



For the future you want

## POLICY & RESOURCES COMMITTEE

### AGENDA

A meeting of the Policy & Resources Committee will be held at 14:00 hours on Tuesday, 22 August 2017 in the Boardroom, Milton Road.

		Lead Speaker	Paper
1	WELCOME & APOLOGIES	Chair	
2	DECLARATIONS OF INTEREST	Chair	
3	<a href="#">MINUTES OF PREVIOUS MEETING</a> for approval	Chair	A
4	MATTERS ARISING		
	4.1 Matters Arising Report	Chair	B
	4.2 Review of Committee Operation 2016/17 <b>Attached</b>	Chair	C
5	BUSINESS TRANSFORMATION PLAN		
	5.1 Business Transformation Plan Update	R Whetton	D
	5.2 Recruitment & Retention Dashboard <b>Attached</b>	J Pearson	E
	5.3 Curriculum Planning Review <b>Attached</b>	J Buglass	F
<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>			
6	STRATEGIC PLANNING WORKING GROUP 18.08.17 <b>Attached</b>	Chair	G
7	FINANCE REPORT		
	7.1 Section 22 Update	A Williamson	H
	7.2 Management Accounts to June 2017 <b>Attached</b>	L Towns	I
<i>Item 7.1 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.</i>			
8	CAPITAL AND INFRASTRUCTURE REPORT		
	8.1 Capital & Infrastructure Report	A Williamson	Verbal

- |     |  |             |   |
|-----|--|-------------|---|
| 8.2 | College Cladding Material Review <b>Attached</b> | C McDougall | J |
| 9   | ORGANISATIONAL & STAFFING REPORT                 |             |   |
| 9.1 | Human Resources Report                           | M Hernandez | K |

*Item 9.1 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.*

- |      |  |             |   |
|------|--|-------------|---|
| 10   | CLOSED ITEMS OF BUSINESS                               |             |   |
| 10.1 | Closed Minutes of Previous Meeting <b>for approval</b> | Chair       | L |
| 10.2 | Career Transition Policy                               | M Hernandez | M |
| 11   | ANY OTHER COMPETENT BUSINESS                           |             |   |
| 12   | DATE OF NEXT MEETING: 14 November 2017                 |             |   |



FOR INFORMATION			
Meeting	Policy & Resources Committee 22.08.17		
Presented by	Ian Young		
Author/Contact	Marcus Walker	Department / Unit	Governance
Date Created	28.06.17	Telephone	Ext. 67048
Appendices Attached	<i>Appendix 1: Review of Committee Operation Form 2016/17 – Updated 28.06.17</i>		
Disclosable under FOISA		Yes.	

## **REVIEW OF POLICY & RESOURCES COMMITTEE OPERATION 2016/17**

### **1. PURPOSE**

On 30 May 2017, the Committee was asked to review its annual operation as part of the Board of Management's annual evaluation activity. The finalised checklist agreed by members on 28 June is attached for information.

### **2. BACKGROUND**

The attached Review of Committee Operation Form was designed to align with the key principles of the Code of Good Governance: Oversight; Strategy-setting; decision-making and relationships.

### **3. DETAIL**

The attached (Appendix 1) Review of Committee Operations Form is split into two parts.

Part 1 focuses on whether the Committee's operation was compliant with its terms of reference and the Standing Orders over the course of the year, and is for more in-depth discussion on an exception basis should Members have matters they wish to raise.

The twelve questions in Part 2 seek to focus Members' thinking on how the Committee currently performs in relation to its performance monitoring and strategic roles, the effectiveness of its decision-making and its key relationships, with a view to feeding its findings into the whole-board evaluation and identifying areas where practice may be improved.

The same approach was used for all committees, although some Part 2 questions may be less applicable to the Nominations and Remuneration Committee.

### **4. BENEFITS AND OPPORTUNITIES**

The Review of Committee Operation provides an opportunity for committee to reflect on their practice and consider improvements going forward.

**5. STRATEGIC IMPLICATIONS**

All committees of the Board are required to review its operation/performance annually.

**6. RISK**

See 'reputational implications' below.

**7. FINANCIAL IMPLICATIONS**

Not applicable.

**8. LEGAL IMPLICATIONS**

Not applicable.

**9. WORKFORCE IMPLICATIONS**

Not applicable.

**10. REPUTATIONAL IMPLICATIONS**

Failure to ensure that good governance procedure are in-place may have reputational implications.

**11. EQUALITIES IMPLICATIONS**

Not applicable.

**CONCLUSIONS/RECOMMENDATIONS**

The Committee is asked to NOTE the finalised checklist as agreed by members on 28 June 2017, out with the meeting cycle.

## Review of Policy & Resources Committee Operation 2016/17 - Part 1

Membership	Y/N	Comments
Has the Committee's membership been compliant with its <a href="#">terms of reference</a> during the past year?	Y	<p>The Committee membership includes the Chair and the Vice Chair, plus the Chairs of the following committees:</p> <ul style="list-style-type: none"> <li>- Audit &amp; Risk Assurance Committee</li> <li>- Academic Council</li> <li>- External Engagement Committee</li> <li>- Remuneration Committee</li> </ul> <p>Stephen Dunn, a non-executive member with significant HR experience joined the Committee in February 2016.</p>
Are there any skills gaps that the Committee would bring to the attention of the Policy & Resources Committee?	N	The Committee will continue to keep this matter under review.
Has the committee met in accordance with its terms of reference and often enough to fulfil its remit?	Y	<p>The Committee convened five times in 2016/17, in each of the following months: August, November, January, April and May.</p> <p>The Committee is required by its terms of reference to meet (at minimum) on a quarterly basis.</p>
Have all meetings been quorate?	Y	All meetings have had at least four members in attendance.
Have pre-meetings assisted in the planning of Committee business?	Y	The Vice Chair, Depute Principal, Chief Operating Officer and the Clerk to the Board all met in advance of all scheduled P&R meetings to agree an appropriate agenda.
Have papers been issued sufficiently in advance of meetings?	Y	Papers are normally circulated five working days in advance of the Committee meeting. On occasions where urgent information has been requested, late papers have been tabled with the approval of the Committee Chair.

Have minutes and actions been distributed in good time after meetings?	<b>Y</b>	The minutes and actions of the meeting are monitored as a matter of course within the Committee cycle.
Are there any other points Members would like to raise?	<b>N</b>	On 28 June 2017, members confirmed that they were content that the Committee was compliant with its terms of reference over the course of the year.

## **Review of Policy & Resources Committee Operation 2016/17 - Part 2**

### **Performance Monitoring Role**

1. Is the Committee monitoring the KPIs it needs to in line with its remit or is there a need for review or change?

*The Committee continues to monitor performance through the monthly Management Accounts which are considered at each meeting, and outwith the meeting are circulated to members (by the Clerk) on publication. The Management Accounts includes a Financial Performance Monitoring Template which outlines performance in the following areas: Credits, staff numbers (FTE), commercial & international contracts, voluntary severance, cashflow/balance and Government Returns.*

*The Committee in 2016/17 has monitored the College's performance through the Business Transformation Plan. For instance, the Committee at every meeting receives a recruitment and retention update which includes a breakdown of performance against full-time, part-time and credit targets.*

2. Does the Committee receive the information it needs to monitor performance effectively?

*The Committee is content that it receives the information it requires to monitor performance effectively. As outlined above (Q1), the Committee receives performance information related to finance, human resources and the Business Transformation Plan, all of which are central to the Committee's remit.*

*On a number of occasions supplementary reports from senior management have been requested to seek clarification on key matters within the Committee's remit. For instance, the Committee has recently received staff headcount updates from the Head of HR & OD, in order to effectively advise the Board in relation to human resources policy, management and planning.*

3. Have there been any areas where the Committee has not been able to exercise its performance monitoring role effectively or where practice could be improved?

*The Committee, in line with an outstanding action from a previous Internal Audit Report, agreed that a comprehensive set of KPIs covering all major areas of business should be presented to the P&R Committee and the Board on a regular basis. Such a performance monitoring report should come into effect once the college's Strategic Plan 2017-22 has been approved by the Board.*

*The Committee also agreed that it (and the Board) would benefit from regularly receiving the financial forecast looking 5 years ahead with assumptions as to the likely funding from SFC and other sources, as well as likely cost increases. Such reporting would allow the Committee and the Board to anticipate future financial pinch points.*

### **Strategic Role**

4. How would the Committee define the key strategic issues within its remit?

*The strategic direction of the college as outlined in the Business Transformation Plan has been considered by the Committee (and representatives of the SFC) at every meeting since its establishment in December 2015. The Committee has challenged and sought assurances that the transformation plan has been appropriately developed, and has reviewed the governance arrangements and mechanisms that the Committee and the Board will rely on to ensure the plan's appropriate delivery.*

*The Committee's strategic role also includes the preparation of the annual College Budget for approval by the Board. This is in addition to the monitoring of financial performance through the monthly management accounts.*

*The Committee receives a standing report on human resources and organisational development matters, and has maintained an overview of ongoing industrial relations at the College*

*The Committee also receives a standing report on capital and infrastructure, and continues to monitor the College's strategy towards estates/infrastructure and how these areas relate to ongoing curriculum planning.*

5. In what ways has the Committee influenced strategy in its area of remit in the last year?

*Members of the Committee received the opportunity to review and directly contribute to the College's Regional Outcome Agreement 2017-20 at its meeting in April 2017.*

*The Committee has reviewed materials relating to the development of the College Strategic Plan, endorsing a version of the plan for consultation with stakeholders at its meeting in April 2017.*

6. Are there particular areas in which the Committee might improve practice in relation to its strategic role?

*The Committee agreed that it may benefit from receiving a 'Horizon Scanning' report focussing on changes in the political, economic, student, industrial relations etc. environments and policies, which might have a potential impact on the college. Such a report is currently received by the Audit & Risk Assurance Committee.*

### **Decision-Making**

7. Has decision-making been "transparent, informed, rigorous and timely<sup>1</sup>" in the past year?

*The Committee exercises authority and decision-making on matters relating to the development and review of strategies relevant to the Committee's purpose, e.g. the Curriculum Strategy (through the Business Transformation Plan).*

*The Committee has exercised its authority in relation to the approval of tuition fees for the upcoming academic year.*

*The Committee has received appropriate papers relating to matters within its remit and deals with them in a timely manner.*

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<sup>1</sup> This is a definition of effective decision-making given in the Code of Good Governance for Scotland's Colleges.



8. Are there ways that the Committee could strengthen its practice in relation to decision-making?

*The Committee agreed that following delivery of transformation plan, when the college is looking at areas to expand enhance and invest in, decision making could be enhanced by having in place a risk appetite statements for its major areas of activity. Therefore, when papers are brought forward to the Executive, Board and its committees for decisions, they should confirm that the proposals are in line with the risk appetite statements.*

9. Are there examples that show how the student experience has informed and been central to the Committee's decisions?

*The P&R Committee have taken account of Academic Council comments relating to the Regional Outcome Agreement 2017-20.*

*The Committee sought assurances from the Executive that students were appropriate consulted with on tuition fees, prior to the approval of the 2017/18 fees.*

*The Committee requested that the Executive liaise directly with ECSA, on all matters of business which may impact of students, before bringing items of P&R business forward for consideration.*

### **Relationships**

10. Has the Committee's relationship with the Board been effective in the past year, and are there any examples of where it could have been more effective?

*The Committee, through its Chair, reports its minutes to each Board meetings along with papers on key items of Committee business which the Committee wish to bring to the Board's attention.*

*The membership of the Committee includes the Chair of the Board and the chairs of the five Board committees.*

11. Has the Committee's relationship with the Executive been effective in the past year, and are there any examples of where it could have been more effective?

*Regular pre-meeting takes place with the Committee Chair, the Deputy Principal, the Chief Operating Officer and the Clerk, where the agenda for the upcoming meeting is considered and agreed.*

*The Principal, Depute Principal and Chief Operating Officer are invited to all meetings of the Committee, whilst additional members of the Executive and Senior Management Team may be invited to speak to specific items of business, for instance the Head of Finance and Head of HR & OD presenting the Finance Report and the Organisational & Staffing Report – respectively.*

*On a related note, the attendance of the SFC for items relating to the Business Transformation Plan and the Regional Outcome Agreement have been seen as beneficial to the Committee's decision-making.*

12. Has the boundary between governance and management been effective in practice in the past year or are there examples of where it could have been more effective?

*The Head of Corporate Development (and Board Secretary) attends all meetings of the Policy & Resources Committee and provides reports and clarifications on matters of governance.*

FOR INFORMATION / DISCUSSION			
Meeting	Policy & Resources Committee 22.08.17		
Presented by	Jonny Pearson		
Author/Contact	Jonny Pearson	Department / Unit	Executive
Date Created	09.08.17	Telephone	0131 297 8449
Appendices Attached			
Disclosable under FOISA		Yes.	

## RECRUITMENT AND RETENTION DASHBOARD

### 1. PURPOSE

This paper aims to provide the Policy & Resources Committee with an updated overview of the College's performance against its AY 2016/17 recruitment and retention targets, and to highlight lessons learned over the past academic year.

Please note, the figures in this paper are accurate as of 09 August 2017.

### 2. BACKGROUND

For academic year 2016/17 the SFC set Edinburgh College an activity target of 186,028 credits. As part of the Activity Agreement, if the College achieves its HE credit target of 52,340, 2000 credits will be awarded to us through the ESF Developing Scotland's Young Workforce project.

