

BOARD OF MANAGEMENT

AGENDA

A meeting of the Board of Management will be held at 14:00 hours on Tuesday, 19 April 2016 in the Boardroom, Milton Road Campus.

		Lead Speaker	Paper
1	WELCOME & APOLOGIES	Chair	
2	DECLARATIONS OF INTEREST	Chair	
3	MINUTES OF PREVIOUS MEETING <i>for approval</i>	Chair	A
4	MATTERS ARISING	Chair	B
5	COMMITTEE BUSINESS		
5.1	<u>Policy & Resources Committee</u>		
	Minutes 29.03.16	Vice Chair	C
	Business Transformation Plan Proposal	A Bruton	D
	College Budget Bi-Annual Review attached	A Williamson	E
	Management Accounts to February 2016 attached	A Williamson	F
	Draft Regional Outcome Agreement 2016/17¹	S-J Linton	G
	<i>for approval</i>		
5.2	<u>Academic Council</u>		
	Minutes 11.03.16	S Cairncross	H
5.3	<u>Audit & Risk Assurance Committee</u>		
	Minutes 25.02.16	N Paul	I
	Minutes 14.04.16	N Paul	J
	Top Risk Register 2015/16	A Williamson	K
5.4	<u>External Engagement Committee</u>		
	Minutes 22.03.16	A Johnston	L
6	CLOSED ITEMS OF BUSINESS		
6.1	Closed Minutes of the Previous Meeting	Chair	M
	<i>for approval</i>		

The Top Risk Register 2015/16 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.

¹ A refreshed version of the Edinburgh College Regional Outcome Agreement will be published online shortly.

6.2	<u>Remuneration Committee</u>		
	Minutes 15.04.16	R Stimpson	N
	Senior Management Structure Proposal	A Bruton	O

Item 6 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 36, Confidentiality.

7	PRINCIPAL'S REPORT	A Bruton	P
8	EDINBURGH COLLEGE STUDENTS' ASSOCIATION		
8.1	ECSA Report	J Van Herk	Q
8.2	ECSA Constitution for approval attached	J Van Herk	R
8.3	ECSA Funding Bid 2016/17	J Van Herk	S

Item 8.3 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 27, Information Intended for Future Publication.

9	GOVERNANCE REPORT		
9.1	Good Governance Task Group Briefing	P Davis	T
9.2	Board Self-Evaluation 2016 for approval attached	P Davis	U
9.3	Calendar of Events	P MacPherson	V
10	NATIONAL REPORT	Chair	Verbal
11	RIDDOR UPDATE attached	A Williamson	W
12	ANY OTHER COMPETENT BUSINESS		
13	DATE OF NEXT MEETING: 21 June 2016		
13.1	<u>Upcoming Committee Dates</u>		
	Remuneration Committee	17.05.16	
	External Engagement Committee	24.05.16	
	Nominations Committee	24.05.16	
	Audit & Risk Assurance Committee	02.06.16	
	Academic Council	03.06.16	
	Policy & Resources Committee	14.06.16	
	Board of Management	21.06.16	

COLLEGE BUDGET BI-ANNUAL REVIEW 2015/16
Purpose of the Report

This report, reviewed by the Policy & Resources Committee on 29 March, provides details of the Edinburgh Financial Position and Budget for the six months to January 2016.

Action Required

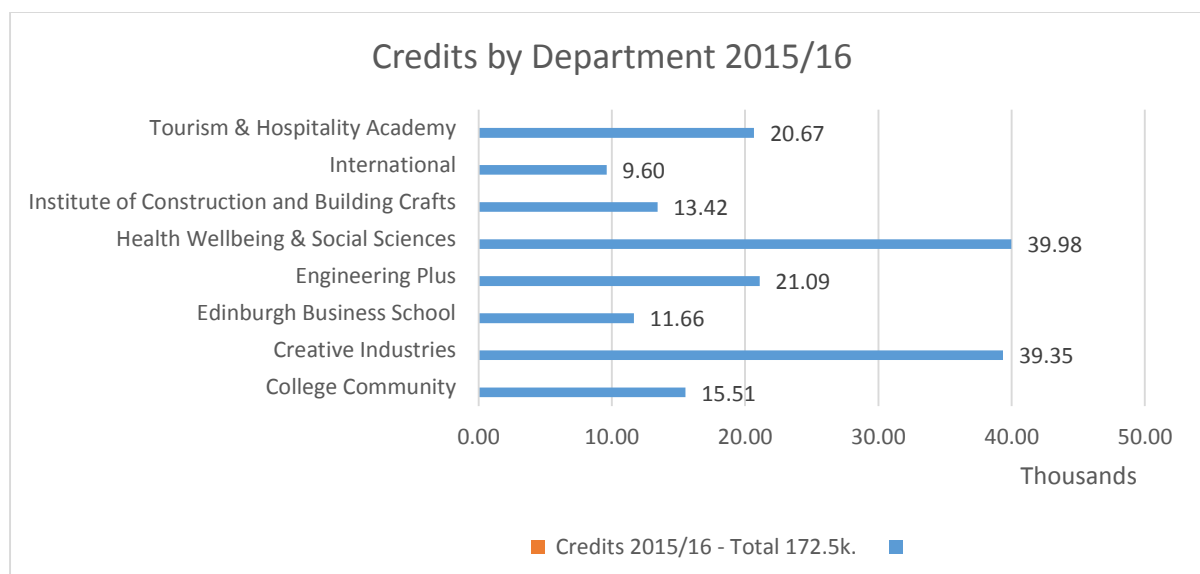
The Board are asked to NOTE the paper.

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	Explicit in purpose of paper.
Executive Approval	Yes \ No	Details
Reviewed by Executive	No	
Other	Yes \ No	Details
Equality Impact	No	

Summary of Financial Position to January 2016

As previously reported, the College has not attained its student numbers, due to low student recruitment and retention, and a change in policy which reduced the number of additional credits allowable per student. As a result, the College will underachieve its current full year target of 200,258 credits by up to 12,000 credits; YTD actuals are 172,535 credits (at 11 March 2016). However, the SFC have recently indicated there will be a clawback of grant-in-aid, ESF and associated student support funds totalling £2.6m, for the academic year 2015/16 aligned to the current year activity shortfall of (a minimum) 12,000 credits (pro-rata £1.7m for the financial year to 31 March 2016).

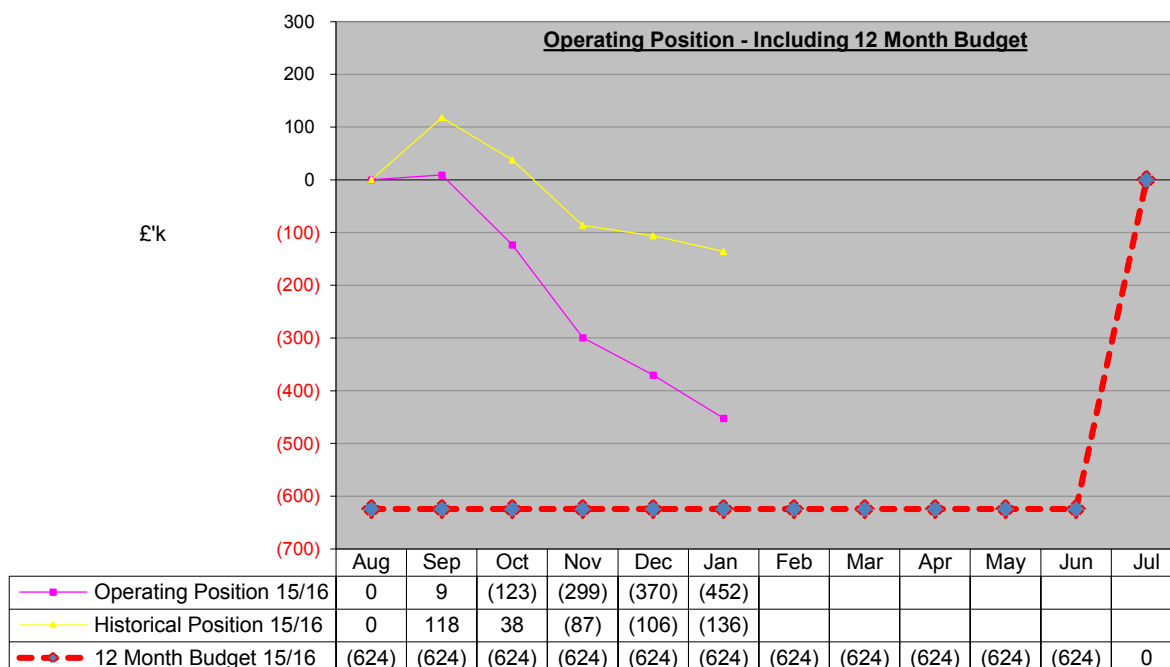


Discussions with the SFC regarding off-setting transitional arrangements, for the current year clawback, remain on-going and are subject to a robust transformation plan. In relation to prior year transitional financial arrangements, the SFC have confirmed that the 2014/15 clawback of £0.8m will be supported.

Income and Expenditure Summary

	2014/15 Annual Budget	2015/16 Revised Annual Budget	2015/16 YTD Budget	2015/16 YTD Actual	2015/16 YTD Var.	2014/15 Actual YTD	2015/16 YEAREND Projection
	£m.	£m.	£m.	£m.	£m.	£m.	£m.
Income	67.9	67.7	33.8	33.2	(0.6)	35.9	66.5
Expenditure	69.9	68.3	34.1	33.6	0.5	36.4	68.00
Operating Result	(2.0)	(0.6)	(0.3)	(0.4)	(0.1)	(0.5)	(1.5)

The January year to date operating position shows a deficit of £452k (up from last month's deficit of £370k) compared to a year to date budget deficit of £314k, which equates to a total adverse variance of £138k in comparison to the profiled budget to date.



