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BOARD OF MANAGEMENT

AGENDA

A meeting of the Board of Management will be held at 14:00 hours on Tuesday, 13 December 2016 in the Boardroom, Milton Road Campus.

		Lead Speaker	Paper
1	WELCOME & APOLOGIES	Chair	
2	DECLARATIONS OF INTEREST	Chair	
3	PARTNERSHIP WORKING REPORTS	Chair	A

Item 3 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.

4	MINUTES OF PREVIOUS MEETING <i>for approval</i>	Chair	B
5	MATTERS ARISING	Chair	C
6	PREPARATION OF A NEW STRATEGIC PLAN	A Bruton / R Whetton	D

The Strategic Plan 2018 onwards is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 27, Information Intended for Future Publication.

7 COMMITTEE BUSINESS

7.1	<u>Policy & Resources Committee</u>		
	Minutes 15.11.16	I Young	E
	Business Transformation Plan Report	A Bruton	Verbal
	Recruitment & Retention Dashboard	J Pearson	F

The Business Transformation Plan Report is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 27, Information Intended for Future Publication.

Management Accounts to October 2016 **attached** A Williamson **G**

7.2	<u>Academic Council</u>		
	Minutes 04.11.16	E Lee	H
	Terms of Reference	E Lee	I

The Regional Outcome Agreement Self-Evaluation Report is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 27, Information Intended for Future Publication.

7.3	<u>Audit & Risk Assurance Committee</u> <u>Minutes 23.11.16</u>	N Paul	K
	Financial Accounts for approval	N Paul	L
	i. A&RA Committee Annual Report		
	ii. Annual Accounts to July 2016		
	iii. External Auditor's Annual Report		
	iv. Letter of Representation		

The Financial Accounts are presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 27, Information Intended for Future Publication.

	Top Risk Register	A Williamson	M
7.4	<u>External Engagement Committee</u> <u>Minutes 08.11.16</u> <u>Terms of Reference</u> for approval	A Johnston A Johnston	N O
7.5	<u>Nominations Committee</u> <u>Minutes 04.10.16</u>	Chair	P
8	PRINCIPAL & CHIEF EXECUTIVE REPORT	A Bruton	Q
9	GRANTON STUDENT ACCOMMODATION for approval	A Williamson	R

Item 9 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.

10	EDINBURGH COLLEGE STUDENTS' ASSOCIATION		
10.1	ECSA Report	N Black	S
11	GOVERNANCE REPORT		
11.1	50/50 by 2020 Report attached	P Davis	T
11.2	Board Evaluation 2015/16	P Davis	U

Item 11.2 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.

12	NATIONAL REPORT	Chair	Verbal
13	RIDDOR REPORT	A Williamson	V
14	CLOSED ITEMS OF BUSINESS		
14.1	Closed Minutes of the Previous Meeting for approval	Chair	W

Item 11 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 36, Confidentiality.

15	DEVELOPMENT TRUST REPORT	A Colquhoun	X
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16 ANY OTHER COMPETENT BUSINESS

17 DATE OF NEXT MEETING: 14 February 2017



For the future you want

**BOARD OF MANAGEMENT
13 DECEMBER 2016
PAPER G
A WILLIAMSON**

MANAGEMENT ACCOUNTS TO OCTOBER 2016

Purpose of the Report

To provide the Board of Management with an update on the financial performance of the College.

Action Required

Members are asked to NOTE the Management Accounts to October 2016.

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	30.11.16
Other	Yes \ No	Details
Equality Impact	No	



FINANCIAL REPORT
3 MONTHS TO OCTOBER 2016

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 31 October 2016

1. EXECUTIVE SUMMARY

Activity

	2016/17 Annual Budget		Actuals achieved @21/11/16	Due to be received
GIA @ £218 per credit income	£40,162,092		£36,455,704	£3,706,388
Credit Target/achieved	184,028		167,228	16,800
ESF @ £238.15	£476,300		-	£476,300
ESF Credit target / achieved	2,000		-	2,000

- 1.1 The SFC have set Edinburgh College's activity target for Academic Year 2016/17 at **184,028** credits. In addition, if the HE credit total of 54,340 is achieved a further **2,000** credits through the ESF Developing Scotland's Workforce 2016/17 project will be received. The College is targeting levels above this planned activity (by 3,872 credits to 189,900 credits in total) to allow for FT withdrawals up to 1 November 2016. The target SFC grant income is **£40.6m**. The credit total has reduced from last month reflecting withdrawals and other movements including students moving to associate Degree courses which do not attract credits as these students attract fees from Universities.
- 1.2 The College has set a £3.8m deficit budget for 2016/17 which is in line with the transformation plan budget agreed with the SFC. During the year the College must identify budget savings and/or income growth of £3.2m in advance of the start of the 2017/18 academic year to maintain its progress towards a financially sustainable future. The 2016/17 budget already incorporates cost reductions of over £1.2m on a recurring basis identified in the previous year. Work is ongoing to identify further cost savings which will have a minimal impact on the student experience.

Income and Expenditure

	<u>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	44,174	9,535	9,538	3	11,216	44,174
Tuition Fees and Commercial & Other Income	16,895	4,937	4,860	(77)	4,503	16,565
Deferred Income	3,065	774	774	0	819	3,065
Total Income	64,134	15,246	15,172	(74)	16,538	63,804
Staff Costs	45,517	11,325	11,010	315	10,889	45,131
Other Costs	16,944	3,712	3,698	14	4,280	16,792
Depreciation	5,487	1,380	1,380	0	1,493	5,487
Total Expenditure	67,948	16,417	16,088	329	16,662	67,410
Operating (Deficit)	(3,814)	(1,171)	(916)	255	(124)	(3,606)

- 1.4 The October operating position shows a deficit of £0.9m (previous month deficit: £0.6m) against a profiled budget deficit of £1.2m. The net favorable movement of £0.3m is largely due to positive variances within full-time tuition fee income and commercial income as well as an under-spend in staff costs. However these are partially off-set by adverse variances within Associate Degree income, SAAS income and self-payer Tuition fees. The full year forecast remains the same as last month at a deficit of £3.6m (an improvement of £0.2m compared to the starting budget).
- 1.5 Associate Degree student numbers are 38 below forecast within Engineering, Hospitality and Tourism, therefore the full year income forecast has been reduced by a further £60k (previous month £100k) to £160k. In addition, the HE SAAS income projection has been reduced by £120k, although this is partially off-set against an improved forecast of £80k in full time HE self-payer fees, as a result of some students changing to self-funding. There has also been a forecast reduction of £30k in part-time fees due to lower semester 1 student numbers.

However, the above position could improve if student numbers are higher than planned in the semester 2 courses intake. These courses are being delivered at no extra net budgeted cost.

- 1.6 Staff vacancy churn and slower recruitment, together with lower than planned temporary and agency staff costs, plus less cost in using our staff bank, reflects the current favourable staff cost underspend of £314k. However, as the year progresses and as staff vacancies are filled, this monthly level of staff cost savings will reduce accordingly.

However, the phase 2 voluntary severance scheme which closes on 25 November 2016, could release additional in-year cash savings if staff leave earlier than expected.

