been provided by, or is based on discussions with, management and staff of the College. Except to the extent necessary for the purposes of the audit, this information has not been independently verified. The contents of this report should not be taken as reflecting the views of Henderson Loggie CA except where explicitly stated as being so.
6. As our audit is designed primarily to enable us to form an opinion on the financial statements taken as a whole, our report cannot be expected to include all the possible comments and recommendations that a more extensive special examination would bring to light.

### Acknowledgement

7. Our audit has brought us in contact with a range of College staff. We wish to place on record our appreciation of the co-operation and assistance extended to us by staff in the discharge of our responsibilities.

## Financial Statements

### Audit Opinion

8. On 12 December 2013 we plan to issue an audit report with an unqualified opinion on the financial statements of the College for the year ended 31 July 2013 and on the regularity of the financial transactions reflected in those financial statements.
9. We are required to undertake audit work from the Balance Sheet date up to the date of signing the financial statements and this will be undertaken in the period up to 12 December 2013. No post balance sheet events have been identified to the date of this report that require adjustment to be made to the financial statements or additional disclosure in a note thereto.

### Audit Completion

10. An important measure of proper financial control and accountability is the timely closure and publication of audited financial statements. Table 1 summarises the three key elements of the audit process.

**Table 1: Key elements of the audit process**

**Completeness of draft financial statements**

A set of draft financial statements was received on 26 September 2013 in advance of the final audit visit commencing on 30 September 2013. The first draft did not include the Operating and Financial Review, Corporate Governance information and a number of financial statement disclosures and these were received after the audit fieldwork had been completed. These were of a high standard and required minimal presentational changes as part of the audit process.

**Quality of supporting working papers**

Working papers provided to support financial statement figures were of a satisfactory standard.

**Response to audit queries**

Most audit queries were dealt with in a timely manner.

### Corporate Governance Statement

11. Colleges are required to include a statement on their corporate governance arrangements within their annual financial statements. The statement describes the ways in which the College has complied with good practice in corporate governance, including the arrangements for risk management.
12. We are required to review the statement to assess whether the description of the process adopted in reviewing the effectiveness of the system of internal control appropriately reflects the process and report where the statement is not consistent with our knowledge of the body and report if the statement does not comply with SFC requirements.
13. The College's corporate governance statement for 2012/13 states the College complies with all of the provisions of the UK Corporate Governance Code in so far as they apply to the further education sector, and it has complied throughout the year ended 31 July 2013.
14. From our audit work and our review of the College's statement we have no issues to report within our audit opinion.



## Financial Statements

### Audit and Accounting Adjustments and Confirmation

15. In Table 2 we draw attention to the agreed audit and accounting adjustments to the financial statements made by management following the audit process which had the impact of reducing the 2012/13 surplus by £0.054 million. There were no adjustments identified that were not processed.

**Table 2: Audit and accounting adjustments**

	Description	I&E DR £'000	I&E CR £'000	B/Sheet DR £'000	B/Sheet CR £'000
1	Plant and equipment – Cost				301
	Plant and equipment – Accumulated Depreciation			151	
	Land and buildings – Cost			301	
	Land and buildings – Accumulated Depreciation				151
	<i>Being transfer of plant and equipment items purchased pre 2012/13 that should have been classified as land and buildings</i>				
2	Revaluation Reserve			150	
	Land and buildings – Cost				301
	Land and buildings – Accumulated Depreciation			151	
	<i>Being write-out of the above expenditure, which should have been done as part of the revaluation adjustment at 31 July 2012</i>				
3	Revaluation Reserve				5
	Income and Expenditure Account			5	
	<i>Correction to the release from the Revaluation Reserve to the Income and Expenditure Account as a result of the above adjustment</i>				
4	Plant and equipment - Cost				324
	Plant and equipment – Accumulated Depreciation			324	
	<i>Being write-off of fully depreciated IT equipment no longer in use</i>				
5	Plant and equipment – Depreciation expense		32		
	Plant and equipment – Accumulated Depreciation				8
	Land and Buildings – Accumulated Depreciation			40	
	SFC release of Deferred Capital Grants	47			
	Deferred Capital Grants				47
	<i>As a result of reclassification of plant and equipment items, adjustments were made to useful life assumptions leading to changes in depreciation expense recognised. Deferred capital grants were released to offset the impact of these changes.</i>				
6	Other operating expenditure	37			
	Other grant income	2			
	Accruals and deferred income				37
	<i>Late accrual / deferral adjustments</i>				
	<b>C/F</b>	<b>86</b>	<b>32</b>	<b>1,122</b>	<b>1,176</b>



## Financial Statements

## Audit and Accounting Adjustments and Confirmation (Continued)

Table 2: Audit and accounting adjustments (Continued)

	Description	I&E DR £'000	I&E CR £'000	B/Sheet DR £'000	B/Sheet CR £'000
	<b>B/F</b>	86	32	1,122	1,176
7	Land and buildings – Cost			279	
	Accruals				279
	<i>Being accrual for capital works relating to new Oil and Gas training facility</i>				
8	Other operating expenditure		40		
	Plant and equipment - Cost			40	
	Deferred Capital Grants				40
	SFC release of Deferred Capital Grants	40			
	Plant and equipment - Depreciation	10			
	Plant and equipment – Accumulated Depreciation				10
	SFC release of Deferred Capital Grants		10		
	Deferred Capital Grants			10	
	<i>Being capitalisation of IT equipment and subsequent depreciation, offset by release from deferred capital grants</i>				
9	Land and buildings - Cost			111	
	Plant and equipment - Cost				111
	<i>Being reclassification of 2012/13 additions incorrectly classified as plant and equipment</i>				
10	Accruals and deferred income				1,332
	Deferred Capital Grants			1,332	
	<i>Being reclassification of grants included in deferred capital grants at 31 July 2013 but not utilised at that date</i>				
11	Trade Debtors			41	
	Trade Creditors				41
	<i>Reclassification of credit balances within debtors</i>				
	<b>Total</b>	136	82	2,935	2,989
		=====	=====	=====	=====

16. In addition, a number of disclosure and clarification adjustments were made to the financial statements to ensure SORP and Accounts Direction compliance and improve the overall presentation of the financial statements.

**Confirmations and Representations**

17. We confirm that as at the date of this report, in our professional judgement, Henderson Loggie CA was independent within the meaning of regulatory and professional requirements and the objectivity of audit staff was not impaired.
18. In accordance with auditing standards, we obtained representations from the College on material issues.

# Financial Statements

## Financial Position

19. SFC circular SFC/31/2009, issued on 16 October 2009, defines a sustainable college as one which 'continually develops the quality of its learning activities to meet the changing needs of its customers, society and the economy, controls its costs, and year on year secures sufficient income to resource its planned activities and enable a level of current and future investment necessary to maintain its assets.'
20. Table 3 provides a summary of the College's planned and actual financial results, based on the formal returns submitted by the College to the Funding Council. Figures for 2013/14 are for the eight month period to 31 March 2014.

**Table 3: Comparison of planned and actual financial results**

	2011/12 Actual £000	2012/13 Planned £000	2012/13 Actual £000	2013/14 Planned £000
Financial outturn Surplus/(Deficit)	(4,569)	120	495	(98)
Income and expenditure reserves (excluding pension reserve)	(6,368)	(991)	(4,829)	(4,530)
Cash balances	3,377	2,962	6,292	4,880

Source: Audited financial statements and Financial Forecast Return (FFR)

21. Overall, College income in 2012/13 increased by £0.354 million (1.2%) over 2011/12 to £30.044 million. The major movements in income were: significant increases (£0.347 million) in release of deferred capital grants to offset increased depreciation on the new campuses which are mostly funded by capital grants and the use of SFC capital grants to match revenue expenditure (£0.322 million), offset by a reduction in core SFC teaching grant (£0.856 million); increased income from education and other contracts (£0.633 million), mainly related to new Skills Development Scotland contracts; and there was also a one-off receipt of £0.216 million included in other operating income.
22. Expenditure before exceptional estates items has decreased by £0.653 million (2.2%) from 2011/12 to £29.549 million. There were no exceptional estates items in 2012/13. The following are the main items and reasons for movements.
  - there were a small number of voluntary severances made in 2012/13 with a cost of £0.073 million, whereas in 2011/12 the College ran a voluntary severance scheme for which 35 staff were accepted with a total cost of £1.053 million;
  - the early retirement pension charge decreased by £0.704 million from £0.990 million in 2011/12 to £0.286 million which was due to the actuary's assumptions being amended, including using a higher discount rate on liabilities;
  - the depreciation charge increased by £0.475 million on 2011/12 to £2.651 million as a result of the new Alloa and Stirling campuses being depreciated on a component accounting basis for the first time and other new assets being depreciated; and
  - the interest expense increased by £0.283 million on 2011/12 to £0.429 million. This was due to the fact that the first draw down on the bank term loan occurred part way through 2011/12.

## Financial Statements

### Financial Position (Continued)

23. In recent years, voluntary severance costs and accounting for estates developments (including repayable advances by the SFC) has led to the College reporting an Income and Expenditure Account reserve deficit (£4.829 million at 31 July 2013). The underlying position in 2012/13 continues to be robust and projections show that the College should be able to manage the position long term.

#### 2012/13 SUMs Outturn

24. The College's outturn against its 2012/13 Weighted SUMs target is shown in Table 4.

**Table 4: 2012/13 Weighted SUMs outturn**

	2011/12	2012/13
WSUMs target (including ESF and PACE WSUMs)	114,506	112,233
WSUMs actual	114,616	112,462
Excess	110	229

Source: Audited SUMs returns

25. The audit of the SUMs return for 2012/13 was carried out by Baker Tilly who concluded that the student data returns have been compiled in accordance with all relevant guidance, that adequate procedures are in place to ensure the accurate collection and recording of data; and, on the basis of testing, reasonable assurance can be taken that the FES return contained no material mis-statement.
26. The 2013/14 Weighted SUMs (WSUMs) target has been revised upwards to 118,503, which includes Additional Growth, Employability and Skills Fund WSUMs allocated to the College by the SFC, offset by a transfer of WSUMs for Skills Development Scotland contracts.

#### FRS 17 Retirement Benefits

27. In 2012/13 the College accounted for its participation in the local government pension scheme as a defined benefit scheme. This is consistent with the accounting treatment adopted in previous years.
28. The College's pension liability decreased in total by £1.955 million to £7.178 million which was largely due to changes in key actuarial assumptions relating to discount rates.

#### Capital Income and Expenditure

29. The College's new Alloa campus was opened in September 2011 and the new Stirling campus development was completed in March 2012. The main capital additions in 2012/13 related to the College's new Oil and Gas facility, which is being funded by the SFC.

## Financial Statements

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### Financial Position (Continued)

#### Capital Income and Expenditure (Continued)

30. FRS 15 – Tangible Fixed Assets and the SORP require that where a tangible fixed asset comprises two or more major components with substantially different useful economic lives, each component should be accounted for separately for depreciation purposes and depreciated over its individual useful economic life. The requirements of FRS 15 to capitalise and depreciate separately the components of what could previously have been treated as a single item ensures that the assets are charged to the Income and Expenditure Account over the periods in which they are consumed. The new Alloa and Stirling campuses have been depreciated on a component accounting basis in 2012/13 for the first time. We note however that the Falkirk campus buildings have been depreciated over 32 years as a whole and not as separate components. We have recommended that component accounting is considered further for the College's other buildings in future years.

#### Provisions

31. The College has a provision in its balance sheet at 31 July 2013 of £7.200 million (31/07/12 - £7.293 million) relating to pension costs from early retirements awarded to former employees. The College's approach to the valuation of the provision is to have an independent actuarial firm calculate this provision annually.
32. A provision also exists for £3.0 million (31/7/12 - £3.0 million) for amounts that will have to be repaid to the SFC when the College sells surplus land at Branshill, up to a maximum of £3.0 million. The College has advised that it will hold onto this land until land values recover and hopes to receive over £3.0 million when it eventually sells the land.

## Corporate Governance

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### Corporate Governance

33. The College is responsible for ensuring that governance arrangements follow the three fundamental principles of openness, integrity and accountability and that these arrangements are in place to ensure the proper conduct of its affairs. Mechanisms to monitor the adequacy and effectiveness of these arrangements should also be in place.
34. Our responsibility, as noted in the Code of Audit Practice, is to review and report on audited bodies' corporate governance arrangements as they relate to:
- Bodies' reviews of corporate governance and systems of internal control, including reporting arrangements;
  - The prevention and detection of fraud and irregularity;
  - Standards of conduct and arrangements for the prevention and detection of corruption; and
  - The financial position of audited bodies.
35. Comments on the financial position and the College's Corporate Governance Statement are covered in the Financial Statement section of this report.
36. We have considered the College's governance arrangements through formal review of documents and procedures and informal observation of the operation of committee arrangements and the relationships between Board members and staff. In particular we have considered arrangements for risk management and reporting to committees. We did not identify any areas of concern regarding the College's governance arrangements.

#### **Risk Management**

37. Risk management is important for the development and on-going review of systems of internal control.
38. The College's Risk Management Policy and Procedure details the College's approach to risk capture, monitoring and reporting.
39. The College has a Strategic Risk Register which is reviewed by the Audit Committee. Risk is a standing item on the agenda for the Senior Management Team, all Board sub-committees and the Board. There are also risk registers which are compiled and reviewed by each operating area of the College.

### Systems of Internal Control

#### **Control Environment**

40. No material weaknesses in the accounting and internal control systems were identified during the 2012/13 financial statements audit which would adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements.
41. Some areas were however identified from our interim testing during 2012/13 where controls could be further improved to bring more into line with good practice. These have been raised with management in order to consider possible mitigating action and some have already been addressed. Actions for improvement included:
- incorporating further segregation into the Sun finance system access controls for some members of staff;
  - making sure that staff do not have the ability to both raise and authorise a purchase request on the FIDO purchase order authorisation system;

## Corporate Governance

### Systems of Internal Control (Continued)

#### Control Environment (Continued)

- remind staff that purchase orders must be completed for all transactions with the exception of those where the Finance procedures do not require this;
- considering what controls could be put in place to ensure that transactions processed by the administrator of the FIDO and Sun systems are appropriate;
- reviewing the BACS transaction limits and requiring two electronic signatories;
- ensuring that all cash income banking sheets are correctly completed and signed-off and that till rolls are always attached where available; and
- implementing procedures to ensure that all journals and month-end reconciliations are reviewed and evidence of review is recorded.

#### Internal Audit

42. Audit Scotland's Code of Audit Practice directs us to maintain effective co-ordination with internal audit and place the maximum possible reliance on their work. Baker Tilly provided internal audit services to the College in 2012/13.
43. At the date of this report we have only received and reviewed the Project Management internal audit report, and are awaiting sight of the other internal audit reports. As far as available, we have reviewed the scope and extent of work performed by internal audit during the year and considered the impact of their findings and conclusions on our work, where appropriate. We have also considered the adequacy of the provision and are content that the audit service is of good quality.
44. The annual internal audit report for the year ended 31 July 2013 has still to be issued and we will review this when available to identify any issues that affect our audit conclusions.

### Fraud and irregularity, standards and conduct, and prevention and detection of corruption

45. During 2012/13 we had regard to ISA 240: The Auditor's Responsibility to Consider Fraud in the Audit of Financial Statements.
46. The College has appropriate arrangements in place regarding the prevention and detection of fraud, including Standing Orders and Operating Guidelines and Code of Conduct, Financial Regulations and an Anti-Fraud and Anti-Corruption Policy and Procedure.
47. No frauds were identified during the period from 1 August 2012 up to the date of this report.
48. The College has in place the following procedures / policies in relation to standards of conduct and prevention and detection of corruption:
  - Standing Orders and Operating Guidelines and Code of Conduct;
  - Register of Board Members' Interests;
  - Anti-Fraud and Anti-Corruption Policy and Procedure;
  - Anti-Bribery Policy; and
  - Whistleblowing Policy.
49. The arrangements for maintaining standards of conduct and the prevention and detection of corruption are considered to be appropriate.

## Performance

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### Performance Audit

#### Introduction

50. The terms of appointment from Audit Scotland include a requirement for a proportion of our audit time to be spent on performance audit work. Performance audit work covers a variety of areas, both financial and non-financial, including both Audit Scotland centrally directed studies and locally determined studies based on agreement between each organisation and their auditors.
51. No mandatory performance audit studies were identified by Audit Scotland for the College during 2012/13.

#### National Performance Reports

52. The main report relevant to the College is *Scotland's Colleges – current finances, future challenges* issued in October 2012. The report makes recommendations for the Scottish Government, the SFC, and existing colleges and regional boards. In particular the report recommends that: 'existing colleges and regional boards should:
- ensure that strategic planning for course provision in their areas responds to the national objectives and priorities for post-16 education, and also reflects the needs of local employers and students, and the views of community planning partners;
  - ensure that planning for course provision is based on robust financial and other resource plans; and
  - explore opportunities to reduce their costs through economies of scale, joint working and better partnership working. Colleges should develop clear assessments of the workforce skills and attributes needed in future to inform their strategies and procedures for staff changes and reductions.'
53. The College has a Regional Outcome Agreement which is aimed at responding to the national objectives and priorities for post-16 education, and works with Local Authorities, Community Planning Partnerships, Skills Development Scotland and employers to ensure its education provision meets the needs of learners and the community. The College continues to work in partnership with organisations to achieve economies of scale and better efficiency.

#### Education Scotland Review

54. We are required by Audit Scotland's Code of Audit Practice to contribute to the 'whole organisation' approach to inspection through co-ordination amongst auditors, inspectors and other scrutiny bodies. We therefore place reliance on the reported results of the work of statutory inspectorates in relation to corporate or service performance.
55. Education Scotland published a positive report on the education provision of the College in its annual engagement review and there were no main points for action noted.

#### College Performance Arrangements

56. The College does not have a formal mechanism to consider Audit Scotland reports however we have been advised this will be implemented in future when any new reports are received.
57. Arrangements for financial and non-financial management are established in the College, through the operation of the Senior Management Team and the Board and its various committees. This includes budget setting and monitoring structures.
58. The College's Standing Orders and Operating Guidelines and Code of Conduct, including its Scheme of Delegation records the performance management aspects of the Board and each committee, and where appropriate, their responsibility to take action to address issues in performance. Discussion with managers and our review of meeting papers and minutes confirms these responsibilities appear to be undertaken in an appropriate manner.



## Performance

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### Performance Audit (Continued)

#### College Performance Arrangements (Continued)

59. The College has a Corporate Plan 2011-14 and an annual 2012/13 Operational Plan.
60. Key performance indicators are set out in the Operating and Financial Review in the College's annual report.
61. In October 2013 the College undertook a self-evaluation against the targets set out in the 2012/13 Regional Outcome Agreement.
62. The College's arrangements for performance management as outlined above are considered to be appropriate.

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## Outlook

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### 2013/14 and beyond

63. The funding position will remain challenging going forward. The voluntary severances undertaken in the College in recent years has helped to reduce pay costs and assist the College in coping with the funding reductions, however robust budget setting and monitoring arrangements will be essential in helping to achieve sustainability.
64. The College's total funding allocations for 2013/14 from the SFC for Teaching and Fee Waiver, Additional Growth, Employability and the Skills Fund have increased by £0.300 million (1.5%) over 2012/13 to £19.767 million. It should be noted however that the College's WSUMs target has increased by 6,270 WSUMs (5.6%) on 2012/13 to 118,503.

### Post-16 Education (Scotland) Act 2013

65. The Post-16 Education (Scotland) Act 2013 makes provision: about the support for, and the governance of, further and higher education institutions, including provision for the regionalisation of colleges; for reviews of how further and higher education is provided; for sharing information about young people's involvement in education and training; and for connected purposes. The Bill for this Act of the Scottish Parliament was passed by the Parliament on 26 June 2013 and received Royal Assent on 7 August 2013.
66. The Scottish Government has identified Forth Valley College as making up the Central region and it is not included in a regional grouping with any other college. Ministers plan to formally designate Forth Valley College, and the other nine colleges in single college regions, as regional colleges in March 2014 although this proposal is currently out for consultation.
67. The Board of Management has been kept up-to-date regularly with information about the regionalisation process including the duties of regional colleges.

### ONS Reclassification

68. There has been significant discussion within the sector regarding the Office of National Statistics (ONS) decision to reclassify incorporated colleges in Scotland as Central Government bodies from 1 April 2014. This has a number of implications for budgeting, reporting and accounting practices and issues for consideration which the SFC has addressed through a series of Reclassification Communications.
69. The immediate practical impact of this change is that colleges' financial year-end will move from 31 July to 31 March, with the first set of March financial statements being produced for the eight month period to 31 March 2014. The format of financial statements will also have to change from 1 April 2014 as Central Government bodies use the Government Financial Reporting Manual ('the FReM'). The changes for 2014/15 are not significant as the Education SORP takes precedence over the FReM. No changes in accounting treatment are likely to be required although additional disclosure will be required, particularly in relation to remuneration and out-turn against budget.
70. One key item that will require decisions and action before 1 April 2014 is in relation to the setting up of an arms-length foundation or trust. The Central Government budget mechanisms mean that the ability to use college reserves and surpluses in future periods is likely to be restricted. One proposed solution to this is for cash-backed income and expenditure reserves and future surpluses to be transferred to an arms-length foundation or trust in order to take these resources outwith the consolidated budget boundary and therefore out of the college budget. There are risks to this in that to be independent and avoid consolidation the college must relinquish control of how the funds will be spent, however this is being considered widely by colleges throughout Scotland. We have been in discussion with College management over their plans to set up such an organisation.

## Outlook

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### **Further and Higher Education SORP 2015 Exposure Draft Consultation**

71. A new SORP incorporating International Financial Reporting Standards (IFRS) accounting has been developed in line with FRS 102 and is currently being consulted on (closing date for comments is 17 November 2013). This will be finalised in 2014 and is expected to apply to financial statements for 2015/16 onwards. The 2014/15 comparative figures and opening balances at 1 April 2014 will require restatement in the new format. Further guidance on the changes required is planned once the SORP has been finalised.

### **Waste**

72. The Waste (Scotland) Regulations 2012 will come into effect on 1 January 2014 for all business and organisations in Scotland. This new regulation requires key recyclable material and food waste to be presented for separate collection with the aim of helping Scotland reach its ambitious target of 70% recycling of all waste by 2025. We were advised that the College's facilities management contractor has reviewed these requirements and advised that they comply with these and a formal Waste Management Procedures document has been drawn up to give guidance on how to comply with these new regulations. A number of initiatives have been implemented throughout the College including separate bins for food waste.

# Appendix I

## Audited Bodies' Responsibilities

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### Extracts from the Audit Scotland Code of Audit Practice

The Scottish ministers, elected members, governing bodies, boards, accountable officers, managers and officials have primary responsibility for ensuring that public business is conducted in accordance with the law and proper standards, and that public money is handled with integrity and spent appropriately. Public bodies and those responsible for conducting their affairs must discharge this accountability by establishing and maintaining proper governance arrangements and effective stewardship of the resources at their disposal.

#### Financial statements

Audited bodies' financial statements are an essential part of accounting for their stewardship of the resources made available to them and their performance in the use of those resources. Audited bodies are responsible for:

- ensuring the regularity of transactions, by putting in place systems of internal control to ensure that they are in accordance with the appropriate authority
- maintaining proper accounting records
- preparing financial statements which give a true and fair view of their financial position and their expenditure and income, in accordance with the relevant financial reporting framework (eg, the Financial Reporting Manual or an Accounting Code of Practice)
- preparing and publishing with their financial statements an annual governance statement, statement on internal control or statement on internal financial control and a remuneration report
- preparing consolidation packs and, in larger bodies, preparing a Whole of Government Accounts return.

Many audited bodies publish other information, such as an annual report, alongside the financial statements.

Audited bodies should prepare financial statements in accordance with statutory timescales or in good time to allow audits to be completed by any dates specified by sponsoring directorates or other bodies. Financial statements should be prepared in accordance with all relevant regulatory requirements and be supported by accounting records and working papers prepared to an acceptable professional standard.

#### Corporate governance arrangements

The three fundamental principles of corporate governance – openness, integrity and accountability – apply to all audited bodies, whether their members are elected or appointed, or whether they comprise groups of people or an individual accountable officer

Through its chief executive or accountable officer, each body is responsible for establishing arrangements for ensuring the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements.

Audited bodies usually involve those charged with governance (including audit committees or similar groups) in monitoring these arrangements.

#### Systems of internal control

Audited bodies are responsible for developing and implementing systems of internal control, including risk management, financial, operational and compliance controls.

They are required to conduct annual reviews of the effectiveness of their governance, systems of internal control, or internal financial control, and report publicly that they have done so. Such reviews should take account of the work of internal audit and be carried out by those charged with governance, usually through bodies' audit committees.

Rigorous self-evaluation should be a central part of audited bodies' performance management to support continuous improvement

## Appendix I

# Audited Bodies' Responsibilities

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### Prevention and detection of fraud and irregularities

Audited bodies are responsible for establishing arrangements to prevent and detect fraud and other irregularity.

This includes:

- developing, promoting and monitoring compliance with standing orders and financial instructions
- developing and implementing strategies to prevent and detect fraud and other irregularity
- receiving and investigating alleged breaches of proper standards of financial conduct or fraud and irregularity
- participating, when required, in data matching exercises carried out by Audit Scotland.