Following a detailed analysis of Semester 2 planned courses, target student numbers, and enrolled students, combined with recent student withdrawals from both FE and HE courses, mid-year forecasts reveal that tuition fee income will settle the year £1.1m lower than full-year targets, £0.3m more adverse than reported in December which covered Semester 1 shortfalls. This is due to lower student numbers, and late planning of other course offerings. Also included is a new SFC DYWF grant of £127k for which most of the cost has already been incurred. The net adverse monthly forecast income movement is £0.2m

The largest movement on the expenditure side has been in staffing, showing an annual net increase of £0.3m related to the national pay award (£0.6m) of 1% or £300 whichever is the greater. There is also a forecast saving of £0.07m on energy costs related to sustainability measures, and a price drop due from April. The net adverse monthly forecast cost movement is £0.2m.

Therefore December's year-end projection of a £0.95m operating deficit, has increased to an operating deficit for the year of £1.5m, which overall represents the £0.6m related to the pay award. However, there continues to be significant effort in reducing expenditure, and an "essential spend" approach will be introduced in March.

Should the SFC not agree to support the College with transitional funding, the forecast annual deficit will increase by £2.3m to £3.8m.

Total income to date is £33.2m, showing an adverse variance of £0.6m on the year to date budget of £33.8m. As previously reported the adverse position relates to SAAS fees, FT & PT tuition fees, associate degree programmes, bespoke contracts and scheduled short courses. This variance reflects mainly semester 1 activity, whereas the impact of semester 2 will be

shown from next month, although the forecast out-turn for income of £66.5m includes the effect of Semester 2 plans.

Total expenditure to date is £33.6m, showing a favourable variance of £0.5m on the year to date budget of £34.1m. This is largely due to favourable variances within staff costs of £0.3m (primarily due to vacancy churn, delayed recruitment, and unfilled vacant posts) and debt servicing of £0.07m, owing to LIBOR projections continuing to track historic lows. All expenditure budgets continue to be reviewed and resolutions sought from Budget Managers at their monthly finance meetings. The forecast expenditure out-turn is £68m.

MANAGEMENT ACCOUNTS TO FEBRUARY 2016

Purpose of Paper

The Management Accounts to February 2016, as provided by the Chief Operating Officer, are attached for the Board's consideration.

Action Required

Board Members are asked to NOTE the Management Accounts.

Strategic Implications

Risk	Yes \ No	Details
Governance \ legal	Yes	The Board of Management shall keep under review the College's management accounts, to ensure that effective financial management is in-place.
Financial	Yes	Explicit in purpose of paper.
Executive Approval	Yes \ No	Details
Reviewed by Executive	Yes	
Other	Yes \ No	Details
Equality Impact	No	



FINANCIAL REPORT

7 MONTHS TO FEBRUARY 2016

CONTENTS

Report from Chief Operating Officer

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

Appendices:

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

DISTRIBUTION

Executive Team
Board of Management Audit Committee
Senior Management Group

Section 1:
Financial Performance Monitoring Template

	2014/15 Annual Target	2015/16 Annual Target	Revised Annual Target	2015/16 Revised Annual Target	2015/16 YTD Actual	YTD Variance	2014/15 Annual Out-turn	Year End Projection
Wsums	254,687	n/a	n/a	n/a	n/a	n/a	249,833	n/a
Credits	n/a	195,452		186,258	172,524	tbc	n/a	186,258
Credits ESF	n/a	4,806		2,000	-	tbc	n/a	2,000

	2013/14 FTE	2014/15 Average FTE	2014/15 Revised Average FTE	2015/16 Average FTE	2015/16 YTD Average FTE	YTD Variance		2015/16 Year End Projection
Staff Numbers (FTE) section 2.8	1,099	1,175	1,175	1,173	1,164	9		1,167

	2014/15 Annual Budget	2015/16 Annual Budget	Revised Annual Budget	2015/16 YTD Budget	2015/16 YTD Actuals	YTD Variance	Previous YTD	Year End Projection
	£k	£k	£k	£k	£k	£k	£k	£k
Commercial & International Contracts	8,015	5,373	5,376	3,414	3,288	(126)	3,078	5,138
VS Scheme	718	0	0	0	0	0	506	0

Refer sections 2 to 5

Income	67,898	67,730	67,710	39,142	38,355	(787)	41,750	64,114
Expenditure	69,861	68,354	68,334	39,485	39,072	413	42,463	67,908
Operating Surplus / (Deficit)	(1,963)	(624)	(624)	(343)	(717)	(373)	(713)	(3,794)

Refer sections 6 to 7

Net Cash Inflow / (Outflow)	(3,895)	941	941	826	1,847	1,021	(2,152)	1,487
Bank Balance	4,441	4,052	4,052	3,938	4,959	1,021	6,185	1,624

Fixed Assets	155,436	150,716	150,716	152,662	152,662	-	139,717	150,716
Net Current assets / (liabilities)	(80)	631	631	323	(394)	(717)	2,893	363
Creditors and Provisions	(40,937)	(39,662)	(39,662)	(40,077)	(40,077)	-	(33,870)	(39,662)
Net Assets	114,419	111,685	111,685	112,907	112,190	(717)	108,741	111,417

Pay costs % of Income	%	65.6	66.6	66.6	66.7	67.3	(0.6)	62.6	66.3
Current Ratio		1.1	1.1	1.1	1.00	0.96	(0.04)	1.33	1.01
Cash Days in Hand		5	4	4	0	(2)	(2)	15	1
Borrowings as % of reserves	%	9.9	10.0	10.0	10.0	10.0	-	10.6	9.9

Govt Resource Accounting to 31 March 2016
Refer sections 6 to 7

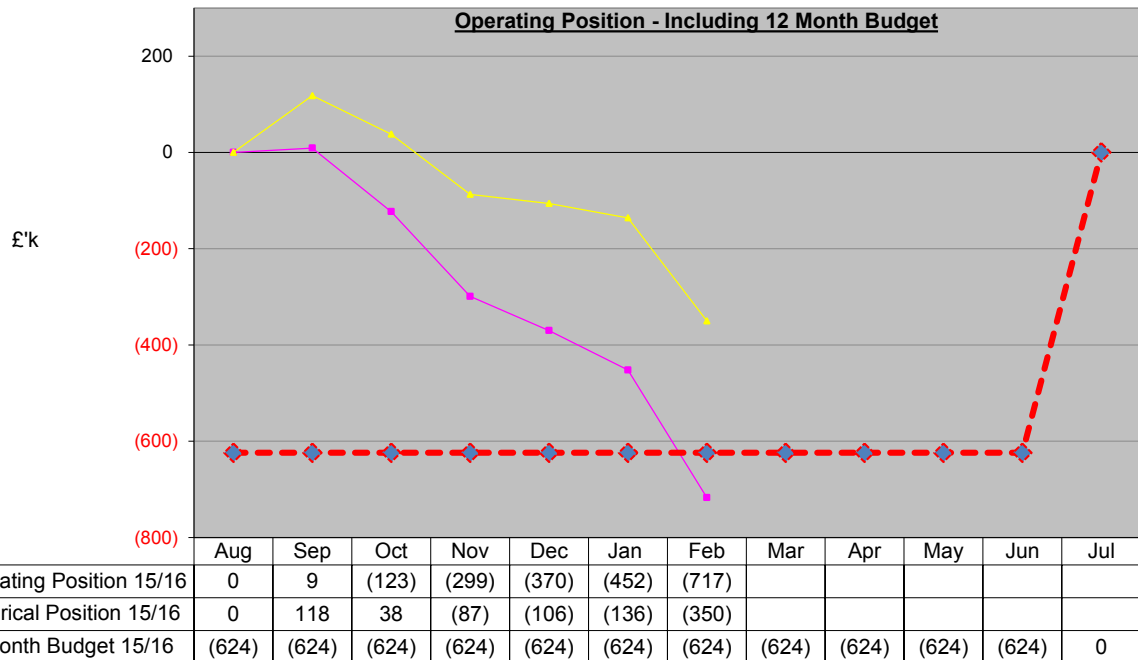
		Year	Budget	Budget		Budget	Actuals	Variance	YTD		Projection
RDEL	£k	7	732	28		283	2,582	2,299	636		(826)
AME	£k	(8,185)	0	0		0	0	0	0		0
CDEL	£k	0	0	0		0	31	31	966		0

FINANCIAL COMMENTARY ON THE MANAGEMENT ACCOUNTS

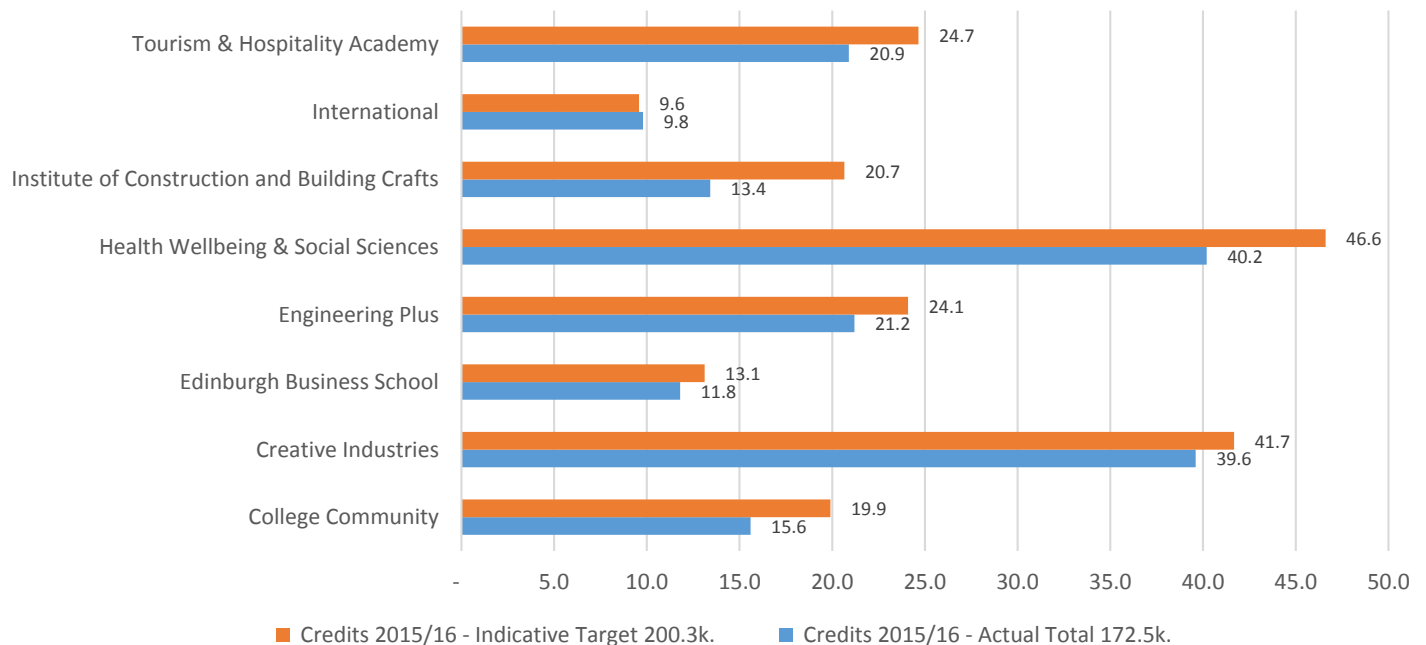
7 MONTHS TO FEBRUARY 2016

Section 2:

Financial Summary



Credits by Department 2015/16



- 2.1 The following report provides an update on the financial position of Edinburgh College at 29th February 2016.
- 2.2 Our 2015/16 academic year shows a starting deficit budget of £0.6m which was approved by the College's Board of Management on the basis that we would work towards a year-end breakeven position.

2.3 As previously reported, the College has not attained its student numbers, due to low recruitment and retention, and a change in policy which reduced the number of additional credits allowable per student. As a result, the College will underachieve its current full year target of 200,258 credits by up to 12,000 credits; YTD actuals at 24th March are 172,524 credits. The "Credits by Department" table above shows these credits figures by department based on the original 200,258 credits. There is an internal review underway looking at how credits have been calculated and this is expected to increase this YTD actual number once the exercise is complete. The SFC have recently indicated there will be a clawback of grant-in-aid, ESF and associated student support funds totalling £2.6m, for the academic year 2015/16 aligned to the current year activity shortfall of (a minimum) 12,000 credits (pro-rata £1.7m for the financial year to 31 March 2016). The £2.3m is now reflected in the year-end forecast, although this deficit is not financially sustainable on a cash basis.

Discussions with the SFC regarding off-setting transitional arrangements, for the current year reduction, remain on-going and are subject to a robust transformation plan due to be lodged with the SFC by 31 March 2016.

2.4 The February year to date operating position shows a deficit of £717k (up from last month's deficit of £452k) compared to a year to date budget deficit of £343k, which equates to a total adverse variance of £373k in comparison to the profiled budget to date. The historical position shows a deficit of £350k following a release of £367k from the revaluation reserve.

2.5 Further reviews by Department Heads of Semester 2 planned courses, target student numbers, and enrolled students, also taking into account recent student withdrawals from both FE and HE courses, have resulted in forecasts revealing that tuition fee income will settle the year £1.2m lower than full-year targets, a deterioration of £0.1m from last month. This is largely due to capped / lower student numbers within associate degree and part-time courses, together with the continued adverse effect of late planning with regards to other course offerings.

2.6 Following a further analysis of year to date spending profiles, staff costs are now forecast to settle at £0.2m lower than the full year budget (having incorporated the effects of the national pay award - £0.6m). This is an improvement of £0.1m from last month's projection.

The projection for the year (a deficit of £3.8m which includes the £2.3m credits related reduction) remains in line with last month's £1.5m operational deficit plus the £2.3m activity reduction. However, significant effort continues to be expended on both freezing costs (where operations allow) and reducing expenditure (whilst ensuring a minimal adverse effect on the student experience), and an "essential spend" policy has been introduced in March. However, key operational priorities across commercial, international, Estates, ICT and specific grant-supported activities will continue to be delivered.

2.7 Total income to date is £38.4m and is showing an adverse variance of £0.8m on the year to date budget of £39.1m. As previously reported, the main pressure points continue to be noted within bespoke contracts, scheduled short programmes, self-payer revenues, associate degree courses, FE full-time, part-time and SAAS tuition fees, capturing declines in both semester 1 and forecast semester 2 activity. However, work to develop further contract opportunities continues.

2.8 Total expenditure to date is £39.1m, showing a favourable variance of £0.4m on the year to date budget of £39.5m. This is largely due to favourable variances within staff costs of £0.3m, debt servicing (£0.08m) and other finance charges (a net £0.1m - currency movements). All expenditure budgets continue to be reviewed and resolutions sought from Budget Managers at their scheduled monthly finance meetings, with further cost savings being identified on an on-going basis.

2.9 There has been a slight decrease in average staff numbers (0.9 FTE) between January and February 2016 as recruitment has slowed significantly since the start of semester 2. Total FTEs have increased by 12.2 since the start of the year, with the biggest increase in the Nursery area, which has increased by 8.2 FTE over the period. This increase is due to maternity cover with 7 staff currently on maternity leave.

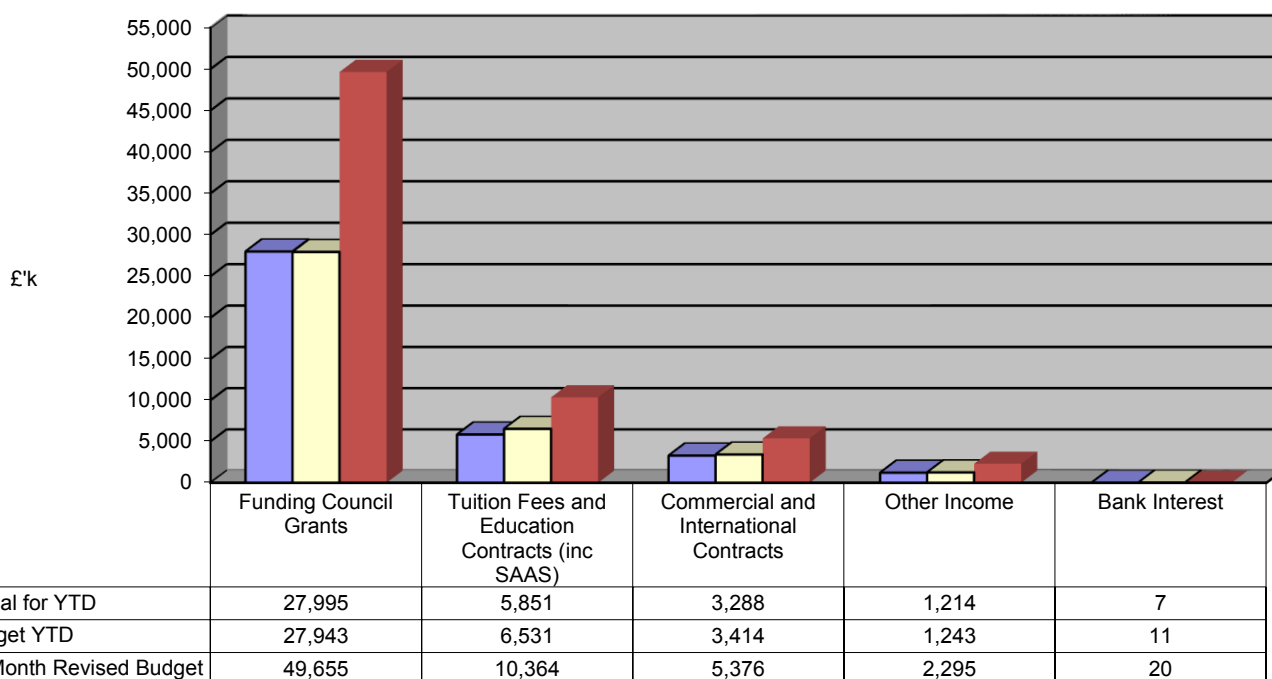
Budget Movements

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

Section 3:

Income Analysis – Year-to-Date

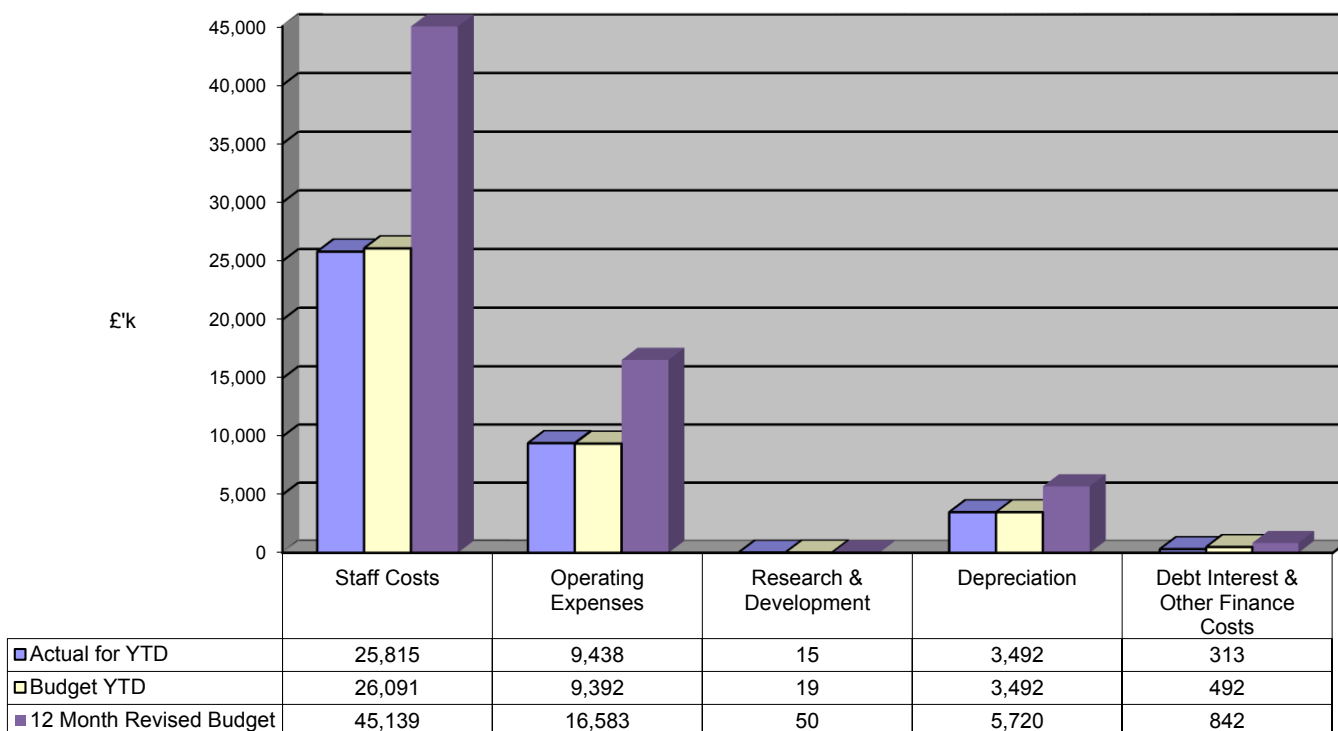
Income Analysis - Year to date (Incorporating 12 Month Revised Budget)