1.7 Staff (Full Time Equivalent)

FTE	31/10/2016	Other movement	VS reduction	31/07/2016	31/10/2015
Teaching	494.4	(1.2)	(8.0)	503.6	517.5
Support	590.5	(18.7)	(25.0)	634.2	638.3
	1,084.9	(19.9)	(33.0)	1,137.8	1,155.8

Staff levels show a reduction of 6 FTE from last month and 52.9 FTE from the start of the year. Part of this decrease includes 37.6 FTE counting as a permanent reduction (33 FTE in relation to the phase 1 voluntary severance scheme, and 4.6 FTE from the SRUC transfer of staff). The balance of 15.3 FTE relates to current vacancies some of which might not be filled. Each vacancy is under close review by Functional management and the Executive Team. Most vacancies are filled on a temporary basis.

Cash Position

Opening Cash	Month-end cash	Forecast year-end cash	Comments
01/08/2016	31/10/2016	31/07/2017	Forecast cash includes the effect of £2.9m of advanced funding from the SFC, which is expected to be drawn down in March 2017. This sum was agreed to support the College's transformation plan.
			The opening cash of £2m includes an under-spend on Student Support funds of £1.9m, which is likely to be returned to the SFC in the current year.
£'m.	£'m.	£'m.	Cash forecasts are regularly updated and reviewed, particular attention on managing the critical months of March and July 2017 when calling on funds from SFC is restricted.
2.0	3.9	2.7	

Capital Expenditure

Opening Fixed Assets	Additions YTD	Depreciation	Closing Fixed Assets	Comments
01/08/2016	31/10/2016		31/10/2016	Additions to date are fully funded by Capital Grants and relate to ICT infrastructure, fire and security and building fabric & ventilation works.
£'m.	£'m.	£'m	£'m.	
150.2	0.1	(1.4)	149.0	Additional Capital Funds of net £1.1m have been made available to the College, and will consequently increase forecast 'additions' once spending priorities are agreed.

2. CREDIT ACTIVITY

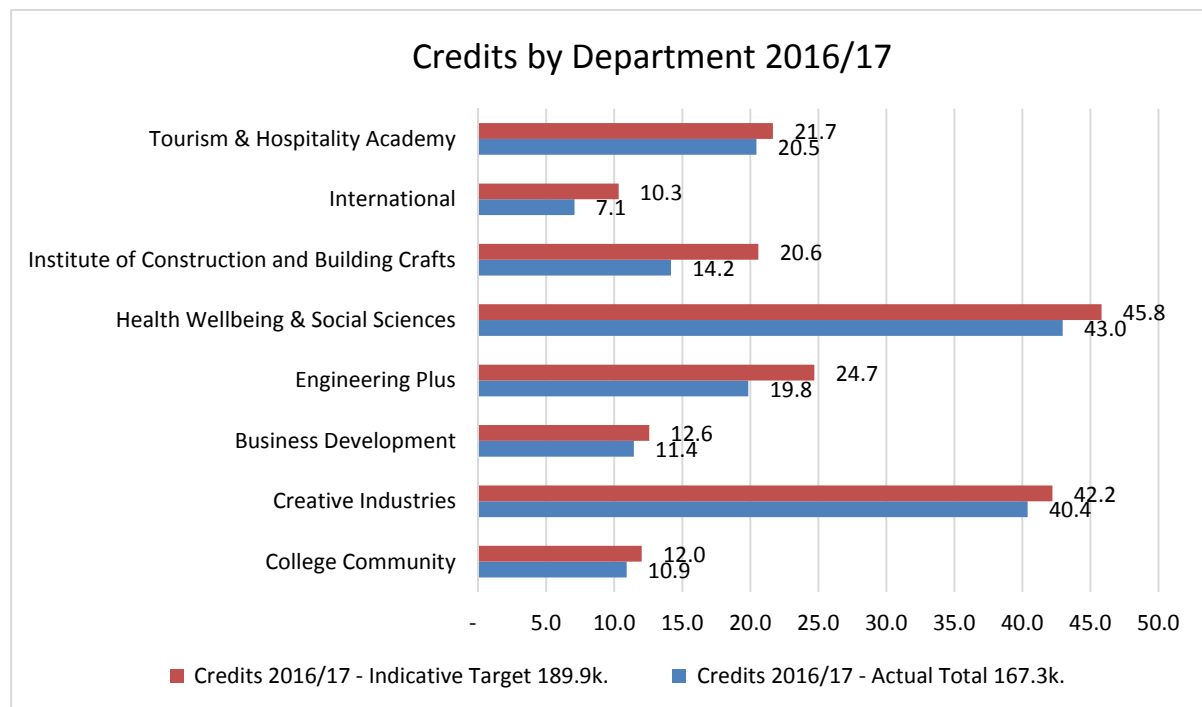
- 2.1 The agreed activity targets for the 2016/17 academic year is 184,028 core credits, with an additional 2,000 credits available (relating to ESF) subject to 54,340 HE level credits being achieved in the year. Current HE activity is at 57,573 credits pending the 1st November cut-off point which will secure the College's credit numbers.

2.2 Latest enrolment figures remain encouraging, albeit down against target at 167,228 credits. Semester 1 has achieved 97% of target, which will therefore require a much more buoyant semester 2 student intake to mitigate any potential credits shortfall. There will be a range of semester 2 courses but particularly within:

- Construction (Roofing courses in November and January)
- Dental Nursing
- Pharmacy
- Childhood Practice
- STEM (engineering and Computing)
- CbESOL – ECDL

2.3 The Early Retention figure has also shown a positive improvement to date. In the 2015/16 academic year the early withdrawal rate was 5.2%. The current 2016/17 figure is 2.9% (pending late withdrawals) - this compares to a sector average in 15/16 of 4.5%.

The “Credits by Department” table (below) shows a comparison of YTD performance, by department, against current full year targets. While an on-going review of student enrolment data ensures that that the College accurately claims its credits.



The indicative target above at circa 190k credits is higher than the College’s funded target of 186k credits (including ESF credits) to allow headroom for withdrawals.