### Standards of conduct and arrangements for the prevention and detection of bribery and corruption

Audited bodies are responsible for ensuring that their affairs are managed in accordance with proper standards of conduct and should put proper arrangements in place for:

- implementing and monitoring compliance with appropriate guidance on standards of conduct and codes of conduct for members and officers
- promoting appropriate values and standards
- developing, promoting and monitoring compliance with standing orders and financial instructions

### Financial position of audited bodies

Audited bodies are responsible for conducting their affairs and for putting in place proper arrangements to ensure that their financial position is soundly based having regard to:

- such financial monitoring and reporting arrangements as may be specified
- compliance with any statutory financial requirements and achievement of financial targets
- balances and reserves, including strategies about levels and future use
- the impact of planned future policies and foreseeable developments on their financial position.

### Best Value

The Scottish Public Finance Manual explains that accountable officers appointed by the Principal Accountable Officer for the Scottish Administration have a specific responsibility to ensure that arrangements have been made to secure Best Value. Best Value is defined as the continuous improvement in the performance of functions. This includes having regard to the concepts of economy, efficiency and effectiveness and the need to meet equal opportunity requirements, and contributing to the achievement of sustainable development.

Achievement of Best Value or value for money depends on the existence of sound management arrangements for services, including procedures for planning, appraisal, authorisation and control accountability and evaluation of the use of resources. Audited bodies are responsible for ensuring that these matters are given due priority and resources, and that proper procedures are established and operate satisfactorily.

## Appendix II Follow up of 2011/12 Annual Audit Report Recommendations

Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Update at November 2013
<p><b>Financial Position</b></p> <p><b>Capital Income and Expenditure</b></p> <p><b>R1</b> For tangible fixed assets comprising two or more major components with substantially different useful economic lives, each component should be accounted for separately for depreciation purposes and depreciated over its individual useful economic life.</p>	C	This was requested as part of the DM Hall valuation. This information is outstanding and when received will be incorporated into the 2012/13 Accounts.	Y	Alison Stewart	July 2013	<p>Component accounting has been used for the new Alloa and Stirling campuses but not for the Falkirk campus.</p> <p><b>Recommendation</b> – this should be considered for the other College buildings in future years.</p>
<p><b>R2</b> The College's fixed asset register should be updated to reflect the year-end accounting adjustments for the new campus developments and provide a sound basis for accounting for depreciation, disposals and revaluations going forward.</p>	B	This will be done now that the final amount capitalised has been agreed.	Y	Alison Stewart	July 2013	The College's fixed asset register has been expanded to provide more detail on the new campus additions in 2011/12 and prior years.

### Grade

A	Fundamental issues which require the consideration of the Board of Management or one of its committees.
B	Significant matters which the appropriate members of the Senior Management Team can resolve.
C	Less significant matters, which do not require urgent attention but which should be followed up within a reasonable timescale.

## Appendix III Follow up of 2010/11 Annual Audit Report Recommendations

Observation	Recommendation	Priority	Original College Response, Responsibility and Timescale	Update
<p><b>Corporate Governance</b></p> <p>The UK Corporate Governance Code requires the Chair should hold meetings with the non-executives without the executives present. The non-executive members should meet without the chair present at least annually to appraise the chair's performance and on such other occasions as are deemed appropriate. This is not done at the College.</p>	<p>We recommend that the non-executive directors meet periodically without the chair in order to appraise their performance.</p>	<p>Low</p>	<p>Agreed. Annual appraisal will be implemented.</p> <p>Ken Thomson</p> <p>September 2012</p>	<p><b>November 2012:</b></p> <p>Owing to the upcoming changes to the governance framework for further education in Scotland, the College has decided to hold implementation of this recommendation until the new systems / structure become clear. This was reported to, and approved by, the Audit Committee on 9 May 2012.</p> <p><b>November 2013:</b></p> <p>This did not happen in 2012/13 but arrangements are in place for this to be undertaken in 2013/14.</p>
<p>The College has no procedures on the 'fit and proper' persons test for the members in relation to 'management condition' as detailed in the Finance Act 2010.</p>	<p>It is recommended that relevant systems and procedures be put in place to comply fully with the provisions of the Act.</p>	<p>Low</p>	<p>Agreed.</p> <p>Procedure to be in place for new financial year.</p> <p>Ken Thomson</p> <p>May 2012</p>	<p><b>November 2012:</b></p> <p>Owing to the upcoming changes to the governance framework for further education in Scotland, the College has decided to hold implementation of this recommendation until the new systems / structure become clear. This was reported to, and approved by, the Audit Committee on 9 May 2012.</p> <p><b>November 2013:</b></p> <p>This did not happen in 2012/13 but has now been completed.</p>

## Appendix III Follow up of 2010/11 Annual Audit Report Recommendations

Observation	Recommendation	Priority	Original College Response, Responsibility and Timescale	Update
<p>The College has no procedures in place to prevent persons associated with the college from bribing in relation to the Bribery Act 2010.</p>	<p>It is recommended that relevant systems and procedures be put in place to comply fully with the provisions of the Act.</p>	<p>Low</p>	<p>Agreed. Existing procedures to be reviewed to incorporate provisions. Ken Thomson May 2012</p>	<p><b>November 2012:</b> Draft Policy completed and to go to Board for Approval in December 2012. <b>November 2013:</b> The Anti-Bribery and Corruption Policy was approved at the 12 December 2012 Board meeting.</p>

<b>Subject:</b> Annual Report to the Scottish Funding Council on Institutional Led Review of Quality	<b>Agenda Item:</b> 10
<b>Date:</b> 12 December 2013	<b>FOR APPROVAL</b>

## 1. Purpose of Report

The purpose of this report is to seek Board approval for the College's annual report to SFC on institutional-led review of quality.

## 2. Recommendation

That members approve the attached report.

## 3. Background

Scotland's Colleges are required to submit an annual report to SFC describing the scope, nature and outcomes of college-led quality review during 2012-2013, including commentary on actions to be taken to address any issues identified.

## 4. Key Considerations

In circular SFC/13/2012 SFC set out guidance on annual reports from colleges on institution-led review. The attached report includes all of the recommended content. The circular emphasises that the report should be a concise overview report, highlighting the outcomes and impact of college actions on quality and should be no more than 10 pages in length.

The report must be endorsed by the Board of Management and, this year, must be accompanied by a statement of assurance, signed by the Chair. The wording for this statement is provided by SFC.

Also this year, SFC has requested that the report is submitted by 31 October 2013, in line with the reporting timeline for outcome agreements. The report was submitted in draft format with the caveat that it would need to be approved by the Board of Management at the December 2013 meeting.

The draft report is provided in Appendix 1 and the Statement of Assurance for signature is at Appendix 2.

## 5. Risk

Low – The report did not highlight any significant areas of concern

<b>Author:</b> Stephen Jarvie	<b>SMT:</b> Fiona Brown
<b>Date:</b> 5 December 2013	<b>Date:</b> 5 December 2013

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## Annual Report on Institution-led Review of Quality

2012-2013 (draft)

### 1. Introduction and Context

The purpose of this report is to provide an update to the Scottish Funding Council (SFC) on the impact, nature and outcomes of Forth Valley College's key quality assurance and enhancement activities in academic year 2012-2013, in accordance with the letter from SFC to Principals on 1 August 2013 and the guidance in circular SFC/13/2012 *Council guidance to colleges on quality from August 2012*. The report evaluates the outcomes of the College's key quality assurance and enhancement processes and evidences the College's achievement of its 2012-2013 Outcome Agreement target to ensure that Forth Valley College is consistently meeting Education Scotland's three key principles of high quality learning, learner engagement and quality culture.

### 2. Progress Against Previous Year's Areas for Enhancement

In its annual report on institution-led review of quality submitted to SFC in December 2012, the College reported on a number of areas for enhancement identified through its internal review processes during 2011-2012.

#### 2.1. Full-time FE Learner Retention

The College has maintained a continuing focus on improving FT FE learner retention over the last few years, as this has been the College's least successful learner performance indicator and has struggled to exceed the national average. This was reflected in the College's 2012-2013 Outcome Agreement, which set a target to increase FT FE retention by 2% on the 2010-2011 figure of 75%.

The College is very pleased to report that it has exceeded this target and that FT FE learner retention in 2012-2013 rose by 4% to 79%. Overall success on FT FE courses also rose by 3% to 69%, and both of these figures are now around 5% above the national average for 2011-2012 (the latest national data available at this time). This increase is evidence of the positive impact of the range of actions taken to improve retention at programme level, including curriculum redesign; changes to learner recruitment processes; and enhancements to learner support and attendance monitoring, implemented during 2012-2013.

Learner progress and outcomes are reported on in more detail in paragraph 5.1 on page 8 of this report.

#### 2.2. Contextualisation of Core Skills

Since the creation of the College's dedicated Core and Essentials Skills Team in 2011, the team have worked in collaboration with teaching departments to create a bank of contextualised teaching materials, formative and summative assessments. Many assessments are now project-based, integrating 3 or more core skills. These are prior-verified by SQA and are delivered in a reduced time-scale.

Beyond these projects, everyday assessment tasks, such as Communications reading

pieces and internet searches for ICT, all use information relevant to the vocational area and, where possible, assessment tasks are combined in conjunction with vocational subjects to avoid duplication and over-assessment.

The impact of this has been an increase in core skills unit attainment and increased learner motivation and engagement in core skills learning.

### **2.3. Access to and Performance of IT on the Falkirk Campus**

At the time of the last quality report to SFC, the College was already well-advanced in the implementation of plans to enhance IT resources and infrastructure on the Falkirk campus, to meet the ever-increasing demands of our learners for more extensive and faster IT access, and we have continued to develop this during 2012-2013.

Additional PCs have been added to the 65 already available in the Falkirk Learning Resource Centre and increased provision has also been made for learners to access power for their own devices, in response to a significant increase in learner demand. The college wireless network has been further enhanced to support access in less central areas of the Falkirk estate, such as engineering and construction workshop areas. An additional PC room has been made available in the Construction department and access to CAD software made available in the Learning Resource Centre, again in response to learner feedback. The college now has, on average, 450 portable and mobile devices attaching to its wireless network each day.

A survey of learner satisfaction with IT services was carried out in March 2013 and this indicated that almost all learners were happy with this aspect of their learning experience.

### **2.4. Learning Strategy Priority Strands**

During 2012-2013 the College continued to focus on two specific strands of its learning strategy - greater learner involvement in planning; enhanced development of learner awareness of sustainability issues through the core curriculum. Both of these had been identified as areas for potential further development May 2012 Education Scotland review report.

Learner involvement in planning was a key theme of the college's staff development event in August 2012. A day of learning activities based around the College's Learning Strategy included a professional discussion activity for all teaching staff around involving learners in planning learning. As a result of this, individuals made personal commitments to developing their practice throughout 2012-2013 and these were linked to personal targets through the Personal Target Setting and Review (PTSR) process.

Workshops on sustainability in the curriculum were also included in the staff development event. Sustainability in the curriculum has also been progressed through the College's Sustainability Steering Group, which was set up during 2012-2013 to develop and lead on the College's Sustainability Operational Plan.

In terms of impact, learner feedback and teaching team self-assessment evidence indicate increasing levels of confidence in both of these strands of the Learning Strategy during 2012-2013, however both remain important aspects of the overall learning experience for continuous enhancement and are represented within the College's refreshed Learning Strategy, which is discussed in more detail in paragraph 5.3 on page

9.

## 2.5. Retention and Attainment on School-College Programmes

Retention and attainment on school-college partnership programmes was identified by the College as an ongoing area for improvement in its self-evaluation activities for 2011-2012. During 2012-2013 the College worked very closely with its partner local authorities to implement closed-loop reporting processes, through which unsatisfactory attendance patterns and/or slippages in learner progress could be identified early enough for joint interventions to be put in place to prevent drop-out or failure.

These processes required significant commitment from school partners to ensure that information provided by the college was followed up with the learners in school. The measures have already led to a small increase in retention and attainment on these programmes in 2012-2013, however further work is still required. In 2013-2014 the College is taking further steps to ensure that school partners respond to issues raised in relation to attendance and progress and that learners are in no doubt that the school and college are working together to support them through their college courses.

In addition, in 2012-2013 a significant piece of work was carried out in conjunction with Falkirk Council to design additional school-college provision, the Schools-College Opportunities to Succeed (SCOTS) programme, which commenced in August 2013. This programme is designed to provide an additional 120 S4 pupils with the opportunity to try out a wide range of college subjects, whilst being assessed within their schools on SQA employability related units based on their college learning. The aim of this programme is to make school pupils better informed about college courses, thus improving retention and attainment on vocational school-college partnership courses and smoothing transition from school to college post-school.

## 3. Quality Culture

### 3.1. Self-evaluation

In 2012-2013, the College continued to operate its well-embedded processes of self-evaluation. Almost all college staff across all departments, teaching and support, contributed to the process through team meetings and cross-college groups. Learners also engaged fully in the process, primarily through the college's comprehensive and extensive "Listening to Learners" focus groups (see paragraph 4.1). The college continued to ensure that appropriate external inputs to self-evaluation were sought and taken into account, particularly from employers and industry representative bodies, local authority, school and other community partners, via both formal and informal means. A further useful external perspective was gained from ongoing benchmarking and sharing of effective practice with other Scottish FE colleges.

As a result of the self-evaluation process, around fifty evaluative programme reports were completed. For 2012-2013 a revised reporting format for self-evaluation was introduced. This promoted a more focused and concise approach to self-evaluation reporting and encouraged teams to focus only on the key strengths for each self-evaluation indicator. This worked well and teams valued the additional challenge to their evaluative thinking.

Actions for improvement and enhancement arising from these reports have been set and will be monitored by programme teams through biannual programme review meetings. Teaching department managers reviewed each of these reports and collated

the key strengths and areas for improvement/enhancement into eight teaching department level reports. Support service managers also completed fifteen self-evaluation reports. Senior managers reviewed and provided written feedback on each department report. Actions for improvement and enhancement identified in these reports then directly informed planning for 2013-2014.

Most of the strengths/areas for enhancement and actions arising from self-evaluation are specific to particular programmes, groups of programmes or subject areas and the impact of actions taken to address these is at a level of detail inappropriate for this report. At College level, the key strengths identified through self-evaluation were:

- use of the Learning Activity Planning Tool and the embedding of essential skills and skills for employability into the core curriculum;
- increased use of Moodle and My ePortfolio, especially for assessment submission and feedback;
- the new Stirling campus;
- increased use of integrated project approaches, promoting learner engagement and streamlining delivery and assessment;
- employer engagement and relationships, especially where this has a direct impact on learners through work experience, live project briefs, visits and guest speakers;
- the mainstreaming of equality and diversity and embedding inclusion across the curriculum.

Areas for further improvement/enhancement identified, were:

- improvements to the learner funding application process to speed up processing, including the introduction of an online application and tracking process;
- further enhancements to learner recruitment processes, building on emerging good practice across the College;
- greater consistency in the availability of high quality resources and activities on Moodle, including the development of iLearn resources to develop independent learning skills in FE learners;
- increased opportunities for class representatives to meet formally with Curriculum Managers;
- development of fully accessible online personal learning plans for learners;
- implementation of the College's refreshed Learning Strategy, with particular focus on the enhanced emphasis on creativity in learning.

### **3.2. Internal Audit**

In 2012-2013 the College commissioned independent audits by Baker Tilly UK against four areas of its operations: programme management; quality assurance of non-SQA provision; business continuity planning; and community planning. The first two of these audits are complete and the outcomes were satisfactory. The latter two are ongoing. The auditors concluded that, on the basis of the audits completed, the college continues to operate appropriate risk management, control and governance processes. The audit reports identified a number of helpful recommendations, all of which are now either completed or on target for completion during 2013-2014.

### **3.3. Engagement with External Quality Agencies**

#### **3.3.1. Education Scotland**

In March 2012 Education Scotland carried out an external review of Forth Valley College. The review report, published in May 2012, was very positive and confirmed Education Scotland's full confidence in the college in relation to all four aspects of the

key principles of high quality learning, learner engagement and quality culture. The report summary identified thirteen strengths and no main points for action.

As required by SFC, the College submitted a report setting out its response to the outcomes of its Education Scotland review one year on. The report highlighted actions taken by the College since the review in relation to the few areas identified within the review report in which it could continue to improve its practice/performance.

Education Scotland carried out their Annual Engagement Visit to the College on 20 May 2013. Once again, the report of the visit was very positive with numerous evaluations of effective practice throughout. There were a few helpful observations from the visit that are consistent with the College's self-evaluation outputs and are already being addressed by the College. Three potential examples of excellent practice were considered by the reviewers as a result of the visit - the Go Forth programme for Addiction Support and Counselling; the College's work with Scottish Power, developing and delivering qualifications for electrical power transmission and distribution; STEM Assured status (see paragraph 3.3.4) and the College awaits confirmation that these will be published as excellence examples on the Education Scotland website.

In addition, the College contributed in 2012-2013 to the Thematic Aspect task "Making effective use of the extensive data sets which underpin evaluative activities in Scotland's colleges, in a regional context", published in May 2013. The College's Listening to Learners focus group process for gathering and analysing feedback from learners was highlighted as an example of effective practice in the report.

### **3.3.2. Skills Development Scotland**

During 2012-2013 the College was audited by Skills Development Scotland (SDS) for compliance with their programme rules for Modern Apprentice (MA), Get Ready for Work and New College Learning Programme provision. The College has recently changed from a low risk to a medium risk provider for SDS, due to the size and scale of its current contract, which is one of the largest MA contracts in the college network. The two audit reports received from SDS in 2012-2013 indicate that the College is performing exceptionally well in compliance with programme rules and policies.

### **3.3.3. Awarding and Validating Bodies**

The College once again held its own coordinated event for SQA external verification in May 2013. The coordinated event was very effective in supporting greater involvement of staff across the college with external verifiers and allowing more staff to access EV feedback sessions. In total in 2012-2013 SQA externally verified 25 qualifications (including SVQs, and PDAs) and an additional 61 individual NQ and HN units. The College was also subject to external verification by a number of other awarding bodies, namely City & Guilds, EAL, ECITB, SEMTA, PAAVQSET and CIPD.

External verification activity covered subjects in all of the eight teaching departments in the College and the Business Development department. In almost every case, external verifiers agreed fully with the college's assessment decisions and numerous examples of good practice were identified in the resulting reports. There were two holds on certification on individual SQA units, relating to interpretation of assessment requirements, however these were both quickly resolved with no impact on learners.

During 2012-2013 the College also underwent successful external quality systems audits by City and Guilds, Edexcel and BPEC. External approval activity was also successfully undertaken by SQA, City and Guilds, Edexcel and ECITB.

In 2012-2013 the College continued to offer two degree programmes, a BA in Media and Communication and a BA in Art and Design, which are validated by the University of Stirling. In addition to the College's internal programme self-evaluation processes, the programme review reports for these programmes require to be approved by the validating body. The reports for both programmes were approved with no actions.

#### **3.3.4. Quality Accreditation**

During 2012-2013 the College successfully achieved accreditation against two external quality standards – STEM Assured Status and the Investors in Inclusiveness CharterMark.

The College became the first learning institution in Scotland to achieve STEM Assured, the UK wide industry-led quality mark for STEM training, awarded by the New Engineering Foundation (NEF). This prestigious standard recognises excellence in STEM (Science, Engineering, Technology and Maths) provision within the Further Education sector, with a particular focus on an interdisciplinary approach and meeting the needs of business and industry.

NEF set rigorous criteria which assess an organisation's performance in six key areas including strategy and planning, engagement, design and delivery, innovation, standards and impact. An independent validation was carried out which verified that the College was performing well in all areas. The standard demonstrates the college's commitment to delivering high quality, innovative provision which benefits both individual learners and industry partners.

The Investors in Inclusiveness CharterMark, developed by BRITE, provides Further and Higher Education with a structured, robust framework against which to measure their effectiveness in embedding inclusiveness at the centre of their service delivery. The charter mark evaluates institutions' culture and ethos; policies and practices; resources, facilities and processes. Forth Valley College was the first college to be awarded the CharterMark in May 2013.

### **4. Learner Engagement**

#### **4.1. Listening to Learners Focus Groups**

During 2012-2013 the college continued to operate its effective arrangements for learner engagement. Volunteer experienced class representatives undertook the role of "Associate Trainers" and supported college staff and the Student President in delivering training to over 300 elected class representatives. College staff also provided additional training in facilitation skills to a team of returning "Senior Class Representatives", who then played a central role in facilitating Listening to Learners focus groups with their peers. As in previous years, both Associate Trainers and Senior Class Representatives gained a great deal from the experience and reported that it built their confidence and helped them to develop some key leadership skills.

Biannual Listening to Learners focus groups with class groups continued to be highly effective in engaging large numbers of learners in contributing to the college's self-evaluation process by evaluating their learning experience, with particular emphasis on high quality learning. In 2012-2013 a total of 2449 learners participated in these focus

groups. The main impact of the focus groups is at programme level, where the feedback is a key source of self-evaluation evidence for programme teams and results in specific actions for improvement/enhancement throughout the year. As a result, numerous improvements and enhancements were made to programme design and delivery.

At college-level, each focus group record is “scored” for each of the eighteen factors covered in the Listening to Learners Focus group template, according to whether the recorded commentary suggests full satisfaction, partial satisfaction or dissatisfaction. Three year trends indicate sustained very high levels of satisfaction (over 90%) across almost all factors.

In 2012-2013 the College undertook to improve its processes for feeding back to learners about the actions taken as a result of Listening to Learners feedback and developed a range of simple and effective mechanisms appropriate to differing learner groups. The impact of this has been evidenced through feedback from the focus groups themselves, where the number of learners stating that their views and suggestions were taken into account rose from 80% in 2011-2012 to 94% in 2012-2013.

#### **4.2. Student Council**

Class representatives also had the opportunity to meet with members of the Senior Management Team through Student Council meetings during the year. Whilst the Listening to Learners focus groups concentrate on factors directly related to learning and teaching, the Student Council has a broader focus and includes all aspects of the learning experience. As a direct result of these meetings, the College was able to address concerns and suggestions raised by learners. Specific examples include issues with student finance processes; improved independent learning resources on Moodle; an enhanced Student Union information booklet; additional colour printing facilities on the Stirling Campus. Class representatives found the Student Council meetings to be very beneficial and reported that they appreciated the way in which College management and staff responded to their questions and liaised with them to bring about improvements.

#### **4.3. Learner Engagement in College Committees and Groups**

Learners continued to be well-represented on college committees, including the Board of Management and its Committees, the Learning and Teaching Committee and the Sustainability Steering Group. In addition, learners were actively represented on the college's Fairtrade Steering Group and maintenance of the college's Fairtrade status was largely due to the extensive engagement of learners in promoting Fairtrade to their peers and to college staff.

#### **4.4. Learner Engagement Strategy**

During 2012-2013, the College's Learning and Teaching Committee developed a Learner Engagement Strategy, to formalise the College's approaches to learner engagement and to provide a clear framework for further enhancement. This strategy is intended to sit alongside the College's Learning Strategy, to capture those aspects of learner engagement that go beyond the learning experience and extend to learner engagement in the broader life and work of the college. The Learning and Teaching Committee will monitor the implementation of this strategy throughout the forthcoming year and will report on its impact in the next round of self-evaluation.

## 5. High Quality Learning

### 5.1. Learner Progress and Outcomes

At college level, almost all retention and successful completion statistics show a steady or increasing trend over time. As noted earlier in this report, FT FE retention and successful completion in particular have increased by 4% and 3% respectively on 2011-2012 figures. For FT HE, retention has increased by 2% and successful completion has remained steady at 71%. All of these figures are between 2% and 5% above the national average for 2011-2012.

Part-time retention and successful completion statistics have also increased by between 2% and 5% across the board. The only indicator which has dipped this year is early student retention, which has dropped by 1% to 97% for FT HE and by 3% to 91% for FT FE. Analysis of the data behind the FE statistics indicate that this decrease was brought about largely by a relatively small actual increase in learners leaving programmes early (57 in total), most of whom left to take up employment, to return to school or to take up a place elsewhere. There was an increase in learners citing financial issues as their reason for leaving early and the College hopes that the measures it has taken for 2013-2014 to enhance its student funding application process will redress this aspect of the small decline.

With the exception of the small reduction in early retention figures, the above statistics demonstrate that the College has achieved its 2012-2013 Outcome Agreement target to retain the very high PI's for FE full time, FE part time, HE full time and HE part time at their 2010-2011 levels for both retention and achievement.

The college has also continued to develop its processes to meet the challenge of gathering full and accurate data on learners' post-course destinations. In the latest completed data, which relates to learners completing their programme of study in 2011-2012, it is pleasing to report a response rate of 99% from full-time HE learners. The response rate for FE leavers, from whom it is significantly more challenging to gather reliable data, remains relatively lower, at 65%. The percentage of respondents who had moved into positive destinations remain high, with 88% of HE respondents and 95% of FE respondents reporting that they were in a positive destination at the time they were surveyed. The evaluation of post course destinations is routinely included in programme and department self-evaluation reporting and is taken into consideration in reviewing the portfolio, alongside retention and success indicators.

