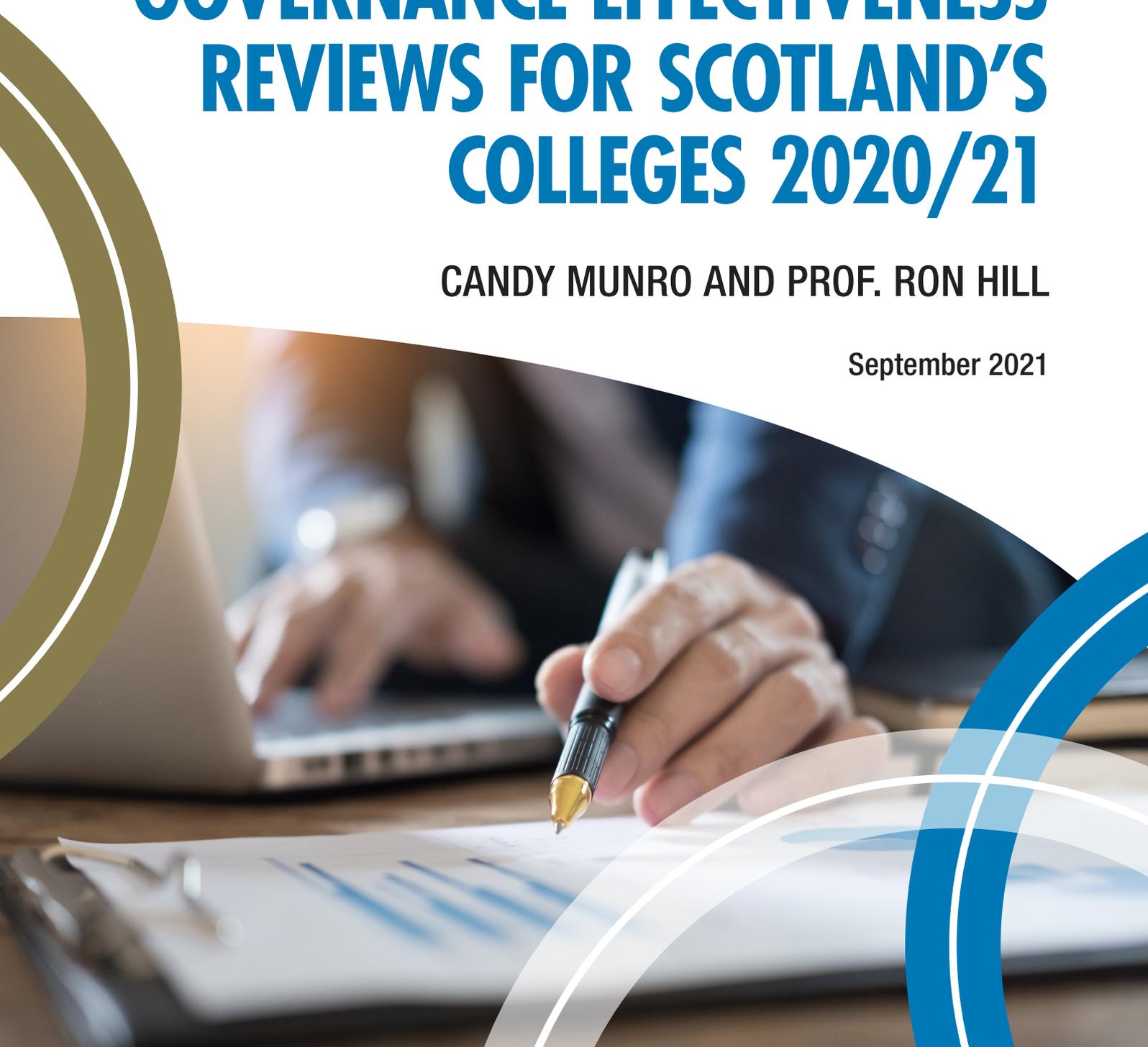# OVERVIEW OF THE EXTERNAL GOVERNANCE EFFECTIVENESS REVIEWS FOR SCOTLAND'S COLLEGES 2020/21

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CONTENTS

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.

3. EXECUTIVE SUMMARY: OVERVIEW REPORT RECOMMENDATIONS

In addition to our recommendations on board practice which emerged from our review of the 20 external governance effective 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 <u>not</u> 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
TOTAL	**20 REVIEWS**

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).

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

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 if Effective Practice
1. **Quality of Reports to Board and Committees to support effective decision making**	• Board members are be provided with high quality / low density reporting that provide professional analysis / insight and supports effective decision making • 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. • The volume of information provided to Board Members is regularly reviewed • A Strategic Business Report is provided which reports on progress against strategic objectives, variance against targets, management interventions and anticipated impact. • 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 • Action Trackers are used effectively to help members track progress against decisions made, these include a RAG rating • 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
2. **Strategic Planning**	• Practices are introduced that help all Board members to understand and evaluate strategic options • Strategic planning processes are robust and result in the Board fully owning the outcome • 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 • The annual self-review of board performance is scheduled to take place in accordance with the Code of Good Governance

Issue	Examples if Effective Practice
3. KPIs	• To monitor progress against strategic objectives the Board agrees on a 'dashboard' of strategic KPIs to be tracked
4. Training for senior staff in strategic report writing	• Training in strategic report writing is provided for staff • Reports provide professional analysis rather than a description • 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.
5. Wider use of the governance space	• 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. • 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'.
6. Committee Membership	• Committee membership is kept under review to ensure the best balance of skills and experience • 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 • The use of co-opted members provides additional independent expertise to Committees • Committee chairs provide a written cover to minutes of committees bringing key items to the Board's attention.
7. Audit Committee	• The Audit Committee develops more learner and learning focussed systems and controls • The induction training for new Audit Committee members includes a meeting with the Head of Internal Audit • C-opting additional, relevant skills and expertise to the Audit Committee provides valuable independent insight
8. Stakeholder Mapping	• Colleges are well connected to local, regional and national stakeholders and initiatives, but this is not always clear to the Board • Stakeholder mapping exercises enable members to better understand the wider operating environment and support effective decision making • Stakeholder mapping supports the development of an external engagement strategy, which should be aligned to the strategic plan and KPIs • This links to the role of Board members as ambassadors and helps to clarify the role of ambassadors including expectations, impact and training requirements • Informal Board sessions are built into the annual calendar to which key speakers on local, regional and national economic development are invited to contribute

Issue	Examples if Effective Practice
9. Board Diversity	• 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 • Board Chairs and Board Secretaries build in succession planning of Board and Committee membership • The skills matrix for board membership is updated to consider how to embed aspects of diversity
10. Role of the Board Secretary	• The Board Secretary / Governance Professional plays a critical role in the delivery of good governance and it is important that this is understood. • 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 • 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 • NOTE: 'The Role of the Governance Professional' is a further report to be published by CDN
11. Induction Training	• 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 • 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 • When more than one new member is appointed the college based induction is delivered on a group basis
12. Ongoing Training and Development	• 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 • 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 • Mentoring support for student members and staff members is available
13. Transition to new Board membership (Chair, BS, Principal, members)	• 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 • Succession planning of key roles forms part of the planning process
14. Code of Good Governance	• 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

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

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