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

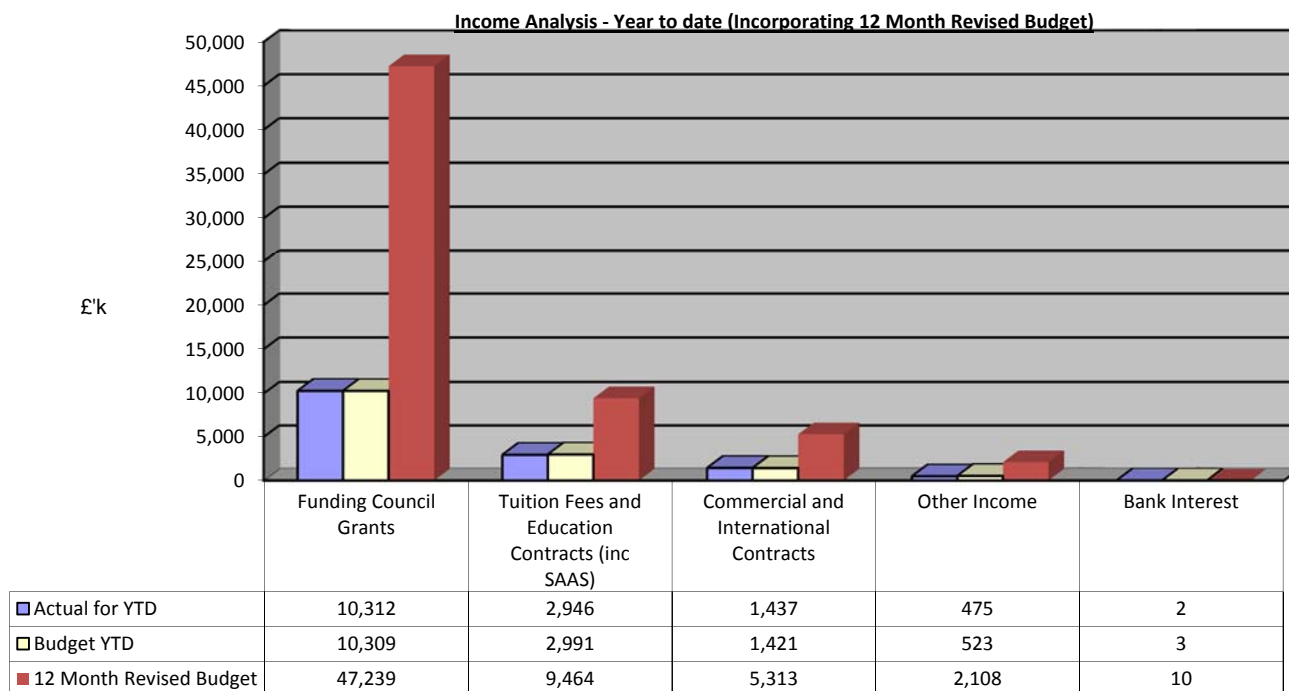
- 3.1 Following the under-achievement of its credit target in 2015/16, the College responded by publishing, in April 2016, a Business Transformation Plan which outlines a sustainable business model for the future. This contains four programmes (financial sustainability, curriculum relevance, workforce development and student recruitment, retention & productivity) that provide a sound framework to allow Edinburgh College to undertake the required improvements. The programmes and the projects within them were developed through a highly consultative process and the evidence base and rationale for the programmes is clear. A number of projects have already taken place or are substantially underway, namely the curriculum review, the student recruitment rapid improvement event, improving data collection and analysis, the introduction of priority based budgeting and enhanced positive dialogue with SFC. All of these projects represent positive steps by Edinburgh College to address the highest priority opportunities for improvement.
- 3.2 The College's Budget for 2016/17 has been set in line with the 3-year Business Transformation Plan, which involves working towards a surplus of £0.4m in 2018/19. The budget deficit for the 2016/17 year is £3.8m. The College awaits written confirmation from the SFC on its funding bid of £2.66m for Voluntary Severance support, and £0.65m for other associated transformational support.

Target Savings	For Academic Year 2016/17	For Academic Year 2017/18	For Academic Year 2018/19
	£'m	£'m	£'m
Transformation Plan	1.16m	3.27m	1.13m
Achieved to date:			
Voluntary Severance	1.07m	0.05m	-
Non-Pay costs	0.12m	-	-
Income Growth	-	-	-
Total Achieved	1.19m	0.05m	-

- 3.3 The 'total achieved' figures will only be included when cost reductions have been clearly identified and agreed. There is currently ongoing work within curriculum and support areas towards identifying future cost savings relating to curriculum design, and new staff structures for both support and curriculum areas.
- 3.4 The College had a successful phase 1 of its voluntary severance scheme, showing an improvement of £0.03m against plan. Phase 2 is now open and is due to close on the 25th November. Whilst Phase 3 is not due to open until March/April 2017, this phase will present the biggest challenge as £2.4m of savings needs to be identified.

Income Expanded Account Detail for the 3 Months to 31st October 2016 (ex SFC Grants)


4. Income Analysis	Original	Revised					
	Annual	Annual	YTD Budget	YTD Actuals	YTD	Previous	Year End
	Budget	Budget			Variance	YTD	Projection
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
INCOME							
<u>Tuition Fees & Education Contracts</u>							
FE - UK & EU	1,401	140	80	57	(23)	48	140
HE - UK & EU		339	338	400	62	242	419
PT Self Payers		922	606	586	(20)	412	892
Examination Fee Income		0	0	7	6	6	0
SAAS	4,238	4,238	1,042	1,012	(30)	887	4,118
Associate Degree Fees	1,198	1,198	274	234	(40)	308	1,038
Managing Agents	1,362	1,362	338	338		412	1,362
Edinburgh Council - Pre Emp Contract	1,265	1,265	313	313		387	1,265
	9,464	9,464	2,991	2,946	(44)	2,701	9,234
<u>Commercial & International</u>							
International	1,350	1,350	351	351		348	1,350
SDS	600	600	128	128	0	141	600
EH15 and The Apprentice Restaurants	53	53	14	15	1	19	53
Bliss SPA and Employability Salons	120	120	31	31		31	120
Gym	338	338	75	75		77	338
Nursery	1,050	1,050	219	219		239	1,050
Residences	590	590	166	166		113	590
Access Centre Provision	130	130	31	31		15	130
Bespoke Contracts for Employers	1,052	804	262	156	(106)	217	854
Scheduled Short Courses	30	278	143	264	121	93	278
Other European Income						6	
	5,313	5,313	1,421	1,437	16	1,299	5,363
<u>Other Income</u>							
Catering	1,879	1,879	413	374	(38)	438	1,729
Other Income Generating Activities	230	230	111	101	(10)	62	230
	2,108	2,108	523	475	(48)	499	1,958
<u>Endowment & Investment</u>							
Bank Interest	10	10	3	2	(1)	3	10
	10	10	3	2	(1)	3	10
TOTAL INCOME (EX SFC GRANTS)	16,895	16,895	4,937	4,860	(78)	4,502	16,565

