CODE of GOOD GOVERNANCE for SCOTLAND'S COLLEGES

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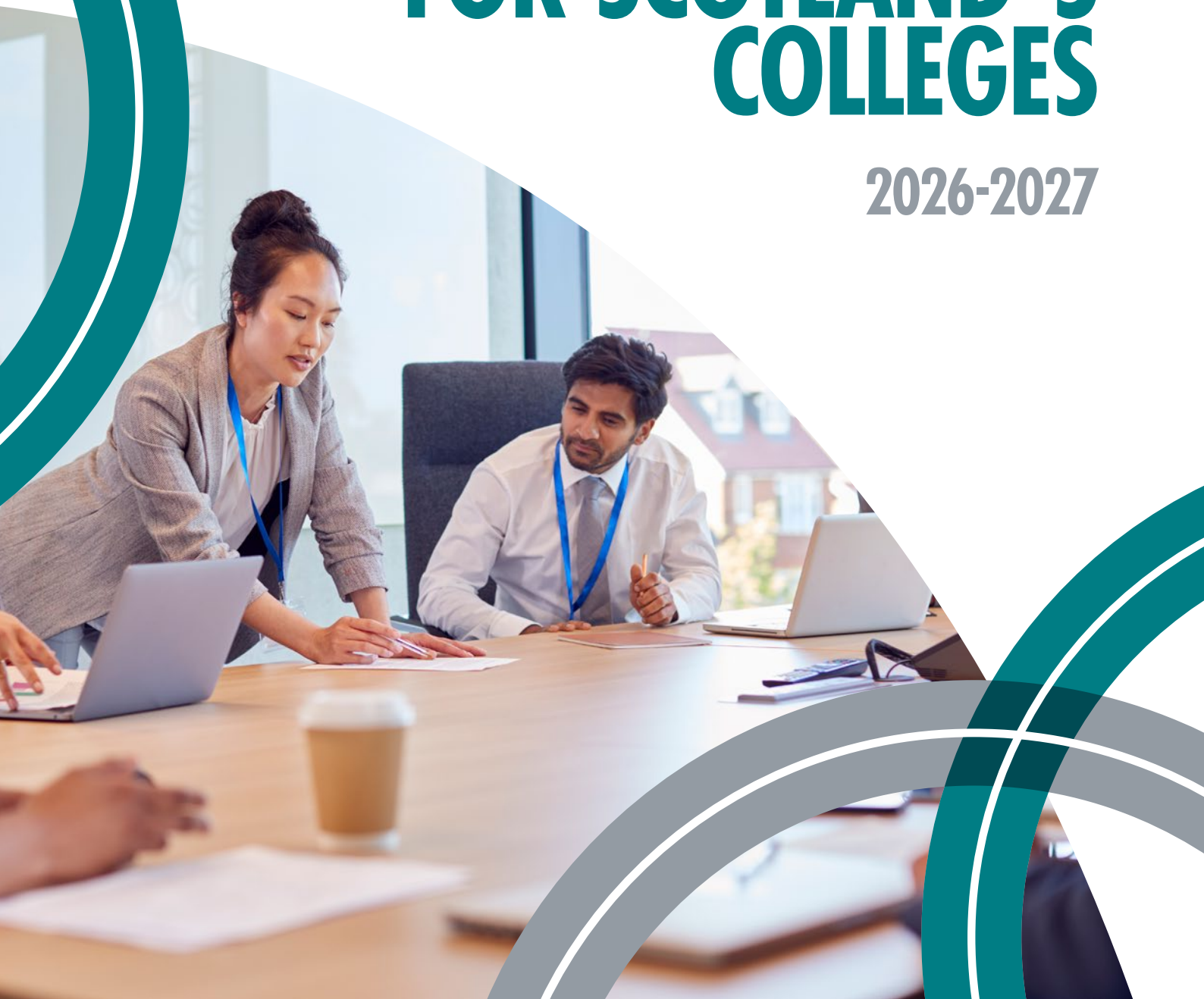
2026-2027



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1. BACKGROUND

The original *Code of Good Governance for Scotland's Colleges* was published in December 2014. The Code is reviewed and updated annually by the Good Governance Steering Group. This is the edition for the 2026-27 session.