### 3. DETAIL

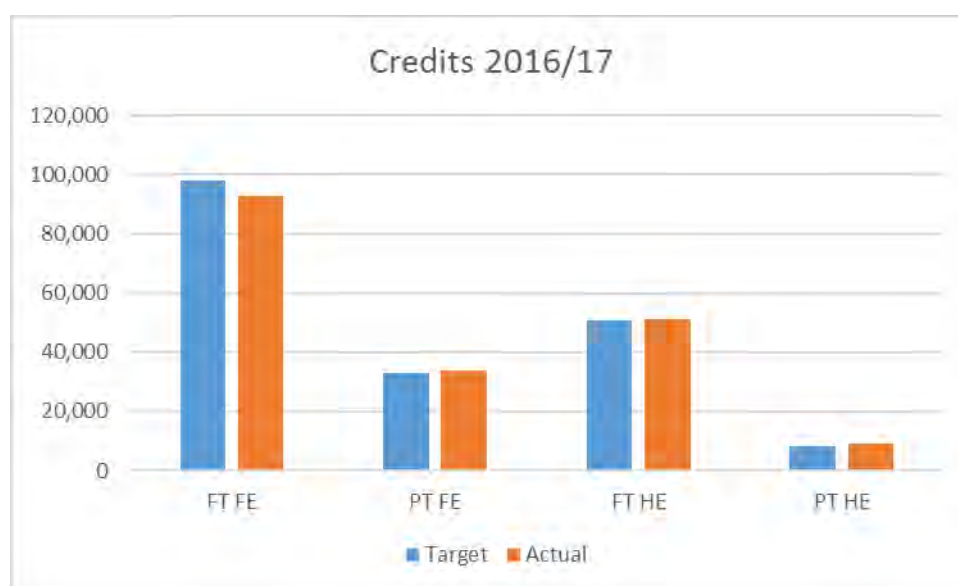
#### 3.1 2016/17 Recruitment & Credits

In AY 2016/17 we enrolled 19,569 unique students, 755 (4%) more unique students than last year. For the first time since merger we have achieved (and now exceeded) our activity target. Our current credit position is **187,064** credits, and it is expected that our final credit position will be **188,071**.

More positive news from this picture is that we have achieved **60,191 HE credits**, undertaken a successful European Social Fund (ESF) audit and are, therefore, in a position to claim up to 341 more ESF credits should they become available (£84k).

FT Projected		FT Actual		% Target
148,599		144,176		97 %
PT Projected		Semester 1 PT Actual		% Target
40,337		42,888		106 %

Our actual credit position versus full-year target is shown below:



In comparison to last year, our Early Retention figure has also shown a big improvement. In academic year 15/16 our average early withdrawal rate (WD) was 5.5%, this year it is 4.5%. For the college to grow, this figure needs to improve further – our target for AY 2017/18 is to improve FT FE retention by 4%.

	Students Enrolled	Student WD before 1/11	WD %	WD % 15/16
FT FE	6,660	555	8.3 %	10.1 %
PT FE	9,011	213	2.3 %	2.5 %
FT HE	3,791	182	4.8 %	5.2%
PT HE	2,452	31	1.3 %	0.9 %

Our success in AY 2016/17 is because we both recruited and retained more students. Our future focus needs to be on Recruitment, Retention and Progression.

### 3.2 2017/18 Full-time Recruitment

The table below refers to applications for full-time courses starting August 2017:

	Projected Number of Students	Target Number of Students	Applications	Offers Made	Offers Accepted
2016/17	9,004	10,007	17,400	9,829	9,207
2017/18	9,365	11,798	17,617	10,135	9,323

The comparison of the current figures with the figures from 09 August 2016 show:

- 1.2% increase in the total number of applications received
  - Broadcast Media & Photography +24%, Health & Social care +38%, Childhood Practice +22%
  - Social Sciences -25%, Hair & Beauty -10%, Music & Sound Production -5%

- Social Sciences is a planned reduction and expected. Hair and Beauty indicates changes to the curriculum are required (additional lower level provision needed). Music applications are on a slight down-ward trend but they are still on track to meet their target number of students.
- 3 % increase in the number of offers made
  - Health & Social Care +47%, Broadcast Media & Photography +24%, Business & Finance +13%
  - Health and Social Care, Business & Finance and Broadcast Media are all growth areas for the region.
- 0.2% decrease in the number of offers accepted
  - Social Sciences -26%, Hair & Beauty -10%, Sport & Fitness -9%
  - Social Sciences and Hair & Beauty reflect the drop in applications and reduction in provision in these areas. Sport & Fitness is slower than last year but they have 159 students invited for interview on 15 August.

### 3.3 **Lessons Learned**

Detailed analysis of AY 2016/17 recruitment data showed that 7% of applicants who accepted an offer **did not enrol**:

- Offered 9,861 places
- Offers Accepted 9,748 places
- Enrolled 9,052 students

This equates to:

- 8.2% drop in places offered to students enrolled
- 7.1% drop in offers accepted to students enrolled

This analysis resulted in the following changes to the recruitment targets for AY 2017/18:

- 4% increase in projected number of students (*this is the number of students needed in class on 01 November to ensure we hit our credit target*)
- 18% increase in target number of students (*this is the number of students needed to accept offers to ensure we hit our credit target*)

## 4. **BENEFITS AND OPPORTUNITIES**

By evaluating last year's retention figures we have implemented changes designed to further improve our PI's for AY 2017/18. Constant analysis of comparative data has enabled us to make pro-active changes to the curriculum, for example, replacing poor recruiting programmes with additional occurrences of more popular provision and assess the effects of early withdrawal on student numbers.

In AY 2016/17 **664** full-time students were withdrawn before 01 November:

- 487 full-time FE students = 8,766 credits
- 177 full-time HE students = 2,655 credits
- 11,421 credits lost from students who had applied, accepted, enrolled and attended Edinburgh College

Future actions to be taken forward include:

- Implement new Student Retention Policy
- Re-align LDT role to focus on retention
- Introduce enhance induction to Improve retention rates
- Engage with Scottish Government retention and attainment project and focus attention on following areas:
  - Built Environment 7.8%
  - Broadcast Media & Photography 8.9%
  - Automotive Engineering 8.2%
  - Social Sciences 10%
  - Hair and Beauty 8.7%

**5. STRATEGIC IMPLICATIONS**

The Board is responsible for the financial sustainability of the College. It is Good practice for the Board to monitor all areas of performance that can impact on the College's viability.

**6. RISK**

At the Risk Management meeting on 12 May 2017, the Chair of the Audit and Risk Committee noted that whilst there was an improvement in both Recruitment and Retention the risk score for each should remain the same.

**7. FINANCIAL IMPLICATIONS**

Bodies fundable by the SFC are required by the Financial Memorandum to deliver their outcome agreement. Failure to achieve targets agreed with the SFC may result in financial clawback.

**8. LEGAL IMPLICATIONS**

Not applicable.

**9. WORKFORCE IMPLICATIONS**

Not applicable.

**10. REPUTATIONAL IMPLICATIONS**

Achieving the activity target for the first time since merger is an extremely landmark and helps both Scottish Government and SFC have confidence in the direction of travel of Edinburgh College.

**11. EQUALITIES IMPLICATIONS**

Not applicable.

**CONCLUSIONS/RECOMMENDATIONS**

The Policy & Resources Committee are asked to NOTE the information provided by the Assistant Principal (Recruitment & Retention).

<b>FOR INFORMATION / DISCUSSION</b>			
Meeting	Policy & Resources Committee 22.08.17		
Presented by	Jon Buglass		
Author/Contact	Jon Buglass	Department / Unit	Executive
Date Created	31/07/2017	Telephone	
Appendices Attached	Appendix 1: AY 2016/17 Applications, Offers, Offers Accepted Chart Appendix 2: AY 2017/18 Applications, Offers, Offers Accepted Chart		
Disclosable under FOISA		Yes.	

## **CURRICULUM PLANNING REVIEW**

### **1. PURPOSE**

On 30 May 2017, the Policy & Resources Committee agreed that it would like to receive an overview of the configuration of the college at its next meeting, which included information on where increases had been made in terms of student numbers and the relationship between this and the skills requirements for the region.

### **2. BACKGROUND**

The Board have had an oversight over the past two years around curriculum review, associated changes to the curriculum and the strategic direction of the College. This has been essentially based on the Regional Skills Assessment and other regional priority drivers such as STEM, Widening Access and Developing the Young Workforce (DYW) as well as the Skills Investment Plans for Scotland published by SDS.

### **3. DETAIL**

The detail contained within the attached appendices allows the Board to reflect on the curriculum changes and see how this reflects on the regions skills priorities. If viewing Appendix 1 & 2 in a Word format, the detail can be noted by hovering over the bar charts.

It is recommended to consider the student numbers as they key outcome for measuring the impact on our region. Whilst credits do measure guided learning hours and activity, the key context in considering this is the number of individuals in the region the College has enabled to progress to employment, further study or training.

#### **3.1 Key measures in Skills priority areas:**

**Demand in these areas i.e. number of applications is shown in red. This is a two year trend analysis based on Edinburgh College's move to one application per applicant in AY 2016/17.**

- **Number of students within STEAM programmes from 2013-2016 have increased :**

Computing: 694 to 850 (+22% increase) (Applications +3.6% increase)

Engineering and Science: 1979 to 2647 (+34% increase) (Applications -1% decrease)

Art and Design, and Digital Media: 1310 to 1391 (+6% increase) (+24.5% increase)

Total: 23% increase

- **Number of students within Health and Social Care programmes from 2013-2016 have increased:**

Childhood Practice, Dental Health and Pharmacy: 851 to 910 (+7% decrease)

(Applications +22% increase)

Health and Social Care: 1104 to 1305 (+18% increase) (Applications +38% increase)

Total: 13% increase

- **Number of students within Construction and the Built Environment programmes from 2013-2016 have increased :**

Construction: 1316 to 1739 (+32% increase) (Applications -4.2% decrease)

Total: 32% increase

- **Number of students within Business, Legal and Financial Services programmes from 2013-2016 have increased :**

Business, Legal and Financial Services: 1048 to 1494 (+43% increase)

(Applications -1% decrease)

Total: 43% increase

### 3.2 Key measures in non-skills priority areas:

- **Number of students within 'service industry' programmes from 2013-2016 have decreased :**

Hair and Beauty: 805 to 605 = (-25%) (Applications -7% decrease)

Professional Cookery and Hospitality: 727 to 386 (-47%) (Applications -39% decrease)

### 3.3 Key measures in national priority areas: (Widening Access in DPG18 programmes):

- **Number of students within 'widening access to College' programmes from 2013-2016 have increased :**

Access and Continuing Education: 717 to 1063 (+48%) (Applications +3.1% increase)

Community Based ESOL and Literacies 857 to 852 (0%) (Applications no change)

Total: 22% increase



- 4. BENEFITS AND OPPORTUNITIES**  
The chart's data may allow the College to promote the College positively at National level in Communications with stakeholders.
- 5. STRATEGIC IMPLICATIONS**  
This chart allows us to reflect further on trends in key skills priority areas.
- 6. RISK**  
None.
- 7. FINANCIAL IMPLICATIONS**  
None. All measured positively in compliance with our Regional Outcome Agreement (ROA).
- 8. LEGAL IMPLICATIONS**  
None.
- 9. WORKFORCE IMPLICATIONS**  
The curriculum delivery workforce requires to adapt to trends in increased numbers in specific key growth areas. This is challenging within the current financial position of the College and will require a strategic view of the workforce requirements of the future. This will be captured within the 'Blueprint'.
- 10. REPUTATIONAL IMPLICATIONS**  
See point 4.
- 11. EQUALITIES IMPLICATIONS**  
Measured within the ROA.

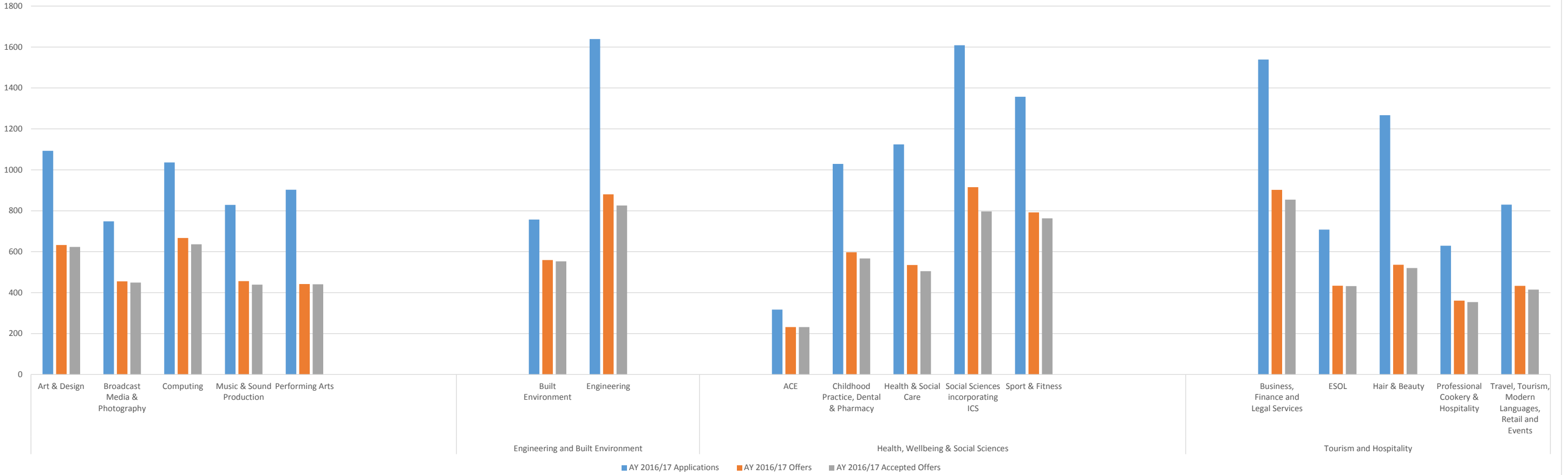
#### **CONCLUSIONS/RECOMMENDATIONS**

The Committee are asked to DISCUSS the wider communication opportunities or risks attached to the report.