- 3.1 Our total income budget for the year stands at £67.7m (unchanged from last month). Total income for the year to date is £38.4m, which is £0.8m lower than the profiled budget of £39.1m.
- 3.2 Total SFC grant income (excluding deferred capital releases) stands at £26.1m, which is ahead of its year to date budget by a net £52k due to a partial release from the development grant to fund corresponding expenditure.
- 3.3 Net tuition fees and educational contracts (primarily SAAS, HE/PT courses, associate degrees and self-payers) are currently £0.7m behind their year to date target. Mid-year forecasts indicate that SAAS fees will settle approximately £0.4m short of full-year budget (in line with last month), whilst revised forecasts for tuition fee income in totality, including Semester 2 activity, indicate a full year shortfall of £1.2m, a deterioration of £0.1m from last month's adverse position (largely within associate degree and PT courses, spread across a number of centres). However, much work is still being performed to attract students onto our part-time, day, open-learning and evening courses.
- 3.4 Total Commercial & International income to date stands at £3.3m, which is £0.1m lower than its year to date profiled budget. The adverse position is largely due to continued weakness within 'other bespoke' contracts and scheduled short courses, owing to competitive trading conditions, coupled with a lower in-take of students than originally envisaged.
- Latest projections suggest a full year commercial income shortfall of £0.24m (unchanged from last month) although further opportunities exist within tailored short courses. However, the Business and International Development teams continue to seek new business, whilst expenditure budgets continue to be reviewed for savings.
- 3.5 International income is currently in line with budget, at £0.9m achieved to date and current forecasts suggest it may exceed its full year income target of £1.35m, following new international group contracts being recently secured. The associated (and potentially extra) costs of this new activity are currently being quantified, although there is optimism that some of these costs will be absorbed within existing budgets.
- 3.6 During the month, the deferred income release was £0.3m (cumulative £1.9m), which is in line with forecast and is matched against associated depreciation charges.
- 3.7 We are currently forecasting year-end total income of £64.1m, approximately £3.6m below budget.

Section 4: Expenditure Analysis – Year-to-Date

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



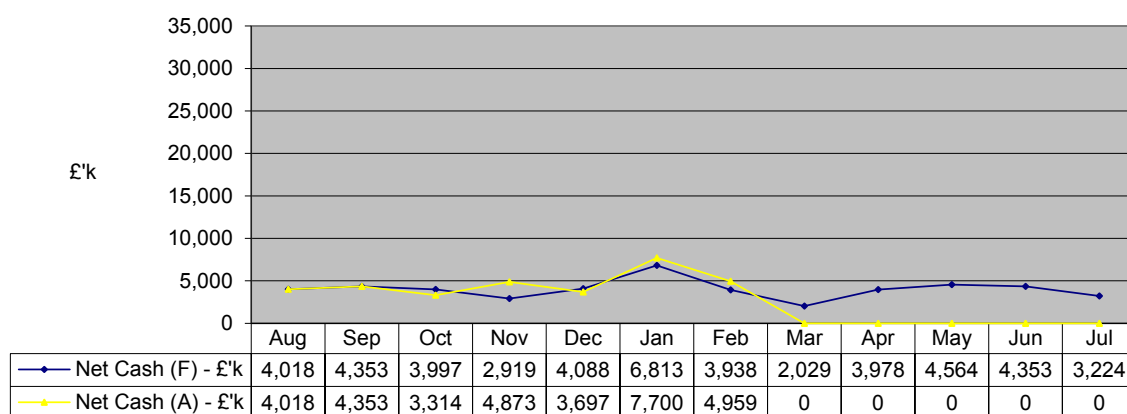
- 4.1 Our total expenditure budget for the year stands at £68.3m (unchanged from last month). Total expenditure for the year to date is £39.1m, which is £0.4m lower than the profiled budget of £39.5m.
- 4.2 The positive variance to date is largely due to a net underspend of £0.3m within staff costs (primarily due to vacancy churn, delayed recruitment, and unfilled vacant posts) together with a favourable variance of £78k for debt interest payments (which is likely to accumulate to £0.13m by year-end), and £101k for other finance charges (as a result of favourable currency movements on US Dollar and Euro balances). There is an adverse variance of £0.05m within other operating expenditure, which is primarily within consultancy fees and is offset by match funded SFC development grants (shown within income).
- 4.3 Following a further analysis of year to date spending profiles, staff costs are now forecast to settle £0.2m lower than the full year budget (having incorporated the effects of the national pay award - £0.6m), an improvement of £0.1m from last month's projection. All recruitment requests to current staffing vacancies remain under scrutiny and there may be opportunities to increase savings further in the remaining months of the year, as agency and temporary staffing costs traditionally fall through June and July.
- 4.4 There is an underspend of £0.05 in other operating expenditure largely within ICT expenditure (licences and leasing agreements) which are expected to accumulate as we progress towards the year-end. Most other expenditure areas remain within budget.
- 4.5 The full year forecast for other operating expenditure in totality remains approximately £70k below full year budget, and we anticipate that many areas will release further savings before the end of the year, as we continue to focus on tightening expenditure in all areas aided by an "essential items only" spending approach between now and the end of July. Current overspent areas to date remain under close review.
- 4.6 In the year to date, depreciation charges of £3.5m (2014/15 y/e: £3.2m) have been released from our fixed assets to reflect their economic use.
- 4.7 We are currently forecasting year-end total expenditure of £67.9m, approximately £0.4m below budget.

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

- 5.1 The following information provides an overview of the year to date trading positions of the catering and nursery departments.
- 5.2 The cross-campus catering facilities have generated total revenue to date of £1.1m, resulting in a gross operating profit of £0.6m and a net operating profit of £0.03m, in line with expectations. The net operating position has been adversely impacted by higher costs for catering staff, following the recent job evaluation scheme. Increasing footfall (and sales), together with keeping costs under control, remain key priorities.
- 5.3 The Nursery currently shows a net operating loss of £0.07m, which is due to lower than planned recruitment, and the continued use of agency staff (adverse net cost to date of £67k) to cover staff absences (mainly maternity leave), thereby maintaining mandatory staff to children ratios. Marketing campaigns remain in progress to increase our current in-take.

Section 6: Cashflow

Cash Position - Forecast versus Actuals to February 2016



- 6.1 Our cash position shows a balance of £4.96m, ahead of our rolling forecast owing to the timing of tuition fee inflows and student support out-flows. The reduction from the previous month is the result of reduced SFC grants being received in February as the March reporting year end is approached.
- 6.2 Our cash balance is projected to fluctuate within a narrow range for the foreseeable future and we have therefore refrained from tying up funds in a short term fixed account (the most attractive of which carry breakage charges for early withdrawals), to ensure we have instant call upon our funds (without penalty) for working capital purposes. We are paying an average of 5.7% on our debt borrowing, and our underlying interest related borrowings stand at £11.2m.
- 6.4 We forecast an end of year bank balance of £1.6m (rolling target £4.7m), an adverse movement of £1.4m on last month's forecast year-end balance (£3m) due to a net credit related reduction of £1.6m partly offset by a projected reduction in net student funds out-flows of £0.2m. The revised forecast balance equates to a negative cash movement for the year of £1.5m. We will continue to minimise expenditure and, where possible, extract further cash savings as the year progresses and this approach will have a positive impact on the final cash out-turn. Our focus on tightening expenditure in all areas is illustrated through the planned early adoption of an 'essential items only' spend policy through to the end of July.
- 6.5 In February a final tranche (£22k) of our 2015/16 capital allocation (April 15 to March 16) was released to fund new ICT and Estates projects (£1.2m drawn down and released in total), leaving a moratorium on further capital spend until our 2016/17 capital allocation (amount to be advised) is accessible for drawdown from around the April 2016.

SFC / GOVERNMENT RETURNS

- 6.6 The RDEL (Resource Departmental Expenditure Limit) refers to an under or overspend for the financial year to 31 March 2016. The Financial Performance Monitoring template shows a forecast overspend of £826k to 31 March 2016 (an improvement of £989k from last month's forecast full year overspend of £1,815k, primarily due to revised projections for student support expenditure, and lower operational expenditure over the coming months). The Return includes the effects of a net clawback of grant-in-aid of £1.1m in total (which is the

proportion due for the financial year 2015/16 - £1.7m is due in total for the academic year 2015/16) and is aligned to the reduction in current year activity of 12,000 credits (discussions with the SFC with regards to off-setting transitional funding remains on-going). The student funds element of the clawback is largely offset by an additional £0.3m of student support funds received in the annual in year redistribution exercise. ESF grant income remains excluded from these projections, as the SFC have not yet received confirmation from the Scottish Government of their allocation.

