

POLICY & RESOURCES COMMITTEE

AGENDA

A meeting of the Policy & Resources Committee will be held at 14:00 hours on Monday, 18 January 2016 in the Boardroom, Milton Road.

		Lead Speaker	Paper
1	WELCOME & APOLOGIES	Chair	
2	DECLARATIONS OF INTEREST	Chair	
3	MINUTES OF PREVIOUS MEETING <i>for approval</i>	Chair	A
4	MATTERS ARISING	Chair	B
5	BUSINESS TRANSFORMATION PLAN	N Paul	
	5.1 Working Group Minutes 11.01.16		C
	<i>Item 5.1 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.</i>		
	5.2 Working Group Governance <i>for approval attached</i>		D
6	FINANCE REPORT	A Williamson	
	6.1 Finance Report		E
	6.2 Management Accounts to November 2015 <i>attached</i>		F
	6.3 Tuition Fees 2016/17 <i>for approval attached</i>		G
	6.4 Edinburgh Region Procurement Team <i>for approval</i>		H
	<i>Item 6.4 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 33, Commercial Interests and the Economy.</i>		
7	HUMAN RESOURCES REPORT	B Dickson	I
	<i>Item 7 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.</i>		
8	CAPITAL AND INFRASTRUCTURE REPORT	A Williamson	J
	<i>Item 8 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.</i>		

9 ANY OTHER COMPETENT BUSINESS

10 DATE OF NEXT MEETING: 29 March 2016

BUSINESS TRANSFORMATION PLAN: WORKING GROUP GOVERNANCE

Purpose of the Report

The paper outlines the remit and membership of the Business Transformation Plan Working Group, as agreed by its members on 11 January 2016.

Action Required

The Policy & Resources Committee are asked to APPROVE the remit and membership of the Working Group.

Strategic Implications

Risk	Yes \ No	Details
Governance \ Legal	Yes	The remit specifies the working group's formal remit and reporting to the P&R Committee
Financial	No	
Executive Approval	Yes \ No	Details
Reviewed by Executive	No	
Other	Yes \ No	Details
Equality Impact	No	

BUSINESS TRANSFORMATION PLAN: WORKING GROUP GOVERNANCE

- 1.0 Further to the Principal's report to the Board on 8 December 2015, and on the recommendation of the Policy & Resources Committee, the Board agreed to establish a working group to support the Principal in developing a business transformation plan.
- 2.0 The group will be short-life and modelled on the working group that was established to oversee planning and initiation of the 2015 Development Plan.
- 3.0 On completion of the plan, monitoring of implementation will transition to the normal Executive/SMG and Board Committee structures. Ongoing communication with SFC will be through normal engagement with the Outcome Agreement Manager.
- 4.0 The group will operate as a sub-group of the Policy & Resources Committee, with delegated authority as appropriate, and report through that Committee to Board.
- 5.0 The group will involve substantial non-executive membership to ensure objectivity and robustness. The role of Non-Executive Board Members on the group will be to provide guidance, challenge and oversight of the planning process.
- 6.0 The group will involve SFC representation to ensure that:
 - 6.1 there is ongoing and open communication with SFC;
 - 6.2 planning is aligned to SFC expectation;
 - 6.3 planning may benefit from SFC knowledge and experience from elsewhere in the sector.
- 7.0 Membership of the group will be:

S Cairncross (Chair)	Chair, Academic Council
I Young	Chair, Policy & Resources Committee
N Paul	Chair, Audit & Risk Assurance Committee
F Riddoch	Member, Audit & Risk Assurance Committee
A Bruton	Principal
C Wilson	Deputy Principal/VP People, Planning & Performance
A Williamson	Chief Operating Officer
J Buglass	Head of Creative Industries
S J Linton	Head of Planning & Performance
J Pearson	Head of Health, Well-being & Social Sciences
K Rutherford	Scottish Funding Council
S Spencer	Scottish Funding Council
S Keightley	Scottish Funding Council

The Chair of the Board will normally attend meetings.

The Governance Director will attend in the capacity of Board Secretary.

8.0 Meetings and records of meetings:

8.1 The group will meet as required but, as a minimum, it will meet in advance of the scheduled Policy & Resources Committee meetings in January and March.

8.2 Meetings will be serviced by the Board secretariat and brief action-focused minutes will be circulated as soon as possible after meetings.

9.0 For reference, scheduled Board/Committee meetings are as follows.

18 January	Policy & Resources
19 January	External Engagement
22 January	Academic Council
9 February	BOARD
25 February	Audit & Risk
8 March	Nominations
11 March	Academic Council
22 March	External Engagement
29 March	Policy & Resources
14 April	Audit & Risk
19 April	BOARD

21 December 2015

MANAGEMENT ACCOUNTS TO NOVEMBER 2015

Introduction

To provide the Policy & Resources Committee with an update on the financial performance of the College.

Action Required

Members are asked to DISCUSS and NOTE the management accounts.

Strategic Implications

Risk	Yes \ No	Details
Governance \ legal	Yes	The Board is responsible for the financial sustainability of the College. Good practice to monitor all areas of performance that can impact on the College's viability.
Financial	Yes	Good practice to monitor areas of activity that can impact on the College's funding and financial performance.
Executive Approval	Yes \ No	Details
Reviewed by Executive	Yes	
Other	Yes \ No	Details
Equality Impact	No	



FINANCIAL REPORT

4 MONTHS TO NOVEMBER 2015

CONTENTS

Report from Chief Operating Officer

1. Financial Performance Monitoring Template
2. Financial Summary
3. Income Analysis – Year to Date
4. Expenditure Analysis – Year to Date
5. Trading Departments – Year to Date
6. Cashflow
7. Balance Sheet
8. KPIs

Appendices:

1. Income and Expenditure Account Summary and Detail.
2. Balance Sheet
3. Cashflow

DISTRIBUTION

Executive Team
Board of Management Audit Committee
Senior Management Group

Section 1:

Financial Performance Monitoring Template

	2014/15 Annual Target	2015/16 Annual Target	Revised Annual Target	2015/16 Annual Target	2015/16 YTD Actual	YTD Variance	2014/15 Annual Out-turn	Year End Projection
Wsums	254,687	n/a	n/a	n/a	n/a	n/a	249,833	n/a
Credits	n/a	195,452		195,452	158,243	tbc	n/a	183,452
Credits ESF	n/a	4,806		4,806	-	tbc	n/a	4,806