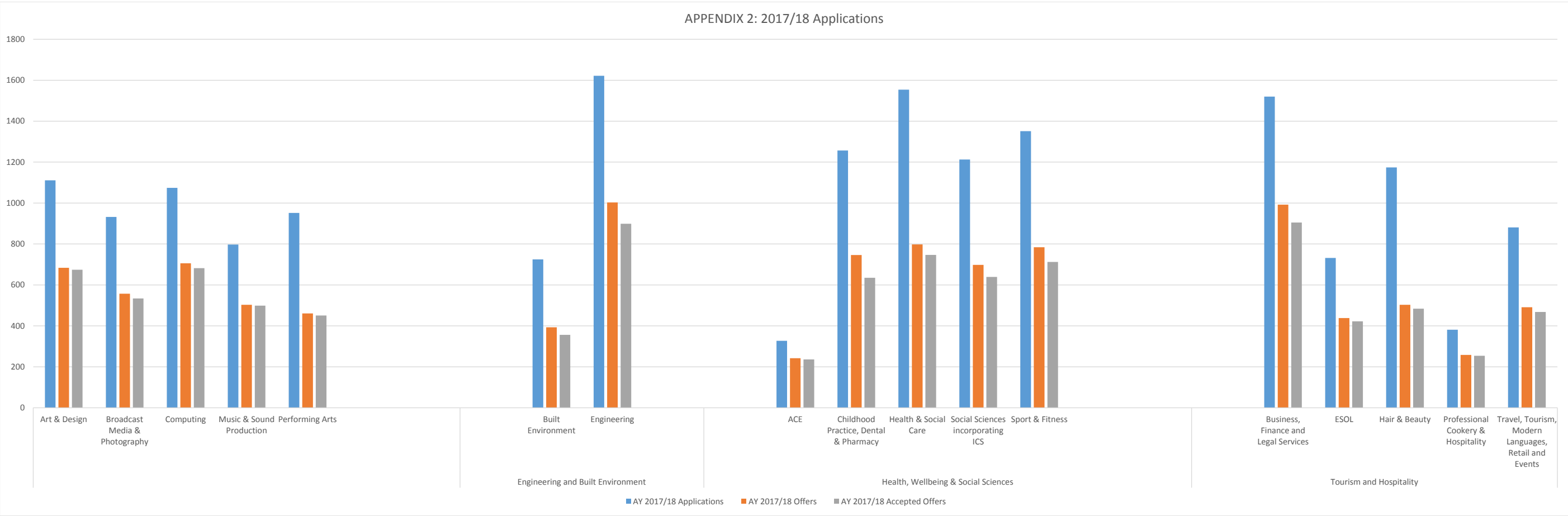
The findings of the data are in line with the direction of the curriculum contained within the proposed strategic plan for the next 5 years.



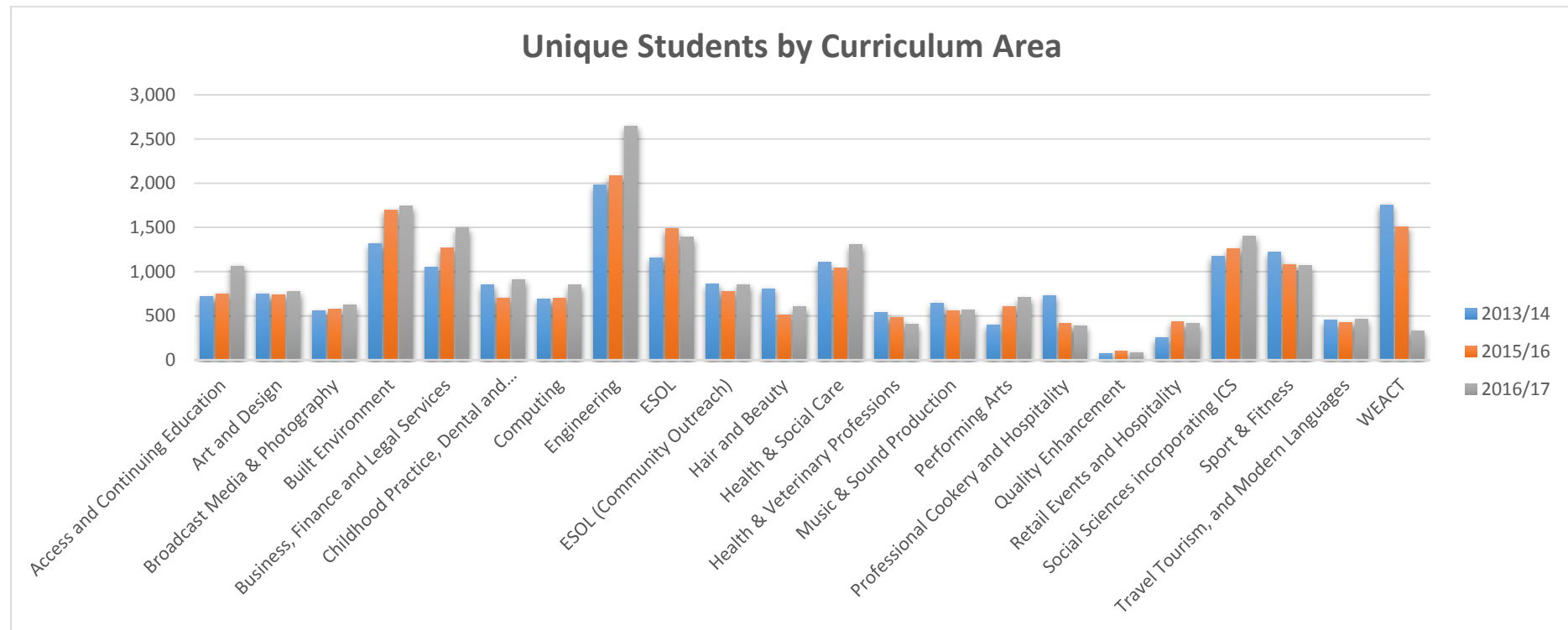
APPENDIX 1: Applications 2016/17



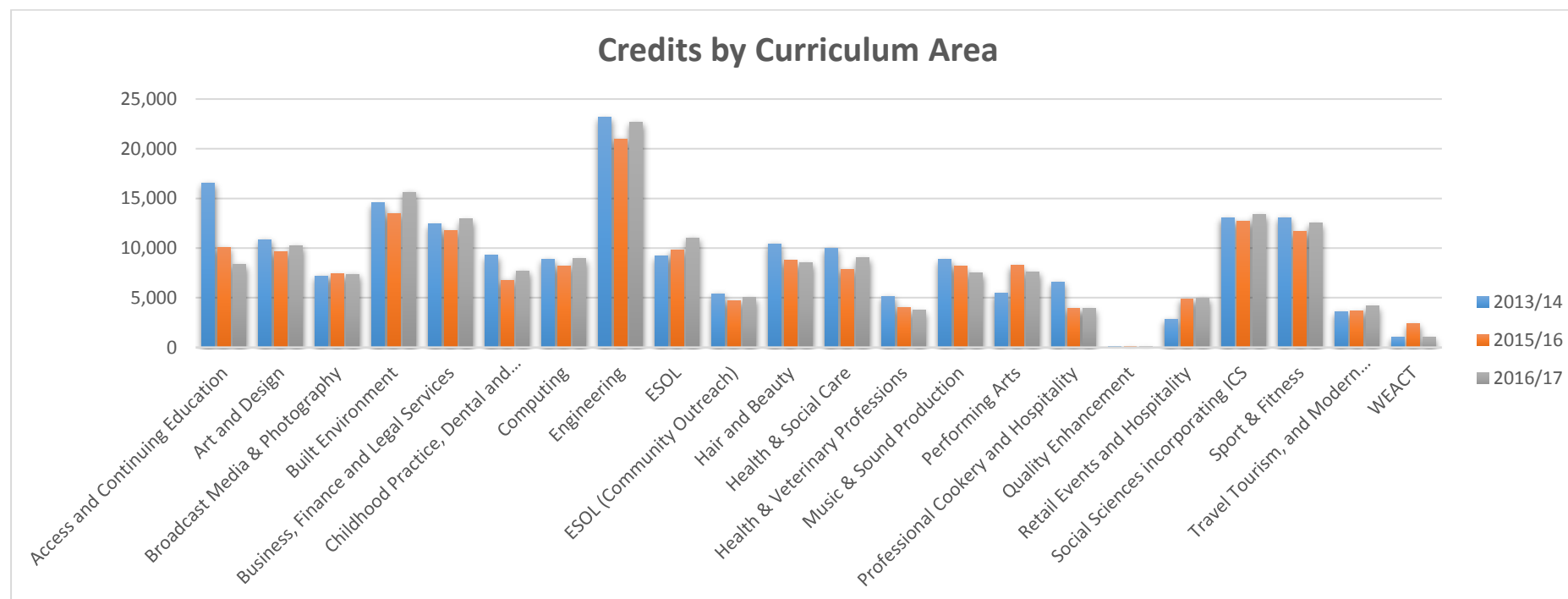
APPENDIX 2: 2017/18 Applications



## Edinburgh College Student/Credit comparison 2013-2016 (excl 2014)



# Edinburgh College Student/Credit comparison 2013-2016 (excl 2014)



<b>FOR INFORMATION / DISCUSSION</b>			
Meeting	Policy & Resources Committee 22.08.17		
Presented by	Lindsay Towns		
Author/Contact	Lindsay Towns	Department / Unit	Finance
Date Created	01.08.17	Telephone	01312978541
Appendices Attached	<i>Appendix 1: Management Accounts to June 2017 (with commentary)</i>		
Disclosable under FOISA		Yes	

## **MANAGEMENT ACCOUNTS TO JUNE 2017**

### **1. PURPOSE**

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

### **2. BACKGROUND**

The Policy & Resources Committee are asked to review the management accounts at each meeting, in order to assess the college's current financial position.

### **3. DETAIL**

Contained within Appendix 1.

### **4. BENEFITS AND OPPORTUNITIES**

The Board is responsible for the financial sustainability of the college, and it is considered good practice to monitor all areas of performance that can impact on the college's viability.

### **5. STRATEGIC IMPLICATIONS**

Content inherent within strategic objectives.

### **6. RISK**

Content assists monitoring college's financial performance.

### **7. FINANCIAL IMPLICATIONS**

Inherent within content.

### **8. LEGAL IMPLICATIONS**

Some content may cover legal issues.

### **9. WORKFORCE IMPLICATIONS**

Some content may cover workforce issues.

**10. REPUTATIONAL IMPLICATIONS**

None.

**11. EQUALITIES IMPLICATIONS**

None.

**CONCLUSIONS/RECOMMENDATIONS**

The Policy & Resources Committee are asked to DISCUSS and NOTE the Management Accounts to June 2017.





## **FINANCIAL REPORT**

### **11 MONTHS TO JUNE 2017**

#### **CONTENTS**

Report from Chief Operating Officer

1. Executive Summary
2. Credit Activity
3. Progress with the Transformational Plan and its alignment to the College's 2016/17 Budget
4. Income Analysis
5. Expenditure Analysis
6. Staff Cost Analysis
7. Trading Departments
8. Cash-flow
9. Balance Sheet
10. SFC Reporting
11. Key Performance Data

#### **Appendices:**

1. Income and Expenditure Account Summary and Detail.
2. Balance Sheet
3. Cash-flow

#### **DISTRIBUTION**

Executive Team  
Board of Management P&R Committee  
Senior Management Group

The following report provides an update on the financial position of  
Edinburgh College at 30<sup>th</sup> June 2017

## 1. EXECUTIVE SUMMARY

### Activity

	2016/17 Annual Budget		Actuals achieved @ 18/07/17	Due to be received
<b>GIA @ £218 per credit income</b>	£40,162,092		£40,162,092	-
Credit Target / achieved	184,028		184,028	-
<b>ESF @ £238.15</b>	£476,300		£476,300	-
ESF Credit target / achieved	2,000		2,962	-

- 1.1 The College has achieved (subject to final audit) its targeted credit level of 186,028, with actual credits achieved to date currently sitting at 186,990 credits.