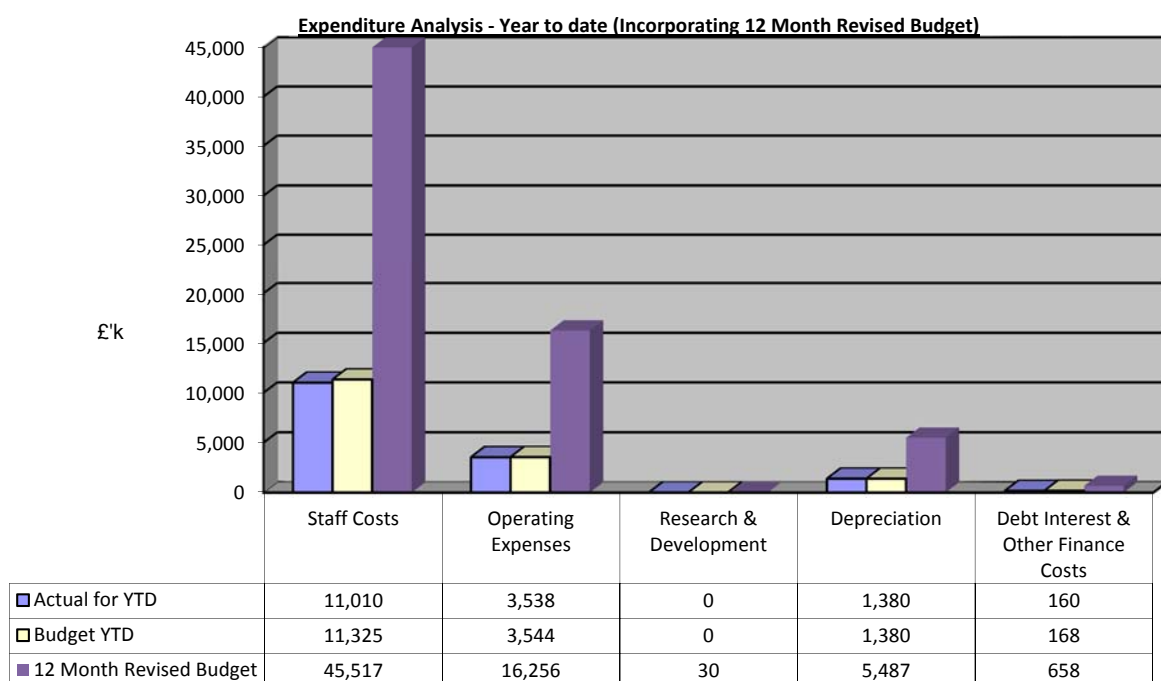


- 4.1 Grant in Aid and ESF income is being brought to account on the assumption that the credit targets will be met. As stated in paragraph 1.5, SAAS funded student numbers are below forecast, therefore the full year income forecast has been reduced by £120k to reflect this change, whilst there is an increase of £80k in forecast self-payers for those students converting from SAAS. However, the part-time fees forecast has been reduced by £30k to reflect lower semester 1 student numbers.
- 4.2 A review of Associate Degree student numbers has resulted in the full year income forecast being reduced by a further £60k (previous month £100k). The reduction is due to there being 38 students short against target.
- 4.3 Managing agent Income remains in line with budget as positive activity in some areas (SECTT, OPITO and Selex) offsets adverse activity in others (i.e. EDETA).
- 4.4 Total commercial and international income to date stands at £1.4m and the forecast has been amended to show a £50k improvement on last month, and annual budget. Business School Scheduled courses have continued to do well, particularly CIPD Intermediate Diplomas in HRD and HRM, while the CIM Certificate and the Diploma in Professional Marketing groups have also grown since last year. Market demand is high for the CIPD Int. Dip, due to there being few local providers, and we aim to run an additional occurrence of each from January. There has also been good progress in the bespoke courses market, in particular HWSS have secured new contracts worth circa £50k with new clients for SVQs in Social Services & Healthcare. Facilities Hire sales have also been robust, with around £40k contracted for the year which is within budget. These positive Commercial outcomes have been offset by lower student numbers in our regular scheduled courses, including NEBOSH Diploma and Electrical courses.

- 4.5 Core international revenue is currently on target, although much work is being performed by the Business and International Development teams to generate new business towards solidifying contracts over the coming months to solidify the budgeted position.
- 4.6 Catering income to date stands at £0.4m, which is £38k lower than the profiled budget but is currently being offset by corresponding savings across catering expenditure areas. As a consequence, full year projections for catering income and associated expenditure have been reduced by £150k. The trading position is shown in paragraph 7.
- 4.7 During the month, our deferred income release was £254k (cumulative £774k), which is in line with expectations and is matched against associated depreciation charges.

5. EXPENDITURE ANALYSIS


Total Expenditure (Non-Staffing) Expanded Account Detail for the 3 Months to 31st October 2016							
							
	<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>
Other Operating Expenses							
Premises	5,081	5,081	1,178	1,176	2	1,374	5,081
Teaching Activity & Support	912	911	322	338	(16)	399	911
Childcare Costs	1,500	1,500	238	238		225	1,500
Transport Costs	45	45	9	15	(6)	29	45
IT Costs	1,196	1,196	255	254	0	312	1,196
Telecomms Costs	201	201	58	58		50	201
Equipment	51	51	24	24		13	51
Health & Safety	89	89	29	29	(1)	20	89
Travel & Subsistence	523	523	85	85		122	523
Admin Costs	246	245	49	59	(10)	65	245
Corporate, Consultancy, Professional	1,146	1,146	229	222	7	171	1,146
Staff Welfare	16	16	3	3		2	16
Catering	1,337	1,339	240	203	37	300	1,187
Training & Development	113	113	30	30		21	113
VAT	1,480	1,480	396	396		511	1,480
Marketing & PR	215	214	81	78	3	114	214
Partnership Costs	560	560	186	201	(15)	127	560
Overseas Agents Commission	148	148	7	2	5	50	148
Registration & Exam Fees	1,351	1,351	127	128	(1)	197	1,351
Bad Debts	48	48				1	48
	16,256	16,256	3,544	3,538	6	4,103	16,104
Depreciation for the year	5,487	5,487	1,380	1,380		1,493	5,487
Debt Interest & Other Finance Costs							
Interest On Bank Loans	623	623	156	156		167	623
Other Finance Charges	35	35	12	4	9	5	35
	658	658	168	160	9	172	658
Research & Development	30	30				5	30
TOTAL EXPENDITURE (EX STAFFING)	22,431	22,431	5,092	5,078	15	5,773	22,279



- 5.1 Within other operating expenditure, we have ended the first quarter of the year broadly in line with budget, reflecting underspends to date within catering costs of £37k (associated with lower than budgeted catering income to date) and professional fees (£7k), partly offset by small overspends within partnership costs (WEACT) of £15k and administration costs of £10k. All of the noted variances will be reviewed at monthly finance meetings and, with a strong emphasis on improving our net financial position we expect to see improvement as the year progresses.
- 5.2 In the year to date, depreciation charges of £1.4m have been released from our fixed assets to reflect their economic use.
- 5.3 The 2016/17 budget currently excludes a number of potential PBB savings, although savings relating to several options such as the centralization of print services, will be reflected later in the year when timing and savings are known.

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, but those affected by the scheme left the College between August and the end of October. Funding of £650k was received in August, with corresponding costs of £625k to date (the balance of funding is being deferred to support the next phase of the VS scheme). Unfunded costs of Senior Management VS (£341k) and strain costs of (£15k) were included within the 2015/16 accounts. The full year savings associated with the first phase of the scheme (£1.07m) is slightly above the Business Transformation Plan figure (£1.03m). The budget does not include £0.2m of anticipated in-year savings relating to phase 2 of the VS scheme, which should provide a benefit against budget later in the year.