	2013/14 FTE	2014/15 Average FTE	2014/15 Revised Average FTE	2015/16 Average FTE	2015/16 YTD Average FTE	YTD Variance	2014/15 Average Out-turn FTE	2015/16 Year End Projection
Staff Numbers (FTE)	1,099	1,175	1,175	1,175	1,156	19	1,099	1,175

	2014/15 Annual Budget	2015/16 Annual Budget	Revised Annual Budget	2015/16 YTD Budget	2015/16 YTD Actuals	YTD Variance	Previous YTD	Year End Projection
	£k	£k	£k	£k	£k	£k	£k	£k
Commercial & International Contracts	8,015	5,373	5,374	2,110	2,012	(98)	1,822	5,274
VS Scheme	718	0	0	0	0	0	0	0

Refer sections 2 to 5

Income	67,898	67,730	67,710	22,678	22,385	(293)	23,335	66,910
Expenditure	69,861	68,354	68,334	22,767	22,684	83	23,888	67,852
Operating Surplus / (Deficit)	(1,963)	(624)	(624)	(89)	(299)	(210)	(553)	(942)

Refer sections 6 to 7

Net Cash Inflow / (Outflow)	(3,895)	941	941	(193)	1,761	1,954	(2,380)	338
Bank Balance	4,441	4,052	4,052	2,919	4,873	1,954	5,957	3,449

Fixed Assets	155,436	150,716	150,716	154,556	154,098	(458)	140,859	150,716
Net Current assets / (liabilities)	720	631	631	(227)	(506)	(279)	2,808	363
Creditors and Provisions	(40,937)	(39,662)	(39,662)	(40,438)	(40,508)	(70)	(34,268)	(39,662)
Net Assets	107,655	108,175	108,175	113,891	113,084	(807)	109,399	111,417

Pay costs % of Income	%	65.6	66.6	66.6	66.6	65.7	(0.9)	63.7	66.9
Current Ratio		1.1	1.1	1.1	1.04	0.96	(0.08)	1.25	1.04
Cash Days in Hand		5	4	4	2	(3)	(5)	16	2
Borrowings as % of reserves	%	9.9	10.5	10.5	9.9	10.0	(0.1)	10.6	10.0

Govt Resource Accounting to 31 March 2016

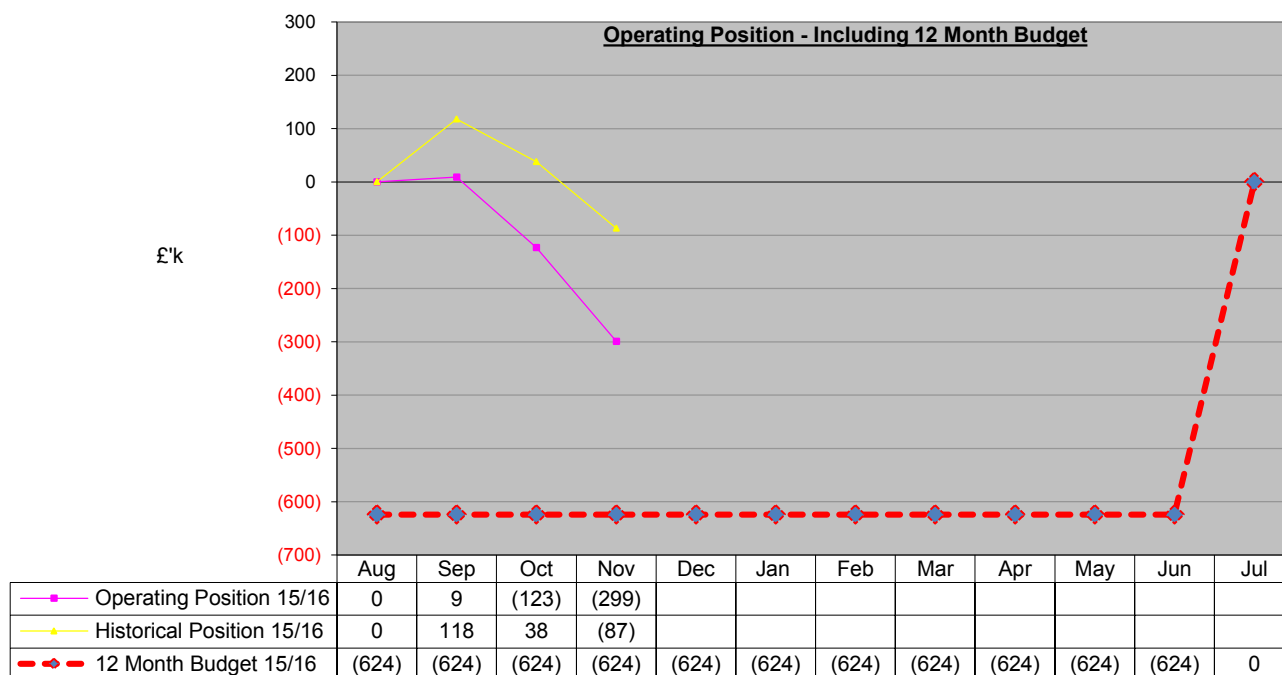
Refer sections 6 to 7

	Previous Year	Annual Budget	Revised Annual Budget	YTD Budget	YTD Actuals	YTD Variance	Previous YTD	Year End Projection	
RDEL	£k	7	732	28	1,088	4,593	3,505	180	(637)
AME	£k	(8,185)	0	0	0	0	0	0	0
CDEL	£k	0	0	0	0	(7)	(7)	1,188	0

FINANCIAL COMMENTARY ON THE MANAGEMENT ACCOUNTS

4 MONTHS TO NOVEMBER 2015

Section 2: Financial Summary



- 2.1 The following report provides an update on the financial position of Edinburgh College at 30th November 2015.
- 2.2 Our 2015/16 academic year shows a starting deficit budget of £0.6m which was approved by the College's Board of Management on the basis that we would work towards a year-end breakeven position.
- 2.3 As previously reported the College has not attained its student recruitment target, in part due to a tightening of policy in relation to the number of additional credits allowable per student. Subsequently the College will undershoot its target of 200,258 credits by in excess of 12,000 credits in the current year; the YTD actual is 158,243 credits. The College continues dialogue with the SFC in relation to transitional financial arrangements pending a future reduction in our core funding, and associated income of circa £2.5m in following years. There will also be an adverse funding impact on student support funds of circa £0.3m.
- 2.4 Our November operating position shows a deficit of £0.3m (up from last month's deficit of £0.1m) compared to a year to date budget deficit of £89k, and a starting budget deficit of £0.6m. The historical position shows a deficit of £0.1m following a release of £0.2m from the revaluation reserve. There is a total adverse variance of £0.2m compared to the profiled budget to date.
- 2.5 During the month approximately £0.4m was identified within staffing budgets which would be saved during the course of the financial year. However, disappointingly following further student withdrawals from HE and FE courses, and low student numbers in bespoke commercial courses, the saving has been cancelled out. Therefore the year-end projection of a £942k deficit remains the same as last month.
- A number of Heads of Centres/Departments have requested more time to review their staffing levels pending the January course offerings although it is anticipated that more savings will be found. The Senior Management Group are wholly engaged in improving the deficit position.
- 2.6 Total income to date is £22.4m, showing an adverse variance of £0.3m on the year to date budget of £22.7m. This is largely due to adverse variances within SAAS fees, FT & PT tuition fees, associate degree programmes, managing agent courses, and bespoke contracts totalling £0.4m, which are partly offset by a positive variance within scheduled short courses totalling £0.1m. However, detailed budgetary reviews remain in progress to mitigate the adverse effects of these shortfalls.