### 1.2 Income and Expenditure

	<u>Revised Annual Budget</u> £000s	<u>YTD Budget</u> £000s	<u>YTD Actuals</u> £000s	<u>YTD Variance</u> £000s	<u>Previous YTD</u> £000s	<u>Full Year Forecast</u> £000s
Funding Council Grants	44,364	39,171	39,161	(10)	40,095	44,383
Tuition Fees and Commercial & Other Income	16,930	15,643	14,664	(979)	15,248	15,795
Deferred Income	3,065	2,777	2,846	69	2,875	3,140
Exceptional Support Grants	560	560	685	125	0	685
<b>Total Income</b>	<b>64,919</b>	<b>58,151</b>	<b>57,356</b>	<b>(795)</b>	<b>58,218</b>	<b>64,003</b>
Staff Costs	45,552	41,674	40,819	855	41,834	45,035
Other Costs	17,134	14,874	14,098	776	15,210	16,302
Depreciation	5,487	4,856	4,854	2	5,493	5,332
Exceptional Support Costs	560	560	685	(125)	0	685
<b>Total Expenditure</b>	<b>68,733</b>	<b>61,964</b>	<b>60,456</b>	<b>1,508</b>	<b>62,537</b>	<b>67,354</b>
<b>Operating (Deficit)</b>	<b>(3,814)</b>	<b>(3,813)</b>	<b>(3,100)</b>	<b>713</b>	<b>(4,318)</b>	<b>(3,351)</b>

- 1.3 The operating position to June shows a deficit of £3.1m (May deficit: £2.9m) which is currently £0.7m favourable compared to the profiled budget.
- 1.4 Within income, positive variances are noted within managing agents (£80k), scheduled short courses (£64k) and within other income (secondment and facilities hire). However these favourable variances are off-set by adverse variances within Associate Degree Income (£267k), SAAS (£223k), PT self-payers (£198k), IES contractual outcomes (£174k) and Nursery Income (£119k).
- 1.5 The full year forecast deficit stands at £3.4m which is the same as last month. Our current forecast excludes the effects of actuarial pension revaluations, and accrued annual leave which will not be quantifiable until after 31<sup>st</sup> July 2017. These costs will be included within the College's Annual Accounts (equivalent costs for 2016/17 were actuarial pension revaluation (£1.9m), early

retirement revaluation (£0.3m) and accrued annual leave (£0.6m). The College also awaits guidance from the SFC on how to treat the advance of £2.9m. If treated as a grant increase the forecast deficit will be £0.5m.

1.6 There have been upward movements in the full year income projection for tuition fees (managing agents and examination fee income, totalling £40k), for commercial revenues (SDS, training restaurant, Bliss Spa, Residencies and Access Centre, totaling £21k), for SFC Grants (a Gaelic Small Cohorts award of £12k), and other income generating activities (secondments and facilities hire totalling £54k). These movements have been partially offset by an increase in full year teaching expenditure (+£62k), producing an overall benefit of £65k to the forecast operating position.

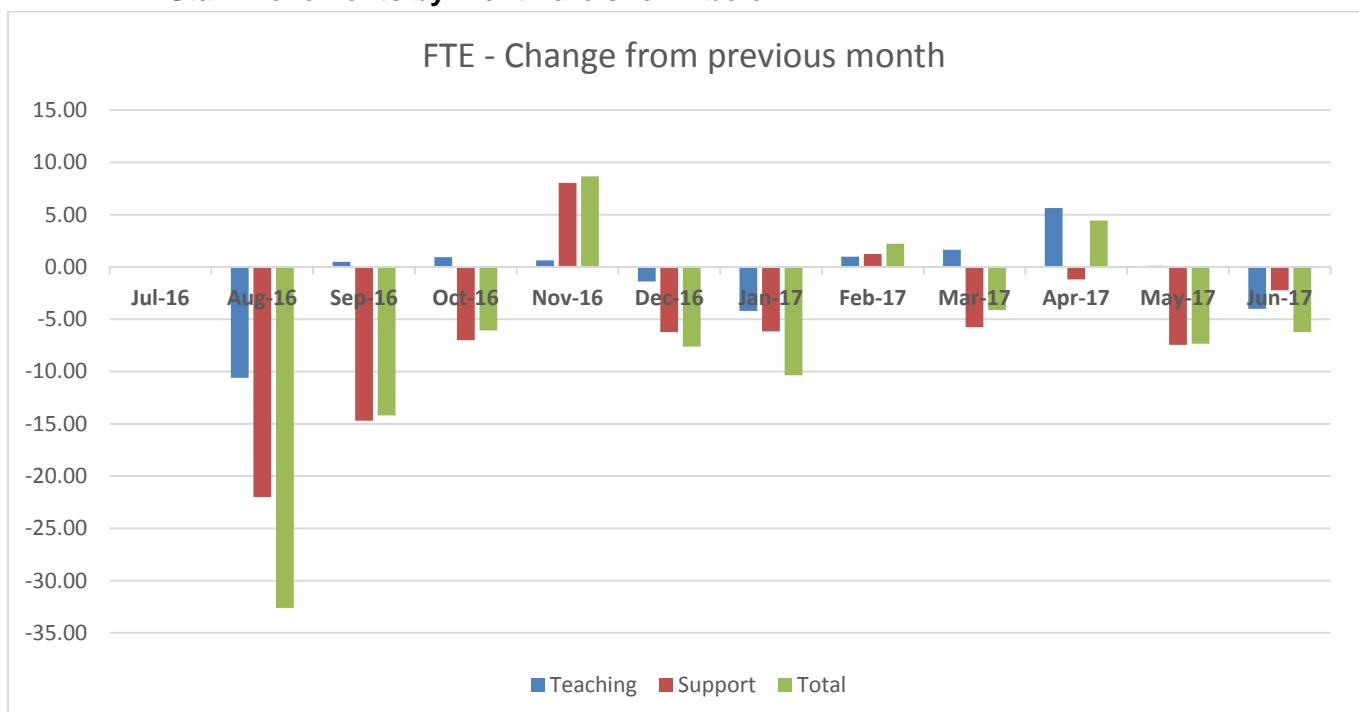
1.7 Staff vacancy churn, delayed recruitment, lower than planned temporary staff costs and staff budget savings, through the use of the staff bank, continues to reflect a favourable staff underspend to date (currently £0.85m below budget).

#### 1.8 Staff (Full Time Equivalent)

FTE	30/06/16	31/07/16	30/06/17	Other movement	VS reduction
Teaching	511.9	503.6	493.8	11.2	(21.0)
Support	639.8	634.2	570.8	(24.4)	(39.0)
	1,151.7	1,137.8	1,064.6	(13.2)	(60.0)

The year to date decrease in FTE staff comprises a permanent reduction in staffing (33 FTE in relation to the phase 1 VS scheme, 26 FTE in relation to the phase 2, 1 in relation to the phase 3 and 4.6 gross FTE from the transfer of staff to SRUC). The majority of vacant positions are filled on a temporary basis only. Staff numbers have fallen by 6.2 FTE in June. Five of the leavers were colleagues whose fixed term contracts had ended prior to the academic year end.

**FTE Staff movements by month are shown below:**



## 1.7 Cash Position

Opening Cash	Month-end cash	Forecast year-end cash	Comments
01/08/2016	30/06/2017	30/06/2017	Our cash balance includes the net effect of £2.9m of advanced funding from the SFC which was fully received in March 2017. This sum was agreed to support the College's Business Transformation Plan.
£'m.	£'m.	£'m.	
2.0	2.9	1.8	

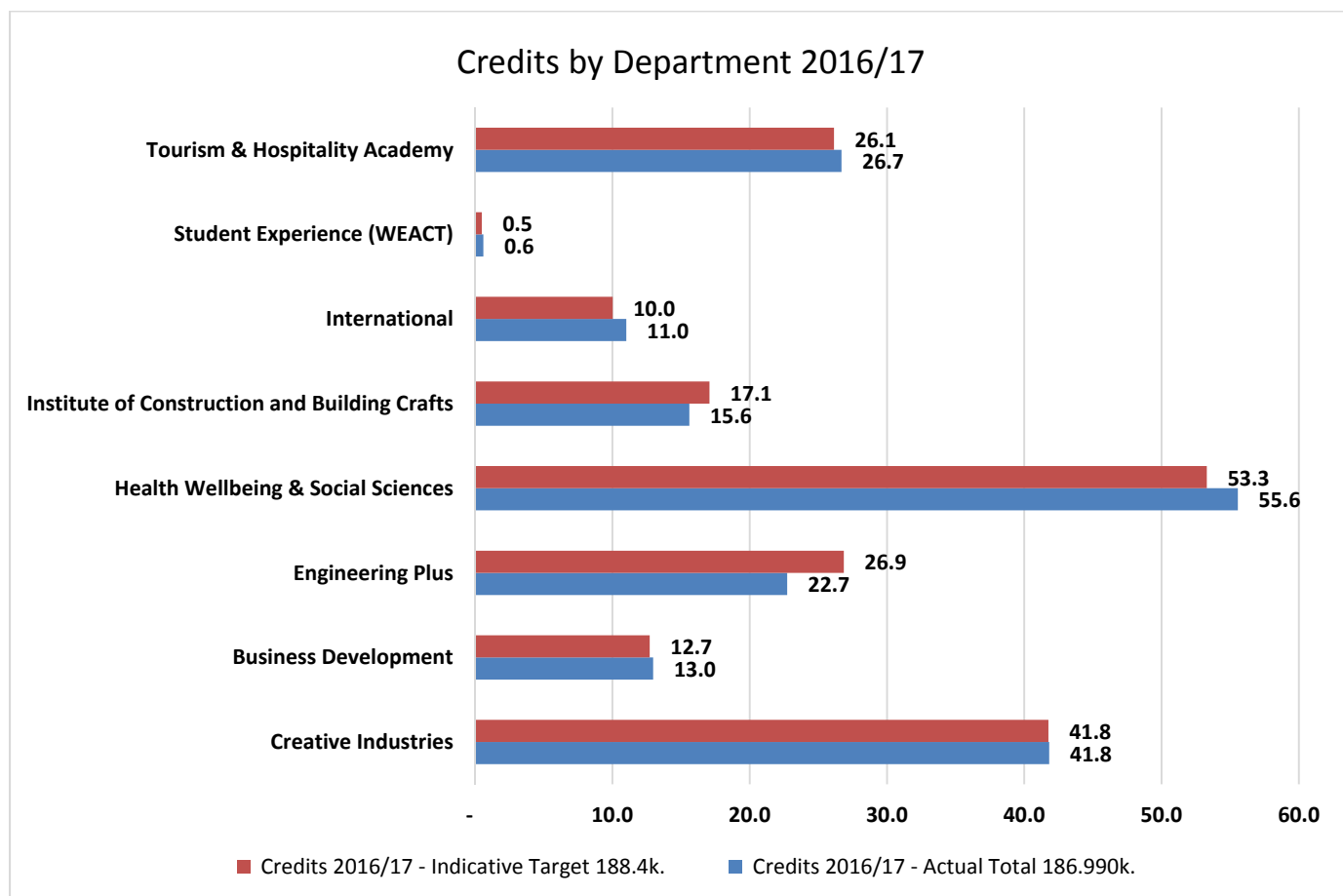
## 1.8 Capital Expenditure

Opening Fixed Assets	Additions YTD	Depreciation	Closing Fixed Assets	Comments
01/08/2016	30/06/2017	30/06/2017	30/06/2017	Additions to date relate to 2016/17 capital funding (which ended in March). The SFC has confirmed our capital allocation for the 2017/18 financial year (which commenced on 1 <sup>st</sup> April 2017) – it stands at £2.3m in total (£1.1m has been assigned for capital works and £1.2m has been set aside for estates maintenance)
£'m.	£'m.	£'m.	£'m.	
150.2	1.5	(4.9)	146.8	

## 2. CREDIT ACTIVITY

- 2.1 The SFC has set Edinburgh College's core activity target for Academic Year 2016/17 at 184,028 credits. In addition, because the core activity target and HE credit total of 52,340 have been achieved a further 2,000 credits through the ESF Developing Scotland's Workforce 2016/17 project will be received. The year-end audit of these figures is planned.
- 2.2 Enrolment figures for semester 1 settled at 169,898 credits, 1% behind the semester 1 target of 171,528 credits. In view of this, an enhanced semester 2 portfolio of circa 17,000 credits was planned to mitigate a potential credit shortfall. The semester 2 portfolio was designed to attract more students to cover the semester 1 credits gap, with a particular focus on Construction, Dental Nursing, Pharmacy, Childhood Practice, STEM and ECDL courses. This plan succeeded, showing 17,092 credits achieved to date.
- 2.3 Early Retention shows a positive improvement to date. In the 2015/16 academic year the early withdrawal rate was 5.5%, whilst the current 2016/17 figure is 4.6%. The Semester 2 rate at 2.5% (prior year 5.7%) has been particularly positive.

The "Credits by Department" table (below) shows a comparison of YTD performance, by department, against full year targets (funded level 186k credits, target 188k credits).



The target above at circa 188k credits is higher than the College's funded target of 186k credits (including ESF credits) to provide headroom for withdrawals.