Colleges Scotland will act as custodian for any future reviews in liaison with the Good Governance Steering Group and in keeping with the way that the Code was created, the broad range of stakeholders who developed the Code will be engaged fully with any revisions. CDN will take responsibility for the production and dissemination of the Code document.

This Code refers to regional colleges, assigned colleges and regional strategic bodies.

2. FOREWORD

Colleges in Scotland thrive in the heart of their communities, serving the interests of those communities, students, employers, governments and their agencies and other stakeholders. They have an essential and valuable role in Scottish society. Colleges deliver 68 million hours of learning each year, and 95% of these learning hours lead to a recognised qualification. Across Scotland colleges employ 14,000 staff and deliver education, skills and training to 248,900 students and 14,830 apprentices. .

Colleges receive substantial public funding and also operate in an increasingly commercial and enterprising way. We value the significant contribution college board members make to governing our colleges and regional strategic bodies, and to their stewardship of taxpayer's money, ensuring its efficient and effective use.

Boards are expected to innovate, pursue new opportunities and take measured risks in delivering what is best for their stakeholders.

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.

The Code is based on key principles and has been written in a way that is mandatory and anticipates compliance. All colleges that receive funding from the Scottish Funding Council (SFC) or from a regional strategic body must comply with the Code as a term and condition of grant. Exceptions should be rare and must be explained publicly.

In addition to demonstrating good governance, colleges and regional strategic bodies must also ensure compliance with their statutory and other obligations. The governance professional role is vital in providing guidance to the board on its legal and other obligations.

Colleges have an important individual and collective role to play in promoting economic, social, and cultural well-being. We expect this Code to provide the essential underpinning to help discharge that role to the highest standards possible.

Dr David C. Watt OBE
Chair of the Good Governance Steering Group

3. CODE OF GOOD GOVERNANCE FOR SCOTLAND'S COLLEGES

Governance and the Code

Corporate governance:

- is the way in which organisations are directed and controlled within a legislative and regulatory framework
- defines the distribution of rights and responsibilities among the different stakeholders and participants in the organisation
- determines the rules and procedures for making decisions on corporate affairs including the process through which the organisation's objectives are set
- provides the means of achieving those objectives and monitoring performance.

Scotland's colleges refer to colleges either funded by SFC or by a regional strategic body for the provision of education. Such colleges can be incorporated or non-incorporated. The overarching purpose of good governance for Scotland's colleges is to:

- lead the college, region or regional strategic body and set its strategic direction and values
- ensure effective management and financial controls to support the student experience within a framework of public accountability and transparency
- deliver high quality learning and outcomes.

The *Code of Good Governance for Scotland's Colleges* has been developed and is owned by the college sector. Colleges are required to comply with it as a condition of grant from either SFC or their regional strategic body. It establishes standards of good governance practice for all boards and provides the essential foundations for compliance within the legislative framework.

Boards must not only follow the letter but also the spirit of the Code to ensure good governance. Boards must think deeply, thoroughly and on a continuing basis about their overall tasks and the implications of these for the roles of their individual members. Key to this is the leadership of the chair, the support given to and by the principal, and the frankness and openness of mind with which issues are discussed and tackled by all board members.

Statement of Compliance with Good Governance

Each board must state its adoption of the Code in the corporate governance statement contained in its annual financial statement. The chair, on behalf of the board, is expected to report as to how the principles have been applied by the board. Where, for whatever reason, a board's practice is not consistent with any principle of the Code, it should make this known to SFC or, if it is an assigned college, the regional strategic body. This should be done immediately they become aware of an inconsistency and, without exception, in advance of publishing the information. An explanation for that inconsistency must be clearly stated in its 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.