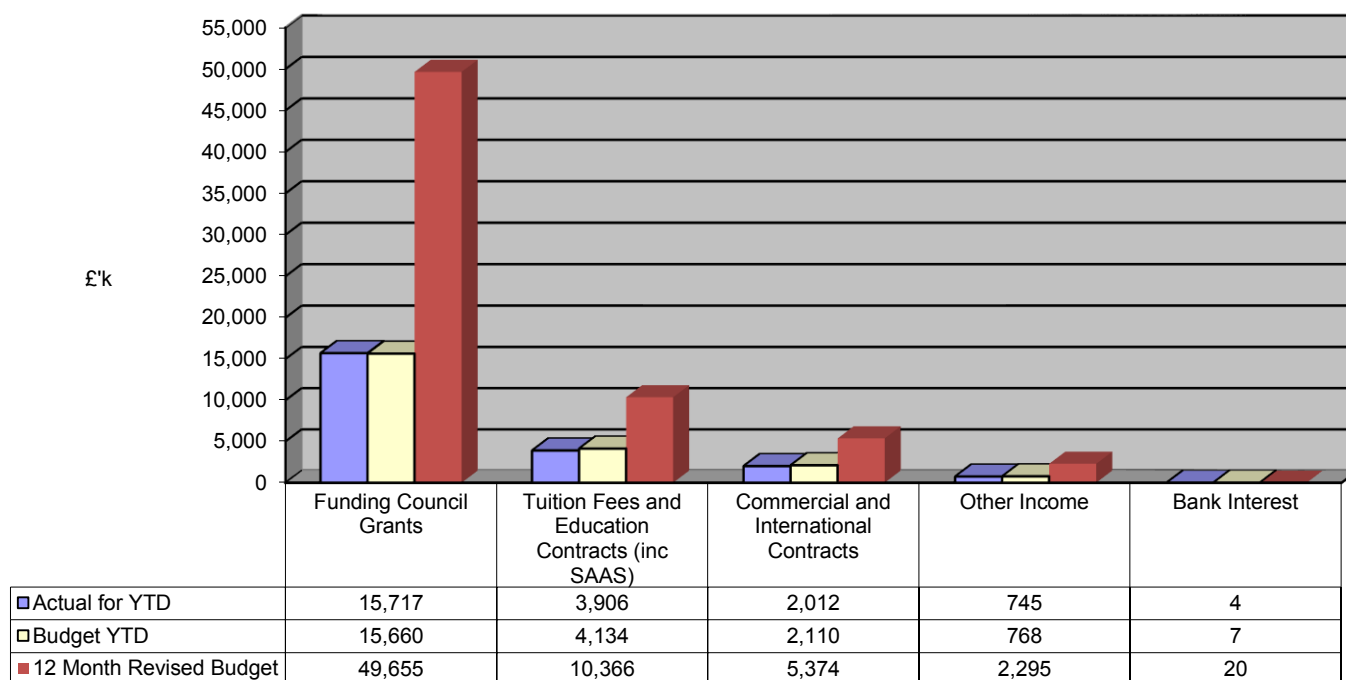
- 2.7 Total expenditure to date is £22.7m, showing a favourable variance of £0.1m on the year to date budget of £22.8m. This is largely due to favourable variances within staff costs of £0.2m, relating to vacancy churn, delayed recruitment, and non-filled posts. Debt interest is also positive (a net £44k) owing to LIBOR forecasts remaining at historic lows. These favourable variances are partly offset by adverse variances within other operating expenditure of £0.2m. All overspends remain under investigation and resolutions will be sought from Budget Managers at their monthly finance meetings.
- 2.8 The Senior Management Group is tasked with identifying savings to mitigate the adverse financial position, with particular focus on extracting savings from within both curriculum and support staff budgets. Similarly, supplies budgets are regularly reviewed for savings. There is an expectation that further savings will be identified.
- 2.9 Staff numbers (FTE) YTD average of 1,156 is lower than budget of 1,175 due to slower recruitment of existing vacancies. Compared to 2013/14, staffing increased by 36 catering staff following the decision to bring catering in-house from the previous out-sourced Aramark contract.
- 3.0 The College is awaiting the outcome of its request for an additional £0.5m in relation to student support funds via the SFC's In-Year Redistribution of student support funds. If this materialises and is charged against "net depreciation", the College will not be able to cover this amount, and will therefore require additional funding support from the SFC. The outcome should be known in January.

Budget Movements

During the month there have been a small number of budget virements within income and expenditure categories to eliminate timing variances and miscodings. Our opening budget deficit position of £0.6m remains unaffected by these adjustments.

Section 3: Income Analysis – Year-to-Date

Income Analysis - Year to date (Including 12 Month Revised Budget)



- 3.1 Our total income budget for the year stands at £67.7m which is unchanged from last month. For the year to date, income is £22.4m showing an adverse variance of £0.3m compared to the profiled budget of £22.7m.
- 3.2 Total SFC grant income (excluding deferred capital releases) is £14.6m which is slightly ahead of its year to date budget by a net £58k, due to a partial release from the development grant to cover related expenditure.
- 3.3 Net tuition fees and educational contracts (primarily SAAS, FE/HE courses, associate degrees, and self-payers) are currently £0.2m behind their year to date target, although additional work is being undertaken by our marketing team to attract more students onto our Semester 2 short full-time, part-time day and evening courses.

However, as highlighted in the financial summary, within this category the revised forecast now shows an income shortfall of £0.63m, an increase of £0.18m from last month's £0.45m.

