

Kildean Suite, Stirling Campus 9.30am

**AGENDA**

		Type	Lead
1	Apologies and Declarations of interest	Discussion	Ross Martin
2	Minutes & Matters Arising of Meeting of 30 September 2021	Approval	Ross Martin

Elements of paper 2 are withheld from publication on the Forth Valley College website under Section 33 Commercial Interests and the Economy of the Freedom of Information (Scotland) Act 2002.

3	Minutes of Committee Meetings: LSE Committee – 28 October 2021	Noting	Davie Flynn
	Draft Finance Committee – 16 November 2021	Noting	Liam McCabe
	Audit Committee – 16 November 2021	Noting	Lorna Dougall
4	Principal's Report	Discussion	Ken Thomson

Elements of paper 4 are withheld from publication on the Forth Valley College website under Section 33 Commercial Interests and the Economy of the Freedom of Information (Scotland) Act 2002.

5	Chairs Update (Verbal)	Discussion	Ross Martin
6	Student Association Report	Discussion	Amber Little

**STRATEGIC PLAN IMPLEMENTATION**

7	Strategic Plan 2025	Approval	Ken Thomson
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Elements of paper 7 are withheld from publication on the Forth Valley College website under Section 25 Information Otherwise Accessible of the Freedom of Information (Scotland) Act 2002 – <https://www.forthvalley.ac.uk/media/8207/strategic-plan-2022-25-final.pdf>

8	Excambion with Falkirk Council	Approval	Alison Stewart
9.	Fuel Change	Presentation	Jennifer Tempny

**GOVERNANCE**

10	Annual Report and Financial Statements 2020/2021	Approval	Alison Stewart
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Elements of paper 10 are withheld from publication on the Forth Valley College website under Section 25 Information Otherwise Accessible of the Freedom of Information (Scotland) Act 2002 – <https://www.forthvalley.ac.uk/media/8208/annual-report-financial-statement-2021.pdf>

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11	External Auditor Annual Report and Letter of Representation Approval	Alison Stewart
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Elements of paper 11 are withheld from publication on the Forth Valley College website under Section 25 Information Otherwise Accessible of the Freedom of Information (Scotland) Act 2002 – [https://www.audit-scotland.gov.uk/uploads/docs/report/2022/aar\\_2021\\_forth\\_valley\\_college.pdf](https://www.audit-scotland.gov.uk/uploads/docs/report/2022/aar_2021_forth_valley_college.pdf)

12	Audit Committee Chair's Report to the Board of Management	Approval	Lorna Dougall
13	Barclays Bank – Amendment to Term Loan Facility Agreement & Hedging Arrangement	Approval	Alison Stewart
14	Review of Risk		
15	Any other competent Business		

**FOR NOTING**

CDN External Effectiveness Review Overview

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**Zoom Meeting, (Commencing at 4.30pm)**

Present: Ross Martin (Chair)  
Dr Ken Thomson  
Hazel Burt  
Andrew Caldwell  
Trudi Craggs (Vice Chair)  
Paul Devoy  
Lorna Dougall  
Davie Flynn (Vice Chair)  
Katherine Graham  
Claire Green, Forth Valley Student Association Vice President (FVSAYP)  
Lindsey Hastie  
Jennifer Hogarth  
Amber Little, Forth Valley Student Association President (FVSAP)  
Alistair McKean  
Emma Meredith

Apologies: Naila Akram  
Liam McCabe  
Ken Richardson

In Attendance: David Allison, Vice Principal, Infrastructure and Communications (VPIC)  
Kenny MacInnes, Vice Principal Learning and Student Experience (VPLSE)  
Senga McKerr, Director of Finance (DOF)  
Stephen Jarvie, Corporate Governance and Planning Officer and Deputy Board Secretary (CGPO)  
Anna Vogt, Head of Inclusion and Student Services (HISS) for B/21/003

The Chair welcomed Amber Little and Claire Green to their first meeting of the Board of Management.

**B/21/001 Apologies and Declarations of interest**

As noted above

**B/21/002 Minutes and Matters Arising of Meeting of 24 June 2021**

Members approved the minute of the meeting of 24 June 2021.

**B/21/003 Mental Health Plan 2021-2025**

The HISS presented member with the draft mental health plan for the next four years which is designed to further mainstream this support within the College. She provided background on mental health provision within the College and the interventions that had been put in place, noting that these had often been reactive and funding dependent, with funding often being offered only on an annual or time limited basis making planning more challenging.

She highlighted the increased demand across the range of mental health services offered by the College in recent years.

She also discussed mental health support for staff that is available, noting that staff need to be in a mentally healthy place themselves in order to provide the support needed to students.

She outlined the commitments contained within the mental health plan and the linkages to the wider College equalities plans.

Members requested some more information in relation to the funding available to the College. The HISS noted that the majority of funding is time limited which makes it harder to mainstream the support. She provided the example of the Mental Health and Welfare officer post which was funded by SFC but the funding ended after three years so the post was lost.

The Principal noted that this was an issue which was core to the College's support of our communities and the College's strategy going forward.

The HISS also highlighted the challenge of the College, an education organisation, providing mental health support as the College is not able to provide this at all times or for long periods of time.

Members agreed with this position and noted that the signposting work the College does to link students with external provision was very important.

Members welcomed the content of the plan and queried how this would be monitored at a Board/Committee level. It was agreed that updates would be provided to the appropriate committee's on progress as the plan progresses

a) Members approved the Mental Health Plan 2021-2025

**B/21/004 Minutes of Committee Meetings**

**Remuneration Committee – 24 June 2021**

The Committee Chair discussed the meeting and highlighted that the Committee had approved a significant increase for one member of the Senior Management Team which had a fair and robust justification for the change. She noted that, in light of this, the minute contained a communications statement from the Committee on this should it be required.

a) Members noted the content of the update

**Audit Committee – 9 September 2021**

The Committee Chair outlined discussions at Committee on the external audit plan, noting the fee increase relating to the status of going concern and that the College had challenged this via Audit Scotland who had responded that the content of the audit was the External Auditors to make, despite Audit Scotland's own guidance that going concern was not an issue at this time for Colleges.

She outlined discussions on the governance statement for the accounts and the approval of a new Copyright policy.

She noted that Internal Audit had made some recommendations however there was additional context and progress discussed at the meeting that the Internal Auditors were content to add to their report.

Members noted their disappointment with the additional fee from the External Auditors for a second year and the lack of support from Audit Scotland on this. The Chair noted that he would raise this at the College Chair's meeting to see what experience other Colleges were having on this issue.

a) Members noted the content of the update

**B/21/005**

**Principal's Report**

(Elements of this section are withheld from publication under Section 33 Commercial Interests and the Economy of the Freedom of Information (Scotland) Act 2002.)

The Principal reported to members on his activities since the last meeting of the Board.

He provided an update on the progress and implementation of the Springback programme, noting that elements remained dependent on the current Scottish Government Covid guidance at that time.

He informed members that the College Leadership Management Team had recently had a strategic session to begin the process of developing the Strategic Plan to 2025 and that a draft would be brought to an upcoming Board meeting.

He noted the recent launch of the BP Senegal project, with an event hosted in the College. He informed members that there were 40 students but that over 4,000 people had applied for the positions.

He discussed a recent meeting with ECITB on moving from oil and gas towards renewables training. He also highlighted that the College had been nominated as ECITB training provider of the year.

He informed members that the vaccination hub activity on all campuses had now been completed, with over 304,000 vaccinations delivered during this time. NHS Forth Valley commemorated this achievement with the gift of plaques for each of the campuses.

He outlined a piece of work he had led on for the College Development Network on School/College partnership activity. He noted that the level of this work, with approximately 70,000 school pupils attending College, was not widely appreciated.

He informed members that, as of 21 September, the College was in a healthy position in relation to recruitment, noting that this was not the case across the sector.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

a) Members noted to content of the report

**B/21/006**

**Chair's Report (Verbal)**

The Chair updated members on his activities since the last meeting of the Board of Management.

He informed members that he had been looking at the roles of Board member and how they could support the College with their own skill sets and that this would be discussed at the November Board session.

He updated members on developments with the Fuel Change project and the Principal confirmed a report would be brought to the December 2021 Board meeting to provide further information to members.

The Chair noted a range of external works he had been involved in, including [REDACTED], working with the Employers Association on the annual staff pay negotiations, and also his work with College regions on economic recovery.

a) Members noted the content of the update

**B/21/007 Student Association Report**

The FVSAP President presented an update on the activities of the FVSA since the last meeting of the Board.

They highlighted key staffing changes and the recent online fresher's fayre for students.

They also outlined a number of campaigns that were being looked into in conjunction with NUS Scotland, their currently weekly meetings with the Principal and VPLSE.

They also discussed the development of a student partnership agreement which had incorporated feedback from both students and staff.

They highlighted that they were seeking to continue this interaction with staff and were currently seeking a staff member for the FVSA Advisory Board.

The Principal highlighted the value the College received from the weekly meetings as it was an additional insight into student perceptions and issues.

a) Members noted the content of the report

**STRATEGIC PLAN IMPLEMENTATION**

**B/21/008 Barclays Bank – Amendment to Term Loan Agreement**

As noted in the papers presented at the meeting, the content of this section of the minute is prescribed by Barclays as part of the overall amendment process.

**1. BACKGROUND**

The Chair reported to the meeting that it is proposed that the College enter into an amendment agreement (the "**Amendment Agreement**") with Barclays Bank UK PLC (the "**Bank**") in respect of a facility agreement originally 30 September 2010 as amended from time to time (the "**Facility Agreement**").

## 2. PURPOSE OF MEETING

2.1 The Chair reported that the Board must consider the Amendment Agreement and in particular it was noted that, pursuant to the terms of the Amendment Agreement, the interest provisions in the Facility Agreement were to be amended following the cessation of LIBOR.

2.2 The Chair reminded the Board of their duty to promote the success of the College (both in relation to the Amendment Agreement and generally).

## 3. CONSIDERATION OF THE AMENDMENT AGREEMENT

3.1 The Board considered in detail the form of the Amendment Agreement and the risks to the College in entering into the Amendment Agreement.

3.2 The Board considered whether it was in the best interests of the College to enter into the Amendment Agreement and to execute and deliver the Amendment Agreement.

3.3 After due and careful consideration, bearing in mind the Board's duty to promote the success of the College, **IT WAS THE UNANIMOUS CONCLUSION** of the meeting that (a) the College should enter into the Amendment Agreement and perform its obligations and exercise its rights in relation to the Amendment Agreement and the amended Facility Agreement and (b) to do so would be of benefit to the College.

## 4. AUTHORITY TO EXECUTE THE AMENDMENT AGREEMENT

**IT WAS UNANIMOUSLY RESOLVED** that:-

4.1 the College has considered whether it needs to obtain independent professional advice (legal, financial or otherwise), prior to resolving to enter into the Amendment Agreement and (whether on the basis of such advice or otherwise) it has made its own independent decision to enter into the Amendment Agreement and understands the terms, conditions and risks involved;

4.2 that (if applicable) any security provided by the College or any security or guarantee provided by a third party will continue to secure and/or guarantee the Facility Agreement as amended by the Amendment Agreement;

4.3 the College, in good faith and for the purpose of carrying on its business, enter into the Amendment Agreement and perform its obligations and exercise its rights in relation to the Amendment Agreement and the Facility Agreement;

4.4 the following officers of the College (each an "**Authorised Signatory**" and together the "**Authorised Signatories**") be authorised to sign on behalf of the College the Amendment Agreement and return the signed counterpart to the Bank:-

Name	Specimen Signature
_____	_____
_____	_____

4.5 the terms of the Amendment Agreement be and are hereby approved (subject, in each case, to such amendments as the Authorised Signatories (acting together or alone) may approve and so that the signature of the Authorised Signatory shall be conclusive evidence of the agreement to such amendments or modifications); and

4.6 the Authorised Signatories (acting together or alone) be authorised to agree and sign on behalf of the College all such other documents, agreements, certificates, notices, communications or confirmations, and to do all such other things, as may be required, or as any Authorised Signatory may approve, in connection with the Amendment Agreement.

Certified as a true, valid and up to date extract from the confidential minutes of the Board of Management of Forth Valley College which remains in full force and effect

.....  
Chair

.....  
Date

## **GOVERNANCE**

### **B/21/009 Board Secretary Arrangements**

The CGPO presented the annual review of the Board Secretary and Deputy Secretary arrangements. He highlighted that the arrangements were not in line with the Code of Good Governance 2016 and outlined the reasons for this.

- a) Members approved the Board Secretary arrangements

## **OPERATIONAL OVERSIGHT**

### **B/21/010 Springback Programme**

The Principal presented an overview of progress with the Springback Programme, noting that this work had put the College in a stronger position than others in the sector who were just now beginning to look at planning for a return to campus with the attendant risk and communications challenges this can present.

He requested feedback from the Board on their preferences for how progress should be reported, suggesting the use of a dashboard which had proven favourable for other areas being reported to Board and Committee meetings.

He outlined the projects and noted the associated developments, including the appointment of a new Direct of Operations who will support these as part of their role with a particular focus on the applicant journey project.

He also informed members that, for projects such as hybrid working, the College had been actively engaging with unions on the proposals.

The Chair of the Learning and Student Experience Committee noted that, for reporting, a more detailed report could be considered at Committee level with a summary dashboard being provided to the full Board of Management.

- a) Members noted the content of the report and endorsed a dashboard to be developed and presented to upcoming Board of Management meetings.

**B/21/011      Review of Risk**

Risks were identified in their covering papers.

**B/21/012      AOCB**

Financial Forecast Return (FFR)

The DOF informed members that the FFR was due for submission in October and the College was asking for permission to approve the submission to be delegated to the Finance Committee who would consider this at their upcoming meeting.

a) Members approved the delegation of authority to the Finance Committee in relation to approving the FFR submission

Board Strategic Session

The Chair and Principal updated member on plans for a Board session on the afternoon of 4 November 2021, noting that the residential would not be happening owing to availability and cost of venues during the COP26 activity.

The Chair commented, as noted earlier in his update, that a key part of the session would be to look at the support the Board can provide to the College.

The Principal also informed members that it was the intention to share the first draft of the Strategic Plan 2025 at this meeting.

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**Zoom (commencing at 4.30pm)**

Present: Davie Flynn (Chair)  
Lorna Dougall  
Kat Graham  
Claire Green, Forth Valley Student Association Vice President (FVSAVP)  
Emma Meredith

Apologies: Naila Akram

In Attendance: Anna Fenge (co-opted member)  
Ken Thomson, Principal  
David Allison, Vice Principal Infrastructure and Communications (VPIC)  
Kenny MacInnes, Vice Principal Learning and Student Experience (VPLSE)  
Stephen Jarvie, Corporate Governance and Planning Officer (CGPO)  
Helen Young, Head of Learning and Quality (HLQ) for item L/20/014 only

The Chair welcomed the new members to their first committee meeting.

**L/21/001 Declarations of Interest**

None.

**L/21/002 Minute of Meeting of 27 May 2021**

The minute was accepted as an accurate record of the meeting.

**L/21/003 Matters Arising**

**L/20/032 Future Agenda Items**

This is included in the papers on the agenda

**L/21/004 Outcome Agreement Self-Evaluation 2020-21**

The VPISC presented the draft self-evaluation to members for 2020-21, noting that SFC had requested it in a similar format to the previous year.

He noted that there were no real issues in the report and confirmed that the College would meet its credits targets.

He outlined some of the variances against target in the report and discussed the reasons for these where known.

He noted that overall gender balance was good within the College, although there were specific areas where more was required. He also highlighted the increase in care experienced students accessing study.

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He also commented on the downturn in student satisfaction, noting that the comments appear to relate this to online learning, as not all students enjoy learning this way.

Members welcomed the content of the report and noted that further contextualisation against sector performance would be welcomed where possible.

The VPIC noted that the reports all go to SFC so there may be some comparison arising out of this in due course and that he would look to include this information in future reports.

Members also noted it would be useful if the results in the report could be RAG. The VPIC agreed to look at this as well for future reports.

Members noted and welcomed that the College had met its targets for students from SIMD areas.

- a) Members approved the report for submission subject to the correction of a typo which had been identified

**L/21/005**

**Learning and Digital Skills Academy Ambition Update**

The HLQ presented an update on the work of the academy to members.

She referred members to the dashboard document which showed progress against first quarter targets for the year.

She noted the work being done to support the overall SpringBack project and FVCEnable.

She reported that the team were preparing to roll out the self-assessment tool and digital skills baseline assessment to all staff.

She informed members of areas where progress was behind projections and outlined the reason for these, which were primarily related to the ongoing update of the College's VLE system.

Members noted the amber coded elements on the dashboard and queried whether any of these presented a significant risk to the overall project.

The HLQ confirmed that they did not at this time.

Members noted the importance of the VLE to the overall project and requested a demonstration of the system at the next meeting so they could see what the user experience looked like.

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The HLQ confirmed that she would be happy to demonstrate it at the next Committee meeting.

Members queried whether the College was doing dual mode (virtual and in person at the same time) delivery to students and how the quality of this was being measured.

The HLQ responded that the College did not do a lot of dual mode, even though the capacity exists, as it can be challenging to manage. The type of delivery provided is tailored to the curriculum being offered and can be a mix on in person and virtual.

She did confirm, for quality of learning virtually the College did significant levels of mentoring to support staff and had also supported staff to gain industry recognised qualifications up to and including MS Fellow level.

She noted that there is also an annual virtual learning conference where staff can further share skills and best practice.

Members queried what processes or tools the College had in place to monitor student satisfaction with the delivery of their learning.

The HLQ confirmed the existing listening to learners sessions were utilised to gather this kind of feedback and that curriculum teams use the data to inform the evaluation of their departments.

a) Members noted the content of the report

L/21/006

**2019-20 Sector Performance Indicators**

The VPIC presented the report from SFC on 2019-20 PI's for the sector.

He reported that overall College performance had remained where it was previously and that, in terms of overall success, the College is the most successful in Scotland along with having the highest PI's for FE courses and coming in third for HE courses.

He also highlighted to members a concern re Full Time HE courses where, despite a modest 1% increase, looks to be below the sector average increase.

The Principal reminded members that 2019/20 had no exams. He discussed the quality assurance processes in the College to support grades based on continuous assessment and stated that he was confident that the 1% increase was warranted. He also highlighted that some Colleges were reporting up to a 12% increase against the same area which was being queried.

a) Members noted the content of the report

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**L/21/007      2020/21 PI performance update and 2021/22 recruitment and early retention update**

The Chair provided some background to the new members, noting that the system allowed the College to identify issues at an individual or class level and take action to bring this back on track.

The VPLSE provided an overview, outlining how the performance indicator targets built into the system track back to the College's Regional Outcome Agreement.

He recognised that there were areas out with the direct control of the College but that, for those areas within our control, highlighted the important of early and effective interventions.

He highlighted the paper which demonstrates the final position for 2020/21 and provides a snapshot into the progress for the current academic year.

He noted the impact of Covid on the College overall but that the system was still providing robust evidence. He outlined the numbers of students who either had to do additional work to catch up or whose course, due to the content of the curriculum, had been deferred from 2020/21 to restart the course this year.

He informed members that the College, in compliance with Scottish Government guidance, was still capped for the number of people that could be on campus and that the College was focussing in campus delivery on those courses which would benefit the most.

The Principal noted that this work was vital in ensuring forward planning can deliver evidence based decisions.

The Chair noted that it may be beneficial to share the previous paper on this topic that outlined the process to new members.

The VPLSE confirmed that this would happen.

Members noted that a demonstration of the system would be valuable.

It was agreed that the February 2022 meeting of the Committee should be held on campus to allow for this and the VLE demonstrations to take place.

a) Members noted the content of the report

**L/21/008      Student Activity Report**

The VPIC presented the paper on student activity levels within the College.

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He highlighted the split of ESF and Core credits owing to the risk relating to how ESF may be replaced in the future. He also informed members that there was another upcoming risk relating to Foundation Apprenticeship funding being incorporated as a part of the core grant to the College.

