

Governance Effectiveness Review

Newbattle Abbey College

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Polley Solutions Ltd

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Overview

1. This governance effectiveness review was independently facilitated by Polley Solutions Ltd. This report records the main findings of the review. The review was conducted in an open and engaged manner, including:
 - ❖ an initial discussion with the board Chair and Principal
 - ❖ observation of a board meeting
 - ❖ one-to-one structured confidential discussions with a sample of four board members
 - ❖ a desktop review of the college's governance documentation
 - ❖ a facilitated workshop for board members at which they identified governance strengths and areas for development.
2. Newbattle Abbey College recently appointed a substantial number of new board members and also a new board secretary. This review has therefore come at an opportune time and was seen by all concerned as an opportunity to ensure the governance framework meets the needs of the future. Evidence from this review shows that the college now has a strong board, with considerable experience in both education and governance. The board works in close and constructive partnership with a dedicated team of senior staff who have made real effort over the years to promote good governance and support the board in its role.
3. The governance framework for this college differs from that of other colleges in Scotland. The college operates under a Governing Deed of Trust set up in 1937 by Philip Kerr, 11th Marquis of Lothian. The Trustees include the Principals and Vice Chancellors of the Universities of Aberdeen, Edinburgh and Glasgow. The Trustees have responsibility for maintaining the ownership of Newbattle Abbey College for the Trust purposes. The membership of the board of governors is set out in the Memorandum and Articles of Association. As a result, many of the board members are nominated by other bodies, including the four ancient universities, Midlothian Council and the local chamber of commerce.
4. The college was established as a residential adult education centre, and that remains the core focus of its work, but in recent years it has diversified into other areas of specialism, as well as generating commercial income through, for example, hosting international summer schools and conferences. The college receives funding from the Scottish Funding Council (SFC) for its core educational activity but not for the upkeep of its wider estate. SFC funding accounts for less than half of the college's income. The status of the college as a small national specialist institution has been recognised by the SFC.
5. The college is also differentiated from most of the sector in Scotland by its size – it has only 38 staff, three of whom constitute its senior management team.

- This review has had to take account of this unique governance framework. While it has necessarily assessed the college's governance against the requirements of the Good Governance Code, it has also taken account of the college's own constitution, and how the college can maximise the effectiveness of its governance within that context.

Areas of good practice

- It is evident from this review that the values and ethos reflected in the original trust deed remain relevant and central to the current board. These are still reflected in the decision making today, and they underpin the strong sense of partnership which is evident in the governance relationship between the board, the senior team and the students. This review identified a number of existing areas of good practice including:

Code of Good Governance sections	Examples of good practice
Leadership and strategy	This is a small college with a strong sense of collegiate mission and values, which have led it to make a number of entrepreneurial decisions in recent years in order to maintain its commercial viability. This is an ongoing challenge and the board's willingness to balance opportunities and risk in developing its strategic direction is to be commended.
Quality of the student experience	The small number of students means that the student association can be vulnerable to fluctuating levels of student interest but, on the other hand, the small numbers mean the board has a history of engaging directly with its students in both a formal and informal manner. Presently the student president is very actively engaged with the board and the learning and teaching committee, and board members are on the circulation list for the association's newsletter.
Relationships and partnership	The college is very active in both regional and national partnerships, working with other educational institutions, regional bodies and local communities to deliver a range of educational experiences and achieve a level of impact which belies its size.

Future board development

- A facilitated board workshop was held in February 2017. At this workshop, board members explored the conclusions emerging from the review, and discussed both the strengths of the college and also where they would like to develop the governance further.
- This review has identified a number of areas where the college could focus its development in order to ensure it takes full advantage of both its new board members and the experience of the new board secretary:

Areas of governance development 2017-18

Leadership and strategy

- ❖ Adjust board agendas and papers to enable members to focus more on debating and deciding on key strategic issues, options, progress and risks, in order to make best use of the expertise of members and also to ensure the board provides leadership in the college's ongoing dialogue with the Trust
- ❖ Explore how board members can use their networks and expertise to build on the excellent community and partner engagement undertaken by senior staff