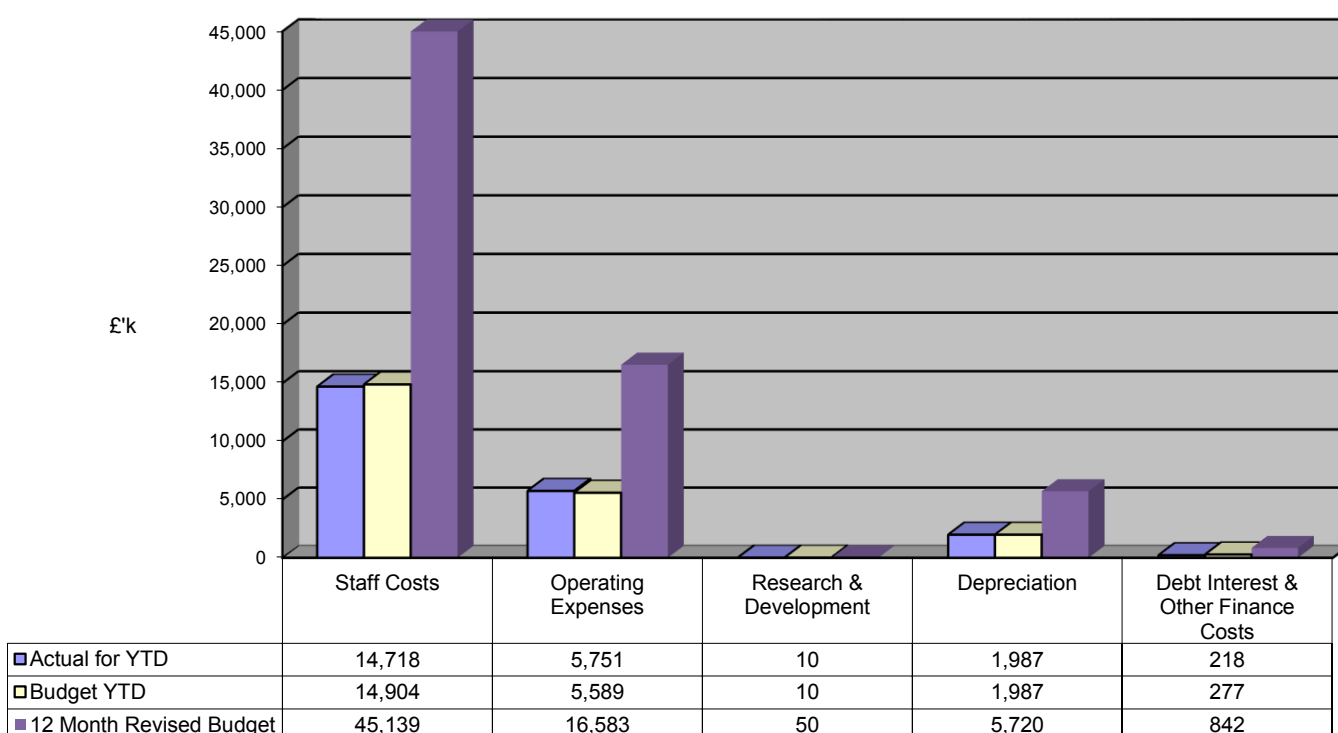
- 3.4 Total Commercial & International income to date stands at £2m, which is currently £0.1m lower than its profiled budget. Although positive performances continue to be noted within scheduled short courses and other european income (+£0.1m in total), 'other bespoke' contract income remains below budget at some £0.2m off the pace, due to competitive market conditions.

Latest projections suggest a full year income shortfall within this area of £0.1m. However, much work is being performed by the Business (and International) Development teams to secure new business over the coming months to improve the position.

- 3.5 During the month, our deferred income release was £0.3m (cumulative £1.1m), which is in line with forecast and is matched against associated depreciation charges.

Section 4: Expenditure Analysis – Year-to-Date

Expenditure Analysis - Year to date (Including 12 Month Revised Budget)



- 4.1 Our total expenditure budget for the year stands at £68.3m which is unchanged from last month. Total expenditure for the year to date is £22.7m, showing a net positive variance of £0.1m, compared to the profiled budget of £22.8m.
- 4.2 The positive position to date is mainly due to a net underspend of £0.2m within staff costs (primarily due to vacancy churn, delayed recruitment, and non-filled posts) together with a favourable variance of £44k for debt interest payments (which is likely to steadily accumulate to £0.13m by year-end), and £15k for other finance charges (via exchange rate fluctuations). These favourable variances have been largely offset by a current adverse spend, on budget, of £0.16m within other operating expenditure.
- 4.3 Within other operating expenditure we are currently showing an adverse variance of £0.16m. There is a range of smaller variances across most categories, in particular £0.05m related to one to one student support (this is currently being reviewed and funding identified), and £0.06m within consultancy fees which is the contra entry to the wholly match funded SFC development grant shown in income.

Premises costs are currently adverse by £0.03m within energy costs and similar to other overspend areas actions are being undertaken to find budget cover should this overspend continue. There is an underspend within ICT costs of £0.03m which is expected to increase towards the year-end.

Most other expenditure areas currently remain materially in line with target.

- 4.4 Staff costs are currently forecast to come in at £0.4m lower than full year budget although it there is optimism that this position will be improved further.

Other operating costs are currently forecast to remain on budget which will be dependent on addressing current overspend areas through budget review meetings, whilst debt interest is forecast to come in £0.13m under budget.

All the above adverse variances will continue to be reviewed and actions taken to mitigate overspends accordingly. There are upcoming planned reviews of specific services and contracts within catering and facilities which should release further savings.

- 4.5 In the year to date, depreciation charges of £2m (2014/15 y/e: £1.8m) have been released from our fixed assets to reflect their economic use.