Members queried what the replacement for ESF would look like. The VPIC confirmed that the College was aware of the UK Prosperity Fund, but didn't have knowledge if this would replace the current ESF Funding. He also highlighted that, when preparing the Financial Forecast Return to SFC, ESF credits had been removed and not replaced so this was the assumption the College was working to at this point.

a) Members noted the content of the report

**L/21/009 Future Agenda Items**

The VPIC outlined the future agenda items contained in the paper.

The Principal also noted that a report on the impact of our digital skills work would be useful and would be brought to the Committee near the end of the academic year.

He also noted a review of the transformation of the Inclusion and Student Support team with an update on how the new team is performing will be brought to the Committee by the end of the academic year.

a) Members noted the content of the report

**L/21/010 Review of Risk**

No additional risks were identified

**L/21/011 Any Other Competent Business**

Members noted that the language in the reports relating to gender could be looked at from an equalities perspective.

The VPIC confirmed that the language used related to specific SFC requests at this time, although SFC were looking into their language use.

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## Quarterly Update 1 – October 2021-22

### Key Milestones Linked to Ambition (year 2)

	Quarter 1			Quarter 2			Quarter 3			Quarter 4			Comments
	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Hybrid Learning	●	●	●										On track
EnableFVC Online Delivery Targets	○	○	○										Measurement to commence Q2
Learning and Teaching Enhancement Programme	●	●	●										On track
Digital Skills Self-Assessment Tool	●	●	●										Behind schedule – platform redesign required
Moodle Development – phase 2	●	●	●										On track
Accessibility	●	●	●										Still behind schedule from last years' target
Online Assessment	●	●	●										Ongoing
Use of Analytics	●	●	●										Ongoing, but progress slower than anticipated
Student Digital Skills Development	●	●	●										Ongoing
Digital Skills Baseline – Corporate Service Staff	○	○	○										To commence Q2

### Looking ahead - Critical Activities linked to Key Milestones

	Aug	Sep	Oct	Nov	Dec	Jan
Roll out of Digital Skills Self-Assessment Tool			●			
Roll out of new accessibility software and training for staff (Brickfield labs)						●
Launch of all Hybrid Learning guidance and documentation				●		
Roll out of Mentor Support & Digital Pedagogy training for staff delivering online						
Target remaining staff for Learning and Teaching Enhancement programme						
Commence measurement of EnableFVC targets						
Re-focus on effective use of analytics						●

### Highlights

- Successful Moodle upgrade over summer period
- College awarded Microsoft Approved Showcase School 2021-22 and Bill Crawford is a new Microsoft Scotland Fellow
- 52 staff currently engaging with LTE programme and over 400 active users on the FVC Digital Community on MS Teams. 254 academic staff members attended the FLEX Learning Conference in August.
- 1782 students completed the induction survey, allowing us to collate departmental and course information and extract the data for IT requirements and care experienced students. 633 completed the marketing quiz
- Erasmus Project commencement – development of lecturer training programme (digital skills & pedagogy) with 4 partner countries. First staff mobility to Northern Ireland.
- 23 staff enrolled on LDSA's 21st Century Learning Design learning programme for Block 1
- Metaskills Innovation and Creativity course designed in partnership with West College Scotland and Perth UHI
- Managing Attendance training and Hybrid Working Risk Assessment module redesigned by LDSA

### Top Risks, Issues and Dependencies

- List of units planned for hybrid virtual delivery in 2021-22 required from curriculum teams to enable LDSA to plan appropriate support activity.
- Curriculum areas to critically evaluate which content can be successfully adapted to hybrid delivery to avoid reversal of digital advancement of past 18 months and fully capitalise upon new skills.
- The Digital Skills Self-Assessment tool will be a major College project and requires maximum engagement when rolled out
- Existing EnableFVC project lifespan ends June 2022

**Zoom (commencing at 4pm)**

Present: Liam McCabe  
Trudi Craggs  
Lindsey Hastie  
Amber Little

Apologies: Andrew Caldwell  
Ken Richardson

In Attendance: Ken Thomson, Principal  
Alison Stewart, Vice Principal Finance and Corporate Affairs (VPFACA)  
Senga McKerr, Director of Finance (DOF)  
Moirra France, Finance Manager (FM)  
Stephen Jarvie, Corporate Governance and Planning Officer (CGPO)  
Ester Vasallo, Supply Chain Manager (SCM), for item F/21/014 only

Members of the Audit Committee as well as the College Internal and External Auditors joined for items F/21/018 and 019.

**F/21/011      Declarations of Interest**

The Chair declared an interest owing to the links between the College and University of Stirling in relation to certain degree level courses and under the Scottish Funding Council (SFC) HEI funded activity.

He also noted a declaration in relation to the topics of the City Deal and the Scottish International Environmental Centre which were referred to in the papers.

**F/21/012      Minute of Meeting of 5 October 2021**

Members approved the minute of the meeting of 5 October 2021.

**F/21/013      Matters Arising**

None raised.

**F/21/014      Annual Procurement Report**

The SCM presented a paper seeking approval to publish the Annual Procurement Report for the year to 31 July 2021 by the end of December on the College website as well as to submit it to the Scottish Government.

She highlighted that there was an error on page 12 of the report as an objective had been missed out of the report and confirmed this would be amended before publication or submission of the report.

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She also discussed the KPI's in the report, noting that some of these had not been achieved and that this was both as a result of spend related to the new campus and the Covid related closures of the College campuses which changed anticipated spend.

She also discussed the disappointing internal and external responses to supplier satisfaction surveys and that this would be looked into further.

Members noted the impact of recent circumstances on spend.

Members queried training levels for managers, noting that the rate had decreased.

The SCM confirmed to members that this matter had been looked into and that, going forward, procurement training would be embedded into mandatory induction training for new managers.

Members discussed the cash savings referred to in the report and it was agreed that, for future reports, more information would be useful to highlight this further.

Members queried whether the College still partook in the Scottish Government's Procurement and Commercial Improvement Programme (PCIP). The SCM confirmed that the College does and that the next assessment was due late 2022/early 2023 and that the hope was to maintain gold status.

a) Members approved, subject to the correction of the highlighted error, the publication of the report on the College website and submission to Scottish Government.

**F/21/015 Student Funding Outturn 2020/21 & Forecast 2021/22**

The DOF presented a paper outlining last year's position and the forecast for the current academic year.

She highlighted that there was a significant underspend in 2020/21 primarily due to demand levels, for example travel and childcare, when students were not in campus and also as a result of additional funding that was made available.

She confirmed that the underspend the College has will be returned, with the return to SAAS already processed and the return to SFC going soon.

In terms of the current year, she confirmed that the College had a similar allocation and would therefore not be seeking any more funding from the in year redistribution exercise. She confirmed it was difficult at this point to state the anticipated final position for the year, owing to challenges with areas such as childcare, but that she did expect the allocation would be sufficient.

Members queried if the sector underspend for 2020/21 would be available for other aspects of student support. The DOF informed members that, as it had been allocated

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for a specific purpose, SFC would have to return the underspend to Scottish Government.

a) Members noted the content of the report

**F/21/016 Review of Risk**

No new risks identified

**F/21/017 Any Other Competent Business**

None

**F/21/018 Annual Report and Financial Statements 2020/21 (Joint item with Audit Committee)**

The DOF presented the annual report and financial statements 2020/21 (the accounts) for members consideration and commendation to the Board of Management for their final approval.

She confirmed that the accounts had been prepared in accordance with all relevant standards.

She highlighted that the College had completed a formal assessment of going concern and that this was appended to the report.

She informed members that neither the External Auditors, College Management nor the Scottish Funding Council had any issues with the College being a going concern.

She covered a range of key points within the accounts document and noted that the final version presented to the Board would include the external audit opinion. She noted some variances from the information presented to the Finance Committee in September 2021 and outlined the reasons for these changes.

Members queried for the minute whether the audit opinion was unqualified. Stephen Reid, Ernst & Young, confirmed that this was the case.

Asking for the accounts to be considered and commended for final approval

a) Members commended the accounts to the Board of Management for review and approval

**F/21/019 Draft External Audit Annual Report to the Board of Management (Joint item with Audit Committee)**

Stephen Reid presented the draft report to the Board for member's consideration and commendation to the Board of Management.

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He highlighted the role the report plays in assisting the Board of Management in the discharge of their duties and confirmed that, once the financial statements are finalised and signed, he intended to issue an unqualified audit opinion.

He noted that it was an unremarkable audit with two issues identified, one relating to a prior year adjustment which had been made and one in relation to the Chair's remuneration.

He noted that there was one recommendation being made in relation to the time taken to obtain the necessary information from Board Members to prepare the disclosures on related parties for the accounts.

Members queried whether the issue regarding the Chair's remuneration was being addressed. The VPFA confirmed that this was being actioned by the Chair.

Members welcomed the content of the report.

Members queried the wording in one section of the report and Stephen Reid agreed to have a further look at this.

Members recorded their thanks to the Finance team for the positive outcome of the audit and the preparation of the accounts.

a) Members commended the report to the Board of Management

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**Zoom (commencing at 5pm)**

Present: Lorna Dougall (Chair)  
Hazel Burt  
Paul Devoy  
Alistair McKean

In Attendance: Ken Thomson, Principal  
Alison Stewart, Vice Principal Finance and Corporate Affairs (VPFACA)  
David Allison, Vice Principal Infrastructure and Communications (VPIC)  
Senga McKerr, Director of Finance (DOF) for A/21/016 and 017  
Moirira France, Finance Manager (FM) for A/21/016 and 017  
David Archibald, Henderson Loggie  
Stephen Reid, Ernst & Young

Members of the Finance Committee joined for items A/21/016 and 017.

**A/21/016 Annual Report and Financial Statements 2020/21 (Joint item with Finance Committee)**

The DOF presented the annual report and financial statements 2020/21 (the accounts) for members consideration and commendation to the Board of Management for their final approval.

She confirmed that the accounts had been prepared in accordance with all relevant standards.

She highlighted that the College had completed a formal assessment of going concern and that this was appended to the report.

She informed members that neither the External Auditors, College Management nor the Scottish Funding Council had any issues with the College being a going concern.

She covered a range of key points within the accounts document and noted that the final version presented to the Board would include the external audit opinion. She noted some variances from the information presented to the Finance Committee in September 2021 and outlined the reasons for these changes.

Members queried for the minute whether the audit opinion was unqualified. Stephen Reid, Ernst & Young, confirmed that this was the case.

Asking for the accounts to be considered and commended for final approval

a) Members commended the accounts to the Board of Management for review and approval

**A/21/017 Draft External Audit Annual Report to the Board of Management (Joint item with Finance Committee)**

Stephen Reid presented the draft report to the Board for member's consideration and commendation to the Board of Management.

He highlighted the role the report plays in assisting the Board of Management in the discharge of their duties and confirmed that, once the financial statements are finalised and signed, he intended to issue an unqualified audit opinion.

He noted that it was an unremarkable audit with two issues identified, one relating to a prior year adjustment which had been made and one in relation to the Chair's remuneration.

He noted that there was one recommendation being made in relation to the time taken to obtain the necessary information from Board Members to prepare the disclosures on related parties for the accounts.

Members queried whether the issue regarding the Chairs remuneration was being addressed. The VPFA confirmed that this was being actioned by the Chair.

Members welcomed the content of the report.

Members queried the wording in one section of the report and Stephen Reid agreed to have a further look at this.

Members recorded their thanks to the Finance team for the positive outcome of the audit and the preparation of the accounts.

a) Members commended the report to the Board of Management

**A/21/018 Declarations of Interest**

None

**A/21/019 Apologies for Absence**

Emma Meredith

**A/21/020 Minutes of meeting of 9 September 2021**

The minutes of the meeting of 9 September 2021 were approved.

**A/21/021 Matters Arising - None**

The Chair noted that, under A/21/010, she had taken an action to meet with the newer members and the Internal Auditors to discuss the annual audit plan. She confirmed that this had not happened to date but would be taken forward.

**A/21/022 Chairs Report to the Board**

The Chair presented the annual report to the Board on the activity of the Committee for member's consideration.

a) Members approved the report for submission to the Board

**A/21/023 Response to Ernst & Young Letter to those charged with Governance**

The Chair presented the draft response to the annual letter to the Committee from the College's External Auditors for member's consideration.

a) Members approved the response from the Committee

**A/21/024 Annual Report to the Board of Management and Principal on the Provision of Internal Audit Services for 2020/21**

David Archibald, Henderson Loggie, presented the annual report to members. He noted that a draft version had come to the September meeting of the Committee but that, at that time, the IT Network Arrangements audit report had not been finalised.

He confirmed it was now completed and included in the annual report.

He noted his thanks to College management for delivering on the annual audit plan given the challenges being experienced by others in the sector.

He noted to members that activity for the 2021/22 academic year had already commenced.

a) Members noted the content of the report

**A/21/025 Presentation of Internal Audit Reports**

David Anderson, Henderson Loggie presented a number of reports to the Committee.

**IT Network Arrangements / Cyber Security (20/21 Plan)**

He outlined the approach to the audit which had been based on the National Cyber Security Centre's recently updated 10 steps guidance.

He outlined the recommendations contained within the report.

Members noted the recommendation on a real-time test of recovery of the IT systems and queried if this had happened previously. The VPISC confirmed that it had been done on a number of individual systems but that the entire system had not tested in this manner. He did highlight that, as a result of the campus moves and the IT upgrades which had been performed as part of these, the staff did have experience of creating brand new networks for the College systems.

Members discussed a range of training techniques used within their own organisations and the use of ethical hacking to check systems reliability.

The VPISC confirmed that the College was looking at the use of ethical hacking.

a) Members noted the content of the report

#### **2020/21 Student Activity Data**

David Archibald presented the annual review of College credits. He highlighted that the review had resulted in a clean bill of health with only one minor issue being highlighted.

a) Members noted the content of the report

#### **Student Support Funds**

He presented the outcome of the Student Support Funds review and reported a completely clean bill of health and confirmed that they were comfortable all relevant returns were accurate.

a) Members noted the content of the report

#### **A/21/026 Progress Report on Audit Recommendations**

The CGPO presented an update on audit recommendation progress, noting the recommendations completed since the last meeting and those requesting an extension.

a) Members noted the content of the report

#### **A/21/027 Risk Management**

The VPFACA presented the Strategic Risk and Springback risk registers. She noted that there had not been any significant changes to the Strategic Risk register but that the Springback had a number of changes to risk scores now that mitigating action was underway.

Members noted the increasing risk from criminals in relation to payment diversion. The VPFACA noted that the College had procedures in place and outlined what these

are. He also reported a small process change had been picked up in a procurement audit regarding retention of emails and that this had been implemented.

a) Members noted the content of the report

**A/21/028 Review of Risk**

No new risks identified

**A/21/029 Any Other Competent Business**

None

**A/21/030 Private Discussion between Members and Auditors (Verbal)**

It was confirmed that both the External and Internal Auditors had confidence in the skilled Finance Team and in College governance in general. While there were some concerns about the uncertain financial environment in which all colleges operated, Forth Valley College was operating well.

The notable growth in commercial delivery and income over the last four years was discussed. While this generated much needed income, the complexities of current accounting requirements complicated profit retention. To address this, some colleges had formed arm's length companies to deliver commercial activities while others did not have capacity to deliver this type of activity so the sector picture was mixed. There was a risk of reliance on this income, which would not be supported by government in the event of further pandemic restrictions, but there were also significant benefits. It was of note that Forth Valley College staff engaged in community planning discussions which supported commercial income generation and resulted in strong links with business and industry.

As it had been the only area flagged by Internal Audit as requiring work, Health and Safety should maintain a high profile, particularly with staff returning to a new building in Falkirk and adopting new ways of working across all campus sites.

Building maintenance costs should also be kept an eye on as it was important to protect the current high quality of the estate.

All present were thanked for their positive engagement and stimulating discussion.

**1. Purpose**

To present to the Board of Management the thirty third Principal's report on key and strategic activity undertaken since the Board meeting in September 2021.

**2. Recommendation**

The Board should note and comment on the activity undertaken by the Principal since September 2021.

**3. Key Highlights**

- 3.1 The original date for the SpringBack project was to be 18<sup>th</sup> October after the October break. This has now been put back to post Christmas as a consequence of the continued Scottish Government guidelines. This was following a meeting of College and University Principals with the Cabinet Secretary for Education, Shirley-Anne Somerville, Professor Jason Leach and Professor Linda Bauld, and a follow up letter, which highlighted a strongly preferred position of the sector to not make any changes next term. This was aimed at learning and teaching and they went on to further emphasis that any changes of increasing student numbers should be phased, modest and focused on groups whose qualifications and progression are at risk. Engagement with trade unions and student representatives should be an integral and ongoing process for determining an institution's approach to in-person teaching and learning.

Forth Valley College (FVC) is currently delivering to 60% of students on a face to face basis and this includes all school college partnership programmes given schools continue to have full attendance. Comment from one University Principal noted 75% face to face teaching and the wish to extend that to 85% for semester 2. At FVC we will continue to monitor achievement and need for face to face delivery and the VP for Learning and Student Experience is working very closely with Directors of Curriculum with a potential increase to 70% for those where progression is at risk. I would like the Board to note we record all Covid19 numbers by staff and student and Stephen Jarvie reports back on a weekly basis. Whilst we do have staff and students off with Covid19 the numbers continue to be very small and we have no recorded case of transmission on campus.

SpringBack has been nearly a year in the planning, training has been put in place and we will launch in February pending LMT approval, delaying further loses momentum and good will. Prior to this we are planning on a Manager's conference to reiterate and refresh all the policies and procedures we have in place for a really positive return to work. This will be underpinned by myself through the Principal's Briefings. As a reminder, SpringBack covers hybrid working, hybrid learning and the student experience. We will, of course, continue to adhere to the Scottish Government's guidelines on working from home but SpringBack will be part of College policy.

- 3.2 The Strategic Plan is being presented today for approval of the strategic objectives and outcomes. Thanks to all Board members for their contribution and insight and I hope we've captured all in the objective setting, outcomes or indeed in the tasks which you will see in the Operational Plan 2022/23. A number of Board members have mentioned the positive level of
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optimism which I would like to build on when the plan is launched to the college through the Principal's Briefings in January. Alongside this will be the launch of SpringBack, potentially in name only, to support health and wellbeing and build morale and confidence for all staff and student. This may be difficult depending on the 9<sup>th</sup> December budget as we have been told from a number of sources that it will be "tight" for colleges this year. SMT continue to work up scenario plans for various outcomes and we should know mid-January exactly the implication of the budget on all colleges with the publication of funding from SFC.

- 3.3 I was really pleased Board member were able to meet Colin McMurray, Director for Commercialisation and Skills who will be starting with us in January. He will be able to hit the ground running with his background in training and will be able to build on work already underway with the Falkirk Investment Zone and [REDACTED]. I continue to be involved with the Falkirk Economic Partnership and was delighted to welcome Iain Stewart MP and Permanent Under Secretary for Scotland to work on the timeline for heads of terms for the Falkirk Grangemouth Growth Deal. This looks to be signed off by Christmas with considerable potential for FVC in skills. On the same day the Minister also launched the Scottish International Environment Centre (SIEC) from the Alloa Campus, a partnership project between the University of Stirling, Clackmannanshire and Stirling Councils and FVC. This is the first step on our Alloa Plan. Unfortunately Maersk have noted they are not going to continue with their project to base a training facility on the Falkirk Campus given a change of senior management and issues with planning and building warrants. However, we will continue to look at other opportunities with Maersk.
- 3.4 Delighted to note the Falkirk Campus won the best design for Educational building in the Scottish Design Awards. In my last Principals report I noted that staff from Engineering and Business Development would be attending an ECITB awards night in London where the college had been shortlisted as Training Provider of the Year. I am delighted to say we achieved a second place. In addition, the college had also been shortlisted for the Green Gown Award for Sustainable Institution of the Year. We were not placed but we were the only college up against five universities.
- 3.5 A total of 38 modern apprentices will now complete their training at Forth Valley College after the sad news that the Mettech training company in Grangemouth has ceased trading. As well as the new batch of MAs, FVC will welcome five new employers into its portfolio and several more non MA SVQ candidates, after the board of management of Mettech – who had been based in Grangemouth for nearly 50 years – took the difficult decision to shut the business at the end of September this year. It is hoped to develop long term relationship with these companies in expanding our MA provision.
- 3.6 At the COP26 event, Michael Matheson, MSP, Cabinet Secretary for Net Zero, Energy and Transport, announced £500k funding to continue the FuelChange project being led by Jen Tempany. Alison Stewart, VP for Finance and Corporate Affairs, is taking forward the governance implications for the college with a wholly owned subsidiary. This project has significant benefits for the college.
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**4 Networking and Presentations**

4.1 I was at the inauguration of Professor Sir Geoff Palmer at the Heriot Watt University and we have an invite to Sir Geoff to speak at a college event. I was also a key note speaker at a COP26 event hosted by StanTec and spoke on the impact of Net Carbon Zero on skills and the need for effective strategic planning. Not missing a trick, I now have a meeting on apprenticeships with the MD of the Royal Concert Hall in Glasgow. In addition I spoke with the Building our Curriculum group of Scottish head teachers following an invite from Jon Reid, Larbert high. He had asked me to talk about the possibility of HNC's for sixth form pupils as this is a well-established route for one of our school college partnership programmes at FVC, but unusual across the sectors. I also took the opportunity to outline the risks for Foundation Apprentices pending the 9<sup>th</sup> December budget announcements.