Individual board members have a duty to act on serious concerns about the governance of their body. Information on who board members can approach is included in *The Guide for Board Members in the College Sector* available from the College Development Network.

4. PRINCIPLES

Section A: Leadership and Strategy

Conduct in Public Life

A.1 Every college and regional strategic body must be governed by an effective board that is collectively responsible for setting, demonstrating, and upholding the values and ethos of the organisation.

A.2 Every board member must ensure that they are familiar with, and their actions comply with the provisions of their board's Code of Conduct.

A.3 The *Nine Principles of Public Life in Scotland*, which incorporate the seven Nolan principles, must be the basis for board decisions and behaviour. These key principles, which apply individually and collectively, are:

- Duty/Public Service
- Selflessness
- Integrity
- Objectivity
- Accountability and Stewardship
- Openness
- Honesty
- Leadership
- Respect

Vision and Strategy

A.4 The board is responsible for determining their institution's values, vision, strategic direction, educational character, , and ethos. Regional strategic bodies must also determine the regional strategy for colleges assigned to them. The board of an assigned college must have regard to the strategy determined by the regional strategic body. Board members have a collective leadership role in fostering an environment that enables the body to fulfil its mission and meet Scottish Government priorities, for the benefit of students and the community it serves.

A.5 The board must develop and articulate a clear vision for the region or college. This should be a formally agreed statement of its aims and desired outcomes which should be used as the basis for its overall strategy and planning processes.

A.6 The board provides overall strategic leadership of the region or college. The board is responsible for formulating and agreeing strategy by identifying strategic priorities and providing direction within a structured planning framework.

A.7 The board (except in the case of assigned college boards) is responsible for overseeing the negotiation of its funding agreement with SFC, to meet the needs of the college or region and make best use of available funding, consistent with national strategy.

A.8 The roles and responsibilities of the boards of assigned colleges should be undertaken in the context of the roles and responsibilities of their regional strategic body.

Performance

A.9 The board must ensure that a comprehensive performance measurement system is in place which is clearly linked to the regional strategic framework and identifies key performance indicators. It must ensure that it scrutinises performance measures and reports these on their website in a manner that is both timely and accessible to stakeholders. This will allow the board to determine whether or not the vision and mission of the region or the college are being fulfilled and that the interests of stakeholders are being met.

Corporate Social Responsibility

A.10 The board must demonstrate high levels of corporate social responsibility by ensuring it behaves ethically and contributes to economic development while seeking to improve the quality of life of the local community, society at large and its workforce.

A.11 The board must exercise its functions with a view to improving economic, cultural and social wellbeing in the locality of the college or region. It must have regard to social and economic needs and social inclusion.

A.12 The board must provide leadership in equality and diversity.

A.13 The board must seek to reflect in its membership, the make-up of the community through offering maximum opportunity of membership to a range of potential members and removing potential barriers to membership, in partnership with its regional strategic body, as appropriate.

Section B: Quality of the Student Experience

Student Engagement

B.1 The board must have close regard to the voice of its students and the quality of the student experience should be central to all board decisions.

B.2 The board must lead by example in relation to openness, by ensuring that there is meaningful on-going engagement and dialogue with students, the students' association and as appropriate staff and trade unions in relation to the quality of the student experience. Consultation is essential where significant changes are being proposed.

B.3 The board must consider the outcome of student surveys and other student engagements and monitor action plans that could impact on the quality of the student experience.

B.4 The college board must have regard to the Framework for the Development of Strong and Effective College Students' Association in Scotland. It must put in place robust partnership procedures (e.g. partnership agreement) to work together to achieve change and which are supported by regular and open communications.

B.5 The college board must encourage a strong and autonomous students' association and ensure that the students' association is adequately resourced.

B.6 The college board must ensure that the students' association operates in a fair and democratic manner and fulfils its responsibilities.

B.7 The college board should review the written constitution of its students' association at least every five years.