In terms of the College's 2012-2013 Outcome Agreement, the target in relation to leaver destinations was to achieve a 1% improvement in learners progressing to employment. For HE FT leavers, there was, in fact a 5% increase in leavers progressing to employment, from 31% of 2011 respondents to 36% of 2012 respondents. For FE FT leavers, however, there was a 10% reduction in the number of respondents progressing to employment, from 18% in 2011 to 8% in 2012. For this group there was, however, a 13% increase in the number of leavers progressing to further study.

### 5.2. Evaluation of the Quality of Learning

Whilst the College's successful Listening to Learner focus group process continued to provide valuable evidence for the evaluation of learning and teaching there was no objective third party evidence for this purpose gathered through observation during 2012-2013. The College's previous process for observation of learning was suspended

during this year, whilst a new process of peer observation, more appropriate within the College's new operational management structure, was researched and developed. The new process will be piloted during 2013-2014 and reviewed for full implementation the following year.

### **5.3. Learning Strategy Developments**

The college's Learning Strategy 2010-2013: Engaging Learners continued to provide a clear framework for departmental operational planning for 2012-2013 around learning and teaching. This, the final year of implementation of the current Learning Strategy, was evaluated by rigorous self-assessment of each teaching department against each of the strategic strands.

The evaluation demonstrated very good progress across the college against all of the strategic strands and highlighted areas for further developmental focus through the College's refreshed Learning Strategy 2013-2017: Empowering Learners, which was developed by the Learning and Teaching Committee during 2012-2013 and approved by SMT for launch in August 2013.

This new strategy builds on the strengths of the previous strategy and further emphasises the development of learning and thinking skills for future success; creativity in teaching approaches and development of creativity in learners; learners developing the confidence and skills to take control of their own learning; and the continued development of emerging technologies to build learner capacity and enhance learning.

The new Learning Strategy will continue to play a central role in shaping planning and the setting of personal targets for the enhancement of learning.

The above evidences achievement of the College's 2012-2013 Outcome Agreement target to successfully implement year 3 of the Learning Strategy 2010-2013 and evaluate opportunities in preparation for Learning Strategy 2013-2017.

## **6. Equality and Diversity**

In 2012-2013, the College successfully complied with all Equality Act requirements and the Scottish Specific Duties to publish Equality Outcomes, a Mainstreaming Report, Employment Information and Equal Pay Statement. Analysis of data for staff and learners reveals an overall profile that matches the demographic of the Forth Valley area. All data is analysed for retention and attainment and action is taken where any negative impact is revealed. Equality remains a key element of staff development with general awareness raising sessions delivered to complement on-line training. Specific resources for equality are also made available for staff. Awareness raising events are delivered throughout the year to highlight specific issues such as violence against women, LGBT History Month, Show Racism the Red Card.

Equality is integrated into learning and teaching approaches through the Learning Strategy and associated Learning Activity Planning Tool. Engineering and Care Departments, where gendered choices are prevalent, have attempted to market provision specifically to the under-represented group.

Partnership remains a key focus, with the Equalities team having representation on local groups consisting of public sector and third sector partners such as the Forth Valley LGBT Development Group, the MAHRS (Stop Hate Campaign) group and the 16 Days of Action Group (raising awareness of issues of violence against women). Accessibility

of college provision across all functions is fully embedded, as evidenced by receipt of the Investors in Inclusiveness CharterMark.

The above evidences achievement of the College's 2012-2013 Outcome Agreement target to consistently meet its equality duties to promote equity of opportunity and eliminate discrimination.

#### **7. Plans for Internal Review 2013-2014**

As the College is confident that its internal review processes are effective and robust, it intends to adopt broadly similar processes for self-evaluation during 2013-2014. As noted in paragraph 5.2, it intends to pilot a peer observation process this year, which will enhance the evidence base for the evaluation of learning. There are also plans for increased internal audit activity during 2013-2014.

The College looks forward to closer alignment of self-evaluation with its SFC Outcome Agreement targets as the process of developing and reporting on the latter develops further.

#### **8. Endorsement by Board of Management**

Endorsement of this report will be requested from the Board of Management at its next meeting on 12 December 2013.

## **Statement of Assurance**

On behalf of the governing body of Forth Valley College, I confirm that we have considered the college's arrangements for the management of quality of the learning experience for annual year 202-2013, including the scope and impact of these.

I further confirm that we are satisfied that the college has effective arrangements to maintain and enhance the quality of its provision. We can therefore provide assurance to the Council that the quality of the learning provision at this institution continues to meet the requirements set by the Council.

**Chair of Board of Management (signed):**

**Date:**

## Board of Management

<b>Subject:</b> Audit Committee Chairs Annual Report to the Board of Management	<b>Agenda Item:</b> 11
<b>Date:</b> 12 December 2013	<b>FOR APPROVAL</b>

### 1. Purpose of Report

To present to members the annual report from the Chair of the Committee to the Board of Management.

### 2. Recommendation

That members approve the content of the report attached to this paper.

### 3. Background

There is an annual requirement for the Chair of the Committee to provide an overview of the Committee's activity to the full Board of Management. The report covers the previous academic year period.

### 4. Risk

Low. Internal Audit activity and the monitoring of progress continues to operate across key aspects of College activity as identified by the Internal Auditors, Senior Management Team and as approved by the Audit Committee

<b>Author:</b> Bob Gil
<b>Date:</b> 3 December 2013

## ANNUAL REPORT OF THE AUDIT COMMITTEE TO THE BOARD OF MANAGEMENT

### 1. Introduction

This report covers the 12 month period from 1 August 2012 to July 2013

Membership of the Committee during that period was as follows:

Name	Attendance Record
Bob Gil	3 out of 3
Beth Hamilton	2 out of 3
Tom Moore	2 out of 3
Shona Struthers (As Finance Committee Chair)	2 out of 3

The Committee met on the following dates:

6 September 2012  
27 November 2012  
7 February 2013

### 2. Internal Audit

Internal Audit is governed by the Code of Audit Practice, as published by the Scottish Funding Council (SFC). The code requires internal audit to adopt a risk-based approach to its programme, and to undertake follow-up work to ensure that all recommendations accepted by College management have been implemented.

**Audit Provider:** Baker Tilly. Their charge for 2012-2013 was £17,278. (Fees are based upon the degree of responsibility and skill of staff, and the time involved in the work. Fees for additional services or assignments are agreed separately in advance).

**Annual Report on Audit Activities:** The internal auditor's report on audit activities carried out during the year 2012–2013 was considered by the Audit Committee at its November meeting – (item 5 on the November 2013 Audit Committee Agenda). Internal Audit assignments were carried out broadly in accordance with the Audit Plan agreed by the Audit Committee in September 2012.

It should be noted that, owing to the introduction of a number of new systems within the College, there was a delay in the timings for a number of audits. This activity was discussed at the September 2013 meeting with Baker Tilly, Henderson Loggie and College Senior Management. Following this meeting, a revised schedule to bring the internal audit activity back on track was discussed and approved at the November 2013 Committee meeting.

**Achievements:** The assignments were identified by the College as those areas considered to be at highest risk due to a number of factors including value, potential financial impact, changes in systems, restructuring, or length of time since the previous detailed audit. The specific audit reports produced for each assignment made recommendations for the improvement of internal procedures and control, and each recommendation was given an agreed target date for implementation. The monitoring of internal audit recommendations was a standing agenda item on Audit Committee meetings during 2012-2013

**Effectiveness:** On the basis of the work undertaken during the year the auditors have expressed an opinion that “The College appears to continue to operate appropriate risk management, control and governance processes, however concerns have been raised over the business continuity management policy and procedures which could expose the College to unnecessary risk”

**2013-2014 Audit Plan:** In accordance with the requirements of the Code of Audit Practice, the needs assessment and risk analysis has been reviewed along with the corporate audit plan, and an internal audit plan has been agreed for 2013-14. The Plan will continue to be reviewed on a regular basis with the internal auditors and the Audit Committee to ensure that local requirements are met. A copy of this plan is attached as Appendix 2.

### 3. External Audit

The Public Finance and Accountability Act (Scotland) 2000 transferred the responsibility for the appointment of external auditors for FE Colleges from Boards of Management to the Auditor General for Scotland. Audit Scotland, on behalf of the Auditor General, conducted a procurement exercise leading to the appointment of external auditors for the financial years 2011-2012 to 2016-2017.

**Audit Provider:** Henderson Loggie.

**Auditors Report:** The external auditor’s report on the Financial Statements for the year 2012-2013 is included. The audit was carried out during October/November 2013.

**Management Letter:** During the course of the audit the auditors performed overviews of the key financial systems of the College to assess their adequacy for the purposes of ensuring that accurate, timely and complete accounting records were being maintained. The recommendations resulting from this exercise are set out in the report of the external auditor.

### 4. Other Matters

During the past year, in addition to receiving reports from the internal and external auditors, the Committee also considered the following:

- Risk Register and treatment of significant risks

### 5. Adequacy and Effectiveness

The Committee accepts the views of the internal and external auditors that Forth Valley College’s internal financial and management systems are adequate and that the Board of Management’s responsibilities have been satisfactorily discharged.

Bob Gil  
Chair  
3 December 2013

## Appendix 2      Audit Plan 2013/14

Area	Date	Days	SMT Owner	Comments
Student Finance	November 2013	6	Alison Stewart	Review of processes for student funding applications.
Business Development	February / March 2014	7	Colette Filippi	Review of processes from opportunities being identified through to contracting, delivery and receipt of income.
IT	Feb 2014	7	David Allison	Scope to be agreed once IT Strategy finalised.
<b>Compliance</b>				
Audit Needs Assessment/ Audit Management		2	Alison Stewart	Annual requirement
SUMs	October 2013	7	David Allison	Annual requirement
		<b>29 days</b>		

Forth  
Valley  
College



**INTERNAL AUDIT  
ANNUAL REPORT**

**Year ended 31 July 2013**

*Amended to reflect work undertaken to 26 November 2013*



**BAKER TILLY**

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*This report is supplied on the understanding that it is solely for the use of the persons to whom it is addressed and for the purposes set out herein. No person other than the addressees may rely on it for any purposes whatsoever. Baker Tilly UK Audit LLP accepts no responsibility to any party to whom it may be shown or into whose hands it may come.*

## **1. REPORT BY INTERNAL AUDIT**

### **Introduction**

Our internal audit work covering the period from 1 August 2012 to 31 July 2013 was carried out in accordance with the internal audit plan approved by the governing body. The plan was constructed in such a way as to allow us to make a statement on the adequacy and effectiveness of the College's risk management, control and governance processes in accordance with the Audit Code of Practice.

### **Internal Audit Planned Coverage and Output**

The governing body agreed to an input of 37 days of internal audit coverage in the year.

The planned reviews approved by the governing body, the planned number of days and the actual time against plan are shown in Appendix A. Only 10 days were delivered in the period to July 2013. *A further 23 days has been delivered in the period to 30 November 2013.*

A review of Non-SQA Quality Assurance (7 days) was undertaken in August 2012 which represented completion of the prior year's plan. We have considered our findings in this area when considering our annual report for the year.

Subsequent to the last annual report being presented to Audit Committee on 5 September 2013, three further reviews have been completed; stock control, business continuity management and programme management (Phase II).

We have also completed our review of Community Planning Partnerships and are working on the finalisation of this report with Management.

The work required on follow up has been discussed and a proposed risk based approach to confirming completed actions have been correctly completed has been agreed with the Audit Committee.

### **Management Action on Recommendations**

As far as possible without completing our follow up review we are satisfied that Management have taken, or planned, appropriate and timely action to implement our recommendations.

Management continue to report to the Audit Committee on efforts made against internal audit recommendations.

### **Operational Assurance**

**INTERNAL AUDIT  
ANNUAL REPORT (Amended)  
Year Ended 31 July 2013**

The internal audit service reviewed and evaluated the College's processes in a small number of business areas:

- Programme Management
  - Non-SQA Quality Assurance
  - SUMs
  - Stock Control completed
  - Business Continuity Management
  - Programme Management (Phase II)
- } in 2013/14 year

From these examinations the Internal Audit Service obtained the following levels of assurance in each area:

Audit area	Level of assurance that risks material to the achievement of the system's objectives are adequately managed.			
	Good	Satisfactory	Limited	Unacceptable
Programme Management		✓		
Non-SQA Quality Assurance		✓		
SUMs	✓			
Stock Control				✓ *1
Business Continuity Management			✓	
Programme Management (Phase II)	✓			

\*1 It should be noted that while the stock control system has significant weaknesses which must be addressed for both reputational and value for money purposes, the value of catering stock in terms of the College as a whole is not material.

A definition of the levels of assurance is given in Appendix B to this report.

From these examinations the Internal Audit Service concluded that the policies, procedures and operations in place to:

- Establish and monitor the achievement of College objectives are satisfactory.
- Identify, assess and manage the risks to achieving the College's objectives are satisfactory. We have recommended that a guidance document be prepared detailing procedures to be followed when preparing for an external quality review. Reports should be distributed to ensure that findings are distributed to allow action to be taken.
- Ensure compliance with the College's policies, procedures, laws and regulations, including the College's own governance arrangements, are satisfactory. We recommended that the Programme Management Guide be updated to reflect proposed College Programme Management procedures explaining all key activities and mandatory documents.

**INTERNAL AUDIT  
ANNUAL REPORT (Amended)  
Year Ended 31 July 2013**

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- Ensure economic, effective and efficient use of resources are satisfactory. We recommended that 'projects' be defined to ensure that these are planned and managed effectively in line with Project Management Procedures. We have also recommended that a stock control system be put in place for catering stock to ensure that records are maintained of stock held at all times and at all locations. A paper based system should be utilised in the period to transition to the electronic BLEEP system.
- Ensure the integrity and reliability of information, accounts and data are good.
- Safeguard the College's assets and interests from losses of any kind, including those arising from fraud, irregularity or corruption are satisfactory. We have recommended that a high level business continuity policy be put in place supported by business continuity procedures which are sufficiently detailed to allow systems and services to be recovered in the event of an incident. This required to be reviewed and updated annually.

**Overall Assurance**

As internal auditors of Forth Valley College, we are required to provide the governing body and the principal with an opinion on the adequacy and effectiveness of the College's risk management, control and governance processes. In giving our opinion it should be noted that assurance can never be absolute and in

particular has to be restricted this year due to the low volume of Internal Audit work undertaken. The most that the internal audit service can provide to the governing body is a reasonable assurance that there are no major weaknesses in the College's risk management, control and governance processes. In assessing the level of assurance to be given, we have taken into account:

- all audits undertaken covering the year ended 31 July 2013;
- any follow-up action taken in respect of audits from previous periods, which was very limited;
- any significant recommendations not accepted by management and the consequent risks;
- the effects of any significant changes in the College's objectives or systems;
- matters arising from previous reports to the governing body;
- any limitations which may have been placed on the scope of internal audit;
- the extent to which resource constraints may impinge on internal audit's ability to meet the full audit needs of the College;
- what proportion of the College's audit need has been covered to date; and
- the outcome of the Internal Audit Services' quality assurance processes

**Opinion**

**INTERNAL AUDIT  
ANNUAL REPORT (Amended)  
Year Ended 31 July 2013**

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As detailed above we undertook very limited internal audit work in the year to 31 July 2013.

It is essential that the Internal Audit Programme is delivered to ensure that the control environment is subject to challenge. We understand that Management Team have been working on a number of projects in the year and there have been resource implications. However this necessarily limits the level of assurance that we can provide for the College as the spread of internal audit work has been restricted.

We have subsequently completed three further reviews as focus was placed on the completion of the internal audit plan; stock control, business continuity management and programme management (phase II).

Phase II of our programme management review identified a sound control environment with no issues being identified on post-implementation.

Our review of stock control identified that there is no system for controlling catering stock held across the College campuses, a matter which management must work to address. We appreciate that issues have been experienced with the BLEEP system, however strongly recommended that a paper based recording

system is put in place until the College can rectify issues with BLEEP and this becomes operational. We do however note the low level of stock value in relation to the College as a whole.

Our review of business continuity management highlighted that significant work is required in this area to ensure that the College is equipped to deal with any incident which may occur. The College had highlighted prior to us commencing this review that the business continuity plan was to be re-drafted and our initial review was to focus on the existing plan and identification of where weaknesses required to be addressed. It is essential that this re-draft now takes place and that clear responsibilities are allocated for disaster recovery. The actions noted are allocated a medium ranking as the College has proved in the past it can deal with some disaster recovery situations but this is due to the strength and experience of the current team and a process needs to be put in place.

The College appears to continue to operate appropriate risk management, control and governance processes, however concerns have been raised over the business continuity management policy and procedures which could expose the College to unnecessary risk.

The reviews undertaken in the year to 31 July 2013 did not highlight any significant concerns. As noted above our subsequent reviews of business continuity and stock control did give rise to some concerns, however it is important to note that the level of catering stock held is deemed to be immaterial to the College's results.

**Performance of the Internal Audit Service**

At the end of the year we had delivered a total of 10 days against a plan of 37 days in the year to 31 July 2013, as analysed within Appendix A. A further 23 days has been delivered in the period to 26 November 2013 resulting in a total of 33 days being delivered against the planned 37 days.

Draft reports were issued to management after discussing recommendations with relevant management whilst on site. College responses have been received on a timely basis.

Our internal audit quality assurance programme requires that:-

- All work is reviewed by senior staff, culminating in a final review by the engagement partner
- Staff to support our senior personnel are selected from the specialist internal audit team within our North Region Education Group or specialist technical areas such as IT who are familiar with the sector and with Government Internal Audit Standards
- There is annual appraisal of all audit staff

There were no changes in key staff during the year and the percentage of qualified and part-qualified/trainee staff time utilised was as follows:

Qualified staff	70%
Part-qualified staff	30%

In all material aspects, the internal audit service has complied with the Government Internal Audit Standards and the requirements of the Audit Code of Practice.

**2. OVERVIEW OF THE YEAR**

**2.1 Introduction**

2.1.1 This report details the work undertaken in relation to the year to 31 July 2013

2.1.2 The audit plan for 2012/13 was approved by the Audit Committee.

**2.2 Summary of findings**

2.2.1 In addition to the College's own internal controls (including internal audit), the systems are subject to review by the College's external auditors.

2.2.2 Our reports have highlighted control weaknesses which require attention. The recommendations made can be summarised as follows:

Number of Recommendations:		Risk		
		High	Medium	Low
Programme Management		-	4	2
SUMs		-	-	-
Non-SQA Quality Assurance		-	1	2
Stock Control		1 *1	5	3
Business Continuity Management		-	10	-
Programme Management (Phase II)		-	-	-
2012/13 (amended) Total		1	22	7

The College has taken action or agreed to take action on all medium risk recommendations. This will be further confirmed on completion of the follow up review.

\*1 See comment on page 2 re materiality of stock.

APPENDIX A

**INTERNAL AUDIT PLAN – PERFORMANCE AGAINST PLANNED ACTIVITY  
2012/13**

Audit Area	Date of visit	Date report issued		Planned days	Actual days taken	Note
		Draft	Final			
SUMs				7	7	
Programme Management				8	8	
Business Continuity Planning				5	5	
Student Finance				6	-	1)
Follow Up				4	-	2)
Community Planning				7	7	3)
Stock Control				-	6	1)
<b>Total</b>				<b>37</b>	<b>33</b>	

*Note 1* This review was postponed to allow the pilot of a new on-line application system in January 2013. However the pilot was further postponed and the new systems relating to Student Finance are not in place and as such we were informed that the review could not be undertaken in the 2012/13 academic year.

The internal audit days have been reallocated to a review of Catering Stock as noted.

The review of Student Finance is scheduled for w/c 2 December.

*Note 2* This has been delayed due to workload within the College. This has been discussed with Senior Management who have reviewed the number of recommendations which have yet to be subject to follow up review. It is proposed that we sample test these to allow us to conclude our follow up review. This is to be further considered by the Audit Committee.

*Note 3* The draft report has been issued for management responses. We are to meet with Management to discuss our findings and finalisation of this report.

## Definition of levels of operational assurance

Level	Definition
Good	<p>There is an adequate and effective system of risk management, control and governance to address the risk that objectives are not fully achieved.</p> <p>i.e. all expected controls are in place to ensure that objectives are achieved and controls operate consistently (possible minor lapses).</p>
Satisfactory	<p>There is some risk that objectives may not be fully achieved. Some improvement is required to enhance the adequacy and/or effectiveness of risk management, control and governance.</p> <p>i.e. key controls are in place to ensure that objectives are achieved but the control framework could be stronger, and there may be some inconsistencies in operating controls.</p>
Limited	<p>There is considerable risk that the system will fail to meet its objectives. Significant improvements are required to improve the adequacy and effectiveness of risk management, control and governance and to place reliance on the system for corporate governance assurance.</p> <p>i.e. some key controls are absent giving risk of objectives not being achieved and failure in operating controls.</p>
Unacceptable	<p>The system has failed or there is a real and substantial risk that the system will fail to meet its objectives. Immediate action is required to improve the adequacy and effectiveness of risk management, control and governance.</p> <p>i.e. key controls are absent giving risk of objectives not being achieved and failure in operation of controls.</p>

## Board of Management

<b>Subject:</b> Procurement Policy 2013	<b>Agenda Item:</b> 12
<b>Date:</b> 12 December 2013	<b>FOR APPROVAL</b>

### 1. Purpose of Report

To present the revised Procurement Policy and Procedures for consideration and approval.

### 2. Recommendation

That the Board of Management approve the revised Procurement Policy.

### 3. Background

The current Procurement Policy was revised and approved by the Board of Management in May 2009. It has however now become outdated in some areas, and it is apparent that the Policy is not being adhered to across the College.

### 4. Key Considerations

The policy as attached was considered, and approved by, the Finance Committee on 27 November 2013.

There are a number of factors which need to be considered;

- The current requirement for any purchase > £1,000 to have a minimum of 3 quotes and go through a full approval process on FIDO;
- Departments splitting orders <£1,000 into smaller orders to avoid the approval process;
- Departments instructing suppliers to carry out work without an official Purchase Order
- Departments perception that it is the role of the Procurement Manager to source the quotes;
- Estates related costs tend to be higher value and this is not reflected in the current policy;
- The belief that urgency is an acceptable excuse for not following the policy.

The revised Policy & Procedures have been developed to ensure that we can still maintain value for money in our process. The thresholds for the different stages in the procurement process have been increased to provide a more workable and efficient solution for all departments and staff across the College. In particular increased levels have been introduced for estates works which reflects the high value nature of some of these works.

The role of the Procurement Manager is to lead on the high value tendering activity which requires publication on the Public Contracts Scotland Portal and to provide advice on options for securing Best Value whilst complying with EU and Scottish Procurement Legislation, while also promoting Framework Agreements available to the College which offer increased value for money.

**Please note** - For ease of reading, any new sections or important changes to the updated Policy and Procedures are highlighted in Blue text.

## 5. Risk

**Risk Description** – The College has a legal responsibility to ensure that it obtains Best Value when purchasing goods, works and services, while also complying with all relevant Procurement Legislation. This Policy and Procedure provide a clear set of guidelines of the requirement to ensure Best Value is obtained at various financial threshold limits. By adopting this document and providing support to its implementation across the College, it will ensure that the College is meeting these obligations, while reducing the risk of financial loss, supplier failure and non-compliance of the Procurement Legislation.

**Mitigating Actions** – Following approval of the Policy and Procedures, the Procurement Manager would develop a roll out plan to departments and relevant staff across the College, including communication plan and awareness and training sessions for Heads of Department/Service and separately for department staff. On completion of training, staff would be expected to fully comply with the new Procedures or ask for further support from the Procurement Manager. A copy of the Policy and Procedures will be made available on the Procurement SharePoint page, along with a range of templates to assist staff sourcing quotes.

<b>Author:</b> Paul Johnstone	<b>SMT:</b> Alison Stewart
<b>Date:</b> 4 December 2013	<b>Date:</b> 4 December 2013

# Procurement Policy

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**Status**

**Approved by Finance Committee 27 November 2013**

**Date of Version**

**October 2013**

**Responsibility for Contents**

**Procurement Manager**

**Responsibility for Review**

**Director of Finance and Corporate Services**

**Review Date**

**November 2016**

**Primary Contact**

**Procurement Manager**

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## 1. Introduction

### 1.1. Purpose of Procurement Policy

The procurement of goods, services and works is a key process within Forth Valley College. The purpose of this Procurement Policy is:

- to set out the operational steps required for the College to meet its key strategic objectives in the Procurement Strategy
- to ensure a uniform approach to contracting procedures for use by the College Board of Management and its employees
- to secure fair competition with regards to contracts for the provision of goods, services and works as required by the legislative framework
- to afford protection to the College Board of Management and its employees
- to ensure best value is achieved at all times

It is important that staff read and understand the requirements of the policy. The following guidance contained within the policy and procedures complies with Audit Scotland requirements, Financial Regulations and the Scottish Funding Council's Financial Memorandum.

### 1.2. Achieving Best Value

Best value procurement will:

- be transparent
- be driven by desired results
- create the most economically advantageous balance of quality and cost
- reduce the burden on administrative and monitoring resources
- lead to simplified or routine transactions
- encourage open and fair competition
- follow all appropriate regulations and legislation

This policy will reflect the practices and processes to achieve best value for the College.