4.2 Kenny MacInnes and I have met with all the student representative groups during their training hosted by FVSA and were also able to contribute to all the Student Council sessions. Issues have been collated and will be acted upon in partnership with FVSA

4.3 It has been a difficult time for SQA and as a Board member Chair of the Qualifications Committee we have continued to meet regularly with four Board meetings over the last three months. As a Board we also met with Professor Ken Muir who is leading the educational reform of Education Scotland and the replacement of SQA and this week we met with the Cabinet Secretary herself.

FVC have made a comprehensive contribution to the review process with our feedback to the consultation and I would like to thank Helen Young, Head of Learning and Quality, for leading on that very important work. Our contribution highlights the positives and the opportunities for a future curriculum assessment agency for the sector, but also notes the lack of awareness on the breadth of activity SQA currently undertakes, over and above NQ qualifications in schools, and the need for a clear communication plan on the role of the new organisation.

**5. Key Meetings**

5.1 Ross Martin and I continue to meet weekly and continue to discuss Colleges Scotland, national Employers Association, FuelChange, strategic planning and the regional Economy opportunities for the sector and FVC. In addition, Kenny MacInnes, VP Learning and Student Experience and I continue to have monthly meetings with the Student Association and over the last three months, Amber Little, Student President and Claire Green, Vice President, have met with myself on a fortnightly basis to share intelligence gathering impacting on both students and staff. We have this in our diaries until Christmas.

5.2 [REDACTED] I have also met with Fiona Burns at SFC to highlight the impact of budget announcements on FA's and the school college partnership and this was followed up recently with a meeting between Kenny MacInnes and Anna Vogt, Head of Inclusion and Student Services with Jess Dolan, recent appointment in Scottish Government as Head of Tertiary Education, Economy and Community Learning, to showcase the college and the role we have in our local community and economy.

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5.4 Pleased to say I have been commissioned as a Deputy Lieutenant for Falkirk and Stirling and recently met with the other deputies and Alan Simpson, Lord-Lieutenant for Falkirk and Stirling. Alan will be visiting the Falkirk Campus on the 1<sup>st</sup> December.

**6. Colleges Scotland (CS)**

6.1 Colleges Scotland College Principal's Group continues to meet monthly to receive updates from Linda Pooley, Deputy Director, Colleges, SFC and Young Workforce on Scottish Government's ongoing response to Covid-19 and discuss policy matters affecting the sector. In the last two months, I have attended one meeting of the Funding and Finance Group.

**7. Community Planning Partnership**

7.1 There has been two meetings of the Falkirk Community Partnership and one from the Stirling CPP. Kenny MacInnes, VP for Learning and Student Experience will lead on the Stirling CPP in Stirling given his new responsibility for the Stirling Campus. We continue to play a lead role in community planning and following the Strategic Plan 2025 publication – which includes aspects of both the Falkirk and Stirling Plans, we will seek to lead on key projects relating to the college's purpose.

**8. Financial Implications**

None

**9. Equalities**

Assessment in Place? – Yes  No

If No, please explain why – This paper is an overview report only, there are no changes to College policy or practice involved.

**10. Risk**

Please indicate on the matrix below the risk score. Risk is scored against Impact and Likelihood as Very Low through to Very High.

	Likelihood	Impact
Very High		
High		
Medium		
Low		
Very Low	X	X

Please describe any risks associated with this paper and associated mitigating actions –

None

**Risk Owner** – Ken Thomson

**Action Owner** – Ken Thomson

12. Other Implications –

Communications – Yes  No   
Paper Author – Ken Thomson

Health and Safety – Yes  No   
SMT Owner – Ken Thomson

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**1. Purpose**

To provide members with an update on the recent activities of the Forth Valley Student Association (FVSA)

**2. Recommendation**

That members note the content of the report.

**3. Key Considerations**

Since the last Board of Management on the 30<sup>th</sup> of September FVSA have conducted several activities.

**Executive Officer Elections**

FVSA welcomed five new executive officers

Chris Green – Education Officer

James Gilhooley – Wellbeing Officer

Alex Goldie Mackay – Diversity and Inclusion Officer

Nicole McNeil – Diversity and Inclusion Officer (Women & Non-Binary)

Steve Kemlo – Environmental Officer

We are still looking to fill in our sixth and final position (Welfare officer) around about February time through a by-election.

**Class Representative Training**

The FVSA team took on the mammoth task of delivering our class rep training, we have had over 80 class reps engaging in the Class Rep training however only 39 have completed their training to date, the self-study option is the preferred mode of training for students as there have been more completions of this training.

**Events**

FVSA hosted a pet competition in October, this was a useful task to increase engagement and we have discussed making it an annual event! We also ran an awareness raising campaign around Halloween that gave students an insight into how Halloween is celebrated in other countries.

**Work Schedule**

FVSA have now set their work schedule as below

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	Falkirk	Stirling	Alloa
Monday	Amber	Angela	Claire
Tuesday	Elena	Claire	Lynne
Wednesday	Elena	Angela	Amber
Thursday	Claire	Amber	Lynne
Friday	WORK FROM HOME		

#### Students with disabilities guidebook

This guidebook will be a digital resource that will be available on FVSA website, but physical copies can be requested. Within the booklet it discusses topics such as Learning Support, Support and guidance, campus maps and the Quiet room.

#### Student Council

FVSA hosted the first block of Student Council sessions on the 22<sup>nd</sup>/23<sup>rd</sup>/24<sup>th</sup> of November, where students voted on the sabbatical officer's monthly reports, they also had the chance to vote to retire a few motions that were active in the Student Association, they were Protecting Student Workers Rights, Sufficient Printing Allowances for Students, Make Friends Not Enemies and Show Us a Way to Better Support.

#### Consultancy

Documentation attached for information

#### 4. Financial Implications

Please detail the financial implications of this item – there are no financial implications

#### 5. Equalities

Assessment in Place? – No

If No, please explain why – Not applicable

6. Risk

Please indicate on the matrix below the risk score. Risk is scored against Impact and Likelihood as Very Low through to Very High.

	Likelihood	Impact
Very High		
High		
Medium		
Low		
Very Low	x	x

Please describe any risks associated with this paper and associated mitigating actions – None

7. Other Implications –

Please indicate whether there are implications for the areas below.

Communications – Yes  
Health and Safety – No

Please provide a summary of these implications – FVSA extensively promote events, clubs, and opportunities to be involved in the work of the association.

Paper Author – Amber Little & Claire Green Owner – Kenny MacInnes

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# Membership Engagement Report

Forth Valley Students' Association (FVSA)

Andrew Bowie

Raj Jeyaraj

# Purpose of Consultation

*To enable FVSA to implement a membership engagement system and related processes within the organisation which underpin the professional organisation that it strives to become.*

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# Section 1

Observations, Risks, and Recommendations

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# Summary of Identified Themes

- Partnership Working
- Membership and Community Engagement
- Internal Communication
- Student Representation
- People and Human Resources
- Autonomy and Interdependence

# Partnership Working - Observations

- FVSA enjoys a largely excellent relationship with staff, particularly senior managers, at Forth Valley College. Interviews with both FVSA staff and officers and College staff and students have shown this feeling to be mutual.
- Partnership working appears to be broadly satisfactory in the opinion of both sides of this relationship.
- Where there are signs of strain, this exists predominantly within shared services, particularly Human Resources.
- There is also a general perception of college staff that elected student officers do not necessarily see the College as an ally. Several staff members were keen to stress that they wanted to work with FVSA in the common interest of the students but felt that reaction from elected student officers has been counter-productive at times.
- Several staff members commented: The relationship would be improved by a document, such as a Student Partnership Agreement between the College and FVSA, that clearly outlines the responsibilities of each department within all areas of partnership working.

# Partnership Working - Risks

- College staff may begin to develop reluctance to work in partnership with FVSA if they continue to feel they are not treated as allies.
- Boundaries between areas of responsibility may continue to occur, placing strain on the relationship if one partner accidentally intrudes on an area of work typically reserved to the other.
- FVSA may not be able to cope in the event of a significant HR-related event e.g. significant disciplinary process.

# Partnership Working - Recommendations

- FVSA should continue to foster a good working relationship with the College to maintain a sector-leading approach to partnership working.
- A new or expanded element of training should be introduced for new and returning elected student officers, focusing on the roles and responsibilities of the various key staff members within the College.
- A Student Partnership Agreement should be created between FVSA and the College, which outlines all areas where partnership occurs and explicitly lays out responsibilities and expectations of each party involved. The partnership agreement should be reviewed annually and signed off by a senior manager within the College, the president of FVSA, and the most senior association staff member.
- FVSA should take steps to bolster internal HR provision, whether by securing dedicated internal provision; seeking advice from an HR consultancy; or securing assurance from the college HR department that all necessary HR functions can be provided to FVSA if/when needed.

# Membership & Community Engagement - Observations

- FVSA has faced the same challenges regarding student engagement as much of the sector has throughout the Covid crisis.
- Nonetheless, FVSA has continued to attract Class Reps to attend their Class Rep meetings. At the observed meeting, whilst attendance was lower than usual, an excellent standard of feedback and input was observed from the reps who attended.
- Microsoft Teams has proved to be a critical tool for FVSA in engaging students in the digital sphere.
- However, FVSA struggled to attract candidates and voters to its recent student officer elections. In the students' president election, the total votes between two candidates and RON (Re-Open Nominations) were 41. The student Vice President's election also had to proceed to a by-election after no nominations were received before the deadline for the initial election period.
- FVSA has identified Clubs & Societies as a critical area for future development.
- There are inconsistent levels of engagement, between each subject area, with FVSA. For example, Information Technology students are more engaged than Hair & Beauty and Construction & Engineering students.
- It is also notable that there is genuine enthusiasm from the College senior management and teaching staff to assist FVSA in engaging more students in their activities.
  - College staff were concerned about the effectiveness of FVSAs' communication of its services to their members.
  - FVSA identified that there are information and communication bottlenecks between senior management and front-facing staff.

# Membership & Community Engagement - Risks

- FVSA is considered illegitimate by Forth Valley College in light of turnout during elections.
- FVSA struggles to secure block grant funding from the College or the Arms Length Fund due to lack of measurable impact.
- Students and college staff disengage from FVSA due to poor communication from FVSA to it's members, and to college staff.

# Membership & Community Engagement - Recommendations

- FVSA should continue to develop their existing successful methods of engaging their class reps, using the Class Rep engagement framework that has been created to review and measure their progress annually.
- FVSA should commit to the development of its Clubs & Societies and, with the assistance of the framework for community engagement, should monitor and review its progress in this respect on an annual basis.
- FVSA should pursue opportunities to engage with staff during in-service or training days to foster an understanding of the importance of FVSA with College staff, particularly middle managers.
- FVSA should consider creating a dedicated College staff resource (for example, a handbook) to better inform staff of the role of FVSA and explore better methods of disseminating information regarding FVSA and its activities to colleagues.
  - A student partnership agreement that clearly outlines the responsibilities and expectations of all parties involved would go a long way toward better partnership working.
  - FVSA should work with the College and be more involved in the Colleges staff induction process.

# Internal Communications- Observations

- Communication between FVSA and the College was a concern highlighted by several college staff members.
- Long-term and continuous partnership work suffers from scattered communication and the annual turnover of elected student executives. There are questions raised regarding who would be responsible for different aspects of partnership work.
- Some college staff also felt that FVSA didn't do their "fair share" to promote college events.
- Some staff felt that FVSA did not maximise the potential of their social media channels to reach staff and students, although they noted the noticeable upturn in quality of late.
- Some staff commented that officers struggle to communicate at appropriate levels in meetings and different fora. For example, staff observed officers struggling to compartmentalise between meetings, leading to unnecessary and misplaced animosity when discussing student issues.
- Related to this was a broad concern around the level of understanding that FVSA officers possessed around the policy and processes of Forth Valley College. Several college staff members felt a lack of awareness of what changes were within the powers of the College and what was beyond the scope of the College.

# Internal Communications - Risks

- College staff become increasingly frustrated with FVSA when working in partnership with them, particularly in relation to the promotion of events, leading to reluctance to cooperate in the future.
- Student members and staff become unable to locate vital information about FVSA and its services due to a lack of awareness about which communication channels are the most utilised by FVSA.
- Student members disengage from FVSA due to a lack of awareness about FVSA and the services and activities that it offers.
- The college becomes reluctant to work with officers due to concerns around their level of understanding of college issues, and their communication skills within meetings with college staff.

# Internal Communications- Recommendations

- FVSA may consider a potential staffing expansion in respect of communication (see People and Human Resources).
- FVSA should explore methods of planning communications which will accompany campaigns, events, and activities in order to ensure comms are regular; proportionate; visible; and accessible.
- FVSA should consider investing in annual communications training, primarily for the staff member who will coordinate communications. This training could cover aspects including social media; press releases; etc.
- FVSA should consider expanding their training programme, in partnership with the College, to assist elected student officers in understanding college governance and policy.
- FVSA and the College should consider using the training provided by the College Development Network for college officers, particularly around being a member of a Board of Management.

# Student Representation - Observations

- FVSA's current structure of two elected executive officers, supported by a volunteer executive, is synonymous with much of the College's SA sector.
- FVSA's elected executive officers, past and present, have maintained a generally excellent reputation within the College and among senior members of college staff.
- FVSA officers were praised by College staff for advocating for students in larger meetings and disciplinary or academic conduct meetings.
- College staff felt that, broadly, elected student officers would benefit from a more rigorous training and induction regimen, as well as a better handover process.
- Additionally, staff felt that the volunteer officers within FVSA required assistance to build and increase their profile generally within the College.

# Student Representation - Risks

- Volunteer officer posts become difficult to fill due to an absence of evidence of impact from students within these roles.
- Popular and important workstreams which run on between a change in sabbatical officer may become lost due to a lack of rigor in handover, and a lack of interest from the new office bearer.

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# Student Representation- Recommendations

- FVSA should consider a complete review of its induction and training programme for incoming and returning officers. This process can be assisted by the elected student officers competency framework provided.
- FVSA should consider an alternative approach to inductions: this could include a residential/ away day where current and incoming officers can adequately hand over the work they have done, lessons they've learnt, and recommendations for the incoming year.
- FVSA should consider devolving responsibility for volunteer officers to a specific staff member to assist in their development. (see People and Human Resources)

# People & Human Resources - Observations

- FVSA staff enjoy an excellent reputation within the college staff.
- Staff in the College are aware of the challenges and constraints placed upon the staff of FVSA, particularly given the dual mandate of the Student Association Coordinator.
- The increase in hours for the Activities and Volunteers Coordinator was welcomed by College staff.
- However, it was also noted that the remits of all staff members are too broad, which leads to certain areas of work slipping through cracks due to capacity constraints.
- It was generally accepted by the college staff and FVSA staff and officers that FVSA would benefit from an increase in staffing resources to assist in addressing some of the concerns identified.

## People & Human Resources – Risks

- Members and college staff become frustrated with FVSA due to working slipping through the cracks and being delayed or forgotten entirely.
- FVSA staff members (and by extension, officers) may suffer from burn out due to a lack of staff resource within FVSA.
- The Student Association Coordinator is put in difficult situations arising from their dual mandate.

# People & Human Resources – Recommendations

- FVSA should consider an expansion of its staff team, subject to securing additional funding for the operation of FVSA. These additional staff resources should include a dedicated:
  - Volunteers Assistant: Overseeing the volunteer executive officers' recruitment, training, support, and coordination;
  - Communications Assistant: Managing FVSAs online communications between the College and FVSA, FVSA and its members, and FVSA and the public (corporate and press communications); and
  - Operations Assistant: Providing non-membership, operational, and administrative support to the team.

# Autonomy & Interdependence - Observations

- FVSA has a limited degree of autonomy when compared to other associations within the Scottish college sector.
- The dual mandate of the senior staff member (the student association coordinator), who also serves as a college staff member, is a significantly atypical feature within an autonomous organisation.
- Lack of clarity around areas of shared functions, including HR, and finance, further hamper FVSA's efforts to act autonomously.
- FVSA does not generate any of its funding. The funding of FVSA is allocated from college funding. This funding has remained fixed for a significant number of years.
- Without any rise in funding in line with inflation, FVSA has decreased its working budget every year since the last time the budget was increased.
- To meet the growing needs of its members and the college community and become more sustainable, FVSA must diversify its income streams.
- The need for a sustainable and autonomous association is acknowledged by key college staff - including the chair of the Board of Management. FVSA may rely on the support of these staff members when taking steps towards autonomy.

# Autonomy & Interdependence - Risks

- FVSA's funding becomes completely unsustainable due to simple inflation or other financial dangers, leading to redundancy and a potential shutdown of nearly all operations.
- Students at Forth Valley College do not have a suitable level of representation within the college, leading to decisions being taken which are not in the best interest of student members.
- FVSA loses necessary goodwill regarding developing its autonomy from key college staff, either through impatience or change in personnel before developments can be completed.

# Autonomy & Interdependence - Recommendations

- FVSA needs to plan all its requirements to become an independent membership representative body for its members.
- FVSA should propose funding a Change Management Project to set up an independent and representative membership charity.
  - This application should be submitted to the College's Arms Length Fund.
- Although the College may be the primary funder for FVSA for years to come, they should explore and apply for different grants and funding sources. Increasing the number of income sources is one of the measures of the ability of FVSA to represent its members independently.
  - FVSA should target funds and grants that allow them to benefit the interest of its members directly.

# Section 2

Short Term Options

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# Short Term Options

- Maintain Status Quo
- Targeted Improvement
- Change Management
- Increased Funding

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# Option 1 – Maintain Status Quo

- FVSA may elect to continue with their present operational and strategic approach to membership engagement.
- The benefits of this option are likely limited to the fact that it does not carry any immediate resource implications.
- Whilst the findings of this report did not find FVSA to be at a point of crisis, a lack of action will carry implications in the near to mid future, particularly if Forth Valley College continue to offer flat funding to FVSA without accounting for inflation. Additionally, FVSA's autonomy situation cannot improve without positive action being taken to diversify the association's revenue streams.
- Additionally, failure to address some concerns raised by college staff, particularly around communication, will lead to a deterioration of the current strong relationship that FVSA enjoys with the college.

## Option 2 – Targeted Improvement

- FVSA may wish to consider which of the recommendations can be implemented quickly, and with minimal resource implications.
- The benefits of this option include being able to demonstrate to the college that FVSA is taking their concerns seriously, which will allow FVSA to maintain their strong relationship with the college.
- If FVSA are able to target those areas of concern which also impact on their ability to engage their membership, this could also increase engagement from members and give the sense that the student voice is also being listened to and taken seriously.
- In taking this approach, it is likely that those areas where improvement and development is most critical (i.e. Human Resources) would not see the required level of input to alleviate the risks associated with them not being addressed.
- FVSA should also consider what broader message such an approach might send to the college in terms of their funding needs for the future – if an incremental approach appears to be working, or at least satisfies the college that improvement is taking place, then the college may not see the need to offer any additional funding, or to assist FVSA in increasing its autonomy.