Relevant and High-Quality Learning

B.8 The board must seek to secure coherent provision for students, having regard to other provision in the region or college's locality. The board must be aware of external local, national and international bodies and their impact on the quality of the student experience, including community planning partners, employers, skills development and enterprise agencies and employer bodies. The board must seek to foster good relationships and ensure that the body works in partnership with external bodies to enhance the student experience, including employability and the relevance of learning to industry needs.

Quality Monitoring and Oversight

B.9 The board must ensure appropriate mechanisms are in place for the effective oversight of the quality and inclusivity of the learning experience in the college or region. The board must ensure that the college works in partnership with sector quality agencies and other appropriate bodies to support and promote quality enhancement and high-quality services for students.

Section C: Accountability

Accountability and Delegation

C.1 The board is primarily accountable to its main funder, either SFC or its regional strategic body. Through the chain of funding, the body is ultimately responsible to the Scottish Ministers who are accountable to the Scottish Parliament.

C.2 The board must ensure delivery of its agreed outcomes or in the case of an assigned college, its agreed contribution to the region's agreed outcomes.

C.3 The board must ensure it fulfils its statutory duties and other obligations on it, and that the terms and conditions of its grant are being met.

C.4 Scottish Ministers have powers to suspend or remove by order any or all board members of an incorporated college (except the principal) or a regional board for serious or repeated breaches of a term and condition of grant.

C.5 The board also has a wider accountability to a range of stakeholders including students (both current and prospective), its staff, the wider public, employers and the community it serves, for the provision high quality education that improves people's life chances and social and economic well-being.

C.6 Incorporated colleges and regional boards must maintain and publicly disclose a current register of interests for all board members. Board members have a personal responsibility to ensure any changes to their register of interests are notified timeously to the governance professional and to declare any specific conflicts of interest in the business of the meeting prior to the commencement of each meeting of the board and its committees and withdraw from meetings as appropriate.

See section D.6 for the 'objective test' for judging if there is a conflict of interest.

C.7 The board must ensure that its decision-making processes are transparent, properly informed, rigorous and timely, and that appropriate and effective systems of financial and operational control, quality, management of staff, risk assessment and management are established, monitored, continuously improved and appropriately impact assessed. This includes:

a) the prompt production, dissemination and online publication of board/committee agendas, minutes and papers to the public
b) every board meeting and every committee meeting having a well-structured agenda circulated timeously in advance
c) the retention of all key documentation which help justify the decisions made by the board and its committees
d) setting quorum for board and committee meetings in line with good practice and preferably at 50% or higher are non-executive members. A board should satisfy itself that adequate arrangements are in place to ensure that decisions it has delegated to a committee are taken with a non-executive majority. When determining a quorum, the chair of the board may be considered to be a non-executive member. (see Annex 1 for the definition of non-executive)

C.8 The board may delegate responsibilities to committees for the effective conduct of board business. As a minimum the committees required are Audit, Remuneration, Finance and Nominations/Appointments. Delegation of responsibilities from and matters reserved to the board and its committees must be set out in a scheme of delegation including the functions delegated by the board to the chair, committees, the principal and the governance professional (and any other members of staff).

Incorporated college boards and regional boards have no powers to delegate functions to an individual board member (except the chair who has no authority to act out with their delegated powers).

C.9 The board must ensure every board committee has a specified member of the management team to provide objective, specialist advice to support it to discharge its remit, including by explaining in an accessible way the matters under discussion and the possible implications of different options.

C.10 The board must consider and have in place procedures to ensure effective working relationships and constructive dialogue amongst the board as a whole and ensure there are effective reporting and two-way communications between committees and the board. The board must ensure that discussions and decisions of every committee are accurately recorded and reported to the board, no later than the next meeting of the board.

Risk Management

C.11 The board of a college or a regional body is responsible for the overall management of risk and opportunity. It must set the risk appetite of the body and ensure there is an appropriate balance between risk and opportunity and that this is communicated via the principal to the body's management team.