### 1.3. McClelland Report

**1.3.1.** The College is committed to exhibiting best practice in all aspects of corporate governance. Derived from the outcomes of the McClelland Report, APUC has developed a best practice Sector Procurement Manual based on the Scottish Government's Procurement Journey. This facilitates best practice and consistency across the Public Sector.

**1.3.2.** The Sector Procurement Manual is adopted by the College by applying the guidance contained in the manual to all procurement transactions and contracts, and adopting best practice on all aspects of the procurement of goods and services. This is reflected in this policy.

## 2. Governance

### 2.1. Introduction

**2.1.1.** This policy has been approved by the College Board of Management.

- 2.1.2. The Director of Finance and Corporate Services is responsible for all procurement and tendering arrangements for goods, services and works within the College.
- 2.1.3. The Procurement Manager shall be the primary contact for procurement operational matters.
- 2.1.4. The Head of Service/Head of Teaching Department is responsible for ensuring that all purchasing activity within their Department is carried out in line with this procurement policy, associated legislation and regulations.
- 2.1.5. This policy shall be located on the College website.

## **2.2. Review of Procurement Policy**

- 2.2.1. The Director of Finance and Corporate Services is responsible for continuous review of the Procurement Policy and submitting any changes to the College Board of Management for approval.

## **2.3. Breach of Procurement Policy and Procedures**

- 2.3.1. Any breach of these procurement policy and procedures shall be investigated by the Director of Finance and Corporate Services.
- 2.3.2. Failure by any employee to comply with these procurement policy and procedures may give rise to disciplinary procedures.

## **2.4. Governing Policies and Regulations**

- 2.4.1. This policy should be used in conjunction with the following Policies and Regulations:
  - 2.4.1.1. College Procurement Strategy – 2012/13
  - 2.4.1.2. College Financial Regulations
  - 2.4.1.3. Scheme of delegation as approved by the Board of Management
  - 2.4.1.4. Gifts and Hospitality Policy
  - 2.4.1.5. Anti-Fraud and Anti-Corruption Policy
- 2.4.2. In addition to the above, personnel must comply with their contracts of employment and any policies which reflect legislation and additional controls, in particular:
  - 2.4.2.1. Financial Controls
  - 2.4.2.2. Budget Allocation
  - 2.4.2.3. Conditions of any Government Funding
  - 2.4.2.4. Health and Safety
  - 2.4.2.5. Environmental Policy

## **2.5. Governing Law**

- 2.5.1. The College shall be governed by the following procurement legislation:
  - 2.5.1.1. Public Contracts (Scotland) Regulations 2012 incorporating the EU Procurement Directives.
  - 2.5.1.2. Utilities Contracts (Scotland) Regulations 2012 incorporating the EU Procurement Directives.
  - 2.5.1.3. European Court of Justice and National Case Law.

2.5.1.4. All contracts entered into by the College shall be subject to Scots Law and governed by the jurisdiction of the Scottish Courts.

2.5.2. The College shall follow the obligations of best practice procurement under the following:

2.5.2.1. The Treaty on the Functioning of the European Union (TFEU).

2.5.3. The College shall conduct its business in accordance with the following relevant legislation:

2.5.3.1. Equalities Act 2010

2.5.3.2. Bribery Act 2010

2.5.3.3. Freedom of Information (Scotland) Act 2002

2.5.3.4. Data Protection Act 1998

2.5.3.5. Health and Safety at Work etc Act 1974

### 3. Guidance for Staff on Procuring Goods Services and Works

3.1. A step by step guide has been provided outlining the procedures that staff shall adhere to when procuring goods, services and works in line with the procurement thresholds.

### 4. Contracted Suppliers

4.1. The Procurement Manager shall maintain a Contract Register of all contracted suppliers with the College. These contracts and other agreements available to the College, such as those implemented by APUC or Procurement Scotland, shall be publicised on the intranet.

### 5. Adequate Publicity

5.1. Where the College does not have a contract in place or there is not an available agreement for a requirement, the College has adopted the Public Contracts Scotland Advertising Portal (PCS) to advertise contracts. The level of advertising shall be followed in line with the procurement thresholds as detailed in Section 6 below.

### 6. Procurement Thresholds (all inclusive of VAT)

#### 6.1. Procurement Value up to £3,000 (Goods and Services) and £5,000 (Works (and Work related services))

6.1.1. No work shall be carried out, goods, materials, services ordered unless appropriate delegated authority approval has been given.

6.1.2. Staff must ensure that budget is available prior to placing a purchase order.

6.1.3. Contracts below the value of £3,000 (Goods and Services)/£5,000 (Works) may be awarded directly to a supplier, whilst ensuring value for money has been obtained.

6.1.4. A purchase order approved by the relevant authorised signatory shall be placed with the supplier which shall form a legally binding contract.

## **6.2. Procurement Value between £3,001 and £25,000 (Goods and Services) and £5,001 and £25,000 (Works)**

- 6.2.1. No work shall be carried out, goods, materials, services ordered unless appropriate delegated authority approval has been given.
- 6.2.2. Staff must ensure that budget is available prior to placing a purchase order.
- 6.2.3. Contracts between the value of £3,001 and £25,000 (Goods and Services) shall require 3 competitive **written** quotations.
- 6.2.4. Contracts between the value £5,001 and £25,000 (Works) shall require 2 competitive **written** quotations.
- 6.2.5. A purchase order approved by the relevant authorised signatory shall be placed with the supplier which shall form a legally binding contract.

## **6.3. Procurement Value between £25,001 and £50,000 (Goods, Services and Works)**

- 6.3.1. Individual members of staff do not have the authority to commit Forth Valley College to enter into legally binding contracts with a chosen tenderer(s) for this value.
- 6.3.2. Tenders of this value require input from the Procurement Manager prior to departmental authorisation.
- 6.3.3. Staff must ensure that budget is available prior to commencing the process.
- 6.3.4. Contracts between the value of £25,001 and £50,000 (Goods and Services) shall be advertised on Public Contracts Scotland Advertising Portal – Quick Quote. A minimum of 4 suppliers shall be invited to tender.
- 6.3.5. Contracts between the value of £25,001 and £50,000 (Works) shall be advertised on Public Contracts Scotland Advertising Portal – Quick Quote. A minimum of 3 suppliers shall be invited to tender.
- 6.3.6. On completion of the process, a nominated tender panel member shall complete a Tender Report attached as Appendix 3 to declare that due process has been followed and that the contract is ready for approval.
- 6.3.7. This report shall be submitted to the Procurement Manager for comment prior to award of contract being authorised by the appropriate level of authority.
- 6.3.8. An award letter and **Contract** shall be issued which shall form a legally binding contract between the supplier and the College.
- 6.3.9. Where appropriate, a purchase order approved by the relevant authorised signatory shall be placed with the supplier.

## **6.4. Procurement Value between £50,001 and £173,934 (Goods and Services) and £50,001 and £4,348,350 (Works)**

- 6.4.1. Individual members of staff do not have the authority to commit Forth Valley College to enter into legally binding contracts with a chosen tenderer(s) for this value.

- 6.4.2. Tenders of this value require input and approval from the Procurement Manager prior to departmental and/or Committee authorisation.
- 6.4.3. Staff must ensure that budget is available prior to commencing the process.
- 6.4.4. Contracts between the value of £50,001 and £173,934 (Goods and Services) and **£50,001 and £4,348,350 (Works)** shall be advertised on Public Contracts Scotland Advertising Portal as an open advert, as a below OJEU requirement.
- 6.4.5. On completion of the process, a nominated tender panel member shall complete a Tender Report attached as Appendix 3 to declare that due process has been followed and that the contract is ready for approval.
- 6.4.6. This report shall be submitted to the Procurement Manager for comment prior to award of contract being authorised by the appropriate level of authority.
- 6.4.7. An award letter and **Contract** shall be issued which shall form a legally binding contract between the supplier and the College.
- 6.4.8. Where appropriate, a purchase order approved by the relevant authorised signatory shall be placed with the supplier.
- 6.5. Procurement Value greater than £173,934 (Goods and Services) and £4,348,350 (Works)**
- 6.5.1. Individual members of staff do not have the authority to commit Forth Valley College to enter into legally binding contracts with a chosen tenderer(s) for this value.
- 6.5.2. Tenders of this value require input and approval from the Procurement Manager.
- 6.5.3. Staff must ensure that budget is available prior to commencing the process.
- 6.5.4. Contracts greater than £173,934 (Goods and Services) or £4,348,350 (Works) shall be advertised on Public Contracts Scotland Advertising Portal as an open advert. This advert shall be submitted to the EU Journal.
- 6.5.5. On completion of the process, a nominated tender panel member shall complete a Tender Report attached as Appendix 3 to declare that due process has been followed and that the contract is ready for approval.
- 6.5.6. This report shall be submitted to the Procurement Manager for comment prior to award of contract being authorised by the appropriate level of authority.
- 6.5.7. The Procurement Manager shall advise on all legislative requirements prior to the award of tender.
- 6.5.8. An award letter and **Contract** shall be issued which shall form a legally binding contract between the supplier and the College.
- 6.5.9. Where appropriate, a purchase order approved by the relevant authorised signatory shall be placed with the supplier.

## 7. Legislative Compliance

7.1. The Procurement Manager shall advise on all matters of legislative compliance relating to procurement.

## 8. Working with Suppliers

### 8.1. Suppliers Charter

8.1.1. The College has signed to the Suppliers Charter. The Charter sets out a number of standards to which the College must adhere to. Key areas relevant to the College and which must be adhered to by personnel are:

- 8.1.1.1. Ensure fairness and transparency to suppliers.
- 8.1.1.2. Ensure that the approach to individual contracts, including large contracts and framework agreements, is supported by a sound business case.
- 8.1.1.3. Keep the tender process as simple as possible, but consistent with achieving best value/value for money, to help minimise costs to suppliers.
- 8.1.1.4. Unless there are compelling business reasons to the contrary ensure that adequate and appropriate publicity is given to contract opportunities that fall below the OJEU threshold limits or are otherwise exempt from the public procurement directives.
- 8.1.1.5. Offer meaningful feedback to suppliers on the evaluation of their proposal at the end of the tendering process.
- 8.1.1.6. Publish guidance for the business community on tendering for opportunities.

8.1.2. Through the Suppliers Charter, suppliers have committed to:

- 8.1.2.1. Provide feedback from suppliers and their respective associations, on tender processes and perceived barriers to business. Representative organisations will act as a guide to their members in cases of complaint and help them to distinguish the appropriate course of action.
- 8.1.2.2. Recognise duties under EU and UK law surrounding public procurement activity.
- 8.1.2.3. Encourage members of business organisations to adhere to this Charter.
- 8.1.2.4. Support public sector websites as a means of accessing contract opportunities.
- 8.1.2.5. Make effective use of their skills and resources in bidding for and providing public sector goods and services.
- 8.1.2.6. Encourage understanding of the principles of good business practice by appropriate means e.g. dissemination of information and awareness raising seminars.

- 8.1.2.7. Work with the public sector to deliver value for money throughout the life of the contract.

## 9. Ethical Procurement

### 9.1. Code of Conduct

- 9.1.1. Ethical behaviour is particularly important for individuals within organisations responsible for funds received from the public purse, due to the high level of scrutiny involved in the expenditure of public funds.
- 9.1.2. The integrity and professionalism of Forth Valley College personnel should be maintained at all times.
- 9.1.3. Dealing with suppliers must be open, honest and fair.
- 9.1.4. Sufficient records should be maintained to establish an audit trail to demonstrate that appropriate standards have been observed.
- 9.1.4.1. Those involved in the procurement process must not:
- 9.1.4.1.1. Send drawings, specifications, prototypes or samples from one tenderer to another.
  - 9.1.4.1.2. Divulge prices received from one tenderer to another.
  - 9.1.4.1.3. Invent lower bids to force prices down.
  - 9.1.4.1.4. Exaggerate quantities above known requirements.
  - 9.1.4.1.5. State time as 'of essence of the contract' unnecessarily making unreasonable or onerous demands on suppliers.
  - 9.1.4.1.6. Promise that a contract has a longer term than is warranted or practical.
  - 9.1.4.1.7. Give false information under any circumstances.
  - 9.1.4.1.8. Use a dominant position to take unfair advantage of a supplier.
  - 9.1.4.1.9. Allow personal bias or prejudice to influence purchasing decisions.
  - 9.1.4.1.10. Solicit or accept 'personal favours' from any tenderers or Contractors.
  - 9.1.4.1.11. Accept bribes of any kind.
  - 9.1.4.1.12. Provide additional information of any kind to any tenderer which might assist in the bidding, to the disadvantage of other tenderers.
  - 9.1.4.1.13. Develop personal relationships with supplier staff which could affect College decisions.

9.1.4.1.14. Fail to declare any existing relationships prior to a tender exercise.

9.1.4.1.15. Make alterations to tender documents after they have been received.

#### **9.1.5. Gifts**

9.1.5.1. It is an offence under the Bribery Act 2010 for personnel to request, agree to receive or accept a bribe.

9.1.5.2. It is essential that those personnel involved in a procurement process ensure that their personal judgement and integrity cannot reasonably be seen to be compromised by the acceptance of benefits of any kind from a third party.

9.1.5.3. Gifts of a nominal value i.e. pens, calendars, diaries, notepads, etc, are acceptable.

#### **9.1.6. Hospitality**

9.1.6.1. Offers and acceptance of hospitality from suppliers are unacceptable.

9.1.6.2. On occasion, outwith a tender process, offers of modest hospitality may be acceptable e.g. lunch meeting. Such offers must not compromise a tender process and care must be taken by personnel to ensure that it does not and is not construed by others, that it has influenced a business decision.

9.1.6.3. Where it is difficult to determine what is and is not acceptable for hospitality, the offer should be declined or referred to the Procurement Manager.

#### **9.1.7. Fraud Prevention**

9.1.7.1. Procurement fraud is a deliberate deception intended to influence any stage of the procure-to-pay lifecycle in order to make a financial gain or cause a loss. It can be perpetrated by contractors or sub-contractors external to the organisation, as well as staff within the organisation.

9.1.7.2. Procurement fraud normally happens in 2 main stages of procurement – pre contract award and post contract award.

##### **9.1.7.3. Pre Contract Award**

9.1.7.3.1. This is often complex and enabled by lack of procedure compliance and corruption and/or collusion practices by the supplier. It occurs in the phase prior to the contract being awarded i.e. market research, tender submission, clarification phase. Examples include price fixing, collusion, bid rigging and cover pricing (where suppliers submit false bids to secure who gets the business).

9.1.7.3.2. Personnel should ensure that all procedures are followed and ensure that clarity is sought where required.

- 9.1.7.3.3. Standard College tender documents include reference to declarations regarding collusion and corruption. These clauses are mandatory for use in any tender exercise to minimise the risk of fraud to the College.

#### 9.1.7.4. **Post Contract Award**

- 9.1.7.4.1. This relates to fraud that occurs in the contract management phase of the contract, This often relates to overpayments and duplicate invoicing.
- 9.1.7.4.2. Personnel should ensure that a robust payment methodology is outlined in the tender document.
- 9.1.7.4.3. Personnel should monitor the contract payments in line with the agreed tender to ensure that no overpayments are being made.
- 9.1.7.4.4. If instances of misrepresentation are discovered, this should be raised initially, in writing, with the Director of Finance and Corporate Services.
- 9.1.7.4.5. No accusation of fraud or other unethical practice should be made against any tenderer or Contractor without the prior approval of the Director of Finance and Corporate Services.

#### 9.1.8. **Conflict of Interest**

- 9.1.8.1. Personnel are required to declare a conflict of interest prior to commencement of the procurement by completing a Declaration of Interest Form attached as Appendix 1 prior to the commencement of any procurement process. This form requires to be submitted to the Procurement Manager.
- 9.1.8.2. Any member of staff who declares an interest shall be removed from taking part in the procurement process [unless this has been otherwise agreed by the Director of Finance and Corporate Services.](#)
- 9.1.8.3. Where there is uncertainty over whether there is a conflict of interest, the matter shall be referred to the Procurement Manager. All correspondence shall be documented.

#### 9.1.9. **Confidentiality**

- 9.1.9.1. All College personnel involved in a procurement exercise will ensure that all information obtained and recorded remains confidential at all times. This upholds the principles of Treaty on the Functioning of the European Union (TFEU) regarding equal treatment.
- 9.1.9.2. Any queries in relation to this must be raised with the Procurement Manager.

### **10. Freedom of Information (Scotland) Act 2002**

- 10.1.** The College includes standard wording on Freedom of Information (FOI) in its tender documentation to ensure that it meets its obligations under the Act. This must be used for all tender processes.

- 10.2.** The College shall be legally bound to release certain information in relation to tenders and contracts. Advice must be sought from the Procurement Manager prior to any release of information.
- 10.3.** The College is within its rights to refuse to accept certain clauses that suppliers may propose in relation to FOI. Advice must be sought from the Procurement Manager in the first instance.
- 10.4.** All issues regarding FOI information release must be directed immediately to the Director of Finance and Corporate Services who has direct responsibility for this area. The College must respond to any FOI requests within a 20 day timeframe.

## **11. Press Releases/Supplier Marketing**

- 11.1.** From time to time, a supplier may wish to make a press announcement about a contract they have been awarded. Prior to agreeing to such requests, full details must be provided to the Procurement Manager who shall consult with the relevant staff within the College before approval.

## **12. Corporate and Social Responsibility**

- 12.1.** The College has a duty to ensure that, where relevant, corporate and social responsibility is considered in the procurement. Corporate and Social Responsibility covers the social, economical and environmental factors including areas such as:
- Race Relations
  - Diversity
  - Equality
  - Social Enterprise
  - Working with Small Medium Enterprises (SMEs)
  - Ethical Trading
  - Community Benefits
  - Sustainability
- 12.2.** Personnel shall liaise with the Procurement Manager to seek advice on the appropriate criteria that should be included in the procurement process.
- 12.3.** This shall be in accordance with College's Procurement Strategy, legislation and other related policies.

## Board of Management

<b>Subject:</b> Procurement Strategy 2013	<b>Agenda Item:</b> 13
<b>Date:</b> 12 December 2013	<b>FOR APPROVAL</b>

### 1. Purpose of Report

The purpose of this report is to update Board Members on the performance of the Procurement department in line with the Procurement Strategy, and also to seek approval for some minor updates to the Strategy.

### 2. Recommendation

That the Board of Management note the content of the report and approve the revised Procurement Strategy.

### 3. Background

The Procurement Strategy was approved in November 2012, and included a number of Best Practice Indicators which were linked to Procurement Capability Assessment (PCA) measures.

Since then, Forth Valley College have undergone two annual PCA reviews, in November 2012 and November 2013.

A new PCA was introduced by the Scottish Government for the 2013 assessment which was much tougher and required Public Bodies to provide a much greater level of evidence during the assessment than had been required in previous assessments.

Some minor changes are required to the content of the Procurement Strategy, reflecting the new College mission statement, proposed changes to the Procurement Policy and Procedure and other updates that have occurred during the last 12 months.

### 4. Key Considerations

This report and the strategy document as attached were considered, and approved by, the Finance Committee on 27 November 2013.

#### PCA

The result of the PCA in November 2012 showed a significant improvement on the previous year's PCA score, increasing from 39% in 2011 to 55% in 2012. The summary of results are included as Appendix 1. This moved the College from the "Conformance" category to the "Improved Performance" category overall, and moved the performance within each section into this category with the exception of Section 6 and Section 8 which remained within "Conformance". An action plan was developed to improve performance in these sections.

It was noted that the College should not expect such a significant improvement year-on-year, but instead to make improvements that embed the College within the “Improved Performance” category was more realistic.

The expected impact of the new PCA questions was that the College would drop back into the “Conformance” category due to the tougher questions and increase requirement for evidence, rather than a reflection on the performance of the Procurement Department at the College. A trial run was carried out in August 2013 where a score of 47% was achieved.

An action plan was developed with realistic improvements that could be achieved by the time of the actual assessment, and in November 2013 the College underwent the actual assessment and received a score of 54%, therefore maintaining its position within the “Improved Performance” category.

It is expected that the College will build gradually on this score and maintain its position within the “Improved Performance” category through the development of a targeted improvement plan. “Improved Performance” is realistically the optimal achievable level for the College due to resource and scope of activity.

### **Procurement Strategy 2013**

Forth Valley College’s Procurement Strategy approved in November 2012 has been updated to align to the new College mission statement and also to reflect the proposed changes to the Procurement Policy and Procedure which is also being brought to Board of Management for approval. Some other minor updates have been made to reflect developments at Forth Valley College within the last 12 months. Changes are highlighted in blue text within the document.

#### **5. Risk**

That procurement planning does not reflect the College’s corporate aims and priorities, in particular, ensuring that best value is being obtained consistently when goods and services are purchased.

<b>Author:</b> Paul Johnstone	<b>SMT:</b> Alison Stewart
<b>Date:</b> 4 December 2013	<b>Date:</b> 4 December 2013

**Procurement Capability Assessment**

Institution: Forth Valley College

**SECTIONS**

Sections	Non Conformance	Conformance	Improved Performance	Superior Performance
Section 1 - PROCUREMENT LEADERSHIP & GOVERNANCE				
Section 2 - PROCUREMENT STRATEGY AND OBJECTIVES				
Section 3 - DEFINING THE SUPPLY NEED				
Section 4 - PROCUREMENT COMMODITY/PROJECT STRATEGIES & COLLABORATIVE PROCUREMENT				
Section 5 - CONTRACT AND SUPPLIER MANAGEMENT				
Section 6 - KEY PURCHASING PROCESSES AND SYSTEMS				
Section 7 - PEOPLE				
Section 8 - PERFORMANCE MEASUREMENT				
Overall Procurement Status for the Organisation				
	Non Conformance	Conformance	Improved Performance	Superior Performance

Year 1 Assessment    
 Year 2 Assessment    
 Year 3 Assessment    
 Potential improvement

2011	2012	2013	Potential 2014
50%	67%	67%	75%
17%	61%	67%	78%
50%	50%	67%	67%
42%	56%	40%	60%
33%	53%	33%	67%
40%	40%	67%	67%
50%	67%	50%	67%
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**Forth Valley College**  
**Procurement Strategy**  
**September 2012<sup>3</sup>**

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## 1. Introduction

The procurement of goods and services is a key process within the College. The purpose of this document is to provide a Procurement Strategy for the College which specifies the objectives and policies relating to the management, efficiency and effectiveness of procurement to obtain best value for money from everything we purchase. Best value procurement will:

- be transparent
- be driven by desired results
- create the most economically advantageous balance of quality and cost
- reduce the burden on administrative and monitoring resources
- lead to simplified or routine transactions
- encourage open and fair competition
- follow all appropriate regulations and legislation.

In March 2006 the Scottish Government published the Review of Public Procurement in Scotland (the McClelland Report). This report identified some weaknesses in relation to public sector procurement and suggested that structures, people and technology were not in place to deliver effective procurement. Overall, the McClelland Report made eighty two recommendations on how the efficiency of public sector procurement should be improved. The College reviewed the recommendations of the report and put in place a plan to develop its procurement function in a way which is proportionate to the level of spend at the College and the resources available.

The Procurement Strategy is driven by the objectives contained within the College Corporate Plan. The Corporate Plan 2011-14 states “We will look to deliver our corporate plan through new and innovative ways of working while building upon our successful work to date in realising efficient operational practices and high quality procurement systems designed to secure value for money across all areas of college spend.”

## 2. Overview and Context

The McClelland Report recommended that Centres of Expertise be established for each of the main public service sectors, Local Government, the NHS, Central Government and Colleges and Universities.

Advance Procurement for Universities and Colleges Ltd (APUC) was established as the Centre of Expertise for the College and University Sector. The primary role of APUC is to facilitate collaborative procurement in the Further and Higher Education sectors with a view to achieving cost savings and transactional efficiencies.

The College has consistently engaged with APUC from its inception. As part of the commitment to APUC, the College considers that its default position is that it will utilise contracts negotiated by APUC unless there is a specific rationale to make other arrangements in terms of the overriding duty to achieve Best Value which encompasses sustainability and local needs.

The College procurement function is managed [by the embedded Procurement Manager](#) at an operational level and is overseen by the Director of Finance and Corporate Services.

The Procurement Strategy incorporates and monitors Best Practice Indicators, appropriate to the College, largely based on those recommended in the report from the Scottish Government “Best Practice Indicators (BPIs) for Public Procurement in Scotland” published in 2008. The cash saving identified in the monitoring of the BPIs will be reported in the Efficient Government Initiative returns.

The College is required to upload the BPIs identified by the Scottish Government onto the Scottish Procurement Hub (Hub) database on an annual basis. The College will also upload spend data and contractual information on to the Hub on an annual basis and as far as possible, utilise the Hub as a data analysis tool.

The Chartered Institute of Purchasing and Supply (CIPS), the professional purchasing body, cite that, for efficient procurement of goods and service, the five basic “rights” must be met. These are:

- the right goods
- at the right price
- delivered to the right place
- at the right time
- from the right suppliers

CIPS also recommends that, where possible, goods are procured from ethical and sustainable sources. The College Procurement Strategy will aim to establish controls to attain the five rights of procurement for the procurement of goods and services. The College Procurement Strategy will align with the College’s mission statement and College wide objectives detailed in the College Corporate Plan.