### 3. PROGRESS WITH THE TRANSFORMATION PLAN AND ITS ALIGNMENT TO THE COLLEGE'S 2016/17 BUDGET


- 3.1 Following an under-achievement of its credit target in 2015/16, the College published in April 2016 a Business Transformation Plan which outlined a sustainable business model for the future. This contains four programmes (financial sustainability, curriculum relevance, workforce development, and student recruitment & retention) which provides a framework to enable Edinburgh College to show operational improvements. The programmes and associated projects were developed through a highly consultative exercise, are evidence based, and provide clear rationale for implementation. The College set a £3.8m deficit budget for 2016/17, in line with the transformation plan agreed with the SFC; budget savings and/or income growth are being targeted, including VS savings of £3.6m for the 2017/18 academic year. This will maintain progress towards a financially sustainable future. The 2016/17 budget already incorporates recurring cost reductions of over £1.2m from the previous year. Many projects have already been completed or are underway.
- 3.2 The College's Budget for 2016/17 aligns with the 3-year Business Transformation Plan, which requires the College to work towards delivering a surplus of £0.4m in 2018/19. The College requires written confirmation from the SFC for each stage of its plan to secure support funding.

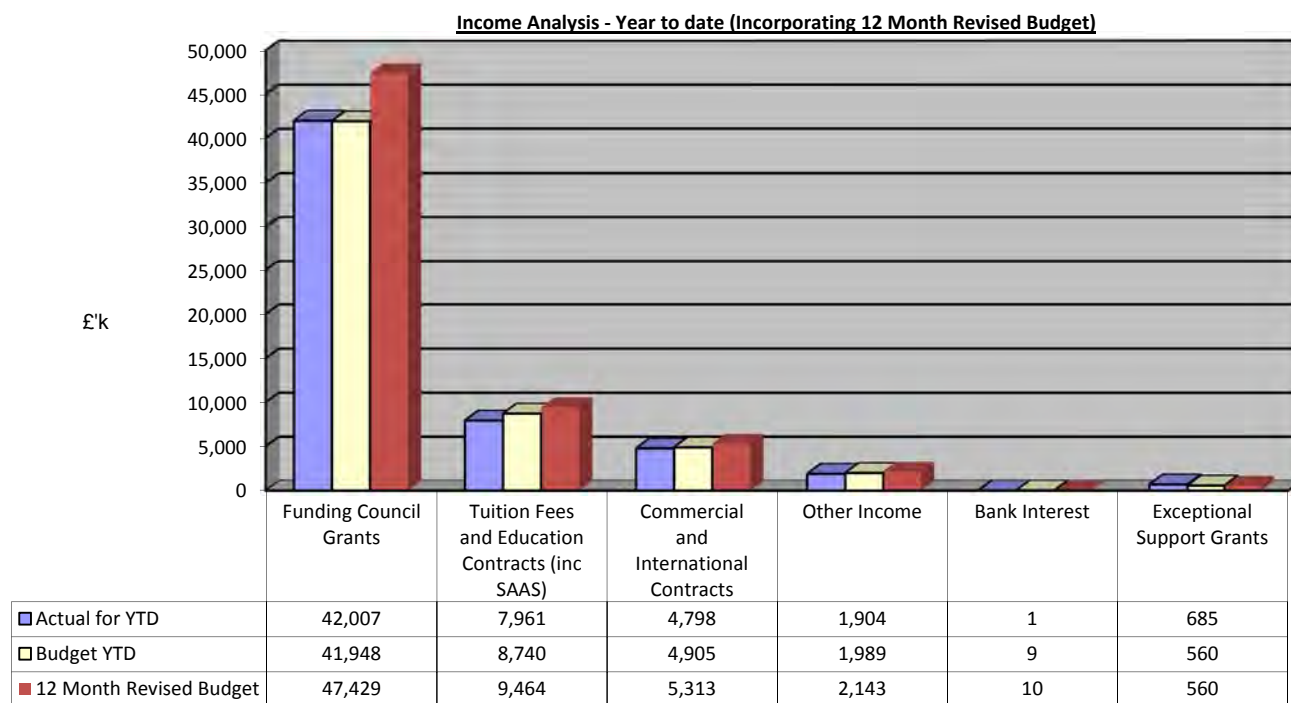
<b>Savings for future starting budgets</b>	<b>For Academic Year 2015/16</b>	<b>For Academic Year 2016/17</b>	<b>For Academic Year 2017/18</b>
	£'m	£'m	£'m
Voluntary Severance 1	1.03m		-
Voluntary Severance 2	-	0.76m	-
Voluntary Severance 3		2.46m	
Voluntary Severance 4			0.35m
Non-Pay costs		0.38m	0.45m
<b>Transformation Plan</b>	<b>1.03m</b>	<b>3.60m</b>	<b>0.80m</b>
Achieved to date:			
Voluntary Severance 1	1.07m		-
Voluntary Severance 2	-	0.77m	-
Voluntary Severance 3		1.71m	
Other Staff Cost Savings		0.46m	
Non-Pay costs		0.75m	-
<b>Total Achieved</b>	<b>1.07m</b>	<b>3.69m</b>	<b>-</b>

- 3.3 The 'total achieved' figures are only included when cost reductions have been agreed. Work remains on-going within curriculum and support areas towards identifying future cost savings. Recurring savings have been incorporated into the 2017/18 budget and five year financial plans.
- 3.4 Non-pay supplies and services contracts continue to be monitored. To date savings from a new print contract (centralization of print services) will equate to £138k per annum (for the next 5 years), whilst savings from a renegotiated contract with ISS will save £200k per annum (for the next 2 years). Further savings across the College have also been released during the year.
- 3.5 The College had a successful Phase 1 voluntary severance scheme, showing an improvement of £0.03m against plan in 2016/17. Phase 2 closed at the end of November 2016 and delivered savings of net £0.77m, following recycling of £0.23m savings to increase academic capacity within the curriculum. Phase 3 was completed in May 2017 and will deliver £1.71m of savings (£0.3m short of the 2017/18 target). During the year £0.4m of staff cost savings have also been realized from relinquished vacancies; these savings are being used to cover the apprenticeship levy (£0.24m) and incremental drift (£0.16m) in the 2017/18 budget.



#### 4. INCOME ANALYSIS

Income Expanded Account Detail for the 11 Months to 30th June 2017 (Ex Core SFC Grants)							
	Original Annual Budget	Revised Annual Budget	YTD Budget	YTD Actuals	YTD Variance	Previous YTD	Year End Projection
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
	For the future you want						
<b>4. Income Analysis</b>							
<b>Tuition Fees &amp; Education Contracts</b>							
FE - UK & EU	1,401	140	140	110	(30)	126	110
HE - UK & EU		339	339	347	8	349	350
PT Self Payers		922	897	699	(198)	799	710
Examination Fee Income		0	0	26	26	23	26
SAAS	4,238	4,238	3,885	3,662	(223)	3,529	4,004
Associate Degree Fees	1,198	1,198	1,098	831	(267)	1,009	906
Managing Agents	1,362	1,362	1,315	1,396	80	1,310	1,396
Edinburgh Council - Pre Emp Contract	1,265	1,265	1,065	891	(174)	1,257	1,075
	9,464	9,464	8,740	7,961	(778)	8,402	8,577
<b>Commercial &amp; International</b>							
International	1,350	1,350	1,126	1,126		1,221	1,350
SDS	600	600	586	601	15	536	601
EH15 and The Apprentice Restaurants	53	53	52	71	19	103	71
Bliss SPA and Employability Salons	120	120	120	121	1	118	121
Gym	338	337	313	281	(32)	294	317
Nursery	1,050	1,050	968	849	(119)	936	930
Residences	590	590	588	607	18	613	610
Access Centre Provision	130	130	129	144	15	120	144
Bespoke Contracts for Employers	1,052	667	608	519	(89)	549	563
Scheduled Short Courses	30	416	416	480	64	436	480
Other European Income				0	0	22	
	5,313	5,313	4,905	4,798	(107)	4,949	5,187
<b>Other Income</b>							
Catering	1,879	1,879	1,751	1,422	(328)	1,548	1,547
Other Income Generating Activities	230	265	238	482	244	338	482
	2,108	2,143	1,989	1,904	(85)	1,886	2,028
<b>Endowment &amp; Investment</b>							
Bank Interest	10	10	9	1	(8)	11	3
	10	10	9	1	(8)	11	3
<b>Exceptional Support Grants</b>							
		560	560	685	125		685
<b>TOTAL INCOME (EX CORE SFC GRANTS)</b>	<b>16,895</b>	<b>17,490</b>	<b>16,203</b>	<b>15,349</b>	<b>(854)</b>	<b>15,248</b>	<b>16,480</b>



- 4.1 The total income budget for the year stands at £64.9m (unchanged from last month). Total income for the year to date is £57.4m, which is £0.8m lower than the profiled budget of £58.2m.

SFC Grant in Aid and ESF income are currently shown in line with budget, following the achievement of our SFC credit targets.

As stated in the May accounts, the full year forecast for SAAS funded student income shows a shortfall of £234k and for full time HE/FE and PT self-paying students, a shortfall of £211k.

Following recent reviews of the IES contract outcomes, full year forecast income stands at £1.1m, unchanged from last month's projection (although £190k in total below full year budget). Contractual matters are still under discussion with our partners, which may further reduce the full year forecast. However, mitigating expenditure savings continue to be sought to cover the likelihood of increased full year income shortfalls.

- 4.2 Associate Degree numbers settled below target by 52 students (40 within Engineering and 12 within Tourism & Hospitality). This income stream was impacted by a low number of eligible students to replace previous withdrawals (or replace those students who have decided not to progress to university). The year-end forecast shows a shortfall for the year of £292k (in line with last month).
- 4.3 On a more positive note, examination fee income is now expected to settle the year £6k higher than previously forecast, whilst following the latest reviews of managing agent income flows for the remainder of the year, the full year forecast for this activity has been increased by £34k. In addition, we have recently received confirmation, from the SFC of our Gaelic Small Cohorts award for 2016/17. As a result, an additional amount of £12k income has been incorporated into the year-end projection (costs of delivery have already been included within the projection).



- 4.4 Total commercial and international income to date is £4.8m. The full year forecast for bespoke commercial income stands at £0.6m, in line with last month's projection, whilst the full year forecast for scheduled short courses stands at £0.5m, again in line with last month. Following reviews of SDS, training restaurant, Bliss Spa, Residencies and Access Centre revenue for the remainder of the academic year, these activities are now expected to settle £21k higher (in total) than previously expected.
- 4.5 Latest reviews of secured and pipeline International contracts suggest that international income remains on course to settle the year in line with the full year budget (unchanged from last month).
- 4.6 Following a review of other income generating activities for the remainder of the year, these income streams have been increased by a net £54k (largely in relation to secondments and facilities hire).
- 4.7 To date, catering income stands at £1.4m, which is £328k lower than the profiled budget but is largely offset by savings across associated catering expenditure. The year-end forecast for catering income is expected to settle at £332k lower than the full year budget (unchanged from last month), although this is largely mitigated by savings within both staffing and non-staff related expenditure.
- 4.8 The Nursery is showing a forecast full year income reduction (compared to budget) of £120k (in line with last month), although this is partly offset by a forecast reduction of £77k across associated expenditure categories.

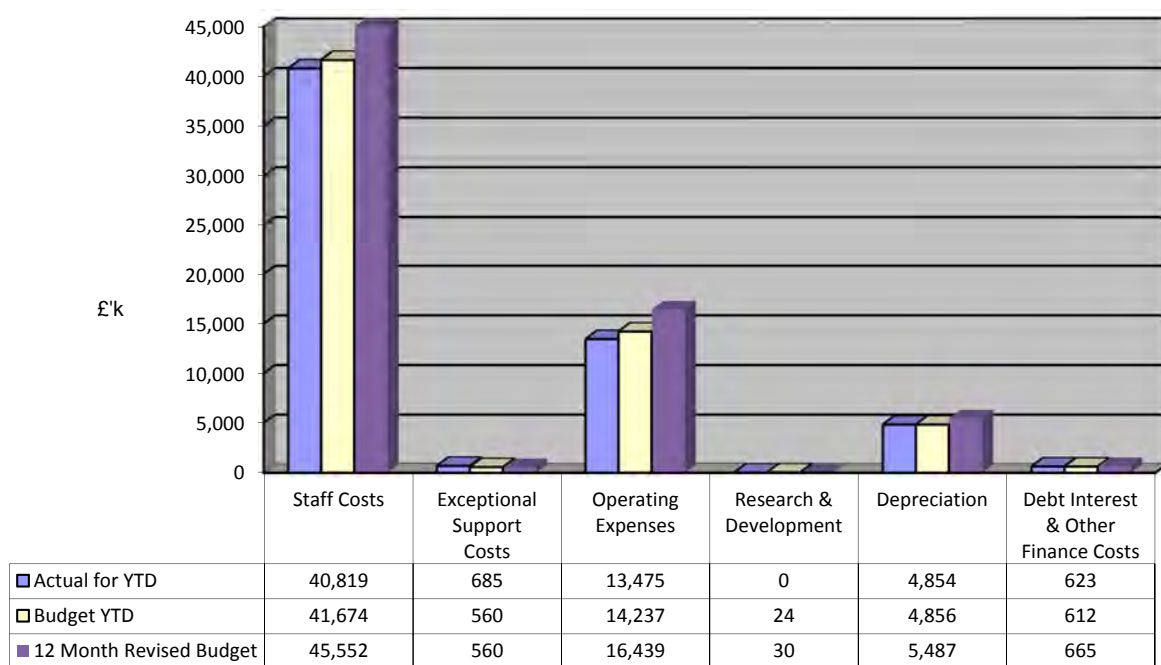
The trading positions for both the catering and nursery facilities, together with reasons for the current gaps in income, plans for mitigation and future development are shown in paragraph 7.