## Option 3 – Change Management

- FVSA may wish to consider applying for additional funding from the Arm's Length Fund (ALF) in order to recruit a change management consultant or similar external position in order to guide the association through the recommendations outlined above.
- This could benefit FVSA both by generating additional staff hours within the association, and by allowing them to appoint an experienced professional with appropriate expertise to lead the association through the process of becoming more, or completely, autonomous from the college.
- The college, and in particular the chair of the board of management, have indicated that they would be supportive of such a bid from FVSA to the ALF to allow this process to take place.
- There are associated risks to this approach too, including the fact that any bid to the ALF may not be successful, and the need to ensure that any change manager who was appointed would need to be familiar with the distinct ways in which a College SA operates versus that of a more traditional University SA.

## Option 4 – Increased Funding

- FVSA may wish to use this report as evidence to obtain an increase in funding from Forth Valley College.
- This option, if successful, would allow FVSA to follow a similar approach to that outlined in option 2, albeit with the additional benefit of having additional resource to use on larger goals or more complex recommendations.
- Additional funding directly from the college may also allow FVSA to expand its staffing capacity, freeing up more hours for staff to concentrate on any specific recommendations that they might be tasked with taking forwards.
- However, this approach could be considered counterproductive to FVSA's overall goal of increasing its autonomy from the college, as an increase in funding would leave the association increasingly reliant on the college to maintain funding levels in order to continue any new activity.

Thank You for Listening

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1. Purpose

To present the final draft of the Strategic Plan 2025 for approval of objectives and outcomes.

2. Recommendation

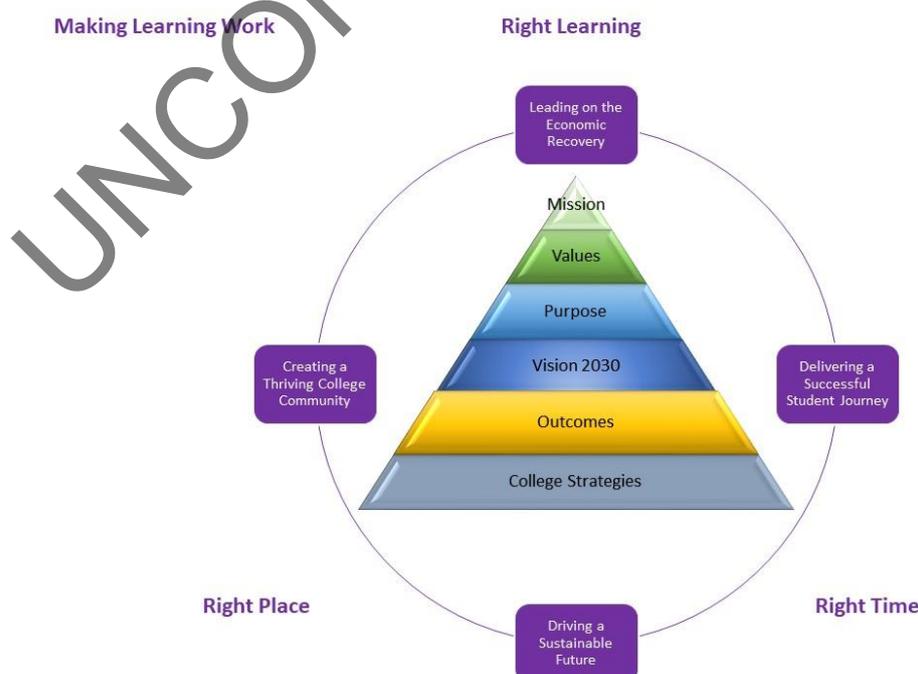
The Strategic Plan 2025 has been under development from June 2021 and has had input from Board of Management, individual Board members, SMT, LMT, staff, students, the Forth Valley Students Association (FVSA) and external stakeholders and specialist staff. It is presented here to approve the objectives and outcomes.

3. Background

While the current strategic plan is still fit for purpose through to 2022, LMT having been working on a draft plan for the second half of this year. This was then presented to the Board of Management as part of the workshop on the 4<sup>th</sup> November 2022 with a follow up meeting with individual Board Members. The output of that work has been considered and revisited by LMT, specialist staff and FVSA and the attached with four clear strategic objectives and related outcomes is presented for approval. Following approval, a further exercise will be undertaken to determine baseline data, responsible SMT and identification of the Board Committee for review. Each of the objectives and outcomes will then be used to develop the Colleges Operational planning for 2022 and then subsequently to feed into the Departmental planning.

4. Key Considerations

The Strategic Plan 2025 is the key document which will deliver on the college’s mission from 2022 to 2025.



As noted, the Strategic Plan 2025 attached to this paper has been developed following feedback from dedicated planning sessions with staff, LMT and Board of Management.

Feedback to date from these sessions has been collated by the Principal and Corporate Governance and Planning Officer into the current draft.

Key to the success of this plan, and reflecting ongoing changes in reporting to the wider Board of Management, will be clarifying our understanding of the current baseline position of the College across a range of metrics so that progress can be clearly demonstrated. In addition the responsible SMT member will be identified for each outcome alongside the appropriate Board committee for review. This information, together with the completed Strategic Plan 2025, will be presented to the Board in February 2022 for publication.

**4. Financial Implications**

No direct costs for the Strategic Plan 2025, however the Plan will determine the College's direction to 2025 which will have a financial implication.

**5. Equalities Assessment in Place? – Not Applicable**

**6. Risk**

	Likelihood	Impact
Very High		
High		x
Medium		
Low	x	
Very Low		

Failure to have a strategic plan that is relevant to the College and our ambitions risks strategic and operational ineffectiveness. A revised plan mitigates this and allows College departments to work toward common objectives.

**Risk Owner** – Board of Management

**Action Owner** – Ken Thomson

**7. Other Implications –**

Please indicate whether there are implications for the areas below.

**Communications – Yes** – Further consultation in the December 2021 with unions and then roll out to all staff in early 2022 through the Principal briefings.

**Health and Safety – No**

**Paper Author** – Stephen Jarvie

**SMT Owner** – Ken Thomson

**1. Purpose**

To seek approval from members on to amend the excambion with Falkirk Council which the Board approved at its meeting on 24 June 21.

**2. Recommendation**

That members approve the amended excambion in order to rationalise the southern title boundary and permit Falkirk Council to undertake the road widening works to Grangemouth Road with no further impact upon College Land.

**3. Background**

Early in the new campus development, the Council approached the College to make us aware of their plans for widening Grangemouth Road. In order to permit the widening of the road the Council required to purchase a strip of land 69.4m x 16.65 m at the south east corner of the new campus site (shown blue on the attached plan).

In March 2017 the Board approved the purchase of a strip of land to the east of our Middlefield site from Callendar Estates to allow a footprint for the new Falkirk campus. The land extended to the edge of Grangemouth Road. The College took the opportunity to regulate its boundary at this location and agreed to swap the land coloured blue with the Council for the land coloured pink in order that our southern boundary is a clear straight line defended by the new footpath.

**4. Key Considerations**

Following the Board's approval of the excambion with Falkirk Council, the Council has identified the need to include an additional piece of FVC land 47.13 sq m. which is shown yellow and cross hatched in the attached plan. There is also a reduction in the land being sold to FVC shown in yellow on the plan.

**5. Financial Implications**

The Council have determined that the net payment for this excambion is £25,620 (previously £13,500) to the College. Costs to the College relation to the transaction are £5,000.

**6. Equalities – N/a**

**7. Risk**

	Likelihood	Impact
Very High		
High		
Medium		
Low		
Very Low	x	x

**Risk Owner** – Ken Thomson

**Action Owner** – Ken Thomson

**Paper Author** – Alison Stewart

**SMT Owner** – Ken Thomson

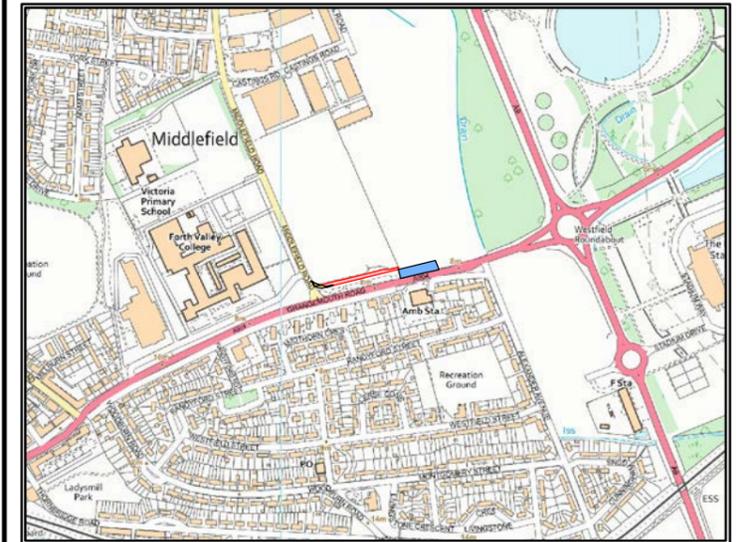
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-  Cross-hatched - Additional FVC land needed for Middlefield roundabout, 47.13 sq.m
-  Yellow - Land needed for Middlefield roundabout 133.20 sq.m
-  Blue - FVC land – disposal to FC, 1132.80 sq.m
-  Pink – FC land – disposal to FVC, 772.76sq.m



Falkirk Council



LOCATION PLAN

scale: 1:12,500

Subject: Excambion with Forth Valley College, Grangemouth Road, Falkirk

Area: or thereby.

Scale: 1:1,000

Plan No:

Date: 14.5.2021



**Development Services**

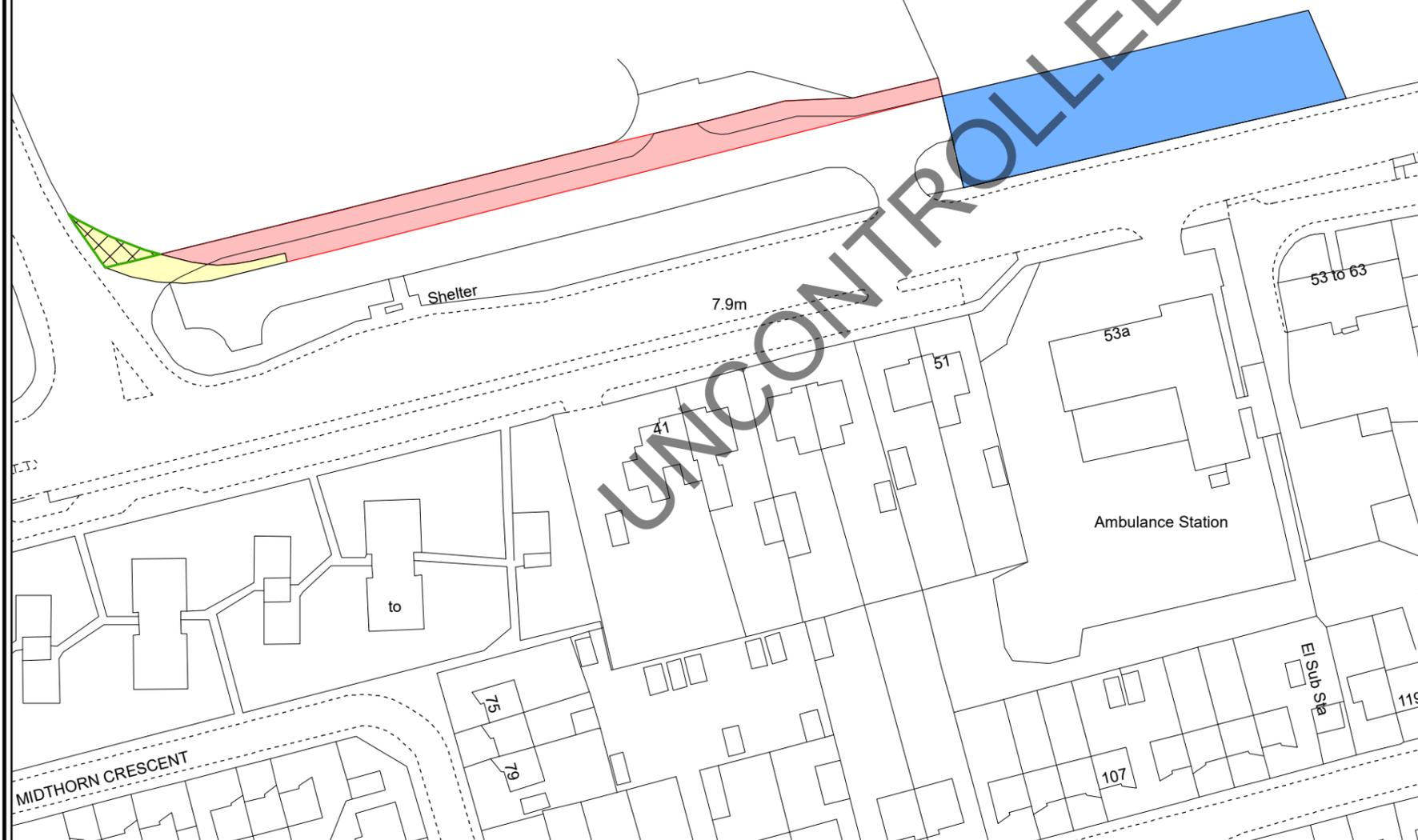
Abbotsford House, Davids Loan, Bainsford, Falkirk, FK2 7YZ  
Telephone: 01324 504950 Fax: 01324 504709



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**1. Purpose**

To present to members the Annual Report and Financial Statements for the year to 31 July 2021.

**2. Recommendation**

Members consider the financial position of the College for the year ended 31 July 2021 and approve the Annual Report and Financial Statements for the year ended 31 July 2021, subject to the paragraph on page 29 regarding Chair Remuneration being amended, as per section 3 below.

**3. Outstanding Matter**

At the time of writing, there remains the outstanding matter of the Chair's remuneration being above the maximum threshold. The auditors, Ernst & Young, have confirmed that resolution of this matter will not prevent their signing of the accounts, as management has provided assurances that repayment will be sought should retrospective approval for the additional payments not be received from Scottish Government. It is suggested that the wording on page 29 is ultimately amended to reflect the outcome of these discussion with Scottish Government before the accounts are submitted to SFC. The wording will be one or other of the following.

Approval received for the additional payments

For the year to July 2021 the Chairman was entitled to claim remuneration of £211 per day up to a maximum total fee of £26,481 (or higher depending on SG notification). The Chair is not entitled to a pension in respect of their office. For the year to 31 July 2021 the chairman was paid remuneration of £26,481 (2019/20: £20,394).

Approval refused for the additional payments

For the year to July 2021 the Chairman was entitled to claim remuneration of £211 per day up to a maximum total fee of £21,944. The Chair is not entitled to a pension in respect of their office. For the year to 31 July 2021 the chairman was paid remuneration of £26,481 (2019/20: £20,394). This is £4,537 above the maximum threshold, and repayment of this additional amount will be recorded in the financial statements for the year to 31 July 2022.

The auditors have requested confirmation of how the matter is subsequently resolved, and this will be reported to the next Finance Committee.

**4. Background**

The Office for National Statistics (ONS) reclassification of FE Colleges came into effect from 1 April 2014. There are a number of significant implications resulting from this reclassification not least the inability to retain surplus cash without this in effect being frozen due to government resource budgeting restrictions.

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The Annual Report and Financial Statements have been prepared in accordance with the Accounts Direction issued by the Scottish Funding Council in June 2021. This direction requires the College to comply with the Statement of Recommended Practice: Accounting for Further and Higher Education issued in July 2019 (2019 SORP), the Scottish Public Finance Manual (SPFM) and the Scottish governments Financial Reporting Manual (FRoM). The SPFM and FRoM both require additional disclosures.

Audit Scotland published a guide for auditors in respect of Going Concern in the public sector (December 2020), stating that in determining the appropriateness of the going concern basis of accounting, the continued use of the assets to deliver services is more important than the continued existence of a particular public body, and as such the use of going concern basis of accounting will always be appropriate for public bodies, and as such does not require justification by future forecasts and cash flow projections. Despite this publication, our auditors required a formal management assessment of going concern to be prepared. This included forecast income & expenditure, and cash flows from August 2021 to July 2023, as well as specific narrative.

## 5. Key Considerations

The adoption of the Financial Reporting standard (FRS) 102 and the 2019 SORP, combined with the government accounting restrictions on the ability to retain cash surpluses due to resource budgeting restrictions, means it is difficult to present the College's financial position in a way which informs readers of the true underlying financial sustainability of the College.

The key consideration for members is the long term financial sustainability of the College. This is referred to within the Annual Report and Financial Statements as the College continuing to operate on a "going concern" basis. The key measures to consider are the College's ability to generate cash from its day to day operational activities, and evidence that it can meet its liabilities as they fall due. The impact of non-cash technical accounting adjustments, while they are relevant to some extent, should be excluded when assessing the College's financial strength.

The Financial Performance section of the Performance Report provides a detailed review of the College's financial performance for the year ended 31 July 2021 and its financial position at 31 July 2021. The key points to note are:

- The College generated an underlying operational surplus of £2,217k excluding non-cash adjustments, funding from the Forth Valley College Foundation, the estates development costs and the loan repayments. **This surplus demonstrates that the College is operating sustainably within its funding allocation.**
  - SFC has confirmed that FVC can retain this surplus for use in 2021-22 to support restructuring and business efficiency projects.
  - The low net asset position in the Balance Sheet is distorted due to the technical accounting adjustments in relation to the treatment of government capital grants and pension liabilities. Additionally, the impact of reclassification where surplus cash has been donated to an arm's length foundation or spent to support the estates development programme impacts the balance sheet.
-

- The auditors are content that there are no going concern issues as the underlying financial position has been clearly demonstrated.

During the audit an error in the financial statements for July 2020 came to light, resulting in the need for a prior period adjustment when presenting the comparatives in the accounts for July 2021. The error was a missed non-cash accounting adjustment, with no impact on the adjusted operating position for this year.

The error related to £1.421m of deferred capital grant held on the balance sheet at 31 July 2020 for the old Falkirk campus, and therefore should have been released as part of the calculation for the loss on disposal of the old campus. The prior period adjustment has the impact of decreasing 2019-20 short term creditors (deferred capital grants) by £50k and long term creditors (deferred capital grants) by £1,371k, with a corresponding impact on SFC grants (decrease by £50k) and loss on disposal of fixed assets (decrease by £1,471k).

This paper, the annual report and financial statements and the going concern assessment were considered by the Finance and Audit Committee's on 16 November 2021 and were commended for presentation to the Board of Management for final approval.

## **6. Financial Implications**

SFC guidance states that for the financial period ended 31 July 2021 Colleges are permitted to report deficits equivalent to the spend on cash budget for priorities, FRS 17 pension charges and FRS 102 adjustments. The reported financial position falls within these guidelines.

Reporting a deficit does have implications however, and to counter any queries or concerns by the users of the Financial Statements, the Underlying Performance table on page 14 schedules out the non-cash technical adjustments and one-off adjustments included within the deficit, thereby highlighting the true underlying surplus.

## **7. Equalities**

An equalities assessment is not applicable given the nature of this report.

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**8. Risk**

Please indicate on the matrix below the risk score. Risk is scored against Impact and Likelihood as Very Low through to Very High.

	Likelihood	Impact
Very High		
High		
Medium		x
Low	x	
Very Low		

Due to the adoption of FRS 102 in terms of the accounting treatment of certain items and the associated presentational changes, the College's underlying financial health is masked. There is a risk that those not familiar with the technical aspects of Financial Statements will misinterpret the state of the College's financial health. In mitigation of this, it needs to be stressed that the Board of Management, SFC and the external auditors are all in agreement that there is no going concern issue.

**Risk Owner** – Alison Stewart

**Action Owner** – Senga McKerr

**Paper Author** – Senga McKerr

**SMT Owner** – Alison Stewart

**1. Purpose**

**To present to members the external auditor's Annual Audit Report and Letter of Representation for approval.**

**2. Recommendation**

That members note the content of the Annual Audit Report and approve the issue of the Letter of Representation.