In establishing these controls to attain the five rights, the College, in liaison with APUC and where appropriate, follows the Procurement Journey developed by the Scottish Government. The College also demonstrates commitment to the supplier community by signing to the Suppliers’ Charter and using the Public Contracts Scotland Advertising Portal.

### **3. College’s Business Model**

The College’s Procurement Strategy shall align to the [College’s Business Model](#).

Our mission statement is [Making Learning Work](#).

This mission is underpinned by –

- [Driving Our Momentum](#)
- [Shaping the Future; and](#)
- [Delivering a World Class Service](#)

And is split into 6 strategic themes –

- [Creating a superb environment for learning](#)
- [Cultivating a vibrant learning organisation where learners develop skills, achieve qualifications valued by industry and progress seamlessly](#)
- [Instilling an energy and passion for our people, celebrating success and innovation](#)
- [Leading as a business that is a champion for governance, financial control and balanced risk taking](#)

- Enhancing our position as the business and community partner of choice
- Delivering a whole system approach. Simply effective, efficient and consistent

#### 4. Purpose of the Strategy

This document aims to ensure that procurement planning reflects the College's corporate aims and priorities. This will provide an opportunity not only to co-ordinate the current processes but also provide a clear pathway for identifying and acting on improvements to ensure that best value is being obtained consistently when goods and services are purchased.

It should be noted that this document is not a procurement manual. The procurement policy and procedures can be found on the College Sharepoint site.

#### 5. Procurement Strategy, Objectives and Best Practice Indicators

The College Procurement Strategy has identified five key strategic objectives:

- to promote the delivery of value for money through good procurement practice and optimal use of procurement collaboration opportunities
- to facilitate the development of an effective and co-ordinated purchasing effort within the College
- to analyse the institution's non staff expenditure and apply appropriate procurement strategies to deliver value for money and reduce commercial risk
- to develop appropriate management information in order to measure the performance and value for money achieved by the College
- to embed the sustainability statement within the College's procurement function and to comply with all relevant UK legislation in all aspects of College purchasing.

Each of these are summarised in **Appendix A** along with actions and related BPIs.

These objectives enable the College to seek to ensure best value and value for money in relation to the procurement of goods and services. It is anticipated that the BPIs will be fully established and monitored from the financial year 2012/13 onwards; the College will seek to establish baseline data for the 2011/12 financial year. The BPIs will be reported to Senior Management and the Board of Management annually. The BPIs are linked to the relevant categories of the McClelland attributes as below. [The College is assessed against these as part of the Procurement Capability Assessment:](#)

- [Procurement Leadership and Governance](#)
- [Procurement Strategy and Objectives](#)
- [Defining the Supply Need](#)
- [Procurement Commodity/Project Strategies and Collaboration](#)
- [Contract and Supplier Management](#)
- [Key Purchasing Processes and Systems](#)
- [People](#)
- [Performance Measurement](#)

#### 6. Leadership and Governance

## McClelland Report

The College is committed to exhibiting best practice in all aspects of corporate governance.

In response to recommendations in the McClelland report, APUC has produced a best practice Sector Procurement Manual. This is based on the Scottish Government's Procurement Journey. The Procurement Journey has been developed to support all levels of procurement activities and to help manage the expectations of stakeholders, customers and suppliers alike. It facilitates best practice and consistency across the public sector.

This manual gives best practice on all aspects of the procurement of goods and services from the initial purchasing to contract management. The College is committed to applying the guidance in this manual to all procurement transactions and contracts it undertakes.

The APUC Sector Procurement Manual can be found at the following website address:-

<http://www.apuc-scot.ac.uk/policy.htm>

In line with the recommendations of the McClelland Report, the College will use the Public Contracts Scotland Advertising Portal to advertise contracts over the value of £50,000 and use the Quick Quote facility for tenders between the value of £25,000 and £50,000. Once established, this may be rolled out to include lower value contracts within the College.

## Suppliers Charter

In support of the supplier community, the College **has signed** the Suppliers' Charter. The Suppliers' Charter is intended to form an agreement between public purchasers and the business community in which public bodies commit to:

- Develop public sector procurement processes with the aim of ensuring fairness and transparency
- Consult with business on an ongoing basis to achieve change
- Advertise contracts in an appropriate manner, consistent with the requirements of the Public Contracts (Scotland) Regulations 2012
- Use of the standard pre-qualification questionnaire when available
- Provide debriefing on request, whether or not the procurement regulations require it

In return, by signing to the Suppliers Charter the College commits to:

- Recognise that public sector must work within a legal framework when awarding contracts
- Encourage members to adhere to the Suppliers Charter including use of the standard questionnaire
- Use judgement in bidding only for appropriate contracts
- Work with customers to deliver Value for Money throughout the life of the contract

The College also maintains Financial Procedures which cover day-to-day transactional procedures and Financial Regulation which provide high level guidance on procurement. These documents along with the Procurement Strategy cover the governance of College procurement. These documents will be reviewed and updated

periodically. The reviewed documents will be approved by the College Board of Management's Finance Committee.

### **Risk Assessment of Operational Environment**

The College maintains a College Risk Register which is regularly reviewed by the Audit Committee and reported on to the Board of Management. This documents all the material risks identified, many of these are relevant to procurement. The College receives regular current procurement information from APUC, Scottish Government and CIPS. This information will be monitored, along with news and legislation changes to identify risks in the areas of procurement which relate to the College.

In developing the Procurement Strategy a number of key risks which directly relate to procurement were identified. The Strategy, objectives and action points are designed to include mitigation of procurement risk. Some of the key risks associated with procurement are:

- non-compliance with procurement legislation
- failure to procure goods and services at the best price
- efficient and slow ordering processes
- stakeholder dissatisfaction with procurement process
- contracts let with companies who fail to meet their obligations in a way consistent with College expectations and policies
- inadequate expertise and structure to deliver effective procurement.

This analysis along with guidance issued by APUC, Scottish Government and CIPS is used as a basis for this procurement strategy.

## **7. Defining the Supply Need**

Accurate specifications are deemed to be vital in tendering to ensure the College obtains the expected level of service at the expected price.

For each tendered contract, a detailed specification shall be developed to clearly specify the service expected by the College and where appropriate, implement a service level agreement.

The College shall actively monitor key existing contracts using customer feedback and management information to improve performance and achieve better value for the College.

## **8. Sourcing Strategies and Collaboration**

### **Annual Expenditure Analysis**

The College shall review its expenditure on an annual basis, categorising spend by commodity with a view to developing a sourcing strategy.

The College shall establish mechanisms for sourcing commodities by:

- using established framework agreements
- direct tendering (either as a single College or through collaboration with other bodies)
- competitive quotations

The sourcing strategy shall seek to reduce the supply base on an annual basis and through supplier management, the College shall seek to ensure that only desirable suppliers are included on its supplier database.

### **Established Framework Agreements**

In the first instance the College will seek to utilise the collaborative procurement agreements established by APUC. The College will place reliance on the qualifications, skills and experience of APUC staff in the tender process.

### **Direct Tendering and Competitive Quotations**

Where an established framework agreement is unsuitable or cannot be used, the College shall conduct its own tendering or competitive quotation process. The College shall adhere to the Public Contracts (Scotland) Regulations 2012 and apply the appropriate procurement process adhering to EU procurement thresholds and the College's Financial Regulations.

The College's Financial Regulations outline the limits for low value items for which ~~two~~ competitive quotes must be obtained.

### **Supplier Appraisal**

Supplier appraisal is an essential aspect of strategic sourcing to ensure that the College achieves its procurement aims of obtaining best value and value for money. A Supplier Appraisal Exercise shall be used when undertaking tenders which are deemed to be of a strategic nature and/or where the value of the procurement requires, in line with the College's stated financial thresholds. Use of the Supplier Appraisal exercise shall be proportionate to the value of the purchase, its sensitivity, estimated risks, and the complexity of the requirement. A supplier appraisal questionnaire or application of minimum standards appropriate to the contract shall be used where appropriate.

### **Terms and Conditions**

The College will develop contractual terms for standard procurements. Bespoke terms will be used when required for ad-hoc, unique projects.

### **Corporate and Social Responsibility**

Corporate and Social Responsibility (CSR) is broadly described as a collection of related disciplines all of which combine to represent an organisation's overall ethos, its personality and character.

The banner of CSR covers a wide number of issues including:

- environmental responsibility
- human rights
- equal opportunities
- diversity

- corporate governance
- sustainability
- ethics and ethical training
- biodiversity
- community involvement

The College demonstrates a clear commitment to CSR in all aspects of its operations. The College is a member of the Environmental Association of Universities and Colleges (EAUC), has signed the Climate Change Commitment and has a Climate Change Action Plan which has been subsequently approved by its Board of Management.

As part of its commitment to CSR, the College reports on its sustainability performance in its yearly Annual Accounts. The College has developed a robust set of KPIs based on the work of the Sustainable Accounting Group. The KPIs cover the following broad areas:

- energy consumption (water, electricity, and gas)
- procurement
- waste generation and disposal
- travel

The College has obtained a Building Research Establishment Environmental Assessment Method (BREEAM) 'Excellent' Rating for both its new Alloa and Stirling campuses. The award recognises the low environmental impact of the building design and addresses wide-ranging environmental and sustainability issues which enable developers, designers and building managers to demonstrate the environmental credentials of their buildings to clients, planners and other parties. Specifically included are aspects related to energy and water use, the internal environment (health and well-being), pollution, transport, materials, waste, ecology and management processes.

The College also has robust governance policies on equalities in gender, disabilities, equal opportunities and race.

The procurement strategy is committed to supporting the College in its CSR objectives and policies by:

- ensuring at supplier appraisal that key suppliers have robust CSR policies
- continuing to utilise local suppliers and SMEs in line with procurement policy
- procuring recyclable goods and green utilities and services where available

## 9. Contract and Supplier Management

The College will aim to have all material key spend on goods and service under contract, whether it be under collaborative procurement agreements awarded by APUC, or contracts awarded by the College. This will ensure that the College is obtaining best value and value for money. It also provides legally binding terms and specifications which can be used for reference in the light of any arising dispute. Contractual agreement also ensures that the College will be able to plan future budgeted costs and reduces the chance of incurring sudden unexpected price escalations from suppliers.

A list of current contracts awarded by the College along with those currently out to tender will be listed in the College Procurement Section of the College Website.

The College shall adopt a formal approach to managing its key suppliers. On award of the contract, a meeting will be held with the successful contractor to agree Key Performance Indicators (KPIs) and a Service Level Agreement linked to specification conformance.

Where deemed appropriate for key suppliers, regular meetings will be held with the contractor in which the agreed KPIs will be monitored to ensure satisfactory performance by the contractor and facilitate continuous improvement to the service provided by the contractor.

## **10. Key Purchasing Processes and Systems – E-Procurement**

The College fully implemented the procurement system FIDO at merger, which ensures that orders can only be sent once full authorisation is received.

It is planned, that in the next phase of FIDO upgrade that certain APUC negotiated contracts and other approved supplier catalogues will be uploaded onto FIDO, which along with the possibility of virtual credit cards, will provide the College with significant savings in transactional costs and staff time.

## **11. People**

Following the McClelland report and demanded efficiencies in the public sector procurement, the role of procurement in organisations has risen in prominence and is now central to strategic aims. The College recognises the importance of employing suitably qualified members of staff and will fund members of staff to attend procurement training events as appropriate.

The College has further developed the partnership with APUC by utilising staff expertise and personnel as a full time resource for the College. It will also, as part of its succession planning, ensure that 'next generation' managers are appraised of the procurement procedures at an appropriate point in their careers. This will ensure continuity of best practice in the longer term.

## **12. Performance Measurement**

The College is required to report to the Scottish Government on the BPIs on an annual basis. Through this Procurement Strategy, the College has also developed further measures to improve procurement performance and support business improvement. The BPIs and further measures shall be initially reported in year 2012/2013 to the Senior Management Team. An annual report shall be provided thereafter. These measures are indicated in Appendix A.

## **13. Implementation and Review**

The College will seek to implement its procurement strategy through taking the actions outlined in Appendix A. It will also update the strategy every three years and will monitor progress and performance on an annual basis.

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## Objectives, Actions and Best Practice Indicators

**Procurement Objective 1: To promote the delivery of value for money through good procurement practice and optimal use of procurement collaboration opportunities**

Outcomes	Main Actions and Commitments	Best Practice Indicators
<b>Leadership and Governance - Practices and Processes</b>		
Aggregate purchases (time and volume) to tender at institutional level.	<p>Review annual expenditure.</p> <p>Identify key purchases through planning process.</p> <p>Annual cash and non cash savings for CAT A, B and C contracts</p>	<p>Increased proportion of institutional expenditure that is contracted directly or positively influenced by procurement.</p> <p>Initial report 2012/2013 to be used as baseline figure</p> <p>Proportionate increase on annual basis (BPI 1 and 2)</p>
<b>Contract and Supplier Management - Practices and Processes</b>		
Support category A and B contracts where appropriate	Embedded procurement policy	Levels of spend of category A and B over total spend of category A, B and C contracts
Procurement practice referenced to "Procurement Journey" or CoE guidelines.	Embedded procurement procedures.	Results and actions from use of customer and supplier feedback processes (BPI2)
<b>Defining the Supply Need - Supplier Strategy and Policy</b>		
Remove waste as part of normal specification process.	<p>Embed the use of output specifications.</p> <p>Embed the need to challenge requirements.</p>	Increased procurement activity in developing specifications with departments

**Procurement Objective 2: To facilitate the development of an effective and co-ordinated purchasing effort within the College**

Outcomes	Main Actions and Commitments	Best Practice Indicators
<b>Contract and Supplier Management – Supplier Strategy and Policy</b>		
Co-ordinated purchasing activity information communicated to people who need to know.	Procurement Manager to co-ordinate procurement initiatives and disseminate procurement information to internal customers. from external sources, by optimising the use of the College intranet system <i>(e.g. APUC contract and advisory information)</i>	No of 'hits' on procurement pages.
Suppliers and potential suppliers provided with guidelines and advice on doing business with the College and APUC.	Clear communication on procurement issues and links on website.  Use Public Contracts Scotland Advertising Portal for all tenders > £50k  Use Public Contracts Scotland Advertising Portal – Quick Quote Facility between £25k and £50k	No of 'hits' on procurement pages  Number of contract notices published via Public Contracts Scotland (BPI9a)  Number of contract award notices published via Public Contracts Scotland (BPI9b)
<b>Contract and Supplier Management – Practices and Processes</b>		
A managed supplier base	Annual expenditure review  Maintain a strong devolved internal suppliers list.	Increased proportion of institutional expenditure that is contracted directly or positively influenced by procurement  Reduce number of suppliers
<b>Sourcing Strategies and Collaboration – Collaboration</b>		
Maximise opportunities for collaboration.	Participate in work of APUC groups.  Consider all available Cat A and B contracts when making sourcing decisions.	Increased joint procurement activity within local partners  Increased % of expenditure on Cat A and B contracts (BPI 8)

<b>Key Purchasing Processes and Systems – Information Systems</b>		
Efficient procurement processes in terms of e.g. requisitions, approvals, order and invoicing processes.	Optimise the use of : <ul style="list-style-type: none"> <li>▪ electronic requisitioning and approval</li> <li>▪ e-procurement</li> <li>▪ procurement cards</li> <li>▪ consolidated invoicing</li> </ul>	Number of purchase transactions reduced - orders / invoices (BPI9e)
<b>People and Performance Measurement – Resources and Skills</b>		
NVQ training in procurement or CIPS by examination.  Use made of APUC training opportunities.	Ensure all staff involved in procurement process can receive appropriate training.	Number of staff MCIPS qualified or undergoing training (BPI7)  Number of full time procurement staff (BPI7)  Record of training sessions attended

**Procurement Objective 3: To analyse the institution's non staff expenditure and apply**

**appropriate procurement strategies to deliver value for money and reduce commercial risk**

Outcomes	Main Actions and Commitments	Best Practice Indicators
<b>Sourcing Strategies and Collaboration - Practices and Processes</b>		
Undertake high level spend analysis	The Procurement Manager to work with APUC to develop analysis of expenditure in key categories and their suppliers.	Sourcing strategy developed and embedded  Number of tender processes managed (BPI7)  The percentage of expenditure with contract and non-contract suppliers.
Review spend categories by commodity and agree appropriate procurement strategies.	Prepare annual report on supplier analysis to Senior Management Team	Reduction of non compliant expenditure.

**Procurement Objective 4: To develop appropriate management information in order to measure the performance and value for money achieved by the College**

Outcomes	Main Actions and Commitments	Best Practice Indicators
<b>Contract and Supplier Management – Supplier Strategy and Policy</b>		
Improved management of suppliers by means of performance reviews with key suppliers	Performance data collated on key suppliers using contact management data. This data is discussed with suppliers at regular meetings to manage areas for improvement and opportunities for innovation.	The percentage of companies who score predominately 4s and 5s in performance review
<b>People and Performance Measurement - Overall value of results</b>		
Use of benefits measurement to record efficiencies generated by procurement activity	Annual review of benefits and outcomes	Annual benefits report presented to Senior Management Team
Undertake an annual review of the Procurement Capability Assessment.  Improved scores obtained in annual PCA process  Improved BPI		

**Procurement Objective 5: To embed the sustainability statement within the College's**

**procurement function and to comply with all relevant UK Legislation in all aspects of College purchasing.**

Outcomes	Main Actions and Commitments	Best Practice Indicators
<b>Procurement Strategy and Objectives - Governance/Reporting and KPI</b>		
Undertake an annual review of the College's procurement initiatives.	The Procurement Manager to ensure that the procurement process remains consistent with rules and regulatory compliance.	Periodic 'gap analysis' review against "Procurement Journey", possibly also with peer institutions through APUC account manager network
<b>Sourcing Strategies and Collaboration - Corporate and Social Responsibility</b>		
The Director of Finance & Corporate Services to provide leadership and policy on sustainability and corporate social responsibilities in College procurement.	Develop procedures and disseminate good practice throughout the College	Active participation in procurement network meetings
Undertake an annual review of the College's effectiveness and compliance of its sustainability targets.	Develop, monitor, implement and review suitable measurements with the College's sustainability working group.  Assess use of key suppliers committed to CSR	Attain level 1 of the Flexible Framework  Develop Action Plan to work towards level 2  % CSR committed suppliers PCA score on CSR aspect

## Board of Management

<b>Subject:</b> Student Union Constitution	<b>Agenda Item:</b> 14
<b>Date:</b> 12 December 2013	<b>FOR APPROVAL</b>

### 1. Purpose of Report

To present the draft Student Union Constitution which has been revised to reflect legislative and operational changes.

### 2. Recommendation

That members approve the Student Union Constitution.

### 3. Background

The Education Act 1994 requires the College to ensure that Student Union activity “operates in a fair and democratic manner and is accountable for its finances”. Like many Colleges and Universities, the College manages this activity via the establishment of a formal constitution.

The current constitution has been in place since 28 February 2009 and, in line with the requirements of this document, a review is required at least every five years.

### 4. Key Considerations

The draft Student Union Constitution was presented to the Strategic Development Committee on 21 November 2013. Members suggested some minor amendments and approved the document for presentation to the Board of Management.

As set out in section 4 of the attachment, the amending of the constitution shall be a function of the Student Representative Council, subject to approval from the Board of Management. The Student Representative Council met on the 18th, 19th and 21<sup>st</sup> of November and approved the proposed revisions to the constitution.

While most of the changes are minor, members should note the following significant changes to the constitution document –

**Post-16 Education (Scotland) Act 2013** – This Act changes student representation on the Board of Management. There is now a requirement to have two student members on the Board of Management. It is proposed that the first member be the Student President considering past practice and the level of accountability required for Student Union Activities. The second student member would be voted from within the Student Executive team. Please see section 6 of the revised constitution for further information

**Student Union Executive team** – The SU Exec team has developed since the last version of the constitution was created, with new roles in place such as the Welfare Officer which should be included in the document.

**Financial Regulations** – the way in which financial transactions are authorised has changed to be more in line with the standard College operational and authorisation processes

## 5. Risk

Low – There has been extensive collaboration on the revision of the Constitution document, with input from NUS, subject specialists and students.

<b>Author:</b> David Gentles	<b>SMT:</b> Andrew Lawson
<b>Date:</b> 3 December 2013	<b>Date:</b> 4 December 2013

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## ANNUAL REPORT OF THE AUDIT COMMITTEE TO THE BOARD OF MANAGEMENT

### 1. Introduction

This report covers the 12 month period from 1 August 2012 to July 2013

Membership of the Committee during that period was as follows:

Name	Attendance Record
Bob Gil	3 out of 3
Beth Hamilton	2 out of 3
Tom Moore	2 out of 3
Shona Struthers (As Finance Committee Chair)	2 out of 3

The Committee met on the following dates:

6 September 2012  
27 November 2012  
7 February 2013

### 2. Internal Audit

Internal Audit is governed by the Code of Audit Practice, as published by the Scottish Funding Council (SFC). The code requires internal audit to adopt a risk-based approach to its programme, and to undertake follow-up work to ensure that all recommendations accepted by College management have been implemented.

**Audit Provider:** Baker Tilly. Their charge for 2012-2013 was £17,278. (Fees are based upon the degree of responsibility and skill of staff, and the time involved in the work. Fees for additional services or assignments are agreed separately in advance).

**Annual Report on Audit Activities:** The internal auditor's report on audit activities carried out during the year 2012–2013 was considered by the Audit Committee at its November meeting – (item 5 on the November 2013 Audit Committee Agenda). Internal Audit assignments were carried out broadly in accordance with the Audit Plan agreed by the Audit Committee in September 2012.

It should be noted that, owing to the introduction of a number of new systems within the College, there was a delay in the timings for a number of audits. This activity was discussed at the September 2013 meeting with Baker Tilly, Henderson Loggie and College Senior Management. Following this meeting, a revised schedule to bring the internal audit activity back on track was discussed and approved at the November 2013 Committee meeting.

**Achievements:** The assignments were identified by the College as those areas considered to be at highest risk due to a number of factors including value, potential financial impact, changes in systems, restructuring, or length of time since the previous detailed audit. The specific audit reports produced for each assignment made recommendations for the improvement of internal procedures and control, and each recommendation was given an agreed target date for implementation. The monitoring of internal audit recommendations was a standing agenda item on Audit Committee meetings during 2012-2013

**Effectiveness:** On the basis of the work undertaken during the year the auditors have expressed an opinion that “The College appears to continue to operate appropriate risk management, control and governance processes, however concerns have been raised over the business continuity management policy and procedures which could expose the College to unnecessary risk”

**2013-2014 Audit Plan:** In accordance with the requirements of the Code of Audit Practice, the needs assessment and risk analysis has been reviewed along with the corporate audit plan, and an internal audit plan has been agreed for 2013-14. The Plan will continue to be reviewed on a regular basis with the internal auditors and the Audit Committee to ensure that local requirements are met. A copy of this plan is attached as Appendix 2.

### 3. External Audit

The Public Finance and Accountability Act (Scotland) 2000 transferred the responsibility for the appointment of external auditors for FE Colleges from Boards of Management to the Auditor General for Scotland. Audit Scotland, on behalf of the Auditor General, conducted a procurement exercise leading to the appointment of external auditors for the financial years 2011-2012 to 2016-2017.

**Audit Provider:** Henderson Loggie.

**Auditors Report:** The external auditor’s report on the Financial Statements for the year 2012-2013 is included. The audit was carried out during October/November 2013.

**Management Letter:** During the course of the audit the auditors performed overviews of the key financial systems of the College to assess their adequacy for the purposes of ensuring that accurate, timely and complete accounting records were being maintained. The recommendations resulting from this exercise are set out in the report of the external auditor.

### 4. Other Matters

During the past year, in addition to receiving reports from the internal and external auditors, the Committee also considered the following:

- Risk Register and treatment of significant risks

### 5. Adequacy and Effectiveness

The Committee accepts the views of the internal and external auditors that Forth Valley College’s internal financial and management systems are adequate and that the Board of Management’s responsibilities have been satisfactorily discharged.

Bob Gil  
Chair  
3 December 2013

# **FORTH VALLEY COLLEGE STUDENTS' ASSOCIATION**

## **Constitution**

This Constitution shall take effect from 12 December 2013 and invalidates all former Constitutions of this Association.

This Constitution shall be subject to review by the Students' Association and the Board of Management of Forth Valley College at least every five years, in accordance with the Education Act 1994.

## **Introduction**

Part II of the Education Act 1994 requires institutions to *'take steps as are reasonably practicable to secure that any students' union for students at the establishment operates in a fair and democratic manner and is accountable for its finances.'*

The Board of Management of Forth Valley College recognises Forth Valley College Students' Association as a democratically run organisation, committed to service and representing the students of the College. The Board of Management of Forth Valley College will endeavour to ensure that the activities of the Association do not contravene the College's equal opportunities policy nor bring the College into disrepute.

The Constitution is a legal document that sets out the activities and procedures of the Students' Association.

It provides a framework for the operation of the Students' Association by:

- Defining what the Association can or cannot do.
- Indicating how the Executive Committee can act on behalf of Association members
- Outlining how Association members can air their concerns

The Constitution is made up of three sections:

### **Section 1 – The Articles**

This section defines the aims and objectives of the Association as well as setting out what can or cannot be done.