Section 5: Catering and Nursery Trading Departments – Year-to-Date

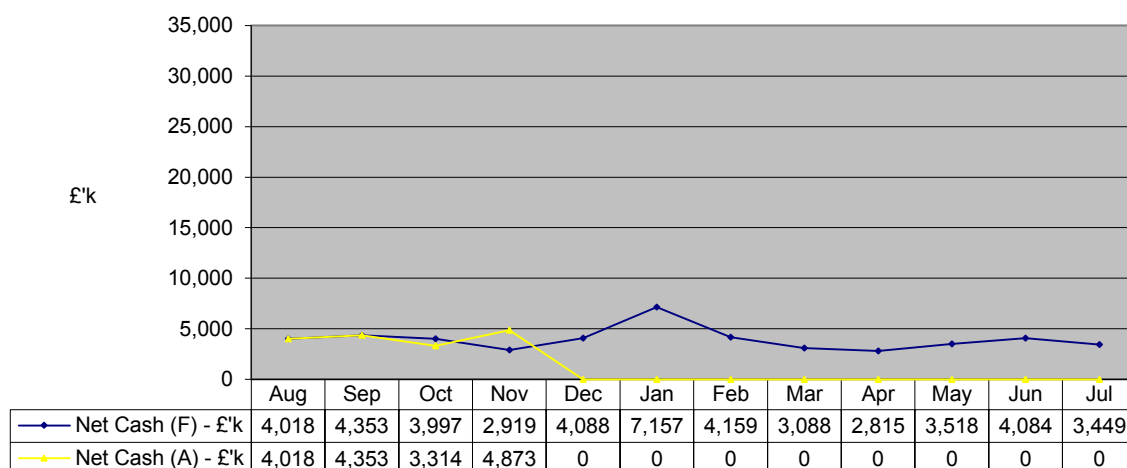
- 5.1 The following information provides an overview of the year to date trading positions of the catering and nursery departments.

- 5.2 Our cross-campus catering facilities show total revenue to date of £0.7m (narrowly behind target but an improving monthly trend compared to monthly performance in the first quarter), showing a gross operating profit of £0.4m and a net operating profit of £0.04m which is close to budget expectations. The net profit position has been adversely impacted by job evaluation and to an extent the living wage increase. However, progressing sales remains a top priority, whilst keeping associated costs under control will help mitigate the effects of any income challenges.

- 5.3 Our Nursery currently shows a net operating loss of £0.04m, which is largely due to lower children numbers to date, coupled with the continued use of agency staff (an adverse net cost to date of £17k) to cover absences, thereby maintaining mandatory staff to child ratios for this area. There is a further marketing drive to recruit more children from January onwards.

Section 6: Cashflow

Cash Position - Forecast versus Actuals to November 2015



- 6.1 Our cash position sits favourably at £4.9m, ahead of forecast owing to the timing of operating expenditure and student funds out-flows and is largely constructed from SFC grant-in-aid funds (£3.8m), other SFC grants (£0.4m), student funds (£0.5m), cash carried forward and net current year working capital.

- 6.2 Our net cash balance is forecast to remain low and to fluctuate within a narrow banding for the foreseeable future, just enough to service our working capital needs. We are paying an average of 5.69% on our debt borrowing (prior year 5.68%).

- 6.3 Our underlying interest related borrowings stand at £11.3m and our Lennartz VAT liability is £2.4m. Our latest Lennartz payment (a net £185k) will be settled in December with the next quarterly payment due in March 2016.
- 6.4 The projected end of year bank balance of £3.4m (target £4.7m) equates to a positive cash movement for the year of £0.3m. However, containing expenditure and identifying further savings as the year progresses will have a positive impact on the cashflow out-turn. Cash remains under careful management to improve our working capital and, where possible, to maintain steady outflows against higher targeted inflows.
- 6.5 In November, we drew down from the SFC £0.23m of our 2015/16 capital allocation (April 2015 to March 2016) to fund ICT and Estates projects (£1.3m drawn down in total since April). The balance remaining is £0.1m.
- 6.6 The RDEL (Resource Departmental Expenditure Limit) refers to an under or overspend for the financial year to 31 March 2016. The Financial Performance Monitoring template shows an underspend of £7k to 31 March 2015.

For the year to 31 March 2016 a budgeted underspend of £732k was originally forecast at April 2015 and has since been revised to a year end projected overspend of -£637k due to the actual financial results to 31 July 2015 and the current projection of a deficit of £942k for the 2015/16 academic year. This position remains under target for improvement in line with the removal of our current I/E forecast deficit of £942k.

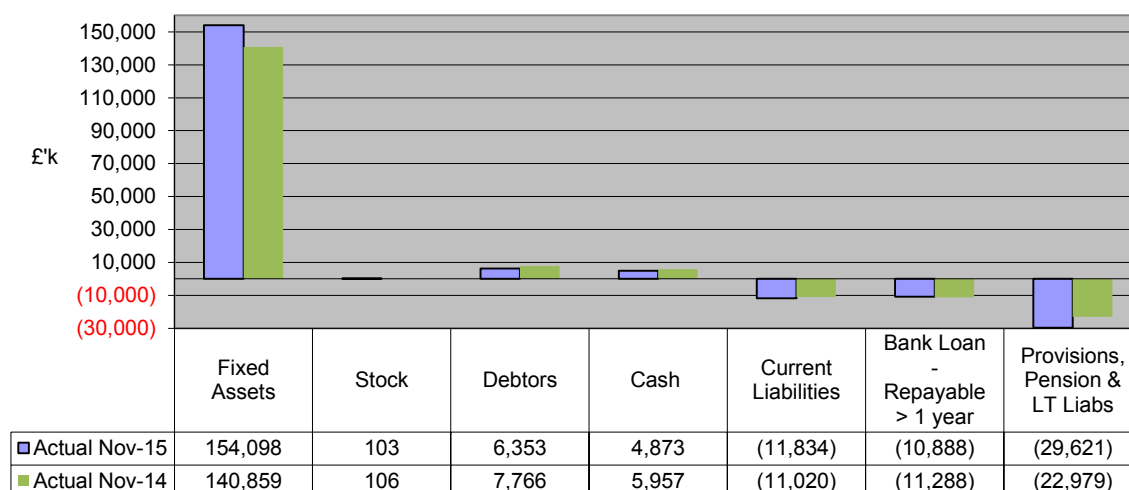
The AME (Annually Managed Expenditure) refers to the revaluation of pension liabilities, including the FRS17 deficit; as a result, neither budgets nor projections have been provided at this stage due to the uncertainty of future movements. The previous year figure of (£8,185k) refers to the actuarial valuation of the LPF scheme (£7,782k) and the revaluation of the early retirement provision (£403k). The figures do not currently include any impact of the revaluation of land and buildings and the restatement of prior year figures. We are currently awaiting guidance from the SFC on how these figures should be incorporated.

The CDEL (Capital Departmental Expenditure Limit) refers to the difference between the Capital grant received and the expenditure on fixed assets. The year to date actuals of (£7k) refers to capital expenditure for which grant will be drawn down in December.