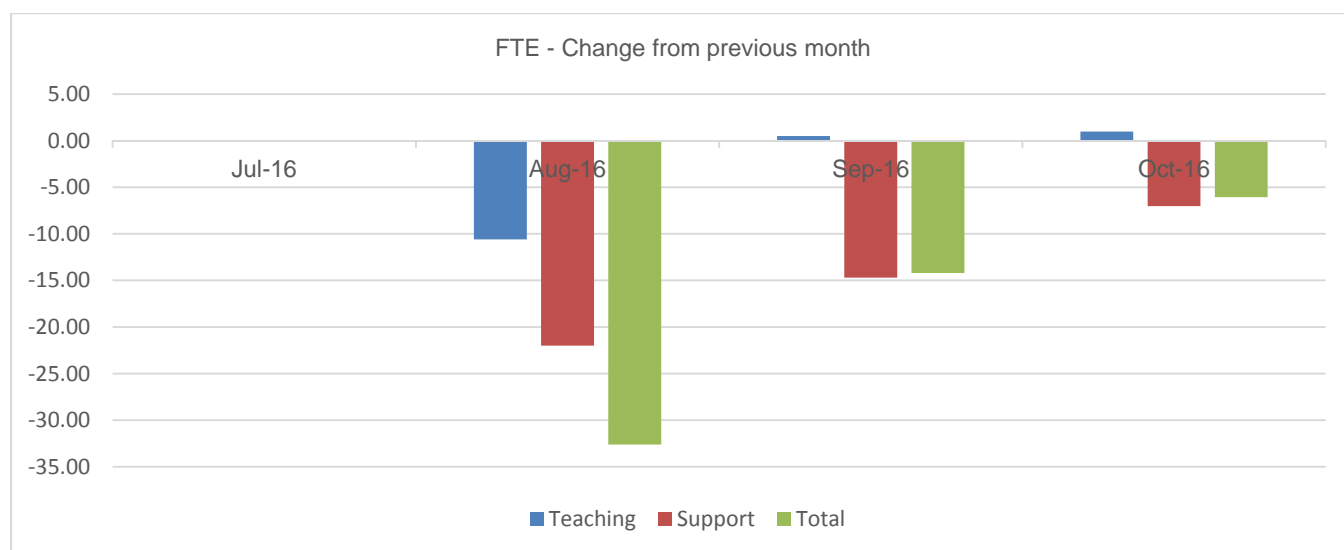
Staffing Expenditure Expanded Account Detail for the 3 Months to 31st October 2016							
	Original Annual Budget £000s	Revised Annual Budget £000s	YTD Budget £000s	YTD Actuals £000s	YTD Variance £000s	Previous YTD £000s	Year End Projection £000s
Senior Management	1,793	1,797	485	474	12	487	1,785
Academic Departments	23,036	23,036	5,763	5,689	74	5,569	22,854
Academic Services	4,171	4,166	1,038	969	68	1,069	4,134
Admin & Central Services	12,638	12,638	3,160	3,009	151	2,916	12,505
Premises	1,120	1,120	282	291	(9)	301	1,113
Catering & Residences	957	957	233	219	15	179	951
Temporary & Agency Staff Costs	1,108	1,108	249	249	(0)	255	1,101
Other Staffing Expenditure	694	694	113	110	4	112	689
	45,517	45,517	11,325	11,010	314	10,889	45,131

6.2 Staff costs are currently £314k lower than the profiled budget as a result of vacancy churn and slow recruitment across most functions. There are also positive financial effects of lower than projected temporary and agency staff costs and the benefits associated with the use of our staff bank.

6.3 The current positive variance is unlikely to continue at this cumulative pace after vacant posts are filled. However there could be further in-year financial savings following the phase 2 VS scheme, if leaver dates can be brought forward. The full year staff expenditure is now projected to settle the year at £386k lower than budget.

6.4 FTE staff numbers have reduced by 6.06 between September and October. It is expected that the number of leavers will remain relatively low in November before further reductions crystalize following the next phase of the VS scheme.

6.5 Movements by month are shown below:



7. TRADING DEPARTMENTS

	Catering				Nursery			
	YTD Oct 2016				YTD Oct 2016			
	Full Year Budget (£000)	YTD Revised Budget (£000)	Actuals (£000)	Full Year Forecast (£000)	Full Year Budget (£000)	YTD Revised Budget (£000)	Actuals (£000)	Full Year Forecast (£000)
Income	1,879	413	374	1,729	1,050	219	219	1,050
Staffing Expenditure	(1,114)	(272)	(252)	(1,114)	(1,026)	(252)	(253)	(1,026)
Non Staffing Expenditure	(791)	(148)	(113)	(641)	(184)	(44)	(44)	(184)
Net (Deficit) / Surplus								
Contribution Towards Associated Costs	(27)	(8)	9	(27)	(160)	(77)	(78)	(160)

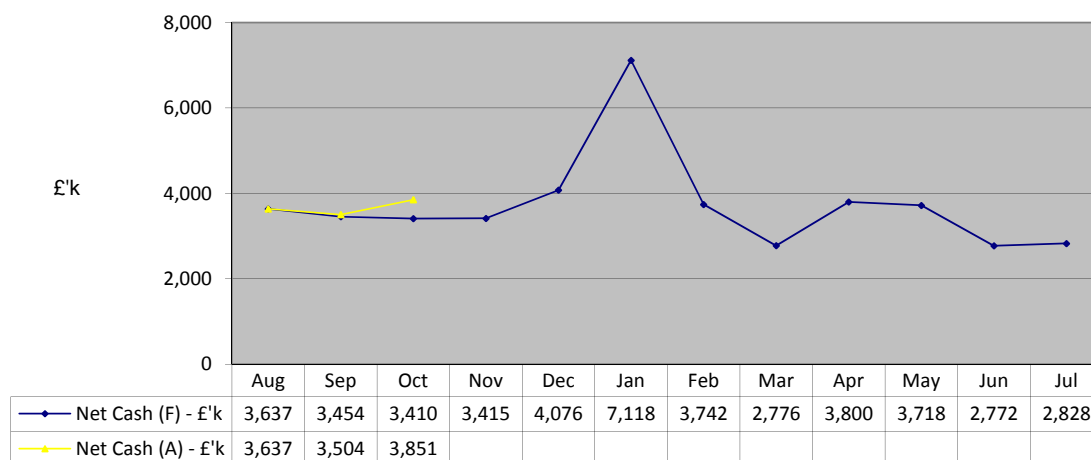
- 7.1 The above information provides an overview of the trading positions of the catering and nursery departments.
- 7.2 Performance to date is broadly in line with the phased budgets, whilst full year forecasts currently indicate that both areas need to improve sales and to keep associated costs under firm control to achieve a minimum break-even position. The Catering Department has forecast income to be £150k behind forecast, however a matching reduction in cost is currently being targeted.
- 7.3 An operational review of the nursery is currently being undertaken, and it is expected that there will be opportunities identified which will improve future financial performance. This review is expected to be completed in January.

8. CASH-FLOW

- 8.1 The cash balance at the end of October is £3.9m which includes £2.4m of student support funds. The November cash forecast provided to the SFC shows a July 2017 balance of £1.5m, which excludes debt support grants of £0.8m and ESF funding of £0.5m. This forecast includes £2.9m of SFC advanced transformation plan support.
- 8.2 Advanced cash funding is required from the SFC to accelerate progress over the next 3 academic years towards a balanced budgetary position for the College. This includes repayable cash support of £2.9m in 2016/17, to enable recurring core operational expenditure outflows to be met in advance of securing savings through the release of staff through VS schemes. There will also be a reduction in supplies and services costs through the cancellation or re-tendering of out-sourced goods/services contracts, together with our on-going approach to securing additional cost reduction / efficiency savings.

Cash forecasts are regularly updated and reviewed with close attention being paid to managing the critical months of March and July 2017 when calling on funds from SFC is restricted.

