

Glasgow Kelvin College

Audit and Risk Committee – 16 November 2023

Governance Update

Report by Director of Estates and Corporate Services

1. Introduction

The purpose of this report is to provide an update to members in relation to the following areas of corporate governance:

- 2 - Unallocated College Capital Maintenance Fund for FY 23-24
- 3 - Trade Union Nominees on Boards (Incorporated Colleges and Regional Strategic Bodies) – Revised Timescales for Implementation
- 4 - Environmental and Sustainability Update
- 5 - West End Campus
- 6 - Code of Good Governance
- 7 - Audit Scotland Fees

2. Unallocated College Capital Maintenance Fund for FY 23-24

The College has written to the Scottish Funding Council in relation to their correspondence as per above i.e., £4.7m unallocated capital. We wished to bring to their attention that we may require a portion of this money to repair the cladding panels at Springburn Campus, however, we are currently at a very early stage of technical analysis in relation to possible fixes.

The Scottish Funding Council has advised that they have noted this potential pressure on their risk register which they share with the Scottish Government. They further advised that, with the application process, they have received over £18m of projects and the £4.7m has been allocated to other colleges. They have advised that should further funds become available, colleges will be alerted as soon as possible.

3. Trade Union Nominees on Boards (Incorporated Colleges and Regional Strategic Bodies) – Revised Timescales for Implementation

The Scottish Government has advised that there has been a delay in laying the Draft Order to the Scottish Parliament as part of the necessary amendments to legislation to give effect to the policy change to allow trade union nominees on boards of incorporated colleges and regional strategic bodies.

A copy of a revised timeline for this governance reform is available at [Appendix 1](#). The new timeline indicates that the recognised trade unions will now commence the election process in January 2024, with new board members formally elected to boards by 31 March 2024.

4. Environmental and Sustainability Update

4.1 Scottish Government Energy Efficiency Project

The College is progressing with the projects related to the £2.6m energy efficiency grant that we were successful in achieving. Gordon Ross, Project Manager, Watts is providing valuable assistance to the College in relation to the 6 projects that require to be complete by Spring 2025.

There are tight financial and project management challenges with this in terms of completing specifications, ordering/arrival of items, installation, payments and subsequent submissions for financial reimbursement to Scottish Government. There is strict compliance required in relation to funds, financial reporting and monthly progress monitoring that requires a very high level of detail and scrutiny.

Monthly meetings will take place with College staff, Gordon Ross, Project Manager and Ameresco who will carry out the energy efficiency project works.

A monthly Project Board meeting is being established. Jeanette Evans, Vice Principal Operations will be the Project Sponsor, but the Principal will also be a member of the Project Board.

Further monthly meetings will also take place with the Scottish Government, Director of Estates and Corporate Services, Head of Finance and Project Manager.

4.2 Public Sector Climate Change Duties Report

The College is fully compliant with the reporting requirements specified in the Climate Change (Scotland) Act 2009. It is a signatory to the UN SDG Goals Accord, Colleges Scotland Race to Zero campaign and reports on carbon emissions annually through the Scottish Government's Public Sector Climate Change Duties Report (PSCCDR). It now has several years of carbon emissions data.

The annual regulatory return has been extended this year to include further environmental reporting. This return will be made by the deadline of 30 November 2023 and is being worked on at the time of writing this report.

The full Public Sector Climate Change Duties Report will be presented to the Audit and Risk Committee at their next meeting. The College will publish this report on its website as per previous years, ensuring that the College complies in full with the requirements of the Climate Change (Scotland) Act 2009.

5. West End Campus

The West End Campus is currently being marketed for sale or lease by Graham & Sibbald. Discussions are taking place with the Scottish Funding Council in relation to this matter. If the College wishes to lease this property, i.e., retain a property surplus to need, then we will require to prepare evidence in line with Scottish Public Finance Manual guidance in terms of delivering best value that provides justification for such an outcome.

The Scottish Funding Council has asked the College to consider a number of factors in relation to this, i.e. - how proposals/offers for lease and sale will be assessed and evaluated, given that they are likely to involve very different risks; returns and timescales; what level of information/detail bidders will be asked to provide to enable evaluation of the offers; what other technical information is available to interested parties in formulating their proposals and financial offers such as asbestos register, SI, title information etc; and offers to purchase which may be subject to planning.

6. Code of Good Governance

As reported at the Board of Management in June 2022, the Director of Estates and Corporate Services and the Secretary to the Board have gone through the Code of Good Governance in detail and the amended Code has been plotted against the old Code. An exercise has also been conducted to detail how compliance against the amended code is being achieved.