The forecast overspend of £826k also includes the effect of the 1% national pay award (net £0.45m) and a forecast reduction in tuition fee income streams (for prudence) of £0.5m, mainly related to semester 2 activity. These adverse movements are partly offset by savings of £0.4m within staff costs and forecast net savings of £0.3m within other operating expenditure, based on an analysis of the ytd February 2016 spending profile and as a by-product of the forecast reduction in fee income.

For the year to 31 March 2016 a budgeted underspend of £0.7m was originally forecast at April 2015, and has since been revised to a year end projected overspend of £0.8m, with the adverse movement of £1.6m due to the actual financial results to 31 July 2015, the net effects of the grant in aid (and student funds) clawback, the impact of the national pay-award and the current projected deficit of £3.8m for the 2015/16 academic year.

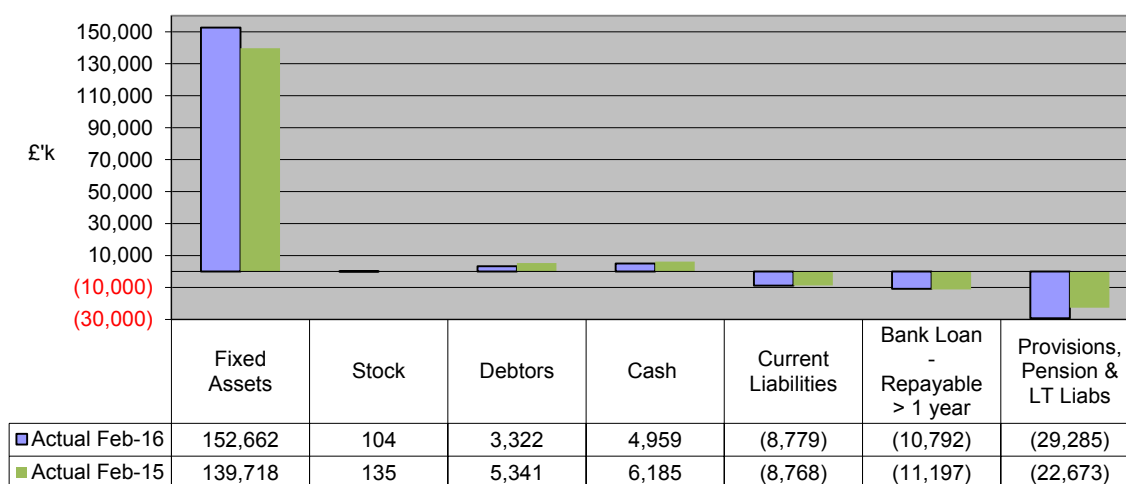
This overspent position remains under focus for improvement by keeping core operational spends to a minimum.

- 6.7 The AME (Annually Managed Expenditure) refers to the revaluation of pension liabilities, including the FRS17 deficit; as a result, neither budgets nor projections have been provided at this stage due to the uncertainty of future movements. The previous year figure of (£8,185k) refers to the actuarial valuation of the LPF scheme (£7,782k) and the revaluation of the early retirement provision (£403k). The figures do not include any impact of the revaluation of land and buildings and the restatement of prior year figures, following receipt of guidance from the SFC that these revaluations are outside of the scope of resource return reporting.
- 6.8 The CDEL (Capital Departmental Expenditure Limit) refers to the difference between the capital grant received and the expenditure on fixed assets. There is an underspend, for the year to date, of £31k, as a result of net capital grants being drawn down (in February) in advance of associated capital expenditure payments, which due to timing have fallen into March.

Section 7:

Balance Sheet

Assets and Liabilities



- 7.1 In the year to date our capitalised expenditure is £0.7m, of which £0.3m was incurred on ICT desktop & Macs deployment works, whilst £0.3m was incurred on Estates projects. Assets under construction, awaiting to be brought into use and then capitalised, total £0.1m for the year to date.
- 7.2 Our net current liabilities stand at minus £0.4m due to a net decrease in our cash deposits and equates to negative (-2 days) of working capital reserves. At the end of February, debtors include trade £0.7m and £2.6m of prepayments and accrued income. We received the majority of funds owed to us by SAAS (£3.8m) at the end of January, with a small balance due for payment in March.
- 7.3 Year on year provisions (excluding pension liabilities) have decreased by £0.4m to £4.8m (academic y/e £5m) following movements in relation to our student accommodation contract and enhanced pension provision. Our support staff pension liability stands at £23.2m, whilst our current bank debt level is £11.2m.

- 7.4 The main (net) year on year movement in current liabilities is within net accruals and deferred income (£0.6m). The amount held in deferred grant liabilities at the month-end (£2m) represents SFC funds largely in respect of grant-in-aid, student support, ESOL and debt support. During the month, a final tranche (£22k) of our capital allocation for 2015/16 was released (£1.2m has been drawn down and released in total) to fund new capital works. We currently show £12m of liabilities as repayable in more than 1 year.
- 7.5 Deferred grants and specific reserves, less pension reserve, have decreased by 2.7% to £67.5m (academic y/e 2014/15: £69.4m), following the capitalisations detailed above, whilst the income and expenditure reserve is currently £44.7m (academic y/e 2014/15: £45m).

Section 8: KPIs

8.1 KPIs

<ul style="list-style-type: none"> • Out-turn: (£0.7m) deficit • Target: Breakeven • Forecast out-turn: (£3.8m) deficit [Includes reduction of £2.3m re:12,000 credits] 	<ul style="list-style-type: none"> • Cash (burn) / generation rate at +£193k (due to lower salary costs and SAAS receipts). • Target rolling monthly average generation rate: +£132k.
<ul style="list-style-type: none"> • YTD cash balance: £4.96m • Rolling target: £4.7m 	<ul style="list-style-type: none"> • Net Current Assets/(Liabilities): (£0.4m) (-2 days) • Target: £3.3m (19 days)
<ul style="list-style-type: none"> • Current Ratio: 1:0.96 • Target: 1:1.15 	<ul style="list-style-type: none"> • Pay Costs as % of Total Income: 67.3% • Target: 66.3%
<ul style="list-style-type: none"> • Borrowings as % of reserves: 10.0% • Target: 9.9%. 	<ul style="list-style-type: none"> • Current credits 172,524 • Target credits: 188,258

	<u>Original</u> <u>Annual</u> <u>Budget</u> <u>£000s</u>	<u>Revised</u> <u>Annual</u> <u>Budget</u> <u>£000s</u>	<u>YTD</u> <u>Budget</u> <u>£000s</u>	<u>YTD</u> <u>Actuals</u> <u>£000s</u>	<u>YTD</u> <u>Variance</u> <u>£000s</u>	<u>Previous</u> <u>YTD</u> <u>£000s</u>	<u>Year End</u> <u>Projection</u> <u>£000s</u>
Funding Council Grants	45,786	45,786	25,569	25,621	52	28,453	43,669
Deferred Capital Grant Releases	3,069	3,069	1,908	1,908	0	1,687	3,069
Debt Support Grant	800	800	467	467	0	467	800
Tuition Fees and Education Contracts (inc SAAS)	10,366	10,364	6,531	5,851	(680)	6,109	9,194
Commercial and International Contracts	5,373	5,376	3,414	3,288	(126)	3,078	5,138
Other Income	2,337	2,315	1,254	1,221	(33)	1,450	2,244
Exceptional Merger Support Grants	0	0	0	0	0	506	0
Total Income	67,730	67,710	39,142	38,355	(787)	41,750	64,114
Staff Costs	45,139	45,139	26,091	25,815	277	26,149	44,923
Other Operating Expenses	16,603	16,583	9,392	9,438	(47)	12,063	16,513
Depreciation	5,720	5,720	3,492	3,492	0	3,201	5,720
Debt Interest & Other Finance Costs	842	842	492	313	179	429	710
Research & Development	50	50	19	15	5	115	42
Exceptional Merger Support Costs	0	0	0	0	0	506	0
Total Expenditure	68,354	68,334	39,485	39,072	413	42,463	67,908
Operating Surplus / (Deficit)	(624)	(624)	(343)	(717)	(373)	(713)	(3,794)
Statement of Historical Cost Surpluses and Deficits for the 7 Months to 29th February 2016							
Operating Surplus / (Deficit)	(624)	(624)	(343)	(717)	(373)	(713)	(3,794)
Difference between historical cost depreciation and actual revaluation charge for the period	313	612	367	367	0	182	612
Historical Cost Surplus / (Deficit)	(311)	(12)	24	(350)	(373)	(531)	(3,182)