- 4.9 Following the above adjustments, the forecast for year-end total income is £64m, which is approximately £0.9m below budget.

## 5. EXPENDITURE ANALYSIS

Totla Expenditure (Non-Staffing) Expanded Account Detail for the 11 Months to 30th June 2017							
	Original Annual Budget £000s	Revised Annual Budget £000s	YTD Budget £000s	YTD Actuals £000s	YTD Variance £000s	Previous YTD £000s	Year End Projection £000s
<b>Other Operating Expenses</b>							
Premises	5,081	5,066	4,584	4,319	265	4,591	4,816
Teaching Activity & Support	912	851	819	923	(104)	853	923
Childcare Costs	1,500	1,500	1,500	1,500		1,482	1,540
Transport Costs	45	83	80	70	10	54	83
IT Costs	1,196	1,115	977	858	119	1,078	1,100
Telecomms Costs	201	180	167	164	3	184	180
Equipment	51	33	31	28	3	83	33
Health & Safety	89	70	62	41	21	83	70
Travel & Subsistence	523	518	429	379	51	502	478
Admin Costs	246	208	161	161	(0)	226	188
Student Support Funds Contribution						1	
Corporate, Consultancy, Professional	1,146	1,539	782	800	(18)	871	1,254
Staff Welfare	16	16	14	13	1	11	16
Catering	1,337	1,355	1,212	919	293	1,053	1,091
Training & Development	113	113	101	71	29	59	113
VAT	1,480	1,480	1,324	1,324	0	1,504	1,480
Marketing & PR	215	203	190	134	57	177	173
Partnership Costs	560	560	473	468	5	544	560
Overseas Agents Commission	148	148	125	112	14	52	118
Registration & Exam Fees	1,351	1,361	1,173	1,166	7	1,182	1,361
Bad Debts	48	41	29	23	6	34	41
	16,256	16,439	14,237	13,475	761	14,623	15,617
<b>Depreciation for the year</b>	5,487	5,487	4,856	4,854	2	5,493	5,332
<b>Debt Interest &amp; Other Finance Costs</b>							
Interest On Bank Loans	623	623	571	571		611	623
Other Finance Charges	35	42	42	52	(11)	(46)	52
	658	665	612	623	(11)	566	675
<b>Research &amp; Development</b>	30	30	24		24	22	10
<b>Exceptional Support Costs</b>		560	560	685	(125)		685
<b>TOTAL EXPENDITURE (NON-STAFFING)</b>	<b>22,431</b>	<b>23,181</b>	<b>20,290</b>	<b>19,637</b>	<b>652</b>	<b>20,703</b>	<b>22,319</b>

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



- 5.1 The total expenditure budget for the year stands at £68.7m (unchanged from last month). Total expenditure for the year to date is £60.5m, which is £1.5m lower than the profiled budget of £61.96m.

Within other operating expenditure, there is a current favourable variance of £761k against the profiled budget of £14.2m, which reflects underspends to date within catering costs (including curriculum) of £293k (which largely offsets lower catering income to date), premises expenditure of £165k (lower gas, water, electricity, rates and building rental costs) and ICT costs of £119k (largely print contract savings). These favourable variances are partly offset by an overspend within teaching activities of £104k. All other expenditure areas are forecast to settle within budget by the end of the session.


Following a review of teaching activities, the full year forecast for this area has been increased by £62k. As a result of these changes, the full year projection for non-staffing expenditure (excluding exceptional support costs) stands at £21.6m, an increase of £62k compared to last month's projection, and £1m below full year budget. Maintaining tight control over expenditure remains a priority as we enter the final month of the year.

- 5.2 In the year to date, depreciation charges of £4.9m have been released from our fixed assets to reflect their economic use. The full year forecast for depreciation stands at £5.3m, £155k lower than budget (unchanged from last month), whilst the full year forecast for deferred capital grant income is £3.1m, which is £75k higher than budget (in line with last month).
- 5.3 The current year-end forecast for total expenditure is £67.4m, approximately £1.4m below budget.

## 6. STAFF COST ANALYSIS

- 6.1 Costs of the first phase of the voluntary severance scheme (VS) were included within the 2015/16 academic year and those affected by the scheme left the College between August and October 2016. Funding of £650k was received in August, with corresponding costs (including pension strain) of £646k. The balance of grant was used towards supporting the phase 2 VS scheme. Self-funded costs of Senior Management VS (£341k) and strain costs of (£15k) were included within the 2015/16 accounts.

The full year forecast for staffing stands at £45.0m (unchanged from last month) and includes an estimate of the pay award for the period 1<sup>st</sup> April to 31<sup>st</sup> July 2017 (which totals £285k). This figure has been offset by the continued favourable effects of lower than anticipated temporary and agency staff costs, vacancy churn, delayed recruitment, unfilled vacant posts and use of the staff bank. The 2016/17 budget does not include in-year savings relating to phase 2 of the VS scheme; net savings of £0.6m attributable to this scheme are already included within the forecast.

Staffing Expenditure Account Detail for the 11 Months to 30th June 2017							
	Original	Revised					
	Annual	Annual					
	Budget	Budget	YTD Budget	YTD Actuals	YTD Variance	Previous YTD	Year End Projection
For the future you want	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Staff Costs</b>							
Senior Management	1,793	1,824	1,676	1,709	(33)	1,778	1,803
Academic Departments	23,036	22,792	20,871	20,441	430	21,196	22,507
Academic Services	4,171	4,457	4,099	3,827	272	3,987	4,410
Admin & Central Services	12,638	12,578	11,536	11,009	528	11,327	12,435
Premises	1,120	1,123	1,029	1,082	(53)	1,072	1,111
Catering & Residences	957	957	876	945	(69)	811	947
Temporary, Agency & Staff Bank Costs	1,108	1,126	1,033	1,136	(103)	1,084	1,136
Other Staffing Expenditure	694	694	554	671	(117)	577	685
	45,517	45,552	41,674	40,819	855	41,834	45,035

- 6.2 Staff costs are currently £0.9m lower than the profiled budget. Actual costs to date include the effects of the support staff pay award (£0.2m), £81k of which relates to April to July in the previous year. The favourable overall variance to date includes the positive movements outlined above.
- 6.3 The apprenticeship levy came into effect on 1<sup>st</sup> April 2017 and will add circa £50k to 2016/17 staffing expenditure, whilst the effect of industrial action will reduce pay costs accordingly. The majority of fixed term and temporary contracts ended in June.
- 6.4 Staff numbers show a decrease of 6.2 FTE from last month, and an overall decrease of 73.2 FTE from the start of the year. There were 6 new starters filling vacant posts in June and 13 leavers one of which related to VS Phase 3.



## 7. TRADING DEPARTMENTS

	Catering				Nursery		
	YTD Jun 2017				YTD Jun 2017		
	Full Year Budget (£000)	YTD Revised Budget (£000)	Actuals (£000)	Full Year Forecast (£000)	Full Year Budget (£000)	YTD Revised Budget (£000)	Actuals (£000)
Income	1,879	1,751	1,436	1,547	1,050	968	849
Staffing Expenditure	(1,114)	(1,020)	(961)	(1,057)	(1,026)	(940)	(941)
Non Staffing Expenditure	(791)	(748)	(545)	(547)	(184)	(176)	(147)
Net (Deficit) Contribution Towards Associated Costs	(27)	(17)	(69)	(57)	(160)	(147)	(239)

7.1 The Catering Department forecasts full year income to settle at £332k below budget (unchanged from last month's projection). However, associated cost savings of £301k in total (£57k within staffing and £244k within other operational expenditure) have been identified to date and are included within the above full year forecasts. In view of the slowdown in current activity due to student and staff holidays, it will prove challenging to bridge the current gap of £30k, although increased catering requirements for commercial courses and Summer School activities will help towards this goal.

7.2 The Nursery currently shows a net operating deficit of £239k, which is mainly due to lower than planned recruitment and an inefficient service delivery, although there is optimism that the position will marginally improve by the year-end following the enforcement of an 'essential spends' only policy, together with a reduction in agency staff and overtime claims following a review of staff rotas.

A 'Best Value Review' was recently undertaken to establish reasons for the decline in performance of the nursery over the past two years. The Head of Estates Services led this review, supported by the Head of Finance and an external partner with experience in nursery provision. The scope of the review covered a number of areas, but in particular:

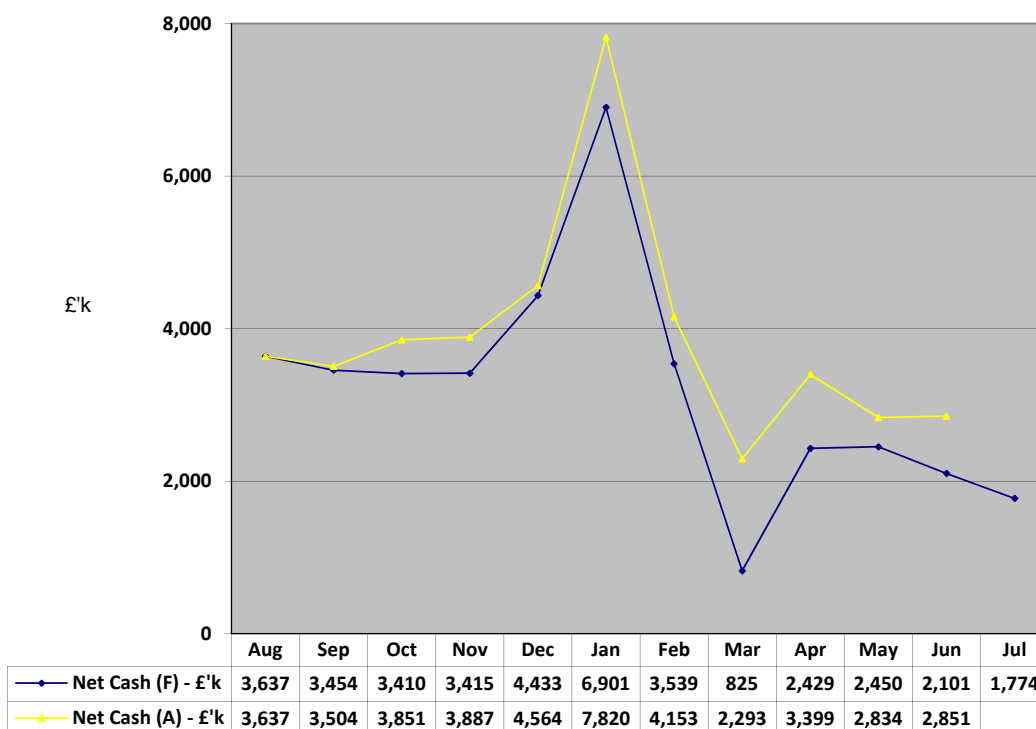
- Achieving target child numbers and scope for improvement,
- Efficiency of staff utilized across rooms,
- Financial performance and how to progress towards a break-even financial position.

Implementation of the recommendations commenced in May and will positively affect the 2017/18 budget by circa £150k of savings compared to 2016/17.

## 8. CASH-FLOW

- 8.1 The cash balance at the end of June is £2.9m. This figure includes £1.1m of student support funds and is ahead of our rolling forecast due to lower than projected capital and operational expenditure outflows (timing differences).
- 8.2 Advanced cash funding was required from the SFC to accelerate progress towards a balanced budgetary position. This includes repayable cash support of £2.9m (received in March 2017), which will enable recurring operational expenditure outflows to be met in advance of securing savings through the release of staff through VS schemes.
- 8.3 The forecast net cash position at the year-end is £1.84m, a favourable movement of £0.2m from last month's projection, which is mainly due to a decrease in the current academic year for capital expenditure outflows and an improvement in the forecast deficit. The full year forecast cash position primarily consists of student support funds, largely driven by an underspend of funds in the current academic year. This amount will be recovered by the SFC next year, in line with the treatment of the 2015/16 underspend (which amounted to £1.7m) this year. This will have no effect on next year's allocation of funds.

Cash Position - Forecast versus Actuals to June 2017



## 9. BALANCE SHEET

<b><u>Balance Sheet as at 30 June 2017</u></b>		<u>As at 30</u> <u>Jun 17</u>	<u>As at 31</u> <u>Jul 16</u>	YTD Mvmt
		<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Fixed Assets	Land and Buildings	139,534	142,547	(3,013)
	Fixtures, fittings and Equipment	7,245	7,633	(388)
		146,779	150,179	(3,400)
Current Assets	Stock	95	122	(27)
	Debtors	2,557	2,645	(88)
	Cash - Main	1,762	1,287	475
	Cash - Student Support	1,089	704	385
Total		5,504	4,758	746
Creditors		(82,366)	(81,605)	(761)
Provisions		(30,051)	(30,368)	317
		39,866	42,965	(3,099)
Funded by:				
Reserves		39,866	42,965	(3,099)
		39,866	42,965	(3,099)

- 9.1 The movement in Fixed Assets and Cash is reviewed in the sections above. At the end of June, debtors include trade amounts of £1.2m and £1.4m of prepayments and accrued income (including associate degree, managing agents and IES contract fees) which will be settled in July. The increase in creditors primarily relates to the amount owed to the SFC as a result of the £2.9m cash advance.