Section 7:

Balance Sheet

Assets and Liabilities



- 7.1 In the year to date our capitalised expenditure totals £0.7m, of which £0.3m was incurred on ICT unified communications, storage solutions and desktop deployments, whilst £0.3m was incurred on Estates projects and refurbishment works. The balance of £0.1m comprises a number of smaller projects and purchases.
- 7.2 Our net current liabilities stand at minus £0.5m due to a net decrease in our cash deposits coupled with the effects of a potential grant clawback of £0.8m relating to 2014/15 activity (academic y/e 2014/15 net current liabilities: £0.08m), and equates to negative (-3 days) of working capital reserves. At the end of November, debtors include trade £1.6m and £4.7m of prepayments and accrued income (largely SAAS £3.8m due payable in January, other tuition fees mainly due payable in December / January, and ESF grants due payable by March 2016).

- 7.3 Year on year provisions (excluding pension liabilities) have decreased by £0.4m to £4.9m (academic y/e £5m) following movements in relation to our student accommodation contract and enhanced pension provision scheme. Our support staff pension liability stands at £23.2m, whilst our current bank debt level is £11.3m.
- 7.4 The main (net) year on year movement in current liabilities is within net accruals and deferred income (£0.5m), whilst the amount held in deferred grant liabilities at the month-end (£5.5m) represents SFC funds in respect of grant-in-aid (including £0.8m reserved for a potential clawback re 2014/15 activity), ESOL, student support, capital formula grants and debt support. During the month, a further tranche of £231k from our capital allocation was drawn down (£1.3m drawn down in total to date) to fund new capital projects. We currently show £12.4m of liabilities repayable in more than 1 year.
- 7.5 Deferred grants and specific reserves, less pension reserve, have decreased by 1.6% to £68.1m (academic y/e 2014/15: £69.3m), following the capitalisations detailed above, while the income and expenditure reserve is currently £44.9m (academic y/e 2014/15: £45.2m).

Section 8: KPIs

8.1 KPIs

<ul style="list-style-type: none"> • Out-turn: (£299k) deficit • Target: Breakeven • Forecast out-turn: (£942k) deficit 	<ul style="list-style-type: none"> • Cash (burn) / generation rate at +£326k (due to lower salary costs). • Target monthly average generation rate: +£133k.
<ul style="list-style-type: none"> • YTD cash balance: £4.9m • Target: £4.7m 	<ul style="list-style-type: none"> • Net Current Assets/(Liabilities): (£0.5m) (-3 days) • Target: £3.3m (19 days)
<ul style="list-style-type: none"> • Current Ratio: 1:0.96 • Target: 1:1.15 	<ul style="list-style-type: none"> • Pay Costs as % of Total Income: 65.7% • Target: 66.0%
<ul style="list-style-type: none"> • Borrowings as % of reserves: 10.0% • Target: 9.9%. 	<ul style="list-style-type: none"> • Current credits 158,243 • Target credits: 200,258

	<u>Original</u> <u>Annual</u> <u>Budget</u> <u>£000s</u>	<u>Revised</u> <u>Annual</u> <u>Budget</u> <u>£000s</u>	<u>YTD</u> <u>Budget</u> <u>£000s</u>	<u>YTD</u> <u>Actuals</u> <u>£000s</u>	<u>YTD</u> <u>Variance</u> <u>£000s</u>	<u>Previous</u> <u>YTD</u> <u>£000s</u>	<u>Year End</u> <u>Projection</u> <u>£000s</u>
Funding Council Grants	45,786	45,786	14,305	14,362	58	16,005	45,786
Deferred Capital Grant Releases	3,069	3,069	1,088	1,088	0	980	3,069
Debt Support Grant	800	800	267	267	0	221	800
Tuition Fees and Education Contracts (inc SAAS)	10,366	10,366	4,134	3,906	(228)	3,452	9,734
Commercial and International Contracts	5,373	5,374	2,110	2,012	(98)	1,822	5,274
Other Income	2,337	2,315	774	749	(25)	830	2,247
Exceptional Merger Support Grants	0	0	0	0	0	28	0
Total Income	67,730	67,710	22,678	22,385	(293)	23,335	66,910
Staff Costs	45,139	45,139	14,904	14,718	186	14,858	44,789
Other Operating Expenses	16,603	16,583	5,589	5,751	(162)	6,897	16,583
Depreciation	5,720	5,720	1,987	1,987	0	1,782	5,720
Debt Interest & Other Finance Costs	842	842	277	218	59	244	710
Research & Development	50	50	10	10	0	78	50
Exceptional Merger Support Costs	0	0	0	0	0	28	0
Total Expenditure	68,354	68,334	22,767	22,684	83	23,888	67,852
Operating Surplus / (Deficit)	(624)	(624)	(89)	(299)	(210)	(553)	(942)
Statement of Historical Cost Surpluses and Deficits for the 4 Months to 30th November 2015							
Operating Surplus / (Deficit)	(624)	(624)	(89)	(299)	(210)	(553)	(942)
Difference between historical cost depreciation and actual revaluation charge for the period	313	612	212	212	0	104	612
Historical Cost Surplus / (Deficit)	(311)	(12)	123	(87)	(210)	(449)	(330)