	<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>INCOME</u>						
<u>Funding Council Grants</u>						
Recurrent Grant Inc Fee Waiver	41,074	41,074	23,343	23,333	(10)	26,243
Childcare Funds	1,545	1,545	943	943	(0)	1,096
Deferred Capital Grants	3,069	3,069	1,908	1,908		1,687
Debt Support Grants	800	800	467	467	0	467
Other SFC Grants	3,166	3,166	1,283	1,345	62	1,114
	49,655	49,655	27,943	27,995	52	30,607
<u>Tuition Fees & Education Contracts</u>						
FE - UK & EU	102	170	134	121	(13)	976
HE - UK & EU	996	610	495	394	(101)	469
PT Self Payers	906	1,239	958	741	(217)	23
Examination Fee Income	21	6	0	6	6	
SAAS	4,280	4,280	2,550	2,300	(251)	2,234
Associate Degree Fees	1,250	1,250	734	647	(87)	763
Managing Agents	1,380	1,380	818	807	(12)	847
Edinburgh Council - Pre Emp Contract	1,430	1,430	840	836	(4)	797
	10,366	10,364	6,531	5,851	(680)	6,109
<u>Commercial & International</u>						
International	1,350	1,350	948	948	0	834
SDS	517	517	350	350	0	286
EH15 and The Apprentice Restaurants	47	97	64	69	5	73
Bliss SPA and Employability Salons	148	123	79	71	(8)	97
Gym	335	312	188	188	0	190
Nursery	1,075	1,075	632	588	(44)	545
Residences	595	595	264	265	0	308
Access Centre Provision	130	130	70	70		93
Bespoke Contracts for Employers	1,175	694	425	339	(85)	627
Scheduled Short Courses		483	394	382	(13)	
Other European Income				18	18	25
	5,373	5,376	3,414	3,288	(126)	3,078
<u>Other Income</u>						
Catering	2,085	2,085	1,096	1,053	(43)	1,225
Other Income Generating Activities	232	211	147	161	14	210
	2,317	2,295	1,243	1,214	(29)	1,436
<u>Endowment & Investment</u>						
Bank Interest	20	20	11	7	(4)	14
	20	20	11	7	(4)	14
<u>Exceptional Merger Support Grants</u>						
						506
TOTAL INCOME	67,730	67,710	39,142	38,355	(787)	41,750
<u>EXPENDITURE</u>						
<u>Staff Costs</u>						
Senior Management	1,862	1,909	1,147	1,147	0	1,246
Academic Departments	23,281	23,197	13,307	13,112	196	13,273
Academic Services	4,428	4,439	2,533	2,459	74	1,105
Admin & Central Services	12,145	12,266	7,089	6,968	121	8,317
Premises	1,146	1,148	676	679	(3)	838
Catering & Residences	856	904	496	485	11	495
Temporary & Agency Staff Costs	754	903	566	650	(84)	483
Other Staffing Expenditure	668	373	277	316	(39)	393
	45,139	45,139	26,091	25,815	277	26,149
<u>Other Operating Expenses</u>						
Premises	5,094	5,096	3,036	3,056	(20)	3,186
Teaching Activity & Support	1,033	1,022	635	629	7	1,086
Childcare Costs	1,545	1,545	943	943		1,096
Transport Costs	42	42	32	40	(9)	161
IT Costs	1,427	1,345	737	685	52	905
Telecomms Costs	145	194	118	118	(0)	124
Equipment	41	41	25	24	1	57
Health & Safety	92	93	38	47	(8)	66
Travel & Subsistence	547	547	376	375	1	341
Admin Costs	295	328	132	141	(9)	163
Corporate, Consultancy, Professional	864	854	462	520	(59)	952
Staff Welfare	17	17	6	6		6
Catering	1,401	1,420	734	734	0	905
Training & Development	183	155	45	45	(0)	105
VAT	1,546	1,546	1,040	1,052	(12)	1,230
Marketing & PR	243	241	151	150	1	134
Partnership Costs	616	616	372	368	4	499
Overseas Agents Commission	158	158	62	52	10	238
Registration & Exam Fees	1,266	1,277	448	453	(5)	779
Bad Debts	48	48	1	1		30
	16,603	16,583	9,392	9,438	(47)	12,063
<u>Depreciation for the year</u>	5,720	5,720	3,492	3,492		3,201
<u>Debt Interest & Other Finance Costs</u>						
Interest On Bank Loans	800	800	467	389	78	387
Other Finance Charges	42	42	25	(76)	101	42
	842	842	492	313	179	429
<u>Research & Development</u>	50	50	19	15	5	115
<u>Exceptional Merger Support Costs</u>						
						506
TOTAL EXPENDITURE	68,354	68,334	39,485	39,072	413	42,463
	(624)	(624)	(343)	(717)	(373)	(713)

Balance Sheet

For the 7 Months to 29th February 2016

	<u>2015/2016</u> <u>YTD Actuals</u> <u>£000s</u>	<u>2014/15</u> <u>Year End</u> <u>£000s</u>	<u>2014/2015</u> <u>Previous YTD</u> <u>£000s</u>
Fixed Assets			
L&B	143,815	145,731	130,249
FFE	8,847	9,705	9,469
	152,662	155,436	139,718
Current Assets			
Stock	104	137	135
Debtors	3,322	3,853	5,341
Cash	4,959	3,111	6,185
	8,385	7,101	11,660
Creditors < 1yr			
Loans	(386)	(386)	(357)
Payments received in advance	(401)	(281)	(1,011)
Trade creditors	(1,087)	(1,761)	(369)
Taxes & social sec	(982)	(1,024)	(1,660)
Accruals, Def Inc & Other Creditors	(3,952)	(3,695)	(3,649)
Amounts owed to SFC	(1,970)	(34)	(1,722)
	(8,779)	(7,181)	(8,767)
Net current assets / (liabilities)	(394)	(80)	2,893
Total assets less current liabilities	152,267	155,356	142,611
Creditors > 1yr			
Bank loans	(10,792)	(10,982)	(11,197)
Lennartz VAT	(1,228)	(1,699)	(2,105)
	(12,020)	(12,681)	(13,302)
Provisions			
Early retirement	(4,804)	(4,975)	(4,617)
Other	(37)	(65)	(607)
	(4,841)	(5,040)	(5,224)
Net pension asset / (liability)	(23,216)	(23,216)	(15,344)
NET ASSETS	112,190	114,419	108,741
Deferred capital grants			
SFC	61,768	63,273	63,294
Other	556	564	575
	62,324	63,837	63,869
Reserves			
I&E account	44,685	45,034	53,908
Pension reserve	(23,216)	(23,216)	(15,344)
Revaluation reserve	28,397	28,764	6,308
	49,866	50,583	44,872
CAPITAL & RESERVES	112,190	114,419	108,741

ECSA CONSTITUTION

Purpose of Paper

The ECSA Constitution was written over three years ago and has not been updated since. Given that ECSA has undergone considerable changes over this period it was agreed that a constitutional review would take place in the 2015/16 academic year.

An updated ECSA Constitution with a supporting cover sheet is attached for the Board's review.

Action Required

The Board are asked to CONSIDER and APPROVE the updated ECSA Constitution.

Strategic Implications

Risk	Yes \ No	Details
Governance \ legal	Yes	The Board retains an overview of Students' Association activity in the interests of good governance.
Financial	No	
Executive Approval	Yes \ No	Details
Reviewed by Executive	No	
Other	Yes \ No	Details
Equality Impact	Yes	Guidance requires the Board to seek to represent the community the College serves in its diversity.

Constitutional Review Update

Edinburgh College Board Meeting April 2016

Introduction

1. The ECSA Constitution was written over three years ago and has not been updated since. The organisation has went through much change in that time, including both elected officers and staff restructures. The growth in the organisation and strides it has taken to become a more autonomous organisation, as part of the Framework for Sustainable College Students' Associations, has led to changes in every day functions of how ECSA operates.
2. This document shows how these changes will now be reflected in our Constitution. Most of the changes are written to show the new layer of governance created through the establishment of ECSA's Trustee Board, which is made up of Full Time Officers, Student Trustees and External Trustees, supported by the Association Director.
3. ECSA will continue to amend our structures through consultation with students as we develop as an organisation. The next stage is for the newly formed Board of Trustees to apply these updates to the ECSA schedules to ensure the processes we use are up to date and reflect operational work.
4. A summary of the changes has been set out below, showing the development of our new Trustee Board and the responsibilities they have taken on.



Jeroen van Herk
President
Edinburgh College Students' Association

Summary Of Changes	Former Constitutional Reference (if applicable)	New Constitutional Reference (if applicable)
Delete 'The Board of Management' replace with 'ECSA Board of Trustees'	12.1	12.1
Delete 'The Board of Management' replace with 'ECSA Board of Trustees' Add 'Students, subject to final approval from the College Board of Management.'	16.4	16.4
Delete 'ask a member of the college staff nominated by the board of management' Replace with 'nominate an External Trustee'	17.2	17.2
Delete 'The Board of Management' replace with 'ECSA Board of Trustees'	17.3	17.3

Constitution of Edinburgh College Students' Association

We, Edinburgh College Students' Association, are a students' association within the meaning of the Education Act 1994. We act as a voice for our members and are devoted to their educational interests and welfare. *Edinburgh College* provides us with funds to help us meet our objects as set out below.

1. Objects (aims)

We aim to advance the education of students at Edinburgh College for the public benefit by:

- (a) promoting the interests and welfare of students at Edinburgh College during their course of study and representing, supporting and advising students;
- (b) being the recognised representative channel between students and Edinburgh College and any other organisation outside Edinburgh College and
- (c) providing social, cultural, sporting and recreational activities and forums for discussions and debate for the personal development of our students.

2. Powers

So that we can carry out our objects, we have the power to:

- (a) provide and promote activities, services and facilities for our members;
- (b) raise funds and receive grants and donations;
- (c) trade while we are carrying out any of our objects and carry on any other trade which is not expected to lead to taxable profits; and
- (d) do anything which is lawful to achieve our objects.

3. Members

3.1 Our members are:

- (a) all students aged 16 and over who are registered at Edinburgh College and have not opted out of membership of our association; and
- (b) our sabbatical officers

3.2 The Trustee Board will set up and monitor a 'code of conduct' that all members must keep to, including when members are involved in activities or at events that are run or organised by us. The code of conduct may include action if you break the code of conduct, including suspending or removing any or all of your rights and privileges of membership (including holding office).

3.3 You can use our facilities and take part in our educational, social, sporting and cultural activities. You can speak and vote at our meetings, nominate other members, stand and vote in our elections, and hold office in clubs and societies.

- 3.4 Registered students of Edinburgh College under the age of 16 shall not be members of our association, but may take part in certain activities, as agreed by the Executive Committee and any forum for students under the age of 16 and approved by the Student Representative Council. Students under the age of 16 will not be given an NUS card or a card bearing the NUS logo.

4. Referenda

- 4.1 A referendum, in which all members will be allowed to vote, may be called on any issue by:
- (a) a majority vote of at least two thirds of the Association Executive; or
 - (b) the trustees on receipt of a petition setting out the issue and the name, course, union card number and signature of at least 200 members.
- 4.2 Policy set by a referendum shall mandate the Association subject to clause 8.5.