Cash Position - Forecast versus Actuals to October 2016



9. BALANCE SHEET

<u>Balance Sheet as at 31 October 2016</u>		<u>As at 31</u> <u>Oct 16</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	141,725	142,547	(822)
	Fixtures, fittings and Equipment	7,296	7,633	(337)
		<u>149,021</u>	<u>150,180</u>	<u>(1,159)</u>
Current Assets	Stock	77	122	(45)
	Debtors	4,769	2,645	2,124
	Cash - Main	1,413	1,287	126
	Cash - Student Support	<u>2,438</u>	<u>704</u>	<u>1,734</u>
Total		<u>8,697</u>	<u>4,758</u>	<u>3,939</u>
Creditors		(85,419)	(81,605)	(3,814)
Provisions		(30,249)	(30,368)	119
		<u>42,050</u>	<u>42,965</u>	<u>(915)</u>
Funded by:				
Reserves		42,050	42,965	(915)
		<u>42,050</u>	<u>42,965</u>	<u>(915)</u>

- 9.1 The movement in Fixed Assets and Cash is shown in the sections above. The increase in Debtors relates to the invoicing of fees and commercial contracts and the accrual of income (largely SAAS £4.1m due payable in January). The increase in creditors primarily represents Grant-in-Aid receipts which have not yet been recognized within the Income statement.

10. SFC REPORTING

Summary Resource Return (RDEL)

	Forecast 12 mths to 31 Mar 17	Actual 12 mths to 31 Mar 16
SFC Income	58,509	54,092
Other Income	16,619	16,432
Total Income	75,128	70,524
Expenditure	(74,113)	(70,899)
	1,015	(375)
Less Loan Repayment	(1,263)	
Net Overspend	(248)	(375)

- 10.1 The College is required to report to the SFC on our financial performance each quarter during the year (monthly during the final quarter). These returns are submitted in a format prescribed by the SFC, and currently relate to the period from April 2016 to March 2017 (i.e. on a financial year basis as opposed to an academic year basis).
- 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.
- 10.3 There has been no additional return since the last month end. The September quarterly return reported a projected over-spend for the year of £0.2m against RDEL. The above figures include all of the income we expect to receive from the SFC (i.e. including debt support grants and ESF funding). However, the September return also includes SFC cash support funding of £2.9m (as we were instructed to include this figure by the SFC). There is a likelihood that the SFC will reduce Student Support funds during the year, which will increase the RDEL deficit accordingly. This deficit is expected, given the starting academic year budget deficit of £3.8m.
- 10.4 This is based on the actual out-turn for the academic year to July 2016, less the amounts recognized to March 2016, plus a pro-rata of figures from the transformation plan financials for the forthcoming academic year. This compares to an actual outturn of £375k overspend in the year to March 2016. Part of the difference is a change in treatment, and the return now includes £1.3m in loan repayments which were previously excluded from the return.
- 10.5 The CDEL (Capital Departmental Expenditure Limit) projection for the year is a breakeven position – i.e. we are projecting that expenditure on fixed assets will align with the amount of capital grant funding received from the SFC. The AME (Annually Managed Expenditure) figure refers to movements in provisions and the revaluation of pension deficits. No budgets or projections have been provided at this stage due to the uncertainty of future movements. The actuarial valuation of the pension scheme at 31 July 2016 will be reported as an amendment to the return to 31 March 2016 in line with SFC requirements.

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		2015/16 Annual Out-turn
Credits	195,452	186,258		184,028	167,288		180,144
Credits ESF	4,806	2,000		2,000	-		-
	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	1,427	1,437	10	1,299
Refer sections 2 to 5							
Income	67,216	64,134	64,134	15,246	15,172	(74)	16,538
Expenditure	67,840	67,948	67,948	16,417	16,088	307	16,662
Operating Surplus / (Deficit)	(624)	(3,814)	(3,814)	(1,171)	(916)	255	(123)
Refer sections 6 to 7							
Net Cash Inflow / (Outflow)	941	(452)	(452)	1,268	1,860	592	202
Bank Balance	4,052	1,539	1,539	3,259	3,851	592	3,314
Fixed Assets	150,716	145,409	145,409	149,021	149,021	-	154,583
Net Current assets / (liabilities)	631	(9,417)	(9,417)	(8,321)	(8,321)	-	268
Creditors and Provisions	(39,662)	(97,538)	(97,538)	(98,650)	(98,650)	-	(40,522)
Net Assets	111,685	38,454	38,454	42,050	42,050	-	114,329
Pay costs % of Income	% 67.2	71	71	74.6	73.0	1.6	65.8
Current Ratio	1.1	0.47	0.47	0.63	0.63	-	1.03
Cash Days in Hand	4	(37)	(37)	(33)	(33)	-	2
Borrowings as % of reserves	% 10.0	10.6	10.6	10.6	10.6	-	9.9



I&E Account for the 3 Months to 31st October 2016

	<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	43,374	9,335	9,338	3	11,016	43,374
Deferred Capital Grant Releases	3,065	3,065	774	774	0	819	3,065
Debt Support Grant	800	800	200	200	0	200	800
Tuition Fees and Education Contracts (inc SAAS)	9,464	9,464	2,991	2,946	(44)	2,701	9,234
Commercial and International Contracts	5,313	5,313	1,421	1,437	16	1,299	5,363
Other Income	2,118	2,118	526	477	(49)	502	1,968
Total Income	64,134	64,134	15,246	15,172	(74)	16,538	63,804
Staff Costs	45,517	45,517	11,325	11,010	314	10,889	45,131
Other Operating Expenses	16,256	16,256	3,544	3,538	6	4,103	16,104
Depreciation	5,487	5,487	1,380	1,380	0	1,493	5,487
Debt Interest & Other Finance Costs	658	658	168	160	9	173	658
Research & Development	30	30	0	0	0	5	30
Total Expenditure	67,948	67,948	16,417	16,088	329	16,662	67,410
Operating Surplus / (Deficit)	(3,814)	(3,814)	(1,171)	(916)	255	(123)	(3,606)
<u>Statement of Historical Cost Surpluses and Deficits for the 3 Months to 31st October 2016</u>							
Operating Surplus / (Deficit)	(3,814)	(3,814)	(1,171)	(916)	255	(123)	(3,606)
Difference between historical cost depreciation and actual revaluation charge for the period	612	612	156	156	0	161	612
Historical Cost Surplus / (Deficit)	(3,202)	(3,202)	(1,015)	(760)	255	38	(2,994)

