

Good practice in college governance

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Summary: Requirements for colleges to comply with the revised Code of Good Governance for Scotland's Colleges

FAO: Principals, Directors and Board Secretaries of Scotland's colleges

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Purpose

1. This guidance sets out SFC's determination of the principles of good governance which will apply to colleges in Scotland, in accordance with SFC's statutory duty under the Post-16 Education (Scotland) Act 2013 ("the 2013 Act")

Background

2. Section 14 of the 2013 Act amended the Further and Higher Education (Scotland) Act 2005 ("the 2005 Act") to state that "The Scottish Ministers may, under section 9(2), impose a condition that SFC must, when making a payment to a college of further education which is a fundable post-16 education body, require it to comply with any principles of governance which appear to SFC to constitute good practice in relation to colleges of further education".
3. It is a condition of our grant to institutions in the Financial Memorandum that the institution complies with the principles of good governance as set out below.

Principles of Good Governance

4. When the first version of the Code of Good Governance for Scotland's Colleges ("the Code") was published in November 2014, we undertook a review of the Code and confirmed that in SFC's view, the Code met the principles of good practice. Colleges were expected to comply with the Code retrospectively from 1 August 2014.
5. The Good Governance Steering Group recently undertook a review of the Code. As part of this exercise, a consultation took place to seek views from key stakeholders on the revisions proposed by the steering group. This review has now concluded and the updated Code ("the revised Code") was sent to Chairs and Principals on 7 September 2016.
6. Having reviewed the revised Code, SFC confirms that it still meets the principles of good practice. Colleges are expected to comply with the principles of the updated Code from 1 August 2016 and the first year of compliance with the updated Code should therefore be reported in the Corporate Governance statement included in the 2016-17 annual financial statements of the college.
7. Within section D.23 of the revised Code there is the following requirement:

"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 online."

8. College boards should therefore send these documents to SFC as soon as they are available.

Comply or explain

9. Each board must state its adoption of the Code in the corporate governance statement contained in its annual financial statement.
10. Page 3 of the revised Code requires college boards, where for whatever reason a board's practice is not consistent with any particular principle of the Code, to make this known to the SFC or for assigned colleges, the Regional Strategic Body. This should be done immediately they become aware of an inconsistency and, without exception, in advance of publishing the information. Also, an explanation for that inconsistency must be clearly stated in the college's corporate governance statement. Boards will be expected to offer a clear rationale for exceptions in the context of their college's operational model and to identify mitigations.

Further information

11. A copy of the revised Code is available on the [Colleges Scotland website](#).
12. PDF copies of the board self-evaluation and board development plan should be emailed to Angela Iannetta, email: aiannetta@sfc.ac.uk when available.
13. Please contact Claire Taylor, Senior Financial Analyst, Finance Directorate for further information, tel: 0131 313 6604, email: ctaylor@sfc.ac.uk



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