	<u>Original Annual Budget £000s</u>	<u>Revised Annual Budget £000s</u>	<u>YTD Budget £000s</u>	<u>YTD Actuals £000s</u>	<u>YTD Variance £000s</u>	<u>Previous YTD £000s</u>
INCOME						
Funding Council Grants						
Recurrent Grant Inc Fee Waiver	41,074	41,074	12,736	12,730	(6)	14,894
Childcare Funds	1,545	1,545	415	415		538
Deferred Capital Grants	3,069	3,069	1,088	1,088		980
Debt Support Grants	800	800	267	267		221
Other SFC Grants	3,166	3,166	1,153	1,217	63	573
	49,655	49,655	15,659	15,717	58	17,205
Tuition Fees & Education Contracts						
FE - UK & EU	102	63	16	53	37	600
HE - UK & EU	996	767	548	493	(55)	166
PT Self Payers	906	1,189	646	622	(24)	20
Examination Fee Income	21	7	2	6	4	
SAAS	4,280	4,280	1,420	1,269	(150)	1,339
Associate Degree Fees	1,250	1,250	433	401	(32)	449
Managing Agents	1,380	1,380	547	541	(6)	489
Edinburgh Council - Pre Emp Contract	1,430	1,430	522	522		389
	10,366	10,366	4,134	3,906	(228)	3,452
Commercial & International						
International	1,350	1,350	599	601	2	510
SDS	517	517	169	169	(0)	289
EH15 and The Apprentice Restaurants	47	47	32	34	2	31
Bliss SPA and Employability Salons	148	148	56	43	(13)	59
Gym	335	315	102	103	1	96
Nursery	1,075	1,075	354	329	(25)	299
Residences	595	595	188	188	0	159
Access Centre Provision	130	130	15	15	(0)	44
Bespoke Contracts for Employers	1,175	890	462	244	(218)	308
Scheduled Short Courses		306	133	281	147	
Other European Income				6	6	27
	5,373	5,374	2,110	2,012	(98)	1,822
Other Income						
Catering	2,085	2,085	682	659	(23)	650
Other Income Generating Activities	232	211	86	86	0	170
	2,317	2,295	768	745	(23)	821
Endowment & Investment						
Bank Interest	20	20	7	4	(2)	9
	20	20	7	4	(2)	9
Exceptional Merger Support Grants						
						28
TOTAL INCOME	67,730	67,710	22,678	22,385	(293)	23,335
EXPENDITURE						
Staff Costs						
Senior Management	1,862	1,862	669	658	10	723
Academic Departments	23,281	23,282	7,621	7,454	167	7,619
Academic Services	4,428	4,451	1,470	1,435	35	637
Admin & Central Services	12,145	12,228	4,060	3,969	91	4,681
Premises	1,146	1,148	393	397	(4)	481
Catering & Residences	856	926	287	286	1	280
Temporary & Agency Staff Costs	754	754	249	364	(115)	250
Other Staffing Expenditure	668	488	155	155		187
	45,139	45,139	14,904	14,718	186	14,858
Other Operating Expenses						
Premises	5,094	5,077	1,808	1,836	(28)	1,727
Teaching Activity & Support	1,033	1,010	365	418	(53)	781
Childcare Costs	1,545	1,545	415	415		538
Transport Costs	42	42	13	20	(7)	101
IT Costs	1,427	1,345	443	414	29	568
Telecomms Costs	145	194	61	61		41
Equipment	41	41	18	17	1	21
Health & Safety	92	92	23	25	(3)	36
Travel & Subsistence	547	548	262	260	2	188
Admin Costs	295	340	72	82	(10)	116
Corporate, Consultancy, Professional	864	861	285	350	(65)	438
Staff Welfare	17	9	4	4		
Catering	1,401	1,419	415	425	(10)	463
Training & Development	183	183	39	39	(1)	76
VAT	1,546	1,546	641	649	(9)	805
Marketing & PR	243	243	120	122	(2)	81
Partnership Costs	616	616	217	217		381
Overseas Agents Commission	158	158	50	50	0	185
Registration & Exam Fees	1,266	1,266	338	345	(7)	328
Bad Debts	48	48	1	1		23
	16,603	16,583	5,589	5,751	(162)	6,897
Depreciation for the year						
	5,720	5,720	1,987	1,987		1,782
Debt Interest & Other Finance Costs						
Interest On Bank Loans	800	800	267	222	44	221
Other Finance Charges	42	42	10	(4)	15	23
	842	842	277	218	59	244
Research & Development						
	50	50	10	10		78
Exceptional Merger Support Costs						
						28
TOTAL EXPENDITURE	68,354	68,334	22,767	22,684	83	23,888
	(624)	(624)	(89)	(299)	(210)	(553)

Balance Sheet
For the 4 Months to 30th November 2015

	<u>2015/2016</u> <u>YTD Actuals</u> <u>£000s</u>	<u>2014/15</u> <u>Year End</u> <u>£000s</u>	<u>2014/2015</u> <u>Previous YTD</u> <u>£000s</u>
Fixed Assets			
L&B	144,636	145,731	131,004
FFE	9,462	9,705	9,855
	154,098	155,436	140,859
Current Assets			
Stock	103	137	106
Debtors	6,353	3,853	7,766
Cash	4,873	3,111	5,957
	11,328	7,101	13,828
Creditors < 1yr			
Loans	(386)	(386)	(357)
Payments received in advance	(652)	(281)	(492)
Trade creditors	(1,115)	(1,761)	(853)
Taxes & social sec	(1,051)	(1,024)	(962)
Accruals, Def Inc & Other Creditors	(3,133)	(3,695)	(5,324)
Amounts owed to SFC	(5,496)	(34)	(3,033)
	(11,834)	(7,181)	(11,020)
Net current assets / (liabilities)	(506)	(80)	2,808
Total assets less current liabilities	153,592	155,356	143,667
Creditors > 1yr			
Bank loans	(10,888)	(10,982)	(11,288)
Lennartz VAT	(1,488)	(1,699)	(2,327)
	(12,375)	(12,681)	(13,615)
Provisions			
Early retirement	(4,877)	(4,975)	(4,694)
Other	(40)	(65)	(615)
	(4,917)	(5,040)	(5,309)
Net pension asset / (liability)	(23,216)	(23,216)	(15,344)
NET ASSETS	113,084	114,419	109,399
Deferred capital grants			
SFC	62,242	63,273	63,787
Other	559	564	580
	62,801	63,837	64,367
Reserves			
I&E account	44,947	45,157	53,990
Pension reserve	(23,216)	(23,216)	(15,344)
Revaluation reserve	28,551	28,641	6,386
	50,283	50,583	45,032
CAPITAL & RESERVES	113,084	114,419	109,399

TUITION FEES 2016/17

Purpose of Paper

This paper sets out a proposal for Tuition fees for 2016/17.

[Note: The Chief Operating Officer recognises the need to review the timescales of tuition fees approval, and has agreed to consider bringing forward the proposal of fees next year. An update on this matter will be provided to the Committee on 18 January.]

Action Required

The Committee is requested to CONSIDER and APPROVE the fee proposal for 2016/17.

Strategic Implications

Risk	Yes \ No	Details
Governance \ legal	Yes	The Committee is required to ensure that effective Tuition Fee prices are adopted. The Tuition Fee Policy for 2016/17 will be presented when the SFC issue their Fee Waiver Grant Policy, expected in April.
Financial	Yes	Effective risk management procedures will mitigate potential risks faced by the College.
Executive Approval	Yes \ No	Details
Reviewed by Executive	Yes	11/01/16
Other	Yes \ No	Details
Equality Impact	Yes	Undertaken.

OVERVIEW: FEES 2016/17

Introduction

Following a review of fees, SAAS have confirmed there will not be increases to full-time Advanced course fees, and the SFC have stated that they do not expect any changes for Non-Advanced course fees. However, we are awaiting written confirmation from the SFC.

For part-time courses, we propose to apply a 4% increase to course fees based on a market review compared to other colleges, and local Universities (with the exception of commercial, international, community based ESOL, and other market sensitive course fees).

Appendix A, shows the effect of the College's proposed 4% increase, compared to current prices being applied by other colleges.

Appendix B, shows the effect of the 4% increase across other tariff rates applied by the College.

Impact on Income and part-time activity

A 4% increase to part-time tuition fees for non-commercial courses will affect self-financing students, and those supported by employers.