**3. Key Considerations**

**Annual Audit Report**

This report provides a summary of the key conclusions of the external audit and the key point to note are

- Ernst & Young have issued an unqualified audit opinion
- Financial sustainability is highlighted as amber due to the financial pressures the sector and Forth Valley College face
- Governance & Transparency is highlighted as amber as due to an outstanding resolution to the overpayment of the Chairs fees
- The going concern basis of accounting is appropriate
- There are no matters of exception to report to the Board of Management.

**Letter of Representation**

This is the standard of representation and the Board are not being asked to make additional representations due to findings identified during the audit.

**4. Financial Implications**

**Please detail the financial implications of this item** – None. All audit activity is fully budgeted and progress against agreed activity is monitored.

**5. Equalities**

**Assessment in Place?** – Yes  No

**If No, please explain why** – Not applicable

**Please summarise any positive/negative impacts (noting mitigating actions)** – Not Applicable

---

**6. Risk**

Please indicate on the matrix below the risk score. Risk is scored against Impact and Likelihood as Very Low through to Very High.

	Likelihood	Impact
Very High		
High		
Medium		
Low	X	X
Very Low		

Please describe any risks associated with this paper and associated mitigating actions .

Risk Owner – Ken Thomson

Action Owner – Alison Stewart

**7. Other Implications –**

Please indicate whether there are implications for the areas below.

Communications – Yes  No

Health and Safety – Yes  No

Please provide a summary of these implications – Not Applicable

Paper Author - Alison Stewart

SMT Owner – Alison Stewart

**1. Purpose**

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

**2. Recommendation**

That members approve the attached report.

**3. Background**

The Chair of the Audit Committee presents a report of the Committee's activities on an annual basis.

As this report is linked directly to the associated financial year, the information within this paper covers the 12 month period from 1 August 2020 to 31 July 2021 period.

The report was considered and approved for submission to the Board of Management by the Audit Committee on 16 November 2021.

**4. Financial Implications**

Please detail the financial implications of this item – None. All audit activity is fully budgeted and progress against agreed activity is monitored.

**5. Equalities**

Assessment in Place? – Yes  No

If No, please explain why – Not applicable

Please summarise any positive/negative impacts (noting mitigating actions) – Not Applicable

---

**6. Risk**

Please indicate on the matrix below the risk score. Risk is scored against Impact and Likelihood as Very Low through to Very High.

	Likelihood	Impact
Very High		
High		
Medium		
Low	X	X
Very Low		

**Please describe any risks associated with this paper and associated mitigating actions** – Failure to adequately check internal systems via the internal audit service could lead to systemic errors or inefficiencies. The Internal Audit function, overseen by the Audit Committee, ensures that adequate assurances are received.

**Risk Owner** – Ken Thomson

**Action Owner** – Alison Stewart

**7. Other Implications –**

Please indicate whether there are implications for the areas below.

**Communications** – Yes  No

**Health and Safety** – Yes  No

**Please provide a summary of these implications** – Not Applicable

**Paper Author** – Stephen Jarvie

**SMT Owner** – Alison Stewart

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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 2020 to 31 July 2021. Membership of the Committee during that period underwent a number of changes following changes to Board membership. Attendance was as follows:

<b>Name</b>	<b>Attendance Record</b>
Lorna Dougall (Chair)	3 of 3 meetings
Hazel Burt	3 of 3 meetings
Paul Devoy (joined 20/5/21)	1 of 1 meetings
Beth Hamilton (last meeting 5/10/20)	1 of 1 meetings
Alistair McKean (joined 5/10/21)	1 of 1 meetings
Emma Meredith (joined 20/5/21)	0 of 1 meetings
Steven Torrie (last meeting 17/11/20)	2 of 2 meetings
Mandy Wright (co-opted)	2 of 3 meetings

The Committee met on the following dates:

5 October 2020  
17 November 2020  
20 May 2021

**2. Internal Audit**

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

**Audit Provider:**

Henderson Loggie were appointed as Internal Auditors from July 2019. Their charge for the period was £21,444. (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 2020–2021 was considered by the Audit Committee at its 9 September and 16 November 2021 meetings. Internal Audit assignments for this period were carried out broadly in accordance with the Audit Plan agreed by the Audit Committee on 21 May 2020.

**Achievements:** The audit assignments were identified based upon a review of the College risk register, the identification of new systems being implemented within the College and those audits (i.e. credits) required on a rolling basis.

The specific audit reports produced for each assignment made recommendations for the improvement of internal procedures and controls, and each recommendation was given an agreed target date for implementation. The monitoring of internal audit recommendations is a standing agenda item on Audit Committee agendas.

**Effectiveness:** While identifying one area within the College which was classified as requires improvement, on the basis of the other work undertaken during the year the auditors have expressed an overall opinion that the College has –

“adequate and effective arrangements for risk management, control and governance. Proper arrangements are in place to promote and secure Value for Money.”

### **3. External Audit**

**Audit Provider:** Ernst & Young LLP.

**Auditors Report:** The External Auditor's report on the Financial Statements for the year 2020-2021 is included in the papers. The audit was carried out during October/November 2021.

**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 12 month period, in addition to receiving reports from the Internal and External Auditors, the Committee also considered the Risk Register and treatment of significant risks.

The Audit Committee also met with the Internal and External Auditors without College staff in attendance at their meeting of 16 November 2021.

### **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.

Lorna Dougall  
Chair  
2 December 2021

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## **1. Purpose**

To seek approval from members to:

- amend the original Term Loan Agreement with Barclays Bank in relation to the calculation of interest rates due to phasing out of LIBOR by the end of 2021
- to amend any hedging associated with the Facility Agreement to transition away from LIBOR (including termination and rebooking of an existing transaction)

## **2. Recommendations**

That members

- approve the attached Amendment Agreement re the £10,000,000 Term Loan Facility Agreement dated 30 September 2010 between the Borrower (FVC) and Barclays Bank plc (the "Bank") as amended by a letter of variations from the Bank to the FVC dated 21 March 2013 and 5 July 2018 and authorise Ken Thomson and Alison Stewart to sign the attached Amendment Agreement on behalf of the Board of Management.
- authorise Alison Stewart to execute the swap amendment (including agreeing any credit adjustment spread (if applicable) on a live call with Barclays) and sign any associated documentation.

## **3. Key Considerations**

Much of this paper was previously presented to the Board of Management at the meeting of 30<sup>th</sup> September 2021. At this time, we were awaiting information from Barclays on the transition arrangement for the interest rate swap, and it had been our intention to bring this separately to the Board. However, Barclays has requested that the Board minute incorporates both the loan and the swap, hence the repetition. The revised draft minute provided by Barclays is attached to this paper.

The interest rate on the loan provided by Barclays to Forth Valley College, and the hedging in place with respect to this facility in the form of an interest rate swap, are linked to LIBOR (London Inter Bank Offered Rate). LIBOR is a commonly used benchmark rate, more representative of money markets than the Bank of England base rate, hence its use in corporate banking transactions.

LIBOR is being phased out by the end of 2021, and as such will cease to be the reference rate for Sterling and will instead be replaced with SONIA (Sterling Overnight Index Average). The loan documentation with Barclays therefore needs to be amended to reflect this. LIBOR and SONIA will produce different interest rates, but since FVC has the rate swap there will be no immediate financial impact and we will continue to pay fixed 4.3% interest on our outstanding balance until 31 July 2029.

### **Amendment Agreement**

The College has sought legal advice from MacRoberts who have reviewed the documentation and confirmed there are no issues which need to be raised with the Board of Management.

---

**Hedging Amendment**

The College has also sought advice from our financial advisors QMPF in relation to the hedging amendment. Three options were available and are noted below. The college is proceeding with Option 1 which aligns the calculation of the swap with the interest on the loan.

Transition Conventions	1) Active Amendment (Loan basis)	2) IBOR Fallbacks Protocol	3) Active Amendment (ISDA basis)	Loans Conventions (for reference)
Effective Date	First interest reset date in 2022	First interest reset date in 2022	Any date, no later than first interest reset date in 2022	Any date, no later than first interest reset date in 2022
Documentation	Bilateral confirmation	IBOR Fallbacks Protocol adherence/Bilateral ISDA Master Agreement Amendment**	Bilateral confirmation	N/A
Expected Credit Adjustment Spread ("CAS")	Published 5YHM CAS*	Published 5YHM CAS	Live CAS***	Published 5YHM CAS
Lookback	5 days	2 days	Any number of days	5 days
Observational shift	Without Observational Shift	With Observational Shift	With or Without Observational Shift	Without Observational Shift
Execution charges	None	None	Yes (determined at the time of execution)	N/A

**4. Approval**

Prior to approval the Board is asked to considered in detail

- the form of the Amendment Agreement **and any Hedging Amendment** and the risks to the College in entering into the Amendment Agreement **and any Hedging Amendment**.
- whether it was in the best interests of the College to enter into the Amendment Agreement **and Hedging Amendment** and to execute and deliver the Amendment Agreement **and any documents in relation to any Hedging Amendment**.

After due and careful consideration, the Board of Management is asked to approve

- (a) the College should enter into the Amendment Agreement **and any Hedging Amendment** and perform its obligations and exercise its rights in relation to the Amendment Agreement, **any Hedging Amendment** and the amended Facility Agreement and
- (b) to do so would be of benefit to the College.

#### **5. Authority to execute Amendment Agreement**

Having approved the Amendment Agreement Members resolve that

- the College has considered whether it needs to obtain independent professional advice (legal, financial or otherwise), prior to resolving to enter into the Amendment Agreement **and any Hedging Amendment** (whether on the basis of such advice or otherwise) it has made its own independent decision to enter into the Amendment Agreement **any Hedging Amendment** and understands the terms, conditions and risks involved;
  - the College, in good faith and for the purpose of carrying on its business, enter into the Amendment Agreement **and any Hedging Amendment** and perform its obligations and exercise its rights in relation to the Amendment Agreement, **any Hedging Amendment** and the Facility Agreement;
  - the following officers of the College (each an "Authorised Signatory" and together the "Authorised Signatories") be authorised to sign on behalf of the College the Amendment Agreement **and any Hedging Amendment** and return the signed counterpart to the Bank
    - Alison Stewart
    - Dr Ken Thomson
  - the terms of the Amendment Agreement **and any Hedging Amendment** be and are hereby approved (subject, in each case, to such amendments as the Authorised Signatories (acting together or alone) may approve and so that the signature of the Authorised Signatory shall be conclusive evidence of the agreement to such amendments or modifications); and
  - the Authorised Signatories (acting together or alone) be authorised to agree and sign on behalf of the College all such other documents, agreements, certificates, notices, communications or confirmations, and to do all such other things, as may be required, or as any Authorised Signatory may approve, in connection with the Amendment Agreement **and any Hedging Amendment**.
-

**6. Risk**

	Likelihood	Impact
Very High		
High		
Medium		
Low		
Very Low	x	x

**Please describe any risks associated with this paper and associated mitigating actions –**

This is a technical change to the Term Loan agreement with Barclay's Bank, and the related Interest Rate Swap, due to the phasing out of LIBOR when calculating interest rates. Any change in the calculation of interest rate will have no immediate impact due to the swap derivative being in place until 2029.

**Risk Owner** – Alison Stewart

**Action Owner** – Alison Stewart

**7. Other Implications – None**

**Paper Author** – Alison Stewart

**SMT Owner** – Alison Stewart

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DATE OF DELIVERY \_\_\_\_\_ 2021

AMENDMENT AGREEMENT

FOR

FORTH VALLEY COLLEGE OF FURTHER AND HIGHER EDUCATION  
THE BORROWER

WITH

BARCLAYS BANK UK PLC  
ACTING AS BANK

---

RELATING TO A FACILITY AGREEMENT  
ORIGINALLY  
DATED 30 SEPTEMBER 2010 (AS AMENDED OR  
RESTATED FROM TIME TO TIME)

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UNCONTROLLED COPY

Date of delivery \_\_\_\_\_ 2021

THIS AGREEMENT is made between:

- (1) FORTH VALLEY COLLEGE OF FURTHER AND HIGHER EDUCATION (the "Borrower"); and
- (2) BARCLAYS BANK UK PLC as Bank (the "Bank").

IT IS AGREED as follows:

## 1. DEFINITIONS AND INTERPRETATION

### 1.1 Definitions

In this Agreement:

"**Amended Facility Agreement**" means the Original Facility Agreement, as amended by this Agreement.

"**Effective Date**" means the date on which the Bank (or the Bank's lawyers on its behalf) confirms to the Borrower that it has received each of the documents and other evidence listed in Part 1 of the Schedule (*Conditions Precedent*) in a form and substance satisfactory to the Bank.

"**Original Facility Agreement**" means the facility agreement dated 30 September 2010 between the Borrower and the Bank as amended from time to time prior to the date of this Agreement.

"**Schedule**" means the schedule, in two parts, annexed as relative to this Agreement.

### 1.2 Incorporation of defined terms

- (a) Unless a contrary indication appears, a term defined in the Original Facility Agreement has the same meaning in this Agreement.
- (b) The principles of construction and/or interpretation set out in the Original Facility Agreement shall have effect as if set out in this Agreement.

### 1.3 Clauses

In this Agreement any reference to a "Clause" or the "Schedule" is, unless the context otherwise requires, a reference to a Clause in or the Schedule to this Agreement.

### 1.4 Third party rights

A person who is not a party to this Agreement has no right under the Contract (Third Party Rights) (Scotland) Act 2017 to enforce or to enjoy the benefit of any term of this Agreement.

### 1.5 **Designation**

In accordance with the Original Facility Agreement, each of the Borrower and the Bank designates this Agreement as a Finance Document.

## 2. **REPRESENTATIONS**

The Repeating Representations are deemed to be made by the Borrower (by reference to the facts and circumstances then existing) on:

- (a) the date of this Agreement; and
- (b) the Effective Date,

and references to "this Agreement" in the Repeating Representations should be construed as references to this Agreement and to the Original Facility Agreement and on the Effective Date, to the Amended Facility Agreement.

## 3. **AMENDMENT**

With effect from the Effective Date the Original Facility Agreement shall be amended as set out in Part 2 of the Schedule (*Amendments to Original Facility Agreement*).

## 4. **CONTINUITY AND FURTHER ASSURANCE**

### 4.1 **Continuing obligations**

The provisions of the Original Facility Agreement and the other Finance Documents shall, save as amended by this Agreement, continue in full force and effect which for the avoidance of doubt shall include any existing Fixed Rate Advances which will continue to apply, and the Borrower will continue to be bound by, notwithstanding this Agreement.

### 4.2 **Further assurance**

The Borrower shall, at the request of the Bank and at its own expense, do all such acts and things necessary or desirable to give effect to the amendments effected or to be effected pursuant to this Agreement.

## 5. **LIMITATION OF RESPONSIBILITY**

Each party confirms to each other party that it has made (and shall continue to make) its own independent investigation and assessment of the merits of the amendments contemplated by this Agreement, including, without limitation, their impact on the payments to be made under the Amended Facility Agreement (and/or under any associated transaction, including any hedging or derivative transaction entered into in relation to the Amended Facility Agreement), or any information provided to it by the Bank or any other party in connection with any similar matter.

## 6. COSTS AND EXPENSES

Each party shall be responsible for the amount of any costs and expenses (including but not limited to legal fees) incurred by it in connection with the negotiation, preparation, printing and execution of this Agreement and any other documents referred to in this Agreement.

## 7. MISCELLANEOUS

### 7.1 Incorporation of terms

The provisions of clause 26 (*Notices*), clause 25.2 (*Partial invalidity*) and clause 25.1 (*Remedies and waivers*) of the Original Facility Agreement shall be incorporated into this Agreement as if set out in full in this Agreement and as if references in those clauses to "this Agreement" or "the Finance Documents" are references to this Agreement.

### 7.2 Counterparts and delivery

- (a) This Agreement may be executed in any number of counterparts and by each of the parties on separate counterparts.
- (b) Where executed in counterparts;
  - (i) this Agreement shall not take effect until both of the counterparts have been delivered; and
  - (ii) delivery will take place when the date of delivery is agreed between the parties after execution of this Agreement as evidenced by the date inserted on page 1 of this Agreement.
- (c) Where not executed in counterparts, this Agreement shall become effective on the date agreed between the parties as evidenced by the date inserted on page 1 of this Agreement.

**8. GOVERNING LAW AND JURISDICTION**

- 8.1 This Agreement and any non-contractual obligations arising out of or in connection with it are governed by the law of Scotland.
- 8.2 The courts of Scotland have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute relating to the existence, validity or termination of this Agreement or any non contractual obligation arising out of or in connection with this Agreement (a "Dispute")).
- 8.3 The Borrower agrees that the courts of Scotland are the most appropriate and convenient courts to settle Disputes and accordingly will not argue to the contrary. Notwithstanding Clause 8.2 above, the Bank shall not be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Bank may take concurrent proceedings in any number of jurisdictions.

**IN WITNESS WHEREOF** these presents consisting of this and the 3 preceding pages and the Schedule are executed as follows:-

Subscribed for **FORTH VALLEY COLLEGE  
OF FURTHER AND HIGHER EDUCATION**  
at

on 2021  
by

.....  
Signature of Duly Authorised Officer

.....  
Full Name (Duly Authorised Officer)

before this witness

.....  
Full Name (Witness)

.....  
Signature of Witness

.....  
.....  
.....

Address

Subscribed for **FORTH VALLEY COLLEGE OF FURTHER AND HIGHER EDUCATION**  
at

on 2021  
by

.....  
Signature of Duly Authorised Officer

.....  
Full Name (Duly Authorised Officer)

before this witness

.....  
Full Name (Witness)

.....  
Signature of Witness

.....  
.....  
.....

Address

Subscribed for **BARCLAYS BANK UK PLC**  
at

on 2021  
by

.....  
Signature of Authorised Signatory

.....  
Full Name (Authorised Signatory)

This is the Schedule, in two Parts, referred to in the foregoing amendment agreement between Forth Valley College of Further and Higher Education as Borrower and Barclays Bank UK PLC as Bank.

## SCHEDULE

### PART 1

#### CONDITIONS PRECEDENT

1. **Borrower**

- (a) A copy of the constitutional documents of the Borrower.
- (b) A copy of a resolution of the Governing Body of the Borrower:
  - (i) approving the terms of, and the transactions contemplated by, this Agreement and resolving that it execute this Agreement; and
  - (ii) authorising a specified person or persons to execute this Agreement on its behalf.
- (c) A specimen of the signature of each person authorised by the resolution referred to in paragraph (b) above.
- (d) A certificate of an authorised signatory of the Borrower certifying that each copy document relating to it specified in this 0 is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

2. **Legal Opinions**

A legal opinion of Pinsent Masons LLP, legal advisers to the Bank in Scotland, substantially in the form distributed to the Bank prior to signing this Agreement.

3. **Other documents and evidence**

- (a) A copy of any authorisation, consent or other document, opinion or assurance which the Bank considers to be necessary (if it has notified the Borrower accordingly prior to the date of this Agreement) in connection with the entry into and performance of the transactions contemplated by this Agreement or for the validity and enforceability of this Agreement.

## PART 2

## AMENDMENTS TO ORIGINAL FACILITY AGREEMENT

With effect from the date of this Agreement, the Original Facility Agreement shall be amended as follows:

1. Clause 1.1 (*Definitions*) shall be amended by inserting, in alphabetical order, the following new defined terms:

**"Backstop Rate Switch Date"** means 1 January 2022 or any other earlier date agreed as such between the Bank and the Borrower.

**"Break Costs"** means in respect of any Term Rate Loan (or any part of a Term Rate Loan) received or recovered by the Bank otherwise than on the last day of an Interest Period relating to that Term Rate Loan, the amount (if any) by which:

- (a) the additional interest which would have been payable on the amount so received or recovered, had it been received or recovered on the last day of that Interest Period;

exceeds:

- (b) the amount which in the opinion of the Bank would have been payable to the Bank on the last day of that Interest Period in respect of a deposit in the currency of the amount so received or recovered equal to the amount so received or recovered placed by it with a prime bank in London for a period starting on the third business day following the date of such receipt or recovery and ending on the last day of that Interest Period.