C.12 The board must ensure that sound risk management and internal control systems are in place and maintained. It must ensure there is a formal on-going process for identifying, reporting, evaluating and managing the body's significant risks and review the effectiveness of risk management, business continuity planning and internal control systems.

Audit Committee

C.13 The Audit Committee must support the board and the principal by reviewing the comprehensiveness, reliability and integrity of assurances including the body's governance, risk management and internal control framework. The Scottish Government Audit and Assurance Committee Handbook promotes the development of an assurance framework to aid the Committee in fulfilling this role. See Audit and Assurance Committee Handbook

C.14 The scope of the Audit Committee's work must be defined in its terms of reference and encompass all the assurance needs of the board and the principal. The Audit Committee must have particular engagement with internal and external audit, and must work with management and auditors to resolve any issues in relation to financial reporting.

C.15 The Audit Committee must promptly pursue recommendations arising from audit reports and must monitor their implementation.

C.16 The membership of the Audit Committee cannot include the board chair or the principal and, in line with the Audit and Assurance Committee Handbook, 'executive members of the organisation should not be appointed to the Audit and Assurance Committee', and the majority of members must be non-executive. The role of the college executive is to attend meetings at the invitation of the committee chair and to provide information for particular agenda items.

C.17 The Audit Committee terms of reference must provide for the committee to sit privately without any non-members present for all or part of a meeting if they so decide. The Audit Committee members should meet with the internal and external auditors without the executive team present at least annually.

C.18 At least one member of the Audit Committee should have recent relevant financial or audit experience.

Remuneration Committee

C.19 It essential that members of the Remuneration Committee understand their role and responsibilities. Members must undertake the online training module for Remuneration Committees provided by College Development Network within one month of appointment.

C.20 The board must have a formal procedure in place for setting the remuneration of the principal by a designated committee of non-executive members. The board may wish to supplement this by taking evidence from a range of sources. In particular, staff and students should have a role in gathering and submitting evidence in relation to the college principal to the relevant committee.

C.21 The board chair cannot be the chair of the Remuneration Committee (but they can be a member of it).

Financial and Institutional Sustainability

C.22 The board is responsible for ensuring the financial and institutional sustainability of the body. The board must ensure compliance with its Financial Memorandum (either with SFC or the regional strategic body, depending on which is funding it), including in relation to incorporated colleges and regional boards, relevant aspects of the Scottish Public Finance Manual.

C.23 The board must ensure that:

- funds are used as economically, efficiently and effectively as possible
- effective monitoring arrangements are in place
- college staff report relevant financial matters to it.

C.24 For colleges that are charitable organisations, board members are also charity trustees. The board of a college that is a charity must ensure its members are aware of their responsibilities under charity legislation and for complying with relevant provisions as set out by the Office of the Scottish Charity Regulator. See OSCR Guidance and Good Practice for Charity Trustees (02.04.25)

Staff Governance

C.25 The college board as the employer, is responsible for promoting positive employee relations and for ensuring effective partnership between recognised trade unions and management.

C.26 The board must have a system of corporate accountability in place for the fair and effective management of all staff, to ensure all legal obligations are met and all policies and agreements are implemented and identify areas that require improvement and to develop action plans to address them.

C.27 The college board must comply with collective agreements placed on it through national collective bargaining for colleges.

Section D: Effectiveness

The Board Chair

D.1 The chair is responsible for leadership of the board and ensuring its effectiveness in all aspects of its role. The chair is responsible for setting the board's agenda and ensuring that adequate time is available for discussion of all agenda items, particularly strategic issues. The chair must promote a culture of openness and debate by:

- encouraging the effective contribution of all board members
- fostering constructive challenge and support to the principal, executive team and fellow board members
- effective team-working
- positive relations between board members.

The chair must engage with the principal and the governance professional in a manner which is both constructive and effective.

D.2 The board and its committees must have the appropriate balance of skills, experience, independence and knowledge of the body to enable them to discharge their respective duties and responsibilities effectively.