Quality of the student experience

- ❖ Take stock of the current mechanisms used for board member engagement with students and explore how this can be done in ways that suit the size and ethos of the college
- ❖ Linked to increasing the amount of strategic discussion at the board, explore the option of staff making presentations to the board when it is making decisions on education and curriculum topics

Accountability

- ❖ Review the roles and remits of the committees, and the committee interface with the board, in order to underpin the above goal of more strategic debate at board level. Ensure committee minutes provide an adequate audit trail of decisions for all board members
- ❖ Review the governance information published on the college's website to ensure an appropriate level of openness and transparency
- ❖ Take the opportunity of a new chair of the audit committee to review the risk and assurance framework, with support from the college's auditors, including ensuring that internal audit arrangements are robust
- ❖ Ensure the role of the remuneration committee and its interface with the board is clear, document the procedure used for assessing the Principal's salary and ensure all members of the remuneration committee undertake the required national on-line training

Effectiveness

- ❖ Review the induction programme so that each new board member receives a Governance Handbook containing all necessary information on the board member role, responsibilities, committee remits, details of board members and senior staff and key external partnerships. Ensure induction also includes opportunity to engage with existing board members and staff
- ❖ Ensure that the annual evaluation processes for the board, chair, committees, individual members and principal are documented and proportionate, and are designed to promote enthusiasm and good governance
- ❖ Ensure that all board members have the opportunity to attend the sector's national induction workshops and the board secretary maintains an overview of training and development needs
- ❖ Use the existing model of development days to help this new board build as a team

Detailed findings

10. This review assessed the board's performance under each section of the Code of Good Governance. The detailed comments below draw on the governance documentation helpfully provided by the college, the structured confidential discussions held with four board members, observation of a board meeting in November 2016, and the facilitated board workshop held in February 2017.
11. A list of the documentation examined for this review is shown at the end of this report.

Leadership and strategy

12. The college has a clear policy statement on what is required by board members in respect of the registration and declaration of interests and each agenda contains a statement that *'Any member or individual in attendance (including officers) who has a clear interest in a matter on the agenda must declare that interest at the meeting.'* The Committee and Group Remits document also refers to the Committee on Standards in Public Life and the original seven Principles of Public Life (Scottish public bodies adhere to nine, not seven principles, of course).
13. The board was very involved in the development of the new strategic plan *Ambitions For The Future 2016 – 2020*, which clearly sets out the vision, mission and values of the college, and six strategic priorities that set the educational and financial direction. A strong sense of values and the unique role of the college run through the governance documentation. The strategic plan is consistent with the Outcome Agreement. The college's Planning and Resources Committee monitors key performance indicators related to funding and the Outcome Agreement.
14. It was clear at the facilitated workshop and in the one to one discussions that board members are keen to harness the expertise of the new board to develop more strategic agendas for board meetings. All concerned are aware that the limited senior staff resource necessarily impacts on the breadth and depth of support available to the board, but, members would like to explore mechanisms that would allow them to focus board meetings more on strategic decision making. Ideas included the committees or individual members who are engaged in specific work-streams bringing recommendations or options to board discussions. I suggest consideration is also given to clarifying the purpose of papers in board agendas and covering papers, so that items are clearly split into those for
 - ❖ decision
 - ❖ early discussion
 - ❖ monitoring or
 - ❖ noting.
15. The focus on more strategic issues would also allow board members to clarify the success indicators and intermediate milestones they wish to monitor in order to track progress against the new strategic plan.
16. It is clear from the review of documentation and the one-to-one discussions that this college puts considerable emphasis on working with partners at local, regional and national levels. The outcome agreement makes reference to the college's engagement with the National Strategic Forum for Adult Learning, the National Gaelic Education

Strategy Group, Midlothian Community Planning Partnership and a range of associated community planning groups, including the Midlothian Adult Learning Partnership, which the college has chaired since 2014.