**"Central Bank Rate"** has the meaning given to that term in Schedule 5 (*Compounded Rate Terms*).

**"Central Bank Rate Adjustment"** has the meaning given to that term in Schedule 5 (*Compounded Rate Terms*).

**"Central Bank Rate Spread"** has the meaning given to that term in Schedule 5 (*Compounded Rate Terms*).

**"Compounded Rate Interest Payment"** means the aggregate amount of interest that:

- (a) is, or is scheduled to become, payable under any Finance Document; and
- (b) relates to a Compounded Rate Loan.

**"Compounded Rate Loan"** means any Advance or, if applicable, Unpaid Sum which is, or becomes, a "Compounded Rate Loan" pursuant to Clause 6 (*Rate Switch*).

**"Compounded Rate Supplement"** means a document which:

- (a) is agreed in writing by the Borrower and the Bank;

- (b) specifies the relevant terms which are expressed in this Agreement to be determined by reference to Schedule 5 (*Compounded Rate Terms*); and
- (c) has been made available to the Borrower.

**"Compounded Reference Rate"** means, in relation to any business day during the Interest Period of a Compounded Rate Loan, the percentage rate per annum which is the aggregate of:

- (a) the Daily Non-Cumulative Compounded RFR Rate for that Business Day; and
- (b) the applicable Credit Adjustment Spread.

**"Compounding Methodology Supplement"** means, in relation to the Daily Non-Cumulative Compounded RFR Rate a document which:

- (a) is agreed in writing by the Borrower and the Bank;
- (b) specifies a calculation methodology for that rate; and
- (c) has been made available to the Borrower.

**"Credit Adjustment Spread"** means, in respect of any Compounded Rate Loan, any rate which is either:

- (a) specified as such in Schedule 5 (*Compounded Rate Terms*); or
- (b) determined by the Bank in accordance with the methodology specified in Schedule 5 (*Compounded Rate Terms*).

**"Daily Non-Cumulative Compounded RFR Rate"** means, in relation to any business day during an Interest Period for a Compounded Rate Loan, the percentage rate per annum determined by the Bank in accordance with the methodology set out in Schedule 6 (*Daily Non-Cumulative Compounded RFR Rate*) or in any relevant Compounding Methodology Supplement.

**"Daily Rate"** means the rate specified as such in Schedule 5 (*Compounded Rate Terms*).

**"Funding Rate"** means any individual rate determined by the Bank pursuant to Clause 12 (*Market Disruption*).

**"Lookback Period"** means the number of days specified as such in Schedule 5 (*Compounded Rate Terms*).

**"Quoted Tenor"** means, in relation to the Screen Rate for LIBOR for sterling applicable to Advances, any period for which that Screen Rate is customarily displayed on the relevant page or screen of an information service.

**"Rate Switch Date"** means the earlier of:

- (a) the Backstop Rate Switch Date; and
- (b) any Rate Switch Trigger Event Date.

**"Rate Switch Trigger Event"** means, in relation to the Screen Rate for the Term Reference Rate for sterling:

- (a) the administrator of that Screen Rate or its supervisor publicly announces that such administrator is insolvent; or
- (b) information is published in any order, decree, notice, petition or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body which reasonably confirms that the administrator of that Screen Rate is insolvent,

**provided that**, in each case, at that time, there is no successor administrator to continue to provide that Screen Rate.

**"Rate Switch Trigger Event Date"** means the earlier of:

- (a) 1 January 2022 following the FCA Cessation Announcement; and
- (b) in the case of an occurrence of a Rate Switch Trigger Event, the date on which the relevant Screen Rate for the relevant Quoted Tenor ceases to be published or otherwise becomes unavailable.

**"Repayment Instalment"** each repayment instalment of the Loan as agreed between the Bank and the Borrower or as determined by the Bank, in either case in accordance with Clause 8.1.1.

**"RFR"** means the rate specified as such in Schedule 5 (*Compounded Rate Terms*).

**"Screen Rate"** means in relation to LIBOR, the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for the relevant currency and period displayed on pages LIBOR01 or LIBOR02 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of Thomson Reuters. If such page or service ceases to be available, the Bank may specify another page or service displaying the relevant rate after consultation with the Borrower.

**"Term Rate Loan"** means any Floating Rate Advance, Loan or, if applicable, Unpaid Sum which is not a Compounded Rate Loan (and which, for the avoidance of doubt, is not a Fixed Rate Advance).

**"Term Reference Rate"** means LIBOR.

2. The definition of Default Rate in clause 1.1 (*Definitions*) shall be deleted in its entirety and replaced with the following:

**"Default Rate"** means a rate of interest determined by the Bank from time to time to be one per cent (1%) per annum above the rate of interest which would have been payable if:

- (a) (in the case of an overdue amount which is an amount of principal of, interest on, or fees or other amount referable to, a Floating Rate Advance) the overdue amount had, during the period of non-payment, constituted a Floating Rate Advance for successive Interest Periods each of a duration selected by the Lender (acting reasonably), bearing an interest rate per annum which:
- (i) before the Rate Switch Date shall be determined pursuant to Clause 7.2 (Calculation of interest – Term Rate Loans); and
  - (ii) on or after the Rate Switch Date shall be determined pursuant to Clause 7.3 (Calculation of interest – Compounded Rate Loans); or
- (b) (in the case of an overdue amount which is an amount of principal of, interest on, or fees or other amount referable to, a Fixed Rate Advance) the overdue amount had, during the period of non-payment, constituted a Fixed Rate Advance with payments made on each Interest Payment Date for Fixed Rate Advances.
3. The definition of Finance Documents in clause 1.1 (*Definitions*) shall be construed as also including reference to "any Compounded Rate Supplement" and "any Compounding Methodology Supplement".
4. The definition of Floating Rate Advance in clause 1.1 (*Definitions*) shall be deleted in its entirety and replaced with the following:
- "Floating Rate Advance"** means an Advance provided in accordance with Clause 7.2 (*Calculation of interest – Term Rate Loans*) or Clause 7.3 (*Calculation of interest – Compounded Rate Loans*).
5. The definition of LIBOR in clause 1.1 (*Definitions*) shall be deleted in its entirety and replaced with the following:
- "LIBOR"** means, in relation to any Term Rate Loan:
- (a) the applicable Screen Rate as of 11.00 a.m. on the first day of the Interest Period for that Advance and for a period equal in length to the Interest Period of that Advance; or
  - (b) as otherwise determined pursuant to Clause 7.4 (*Unavailability of Screen Rate prior to Rate Switch Date*).
6. Clause 1.2 (*Interpretation*) shall be amended by including new paragraphs (after the paragraph dealing with the interpretation of any reference in the Agreement to VAT) as follows:
- a page or screen of an information service displaying a rate shall include:
- (a) any replacement page of that information service which displays that rate; and
  - (b) the appropriate page of such other information service which displays that rate from time to time in place of that information service,

and, if such page or service ceases to be available, shall include any other page or service displaying that rate specified by the Bank after consultation with the Borrower;

a Central Bank Rate shall include any successor rate to, or replacement rate for, that rate;

any Compounded Rate Supplement relating to sterling overrides anything relating to sterling in:

- (a) Schedule 5 (Compounded Rate Terms); or
- (b) any earlier Compounded Rate Supplement;

a Compounding Methodology Supplement relating to the Daily Non-Cumulative Compounded RFR Rate overrides anything relating to that rate in:

- (a) Schedule 6 (Daily Non-Cumulative Compounded RFR Rate); or
- (b) any earlier Compounding Methodology Supplement.

7. Clause 1.2 (*Interpretation*) shall be amended by:

7.1 deleting the third paragraph of that Clause (dealing with the interpretation of any reference in the Agreement to a "business day") in its entirety and replacing it with the following:

a "**business day**" or a "**Business Day**" means a day (other than a Saturday, Sunday or public holiday in Scotland) on which the Bank is ordinarily open for general business in Edinburgh, and in relation to:

- (a) any date for payment or purchase of sterling;
- (b) the determination of the first day or the last day of an Interest Period for a Compounded Rate Loan, or otherwise in relation to the determination of the length of such an Interest Period; or
- (c) the Lookback Period,

a business day relating to that Advance; and

7.2 deleting the ninth paragraph of that Clause (dealing with the interpretation of any reference in the Agreement to a "month") in its entirety and replacing it with the following:

a "**month**" is (a) a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next succeeding calendar month save that, where any such period would otherwise end on a day which is not a business day, it shall end on the next succeeding business day, unless that day falls in the calendar month succeeding that in which it would otherwise have ended, in which case it shall end on the immediately preceding business day provided that, if a period starts on the last business day in a calendar month or if there is no numerically corresponding day in

the month in which that period ends, that period shall end on the last business day in that later month (and references to "**months**" shall be construed accordingly); and (b) in relation to an Interest Period for any Compounded Rate Loan (or any other period for the accrual of commission or fees referable to a Compounded Rate Loan) the rules specified as "Business Day Conventions" in Schedule 5 (*Compounded Rate Terms*) shall apply;

8. A new Clause 6 (*Rate Switch*) shall be included as follows (and the subsequent clauses renumbered accordingly):

## **6. RATE SWITCH**

### **6.1 Switch to Compounded Reference Rate**

Subject to Clause 6.2 (*Delayed switch for existing Term Rate Loans*), on and from the Rate Switch Date:

- (a) use of the Compounded Reference Rate will replace the use of the Term Reference Rate for the calculation of interest for Floating Rate Advances; and
- (b) any Floating Rate Advance or Unpaid Sum shall be a "Compounded Rate Loan" and Clause 7.2 (*Calculation of interest – Compounded Rate Loans*) shall apply to each such Floating Rate Advance or Unpaid Sum.

### **6.2 Delayed switch for existing Term Rate Loans**

If the Rate Switch Date falls before the last day of an Interest Period for a Term Rate Loan:

- (a) that Advance shall continue to be a Term Rate Loan for that Interest Period and Clause 7.1 (*Calculation of interest – Term Rate Loans*) shall continue to apply to that Advance for that Interest Period; and
- (b) any provision of this Agreement which is expressed to relate to a Compounded Rate Loan shall not apply in relation to that Advance for that Interest Period; and
- (c) on and from the first day of the next Interest Period (if any) for that Advance:
  - (i) that Advance shall be a "Compounded Rate Loan"; and
  - (ii) Clause 7.2 (*Calculation of interest – Compounded Rate Loans*) shall apply to that Advance.

### **6.3 Notifications by Bank**

- (a) Subject to paragraph (c) below, following the occurrence of a Rate Switch Trigger Event, the Bank shall:

- (i) promptly upon becoming aware of the occurrence of that Rate Switch Trigger Event, notify the Borrower of that occurrence; and
  - (ii) promptly upon becoming aware of the date of the Rate Switch Trigger Event Date applicable to that Rate Switch Trigger Event, notify the Borrower of that date.
- (b) The Bank shall, promptly upon becoming aware of the occurrence of the Rate Switch Date, notify the Borrower of that occurrence.
  - (c) The Parties agree that the FCA Cessation Announcement constitutes a Rate Switch Trigger Event so that the Rate Switch Trigger Event Date applicable to this Rate Switch Trigger Event will be 1 January 2022 and that the Bank is not under any obligation under paragraph (a) above to notify the Borrower of such Rate Switch Trigger Event or Rate Switch Trigger Event Date resulting from the FCA Cessation Announcement.
  - (d) For the purposes of this Agreement, the "**FCA Cessation Announcement**" means the announcement on 5 March 2021 by the UK's Financial Conduct Authority that all LIBOR settings will, as of certain specified future dates, either cease to be provided by any administrator or no longer be representative of the market and economic reality that they are intended to measure and that such representativeness will not be restored.
9. Clause 7 (*Interest*) shall be amended so that the existing sub-clause 7.2 (*Floating Rate*) is deleted in its entirety and replaced with new sub-clauses 7.2 (*Calculation of interest – Term Rate Loans*) and 7.3 (*Calculation of interest – Compounded Rate Loans*) as follows (and the subsequent clauses renumbered accordingly):

#### 7.2 Calculation of interest – Term Rate Loans

The rate of interest on each Term Rate Loan for an Interest Period is the percentage rate per annum which is the aggregate of the applicable:

- (a) Margin; and
- (b) Term Reference Rate.

#### 7.3 Calculation of interest – Compounded Rate Loans

- (a) The rate of interest on each Compounded Rate Loan for any day during an Interest Period is the percentage rate per annum which is the aggregate of the:

- (i) Margin; and
- (ii) Compounded Reference Rate for that day.

- (b) If any day during an Interest Period for a Compounded Rate Loan is not a Business Day, the rate of interest on that Compounded Rate Loan for that day will be the rate applicable to the immediately preceding Business Day.
10. Clause 7.5 (*Interest on overdue amounts*) shall be deleted in its entirety and replaced with the following:
- 7.5 [intentionally deleted]
11. Clause 7.6 (*Notification of rates of interest*) shall be deleted in its entirety and replaced with the following:
- 7.6 **Notifications**
- (a) The Bank shall promptly notify the Borrower of the determination of a rate of interest relating to a Term Rate Loan.
- (b) The Bank shall promptly upon a Compounded Rate Interest Payment being determinable notify the Borrower of:
- (i) that Compounded Rate Interest Payment; and
- (ii) each applicable rate of interest relating to the determination of that Compounded Rate Interest Payment.
- (c) The Bank shall promptly notify the Borrower of each Funding Rate relating to an Advance.
- (d) This Clause 7.6 shall not require the Bank to make any notification to the Borrower on a day which is not a Business Day.
12. References to Clause 6.2 (*Floating Rate*) in Clauses 7.7.4, 7.7.5, 7.7.6 and 7.7.7 shall be deleted and shall be replaced in each case with "Clause 7.2 (*Calculation of interest – Term Rate Loans*) (in the case of Term Rate Loans) and Clause 7.3 (*Calculation of interest – Compounded Rate Loans*) (in the case of Compounded Rate Loans)".
13. Clause 8.1 (*Selection of Interest Periods*) shall be amended so that the existing sub-clause 8.1.2(a) shall be deleted in its entirety and replaced with the following:
- (a) prior to the Rate Switch Date, the Borrower may select an Interest Period of three or six months for Floating Rate Advances; and
- (b) on and after the Rate Switch Date, the Borrower may select an Interest Period of three or six months for Floating Rate Advances which are Compounded Rate Loans; and
14. Clause 8.1 (*Selection of Interest Periods*) shall be amended so that new clauses 8.1.6 and 8.1.7 are included as follows:
- 8.1.6 No Interest Period for a Compounded Rate Loan shall be longer than six Months.

8.1.7 If the Borrower fails to select an Interest Period in accordance with Clause 8.1.2(b) above, the relevant Interest Period for a Compounded Rate Loan will, subject to Clause 8.2 (*Changes to Interest Periods*), be as specified as such in Schedule 5 (*Compounded Rate Terms*).

15. Clause 8.2 (*Changes to Interest Periods*) shall be deleted in its entirety and replaced with the following:

**8.2 Changes to Interest Periods**

Prior to the earlier of:

- (a) the Bank determining the interest rate for a Term Rate Loan; and
- (b) the first day of an Interest Period for a Term Rate Loan.

the Bank may shorten an Interest Period for any Advance to ensure there are sufficient Advances (with an aggregate amount equal to or greater than the relevant Repayment Instalment) which have an Interest Period ending on a date on which a Repayment Instalment is to be paid, for the Borrower to make the relevant Repayment Instalment due on that date.

16. Clause 8.3 (*Non-Business Days*) shall be amended so that a new paragraph (b) is included as follows (and the preceding wording renumbered (a) accordingly:

- (b) If an Advance or Unpaid Sum is a Compounded Rate Loan and there are rules specified as "Business Day Conventions" in Schedule 5 (*Compounded Rate Terms*), those rules shall apply to each Interest Period for that Advance or Unpaid Sum.

17. A new Clause 8.4 (*Unavailability of Screen Rate prior to Rate Switch Date*) shall be inserted as follows:

**8.4 Unavailability of Screen Rate prior to Rate Switch Date**

- (a) If the Screen Rate is not available at the relevant time for the purpose of calculating LIBOR for Sterling for the Interest Period of a Term Rate Loan, the applicable LIBOR for a Term Rate Loan shall be the rate per annum determined by the Bank as being the arithmetic mean (rounded upwards, if necessary, to four decimal places) of the respective rates notified to the Bank at its request as quoted by the Reference Lenders to leading lenders in the London interbank market at or about 11.00 a.m. on the first day of the relevant Interest Period for the offering of Sterling deposits in an amount equal to the amount of the relevant Term Rate Loan for a period comparable to that Interest Period.
- (b) If sub-clause (a) above applies but none or only one of the Reference Lenders supplies a rate to the Bank to determine LIBOR for Sterling and the relevant Interest Period then there shall be no LIBOR for that Term Rate Loan and Clause 13 (*Cost of Funds*) shall apply to that Term Rate Loan for that Interest Period.

18. Sub-clause 9.3.1 of Clause 9.3 (*Voluntary prepayment*) shall be deleted in its entirety and replaced with the following:

9.3.1 Subject to sub-clause 9.3.2 below, the Borrower may, if it gives the Bank not less than:

- (a) in the case of a Term Rate Loan or a Fixed Rate Advance, 10 business days' prior notice; or
- (b) in the case of a Compounded Rate Loan, five business days' prior notice, prepay the whole or any part of the Loan (but, if in part, being an amount that reduces the amount of the Loan by a minimum amount of £100,000 and, if higher, an integral multiple of £100,000) if at the time of prepayment, the Borrower pays to the Bank:
  - (i) the Prepayment Fee if such prepayment is to be made on or prior to the tenth anniversary of the date of this Agreement; and
  - (ii) any amount demanded by the Bank under Clause 19 (*Default Interest and Indemnities*).

19. Clause 9.6.2 shall be deleted in its entirety and the subsequent sub-clause renumbered accordingly.

20. Clause 12 (*Market disruption*) shall be deleted in its entirety and replaced with the following:

**12 Market disruption**

- (a) In the case of a Term Rate Loan, if before close of business in London on the first day of an Interest Period for that Term Rate Loan the Bank determines that its cost of funds relating to that Term Rate Loan would be in excess of LIBOR then Clause 13 (*Cost of funds*) shall apply to that Advance for the relevant Interest Period.
- (b) This Clause shall not apply to Compounded Rate Loans.

21. A new Clause 13 (*Cost of funds*) shall be inserted (and the subsequent clauses renumbered accordingly):

**13 Cost of funds**

- (a) If this Clause 13 applies to a Term Rate Loan for an Interest Period, Clause 7.2 (Calculation of interest - Term Rate Loans) shall not apply to that Loan for that Interest Period and the rate of interest on that Loan for that Interest Period shall be the percentage rate per annum which is the sum of:
  - (i) the applicable Margin; and

- (ii) the rate per annum determined by the Bank and notified to the Borrower by the Lender as soon as practicable and in any event prior to the date on which interest is due to be paid in respect of that Interest Period, to be the rate which expresses as a percentage rate per annum the cost to the Bank of funding such Term Rate Loan from whatever sources it may reasonably have selected.
  - (b) If this Clause 13 applies pursuant to Clause 12 (*Market disruption*) and in relation to a Term Rate Loan:
    - (i) the Bank's Funding Rate is less than LIBOR; or
    - (ii) the Bank does not make a determination as to the applicable rate by the time specified in sub-clause (a)(ii) above.

the Bank's cost of funds relating to that Term Rate Loan for that Interest Period shall be deemed, for the purposes of sub-clause (a) above, to be LIBOR.
  - (c) If this Clause 13 applies the Bank shall, as soon as is practicable, notify the Borrower.