Senior Independent Member

D.3 The board must appoint one of the non-executive members to be the senior independent member to provide a sounding board for the chair and to serve as an intermediary for the principal, other board members and the governance professional when necessary (see Annex 1 for the definition of 'non-executive'). The senior independent member should also be available where contact through the normal channels of chair, principal or governance professional has failed to resolve an issue or for which such contact is inappropriate. 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

Further information on the role of the senior independent member can be found in The Guide for Board Members in the College Sector.

Board Members

D.4 Each board member is collectively responsible and accountable for all board decisions. Board members must make decisions in the best interests of the college and/or region as a whole rather than selectively or in the interests of a particular group.

D.5 Staff, student and trade union board members are full board members and bring essential and unique, skills, knowledge and experience to the board. Staff, student and trade union board members must not be excluded from board business unless there is a clear conflict of interest, in common with all board members.

D.6 Where the college is a charity, all board members, as charity trustees, including staff, student and trade union board members, have legal duties and responsibilities under the Charities Act 2005. This includes registering any personal interests that could be seen as conflicting with the interests of the body. The 'objective test' for judging if there is a conflict of interest is:

"… whether a member of the public, with knowledge of the relevant facts, would reasonably regard the interest as so significant that it is likely to prejudice your decision making in your role as a member of a public body".

Principal and Chief Executive

D.7 The college board must appoint the principal as chief executive of the college, securing approval for the appointment and terms and conditions of the appointment from the regional strategic body if necessary.

D.8 The college board must ensure there is an open and transparent recruitment process for the appointment. Students and staff must have an opportunity to contribute to the recruitment process.

D.9 The college board must delegate to the principal, as chief executive, authority for the academic, corporate, financial, estate and human resource management of the college, and must ensure the establishment of such management functions are undertaken by and under the authority of the principal.

D.10 The college board must ensure a clear process is in place to set and agree personal performance measures for the principal. This process should seek the views of students and staff. The chair, on behalf of the board, should monitor, review and record the principal's performance, at least annually, against the agreed performance measures.

D.11 The principal, as a board member, shares responsibility for good governance with the chair and all other members of the board, supported by the governance professional. The principal also enables good governance through supporting effective communication and interaction between the body and the rest of the college including staff and students.

D.12 The board provides strategic direction for the region and/or college, and the chair provides leadership to the board. The principal provides leadership to the staff of the body.

D.13 The board must provide a constructive challenge to the principal and executive team and hold them to account.

Governance Professional

D.14 The board must appoint a governance professional who is responsible to it and reports directly to the chair in their governance professional capacity. The governance professional may be a member of the senior management team in their governance professional capacity, but they cannot hold any other senior management team position at the same time. The appointment and removal of the governance professional is a decision of the board.

D.15 All board members must have access to the governance professional who has an important governance role in advising the board, the committees and individual board members and supporting good governance. The distinctive governance professional role includes:

- facilitating good governance and advising board members on:
  - the proper exercise of their powers, including in relation to relevant legislation
  - the board's compliance with its Financial Memorandum, the Code for Good Governance, its Standing Orders and Scheme of Delegation
  - their behaviour and conduct in relation to the board's Code of Conduct.
- providing clear advice to the chair and the board/committees on any concerns the governance professional may have that board members have not been given:
  - sufficient information
  - information in an appropriate form
  - sufficient time to monitor, scrutinise or make informed and rigorous decisions in an open and transparent way.
- attending and providing support to every board meeting and every meeting of every board committee. Where the governance professional is unable to attend, while the governance professional retains overall responsibility, proper arrangements must be made to cover the role with a person who is fully able to discharge the role effectively.
- having an unambiguous right to speak at board and committee meetings to convey any concerns they may have about governance. This extends to someone substituting for the governance professional.
- reporting any unresolved concerns about the governance of the body to the relevant funding body (i.e., SFC or the regional strategic body).