17. Both the strategic plan 2016-2020 and the Outcome Agreement 2016-2017 refer to the college's national and regional remit. The college's engagement with Midlothian Council and the local Community Planning Partnership ensure that it is part of the collective response to the area's social and economic development. In recent months, college board members who have links with the local community, have been supporting senior staff in this work, and the board agreed at its facilitated workshop that it would like to explore how that approach could be developed further. Board members are aware that the nature of the college's constitution means that many of them come from elsewhere in Scotland, hence they are keen that the college should be seen as '*of the community, as well as being in the community*' – as one board member put it.
18. The college has a clear and comprehensive Equality and Diversity Policy. Equality, diversity, integrity and mutual respect are included in the college's values that underpin the vision and mission in the strategic plan 2016-2020. Recruiting, retaining and developing staff is one of six priorities in this plan, and there is a set of actions identified to support this priority. Aspects of equality and diversity appear to be incorporated into a wide range of governance documents and material on the college website, which suggests good progress in implementing these values.

Quality of the student experience

19. The board has one student member who takes an active part in board discussions. The college has a Student Representative Council and Education Scotland's report of their external review of the college (January 2016) stated: '*The Student Representative Council (SRC) engage in various college committees including the Board of Directors. SRC members participate actively in these committees and there are many examples of college decisions which have been influenced by SRC input.*' The Council office bearers are elected by students.
20. The college also has a Staff and Student Liaison Committee where class representatives meet with academic staff to discuss issues raised by the student body. The college clearly devotes significant resources to ensuring that student representation is effective. For example, there is very clear and helpful material set out on-line explaining how class representatives can be effective, and there is training provided for them. Other information on the student part of the website is being updated.

21. The board members interviewed expressed their appreciation of the contribution made by the student board member. *'There is a real sense of common cause with students and the Chair always makes a point of inviting student views'*. Board members are sent copies of the student newsletter.
22. Despite, or maybe because of its size, the college has a number of effective academic partnerships in place, both locally and nationally. The strategic plan 2016-2020 sets out continued working relationships with: Scotland's Rural University College and the Forestry Commission on the rural skills specialism; Sabhal Mòr Ostaig on gaelic language and culture; and Queen Margaret University on the HNC in Social Sciences and other possible HN options. Education Scotland commented favourably on the quality of these partnerships, and highlighted some as examples of excellent practice. Minutes of meetings also show that individual board members have used their own academic networks to create opportunities for students.
23. The Education Scotland report judged that the college *'has in place effective arrangements to maintain and enhance the quality of its provision and outcomes for learners and other stakeholders'* and the student board member described the learning environment of the college as *'it puts a smile on your face'*. The 2016 Education Scotland report was considered by various committees which reviewed the areas of strength and weakness identified.
24. More generally, the Learning and Teaching Committee regularly oversees and discusses the college's performance in the various parts of the curriculum with staff, including where changes are required.
25. Looking ahead, I suggest that care is taken to ensure that the papers for and minutes of such discussions show clearly what action is agreed as a result of board member views, and how the board or its committees track any resulting remedial effort. This should make it straightforward for the board to demonstrate the standards of governance and leadership required by the new Education Scotland self-evaluation framework.

Accountability

26. In terms of the board's primary accountability for the money received from the Scottish Funding Council, the board considered the self-evaluation of the college's 2015-16 Outcome Agreement and the guidance for the Outcome Agreement 2017-18 at its November 2016 meeting. Individual committees keep progress against targets under review in-year.
27. In addition, the external auditor's report to the board, considered as part of the 2015-16 annual accounts, stated that the accounts were in accordance with legal

requirements, including charities legislation. The board's register of interest is published on the college's website.

28. The college has four committees – Audit, Learning and Teaching, Planning and Resources and the Chairs Committee, which has been responsible for advising on remuneration of the principal in the past. The remits of the committees are currently being reviewed by the new board secretary and they will be shown on the website when this work is finished. A separate Remuneration Committee is being created and it will not be chaired by the Board Chair. Remuneration Committee members will be expected to undertake the associated on-line training and a written process for the Principal's remuneration will be agreed by the Board.
29. The minutes of each committee meeting go to the next board meeting and, together with the relevant agenda, are most of them, but not all are published on the college website.
30. At the facilitated workshop, board members recognised that it would be helpful to review the interface between the committees and the board to avoid unnecessary duplication, while also ensuring that important strategic issues are brought to the board for debate and decision. This was part of the larger discussion about how the new board can make best use of its members, and focus its time on key strategic decisions. Suggestions that may help with this goal include -
 - ❖ A short covering page template is drawn up for all board and committee papers which sets out key information e.g. the purpose of the paper (for decision, early discussion, monitoring or noting) and what part of the strategic plan it relates to
 - ❖ Any papers for noting are not discussed, unless a member makes a request to the Chair before the meeting
 - ❖ Minutes of board and committee meetings refer to the purpose of each agenda item and state clearly what has been agreed including associated actions
 - ❖ Papers or presentations aid focused debate by containing either clear recommendations from staff, specific questions that need addressed by members or options that should be debated
 - ❖ Members and staff seek to ensure that at least 50% of board meetings are taken up by member debate (this assumes that members have read papers so staff are not required to reiterate their contents at the beginning)
 - ❖ Committee chairs agree with the board Chair in advance of each board meeting, which, if any, items from committee business require substantive board discussion. Such items are shown as separate board agenda items, with associated papers included in the board pack, a covering paper which makes clear its purpose (for