## 10. SFC REPORTING

- 10.1 The College reports to the SFC on our financial performance each quarter during the year (monthly during the final quarter). The first return for the new 2017/18 financial year (which commenced on 1<sup>st</sup> April 2017) was completed in early July 2017 (for the end June 2017 quarter).

### Summary Resource Return (RDEL)

	<b>Forecast 12 mths to 31 Mar 18</b>	<b>Actual 12 mths to 31 Mar 17</b>
<b>SFC Income</b>	<b>55,141</b>	<b>55,612</b>
<b>Other Income</b>	<b>16,501</b>	<b>16,106</b>
<b>Total Income</b>	<b>71,642</b>	<b>71,718</b>
<b>Expenditure</b>	<b>(70,593)</b>	<b>(71,265)</b>
	<b>1,049</b>	<b>453</b>
<b>Less Loan repayment</b>	<b>(1,520)</b>	<b>(1,267)</b>
<b>Net Overspend</b>	<b>(471)</b>	<b>(814)</b>

- 10.2 The main part of the return monitors spending against RDEL (Resource Departmental Expenditure Limit) and refers to all income and expenditure other than capital additions, depreciation and deferred grant releases, and certain changes to provisions regarding pensions. This differs to the income and expenditure reported in the management accounts, as it includes student support funds received and paid out. However it is consistent with the final four months management accounts forecast to 31 July 2017 and the first eight months of the 2017/18 budget.
- 10.3 The latest resource return shows a projected over-spend of £0.5m against RDEL for the year to March 2018. This compares to an actual over-spend of £0.8m in the previous year. This does not include the effect of any clawback of student support funds due to the underspend in the 2016/17 academic year.
- 10.4 The CDEL (Capital Departmental Expenditure Limit) figure for the year is a breakeven position, such that expenditure on fixed assets aligns with the amount of capital grant funding received from the SFC plus proceeds from disposals. The AME (Annually Managed Expenditure) figure refers to movements in provisions and the revaluation of pension deficits. A revaluation at July 2017 has not been carried out or provided by the SFC yet, but will be included as an adjustment to the March 2017 resource return, in line with SFC instructions.



## 11. KEY PERFORMANCE DATA

Financial Performance Monitoring Template							
	2015/16 Annual Target	2015/16 Revised Annual Target		2016/17 Annual Target	2016/17 YTD Actual	Variance	2015/16 Annual Out-turn
Credits	195,452	186,258		184,028	184,028	-	180,144
Credits ESF	4,806	2,000		2,000	2,962	962	-
	2015/16 Annual Budget	2016/17 Annual Budget	Revised Annual Budget	2016/17 YTD Budget	2016/17 YTD Actuals	YTD Variance	Previous YTD
	£k	£k	£k	£k	£k	£k	£k
Commercial & International Contracts	5,377	5,313	5,313	4,905	4,798	(107)	4,949
Refer sections 2 to 5							
Income	67,216	64,134	64,919	58,151	57,356	(795)	58,218
Expenditure	67,840	67,948	68,733	61,964	60,456	1,508	62,537
Operating Surplus / (Deficit)	(624)	(3,814)	(3,814)	(3,813)	(3,100)	713	(4,318)
Refer sections 6 to 7							
Net Cash Inflow / (Outflow)	941	(452)	(452)	657	860	203	285
Bank Balance	4,052	1,539	1,539	2,648	2,851	203	3,197
Fixed Assets	150,716	145,409	145,409	146,779	146,779	-	150,646
Net Current assets / (liabilities)	631	(9,417)	(9,417)	(10,580)	(10,580)	-	(6,531)
Creditors and Provisions	(101,215)	(97,538)	(97,538)	(96,333)	(96,333)	-	(97,851)
Net Assets	50,132	38,454	38,454	39,866	39,866	-	46,264
Pay costs % of Income	% 67.2	71	70.2	71.7	71.2	(0.5)	71.9
Current Ratio	1.1	0.47	0.47	0.34	0.34	-	0.46
Cash Days in Hand	4	(37)	(37)	(64)	(64)	-	(38)
Borrowings as % of reserves	% 10.0	10.6	10.6	11.1	11.1	-	10.3

# I&E Account for the 11 Months to 30th June 2017

	<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>	<u>Year End Projection £000s</u>
Funding Council Grants	43,374	43,564	38,437	38,427	(10)	39,361	43,583
Deferred Capital Grant Releases	3,065	3,065	2,777	2,846	69	2,875	3,140
Debt Support Grant	800	800	733	733	0	733	800
Tuition Fees and Education Contracts (inc SAAS)	9,464	9,464	8,740	7,961	(778)	8,402	8,577
Commercial and International Contracts	5,313	5,313	4,905	4,798	(107)	4,949	5,187
Other Income	2,118	2,153	1,998	1,905	(93)	1,897	2,031
Exceptional Support Grants	0	560	560	685	125	0	685
<b>Total Income</b>	<b>64,134</b>	<b>64,919</b>	<b>58,151</b>	<b>57,356</b>	<b>(795)</b>	<b>58,218</b>	<b>64,003</b>
Staff Costs	45,517	45,552	41,674	40,819	855	41,834	45,035
Other Operating Expenses	16,256	16,439	14,237	13,475	762	14,623	15,617
Depreciation	5,487	5,487	4,856	4,854	2	5,493	5,332
Debt Interest & Other Finance Costs	658	665	612	623	(11)	566	675
Research & Development	30	30	24	0	24	22	10
Exceptional Support Costs	0	560	560	685	(125)	0	685
<b>Total Expenditure</b>	<b>67,948</b>	<b>68,733</b>	<b>61,964</b>	<b>60,456</b>	<b>1,508</b>	<b>62,537</b>	<b>67,354</b>
<b>Operating Surplus / (Deficit)</b>	<b>(3,814)</b>	<b>(3,814)</b>	<b>(3,813)</b>	<b>(3,100)</b>	<b>713</b>	<b>(4,318)</b>	<b>(3,351)</b>
<b><u>Statement of Historical Cost Surpluses and Deficits for the 11 Months to 30th June 2017</u></b>							
<b>Operating Surplus / (Deficit)</b>	<b>(3,814)</b>	<b>(3,814)</b>	<b>(3,813)</b>	<b>(3,100)</b>	<b>713</b>	<b>(4,318)</b>	<b>(3,351)</b>
<b>Difference between historical cost depreciation and actual revaluation charge for the period</b>	<b>612</b>	<b>612</b>	<b>571</b>	<b>571</b>	<b>0</b>	<b>574</b>	<b>612</b>
<b>Historical Cost Surplus / (Deficit)</b>	<b>(3,202)</b>	<b>(3,202)</b>	<b>(3,242)</b>	<b>(2,529)</b>	<b>713</b>	<b>(3,744)</b>	<b>(2,739)</b>

## NB:

The year-end projection incorporates pay-award assumptions for both lecturing and support staff (for the period 1st April 2017 - 31st July 2017), but currently excludes an accrued annual leave provision and actuarial pensions revaluations (which will not be quantifiable until early August). SFC pay-award support has been excluded from the full-year projection as it forms part of the 2017/18 academic year Income & Expenditure budget.



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## INCOME

### Funding Council Grants

Recurrent Grant Inc Fee Waiver	40,162	40,162	35,166	35,166		36,245	40,162
Childcare Funds	1,500	1,500	1,500	1,500		1,482	1,540
Deferred Capital Grants	3,065	3,065	2,777	2,846	69	2,875	3,140
Debt Support Grants	800	800	733	733		733	800
Other SFC Grants	1,712	1,901	1,770	1,761	(10)	1,634	1,881
	47,239	47,429	41,948	42,007	59	42,970	47,523

### Tuition Fees & Education Contracts

FE - UK & EU	1,401	140	140	110	(30)	126	110
HE - UK & EU		339	339	347	8	349	350
PT Self Payers		922	897	699	(198)	799	710
Examination Fee Income		0	0	26	26	23	26
SAAS	4,238	4,238	3,885	3,662	(223)	3,529	4,004
Associate Degree Fees	1,198	1,198	1,098	831	(267)	1,009	906
Managing Agents	1,362	1,362	1,315	1,396	80	1,310	1,396
Edinburgh Council - Pre Emp Contract	1,265	1,265	1,065	891	(174)	1,257	1,075
	9,464	9,464	8,740	7,961	(778)	8,402	8,577

### Commercial & International

International	1,350	1,350	1,126	1,126		1,221	1,350
SDS	600	600	586	601	15	536	601
EH15 and The Apprentice Restaurants	53	53	52	71	19	103	71
Bliss SPA and Employability Salons	120	120	120	121	1	118	121
Gym	338	337	313	281	(32)	294	317
Nursery	1,050	1,050	968	849	(119)	936	930
Residences	590	590	588	607	18	613	610
Access Centre Provision	130	130	129	144	15	120	144
Bespoke Contracts for Employers	1,052	667	608	519	(89)	549	563
Scheduled Short Courses	30	416	416	480	64	436	480
Other European Income				0	0	22	
	5,313	5,313	4,905	4,798	(107)	4,949	5,187

### Other Income

Catering	1,879	1,879	1,751	1,422	(328)	1,548	1,547
Other Income Generating Activities	230	265	238	482	244	338	482
	2,108	2,143	1,989	1,904	(85)	1,886	2,028

### Endowment & Investment

Bank Interest	10	10	9	1	(8)	11	3
	10	10	9	1	(8)	11	3

### Exceptional Support Grants

		560	560	685	125		685
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<b>TOTAL INCOME</b>	<b>64,134</b>	<b>64,919</b>	<b>58,151</b>	<b>57,356</b>	<b>(795)</b>	<b>58,218</b>	<b>64,003</b>
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## EXPENDITURE

### Staff Costs

Senior Management	1,793	1,824	1,676	1,709	(33)	1,778	1,803
Academic Departments	23,036	22,792	20,871	20,441	430	21,196	22,507
Academic Services	4,171	4,457	4,099	3,827	272	3,987	4,410
Admin & Central Services	12,638	12,578	11,536	11,009	528	11,327	12,435
Premises	1,120	1,123	1,029	1,082	(53)	1,072	1,111
Catering & Residences	957	957	876	945	(69)	811	947
Temporary, Agency & Staff Bank Costs	1,108	1,126	1,033	1,136	(103)	1,084	1,136
Other Staffing Expenditure	694	694	554	671	(117)	577	685
	45,517	45,552	41,674	40,819	855	41,834	45,035

### Other Operating Expenses

Premises	5,081	5,066	4,584	4,319	265	4,591	4,816
Teaching Activity & Support	912	851	819	923	(104)	853	923
Childcare Costs	1,500	1,500	1,500	1,500		1,482	1,540
Transport Costs	45	83	80	70	10	54	83
IT Costs	1,196	1,115	977	858	119	1,078	1,100
Telecomms Costs	201	180	167	164	3	184	180
Equipment	51	33	31	28	3	83	33
Health & Safety	89	70	62	41	21	83	70
Travel & Subsistence	523	518	429	379	51	502	478
Admin Costs	246	208	161	161	(0)	226	188
Student Support Funds Contribution						1	
Corporate, Consultancy, Professional	1,146	1,539	782	800	(18)	871	1,254
Staff Welfare	16	16	14	13	1	11	16
Catering	1,337	1,355	1,212	919	293	1,053	1,091
Training & Development	113	113	101	71	29	59	113
VAT	1,480	1,480	1,324	1,324	0	1,504	1,480
Marketing & PR	215	203	190	134	57	177	173
Partnership Costs	560	560	473	468	5	544	560
Overseas Agents Commission	148	148	125	112	14	52	118
Registration & Exam Fees	1,351	1,361	1,173	1,166	7	1,182	1,361
Bad Debts	48	41	29	23	6	34	41
	16,256	16,439	14,237	13,475	761	14,623	15,617

### Depreciation for the year

	5,487	5,487	4,856	4,854	2	5,493	5,332
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### Debt Interest & Other Finance Costs

Interest On Bank Loans	623	623	571	571		611	623
Other Finance Charges	35	42	42	52	(11)	(46)	52
	658	665	612	623	(11)	566	675

### Research & Development

	30	30	24		24	22	10
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### Exceptional Support Costs

		560	560	685	(125)		685
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<b>TOTAL EXPENDITURE</b>	<b>67,948</b>	<b>68,733</b>	<b>61,964</b>	<b>60,456</b>	<b>1,508</b>	<b>62,537</b>	<b>67,354</b>
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<b>Operating Surplus / (Deficit)</b>	<b>(3,814)</b>	<b>(3,814)</b>	<b>(3,813)</b>	<b>(3,100)</b>	<b>713</b>	<b>(4,318)</b>	<b>(3,351)</b>
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## I&E Account Detail for the 11 Months to 30th June 2017