I&E Account Detail for the 3 Months to 31st October 2016

	<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>
INCOME							
<u>Funding Council Grants</u>							
Recurrent Grant Inc Fee Waiver	40,162	40,162	8,622	8,622	0 0	9,942	40,162
Childcare Funds	1,500	1,500	238	238	0 0	225	1,500
Deferred Capital Grants	3,065	3,065	774	774	0 0	819	3,065
Debt Support Grants	800	800	200	200	0 0	200	800
Other SFC Grants	1,712	1,712	475	478	3 0	849	1,712
	47,239	47,239	10,309	10,312	3 0	12,036	47,239
<u>Tuition Fees & Education Contracts</u>							
FE - UK & EU	1,401	140	80	57	(23) 0	48	140
HE - UK & EU	0	339	338	400	62 0	242	419
PT Self Payers	0	922	606	586	(20) 0	412	892
Examination Fee Income	0	0	0	7	6	6	0
SAAS	4,238	4,238	1,042	1,012	(30) 0	887	4,118
Associate Degree Fees	1,198	1,198	274	234	(40) 0	308	1,038
Managing Agents	1,362	1,362	338	338	0 0	412	1,362
Edinburgh Council - Pre Emp Contract	1,265	1,265	313	313	0 0	387	1,265
	9,464	9,464	2,991	2,946	(44) 0	2,701	9,234
<u>Commercial & International</u>							
International	1,350	1,350	351	351	0 0	348	1,350
SDS	600	600	128	128	0 0	141	600
EH15 and The Apprentice Restaurants	53	53	14	15	1 0	19	53
Bliss SPA and Employability Salons	120	120	31	31	0 0	31	120
Gym	338	338	75	75	0 0	77	338
Nursery	1,050	1,050	219	219	0 0	239	1,050
Residences	590	590	166	166	0 0	113	590
Access Centre Provision	130	130	31	31	0 0	15	130
Bespoke Contracts for Employers	1,052	804	262	156	(106) 0	217	854
Scheduled Short Courses	30	278	143	264	121	93	278
Other European Income	0	0	0	0	0 0	6	0
	5,313	5,313	1,421	1,437	16 0	1,299	5,363
<u>Other Income</u>							
Catering	1,879	1,879	413	374	(38) 0	438	1,729
Other Income Generating Activities	230	230	111	101	(10) 0	62	230
	2,108	2,108	523	475	(48) 0	499	1,958
<u>Endowment & Investment</u>							
Bank Interest	10	10	3	2	(1) 0	3	10
	10	10	3	2	(1) 0	3	10
							0
TOTAL INCOME	64,134	64,134	15,246	15,172	(74) 0	16,538	63,804
EXPENDITURE							
<u>Staff Costs</u>							
Senior Management	1,793	1,797	485	474	12 0	487	1,785
Academic Departments	23,036	23,036	5,763	5,689	74 0	5,569	22,854
Academic Services	4,171	4,166	1,038	969	68 0	1,069	4,134
Admin & Central Services	12,638	12,638	3,160	3,009	151 0	2,916	12,505
Premises	1,120	1,120	282	291	(9) 0	301	1,113
Catering & Residences	957	957	233	219	15 0	179	951
Temporary & Agency Staff Costs	1,108	1,108	249	249	(0) 0	255	1,101
Other Staffing Expenditure	694	694	113	110	4 0	112	689
	45,517	45,517	11,325	11,010	314 0	10,889	45,131
<u>Other Operating Expenses</u>							
Premises	5,081	5,081	1,178	1,176	2 0	1,374	5,081
Teaching Activity & Support	912	911	322	338	(16) 0	399	911
Childcare Costs	1,500	1,500	238	238	0 0	225	1,500
Transport Costs	45	45	9	15	(6) 0	29	45
IT Costs	1,196	1,196	255	254	0 0	312	1,196
Telecomms Costs	201	201	58	58	0 0	50	201
Equipment	51	51	24	24	0 0	13	51
Health & Safety	89	89	29	29	(1) 0	20	89
Travel & Subsistence	523	523	85	85	0 0	122	523
Admin Costs	246	245	49	59	(10) 0	65	245
Corporate, Consultancy, Professional	1,146	1,146	229	222	7 0	171	1,146
Staff Welfare	16	16	3	3	0 0	2	16
Catering	1,337	1,339	240	203	37 0	300	1,187
Training & Development	113	113	30	30	0 0	21	113
VAT	1,480	1,480	396	396	0 0	511	1,480
Marketing & PR	215	214	81	78	3 0	114	214
Partnership Costs	560	560	186	201	(15) 0	127	560
Overseas Agents Commission	148	148	7	2	5 0	50	148
Registration & Exam Fees	1,351	1,351	127	128	(1) 0	197	1,351
Bad Debts	48	48	0	0	0 0	1	48
	16,256	16,256	3,544	3,538	6 0	4,103	16,104
Depreciation for the year	5,487	5,487	1,380	1,380	0 0	1,493	5,487
<u>Debt Interest & Other Finance Costs</u>							
Interest On Bank Loans	623	623	156	156	0 0	167	623
Other Finance Charges	35	35	12	4	9 0	5	35
	658	658	168	160	9 0	172	658
<u>Research & Development</u>							
	30	30	0	0	0 0	5	30
TOTAL EXPENDITURE	67,948	67,948	16,417	16,088	329 0	16,662	67,410
Operating Surplus / (Deficit)	(3,814)	(3,814)	(1,171)	(916)	255	(123)	(3,606)

Balance Sheet
For the 3 Months to 31st October 2016

	<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>
Fixed Assets			
L&B	141,725	142,547	144,910
FFE	7,296	7,633	9,673
	149,021	150,179	154,583
Current Assets			
Stock	77	122	116
Debtors	4,769	2,645	5,276
Cash	3,851	1,991	3,314
	8,697	4,758	8,706
Creditors < 1yr			
Loans	(408)	(408)	(386)
Payments received in advance	(254)	(241)	(406)
Trade creditors	(952)	(1,198)	(151)
Taxes & social sec	(932)	(1,141)	(927)
Accruals, Def Inc & Other Creditors	(2,912)	(5,970)	(2,948)
Amounts owed to SFC	(8,496)	(75)	(3,619)
Deferred Capital Grants - Government	(3,065)	(3,065)	
	(17,018)	(12,097)	(8,438)
Net current assets / (liabilities)	(8,321)	(7,339)	268
Total assets less current liabilities	140,700	142,840	154,850
Creditors > 1yr			
Bank loans	(10,475)	(10,575)	(10,888)
Lennartz VAT	(648)	(866)	(1,477)
Deferred Capital Grants - Government	(57,277)	(58,066)	
	(68,400)	(69,507)	(12,364)
Provisions			
Early retirement	(4,964)	(5,037)	(4,902)
Other	9	(37)	(40)
	(4,955)	(5,074)	(4,941)
Net pension asset / (liability)	(25,294)	(25,294)	(23,216)
NET ASSETS	42,050	42,965	114,329
Deferred capital grants			
SFC	59,789	60,576	62,504
Other	553	555	566
Transferred to Crs within one year	(3,065)	(3,065)	
Transferred to Crs gr than one year	(57,277)	(58,066)	
	(0)	0	63,070
Reserves			
I&E account	39,361	40,118	45,995
Pension reserve	(25,294)	(25,294)	(23,216)
Revaluation reserve	27,983	28,141	28,480
	42,050	42,965	51,259
CAPITAL & RESERVES	42,050	42,965	114,329

Cumulative Cashflows (2016/17)