D.16 The board must ensure the governance professional:

- has suitable skills, knowledge and behaviours to carry out their role effectively
- receives appropriate induction, and if new to the role, is mentored by a more experienced governance professional for at least their first year
- has adequate time and resources available to undertake their role effectively.

D.17 The board must ensure arrangements are in place to deal with a governance professional's potential or real conflicts of interest.

Board Member Appointment, Induction and Training

D.18 For boards with responsibility for board appointments, the board must ensure a formal and open procedure is in place for recruiting and selecting new non-executive board members. Boards must have regard to current Ministerial Guidance on board appointments.

D.19 The board is responsible for ensuring appropriate arrangements are in place for the conduct of student elections and nominations, and elections and nominations of staff and trade union members to the board.

D.20 The chair must ensure that new board members receive a formal induction on joining the board, tailored in accordance with their individual and collective needs. The governance professional should support the chair in the provision of relevant induction for new board members.

D.21 The board must ensure all board members undertake appropriate training and development in respect of their governance role. The governance professional should support the chair in the provision of relevant training and development opportunities for board members, which should be tailored to meet board members skills and needs. The governance professional must keep records of the development activity of board members, including the chair.

D.22 The board must ensure that new committee members receive a committee induction and have their specific training needs assessed and met.

Board Evaluation

D.23 Extension of the term of office of board appointments requires evidence and the board must ensure appropriate mechanisms are in place to support this.

D 24 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 every three to five years. The board should determine the timing for this externally facilitated review as part of the annual effectiveness review. The board is not required to conduct a self-evaluation of its effectiveness in the same year as an externally facilitated evaluation. 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.

D.25 The board must agree a process for evaluating the effectiveness of the board chair and the committee chairs. The evaluation of the board chair should normally be led by the senior independent member.

D.26 The board must ensure all board members are subject to appraisal of their performance, conducted at least annually, normally by the chair of the board.

D.27 The performance of regional college chairs will also be evaluated by the Scottish Government, as regional college chairs are appointed by the Scottish Ministers and are personally accountable to them.

D.28 The performance of assigned, incorporated college chairs will also be evaluated by the regional strategic body, as they are appointed by the regional strategic body and are personally accountable to them.

Section E: Relationships and Collaboration

Partnership Working

E.1 The board must work in partnership to secure the coherent provision of high quality fundable further and higher education in their localities.

E.2 The board must ensure effective consultation, local and regional planning and must follow the principles of effective collaborative working: mutual respect, trust and working towards commonly agreed outcomes.

E.3 The board must ensure effective partnership working with local and national bodies including businesses, public and third sector organisations to develop commonly agreed priorities following the principles of effective collaborative working.

E.4 The board must encourage and support effective partnership working and collaboration within and across regions to address local needs and meet national priorities and specialisms.

ANNEX 1

References and Definitions

- "**college**" means a college funded by either SFC or a regional strategic body.
- "**incorporated college**" means a college with a board of management under part 1 of the Further and Higher Education (Scotland) Act 1992.
- "**assigned** college" means a college assigned to a regional strategic body.
- "**board**" means the governing body of the college or to the regional strategic body.
- "**body**" means the organisation in question, i.e., a college or regional strategic body.
- "**principal**" includes where appropriate in the context, the chief officer or equivalent person of a regional strategic body.
- '**non-executive**' means a member who is not the chair of the board and who does not otherwise hold a specific position on the board i.e., is not a student member or a staff or trade union member; and in the case of a college board, is not the principal; and in the case of a regional board is not the chair of an assigned college.
- The reference to a non-executive majority under C.7(d) reflects the underlying governance principle of ensuring an appropriate degree of independence and objectivity in all board decision-making. A board quorum should always require a non-executive majority. When determining a quorum, the chair of the board may be considered to be a non-executive member.
- The Court of the University of the Highlands and Islands (UHI) is the Regional Strategic Body (RSB) for the region and is the only RSB in Scotland.

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