On the basis of activity remaining the same as 2015/16, income would increase proportionately by £41k to £1,078k in total for the year.

Commercial income would also increase for certain scheduled short courses, with some courses increasing by a minimum of 4% depending on what the market will bear.

The commercial team have based the fee increases following competitor analysis of current pricing of the professional programmes in Scotland, and through distance learning. It was identified that the College was up to 17% cheaper for a number of the programmes. The average number of candidates attending part time course programmes is 17 students. Therefore there remains good levels of demand for the College's professional programmes (the target is between 15 to 20 students for most courses).

Examples of commercial increases greater than 4%:

Commercial course	15/16 price £	16/17 price £	% increase
IOSH working safely certificate	130	135	4%
CIPD Foundation Certificate HR Practice	925	995	8%
CIPD Intermediate Diploma in HR Management	1,545	1,750	13%
ILM Level 3 Award in Leadership & Management	324	375	16%

On the basis of activity remaining the same as 2015/16, commercial income would increase proportionately by £15k to £321k in total for the year.

Managing agent contracts signed for more than one year will be unaffected pending contract renewal.

Indicative enrolment numbers for self-financing students in 2015/16 and 2014/15:

Student numbers	Students enrolled to 31/12/15		Estimate of enrolments from January (based on 14/15)		Total
	FE	HE	FE	HE	
Self-financing	1,815	268	1,114	47	3,244

International Fees

International fees for 2016/17 have yet to be confirmed, as a benchmarking exercise against competitors is currently being undertaken. Fees will be set in line with the market for both domestic and international students.

Equality Impact Assessment (EIA)

The EIA has been completed for the proposed part-time tuition fee increase.

The EIA group consisted of:

- Jeroen van Herk – Student President
- John McCran – Head of Support for Learning
- Caryn Smith – Student Funding Manager
- Susan Inglis – Equalities, Policies and Research Manager
- Sara Taylor – Equalities Officer
- Lorraine Dunlop – Finance Manager

The Equality impact assessment for the proposed increase to part-time tuition fees did not identify any significant adverse impact on any of the protected characteristic groups.

Equality profiling across the college indicated that certain protected characteristic groups were more likely to study part-time (i.e. women, students with disabilities, Home students from Black or ethnic minority groups (BME) or students from socially and economically disadvantaged areas). Therefore it was particularly important to consider the likely impact of a 4% increase upon these groups.

However, the group did identify the need for future additional information, to ensure that all opportunities to ensure equality have been undertaken. This will include a follow-up questionnaire to students not applying for a course following enquiry. The group also agreed that an action plan should be implemented to ensure that more information is available for the 2017/18 EIA.

The majority of the protected characteristic groups are predominately funded by the SFC part-time fee waiver grant. This grant is available for students in certain circumstances (such as students in receipt of certain benefits or on grounds of low income), and are therefore not affected by an increase in fees.

In conclusion, the group did not identify any significant impact on any of the protected characteristic groups of students.

Comparable increases/prices for other Colleges:

College:	2015/16 Credit/ Unit price	2016/17 % increase/ note for part-time fees	2016/17 Credit/ Unit price (average if FE & HE)
Edinburgh College	£96	4%	£100
Aberdeen & Aberdeenshire: North East College	FE £88/ HE £112	Fees and any increase will not be confirmed until January at the earliest	£100 (min)
Ayrshire	FE 95/HE £110	Fees will be considered in January with the budget process	£103 (min)
Borders	FE £93/ HE £115	2.5%	£107
Dumfries & Galloway	FE £93.50/ HE £99	Part Time fees are currently being discussed in detail by the BoM, it is likely they will increase by 2%	£98 (min)
Dundee and Angus	£140	Fees are currently being discussed – it is likely fees will increase (could be between 5% and 10%)	£147 (min)
Fife	FE £82/ HE £90	Fees are currently being discussed – decision expected in January	£86 (min)
Forth Valley	FE £110/ HE £125	No date planned yet for the review of fees. Based on previous years there has been a £5 increase per credit	£118 (min),
Glasgow Clyde	FE £85/ HE £110	No increase	£98
City of Glasgow	£104	Expecting 2% (tbc)	£106
New College Lanarkshire	£90	Waiting on feedback	£90 (min)
West College Scotland	FE £110/ HE £115	Fees are currently being discussed, but unlikely to change	£113
West Lothian College	£100	No increase	£100 (min)

Comparative increases for local Universities:

University	Note	Increase
Napier	Napier is not increasing part-time fees for HEU and RUK, but will be increasing overseas fees by 5.2%	5.2% (overseas)
Heriot Watt	Undergraduate Part-time fees increasing	4%
Queen Margaret	No increase to the majority of fees that are charged as a pro-rata for full-time rates which are not increasing, however there will be an increase to some non-standard fees	1.25%
Edinburgh	No increase as fees are charged a pro-rata for full-time rates which are not increasing	0%

Tuition/Examination Fees for Session 2016/17

	2015/16		Indicative 2016/17	
	Home- Scotland/EU and Home - RUK	International	Home- Scotland/EU and Home - RUK	International
	£	£	£	£
<u>Full-Time</u>				
Advanced (HNC/HND) (SAAS/Self Paying/Sponsored)	1,285	7,000	1,285	tbc
HNC Fast Track – 1 Semester	-	4,800	-	tbc
Non Advanced (FE) (Waiver/Self Paying/ Sponsored)	1,008	6,600	1,008	tbc
Degree	1,820	7,200	1,820	tbc
Non Advanced (FE) 1 Semester	-	3,300	-	tbc
International Foundation Studies	-	7,200	-	tbc
General English (ESOL)	-	5,000	-	tbc
General English (ESOL) 1 Semester	-	2,800	-	tbc
<u>Part-Time</u>				
NQ Higher (Day or Evening)	250	489	260	tbc
NQ Higher/Intermediate – Exam only	64	-	67	-
Per Credit	96	412	100	tbc
Per Half Credit	48	206	50	tbc
Higher Fee International	-	62	-	tbc
General English (ESOL) Part Time (18 weeks, 10 hours/week)	296	-	296	-
General English (ESOL) Evening (15 weeks, 4 hours/week)	237	-	237	-
General English (ESOL) Part Time (18 weeks, 10 hours/week)	-	1,647	-	tbc
General English (ESOL) Evening (15 weeks, 4 hours/week)	-	549	-	tbc
Non Unit (per hour)	3.49	-	3.63	-
Resits (without tuition)	48	-	50	-
Resits (with tuition)	96	-	100	-