decision, early discussion) and, if appropriate, a recommendation from the committee

❖ The committee minutes are designated as for noting.

31. The Audit Committee has a detailed remit that includes overseeing the work of internal and external audit. Internal and external auditors attend the committee meetings and the committee members meet with them privately at least once a year. The remit of this committee is being revised to confirm that members are non-executives. The board is actively seeking someone with recent financial or audit experience to join the committee. The committee undertook its own self-evaluation in May 2016 using the ASC Good Governance Checklist.
32. The committee operated without a permanent chair for most of last year but a board member has recently taken up the position. The committee has also experienced some difficulties with its internal auditors, and there has been a delay in the delivery of the annual audit plan because of resource problems. This is now being addressed. The External Audit Report 2015-16 made to the board in November 2016 indicated that the accounts provided a true and fair reflection of the college's finances. Three other reports relating to student returns undertaken by the external auditors on behalf of the Scottish Funding Council resulted in various remedial actions for staff, but the external auditor's overall conclusion was that the college's systems were adequate. There is also evidence that risk management of individual projects and operations in the college is taken seriously, including a formal committee structure overseeing health and safety.
33. At its facilitated workshop the board agreed that it wished to review the content and format of the risk register. In the light of the delayed internal audit programme in 2016, there being a new committee chair and a new strategic plan, it would seem to be sensible for this review to include an assessment of the college's assurance framework and the resulting future internal audit plan.
34. Financial sustainability is recognised as a key issue. The college has particularly complex funding streams, with the grant from the Scottish Funding Council providing less than half of its income. The remainder comes from tuition fees and educational contracts, a range of smaller grants and income from commercial activities from the estate, international summer schools and Newbattle Abbey Business Park. The Planning and Resources Committee receives detailed monitoring reports. These are also passed to the Board at some meetings. In spite of the complexity of the funding, the college has managed its finances effectively to deliver a small surplus in 2014-15 and a small deficit in 2015-16. The college also has adequate reserves. Strengthening financial sustainability is one of the six priorities in the strategic plan 2016-2020.

35. The Administration Manager has confirmed that the college has a range of employment policies in place; these are reviewed at least every three years. The Planning and Resources Committee is notified about staffing issues at every meeting, including recruitment, pay, staff development and changes to legislation. The college has a strong emphasis on equality and diversity in all of its work, uses a 360 degree evaluation tool and has regular Quality Days where all staff are invited to participate and discuss issues of relevance to the college as a whole. In the one-to-one discussions, it was evident that board members are very aware of the commitment made by staff to the organisation. They noted that, as resource pressures continue, the board should be keeping its engagement with staff under review .

Effectiveness

36. The board Chair is well regarded by his fellow board members. Comments included

- ❖ *Brian is good at engaging everyone. He won't let us sit in a corner!*
- ❖ *He is a real fixer and his efforts to get skilled people on board have been excellent.*
- ❖ *The chair is lively and first in, he wants everything discussed properly.*

37. Looking ahead, the Chair has a crucial role in ensuring that the new board becomes a cohesive team, with everyone's skills being used, and board debates being focused and strategic.