### **Section 2 – The Schedules**

This section gives further operational details in relation to how things get done.

### **Section 3 – The Appendices**

This section includes other regulations that the Association has to follow.

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## **1 Name and Status**

There shall be a Students' Association in the name of Forth Valley College Students' Association (for the rest of the document the organisation will be referred to as 'the Association')

## **2 Aims and Objectives**

- To promote the general interests of its members
- To advance the education of its members
- To act as a recognised channel of communication between Students and the College and other relevant bodies.
- To promote the general welfare interests of its members.
- To promote, encourage and co-ordinate students societies, sports and social activities.

## **3 Membership of the Association**

All students who are registered at the college, over the age of 16, shall be members of the Association unless they have decided to relinquish their membership in accordance with Appendix Two (Opting Out) of this Constitution.

Any sabbatical officer shall be a full member of the Association.

Registered students of the College under the age of 16 shall not be members of the Association but may participate in certain activities, as agreed by the Executive Committee and any forum for students under the age of 16 and approved by the Student Representative Council. Students under the age of 16 will not be granted an NUS card or a card bearing the NUS logo.

All members shall be entitled to use the facilities of the Association and take part in its educational, social, sporting and cultural activities. Members shall be allowed to speak and vote at Association meetings, to nominate, to stand and to vote in Association elections, and to hold office in societies.

## **4 Student Representative Council**

The Student Representative Council shall be the supreme decision making body of the Association, except for a decision that is made in a referendum. It shall also raise issues that are of concern to its members to appropriate members of College staff.

The membership of the Student Representative Council shall be made up of the Executive Committee and the Class Representatives.

The functions of the Student Representative Council shall be to:

- Set the policy of the Association
- Amend the constitution as appropriate, subject to the approval of the Board of Management.
- Instruct and hold accountable the Executive Committee on their work
- Monitor and discuss the events and decisions of the formal College decision making bodies and to raise concerns of members to the appropriate members of staff.

- Elect delegates to appropriate NUS conferences and councils.
- Approve reports from Committees, Working Groups and the Executive Committee.
- Approve financial reports from the Executive Committee

The first meeting of the Student Representative Council shall be held in February and shall be chaired by the Student President. This meeting shall also:

- Have an SMT member present
- Learner Engagement Agenda
- Overview of Student Union Activity

An ordinary Association meeting shall be called at least once per term by the Student President.

An emergency Student Representative Council meeting may be called to discuss a particular issue.

All Student Representative Council meetings shall be conducted in accordance with Schedule Three (Meeting Regulations) of this Constitution.

## **5 Executive Committee**

The Executive Committee of the Association shall run the Association on a day-to-day basis in accordance with the terms of this Constitution, relevant legislation and the decisions that have been made by the Student Representative Council and by referendum.

The Executive Committee shall be made up of the following Association officers, elected by a secret ballot that is open to all members of the Association:

- The Student President
- The Vice President(s) (to represent appropriate campuses)
- The Secretary
- The Treasurer
- The Equalities & Diversities Officer
- The Welfare Officer
- The Lesbian, Gay, Bisexual and Transgender Officer
- The NUS Officer
- The Merchandise Officer
- The PR & Events Officer
- The Executive Officer(s)
- Well Being and Sports Officer
- Excellence in Learning Officer

In some instances, the Executive Committee officer roles may be combined, with one officer undertaking two or more roles.

The appointment of all Executive Committee members will be subject to satisfactory Disclosure Scotland checks.

The Student President shall be elected in April of each year in accordance with the regulations contained in Schedule One (Election Regulations) of this Constitution.

The Student President will be in post from 1 August of that year to 31 July of the following year.

The Executive Committee officers shall be elected by secret ballot by 31 October.

The Executive Committee officers will serve as members of the Executive Committee from October that year to 31 July of the following year.

The role of the Executive Committee shall be to:

- Carry out the decisions made by the Student Representative Council and by referendum
- Act in the absence of the Student Representative Council
- Act as a channel of communication between members of the Association, the Senior Management Team, the Board of Management and other relevant organisations.
- Be responsible for the direction of the Association, as driven by student need.
- Establish working groups, where relevant, and to receive any reports from working groups
- Liaise with and offer relevant support to any forum for students under the age of 16
- Fulfil specific responsibilities in accordance with Schedule Five (Job Descriptions) of this Constitution

Executive Committee meetings shall be called by the Student President and shall be held at least once every month. Further meetings may be called by a written request of a majority of Committee members to the Student President. The chair will be the Student President or his/her nominee. The chair may vote only in the event of a tie.

Executive Committee meetings shall only take place if there is at least 50% of serving Executive Committee members present throughout the meeting.

Any member of the Executive Committee who fails to attend three consecutive meetings of the Executive Committee or Student Representative Council without giving apologies to the Student President and does not provide satisfactory reason acceptable to the Executive Committee, shall be considered to have resigned.

The Student President may hold a sabbatical post. No member shall be eligible to stand for and serve more than two sabbatical terms of office.

## **6 Representation on the Board of Management**

Under the Post-16 Education (Scotland) Act 2013, the Board of Management shall have two student members.

The first student member shall be the Student Union President.

The second student member shall be a member of the Executive Committee as decided by a confidential ballot of all Executive Committee members at the start of each academic year. The ballot will be conducted by the Student Services Manager or his/her nominated representative. In the event of a tie, the final decision will rest with the Student Union President.

## **7 Societies**

Societies may be recognised by the Student Representative Council provided that they meet the requirements set out in Schedule Two (Societies) of this Constitution and do not breach the Association's aims and objectives.

## **8 Affiliations to External Organisations**

Any proposal to affiliate to an external organisation shall be approved by the Student Representative Council.

The College and members of the Association shall be informed of all new affiliations to external organisations. The notice shall include the name of the organisation being affiliated to and the affiliation or subscription fee to be paid.

Details of all affiliations to external organisations, including the names of the organisations and each affiliation fee paid, shall be included in the Association's annual report which shall be made available to all members of the Association and to the Board of Management.

In the event of an objection to a current affiliation to any particular external organisation; this must be presented to the Student President at the Student council meeting, where a vote will be taken with a majority of at least 2/3 out of 100 students. Where the majority rules, a referendum shall be held.

## **9 Complaints Procedure**

Complaints about an individual officer, the Executive Committee or any member of the Student Representative Council shall be dealt with under the complaints procedure contained in Appendix Three (Code of Practice) of this Constitution.

## **10 Association Finance**

The Association shall receive an allocation of funds from the College to support its aims and objectives. The Director of Finance and Corporate Services (hereafter referred to as DoFCS) shall recommend this annual allocation of funding for approval to the Board of Management at the last Board meeting of the financial

year. The DoFCS recommendation will be made after presentation of the Association's estimates for the forthcoming academic year to the Finance Committee.

A copy of the Association's budget shall be made available to all students.

The financial year of the Association shall run from 1 August to 31 July. The organisation of the Association's finances and systems of control shall be contained in Schedule Four (Finance Regulations) of this Constitution.

## **11 Minutes**

At all meetings of the Association, minutes shall be taken which shall be circulated, and any necessary corrections made, at the next appropriate meeting. Confirmed minutes shall be filed and made available to all students and to the Clerk to the Board of Management.

A copy of the Constitution, including any amendments and a copy of the annual report and any plans for the Association's activities, including the budget, shall be made available to all students and to the Clerk to the Board of Management.

All meetings of the Association shall be considered open to all members of the Association. However, the members of the meeting may vote to hold a specific meeting or an item of a meeting as a closed session.

The regulations for the organisation of Association Meetings shall be contained in Schedule Three (Meeting Regulations) of this Constitution.

## **12 Amending the Constitution**

The Student Representative Council shall be the only body permitted to amend the constitution. All amendments will be subject to the approval of the Board of Management of Forth Valley College before they can be implemented.

All amendments to the Constitution shall require the support of a minimum of two-thirds of the members present and entitled to a vote at a quorate meeting of the Student Representative Council.

The Constitution shall be reviewed by the Association at least every 5 years from the date of the current document's implementation and any changes approved by the Board of Management before they can be implemented.

## **13 Indemnity**

Every Executive Officer and person approved to make decisions on behalf of the Association shall be entitled to be indemnified out of the assets of the Association against all losses or liability which she/he may incur in or about the execution of his or her officer or otherwise in relation thereto; and no officer, appointee or member of staff shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Association in the execution of the duties of his or her office or in

relation thereto; provided that nothing in this clause shall affect their liability for the consequences of any negligent or unlawful act on their part.

#### **14 Referendum**

A referendum, in which all members will be allowed to vote, shall be held on any issue, if the Student Representative Council decides by a two thirds majority to call a referendum. The Student President shall call a referendum if the Student Representative Council is handed a petition detailing the issue and containing the name, course, matriculation card number and signature of at least 200 students who are members.

The Clerk to the Board of Management shall be responsible for deciding the wording of the question on the referendum ballot paper.

The referendum shall be supervised by the Clerk to the Board of Management. Polling stations shall be open for 5 College days.

The arrangements for postal voting shall be the same as those for an election, as in Schedule One (Election Regulations) of this Constitution.

The result of a referendum will take priority over any existing Association policy on the same issue.

#### **15 Code of Conduct**

The Executive Committee shall draw up a code of conduct, which shall be approved and amended from time to time by the Student Representative Council.

All members of the Association shall be required to adhere to this code, particularly when on Association premises, or attending events organised by the Association or its societies.

The code of conduct may include restrictions up to and including the unlimited suspension of any or all of the rights of Association membership.

#### **16 Interpretation**

In the event of a challenge to the interpretation of any part of this Constitution, the ruling of the Student President shall be sought.

In the event of a challenge to the Student President's ruling, following legal advice, the decision shall be taken to the Student Representative Council.

If a member of the Association remains dissatisfied with the ruling of the Student Representative Council, he/she may appeal to the College Clerk to the Board of Management. The ruling of the College Clerk to the Board of Management shall be final.

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**SCHEDULES**

## **Schedule One: Election Regulations**

This Schedule outlines what to do for all elections for all positions in the Association. It also outlines the procedure to follow if a vacancy occurs in any position.

### **1.1. Returning Officer**

- 1.1.1. The Returning Officer, who shall not be a full member of the Association, shall be the Clerk to the Board of Management or his or her representative. The Returning Officer shall be responsible for the good conduct and administration of all Association elections and shall have the sole interpretation of the election regulations. The Returning Officer may appoint assistants to support him/her in undertaking these duties.

### **1.2. When Elections Should Happen**

- 1.2.1. The Returning Officer shall ensure that the election of the Student President takes place during April of each year. Once elected, the Student President shall take office from 1 August.
- 1.2.2. The Student President shall ensure that election of the Executive Committee takes place before the end of October each year. Once elected, the members of the Executive Committee shall take office with immediate effect.
- 1.2.3. The dates of elections for Executive Committee members, a copy of the election timetable and a copy of the election regulations shall be posted on the Association notice boards at least 21 College days before the elections.

### **1.3. Standing for Election**

- 1.3.1. The members of the Executive Committee shall be:

- 1.3.1.1. the Student President
- 1.3.1.2. the Vice President(s) (to represent appropriate campuses)
- 1.3.1.3. the Secretary
- 1.3.1.4. the Treasurer
- 1.3.1.5. the Equalities & Diversities Officer
- 1.3.1.6. the Welfare Officer
- 1.3.1.7. the Lesbian, Gay, Bisexual & Transgender Officer
- 1.3.1.8. the NUS Officer
- 1.3.1.9. the Merchandise Officer
- 1.3.1.10. the PR & Events Officer
- 1.3.1.11. the Executive Officer(s)

- 1.3.2. All members of the Association are eligible to stand for any of the following Executive Committee positions

- 1.3.2.1. the Student President
- 1.3.2.2. the Secretary

- 1.3.2.3. the Treasurer
- 1.3.2.4. the Equalities & Diversities Officer
- 1.3.2.5. the NUS Officer
- 1.3.2.6. the Merchandise Officer
- 1.3.2.7. the PR & Events Officer
- 1.3.2.8. the Executive Officer(s)

1.3.3. Only members of the Association registered at a specific campus shall be eligible to stand for any of the following Executive Committee positions:

- 1.3.3.1. the Vice President(s) (to represent appropriate campuses)

1.3.4. Only members of the Association who have self-defined as Lesbian, Gay, Bisexual or Transgender will be eligible to stand for the Lesbian, Gay, Bisexual or Transgender Officer Executive Committee position.

1.3.5. Reopen nominations (RON) shall be a candidate in all Association elections.

1.3.6. Nomination forms will be available from the Returning Officer or his or her representative and shall be available from the College main reception (including the main reception at campuses), the Student President, the Student Development Centre and Student Union fifteen College days before the election. The nomination form shall contain a copy of the description of the role of each position in the election.

1.3.7. Members of the Association may stand for election upon completion of a nomination form signed by the candidate and at least one proposer and one seconder.

1.3.8. Nomination forms must reach the Returning Officer or his or her representative not later than 5.00pm on the day, twelve College days before the date of the commencement of the ballot.

#### **1.4. Publicity About the Election**

1.4.1. The Returning Officer shall produce a list of candidates (together with the proposer and seconder), which shall be displayed on the Association notice boards within 48 hours of the close of nominations.

1.4.2. Candidates may produce a supporting statement, which must be handed in with the completed nomination form.

1.4.3. On receipt of a valid nomination form the Returning Officer or his or her representative shall provide the candidate with an election campaign pack.

1.4.4. The contents of the election campaign pack shall be determined by the Returning Officer in conjunction with the Executive Committee.

## **1.5. Campaigning**

- 1.5.1. Candidates may commence campaigning at the close of nominations
- 1.5.2. A 'question time' session may be held on at least one main campus, at a time and date to be determined by the Returning Officer. Any candidate absent from question time without apologies to the Returning Officer shall be deemed to have withdrawn from the election. The length of speeches and responses by candidates to questions shall be determined by the Returning Officer who shall also appoint a chair.
- 1.5.3. Candidates cannot use any communication materials that are not sanctioned by the election campaign pack.
- 1.5.4. There shall be no campaigning within the same room as any ballot box.
- 1.5.5. The Returning Officer shall publicise the location and arrangements of the question times and voting stations, together with a list of candidates and manifestos, ten college days before voting.

## **1.6. Voting Procedures**

- 1.6.1. The Returning Officer shall ensure that all members of the Association have access to vote no matter their place or time of study.
- 1.6.2. All members of the Association shall be able to vote for the positions as outlined in clause 1.3 except the Vice Presidents who shall be elected by the members registered at the campus they represent.
- 1.6.3. All members of the Association may vote on production of a current matriculation card or appropriate identification as decided by the Returning Officer.
- 1.6.4. A voting paper will be issued to each voter.
- 1.6.5. Votes will be cast in sealed ballot boxes. Voting papers shall bear the name of each candidate and the office being contested. There will be a facility for reopening nominations as outlined in clause 1.3.
- 1.6.6. Voting shall be by secret ballot.
- 1.6.7. A postal vote shall be granted to any full member of the Association who is unable to exercise their right to vote in person.
- 1.6.8. The Returning Officer shall publicise the arrangements for postal voting at the time of close of nominations.
- 1.6.9. The members must inform the Returning Officer in writing, at least four College days before the beginning of voting, that they wish to vote by post.

1.6.10. Postal votes will be accepted up until the close of ballot boxes, at the end of the voting period.

### **1.7. Counting and Declaring Votes**

1.7.1. The Returning Officer shall inform the candidates of the time and venue of the count. The candidate or their appointed representative may, if they so wish, attend the counting of the votes as observers only.

1.7.2. The Returning Officer may be assisted in the count by a number of individuals appointed by her or him.

1.7.3. Once the votes have been counted they should be kept for a period of six months in case of appeals against the result.

1.7.4. Results of the elections shall be declared by the Returning Officer when the count for each post has been completed and any complaint has been resolved to the satisfaction of the Returning Officer.

1.7.5. A list of successful candidates will normally be posted at each campus within one College day of the declaration of results. The Returning Officer should send a copy of the result to the Association, the Senior Management Team, the Clerk to the Board of Management and the College library.

1.7.6. The results will become official 48 hours after they have been posted provided that no complaint has been lodged with the Returning Officer within 48 hours. In the event of a complaint being received by the Returning Officer the results shall be suspended until the complaint has been resolved.

### **1.8. Complaints**

1.8.1. Any challenge or complaint concerning the administration and good conduct of the election will be heard and determined by the Returning Officer within 48 hours of such a complaint being lodged by any full member or the candidate or their nominee.

1.8.2. Any complaint against the conduct or administration of the election should be received by the Returning Officer before the start of the count.

1.8.3. A challenge or complaint during or following the count, must only relate to the conduct of the count, and be lodged with the Returning Officer who shall resolve the complaint within 48 hours of it being lodged.

1.8.4. In determining a resolution to the complaint, the Returning Officer after hearing all the appropriate evidence may not uphold the complaint; or may halt elections for a specific post(s) or disqualify specified candidate(s) if, in their view, a candidate(s) has breached election regulations. The ruling of the Returning Officer on any complaint shall be final, subject only to a successful appeal to the DoFCS, in accordance with clause 3.9.4 of the complaints

procedure, contained within the Code of Practice (Appendix Three) of this Constitution.

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## **Schedule Two: Societies**

There shall be societies of the Association.

### **2.1 Setting up a Society**

2.1.1 No society may receive funds from the Association or use Association facilities without recognition in each academic year by the Student Representative Council.

2.1.2 No society will be recognised if its objects conflict with those of the Association. However, this restriction shall not be interpreted so as to prevent the establishment of political, religious or ethnically based societies.

### **2.2 Money for Societies**

2.2.1 The Student Representative Council shall meet and allocate funds. Allocation will be made on the basis of the level of activity in the society; the number of members it has and special equipment and travel considerations. A contingency fund shall be set aside, the value of which shall be determined by the Student Representative Council. The Student Representative Council decision shall be final.

2.2.2 The allocations shall be approved at the first meeting of the Student Representative Council of the new academic year.

2.2.3 Societies may be given a budget by the Budget Holder. Any request for expenditure must be approved in advance by the Budget Holder.

### **2.3 Responsibilities of Societies**

2.3.1 No-one from a society may commit the society or the Association to any expenditure without prior authorisation through the Association's budgetary control system.

2.3.2 The society shall be responsible for promoting itself during induction week to encourage new membership.

2.3.3 The Budget Holder will submit an income/expenditure sheet to the Executive Committee at the end of each term, following a request from the Budget Holder.

2.3.4 The society shall not hold its own bank account and all its finance will be administered through the Association budget.

2.3.5 The society shall hold no funds whatsoever outside the Association accounts.

2.3.6 The Events Officer of the society shall be responsible for the smooth running of any social events and activities and shall be responsible for convening of general meetings.

2.3.7 The Executive Team shall be responsible for publicising general meetings, providing agendas and taking minutes of the meetings.

2.3.8 The Budget Holder shall be responsible for ensuring that all expenditure is legitimate and that it does not exceed the society allocation for that year.

The Budget Holder shall also ensure that an accurate list of all equipment purchased is kept and all equipment is returned to the Association at the end of the academic year.

2.3.9 The budget holder shall ensure that all income received by the society is paid directly into the Association account and that no funds received by the society are withheld.

2.3.10 The Budget Holder shall ensure that an income and expenditure account for the previous academic year is presented to the annual general meeting of the Association.

2.3.11 Failure to abide by these regulations and the Constitution may result in suspension of the society by the Executive Committee.

### **Schedule Three: Meeting Regulations**

Meeting regulations shall apply in full to all Association meetings. They shall apply to all Committee meetings of the Association in terms of conduct of meetings.

#### **3.1 Student Representative Council**

3.1.1 The business of the Student Representative Council shall take into account all college and association business.

#### **3.2 Who can attend Student Representative Council Meetings?**

3.2.1 All Class Representatives (see clause 5.2 of the Constitution) will be expected to attend all meetings of the Student Representative Council. Any member of the Student Representative Council who fails to attend three consecutive meetings without giving apologies to the chair, and does not provide satisfactory reasons acceptable to the Student Representative Council, shall be considered to have resigned.

3.2.2 Any full member of the Association may attend Student Representative Council meetings in accordance with clause 3.4 of the Constitution. All other students can attend the meeting as an observer.

3.2.3 A member of SMT will be invited to attend all meetings.

#### **3.3 Who May Speak at Student Representative Council Meetings?**

3.3.1 Any Class Representative may speak at Student Representative Council meetings

3.3.2 Any full member of the Association may attend meetings and speak with the permission of the meeting. Members of the College Senior Management Team may attend and speak at the College business part of the meeting but will not be entitled to speak or attend the Association business part of the meeting unless expressly requested by the meeting. Any other individual may attend and speak as a guest, if invited to do so by either the Student Representative Council or the Executive Committee.

3.3.3 Any member wishing to speak must raise their hand. The chair of the meeting shall decide the order of speaking.

#### **3.4 Who May Vote at Student Representative Council Meetings?**

3.4.1 Only members of the Student Representative Council who are present at the meeting may vote.

3.4.2 The chair of the Student Representative Council may not vote unless the vote is tied, in which case they may have the casting vote.

### **3.5 How To Get Things Done**

- 3.5.1 All items for debate shall be submitted to the Student President five College days before the meeting.
- 3.5.2 The Student President shall be responsible for the publication of details of all Student Representative Council meetings ten College days before the meeting on all Association notice boards and available Association publications.
- 3.5.3 Proposals of changes to debates may be submitted by any full member of the Association. The changes require the signatures of at least two members and shall be submitted to the Student President two College days before the start of the meeting.

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### **3.6 Who Runs the Meeting?**

- 3.6.1 The Student President, in consultation with the Secretary, shall be responsible for the agenda and publicising the meeting.
- 3.6.2 The Student President shall chair the meeting.
- 3.6.3 In the event of any situation arising not being covered by meeting regulations then the Student President shall rule on the procedure to be adopted. Such ruling shall be subject to the approval of the Student Representative Council.
- 3.6.4 In the event of the Student President being in conflict or alleged to be in conflict with the item under discussion, the chair should be resigned for the duration of the item under discussion to the Vice President.

### **3.7 What is discussed at Meetings?**

3.7.1 The agenda of meetings shall normally be taken in the following order:

3.7.2 College Business:

- Welcome from the chair
- Checking the minutes of the previous meeting for accuracy
- Matters arising from the minutes of the last meeting
- Reports from the Senior Management Team & Executive Committee
- Reports from the Board of Management
- Other Reports
- Executive question time
- Debates
- Discussion groups
- Any other business

3.7.3 The meeting will have the right to table the following items collectively as a consent agenda provided that written reports and minutes are distributed in advance:

- Checking the minutes of the previous meeting for accuracy
- Matters arising from the minutes of the last meeting
- Reports from the Executive Committee
- Reports from the Board of Management

3.7.4 Any member may request that any item be discussed in full, provided that notice is given in advance of the meeting.

3.7.5 All debates shall be run as follows:

- The proposer of the debate shall make a speech
- Any changes to the debate will be raised in accordance with clause 3.8 of these regulations

- The chair will invite a speech against the debate
- The chair shall balance the number of speeches for and against the debate
- The chair shall invite any questions and statements relating to the debate
- The proposer of the debate shall have the right to sum up
- The vote shall be taken.

### **3.8 Changes to the Debate**

3.8.1 Changes to the debate shall run as follows:

- Any changes to the debate will be raised after the proposer has spoken
- The chair shall invite and take a speech against the changes
- The chair shall attempt to balance the number of speeches for and against the changes.
- The chair shall leave time for questions and statements before the vote
- When all changes have been voted upon, the main debate shall be discussed and voted upon.

### **3.9 General rules**

3.9.1 Every debate shall have a proposer and a seconder

3.9.2 Any motion may only be withdrawn with the consent of the meeting

3.9.3 Debates shall require a simple majority to be decided except where otherwise specified in the Constitution

3.9.4 Emergency debates may only be discussed if they deal with matters that have arisen since the date for submission of dates, and if a two thirds majority vote for the discussion of this debate. The debate should be submitted in writing to the chair before the start of the meeting.

## **Schedule Four: Finance Regulations**

### **4.1 Budget**

4.1.1 There shall be a budget within the College system, held in the name of the Association. There shall be two signatories to request payment:

- Student Services Manager
- The Student Liaison Officer

4.1.2 Requests for payment shall be signed by the Student Services Manager **and** the Student Liaison Officer (SLO), and cheques must then be signed by a member of the Senior Management Team.

4.1.3 Any expenditure over £1,000 limit must be agreed by a member of Senior Management Team.

### **4.2 Remuneration**

4.2.1 The President shall have a paid position, as approved by the Finance Committee.

4.2.2 The President shall be paid a standard rate of £10.00 per hour, and shall work 10 contracted hours per week.

4.2.3 This rate of pay is the standard agreed rates for the post as recommended by NUS and following consultation with other SLOs from colleges of equivalent standard to the operations at FVSU.

### **4.3 Collection of Money**

4.3.1 The collection of all money due to the Association shall be the joint responsibility of the Student Liaison Officer and Student Services Manager. The College shall be notified promptly of all money due to or owed by the Association.