	Original Budget £000s Total	Revised Budget £000s Total	Aug 16 £000s Actuals	Sep 16 £000s Actuals	Oct 16 £000s Actuals	Nov 16 £000s Forecast	Dec 16 £000s Forecast	Jan 17 £000s Forecast	Feb 17 £000s Forecast	Mar 17 £000s Forecast	Apr 17 £000s Forecast	May 17 £000s Forecast	Jun 17 £000s Forecast	Jul 17 £000s Forecast	YTD Cumulative £000s Total	Annual Forecast £000s Total	Var From Budget - Fav /(Adv) £000s Total	
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	14,446	40,162	0
SFC Grants - ESF	466	466						67	67	67	67	67	67	64	0	466	0	
SFC Grants - Other	4,229	4,229	184	308	317	447	822	763	791	954	305	304	341	148	809	5,684	1,455	
SFC Grants - VS 2015/16 Scheme	650	650	650												650	650	0	
SFC Cash Advance	2,900	2,900								2,900					0	2,900	0	
SAAS Funds	4,238	4,238						4,105		107				26	0	4,238	0	
Tuition Fees / Education Contracts	5,226	5,226	322	455	292	299	509	587	434	389	404	425	372	508	1,069	4,996	(230)	
Commercial / International	5,313	5,313	443	455	197	953	440	173	457	462	529	413	409	432	1,095	5,363	50	
Other Income	2,118	2,118	226	56	195	130	150	75	254	174	219	211	201	77	477	1,968	(150)	
Operational Income	65,302	65,302	6,725	5,894	5,926	5,796	6,228	8,432	2,003	5,053	6,219	5,115	5,111	3,924	18,545	66,426	1,124	
Staff Costs	45,517	45,517	3,743	3,610	3,682	3,774	3,774	3,774	3,847	3,795	3,719	3,719	3,719	3,719	11,035	44,875	642	
Purchase Ledger / Other Expenditure	10,363	10,363	534	1,722	763	1,292	550	451	622	952	856	895	1,546	180	3,019	10,363	0	
Childcare Expenditure	1,500	1,500	95	143	236	236	236	177	205	205	205	204	209	22	238	1,937	(437)	
Premises Costs	5,081	5,081	423	380	373	442	418	614	412	399	392	364	384	480	1,176	5,081	0	
Pension Strain Costs	80	80	51	12	33										96	96	(16)	
Staff VS & Restructuring Costs (2015/16 Scheme)	966	966	426	345	112	0	87								883	970	(4)	
Operational Expenditure	63,507	63,507	5,177	6,164	5,106	5,744	5,065	5,016	5,086	5,351	5,172	5,182	5,858	4,401	16,447	63,322	185	
Net Income Generated From Operations	1,795	1,795	1,548	(270)	820	52	1,163	3,416	(3,083)	(298)	1,047	(67)	(747)	(477)	2,098	3,104	1,309	
Capital Expenditure	683	683	113	59	26	219	250	250	250	412					198	1,579	(896)	
Pensioners (against enhanced provision)	300	300	25	25	24	25	25	25	25	25	25	25	25	25	74	299	1	
Capital Loan Repayments	384	384	35	64			35	64		35	63		35	63	99	394	(10)	
VAT Repaid - Lennartz	880	880	218				218			218			218		218	872	8	
Non-Operational Expenditure	2,247	2,247	138	337	114	244	528	339	275	690	88	25	278	88	589	3,144	(897)	
Net Income Generated From Op and Non-Op Activities	(452)	(452)	1,410	(607)	706	(192)	635	3,077	(3,358)	(988)	959	(92)	(1,025)	(565)	1,509	(40)	412	
Student Funds Inflow	9,180	9,180	237	1,011	565	743	879	822	986	925	943	923	905	678	1,813	9,617	437	
Student Funds Outflow	9,180	9,180	1	537	924	987	853	857	994	903	956	933	904	35	1,462	8,884	296	
	0	0	236	474	(359)	(244)	26	(35)	(8)	22	(13)	(10)	1	643	351	733	733	
Total Cash In	74,482	74,482	6,962	6,905	6,491	6,539	7,107	9,254	2,989	5,978	7,162	6,038	6,016	4,602	20,358	76,043	1,561	
Total Cash Out	74,934	74,934	5,316	7,038	6,144	6,975	6,446	6,212	6,355	6,944	6,216	6,140	7,040	4,524	18,498	75,350	416	
Net Inflow / (Outflow)	(452)	(452)	1,646	(133)	347	(436)	661	3,042	(3,366)	(966)	946	(102)	(1,024)	78	1,860	693	1,145	
Opening bank balance	1,991	1,991	1,991	3,637	3,504	3,851	3,415	4,076	7,118	3,752	2,786	3,732	3,630	2,606	1,991	1,991	0	
Closing bank balance	1,539	1,539	3,637	3,504	3,851	3,415	4,076	7,118	3,752	2,786	3,732	3,630	2,606	2,684	3,504	2,684	1,145	
Ledger balances																		
Main accounts	1,539	1,539	1,304	697	1,413	1,221	1,856	4,933	1,575	597	1,544	1,454	429	(136)	1,413	(136)	(1,675)	
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	2,194	2,220	2,185	2,177	2,189	2,188	2,176	2,177	2,820	2,438	2,820	2,820	
Subsidiary accounts																		
	1,539	1,539	3,637	3,504	3,851	3,415	4,076	7,118	3,752	2,786	3,732	3,630	2,606	2,684	3,851	2,684	1,145	
Loan balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	



50/50 BY 2020 REPORT

Purpose of the Report

The following report outlines the Scottish Government's Partnership for Change initiative under which all public authority boards are expected to pledge to work towards a 50/50 gender balance by 2020.

Recently compiled gender balance statistics for the college sector for 2015 and 2016 are included for reference.

Action Required

The Board is asked to decide whether to participate in the 50/50 by 2020 initiative.

Strategic Implications

Risk	Yes \ No	Details
Governance \ legal	Yes	Concerns Scottish Government policy impacting on colleges.
Financial	No	
Executive Approval	Yes \ No	Details
Reviewed by Executive	No	
Other	Yes \ No	Details
Equality Impact Assessment	No	Scottish Government initiative to enhance gender equality.

50/50 by 2020

As part of the Partnership for Change, the Scottish Government has stated its aim of addressing the underrepresentation of women on the governing bodies of colleges (with reference to the Cabinet Secretary's letters of guidance to the SFC) and its support for the 50/50 by 2020 initiative, which it sees as providing a platform for public authorities to test their recruitment structures.

The 50/50 by 2020 initiative invites college boards to pledge to work towards a 50/50 gender balance by 2020. No explicit statement has been made to take account of the fact that college boards have the necessary control over just two-thirds of their appointments to allow them to do this (i.e. the twelve non-executive members appointed under the Scottish Government's Appointments Guidance). However, it should be noted that the pledge is voluntary and that Edinburgh College's board has maintained a very good gender balance since merger in 2012.

It should be also perhaps be noted that it is the intention that the forthcoming bill concerning positive action on gender balance on boards should apply only to non-executive appointments.

Colleges Scotland has written to Chairs and Principals this week encouraging them to sign up to the 50/50 by 2020 initiative.

For Members' information and comparison with other colleges, Colleges Scotland compiled the following 'snapshot' data in 2015 and 2016.

2015

All Board Members					
Male	242	59%	Female	166	41%
Non-Executive Members					
Male		68%	Female		32%
Chairs					
Male	21	81%	Female	5	19
Principals					
Male	13	50%	Female	13	50%

2016

All Board Members					
Male	236	57%	Female	175	43%
Non-Executive Members					
Male		61%	Female		39%
Chairs					
Male	21	85%	Female	4	15%
Principals					
Male	15	58%	Female	11	42%

Recommendation

It is recommended that the Board agree to participate in the 50/50 by 2020 initiative.