5. Elections

- 5.1 Sabbatical office holders will be elected from our members by a secret ballot. Election procedures will be specified in the Schedules.
- 5.2 The sabbatical officers will be 'major union office holders' for the purposes of Section 22 of the Education Act 1994 and will enter into a contract of employment with Edinburgh College. The duties and terms of employment of each sabbatical officer will be set out in the schedules.

6. The Executive Committee

- 6.1 There will be an Association Executive chaired by the President or their nominated representative.
- 6.2 The Association Executive Committee will include the President and such other sabbatical officers and non-sabbatical officers who are elected in line with the schedules. Executive Members shall hold office from 1st July to 30th June each year.
- 6.3 The Executive Committee will run the association on a day-to-day basis in line with this constitution and its schedules, any relevant legislation and any decisions the members make at an AGM or referendum, or decisions made by the Board of Trustees.
- 6.4 Executive Officers will no longer be officers if:
- (a) they resign by giving us notice in writing;
 - (b) they fail to go to two executive meetings in a row without sending apologies and the Executive decide that they should be removed for this reason; or
 - (c) if sabbatical, a motion of no confidence in the officer is passed by a 66% majority in a General Meeting of students as specified in the Schedules.
 - (d) Executive officers can also have the office removed under the code of conduct.

7. Trustees

- 7.1 The trustees are responsible for overseeing the way the association is managed, and our governance (having proper arrangements in place for overseeing what we do), budget and strategy.

- 7.2 The trustees can override any decision or policy made by the members at a referendum, or by the Executive Committee which:
- (a) has or may have serious financial effects for us;
 - (b) is or may be against the law or contravenes the constitution; or
 - (c) in the opinion of the Trustees is seriously damaging to the Association or its members.
- 7.3 The trustees will be:
- (a) all sabbatical members of the Association Executive Committee; and
 - (b) not more than 5 other trustees who will be appointed by the Executive Committees. These should include 3 persons who are not students at the College and may include up to 2 lay students.
- 7.4 A trustee will no longer be a trustee if:
- (a) they are a sabbatical trustee and they stop being an employee of the Association or Edinburgh College;
 - (b) they resign by giving notice in writing;
 - (c) they fail to attend two trustee meetings in a row without sending apologies and the trustees decide that they should be removed for this reason; or
 - (d) a motion of no confidence in the trustee is passed by a 66% majority at a General Meeting.
- 7.5 If a trustee resigns, is disqualified or is removed from office, a new trustee will be appointed in line with the schedules.
- 7.6 The trustees must hold at least four meetings each year.
- 7.7 The President will be the chairperson of the trustees. If he or she is not available, the trustees at the meeting will appoint another trustee to act as chairperson.
- 7.8 At least a third plus one of the current trustees must be present at trustees' meetings to be able to make decisions.
- 7.9 The trustees will make decisions by a majority vote. If there is an equal number of votes on an issue, the chairperson will have a casting vote on top of any other vote they may have.
- 7.10 A meeting of the trustees must be called by the President if requested to do so by two Trustees.
- 7.11 Trustees cannot receive any money or property from us except:
- (a) their reasonable out-of-pocket expenses;
 - (b) reasonable payment to a sabbatical officers trustee for any services they have provided to us (including services provided under a contract of employment with us) as long as the trustee follows clause 7.12 in relation to any decisions regarding the payment, and less than half of the trustees receive such a payment in any financial year.

- 7.12 If a Trustee has a personal interest in a matter being discussed they must declare their interest. If there is a clear conflict of interest, they will have to leave the meeting while the matter is being discussed and will not be able to vote on the matter.

8. Being affiliated to other organisations

- 8.1 We will include details of all links to other organisations, including the names of the organisations and each fee paid, in our annual report. Our annual report is available to all our members and to Edinburgh College.
- 8.2 If our members want to object to a current link to any particular organisation, they must present a petition, signed by at least 200 members, to the President. We will call a referendum on the issue and hold it in line with the schedules. We cannot hold another referendum about the same matter in the same academic year.

9. Clubs and societies

Clubs and societies may be recognised by the Executive as long as they meet the requirements set out in the schedules and are in line with our objects.

10. Complaints procedure

If we receive any complaints about an individual officer, the Executive Committee or any association volunteer, we will deal with these under the complaints procedure set out in the schedules.

11. Finance

- 11.1 We will receive funds from the Edinburgh College to allow us to carry out our objects. We will present a budget to the College and account for any expenditure as required by the College.
- 11.2 We will prepare annual accounts to meet statutory requirements.
- 11.3 Our money and property must only be used to help us carry out our objects.

12. Schedules & Protocols

- 12.1 The ECSA Board of Trustees shall agree schedules relating to the elections, the number and role of Sabbatical Officers and code of conduct and they shall be subject to amendment in the same way as this constitution.
- 12.2 Other Schedules may be made or amended by the trustees in consultation with the Executive relating to how we run our association, as long as these schedules are consistent with this constitution. All changes shall be reported to the Board of Management of the College.
- 12.3 The College Director of Finance and Director of HR shall agree the Financial and HR Protocols respectively

13. Minutes

Minutes shall be kept of meetings of trustees, the Executive Committee and General Meetings.

14. Protection against liability

Every trustee will be, and every other officer or auditor of our association may be, covered against any liability they face in defending any proceedings, whether civil or criminal, in which judgment is given in their favour or in which they are acquitted, or in connection with any application in which the court finds they have not been negligent, not failed to carry out their duties or not broken trust in relation to our work, and against all costs, charges, losses, expenses or liabilities they face in carrying out their duties.

15. Winding up

If we are wound up, any money or property remaining after all our debts have been paid will belong to and be held by Edinburgh College in trust for the purposes of a students' association that represents the students of Edinburgh College.

16. Amendments to the constitution

- 16.1 The trustees and Board of Management of Edinburgh College will review this constitution every three years from the date of this constitution.
- 16.2 We must get written permission from the Office of the Scottish Charity Regulator (OSCR) before we make any amendment to clause 1 (Objects), change our name, or start winding up or amalgamating with another association.
- 16.3 The constitution can be amended by a resolution passed at by an Executive meeting by at least two thirds of those present and entitled to vote and approved by the Trustees and the Board of Management of Edinburgh College.
- 16.4 The ECSA Board of Trustees can amend the constitution after consultation with the Executive and students, subject to final approval from the College Board of Management.

17. Interpretation

- 17.1 If anyone challenges any part of this constitution, we will ask our President to make a decision.
- 17.2 If the President's decision is challenged, we will nominate an External Trustee for this purpose to make a ruling.
- 17.3 If a member of our association is not satisfied with this decision they may appeal to the ECSA Board of Trustees, whose decision will be final.

BOARD SELF-EVALUATION 2016

Purpose of the Paper

The Board are asked to consider arrangement for an externally facilitated self-evaluation at the end of the 2015-16 academic year. The following report outlines the key considerations for the Board and a proposed plan of activity for the self-evaluation.

Action Required

Members are asked to CONSIDER and APPROVE the proposed Board Self-Evaluation process.

Strategic Implications

Risk	Yes \ No	Details
Governance \ legal	Yes	The Board should retain an overview governance matters.
Financial	Yes	External assessor(s) may have cost implications.
Executive Approval	Yes \ No	Details
Reviewed by Executive	No	
Other	Yes \ No	Details
Equality Impact Status	No	

1 Context

- 1.1 Edinburgh College has had in place a robust, diversified approach to annual evaluation for several years, incorporating individual self-evaluation, committee operational self-evaluation checklists, evaluation of the Chair led by the Vice Chair as Senior Independent Director, Nominations Committee review of membership, skills, attendance and tenure, and, with the exception of 2015, an externally facilitated full-board review session. Individual self-evaluation and evaluation of the Chair were both enhanced in 2015 to take account of changes in regulation and the launch of the Code of Good Governance.
- 1.2 It had been the Board's intention to conduct an externally facilitated self-evaluation at the end of the 2015-16 academic year. The Good Governance Steering Group (GGSG) subsequently issued advice that all colleges should undertake such an evaluation by the end of 2015-16.
- 1.3 Work has begun on a draft framework, linked to the induction and development framework for the sector approved in 2015, and a questionnaire has been developed based on the principles set out in the Code. The questionnaire should form the core of the review and provide a firm basis for the required statement of compliance in the annual accounts. Boards may add questions/areas for review that they themselves, auditors or external regulators feel should be included.
- 1.4 Further to feedback from the Scottish Government's Task Group, colleges were advised that the 2016 self-evaluations should be externally validated (as opposed to just facilitated) to provide additional assurance through more formal independent assessment of the process.
- 1.5 The current version of the Code requires boards to undertake an externally facilitated self-evaluation every three to five years. The revised Code is expected to specify a validated process every three years. In practice, given the implication that evaluation information will be collated for sector benchmarking and reporting purposes, and the Task Group's requirement for annual development meetings with the SFC, boards may find they are undertaking a similarly indepth, prescribed process each year or on a cycle concurrent with other colleges.
- 1.6 The Task Group has instructed the SFC to undertake a risk-based review of governance of the sector in the second half of 2016, which will take account of boards' self-evaluations.
- 1.7 Further guidance will be issued in due course including guidance on the direct observations of boards, which the Task Group intends should serve several purposes: self-assessment itself; Chairs' appraisals; SFC risk assessments. In the meantime, there is an adequate basis to plan a robust self-evaluation in 2016 that meets current and anticipated requirements.

2 Key Considerations for 2016 Self-Evaluation

- 2.1 Development activity should be closely linked to evaluation. This applies to all strands of evaluation, i.e., individual, committee, chair, and board, and a key

outcome of the evaluation process will now be a development plan drawing together themes and outcomes from the different strands. The plan will be shared with SFC and Scottish Government (note: this plan will also inform the Chair's appraisal by the Scottish Government).