22. Clause 19.2 (*Broken periods*) shall be deleted in its entirety and replaced with the following new clause 19.2 (*Break Costs for Floating Rate Advances*):

**19.2 Break Costs for Floating Rate Advances**

- (a) Subject to sub-clause (b) below, the Borrower shall, within three Business Days of demand by the Bank, pay to the Bank its Break Costs (if any) attributable to all or any part of a Floating Rate Advance or Unpaid Sum which is not a Fixed Rate Advance being paid by the Borrower or recovered by the Bank on a day prior to the last day of an Interest Period for that Floating Rate Advance or Unpaid Sum.
    - (b) Sub-clause (a) above shall apply in respect of a Compounded Rate Loan if an amount is specified as Break Costs in Schedule 5 (*Compounded Rate Terms*).
23. Clause 19.6.3 shall be deleted in its entirety and replaced with the following:

19.6.3 As from the Effective Date, subject to the provisions of sub-clause 19.6.4, the Borrower shall pay interest on the Relevant Part of the Loan in respect of each Interest Period or Termination Date relating thereto in accordance with Clause 7.2 (*Calculation of interest – Term Rate Loans*) (in the case of Term Rate Loans) and Clause 7.3 (*Calculation of interest – Compounded Rate Loans*) (in the case of Compounded Rate Loans). For this purpose:

- (a) the then current Interest Period or Termination Date (the “**Shortened Period**”) shall be deemed, in relation only to the Relevant Part of the Loan, to have ended on the Effective Date;

- (b) a new Interest Period or Termination Date in relation to the Relevant Part of the Loan shall be deemed to have commenced forthwith upon the expiry of the Shortened Period; and
- (c) that new Interest Period or Termination Date, and any subsequent Interest Period or Termination Date, shall be of a duration which complies with sub-clause 19.6.4 and the other applicable provisions of Clause 7 (*Interest*).

24. Clause 25.1 (*Basis of Interest Accrual*) shall be deleted in its entirety and replaced with the following new Clause 25.1 (*Basis of Interest Accrual*):

**25.1 Basis of Interest Accrual**

- (a) Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of a year of 365 days (or such other day count basis as the Bank considers consistent with the then applicable market practice for facilities of this kind and subject to sub-clause (b) below, without rounding.
- (b) The aggregate amount of any accrued interest, commission or fee which is or becomes payable by the Borrower under a Finance Document shall be rounded to 2 decimal places.

25. A new Clause 28 (*Changes to reference rates*) shall be inserted as follows (and the existing Clause 28 (*Law*) shall be renumbered Clause 29 accordingly):

**28 CHANGES TO REFERENCE RATES**

- (a) If a Published Rate Replacement Event has occurred in relation to any Published Rate for any amendment or waiver which relates to:
  - (i) providing for the use of a Replacement Reference Rate; and
  - (ii)
    - (A) aligning any provision of any Finance Document to the use of that Replacement Reference Rate;
    - (B) enabling that Replacement Reference Rate to be used for the calculation of interest under this Agreement (including, without limitation, any consequential changes required to enable that Replacement Reference Rate to be used for the purposes of this Agreement);
    - (C) implementing market conventions applicable to that Replacement Reference Rate;
    - (D) providing for appropriate fallback (and market disruption) provisions for that Replacement Reference Rate; or

- (E) adjusting the pricing to reduce or eliminate, to the extent reasonably practicable, any transfer of economic value from one Party to another as a result of the application of that Replacement Reference Rate (and if any adjustment or method for calculating any adjustment has been formally designated, nominated or recommended by the Relevant Nominating Body, the adjustment shall be determined on the basis of that designation, nomination or recommendation),

may be made with the consent of the Bank and the Borrower.

- (b) An amendment or waiver that relates to, or has the effect of, aligning the means of calculation of interest on a Compounded Rate Loan under this Agreement to any recommendation of a Relevant Nominating Body which:
- (i) relates to the use of an RFR on a compounded basis in the international or any relevant domestic syndicated loan markets; and
  - (ii) is issued on or after the date of this Agreement.

may be made with the consent of the Bank and the Borrower.

- (c) In this Clause 28:

**"Published Rate"** means:

- (a) an RFR; or
- (b) the Screen Rate for any Quoted Tenor.

**"Published Rate Replacement Event"** means, in relation to a Published Rate:

- (a) the methodology, formula or other means of determining that Published Rate has, in the opinion of the Bank and the Borrower, materially changed;

(b)

(i)

- (A) the administrator of the Published Rate or its supervisor publicly announces that such administrator is insolvent; or

- (B) information is published in any order, decree, notice, petition or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body which reasonably confirms that the administrator of that Published Rate is insolvent,

**provided that**, in each case, at that time, there is no successor administrator to continue to provide that Published Rate;

- (ii) the administrator of that Published Rate publicly announces that it has ceased or will cease to provide that Published Rate permanently or indefinitely and, at that time, there is no successor administrator to continue to provide that Published Rate;
- (iii) the supervisor of the administrator of that Published Rate publicly announces that such Published Rate has been or will be permanently or indefinitely discontinued;
- (iv) the administrator of that Published Rate or its supervisor announces that that Published Rate may no longer be used; or
- (v) in the case of the Screen Rate for any Quoted Tenor for LIBOR the supervisor of the administrator of that Screen Rate makes a public announcement or publishes information:
  - (A) stating that that Screen Rate for that Quoted Tenor is no longer, or as of a specified future date will no longer be, representative of the underlying market or the economic reality that it is intended to measure and that representativeness will not be restored (as determined by such supervisor); and
  - (B) with awareness that any such announcement or publication will engage certain triggers for fallback provisions in contracts which may be activated by any such pre-cessation announcement or publication;
- (c) the administrator of that Published Rate (or the administrator of an interest rate which is a constituent element of that Published Rate) determines that that Published Rate should be calculated in accordance with its reduced submissions or other contingency or fallback policies or arrangements and either:
  - (i) the circumstance(s) or event(s) leading to such determination are not (in the opinion of the Bank and the Borrower) temporary; or
  - (ii) the Published Rate is calculated in accordance with any such policy or arrangement for a period no less than the period which is specified as the "RFR Contingency Period" in Schedule 5 (*Compounded Rate Terms*); or
- (d) in the opinion of the Bank and the Borrower, that Published Rate is otherwise no longer appropriate for the purposes of calculating interest under this Agreement,

**provided that** a Published Rate Replacement Event for one Quoted Tenor shall be deemed to be a Published Rate Replacement Event for each other Quoted Tenor.

**"Relevant Nominating Body"** means any applicable central bank, regulator or other supervisory authority or a group of them, or any working group or committee sponsored or chaired by, or constituted at the request of, any of them or the Financial Stability Board.

**"Replacement Reference Rate"** means a reference rate which is:

- (a) formally designated, nominated or recommended as the replacement for a Published Rate by:
  - (i) the administrator of that Published Rate (provided that the market or economic reality that such reference rate measures is the same as that measured by that Published Rate); or
  - (ii) any Relevant Nominating Body,
 and if replacements have, at the relevant time, been formally designated, nominated or recommended under both paragraphs, the "Replacement Reference Rate" will be the replacement under paragraph (ii) above;
- (b) in the opinion of the Bank and the Borrower, generally accepted in the international or any relevant domestic syndicated loan markets as the appropriate successor to that Published Rate; or
- (c) in the opinion of the Bank and the Borrower, an appropriate successor to that Published Rate.

26. New Schedules 5 (*Compounded Rate Terms*) and 6 (*Daily Non-Cumulative Compounded RFR Rate*) shall be included as follows:

*This is the Schedule 5 referred to in the foregoing Facility Agreement between Forth Valley College of Further and Higher Education and Barclays Bank UK PLC*

## SCHEDULE 5 COMPOUNDED RATE TERMS

### *Definitions*

**Break Costs:** None Specified

**Business Day Conventions (definition of "Month" and Clause 8.3 (Non-Business Days)):**

- (a) If any period is expressed to accrue by reference to a Month or any number of Months then, in respect of the last Month of that period:
  - (i) subject to paragraph (iii) below, if the numerically corresponding day is not a Business Day, that period shall end on

the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;

- (ii) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and
  - (iii) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end.
- (b) If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

**"Central Bank Rate":** The Bank of England's Bank Rate as published by the Bank of England from time to time.

**"Central Bank Rate Adjustment":** means, in relation to the Central Bank Rate prevailing at close of business on any Business Day, the 20 per cent trimmed arithmetic mean (calculated by the Bank) of the Central Bank Rate Spreads for the five most immediately preceding Business Days for which the RFR is available.

**"Central Bank Rate Spread":** means, in relation to any Business Day, the difference (expressed as a percentage rate per annum) calculated by the Bank between:

- (a) the RFR for that Business Day; and
- (b) the Central Bank Rate prevailing at close of business on that Business Day.

**Credit Adjustment Spread:** The percentage rate per annum for the relevant Interest Period by reference to the following table:

Length of Interest Period (Where Applicable)	Credit Adjustment Spread

Interest Period of 3 Months or less	0.1193% per annum
Interest Period of 6 Months or less but more than 3 Months	0.2766% per annum

**Daily Rate:**

The "**Daily Rate**" for any Business Day is:

- (a) the RFR for that Business Day; or
- (b) if the RFR is not available for that Business Day, the percentage rate per annum which is the aggregate of:
  - (i) the Central Bank Rate for that Business Day; and
  - (ii) the applicable Central Bank Rate Adjustment; or
- (c) if paragraph (b) above applies but the Central Bank Rate for that Business Day is not available, the percentage rate per annum which is the aggregate of:
  - (i) the most recent Central Bank Rate for a day which is no more than five Business Days before that Business Day; and
  - (ii) the applicable Central Bank Rate Adjustment.

**Lookback Period:**

Five Business Days.

**Relevant Market**

The sterling wholesale market.

**RFR:**

The SONIA (sterling overnight index average) reference rate displayed on the relevant screen of any authorised distributor of that reference rate.

**RFR Contingency Period**

30 days.

**Interest Periods**

Length of Interest Period in 3 months  
 absence of selection (Clause 8.1.7  
 (*Selection of Interest Periods*)):

*This is the Schedule 6 referred to in the foregoing Facility Agreement between Forth Valley College of Further and Higher Education and Barclays Bank UK PLC*

**SCHEDULE 6****DAILY NON-CUMULATIVE COMPOUNDED RFR RATE**

The "**Daily Non-Cumulative Compounded RFR Rate**" for any Business Day "i" during an Interest Period for a Compounded Rate Loan is the percentage rate per annum (without rounding, to the extent reasonably practicable for the Bank, taking into account the capabilities of any software used for that purpose) calculated as set out below:

$$(UCCDR_i - UCCDR_{i-1}) \times \frac{dcc}{n_i}$$

where:

**UCCDR<sub>i</sub>** means the Unannualised Cumulative Compounded Daily Rate for that Business Day "i";

**UCCDR<sub>i-1</sub>** means, in relation to that Business Day "i", the Unannualised Cumulative Compounded Daily Rate for the immediately preceding Business Day (if any) during that Interest Period;

"**dcc**" means 365;

"**n<sub>i</sub>**" means the number of calendar days from, and including, that Business Day "i" up to, but excluding, the following Business Day; and

the "**Unannualised Cumulative Compounded Daily Rate**" for any Business Day (the "**Cumulated Business Day**") during that Interest Period is the result of the below calculation (without rounding, to the extent reasonably practicable for the Bank, taking into account the capabilities of any software used for that purpose):

$$ACCDR \times \frac{tn_i}{dcc}$$

where:

**ACCDR** means the Annualised Cumulative Compounded Daily Rate for that Cumulated Business Day;

"**tn<sub>i</sub>**" means the number of calendar days from, and including, the first day of the Cumulation Period to, but excluding, the Business Day which immediately follows the last day of the Cumulation Period;

"**Cumulation Period**" means the period from, and including, the first Business Day of that Interest Period to, and including, that Cumulated Business Day;

"**dcc**" has the meaning given to that term above; and

the "**Annualised Cumulative Compounded Daily Rate**" for that Cumulated Business Day is the percentage rate per annum (rounded to four decimal places) calculated as set out below:

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{\text{DailyRate}_{i-LP} \times n_i}{\text{dcc}} \right) - 1 \right] \times \frac{\text{dcc}}{tn_i}$$

where:

"**d<sub>0</sub>**" means the number of Business Days in the Cumulation Period;

"**Cumulation Period**" has the meaning given to that term above;

"**i**" means a series of whole numbers from one to  $d_0$ , each representing the relevant Business Day in chronological order in the Cumulation Period;

"**DailyRate<sub>i-LP</sub>**" means, for any Business Day "**i**" in the Cumulation Period, the Daily Rate for the Business Day which is the applicable Lookback Period prior to that Business Day "**i**";

"**n<sub>i</sub>**" means, for any Business Day "**i**" in the Cumulation Period, the number of calendar days from, and including, that Business Day "**i**" up to, but excluding, the following Business Day;

"**dcc**" has the meaning given to that term above; and

"**tn<sub>i</sub>**" has the meaning given to that term above.

## FORTH VALLEY COLLEGE

(the "College")

Extract of minutes of a meeting of the Board of Management (the "Board") of the College held at:

\_\_\_\_\_ on \_\_\_\_\_  
at \_\_\_\_\_ pm/am.

### 1. BACKGROUND

The Chair reported to the meeting that it is proposed that the College enter into an amendment agreement (the "**Amendment Agreement**") with Barclays Bank UK PLC (the "**Bank**") in respect of a facility agreement originally 30 September 2010 as amended from time to time (the "**Facility Agreement**").

### 2. PURPOSE OF MEETING

2.1 The Chair reported that the Board must consider the Amendment Agreement and in particular it was noted that, pursuant to the terms of the Amendment Agreement, the interest provisions in the Facility Agreement were to be amended following the cessation of LIBOR.

2.2 The Chair reported that an amendment (including termination and rebooking of an existing transaction) to any hedging associated with the Facility Agreement to transition away from LIBOR would also be required (the "**Hedging Amendment**").

2.3 ~~2.2~~ The Chair reminded the Board of their duty to promote the success of the College (both in relation to the Amendment Agreement any relevant Hedging Amendment and generally).

### 3. CONSIDERATION OF THE AMENDMENT AGREEMENT

3.1 The Board considered in detail the form of the Amendment Agreement and any Hedging Amendment and the risks to the College in entering into the Amendment Agreement and any Hedging Amendment.

3.2 The Board considered whether it was in the best interests of the College to enter into the Amendment Agreement and any Hedging Amendment and to execute and deliver the Amendment Agreement and any documents in relation to any Hedging Amendment.

3.3 After due and careful consideration, bearing in mind the Board's duty to promote the success of the College, **IT WAS THE UNANIMOUS CONCLUSION** of the meeting that (a) the College should enter into the Amendment Agreement and any Hedging Amendment and perform its obligations and exercise its rights in relation to the Amendment Agreement any Hedging Amendment and the amended Facility Agreement and (b) to do so would be of benefit to the College.

4. **AUTHORITY TO EXECUTE THE AMENDMENT AGREEMENT**

**IT WAS UNANIMOUSLY RESOLVED** that:-

- 4.1 the College has considered whether it needs to obtain independent professional advice (legal, financial or otherwise), prior to resolving to enter into the Amendment Agreement and [any Hedging Amendment and](#) (whether on the basis of such advice or otherwise) it has made its own independent decision to enter into the Amendment Agreement and [any Hedging Amendment and](#) understands the terms, conditions and risks involved;
- 4.2 that (if applicable) any security provided by the College or any security or guarantee provided by a third party will continue to secure and/or guarantee the Facility Agreement as amended by the Amendment Agreement [and any associated hedging as amended by a Hedging Amendment](#);
- 4.3 the College, in good faith and for the purpose of carrying on its business, enter into the Amendment Agreement and [any Hedging Amendment and](#) perform its obligations and exercise its rights in relation to the Amendment Agreement- [any Hedging Amendment](#) and the Facility Agreement;
- 4.4 the following officers of the College (each an "**Authorised Signatory**" and together the "**Authorised Signatories**") be authorised to sign on behalf of the College the Amendment Agreement and [any Hedging Amendment and, if applicable,](#) return the signed counterpart to the Bank:-

Name	Specimen Signature
------	--------------------


- 4.5 the terms of the Amendment Agreement [and any Hedging Amendment](#) be and are hereby approved (subject, in each case, to such amendments as the Authorised Signatories (acting together or alone) may approve and so that the signature of the Authorised Signatory shall be conclusive evidence of the agreement to such amendments or modifications); and
- 4.6 the Authorised Signatories (acting together or alone) be authorised to agree and sign on behalf of the College all such other documents, agreements, certificates, notices, communications or confirmations, and to do all such other things, as may be required, or as any Authorised Signatory may approve, in connection with the Amendment Agreement [and any Hedging Amendment](#).

Certified as a true, valid and up to date extract from the confidential minutes of the Board of Management of Forth Valley College which remains in full force and effect

.....  
**Chair**

.....  
**Date**

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**FORTH VALLEY COLLEGE**

(the "Borrower")

**CERTIFICATE**

To: Barclays Bank UK PLC in its capacity as Bank under the Amendment Agreement (as defined below)

This Certificate is given in relation to the Amendment Agreement dated 2021 between the Borrower and Barclays Bank UK PLC (the "Amendment Agreement") setting out amendments to the facility agreement dated 30 September 2010. Unless otherwise stated, terms and expressions defined in the Amendment Agreement have the same meanings herein.

We, the undersigned, being authorised officers of the Borrower, hereby certify on behalf of the Borrower that:-

**1. CONSTITUTIONAL DOCUMENTS**

The constitutional documents of the Borrower (certified copies of which are annexed at Schedule 1 to this Certificate) are in full force and effect at the date of this Certificate.

**2. CERTIFIED COPIES**

All copy documents relating to it specified in Schedule 1 to the Amendment Agreement are complete and in full force and effect and have not been amended or superseded as at a date no earlier than the date of this Certificate.

SIGNED:.....

Name:

Position:

**SCHEDULE 1**

**Constitutional Documents**

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# OVERVIEW OF THE EXTERNAL GOVERNANCE EFFECTIVENESS REVIEWS FOR SCOTLAND'S COLLEGES 2020/21

CANDY MUNRO AND PROF. RON HILL

September 2021

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# 1. INTRODUCTION

The Code of Good Governance for Scotland's Colleges sets out high expectations for the delivery of good governance across colleges in Scotland, and it is within this context that this review of the Externally Facilitated Effectiveness Reviews has been conducted.

**“ Boards are expected to innovate, pursue new opportunities and take measured risks in delivering what is best for their stakeholders. In recent times, they have gone through major transformational change, embracing regionalisation and post-16 education reforms.**

**Against this background, it is right and proper that the highest standards of governance and propriety are expected of our boards and those individuals who serve them. This Code of Good Governance codifies the principles of good governance for learners and learning that already exist in our colleges and promotes accountability and continuous improvement in how colleges and regional strategic bodies are governed.’**

From the evidence of 20 external governance effectiveness reviews of Scotland's colleges conducted during 2020/21 it is clear that Boards are working to comply with the requirements of the Code of Good Governance for Scotland's Colleges (2016). The reviews present a positive picture of governing processes and practices across the 20 colleges.

It is in the nature of governing that it is a journey rather than a destination and so there are recommendations and examples of effective practice to further develop the governance of colleges. As a general point, boards and board secretaries are encouraged to think of ways to 'stretch' responses to the Code to a higher level.

## Quotes from the External Effectiveness Reviews

'This is a skilled and confident board which has matured and developed since the last external review in 2017 when it was a relatively young board. The board is effectively led by the Chair who is well respected and fosters a culture of openness and mutual respect. The board provides a constructive balance of challenge and support to the executive team.'

'A high level, high calibre Board with breadth of different backgrounds that takes its duties seriously and with rigour. It has a diversity of expertise, experience and thought with people on it who have a genuine and real commitment to the College.'

A very professional and high performing Board that is passionately committed to the College and its students, with a desire to take the College forward. There is a willingness to do more, on the right things, particularly as the College faces the challenges of a post Covid-19 world.'

## 2. BACKGROUND

The Code of Good Governance for Scotland's Colleges specifies under 'Board Evaluation' at D23

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

This report 'Summarising the External Governance Effectiveness Reviews for Scotland's Colleges 2020/21' was commissioned by the College Development Network in May 2021. The report was written by Candy Munro and Prof. Ron Hill.