38. It is evident that there is immense respect amongst board members for the senior staff in the college and that there is a strong governance partnership. The sizes of the college and senior team can nevertheless create particular challenges. It is sometimes especially difficult for a small senior team to provide the breadth and depth of analysis and options that a board might expect from a larger organisation. This can lead to occasions when issues are not brought to the board until a late stage or papers focus more on operational activity rather than strategic choices and analysis. The board is aware of this, and is interested in exploring ways of reducing that potential burden without undermining the governance role of members, or asking too much of them. Using board member networks to further the interests of the college and gather intelligence, harnessing board member expertise in work-streams that can put recommendations to the board, and asking board members to sometimes lead on agenda items are all legitimate techniques being explored at Newbattle.

39. The small size of the senior team, and the recruitment mechanisms required by the constitution for the appointment of new board members, mean that succession planning is an especially important topic for the organisation. Recent recruitment went some way to addressing skills gap and gender balance and has resulted in a good quality, diverse board. Board members reflected, however, in the one-to-one

discussions that the organisation is hugely dependent on a small number of people, and this is something that the board should give consideration to going forward.

40. Staff and student members have indicated that they feel full and valued members of the board, and other members have expressed appreciation for their contributions. Staff members are chosen by the staff, while the student board member is the elected president of the Student Representative Council.
41. The Code of Good Governance requires that a board agrees a process for setting and reviewing the performance of the Principal. This includes an appropriate contribution from staff and students. This is currently being formalised. It also requires that there is clarity of those matters delegated to the Principal, as well as the Chair and individual committees. Some of this is currently set out in the Committee and Group Remits document, and this document will be updated in the light of the board secretary's work to update individual committee remits.
42. The college has recently recruited a new independent board secretary who has considerable experience in college governance. As indicated elsewhere in this report, the board secretary has begun to review various parts of the governance documentation, and is supporting this new board's training and development. This is important work but it has to be done in addition to the ongoing work of servicing board and committee meetings. It is not clear at this stage how far this will be possible within the board secretary's hours of 1 day per week. The board will keep this under review.
43. At the facilitated board workshop, members emphasised the importance of their own training and development, recognising that board development days are an important mechanism for team building, as well as for building their knowledge of the college. Board members agreed that the board secretary should review the board induction process, collating relevant documentation into a single handbook and including opportunities to meet staff and fellow board members.
44. They also agreed that personal training needs be identified and that processes are established to ensure future annual performance evaluation of board members, including the Chair. These should be designed to promote enthusiasm and to encourage individual contributions to good governance. Committees already undertake their own annual self-evaluations and report the results to the Board.
45. Given its special status, board members are not required to undertake the national induction training provided by the sector, but arrangements are being made to ensure board members have the opportunity to attend if they wish to do so.

Relationships and collaboration

46. As indicated elsewhere in this report, there is considerable evidence of partnership working within the college at local, regional and national levels. This is a real strength that has been recognised by Education Scotland and could lead the way for other organisations in the sector. It enables the college to deliver a range and quality of educational experiences that belies its size.

Conclusion

47. Staff and board members have taken part in this review in an open and engaged manner, with all concerned showing a commitment to ensuring that the governance of Newbattle Abbey College is as good as it can be, whilst being proportionate to the size and nature of the organisation.

48. Polley Solutions thanks everyone at Newbattle Abbey College for their help and support in the compilation of this report.

Sources of evidence used in this review

- ❖ One to one interviews with a sample of board members
- ❖ Views expressed during a facilitated board workshop held with board members in February 2017
- ❖ Observation of the December 2016 board meeting

Written Evidence

- ❖ Minutes and papers relating to board and committee meetings in 2016
- ❖ Committee and Group Remits document
- ❖ Memorandum and Articles of Association
- ❖ Trust Deed and original constitution
- ❖ Registration of interest policy and register of interest
- ❖ Ambition for the Future 2016-2020
- ❖ Various external audit reports from 2016
- ❖ Regional Outcome Agreement 2016-17
- ❖ Regional Outcome Agreement 2015-16 self-evaluation
- ❖ Equality and diversity policy
- ❖ Education Scotland report January 2016
- ❖ College website sections on corporate governance and students
- ❖ Risk Management Policy and Procedures
- ❖ Risk register
- ❖ Internal audit assurance map 2016
- ❖ Internal audit report 2015-16
- ❖ Quality Day reports 2016
- ❖ Calendar of meetings 2016
- ❖ Chair of board role description and person specification
- ❖ Secretary to the board role description