<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>	<u>Year End Projection £000s</u>
40,162	40,162	35,166	35,166		36,245	40,162
1,500	1,500	1,500	1,500		1,482	1,540
3,065	3,065	2,777	2,846	69	2,875	3,140
800	800	733	733		733	800
1,712	1,901	1,770	1,761	(10)	1,634	1,881
47,239	47,429	41,948	42,007	59	42,970	47,523
1,401	140	140	110	(30)	126	110
	339	339	347	8	349	350
	922	897	699	(198)	799	710
	0	0	26	26	23	26
4,238	4,238	3,885	3,662	(223)	3,529	4,004
1,198	1,198	1,098	831	(267)	1,009	906
1,362	1,362	1,315	1,396	80	1,310	1,396
1,265	1,265	1,065	891	(174)	1,257	1,075
9,464	9,464	8,740	7,961	(778)	8,402	8,577
1,350	1,350	1,126	1,126		1,221	1,350
600	600	586	601	15	536	601
53	53	52	71	19	103	71
120	120	120	121	1	118	121
338	337	313	281	(32)	294	317
1,050	1,050	968	849	(119)	936	930
590	590	588	607	18	613	610
130	130	129	144	15	120	144
1,052	667	608	519	(89)	549	563
30	416	416	480	64	436	480
			0	0	22	
5,313	5,313	4,905	4,798	(107)	4,949	5,187
1,879	1,879	1,751	1,422	(328)	1,548	1,547
230	265	238	482	244	338	482
2,108	2,143	1,989	1,904	(85)	1,886	2,028
10	10	9	1	(8)	11	3
10	10	9	1	(8)	11	3
	560	560	685	125		685
64,134	64,919	58,151	57,356	(795)	58,218	64,003
1,793	1,824	1,676	1,709	(33)	1,778	1,803
23,036	22,792	20,871	20,441	430	21,196	22,507
4,171	4,457	4,099	3,827	272	3,987	4,410
12,638	12,578	11,536	11,009	528	11,327	12,435
1,120	1,123	1,029	1,082	(53)	1,072	1,111
957	957	876	945	(69)	811	947
1,108	1,126	1,033	1,136	(103)	1,084	1,136
694	694	554	671	(117)	577	685
45,517	45,552	41,674	40,819	855	41,834	45,035
5,081	5,066	4,584	4,319	265	4,591	4,816
912	851	819	923	(104)	853	923
1,500	1,500	1,500	1,500		1,482	1,540
45	83	80	70	10	54	83
1,196	1,115	977	858	119	1,078	1,100
201	180	167	164	3	184	180
51	33	31	28	3	83	33
89	70	62	41	21	83	70
523	518	429	379	51	502	478
246	208	161	161	(0)	226	188
					1	
1,146	1,539	782	800	(18)	871	1,254
16	16	14	13	1	11	16
1,337	1,355	1,212	919	293	1,053	1,091
113	113	101	71	29	59	113
1,480	1,480	1,324	1,324	0	1,504	1,480
215	203	190	134	57	177	173
560	560	473	468	5	544	560
148	148	125	112	14	52	118
1,351	1,361	1,173	1,166	7	1,182	1,361
48	41	29	23	6	34	41
16,256	16,439	14,237	13,475	761	14,623	15,617
5,487	5,487	4,856	4,854	2	5,493	5,332
623	623	571	571		611	623
35	42	42	52	(11)	(46)	52
658	665	612	623	(11)	566	675
30	30	24		24	22	10
	560	560	685	(125)		685
67,948	68,733	61,964	60,456	1,508	62,537	67,354
(3,814)	(3,814)	(3,813)	(3,100)	713	(4,318)	(3,351)



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## Balance Sheet

### For the 11 Months to 30th June 2017

	<u>2016/2017</u> <u>YTD Actuals</u> <u>£000s</u>	<u>2015/16</u> <u>Year End</u> <u>£000s</u>	<u>2015/2016</u> <u>Previous YTD</u> <u>£000s</u>
<b>Fixed Assets</b>			
L&B	139,534	142,547	142,821
FFE	7,245	7,633	7,825
	<u>146,779</u>	<u>150,179</u>	<u>150,646</u>
<b>Current Assets</b>			
Stock	95	122	96
Debtors	2,557	2,645	2,180
Cash	2,851	1,991	3,197
	<u>5,504</u>	<u>4,758</u>	<u>5,473</u>
<b>Creditors &lt; 1yr</b>			
Loans	(408)	(408)	(386)
Payments received in advance	(396)	(241)	(662)
Trade creditors	(175)	(1,198)	(835)
Taxes & social sec	(1,702)	(1,141)	(1,003)
Accruals, Def Inc & Other Creditors	(3,426)	(5,970)	(2,266)
Amounts owed to SFC	(6,911)	(75)	(3,786)
Deferred Capital Grants - Government	(3,065)	(3,065)	(3,065)
	<u>(16,084)</u>	<u>(12,097)</u>	<u>(12,004)</u>
<b>Net current assets / (liabilities)</b>	<u>(10,580)</u>	<u>(7,339)</u>	<u>(6,531)</u>
<b>Total assets less current liabilities</b>	<b>136,198</b>	<b>142,840</b>	<b>144,115</b>
<b>Creditors &gt; 1yr</b>			
Bank loans	(10,237)	(10,575)	(10,660)
Lennartz VAT	(68)	(866)	(938)
Deferred Capital Grants - Government	(55,977)	(58,066)	(58,292)
	<u>(66,281)</u>	<u>(69,507)</u>	<u>(69,890)</u>
<b>Provisions</b>			
Early retirement	(4,777)	(5,037)	(4,706)
Other	20	(37)	(37)
	<u>(4,757)</u>	<u>(5,074)</u>	<u>(4,743)</u>
<b>Net pension asset / (liability)</b>	<b>(25,294)</b>	<b>(25,294)</b>	<b>(23,216)</b>
<b>NET ASSETS</b>	<u><u>39,866</u></u>	<u><u>42,965</u></u>	<u><u>46,264</u></u>
<b>Reserves</b>			
I&E account	37,593	40,118	41,290
Pension reserve	(25,294)	(25,294)	(23,216)
Revaluation reserve	27,567	28,141	28,190
<b>RESERVES</b>	<u><u>39,866</u></u>	<u><u>42,965</u></u>	<u><u>46,264</u></u>

### **Cumulative Cashflows (2016/17)**

SFC Grants - Core	40,162	40,162	4,901	4,620	4,925	3,967	4,307	2,662			4,695	3,695	3,695	2,695	37,467	40,162	0
SFC Grants - ESF	466	466					158	32	32	32	32	32	32	32	350	382	(84)
SFC Grants - Other	4,229	4,229	184	308	317	388	798	689	521	999	443	252	279	336	5,178	5,514	1,285
SFC Grants - VS Scheme	650	650	650						560	0				1,200	1,210	2,410	1,760
SFC Cash Advance	2,900	2,900								2,900					2,900	2,900	0
SAAS Funds	4,238	4,238						3,899		66					3,965	3,965	(273)
Tuition Fees / Education Contracts	5,226	5,226	322	455	292	259	514	583	278	615	291	406	565	223	4,580	4,803	(423)
Commercial / International	5,313	5,313	443	455	197	684	414	358	570	365	398	511	403	266	4,798	5,064	(249)
Other Income	2,118	2,153	226	56	195	243	187	181	171	375	167	184	143	4	2,128	2,132	(21)
Operational Income	65,302	65,337	6,725	5,894	5,926	5,541	6,378	8,404	2,132	5,352	6,026	5,080	5,117	4,756	62,575	67,331	1,994
Staff Costs	45,517	45,552	3,743	3,610	3,682	3,723	3,779	3,822	3,788	3,666	3,688	3,676	3,595	3,999	40,772	44,771	781
Purchase Ledger / Other Expenditure	10,363	10,363	534	1,722	763	866	606	386	865	728	953	1,394	715	353	9,532	9,885	478
Childcare Expenditure	1,500	1,500		95	143	177	212	103	179	213	130	152	171	21	1,575	1,596	(96)
Premises Costs	5,081	5,081	423	380	373	420	456	405	402	443	285	397	336	587	4,320	4,907	174
Pension Strain Costs	80	80	51	12	33				0	8					104	104	(24)
Staff VS & Restructuring Costs	966	966	426	345	112	0	154	469	37	70			37	1,163	1,650	2,813	(1,847)
Operational Expenditure	63,507	63,542	5,177	6,164	5,106	5,186	5,207	5,185	5,271	5,128	5,056	5,619	4,854	6,123	57,953	64,076	(534)
Net Income Generated From Operations	1,795	1,795	1,548	(270)	820	355	1,171	3,219	(3,139)	224	970	(539)	263	(1,367)	4,622	3,255	1,460
Capital Expenditure	683	683	113	59	26	14	84	79	36	671	35	128	94	239	1,339	1,578	(895)
Pensioners (against enhanced provision)	300	300	25	25	24	24	24	24	24	24	24	24	24	24	266	290	10
Capital Loan Repayments	384	384		35	64		35	65		35	0	67	35	67	336	403	(19)
VAT Repaid - Lennartz	880	880		218			218			218			218		872	872	8
Non-Operational Expenditure	2,247	2,247	138	337	114	38	361	168	60	948	59	219	371	330	2,813	3,143	(896)
Net Income Generated From Op and Non-Op Activities	(452)	(452)	1,410	(607)	706	317	810	3,051	(3,199)	(724)	911	(758)	(108)	(1,697)	1,809	112	564
Student Funds Inflow	9,180	9,180	237	1,011	565	764	912	907	336	113	864	999	950	681	7,658	8,339	(841)
Student Funds Outflow	9,180	9,180	1	537	924	1,045	1,045	702	804	1,249	669	806	825	61	8,607	8,668	512
	0	0	236	474	(359)	(281)	(133)	205	(468)	(1,136)	195	193	125	620	(949)	(329)	(329)
Total Cash In	74,482	74,517	6,962	6,905	6,491	6,305	7,290	9,311	2,468	5,465	6,890	6,079	6,067	5,437	70,233	75,670	1,153
Total Cash Out	74,934	74,969	5,316	7,038	6,144	6,269	6,613	6,055	6,135	7,325	5,784	6,644	6,050	6,514	69,373	75,887	918
Net Inflow / (Outflow)	(452)	(452)	1,646	(133)	347	36	677	3,256	(3,667)	(1,860)	1,106	(565)	17	(1,077)	860	(217)	235
Opening bank balance	1,991	1,991	1,991	3,637	3,504	3,851	3,887	4,564	7,820	4,153	2,293	3,399	2,834	2,851	1,991	1,991	0
Closing bank balance	1,539	1,539	3,637	3,504	3,851	3,887	4,564	7,820	4,153	2,293	3,399	2,834	2,851	1,774	2,851	1,774	235
Ledger balances																	
Main accounts	1,539	1,539	1,304	697	1,413	1,748	2,575	5,591	2,517	1,903	2,601	1,870	1,762	65	1,762	65	(1,474)
Term Deposit accounts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Student Funds accounts	0	0	2,333	2,807	2,438	2,139	1,989	2,229	1,636	390	798	964	1,089	1,709	1,089	1,709	1,709
Subsidiary accounts																	
	1,539	1,539	3,637	3,504	3,851	3,887	4,564	7,820	4,153	2,293	3,399	2,834	2,851	1,774	2,851	1,774	235
Loan balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0



FOR INFORMATION			
Meeting	Policy & Resources Committee 22.08.17		
Presented by	Christine McDougall		
Author/Contact	Christine McDougall / Colin McLaren	Department / Unit	Estates Services
Date Created	08.08.17	Telephone	-
Appendices Attached			
Disclosable under FOISA		Yes.	

## **COLLEGE CLADDING MATERIAL REVIEW**

### **1. PURPOSE**

This paper provides an update on the college cladding systems used in relation to recent events and SFC call for information.

### **2. BACKGROUND**

Following on from the tragic events surrounding the Grenfell tower fire on 14 June 2017 it was identified that the cladding used on the exterior of the building may be a contributory factor to the spread of the fire.

Subsequent publicity and investigation identified a particular type of cladding – Aluminium Composite Cladding (ACM) as one that was of greatest concern.

### **3. DETAIL**

The college initially undertook its own review of its building using as built drawings and O&M manuals to identify the varying types of cladding used. Although publicity was given to more modern systems a thorough review took place dating back to the recladding of the Sighthill Campus in 1999.

However due to increased media interest, a FOI request and a SFC call for information (SFC/CI/04/2017) the decision to use an external specialist was made and the appointment of Blyth and Blyth was agreed so that the SFC call for information deadline could be met (13 July 2017) and to peer review our internal findings.

The findings of the external review confirmed that no ACM cladding systems have been utilised at Edinburgh College.

**4. BENEFITS AND OPPORTUNITIES**

The benefit to the college of using an independent external consultant was to give comfort that our internal findings were accurate and to ensure the SFC call for information was addressed within the given timescale.

Further to the review of any ACM materials being used our external consultant will also be preparing a letter report outlining the form of construction used in the external envelope of the buildings and the level of fire resistance these would offer. This should allow the college to respond to further requests and subsequent reviews given we have differing systems across the estate. It should also give us a platform to respond to any outcomes of the subsequent public enquiry and any further Scottish Government / SFC reviews or calls for information.

**5. RISK**

At present the Call for Information submission to SFC (SFC/CI/04/2017) has offset any risk to the college.

**6. FINANCIAL IMPLICATIONS**

None

**7. LEGAL IMPLICATIONS**

None

**8. WORKFORCE IMPLICATIONS**

None

**9. REPUTATIONAL IMPLICATIONS**

None

**10. EQUALITIES IMPLICATIONS**

None

**CONCLUSIONS/RECOMMENDATIONS**

The findings of the external review confirmed that no ACM cladding systems have been utilised at Edinburgh College and at present no further action is required. An update confirming the level of fire resistance that our existing cladding provides will be provided and will highlight if there are any further issues that may require attention, however, we remain confident that our buildings meet current regulations.