In relation to point D3 i.e. *“The senior independent member is also responsible for holding annual meetings with Board members, without the Chair, to appraise the Chair’s performance and provide the Chair with relevant feedback.”*

The Director of Estates and Corporate Services and Secretary to the Board have discussed this matter in detail. The most straightforward way to deal with this new requirement of the Code is if the Chair leaves the room at the end of the Board meeting in June of each Academic Year and the Senior Independent Member hold a brief private meeting to allow Board Members to provide feedback on the Chair’s performance. This would avoid the need for a separate meeting for this sole purpose.

The Senior Independent Member is content with this suggested solution, which closes off the one action remaining in the Code of Good Governance.

All work undertaken forms part of the routine Externally Facilitated Effectiveness Review.

7. Audit Scotland Fees

As per the request of the Audit and Risk Committee, J Evans, Vice Principal Operations has written to Audit Scotland acknowledging the challenges faced by Audit Scotland and the very detailed response provided in their letter.

However, and in relation to the statement contained within their letter i.e.:

“As part of our recent tender for auditors, we required the audit firms to put a price bid for each individual audit. We provided financial information based on bodies’ accounts and audit reports to help auditors estimate their fee. Alongside a similar shadow bid from our in-house audit provider, these bids are represented in the Auditor Remuneration part of your audit fee. This represents the market’s informed estimate of the price of audits and shows that college audit fees should be more homogenous and that auditors do not consider the relationship between audit fees and total expenditure to be as strong as it used to be.

Implementing the changes implied by the bids in full would have led to significant volatility of audit fees in among colleges with very little time for them to plan for such changes. Some colleges would have seen increases in audit fees of over 100%. We decided instead to apply an equal increase across the whole sector. We are continuing to consider our fee setting strategy for subsequent years.”

J Evans, Vice Principal Operations has asked that Audit Scotland provides an indication of when it intends to address the fees anomalies, advising that while there may be challenges to resolve the position, Glasgow Kelvin College remains in significant detriment in this regard whilst this matter remains unresolved.

Audit and Risk Committee members will be kept apprised of developments pertaining to this matter.

8. Resource Implications

There are costs associated with repairing/replacing the cladding panels at Springburn Campus, but the College will need to further explore options in this regard.

The costs for the Project Manager to oversee the Scottish Government Energy Efficiency Project have been met through the £2.6m Scottish Government award.

The sale/lease of West End Campus has caused resource implications due to the relocation of the curriculum contained therein and the marketing, home reports etc required for this building.

The Audit Scotland fees are not proportionate to the size of the College, and we would hope that these would reduce and potentially receive a re-imburement.

9. Impact on Students

There are some impacts on students contained within this report, but these are longer term impacts. Financial savings made with energy efficiency capital equipment will mean that more funding is available to spend on the student experience.

10. Risk and Assurance

This report seeks to provide members with assurance that a number of governance matters related to the smooth running and operations of the College are being taken forward accordingly and will be carefully handled.

11. Equality

There are no equality implications arising as a consequence of matters contained within this report.

12. Data Protection

There are no data protection implications arising as a consequence of this report.

13. Environmental and Sustainability

It is expected that Environmental and Sustainability matters will progress exponentially with the capital funding award received of £2.6m. This will mean that the Race to Zero Action Plan and the Climate Change Action Plan can be progressed accordingly as these plans are largely dependent on significant funding for changes to the estate/capital investment.

Carbon reduction and enhanced energy efficiency is expected to be achieved in future years.

14. Recommendations

It is recommended that members note the content of this report and appendix.

15. Further Information

Further information can be obtained from Lisa Clark, Director of Estates and Corporate Services - lisaclark@glasgowkelvin.ac.uk or Jeanette Evans, Vice Principal Operations jevans@glasgowkelvin.ac.uk

Lisa Clark
Director of Estates and Corporate Services
November 2023

Implementation of Trade Union Nominees to College Boards/Glasgow Colleges Regional Board/Lanarkshire Board

Revised Timeline of Activity

Period	Stage
End October 2023	Scottish Government to lay Draft Order to the Scottish Parliament to allow for the amendments to be made to the 1992 Act and the 2005 Act (<i>requires 54 days</i>).
Early December 2023	Recognised trade unions to prepare for election process.
23 rd December 2023	Draft Order passed through the Scottish Parliament.
Early January 2024	Recognised trade unions to commence election process (3-4 weeks).
31 st January 2024* <i>* boards will be given a few weeks of flexibility to complete this stage.</i>	New board members to be formally elected to boards and associated announcements made.
February to March 2024	New board members to: • undertake internal board induction programmes • undertake CDN board member induction training programmes • start attending scheduled board meetings • be formally ratified by the board.
End March 2024	Sector to fully implement the governance reform to allow for TU Nominees on Boards.

Good Governance Steering Group
October 2023