### **4.4 Contracts**

4.4.1 No financial agreement (eg a leasing contract) may be entered into which involves a financial commitment beyond the term of office of the Student Representative Council and/or exceeds a total value of £250 unless authority is given by the Student Representative Council.

4.4.2 All contracts shall have two signatories. Contracts shall normally be signed by the Student President and the Student Liaison Officer. Any contracts exceeding a value of £250 shall be signed by the President **and** the DoFCS or her/his delegated authority.

4.4.3 No contract should be signed without the approval by the Senior Management Team.

#### **4.5 Budgets and Financial Statements**

4.5.1 Draft budgets shall be drawn up for all areas of proposed expenditure in April for the financial year ahead. These areas shall be determined by the Executive Committee, before final approval by the Finance Committee, and submission to the DoFCS, via the Clerk to the Board of Management, for approval by the Board of Management.

4.5.2 The President will receive monthly budget reports from Finance Services, and will make these available to the Student Representative Council.

#### **4.6 Events**

4.6.1 All events undertaken or provided by the Association must be costed and budgets prepared.

4.6.2 Annually, the PR & Events Officer, in consultation with the Student President and the SLO and under the direction of the Student Representative Council, shall draw up a proposed Student Events budget, subject to ratification by the Executive Committee. This shall form the basis of all social activities expenditure.

4.6.3 Records of all expenditure for social events shall be kept. The President shall advise the Executive Committee and the DoFCS when the limits laid down in the budget set are likely to be exceeded. The PR & Events Officer is responsible, under the direction of the Executive Committee, for ensuring that agreed budgets are not exceeded, unless the necessary approval has been given before the proposed expenditure.

#### **4.7 Donations**

4.7.1 The Association shall not make donations or affiliations to any organisation outside the aims and objectives of the Association. The Association may allow for its facilities to be used for special events which raise money for a specific charity or cause. Only the net profit from such events may be passed to the charity.

#### **4.8 Age Limit**

4.8.1 Any member of the Executive Committee under the age of 18 shall not sign any contract or financial agreement, authorise any expenditure, take responsibility for any budget, sign cheques or make any financial decisions.

## Schedule Five: Job Descriptions

### 5.1 Presidents Remit

#### 5.1.1 The President Shall:

- Be the main representative of the students' union.
- Attend the Board of Management, Strategic Development Committee and other relevant college committees, and report back to the students union.
- Lead delegations to conferences and meetings to external bodies.
- Liaise with the National Union of Students
- Meet the college management regularly and report back to the Students' Union
- Encourage Forth Valley College students to join and get involved in the Students' Union.
- Ensure the Student' Union works as a motivated team and encourage executive committee members to work to the best of their ability.
- Draft the Student Union annual budget, and monitor the expenditure in conjunction with the Treasurer and the Student Liaison Officer.
- In conjunction with the Treasurer, ensure that all financial transactions are legitimate, and that the necessary paper work and receipts are kept for all transactions.
- Ensure that the Students' Union accounts are audited annually, and that these are presented to the Board of Management.
- Be the official spokesperson of the Student Union to the media and other external bodies.
- Update the Student Union website with relevant information efficiently
- Co-ordinate the Union's work in relation to the College's quality assurance process.
- Assist with main office duties and administration
- Be responsible for any other duties as decided by the executive committee.
- Work 10 office hours a week.

## **5.2 Vice President Remit**

### **5.2.1 The Vice President shall:**

- Assist the president in organising and supervising all activities of the Student union
- Assume the duties of the President in the event of his/her absence
- Share duty rota across campuses with president
- Attend the relevant college committees, and report back to the students union.
- Liaise with the National Union of Students
- Encourage Forth Valley College students to join and get involved in the Students' Union.
- Assist the President in ensuring the Student Union works as a motivated team and encourage executive committee members to work to the best of their ability.
- Be responsible for the production of the Fusion Magazine, the student union newsletter.
- Co-ordinate the Union's work in relation to the College's quality assurance process.
- Update the Student Union website with relevant information efficiently
- Be responsible for any other duties as decided by the executive committee.
- Assist with main office duties and administration

## **5.3 Equalities & Diversities Officer Remit**

### **5.3.1 The E&D Officer shall:**

- Act as a contact to learners who would like to discuss their additional support needs to a fellow learner, respecting their confidentiality at all times.
- Represent students with additional support needs at appropriate Learning Development Meetings and Cross College Committees.
- Work with the Learning Development Section to promote the Learning Development Service to learners.
- Establish and maintain contact with internal services and external organisations who work on Equality and Diversity issues.
- Work with the Learning Development Section to raise awareness of issues that learners with additional support needs encounter in College.
- Raise awareness of Equality and Diversity issues and services to learners across campuses.
- Liaise with LGBT Officer and PR/Events Officer to organise events relevant to the role.
- Present relevant reports to the executive committee and any other college committee.
- Attend any relevant training or conferences
- Collate information on events and activities for the Student Magazine and Student Union website.

## **LGBT Officer**

### 5.3.2 The LGBT Officer shall:

- Ensure that lesbian, gay, bisexual and transgender student's views and opinions are reflected throughout the Student Unions work.
- Provide an LGBT perspective on all matters concerning the union and college to ensure that there is a regular forum for LGBT students to meet and organise social and educational events.
- Attend LGBT training events and conferences in conjunction with the LGBT campaign.
- Promote the positive involvement of LGBT students in all areas of the union's activities.
- Represent the views of LGBT students to the union and college.
- Prepare relevant reports for the executive committee and any other college committee.
- Collate information on events and activities for the Student Magazine and Student Union website.
- Attend relevant conferences and courses on behalf of the Student Union within remit.

## **5.4 PR & Events Officer**

### 5.4.1 The PR & Events Officer shall:

- Communicate and assist with the executive team, Student Liaison Officer and President in raising awareness of events and activities organised by the Student Union.
- Promote activities by designing and displaying promotional material, etc.
- Advise and assist any member of the executive team in their written methods of communication.
- Use initiative to promote the Student magazine, website and the NUS extra card and include this in your PTS&R.
- Collate information on events and activities for the Student magazine and Student Union website.
- Establish contacts with local businesses and newspapers to enhance the profile of the Student Union.
- A notice board will be allocated to provide a picture and short remit of each officer on the executive team as soon as the team are established.
- Attend relevant conferences and courses on behalf of the Student Union

## **5.5 Sports & Wellbeing Officer**

### **5.5.1 The Sports & Wellbeing Officer shall:**

- Liaise with the Student Liaison Officer and President in organising events and raising awareness of events and activities organised by the Student Union.
- Establish and maintain contact with relevant clubs, societies and organisations to the advantages of Forth Valley College students.
- Establish and maintain contact with other officers in other colleges and universities.
- Promote activities by designing and displaying promotional material etc.
- Liaise with the SU team on final decisions such as venues, entertainment, catering etc.
- Use initiative to promote any events through the Student newsletter, website etc.
- Collate information on events and activities and submit for approval for the Student Newsletter and Student Union website.
- Present relevant reports to the executive committee.
- Attend relevant conferences and courses on behalf of the Student Union

## **5.6 Entertainments Officer**

### **5.6.1 The Entertainments Officer shall:**

- Liaise with the Student Liaison Officer and President in organising events. Liaise with SU Treasurer to ensure that all sales, pricing etc is correct and auditable and assist with the executive team, Student Liaison Officer and President in raising awareness of events and activities organised by the Student Union.
- Establish and maintain contact with relevant clubs, societies and organisations to the advantage of Forth Valley College students.
- Establish and maintain contact with other officers in other colleges and universities.
- Promote activities by designing and displaying promotional material etc.
- Liaise with the SU team on final decisions such as venues, entertainment, catering etc.
- Use initiative to promote any events through the Student magazine, website etc.
- Collate information on events and activities and submit for approval for the Student magazine and Student Union website.
- Present relevant reports to the executive committee.
- Attend relevant conferences and courses on behalf of the Student Union within your remit.

## 5.7 Welfare Officer

### 5.7.1 The Welfare Officer shall

- Liaise with the finance department over the criteria and distribution of the hardship fund.
- Establish and maintain contact with internal services and external organisations who work on welfare issues.
- Raise awareness of welfare issues and services to students across campuses.
- Maintain and order stocks of information leaflets etc relevant to welfare issues. Distribute this general welfare information to students.
- Consult with Student Services and relevant staff regularly, to find out what problems students are having in college and take account of these when campaign planning.
- Present relevant reports to the executive committee and any other college committee.
- Deal with but not counsel, students who have welfare problems, respecting their confidentiality at all times.
- Where relevant direct and guide students to appropriate college staff or external organisations.
- Attend any relevant training or conferences for welfare officers
- Collate information on events and activities for the Student Newsletter and Student Union website.

## 5.8 Executive Team

### 5.8.1 As part of the Executive team, Officers must:

- Commit to doing 2 hours a week in the SU Office
- When working with the Student Union, may be privy to confidential information. Confidentiality must not be breached, if it is it they will be asked to resign from the executive team.
- Attend executive meetings on a monthly basis (if 3 consecutive meetings are missed without special circumstances, Officers will be asked to resign)
- Commit fully to remit and follow PTS & R
- Carry out chosen office hours on a weekly basis. The SU team rely on Officers to monitor the common room whilst doing their office hours. If an Exec Officer needs to cancel or reschedule, they must let the SLO or President know 24 hours in advance to allow time to provide alternative cover.
- Adopt good practice. When using the telephone or greeting clients remember that they are representing the SU team who want to provide excellent customer care.
- Read and abide the notices on Office Safety and Health & Safety for computer users.

## APPENDICES

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## **Appendix One: Opting Out**

- 1.1 Every student shall be able to relinquish their right of membership of the Association
- 1.2 A student who opts out of the Association shall not be able to participate in the democratic and decision-making function of the Association. This includes not being able to stand for any officer or representative position, including society or committee members, as contained in the Constitution.
- 1.3 A student who opts out of the Association shall continue to have the right to attend Association run events and participate in the activities of societies.
- 1.4 A student wishing to opt out must indicate this within six weeks of the start of their course by writing to the Student Liaison Officer
- 1.5 A student who has opted out who wishes to become a member of the Association shall notify the Student Liaison Officer in writing. The Clerk shall then inform the Student President. If the application falls within twenty college days of nominations opening for an Association election, the student will not be eligible to take up the full privileges of membership until the nomination period has closed.

## **Appendix Two: Disciplinary Procedures**

- 2.1 Societies and members of the Association shall be expected to abide by this Constitution at all times, as well as the Association's equal opportunities policy.
- 2.2 The Association's disciplinary policy has authority over any premises managed by the Association, any Association activities, including the activities of any Association society, or any misconduct which takes place outside Association premises but is connected with the Association and is likely to affect the reputation of the Association.
- 2.3 If a student or society is deemed to have breached the rules of the Association their conduct shall be examined by a panel of three Executive Committee members known as the disciplinary committee.
- 2.4 The disciplinary committee shall be convened within seven college days of the alleged offence occurring. The student shall be given written notification of the time, date and place of the hearing, together with written notification of the alleged breach, at least three days before the hearing.
- 2.5 In cases involving the misuse of Association facilities or resources or behaviour likely to cause potential danger or offence to students, staff or other persons, the student or society may be suspended from the use of particular Association facilities or resources until the disciplinary committee has reached a decision.
- 2.6 No person shall sit on the Association disciplinary or appeals committees if they are a witness, potential witness, the complainant or directly connected with the student or society whom the allegations are against.
- 2.7 The person bringing the allegation or his/her representative shall call witnesses to give evidence as appropriate. They shall ask questions of the witnesses. The student or his/her representative may also ask questions of the witnesses.
- 2.8 The student or his/her representative may call their own witnesses to give evidence and present any relevant documents to the panel. They may ask questions of the witnesses. The person bringing the allegation or his/her representative may also ask questions of the witnesses.
- 2.9 The committee may ask questions of any witnesses, the person bringing the allegation or their representative, the student or club or society or their representative.
- 2.10 The disciplinary committee shall then deliberate on the matter and decide on the appropriate action to be taken. The committee shall base its decision on evidence presented and examined in the presence of the person bringing the allegation and the student or society whom the allegation is against. Evidence of any earlier misconduct shall not be presented until after the decision has been reached on the facts of the case, but then may be admitted and considered in deciding on any

punishment. The ultimate sanction shall be the suspension of Association membership for a period of time.

- 2.11 The Association disciplinary committee may refer any matter to the college disciplinary committee, via the Student Services Manager.
- 2.12 The disciplinary committee must inform the person of their right of appeal and that any appeal should be made in writing to the chair of the Student Representative Council within five College days.
- 2.13 If the student is unhappy they may appeal to an appeals committee made up of three students appointed by the Student Representative Council and agreed by the Student President. The student shall be notified in writing and at least five College days in advance of the meeting.
- 2.14 The appeals committee shall hear the reason for the appeal and the rationale behind the original decision. They shall also hear any new evidence that has emerged since the disciplinary meeting. The matter shall be put to the vote and the decision shall be final.
- 2.15 The hearing shall normally take place in private. However the subjects of any allegation may request that the hearing is held in public. A record shall be kept for use in any appeal. The decision of the disciplinary or appeals committee will be posted on an Association notice board if requested by the subject.
- 2.16 The Executive Committee officers may be removed from office by:
  - 2.16.1 A two-thirds majority vote at a quorate meeting of the Student Representative Council
  - 2.16.2 A referendum of the members of the association
  - 2.16.3 A breach of the College disciplinary regulations on the grounds of gross misconduct resulting in exclusion from the College.
- 2.17 Class representatives can be removed from office by:
  - 2.17.1 A two-thirds majority vote at a quorate meeting of the Student Representative Council.
  - 2.17.2 A breach of the College disciplinary regulations on the grounds of gross misconduct resulting in exclusion from the College.
- 2.18 The regulations for the ballot to remove a member of the executive from Office shall be determined by the Returning Officer, within the limits of this Constitution.
- 2.19 Any member of the Student Representative Council or any other committee who has been absent from at least three successive ordinary meetings, without submitting apologies to the chair of the meeting, shall automatically be deemed to no longer hold office.

2.20 Any resignation must be in writing to the chair of the Student Representative Council. Resignations shall take effect immediately, and be reported to the Student Representative Council.

2.21 In the case of any vacancy arising a by-election shall be held in accordance with Schedule One (Election Regulations) of this Constitution.

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## **Appendix Three: Students' Association Code of Practice**

This code of practice is approved by the Board of Management in accordance with the requirements of clause 22(3) of the Education Act 1994 which requires that the Board of Management shall take such steps as are reasonably practicable to secure that the Association operates in a fair and democratic manner and is accountable for its finances. The code of practice should be read in conjunction with the Constitution.

### **3.1 Constitution**

3.1.1 The Association shall have a written Constitution, approved by the Board of Management and reviewed by the Executive Committee at intervals of not more than five years. Any amendments to the Constitution shall be approved by the Board of Management.

### **3.2 Elections**

3.2.1 Appointment to Executive Committee offices shall be by election in a secret ballot in which all members of the Association are entitled to vote, in accordance with clause 5 and Schedule One (Election Regulations) of the Constitution.

3.2.2 The Board of Management shall agree the appointment of an independent Returning Officer to conduct the elections and shall satisfy itself that the elections to Executive Committee offices are fairly and properly conducted.

### **3.3 Sabbatical Officers**

3.3.1 No person shall hold sabbatical Association office, or paid elected Association office, for more than two years in total.

### **3.4 Membership**

3.4.1 All registered students of the College, over the age of 16, shall be members of the Association unless they choose to relinquish their rights of membership in accordance with the opt-out regulations contained in Appendix One of the Constitution. Students shall be informed annually by the College of the opting-out procedure and of the consequences of so doing. A student opting-out of the Association shall not be unfairly disadvantaged with regard to the provision of services or otherwise, by reason of their having done so.

3.4.2 The consequences of opting out of membership shall be:

3.4.3 A student may not participate in any of the democratic processes of the Association

3.4.4 A student shall not hold office in any society of the Association

3.4.5 A student will not be represented by the Association.

### **3.5 Finances**

- 3.5.1 The financial affairs of the Association shall be properly conducted in accordance with clause 10 and Schedule Four (Financial Regulations) of the Constitution and include appropriate arrangements for the approval of the Association's budget and the monitoring of expenditure by the Association.
- 3.5.2 The annual accounts of the Association shall be made available to the Board of Management and to all students within one month of the financial year end.

### **3.6 Allocation of Resources to Societies and Groups**

- 3.6.1 The procedure for allocating resources to societies and groups shall be fair in accordance with clause 7 and Schedule Two (Clubs and Societies) of the Constitution.

### **3.7 Affiliation to External Organisations**

- 3.7.1 Any decision to affiliate to an external organisation shall be published, stating the name of the organisation and details of any subscription or similar fee paid or proposed to be paid, and of any donation made or proposed to be made to the organisation and any such notice shall be made available to all students, in accordance with clause 8 of the Constitution.
- 3.7.2 The Association shall, on an annual basis, publish a list of the external organisations to which the Association is currently affiliated and details of subscriptions or similar fees paid or donations made to such organisations in the past year, which shall be made available to the College and to all students.
- 3.7.3 The Student Representative Council shall approve annually the list of affiliations. At least 200 members of the Association may, at intervals of not less than one year, by a signed requisition delivered to the president, call for a secret ballot of all members on the continuation of affiliation to a particular organisation in accordance with clause 8.4 of the Constitution.

### **3.8 Freedom of Speech**

- 3.8.1 The Association and its members are bound to observe the College's code of practice in relation to freedom of speech as required by section 43 of the Education (no.2) Act of 1986.

### **3.9 Complaints**

- 3.9.1 The following complaints procedure shall be made available to all students or groups of students who are dissatisfied in their dealings with the Association or claim to be unfairly disadvantaged by reason of their having exercised their right to opt out of membership of the Association.

- 3.9.2 Any complaint about the Association shall be addressed to the Student President. In any circumstances where the complaint relates to the Student president, it shall be addressed to the Treasurer.
- 3.9.3 The student president shall make a written reply within ten college days.
- 3.9.4 If the complainant is not satisfied with the response they may appeal to the Clerk to the Board of Management. The Complaint will then be handled in line with the College complaints handling scheme.
- 3.9.5 Members who complain will also be referred to the mechanisms in this Constitution to remove officers and change the policy of the Association if applicable.

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# Board of Management

<b>Subject:</b> Office for National Statistics (ONS) Reclassification of Colleges	<b>Agenda Item:</b> 15
<b>Date:</b> 12 December 2013	<b>FOR APPROVAL</b>

## 1. Purpose of Report

To provide members with an update on the implications of the ONS reclassification of Colleges and the actions taken to mitigate against this.

## 2. Recommendation

Members of the Board of Management note the progress to date in the set up of an Arms Length Charitable Foundation (Briefing Paper 2) and note the issues raised in (Briefing Paper 3).

## 3. Background

From 1 April 2014 Further Education Colleges in Scotland will be reclassified as Arms Length Public Bodies. The implications of this was presented to members at the Board of Management workshop in August 2013 (Briefing Paper 1 – attached for information for new Board Members).

## 4. Key Considerations

### Arms Length Charitable Foundation.

Briefing Paper 2 details the progress to date. In summary, the key points to note are:

- Turcan Connell have prepared the Memorandum & Articles of Association for the Foundation which have been reviewed by both Henderson Loggie and Audit Scotland who have agreed they would view the Foundation as being independent.
- Jim Callander and Neil McLean are the initial trustees who will set up the Foundation
- All necessary documentation for Companies House and OSCR has been signed at it is anticipated the foundation will be registered at Companies House by 6 December 2013.

### Issues

Briefing Paper 3 considers issues in relation to ONS which may impact on our ability to transfer funds to an Arms Length Foundation. The report goes into the detail of the issues which has been discussed by both the Finance and Audit Committees and includes an update on where we are with addressing these issues. The key issues to highlight are;

- the impact of negative reserves on FVC's ability to transfer funds to a Foundation

- the need for SFC to get SG approval to switch capital grant to revenue from 2014/15.

The sector Project Team is working through the implications of complying with the Scottish Public Finance Manual. One further issue which has been identified is the possible need to “self insure” from 2014/1, however there are currently ongoing discussions with the Scottish Government to remove this requirement for Colleges. Current insurance policies will remain in force until 31 July 2014.

## 5. Risk

Risk Description – The reclassification may restrict the ability to access current surplus cash and future operating surpluses without “resource” cover from SFC/Scottish Government.

Mitigating Actions – Set up of Arms Length Charitable Foundation to transfer surplus funds prior to 31 March 2014. Foundation will support the charitable activities of Forth Valley College.

<b>Author:</b> Alison Stewart	<b>SMT:</b> Alison Stewart
<b>Date:</b> 5 December 2013	<b>Date:</b> 5 December 2013

## **Board of Management Briefing Note 1**

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### **Office of National Statistics (ONS) Reclassification of Colleges**

In October 2010 the ONS took the decision to reclassify incorporated further education colleges throughout the UK as public bodies. As such they should be treated as part of central government for financial budgeting and reporting purposes. This was a consequence of the current Ministerial control (prior to the Post 16 Reform Bill) over FE College's affairs, including the need for borrowing consent.

The Scottish Government has been in discussion with UK Treasury over flexibility on implementation. This has not been forthcoming and the reclassification will be implemented with effect from 1 April 2014.

#### **What does this decision mean for Forth Valley College?**

There is an annual ceiling placed on each area of government expenditure which is known as Departmental Expenditure Limits (DEL). Until now only the funding allocated by the SFC to colleges counted towards government expenditure. From 1 April 2014 it will be what Forth Valley College (FVC) and the rest of the sector actually spends that is included in the Scottish Government's total expenditure figures.

As the control of government finance is focussed on the balance of income and expenditure within an individual year, there is only very limited scope to manage financial resources across different years through the creation of reserves in one year and the utilisation in subsequent years.

Up until now, FVC has effectively operated as a private business and has been able to accumulate to reserves any surplus made in a particular year. However, going forward even if expenditure is financed from FVC's own reserves or borrowing it is still included as part of the overall government expenditure. Therefore to access these reserves FVC will have to be allocated an equivalent amount from the Scottish Government's overall budget. This is referred to as "budget cover". FVC will have to control its expenditure so that it does not exceed pre-set budget cover limits.

#### **What is the impact of this on FVC's current operations?**

FVC will still be able to engage in activities to generate other income and is indeed expected to do so in future.

The key issues FVC are facing are

- the ability to generate and retain surpluses
  - the generation of any unbudgeted surplus is treated as an under spend against the budget limit and subsequently the surplus rolled forward would require additional budget cover to allow it to be spent. Deficits are considered as overspends.
- the ability to spend existing surpluses/reserves

- the spending of existing accumulated reserves will require budget cover from within the Scottish Government's overall budget limit.
- Restricted access to commercial borrowing
  - FVC will continue to have access to Scottish Government capital funding along with other public sector bodies. However, from 1 April 2014 we will not be able to augment that capital funding by using reserves or commercial borrowing without the requisite budget cover from the Scottish Government.

### **What is the impact of this on FVC's financial administration?**

- Accounting implications
  - Central government bodies are required to follow the Government Financial Reporting Manual (FRM), which is essentially a version of International Reporting Standards (IFRS) adapted for the government sector. The current financial reporting framework for incorporated colleges, the HE/SE SORP is based on UK Generally Accepted Accounting Principles (UK GAAP). Colleges' accounts will ultimately have to be consistent with IFRS and the FRM.
- Change of financial year end
  - Colleges' financial years currently run in parallel with the Academic year – 1 August to 31 July. As public bodies colleges will be required to prepare budgets and accounts for government's financial year which runs 1 April to 31 March.
- Budgeting and reporting arrangements
  - The UK wide arrangements for government "budgeting" include processes for monitoring and control, as well as budget setting. The following table is a summary of the timetable for 2014-15.

<b>April 14 - March 15 Budget Setting &amp; Monitoring Timetable</b>	
<b>Budget Setting</b>	
Jul-13	High level draft Budget submitted to SFC
Aug-13	Full budget submitted to SFC
Sep-13	Scottish Government considers draft budget
Feb-14	Scottish Government issues final budget
<b>Funding</b>	
Monthly	Colleges prepare projection of income & expenditure and cash requirements
Monthly	SFC payment based on cash requirement for the month ahead
<b>Mid Year Budget Update</b>	
Jul-14	Enhanced return which feeds into Scottish Government's budget revision process
Nov-14	Enhanced return which feeds into Scottish Government's budget revision process
<b>Prior to Year end</b>	
Feb-15	Updated projection of any under/overspend of previously agreed net expenditure limits

### **Solutions?**

A cross sector project team has been established to review the implications of the ONS reclassification and to consider mitigating strategies. Several different options have been considered by the project team and they have recommended that the setup of an Arms Length Charitable Trust(s) is the best approach to aid the management of current reserves and future surpluses.

## Arms Length Charitable Trusts

Scottish Government accepts that the accounting treatment of reserves under ONS does not arise where funds are applied for a public body's benefit from an independent charitable organisation (referred to as a "Foundation" throughout the remainder of this paper). Further, it is understood that the Scottish Government provided budget cover in the 2012/13 financial year for the transfer to Foundations of part of the reserves held by certain national institutions.