The purpose of the report was to gain a picture of the governing of Scotland's colleges from the collection of the externally facilitated governance effectiveness reviews undertaken during 2020/21. It should be noted that most of the EERs were conducted during the conditions of the Covid pandemic, including interviews conducted on-line and the observation of on-line governing meetings.

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# 3. EXECUTIVE SUMMARY: OVERVIEW REPORT RECOMMENDATIONS

In addition to our recommendations on board practice which emerged from our review of the 20 external governance effectiveness reviews we have included some further recommendations aimed at making the process of the reviews more effective for future external reviews.

## 3.1 The External Governance Effectiveness Review Process

- A model report format and review process should be provided to all providers of college external governance effectiveness reviews to permit easier comparability
- To gauge impact of the review consideration should be given to either
  - An internal review of progress against the recommendations in the External Effectiveness Review. Ideally the recommendations should form part of the Board Annual Workplan, with progress tracked and reported on
  - Alternatively, an externally facilitated follow up within nine months of the publication of the EER to appreciate the degree to which college boards take action following external governance effectiveness reviews. This could be a documentation only process (recommendation / action / impact) or could also include interviews with the Chair and Board Secretary.
- Greater visibility should be made in EERs regarding their contribution to governing practices and processes by the Board Chair, Senior Independent Member, Chair of Audit and other Committee Chairs and the Board Secretary.

- All colleges (Board Secretaries, Chairs and Principals) should be alerted six months in advance of the next round of EERs to complete a self-assessment pro-forma in relation to compliance with the Code of Good Governance.

## 3.2 Board Practice

- Boards should devise an annual workplan that addresses the requirements of the Code of Good Governance to ensure compliance is achieved. The workplan could include stretch targets and impact expectations to permit useful periodic review of progress.
- Many college boards, and possibly all boards, are 'in transition' reflecting the dynamic nature of governing as a process and the frequently changing nature of governing boards. However, some college boards are in significant transition where several elements are in flux, including the appointment of a new Chair, new Principal, new Board Secretary and / or the appointment of significant numbers of new Board members. In such circumstances it may be advisable for the board to formally recognise this transition phase by including it with the college strategic risk register and to formulate an action plan to secure successful and well-managed transition.
- Drawing upon evidence from governance reviewing and also a parallel study into the professional identity of college Board Secretaries, more consideration needs to be given to recruitment, induction, development and professional status of Board Secretaries. Boards should regularly review their role as both employer of and collective beneficiary of the Board Secretary. This process should be much more than the annual appraisal event.

- As so much of board practice is dependent upon the quality of reporting from senior staff, this aspect of governing requires particular attention and regular review. Reports should be written to support decision making by the board (not to 'raise awareness' by adding additional and potentially distracting material). Recommendations should be defined. 'The board is recommended to discuss the report' (which features on a lot of college board reports) is obviously not a recommendation which guides board members to a decision. Consideration should be given to regular training for college senior staff in succinct, purposeful report writing for college boards.
- Some minutes of college board and committee meetings could give greater emphasis to challenge, enquiry and contribution by board members rather than to repeat content provided in written reports. This point should not be interpreted as suggesting that minutes should be a verbatim account of the meeting. College board secretaries should have the expertise to reflect board members' contribution in a succinct and useful way in the formal minutes of the meeting.

## 4. EXTERNAL REVIEWERS

Of the 20 board external effectiveness reviews to be completed during 2020/21 the CDN provided reviewers for 11 reviews.

Review Provider	No. of reviews
College Development Network	11 reviews
MHA Henderson Loggie	4 reviews
Wylie & Bisset	1 review
Jackie Howie	1 review
Advance HE	1 review
SMCI Associates	1 review
Azets	1 review
<b>TOTAL</b>	<b>20 REVIEWS</b>

### Criteria for Reviewer Selection

It is not known by the writers of this report why each respective Board decision was taken regarding the selection of external effectiveness reviewer. Likely criteria influencing choice of reviewer would be:-

- Price
- Experience
- Expertise
- Relationship from previous work undertaken
- Confidence
- Availability

# 5. PREPARING THE OVERVIEW OF EER REPORTS

Each external effectiveness review was undertaken in relation to the Code of Good Governance. The Code provides the framework of five principles

Section A : Leadership and Strategy

Section B : Quality of the Student Experience

Section C : Accountability

Section D : Effectiveness

Section E : Relationships and Collaboration

EER reports were structured to address these principles in college governing practice.

Each EER report was based on desk reviews of relevant documentation, interviews with the Chair, Board Secretary, Principal and other relevant contributors to the governance of the college, questionnaires (optional, and in some cases with a low response rate), observation of governing meetings.

This summary of EER reviews has attempted to address three themes.

## 1. High level observations

- We wished to capture the big picture of the practice and processes of governing colleges in Scotland. As the process of external effectiveness reviews is intended to be developmental rather than judgemental, there is no grading system for EERs and so it is not possible to produce a score list of 'outstanding', 'good', 'requires improvement' etc.

- These observations are obviously limited by several factors such as the expertise of the reviewer, the self-awareness of those involved with governing at the college, and the insight by the writers of this report. Also, these observations require some caution as what works in one setting may not easily transfer to another.
- However, we considered there were some interesting examples of positive and engaging ways to supporting governing and Board decision making and these learning points are listed in the report.

## 2. Examples of effective practice highlighted in the reports

- This summary may be of use to all colleges, particularly the Board Secretary, in their ongoing reviews of governing practice at college.

## 3. The incidence of the most common recommendations in the reports

- This summary (Annex 1) provides a weighting for the recommendations in the 20 reports, highlighting the most common.

## 6. SENSEMAKING

To support the preparation of this report, we worked with a panel of board secretaries to consider a draft version of the report on 20 July 2021. We wanted to test the proposed format of the report and its contents, especially our recommendations and the identified examples of effective practice. We would like to thank everyone who participated in this important stage towards the development of the final report.

We also wanted to make sure that points recently being made by the Chartered Governance Institute were embedded in our overview report. The **'Review of the effectiveness of independent board evaluation in the UK listed sector' from the Chartered Governance Institute (ICSA)** noted in January 2021,

**“ The primary purpose of regular board performance reviews is to help the board continuously improve both its own performance and the performance of the company. Engaging an independent reviewer can bring greater objectivity and fresh insights into the process.... (2021; 6)**

**...the role of the reviewer is to identify any issues the board should consider; the role of the board is to take appropriate action to address them**

**N.B. The Chartered Governance Institute wished to see the adoption of the term 'board performance review' in place of 'board evaluation' for the corporate sector. (2021;7).**

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# 7. THE FIVE PRINCIPLES IN THE CODE

This section is organised on the basis of the five principles of the Code of Good Governance (2016).

These are the high-level observations from the EERs highlighting effective governance practice.

## 7.1 Leadership and Strategy

- The sector benefits from highly experienced and skilled board members who demonstrate leadership, commitment and dedication to their colleges
- Boards are addressing board diversity (expertise, experience, culture) through open recruitment campaigns
- The gender balance on Boards is generally positive
- College Strategic Plans demonstrate ambitious vision and strategies for the sector
- Board Members feel fully engaged in the strategic planning process
- In some colleges the development and effective use of a high-level dashboard of KPIs (with both qualitative and quantitative measures, and impact indicators) has allowed Boards to track progress against strategic objectives. The further use of a RAG rating helps identify areas that need attention
- The appointment of Board Leads / Champions on key issues or initiatives, e.g., Equality and Diversity has been effective
- All boards are dealing with financial challenges

## 7.2 Quality of the Student Experience

- Regular meetings between the student members and the Principal / Chair provide opportunity for constructive dialogue between the student member, senior management and the Board. This also allows agenda items of particular interest to the student body to be highlighted in advance of the meeting
- The investment in building the capacity of the student members and strengthening the student voice has had a positive impact and enabled student members to effectively contribute to board business beyond 'student matters'
- There is a recognition of the need to achieve a balance between the quality of the student experience and financial / other governance matters on the Board agenda

## 7.3 Accountability

- There is effective use of Board Committees to undertake scrutiny, assurance and monitoring in relation to strategic priorities
- The Audit Committees play a significant role in the oversight of risk management
- Risk is managed through the use of regular workshops to consider the Board's risk appetite. The monitoring of risk involves the use of relevant committees as well as the Board and Audit Committee

- Some Boards make effective use of Board Workplans, which are approved annually and sets out their business for the year ahead. This informs each Board and Committee agenda and reporting schedule, and is particularly helpful for new members to understand the cyclical nature of board business and when key decisions are required to be made
- In some colleges the rotation of committee members is planned and organised annually to meet the respective needs of the Board, committee structure and individual board member. Committee membership can be enhanced by appropriate co-opted membership
- There is effective student involvement in all committees (possibly with the exception of Audit and Risk Assurance Committee) which is accompanied by appropriate support and development
- The principle of protecting the independence of the Chair of the Audit and Risk Committee by not holding other office on the Board or by membership of another committee was clear
- Generally, the Audit Committee and the Finance Committee meet jointly on an annual basis for consideration of the financial statements and members' report.

## 7.4 Effectiveness

- The effective working relationship between the Chair, Principal, and Board Secretary plays an important role in designing and using the governance space for rigorous oversight and timely decision making
- The Principal has a key role in driving good governance and linking the work of the Board and Committees to the delivery activities of the college as a whole.
- The Board Secretary / Governance Professional plays a critical role in the delivery of good governance but understanding of the role is limited. This has implications for the recruitment and subsequent induction and support for new Board Secretaries.
- The Board Secretary has a key role in facilitating good governance and providing advice to the Board and Committees. However, in some EERs this lacked emphasis.
- Overall, the response to the COVID Pandemic demonstrated agility, commitment and resilience on behalf of college Boards
- High quality chairing of boards and committees was reported, especially during COVID, which was a period of unprecedented, uncertain and fast-moving circumstances. Board and Committee Chairs supported the effective transition to virtual meetings
- All Boards are aware of the need to plan for the 'post virtual' environment and consider the best approach for their circumstances, most are considering a blended approach where Board meetings are face to face but committee meeting may be virtual

- There has been effective use of the ' Chairs Committee', bringing together the Chairs of the various Committees to provide strategic oversight during a time of crisis
- Boards have taken an innovative approach to the use of the wider governance space, e.g.
  - Informal drop-in session which are open to staff and students, set in the understanding that any operational issues raised are the responsibility of the Executive Team to deal with
  - Establishing Board WhatsApp groups to enable swift communications
  - Strategic discussion before the main board meeting to consider key issues or meet with key stakeholders. These contribute to board members' knowledge and understanding
  - Refresher sessions on roles and responsibilities of college board members
- Training and development priorities for Board members are considered on an annual basis, and are connected to strategic priorities and individual needs
- In some colleges regular policy briefings are produced and circulated to inform members about the wider policy context within which colleges must operate

## 7.5 Relationships and Collaboration

- Colleges are well connected to local and regional and national initiatives but this is not necessarily understood by the board, stakeholder mapping exercises have been used effectively to address this
- One report highlighted an employers' skills survey which was innovative and enabled the college to engage with a wide range of businesses

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## 8. SPECIFIC EXAMPLES OF EFFECTIVE GOVERNING PRACTICE

As stated above it is clear from the EERs that all College Boards in Scotland are working to comply with the Code, and in the previous section this report has highlighted areas of effective governance under each Principle contained in the Code.

In this section we report on the most common issues and challenges faced by Boards and Board Secretaries. Against each we have highlighted specific examples of effective practice that have been deployed to address these issues. However, it must be noted that what works well in one setting might not easily transfer to another.

These examples of effective practice have been made to support Boards on their journey of continuous improvement.

Issue	Examples of Effective Practice
<b>1. Quality of Reports to Board and Committees to support effective decision making</b>	<ul style="list-style-type: none"> <li>• Board members are provided with high quality / low density reporting that provide professional analysis / insight and supports effective decision making</li> <li>• Whilst reports might be of excellent construction, they may be too long. Reports should be concise and have an executive summary to support better decision making.</li> <li>• The volume of information provided to Board Members is regularly reviewed</li> <li>• A Strategic Business Report is provided which reports on progress against strategic objectives, variance against targets, management interventions and anticipated impact.</li> <li>• All Board and Committee reports include a short front cover which includes the key recommendations, link to strategic objectives, risk, learner and learning implications, financial implications and a summary</li> <li>• Action Trackers are used effectively to help members track progress against decisions made, these include a RAG rating</li> <li>• Boards and Board Secretaries ensure that reporting and decision making is strategic i.e., associated with the achievement of the strategic plan, rather than operational. If a paper cannot demonstrate relevance to a strategic KPI, its inclusion should be reviewed</li> </ul>
<b>2. Strategic Planning</b>	<ul style="list-style-type: none"> <li>• Practices are introduced that help all Board members to understand and evaluate strategic options</li> <li>• Strategic planning processes are robust and result in the Board fully owning the outcome</li> <li>• An annual workplan is produced for the Board based on requirements of the Code of Good Governance and the necessities of strategic planning, monitoring and review</li> <li>• The annual self-review of board performance is scheduled to take place in accordance with the Code of Good Governance</li> </ul>

Issue	Examples if Effective Practice
<b>3. KPIs</b>	<ul style="list-style-type: none"> <li>To monitor progress against strategic objectives the Board agrees on a 'dashboard' of strategic KPIs to be tracked</li> </ul>
<b>4. Training for senior staff in strategic report writing</b>	<ul style="list-style-type: none"> <li>Training in strategic report writing is provided for staff</li> <li>Reports provide professional analysis rather than a description</li> <li>Reports are succinct with clear recommendations towards a clear outcome for the report. N.B. 'The Board is recommended to discuss the report' is <u>not</u> a focussed recommendation towards a defined outcome.</li> </ul>
<b>5. Wider use of the governance space</b>	<ul style="list-style-type: none"> <li>Boards have made imaginative use of the wider governance space, out with board meetings, to develop skills and knowledge, support decision making and engage with key stakeholders.</li> <li>This has been particularly evident during COVID with the introduction of Board drop-in sessions for staff and students and pre-Board discussions on current 'hot topics'.</li> </ul>
<b>6. Committee Membership</b>	<ul style="list-style-type: none"> <li>Committee membership is kept under review to ensure the best balance of skills and experience</li> <li>Especially for board with a high proportion of 'new' members, the skills and experience of new <u>and</u> established members are considered when reviewing committee membership</li> <li>The use of co-opted members provides additional independent expertise to Committees</li> <li>Committee chairs provide a written cover to minutes of committees bringing key items to the Board's attention.</li> </ul>
<b>7. Audit Committee</b>	<ul style="list-style-type: none"> <li>The Audit Committee develops more learner and learning focussed systems and controls</li> <li>The induction training for new Audit Committee members includes a meeting with the Head of Internal Audit</li> <li>C-opting additional, relevant skills and expertise to the Audit Committee provides valuable independent insight</li> </ul>
<b>8. Stakeholder Mapping</b>	<ul style="list-style-type: none"> <li>Colleges are well connected to local, regional and national stakeholders and initiatives, but this is not always clear to the Board</li> <li>Stakeholder mapping exercises enable members to better understand the wider operating environment and support effective decision making</li> <li>Stakeholder mapping supports the development of an external engagement strategy, which should be aligned to the strategic plan and KPIs</li> <li>This links to the role of Board members as ambassadors and helps to clarify the role of ambassadors including expectations, impact and training requirements</li> <li>Informal Board sessions are built into the annual calendar to which key speakers on local, regional and national economic development are invited to contribute</li> </ul>

Issue	Examples if Effective Practice
<b>9. Board Diversity</b>	<ul style="list-style-type: none"> <li>To attract a more diverse range of applicants, that reflect the communities served by the college, colleges are taking more creative approaches and tap into other networks to advertise vacancies, including Changing the Chemistry, Scottish Government Public Appointments, local business networks etc</li> <li>Board Chairs and Board Secretaries build in succession planning of Board and Committee membership</li> <li>The skills matrix for board membership is updated to consider how to embed aspects of diversity</li> </ul>
<b>10. Role of the Board Secretary</b>	<ul style="list-style-type: none"> <li>The Board Secretary / Governance Professional plays a critical role in the delivery of good governance and it is important that this is understood.</li> <li>Induction training for new Board members includes the role of the Board Secretary and the support and advice that members can expect from their Board Secretary</li> <li>Recruitment, induction and support for new Board Secretaries ensures that the Board Secretary has the skills, knowledge, time and resources to undertake the role effectively</li> <li><i>NOTE: 'The Role of the Governance Professional'</i> is a further report to be published by CDN</li> </ul>
<b>11. Induction Training</b>	<ul style="list-style-type: none"> <li>College based induction and participation in CDN national induction workshops are recognised as essential in supporting new members become confident and effective in their role</li> <li>Boards undertake a regular review and assessment of the induction programme for Board members aiming for the development of a blend of useful documents and experiences for new Board members</li> <li>When more than one new member is appointed the college based induction is delivered on a group basis</li> </ul>
<b>12. Ongoing Training and Development</b>	<ul style="list-style-type: none"> <li>A board development plan is in place which details member training and development needs identified in the appraisal meetings including induction training and team building activity</li> <li>The development plan takes account of all key roles on the Board, including Chairs, the SIM and any 'champion' or 'ambassador' roles. This should be linked to the strategic plan and its achievement</li> <li>Mentoring support for student members and staff members is available</li> </ul>
<b>13. Transition to new Board membership (Chair, BS, Principal, members)</b>	<ul style="list-style-type: none"> <li>When Boards are going through a transition which might include a combination of a new Chair, Principal, Board Secretary and / or new members consideration is given to building the 'new' Board Team and how to effectively build that team</li> <li>Succession planning of key roles forms part of the planning process</li> </ul>
<b>14. Code of Good Governance</b>	<ul style="list-style-type: none"> <li>In preparation for the next round of External Effectiveness Reviews Boards would benefit from an internal review of compliance with the Code of Good Governance</li> </ul>

## 9. CONCLUSION

The Code of Good Governance (2016) provides a statement of expectations against which the governance of colleges should be considered. Ownership of and engagement with the Code should be a matter of importance for all involved with the governance of colleges at local, regional and national level. The Code has naturally guided the structure of this Overview Report.

In summary, this Overview Report of the 20 individual College Effectiveness Reviews presents a positive picture of governance across Scotland's colleges.

Through the high-level recommendations, the common issues and challenges and the effective practice examples this report can be used by Chairs, Board Members, Board Secretaries, Principals, college senior staff, auditors and governance advisers

- to appreciate the effective practices and processes of governing Scotland's colleges
- to consider any specific practices that might be usefully introduced to their own college
- to develop focused development plans to further develop a consistent and high standard of governing for all of Scotland's colleges

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# ANNEX 1 – WEIGHTING: THE INCIDENCE OF THE MOST COMMON RECOMMENDATIONS

This table highlights the number of recommendations made under each heading to highlight the most common recommendations

Area	Weighting
Reporting to the Board to support decision making, including report writing	24
Training and development & creative use of the governance space	16
Strategic planning and KPIs	14
Supporting the student voice	11
Committee membership and structures	11
Audit and Risk Committee operations	11
Supporting transition including succession planning and diversity	11
Induction training for board members and board secretaries	11
Stakeholder mapping	11
Accountability	8
Monitoring the Student Experience	5
Use of the Ambassador Role	1

## ANNEX 2 – LIST OF 20 EFFECTIVE REVIEWS INCLUDED IN THIS OVERVIEW

College	Reviewer
Ayrshire	CDN
Borders	Wylie & Bisset
City of Glasgow	CDN
Dumfries & Galloway	CDN
Dundee and Angus	Jackie Howie
Edinburgh	AdvanceHE
Fife	CDN
Forth Valley	MHA Henderson Loggie
GCRB	CDN
Glasgow Clyde	CDN
Glasgow Kelvin	MHA Henderson Loggie
Inverness UHI	CDN
Lews Castle UHI	CDN
NESCOL	MHA Henderson Loggie
North Highland UHI	CDN
Perth UHI	CDN
South Lanarkshire	CDN
West College Scotland	CM Associates
West Highland UHI	MHA Henderson Loggie
West Lothian	Azets

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