Turcan Connell, legal advisors who supported The National Galleries on the establishment of a Foundation, were commissioned by the ONS project team to review the feasibility of using Foundations for the FE sector.

Their report confirmed the feasibility of Foundation(s) and that they can be established before 31 March 2014. 3 options have been suggested:

- One trust per College
- A single umbrella Foundation
- A number of Foundation somewhere between the 2 options above e.g. Regional

SFC has requested feedback from College Board of Managements on their preferred option by mid-September 2014. In the meantime, as it will take approximately 6 months to set up a Foundation, the project team are progressing with the creation of a single umbrella Foundation. It should be noted that Colleges are under no obligation to join the umbrella Foundation and it will be possible to "piggy back" on the work that is being done on the umbrella Foundation and apply this to a single college Foundation.

### Operation of a Foundation

It is the Trustees of a Foundation that determine how funds held by the Foundation are invested and spent according to the objects set out in the Foundation's constitution. The Foundation's Trustees are obliged to act in the best interests of the Foundation and to manage the funds held in accordance with charity legislation including the Charities and Trustees Investment (Scotland) Act 2005 and guidance provided by the Office of the Scottish Charity Regulator (OSCR).

There is therefore a balance to be struck between (a) being comfortable that funds directed to the Foundation will be dealt with in an appropriate manner; and (b) not exercising a level of control that results in the Foundation being consolidated with the college for accounting purposes.

It is important that the colleges' auditors do not consider the Foundation to be "controlled" by the college. Otherwise, the relevant accounting principles require the Foundation's funds to be consolidated with the college's assets and become once again subject to the budget cover rules.

The ONS Sector Classification Criteria contains two primary indicators and 14 secondary indicators to determine if a public body "controls" a Foundation for these purposes. The two primary indicators are (1) if the college has majority appointment rights to the board and veto rights; and (2) if the college has majority ownership of a Foundation. These indicators are discussed below and should be considered by the colleges' auditors in the context of these proposals.

The Foundation(s) would be established in accordance with the procedure outlined below. The objectives of the Foundation(s) would be to promote and advance the charitable purposes of Forth Valley College (primarily the advancement of education).

Subject to the consent of the Scottish Government, FVC would transfer its reserves to its respective Foundation to be held for the charitable purposes outlined above.

As and when FVC required funds from the reserves transferred to a Foundation, it would apply to the trustees of the Foundation for a grant, setting out the purposes for which the grant would be applied including the key features of the relevant project, details of other funding available (if any) etc. The Foundation's trustees must exercise their independent discretion to determine if each grant to FVC is appropriate.

It is suggested that each Foundation has five to seven trustees. A minority of those trustees could be appointed by the college. The majority of trustees must not be capable of being appointed by the college; otherwise the ONS Sector Classification Criteria is likely to consolidate the Foundation with the college for accounting purposes, thereby defeating the purpose of setting up the Foundation in the first place. An initial majority of trustees can be approached to form the Foundation and those individuals may have past links with the college, but should not have any current links with the college. On a future change of trustees, the majority of trustees should be co-opted by the body of trustees. A minority of future trustees can continue to be appointed by the college. The chairman of the trustees should not be selected by the college and should instead be selected by the body of trustees.

Trustees should serve for a maximum of two terms of four years before being replaced.

### **Powers to establish or transfer funds to a Foundation**

It is proposed that the individuals selected to be the initial trustees of the Foundation(s) establish the body itself. There is therefore not a question of whether FVC or the Scottish Funding Council has power to establish a charitable organisation.

Each college must have power to transfer funds and assets to a separate Foundation.

Section 12(1) of the Further and Higher Education (Scotland) Act 1992 (as amended) ("the 1992 Act") provides that the board of management of a college may:-

- (g) subject to subsection (7)(a) below and section 18 of this Act, acquire, hold and dispose of land and other property;
- (m) do all such things as are calculated to facilitate or are incidental or conducive to the carrying on of any of the activities which the board have power to carry on."

Section 12(7)(a) of the 1992 Act provides:-

"A board of management shall not, without the prior consent, given in writing of the Secretary of State –

- (a) borrow money from any source, give any guarantee or indemnity or create any trust or security over or in respect of any of their property;"

Section 18(1) of the 1992 Act provides:-

"(1) Subject to subsection (4) below [which is not relevant here], the board of management of a college of further education shall not dispose of any property to which this section applies without the prior written consent, given in writing of the Secretary of State.

- (2) Property to which this section applies is—

(a) property transferred to the board under or in pursuance of any of the provisions of this Part of this Act;

(b) property acquired by the board wholly or partly with assets which represent or in any way derive from any part of the proceeds of or any consideration for the disposal of property so transferred; and

(c) property acquired, improved or maintained wholly or partly, directly or indirectly, out of funds provided under or in pursuance of this Part of this Act by the Secretary of State or from the proceeds of or any consideration for the disposal of any property so acquired, improved or maintained.”

It is the view that, with the consent of the Scottish Ministers, each college has sufficient power to transfer funds to a charitable organisation the purpose of which is to benefit the college.

### **Structure**

The recommended structure for the Foundation or Foundations would be that they are established as a charitable company limited by guarantee.

A company limited by guarantee has limited liability. The company also has no shareholders and is therefore not owned by any person or body. This is important for the control issues created by the ONS Sector Classification Criteria. Instead, the company has members who agree to contribute a nominal amount (in this case, possibly £1) in the event of the winding up of the company. The recommendation is that the trustees and the members be the same individuals.

The company's constitution is set out in its memorandum and articles of association. The articles of association include all provisions regarding the operation of the company including its charitable objects, powers and governance arrangements.

The company is formed by its initial members signing the memorandum and articles of association and some associated forms. These are submitted to Companies House, which very rapidly (usually within one or two days) incorporates the company.

The trustees must then submit to OSCR an application for charitable status together with a declaration that they will act as charity trustees. OSCR typically takes around 12 weeks to consider an application for charitable status. From this point, the colleges could transfer funds to the Foundation(s) subject to the consent of the Scottish Ministers.

Once charitable status is obtained, a form is submitted to HMRC for recognition as a charity for tax purposes. HMRC's timescales are very unpredictable and it often takes far longer for HMRC to process the form than OSCR.

Accordingly, once it has been agreed that the charitable Foundation should be established, the whole process should be expected to take around 6 months. Given that timescales to achieve that may be tight, there may be merit in proceeding with the establishment of the single umbrella charitable organisation.

## Timescales

<b>Action Required</b>	<b>Umbrella</b>	<b>FVC</b>
Scottish Funding Council to obtain approval from the Scottish Ministers to the proposed establishment of the Foundation(s).	<b>7.08.13</b>	<b>7.08.13</b>
Turcan Connell to prepare a draft constitution for a single Foundation and model constitution for separate Foundations and these to be agreed by SFC.	<b>16.08.13</b>	<b>30.11.13</b>
Scottish Funding Council and colleges to identify initial interim trustees and confirm their agreement to act.	<b>30.08.13</b>	<b>30.11.13</b>
Colleges to provide to Turcan Connell details and documentation of their borrowing arrangements.	<b>16.08.13</b>	<b>16.08.13</b>
Turcan Connell to complete and submit to OSCR application for charitable status, constitution and 'business plan' (as required by OSCR) having been signed by the initial Trustees.	<b>15.09.13</b>	<b>15.12.13</b>
Turcan Connell to examine borrowing documentation provided by colleges and confirm whether liabilities can be appropriately 'ring-fenced' among the separate sub-funds of a single Foundation.	<b>27.09.13</b>	<b>N/a</b>
Scottish Funding Council to confirm whether the colleges are to proceed with a single Foundation or 16 separate Foundations.	<b>4.10.13</b>	<b>4.10.13</b>
Longer term Trustees for a single Foundation/16 separate Foundations to be agreed by SFC/Scottish Ministers/the colleges and formally appointed by Turcan Connell.	<b>30.11.13</b>	<b>30.11.13</b>

Alison Stewart  
Director of Finance and Corporate Services  
27 August 2013

# **Board of Management ONS Briefing Note 2 Set up of Foundation 12 December 2013**

## **ONS Project Management Team**

Following the Board workshop on 28 August 2013 a project team has been set up to progress the set up of an Arms Length Charitable Foundation to support the charitable purposes of Forth Valley College. The Team is made up of;

James Aston	FVC Project Manager
Alison Stewart	Director of Finance and Corporate Services
Shona Struthers	Board Member, Chair of Finance Committee
Beth Hamilton	Board Member
Ken Richardson	Board Member

The project team has met on a number of occasions with the following decisions and actions being agreed.

**Advisors** Turcan Connell appointed by SFC to set up “umbrella” foundation, have been commissioned to set up FVC Foundation.

## **FVC Foundation**

**Type** Scottish Charitable Incorporated Organisations (SCIO) v Company Limited by Guarantee. It has been agreed the FVC Foundation will be Company Ltd by Guarantee rather than SCIO. The key reason being that although a SCIO does have limited liability it is not regulated by Companies House. While Companies House does require some additional administration and compliance it is very modest in terms of an Annual Return and details of Directors. Both vehicles are still regulated by HMRC and OSCR and are required to prepare statutory accounts. The main disadvantage of a SCIO is that it is an unfamiliar legal structure only coming into effect in 2011, whereas there is significant case law over centuries on how companies should operate.

**Trustees** TC recommended the number of Trustees should be between 5 and 7. Project team agreed there will be 5; 2 appointed by FVC & 3 appointed by Trustees.

Henderson Loggie, external auditors, and Turcan Connell are now in agreement that ex FVC Board Members with Fellowships would be considered as independent under OSCR rules.

Jim Callander and Neil McLean will be initial trustees.

**Admin** Draft Memorandum and Articles of Association prepared by Turcan Connell were circulated to project team, Henderson Loggie and Audit Scotland for comment. A meeting was held with the initial trustees and project team on

28<sup>th</sup> November 2013 to finalise the Memorandum and Articles of Association. Henderson Loggie and Audit Scotland have confirmed they would view the Foundation as independent. Paperwork is now complete to allow the Foundation to be registered at Companies House and the application submitted to OSCR for Charitable purposes by early December.

External administration support will be sourced for the Foundation (3-5 days per year). FVC will provide a grant to the Foundation to cover the set up costs of the Foundation.

### **Umbrella Foundation**

Forth Valley College has indicated that it may wish to participate in the umbrella foundation being set up for the sector, should our own Foundation not be in place by 31 March 2014.

7 initial trustees have been identified for the Foundation and an application has recently been submitted to Companies House/OSCR.

### **Barclay's Bank – Term Loan £4.5m**

Turcan Connell are reviewing the terms of the Facility agreement in particular banking covenants and how this impacts on the ability to make transfers of cash and/or assets to the Foundation.

A number of discussions have taken place with Barclays. The local view is that they recognise this is something that has been done unto the College and they will work with us on this, however ultimately any decisions will be taken based on their own legal advice and credit department. The key issue is:

- Potential breaches in covenants at 31 March 2014 when surplus reserves are transferred to foundation. It is unlikely that the in year transfers would breach covenants.

We have submitted our latest Financial Forecast Return for review by their Credit department. If the initial transfer is treated as an exceptional item then this is unlikely to impact on the covenants.

### **OSCR**

OSCR is aware of the work being undertaken across the sector and has set up its own project team to deal with the applications. Normally it would take OSCR around 3 months to process an application.

### **Next Steps**

1. Application to register Foundation at Companies House is to be submitted by 6 December 2013.
2. Application for Charitable Status is to be submitted to OSCR by 13 December 2013.
3. Turcan Connell to feedback on review of Facility Agreement for Term Loan
4. Barclays to feedback on implications of transfers to foundation prior to 31 March 2014.

Alison Stewart  
Director of Finance and Corporate Services  
5 December 2013

# Briefing Note 3

## Arms-Length Foundation Issues

12 December 2013

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While working through the implications of ONS reclassification a key issue has been identified which will impact on our ability to transfer funds to an Arms-Length Foundation (ALF). This issue relates only to Forth Valley College and West Lothian College where both Colleges have negative I&E reserves, which prevents the transfer of surplus cash to an ALF. A further issue, which is a sector wide issue, is that restrictions on capital grant from 1 April 14 could result in FVC having to fund significant maintenance costs from its own resources rather than from the capital and maintenance grant that we currently receive.

As things currently stand it is unlikely that FVC will be able to make a transfer of surplus cash and /or assets to an ALF either pre 31 March 2014 or post reclassification on 1 April 2014 and this raises the question - Should we progress with the setting up of a Foundation? As the outcome of a number of actions are unknown and could result in a transfer being possible it is recommended that we continue with the setting up of an ALF.

Appendix 1 provides further details on the key issues and lists proposed actions, which are crossed referenced in the Recommendations section below. These actions are required to ensure FVC maximises any potential transfer of surplus cash to an ALF.

### Recommendations/Actions

- Baker Tilly to review
  - the possibility of a prior year adjustment to release additional capital grant back into 2011/12 Accounts to reduce the negative I&E reserve (**Action 1**)
- In relation SFC
  - Notify SFC of FVC's requirement of switching capital to revenue (**Action 4**)
  - Seek strategic funding from SFC to fund the demolition of the Middlefield building (**Action 5**)
- Decisions required to advise the Board of Management
  - Formally seek SFC approval to release the repayment of sale proceeds condition to reduce negative I&E reserves or to create an in year surplus in 2013/14. (**Action 2**)
  - Consider alternative utilisation strategies for surplus cash (**Action 3**)
- Henderson Loggie (external auditors)
  - Possible approval required to prior year adjustment – dependant on the outcome of Action 1

Alison Stewart  
Director of Finance & Corporate Services  
5 December 2013

## Appendix 1

### Issue 1: FVC has projected negative I&E reserves at 31 March 2014

#### A: FVC has projected negative I&E reserves at 31 July 2013 of £4.8m

Based on the Audit Scotland Review of Colleges published in August 2013 only FVC and West Lothian College have negative I&E reserves. In FVC's case these negative reserves, excluding Pension Reserves, can be attributed to 2 estates development adjustments.

- In 2011/12 FVC wrote off non capital estates development costs of £3.4m when the new campuses at Alloa and Stirling were transferred from assets under construction and were recognised as assets under Land, Buildings and Plant & Equipment. At this point, as the College was unaware of the ONS reclassification, we chose not to release capital grants to offset this cost with a view to maximising the grant being carried forward. By doing so, the intention was to improve the operating results in future years by having a greater release of grant to offset against the annual depreciation cost.
- In 2010/11 FVC received an additional Capital Grant of £3m from SFC in relation to the new Alloa campus. This grant was given on the condition that FVC repay to SFC any sale proceeds from the old Branshill, Alloa site up to the value of £3m. FVC accounted for the repayment of grant by creating an Asset Repayment provision of £3m which resulted in a non cash charge to the I&E account of £3m. (It should be noted that SFC has not recognised this liability as an amount due from FVC in their Accounts).

The treatment of both adjustments was fully disclosed in the relevant accounts which were approved the appointed external auditors at that time.

Implication: FVC can not transfer surplus cash at 31 March 2014 to Arms Length Foundation.

SFC Communication No 7 states:

*"...Transfer of cash-backed reserves and surpluses*

*16. Colleges are able to transfer cash backed reserves held up to 31 March 2014. Colleges cannot transfer cash that is not backed by a positive balance on its income and expenditure reserve.*

*17. From 2014-15 onwards, colleges will be able to transfer operating surpluses to the arms-length foundations. Colleges that have a negative income and expenditure reserve position will be able to make the in-year operating surplus transfer....."*

Action 1: Review whether prior year adjustment could be used to release deferred capital grant to offset against the £3.4m write off of estates development costs.

Baker Tilly (FVC's internal auditors) has been appointed to review this. Initial discussions suggest this may be possible however a detailed review of the estates development costs/grants is required to quantify the level of any adjustment.

**BOM update: Baker Tilly have recommended a prior year adjustment is required and discussions are ongoing with Henderson Loggie. Any adjustment will have to be reflected in the 2012/13 Accounts which may impact on the completion and signing of these Accounts which are due to be presented to the Board of Management on 12 December 2013.**

## Appendix 1

### Action 2      Formally request that SFC release the repayment of sale proceeds condition.

Informal discussions have taken place with SFC regarding the possibility of releasing the condition that sale proceeds from the Branshill site are returned to SFC. As this additional grant was approved by their Audit Committee, any changes to the conditions may also require SFC Audit Committee approval. It should be noted that SFC has not recognised this amount as being due to them.

SFC need to consider what will happen if FVC do return £3m capital sale proceeds to them, namely

- Can SFC spend this receipt “in year” or does it go back to SG and it is therefore lost not only to FVC but also the FE sector?
- If SFC can spend this – what would they spend it on? Would additional small amounts of capital grant be allocated to the FE/HE institutions? This is not a great option and would probably not be best value for money.

If FVC were to retain the sale proceeds we could potentially have the same issue as SFC in that we can't actually spend it! However, given our desire for a new Falkirk Campus we might have a stronger case than SFC for getting the resource cover at a future date as part of the overall capital project.

**BOM update: Action 2 and has now been slightly superseded by the recommendations of the Baker Tilly report which recommends that the provision be removed and the grant treated as a repayable grant. While the provision would no longer exist and this would potentially allow a transfer to the foundation to take place, it would reduce the amount of grant available for release to the I&E account in future years. The recommendation to secure SFC approval to remove this condition still stands as this could improve the future operating position of the College.**

### Action 3:      FVC consider alternative options for cash utilisation either pre/post 31 March 2014.

If it is not possible to reverse the negative I&E reserves or generate an in year surplus in 2013/14 and FVC cannot transfer surplus cash to a Foundation at 31 March 2014 there a couple of options to consider to ensure the surplus cash is utilised for the benefit of FVC.

- Pre 31 March 2014: Buy land adjacent to Middlefield site (if this is the preferred site for a new Falkirk Campus) or adjacent to the new Stirling campus to accommodate future expansion. Alternatively make a lump sum payment to LGPS pension scheme. This would reduce liability and ultimately produce small revenue savings through lower employer contributions.
- Post 1 April 2014: Make capital repayment against loan, which would produce a revenue saving due to less interest being payable.

**BOM update: As the cost of the land at Falkirk is likely to be minimal, if at all, the recommendation is that surplus cash is used to repay borrowings post 1 April 2014 – this would generate an operating saving of £23k for every £0.5m repaid.**

## Appendix 1

### Issue 2 Restrictions on capital grant from 1 April 2014

SFC Communication 8 states

“... Under the new accounting rules to be applied as a result of the reclassification of colleges as arms-length public bodies, capital grant is ring-fenced for capital use and *cannot be used for revenue expenditure*. This is a significant change from previous years where the capital maintenance grant could be used for either revenue (e.g. general building maintenance and the repayment of interest on debt) or capital expenditure.....

- From 1st April 2014, a college will be required to use the capital grant received from SFC for capital items in accordance with the SORP (FRS 15). It cannot be used for revenue expenditure.
- Unused capital grant will need to be returned to SFC for use elsewhere in the sector.
- As the capital grant is ring-fenced, colleges will not be able to transfer any unused capital grant to the foundation as it would no longer form any part of the income and expenditure account surplus.
- From 1st April 2014 Colleges can continue to transfer revenue expenditure to capital expenditure.”

Implication: In 2014/15 FVC has forecast revenue expenditure of £205k relating to Interest and £250k relating to maintenance which can no longer be funded by capital grant. If additional revenue funding from SFC is not available FVC will have a projected operating deficit of £267k.

On-going operating deficits would be unacceptable and potential cash savings or additional contribution would be required to offset this cost.

The demolition of Middlefield in 2014/15 would also not be classed as capital expenditure and would require to be funded from revenue grant. Although a one off cost this would further increase the 2014/15 deficit to £667k if funding is not available to cover this.

Action 4: SFC is currently negotiating with SG regarding switching part of Capital Grant to Revenue. FVC to notify SFC of our requirement of capital to revenue transfer.

Action 5: Seek additional strategic funding from SFC if any unutilised 2013/14 Capital Grant at 31 March 2014 which would be classed as deferred income could be utilised in 2014/15 to fund demolition of Middlefield.

**BOM update: The 2013/14 Capital Grant will be fully utilised and the action is now to seek strategic funding from SFC to fund the demolition of the Middlefield building.**

<b>Subject:</b> New Falkirk Campus – The Concept	<b>Agenda Item:</b> 16
<b>Date:</b> 12 December 2013	<b>FOR DISCUSSION</b>

## 1. Purpose of Report

For members of the Board of Management to review and comment on the concept plan to build a new Falkirk Campus.

## 2. Recommendation

That the Board of Management consider the **attached concept plan** and comment on the style and detail within the document.

## 3. Background

Following the successful completion of the award winning campuses in Alloa and Stirling, the College Senior Management Team and the Board of Management have identified that the creation of a new campus in Falkirk remains a key strategic objective of the College for the 2014-2018 period.

At the Board of Management Workshop on 28 August 2013, it was agreed that the College should proceed with the creation of a concept plan for a new Falkirk campus.

## 4. Key Considerations

The process of creating a new campus in Falkirk is a complex one and, whilst discussions are on-going with the Scottish Funding Council and other potential funding providers, it is necessary to begin to progress the initial stages of this activity.

The **attached concept plan** is a key, strategic level overview of the need for a new build and outlines a possible new campus concept which utilises existing College estate.

The concept plan will be used by the College to further engage with key stakeholders including the Scottish Funding Council, Scottish Government and local authority partners on the case for a new build in Falkirk.

The draft concept plan was considered by the Strategic Development Committee on 21 November 2013. Comments from Committee Members and additional input from members of the Senior Management Team have been incorporated into the attached concept plan.

## 5. Risk

High – Failure to secure a new campus in Falkirk will lead to continued high levels of capital investment in a 50 year old building in an attempt to maintain the integrity and quality of the learning environment in Falkirk.

<b>Author:</b> Stephen Jarvie	<b>SMT:</b> Tom Gorman
<b>Date:</b> 3 December 2013	<b>Date:</b> 3 December 2013

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<b>Subject:</b> Cultural Survey Outcomes	<b>Agenda Item:</b> 17
<b>Date:</b> 12 December 2013	<b>FOR DISCUSSION</b>

## 1. Purpose of Report

To update the Board of Management on the Staff Cultural Survey

## 2. Recommendation

That the Board of Management note the contents of the report and the strategic actions points.

## 3. Background

The Staff Cultural Survey was launched on 21 October 2013 to give staff the opportunity to have a say in Shaping the Future and Making Learning work. The survey produced a 61% response from staff with over 350 staff completing the questionnaire. The results of the survey will enable the College to strengthen its position in the sector and ensure our staff play an active role in Driving our Momentum.

## 4. Key Considerations

Whilst the overall response to the Staff Cultural Survey was positive there are a number of areas of improvement which staff identified which are contained within the 'Your Comments' section of the report. It should be noted that although staff were encouraged to comment on each section of the survey only a limited number of staff chose to do so.

The main areas identified as areas for improvement are:

- Communication
- Remuneration
- Engagement / Empowerment
- Trust

A plan of improvement will be developed and implementation will commence in January 2014 with regular updates on progress and key milestones.

Attached to this paper is a report outlining the results from the survey.

## 5. Risk

Low. This is the first year of the cultural survey and a number of 'quick wins' have been identified and will be communicated to staff. On-going activity will allow the College to monitor progress against agreed milestones and the next round of survey activity will provide feedback on the success of this process.

<b>Author:</b> Andrew Lawson	<b>SMT:</b> Andrew Lawson
<b>Date:</b> 3 December 2013	<b>Date:</b> 3 December 2013

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<b>Subject:</b> Student Union Report	<b>Agenda Item: 18</b>
<b>Date:</b> 12 December 2013	<b>FOR DISCUSSION</b>

### 1. Purpose of Report

To advise the Board about the activities that are currently being undertaken by the Student Union, and looking forward to the future activities planned for the current session.

### 2. Recommendation

It is recommended that members note the contents of this report.

### 3. Background

Class Representatives this year followed a similar process to that of last year, whereby as part of the induction process, lecturing staff discussed the role of the Class Representative and encouraged learners to register for the role on Moodle. Class Representatives were asked to select a preferred date to attend the training session, while minimising disruption to timetabled classes. This has proved to be a great success of the last few years.

### 4. Key Considerations

We now have a total of 320 Class Reps registered compared to 288, with 225 Class Reps now fully trained over all campuses. Furthermore, we will be carrying out micro mop up sessions for the remaining Class Reps who were unable to attend, which will be held in January 2014. We also successfully recruited some continuing Class Reps who co-facilitated the training with us in October.

This year we worked with Volunteer Scotland to have Class Reps awarded Volunteer certificates for their contribution to the role. Class Reps will be externally recognised for their role by a certificate which will be sent to them in 2014.

This year the Student President facilitated the Student Council for Forth Valley College students. This involved constructive feedback and suggestions from students and outcomes will be relayed by the President at the next meeting. It is intended to take the revised SU Constitution document to the meeting to make any further amendments. A member of SMT also attended each meeting to enable students to ask any questions.

### 5. Risk

Low – The Student Union continues to engage with its members, with strong support from the class rep system.

<b>Author:</b> Angela Muirhead	<b>SMT:</b> Andrew Lawson
<b>Date:</b> 1 November 2013	<b>Date:</b> 11 November 2013

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