- 2.2 Issue of the revised Code of Good Governance is expected towards the end of April, which will allow time to adapt the draft self-evaluation questionnaire to reflect changes. Additional questions/areas for review can be added at that stage and an approach agreed in consultation with the external assessor.
- 2.3 No guidance has been provided on criteria for selecting an external assessor for the 2016 process. CDN historically held a list of recommended consultants, and have been asked whether a current list exists, as a starting point.
- 2.4 GGSG will be developing an 'early warning indicator checklist'. A draft version discussed by the Task Group will serve as an additional tool in the 2016 evaluation process and indicators will be incorporated where relevant in the various strands of evaluation and shared with the external assessor.
- 2.5 A thorough and risk-aware approach - incorporating the early warning indicator checklist mentioned above, the end of year checklist included in the Scottish Government's guidance for audit committees, relevant audit recommendations, and other sources of information - will help to ensure a strong position for the Board and College in entering into the planned further risk-based review by the SFC before the end of the year.
- 2.6 Direct observation of a Board meeting will need to take account of the Task Group's suggested focus on: whether there is a balance of constructive challenge and support; whether there is sufficient focus on strategic oversight; whether boardroom behaviours are conducive to effective collective governance.
- 2.7 Efforts will need to be made to accommodate the enhanced evaluation requirements within the Board's calendar of business in a way that does not incur unreasonable demands on Board Members' time towards the year-end.

3 Outline Plan of Activity

The following is a draft outline rather than a fixed plan of activity as it will be dependent on further discussion, external factors such as any outcomes from the forthcoming GGSG meeting, and diary planning.

APRIL

- Identify external assessor
- Revise questionnaire in accordance with revised Code of Good Governance
- Agree additional questions/areas for review

MAY

- Review and revise documentation supporting various strands of evaluation activity to ensure a coherent approach and reflect Code and Task Group report.

- Brief assessor on evaluation plan and agree timing and approach to assessment including pack of information to be provided in advance (key governance documents, minutes, accounts, planning documents, audit reports, supporting documents for evaluation, etc)
- Agree programme of one-to-one meetings and meeting observations (noting cost implications of assessor's activity)
- 24 May Nominations Committee: review of membership, skills, attendance and tenure

JUNE

- Complete committee operational self-evaluations in course of meetings cycle prior to June Board
- Potential assessor observation of (one of) Audit & Risk/Academic Council/Policy & Resources
- Assessor meetings/discussion with agreed individuals (likely to include Chair, Vice Chair, Principal, Staff and Student members)
- 21 June: Assessor observation of June Board
- Half-day session with all/available Board Members to complete questionnaire
- One-to-one meetings for all Board Members with Chair (individual self-evaluation) and Vice Chair (Chair's evaluation) to be planned in single 1-hour slots where possible

JULY

- Chair's evaluation report compiled and meeting between Vice Chair/Chair to discuss
- Reports from various strands of evaluation including Nominations report compiled and provided to Assessor (aggregate developmental report only from individual self-evaluation)
- (Assurance Statement drafted for annual accounts)

AUGUST

- Assessor seeks any further information required to draft report
- (Arrangements put in place for SFC development meeting post September Board once further information available)
- Potential review of draft report by Policy & Resources on 24 August (date tbc)

SEPTEMBER

- Assessor presents report to 20 September Board (date tbc)
- Key themes for development plan agreed by Board; draft plan produced

Estimated time commitment for Assessor (excluding travel): (days)

Briefing, Planning, reading background information	1
One-to-one meetings/telephone calls	1
Observe Committee meeting	0.5
Observe Board	0.5
Code/Questionnaire focus session	0.5
Prepare/write report	1.5
Present report to Board	0.5
Total	5.5 days

RIDDOR REPORT 2015/16

Introduction

Since the Board meeting on 09 February there have been no new accidents / incidents reportable under RIDDOR.

For Board members' information accident/incident statistics for the 2014, 2015 and 2016 (to 03 February) are attached.

Action Required

The Board are asked to NOTE the attached RIDDOR Report.

Strategic Implications

Risk	Yes \ No	Details
Governance \ legal	Yes	The Board is required to maintain oversight of accident and incident reported at the College.
Financial	Yes	
Executive Approval	Yes \ No	Details
Reviewed by Executive	Yes	
Other	Yes \ No	Details
Equality Impact	No	

RIDDOR REPORT 2015/16

To date in 2016 there have been no accidents/ incidents reportable under RIDDOR.

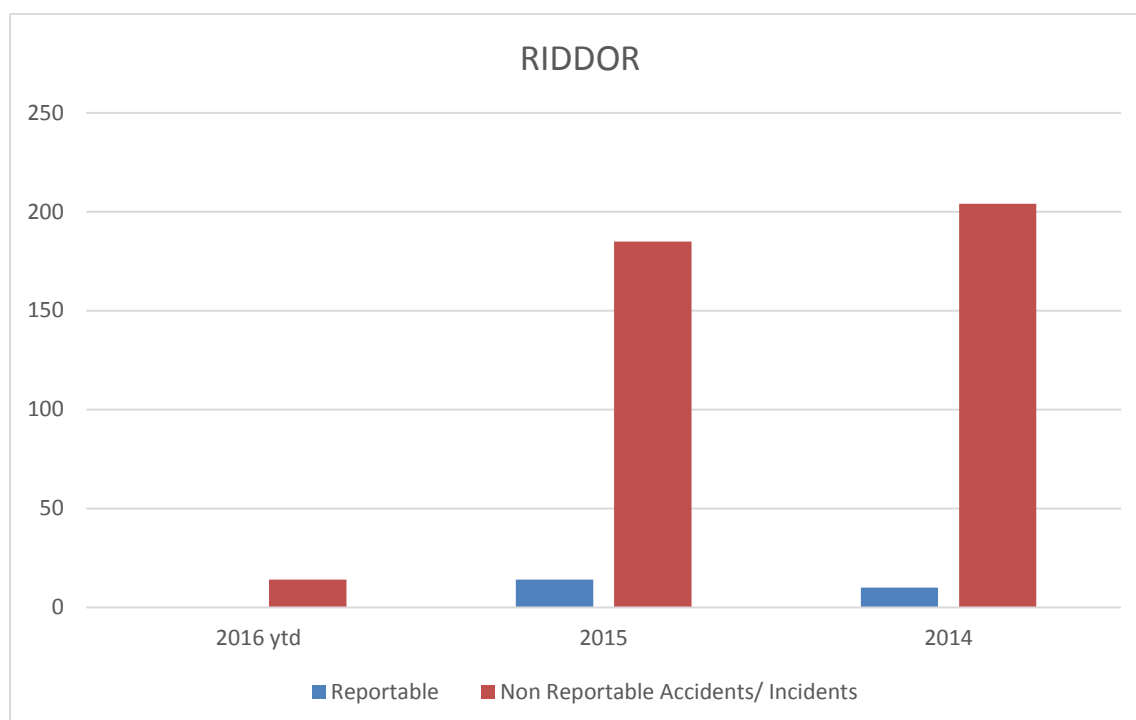


Chart 1: Accident/Incident Statistics for the 2014, 2015 and 2016 (to 03 February) calendar years.

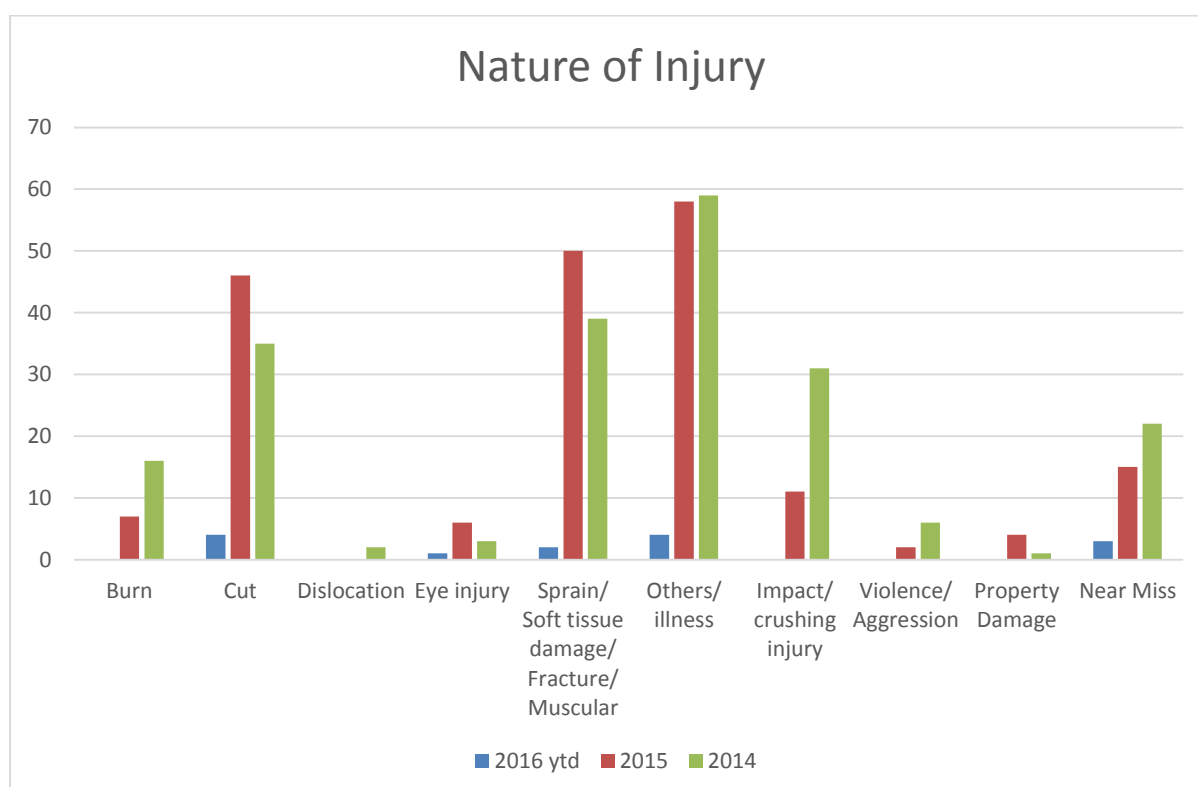


Chart 2: The nature of reportable and non-reportable accident/incident from 2014, 2015 and 2016 (to 03 February).

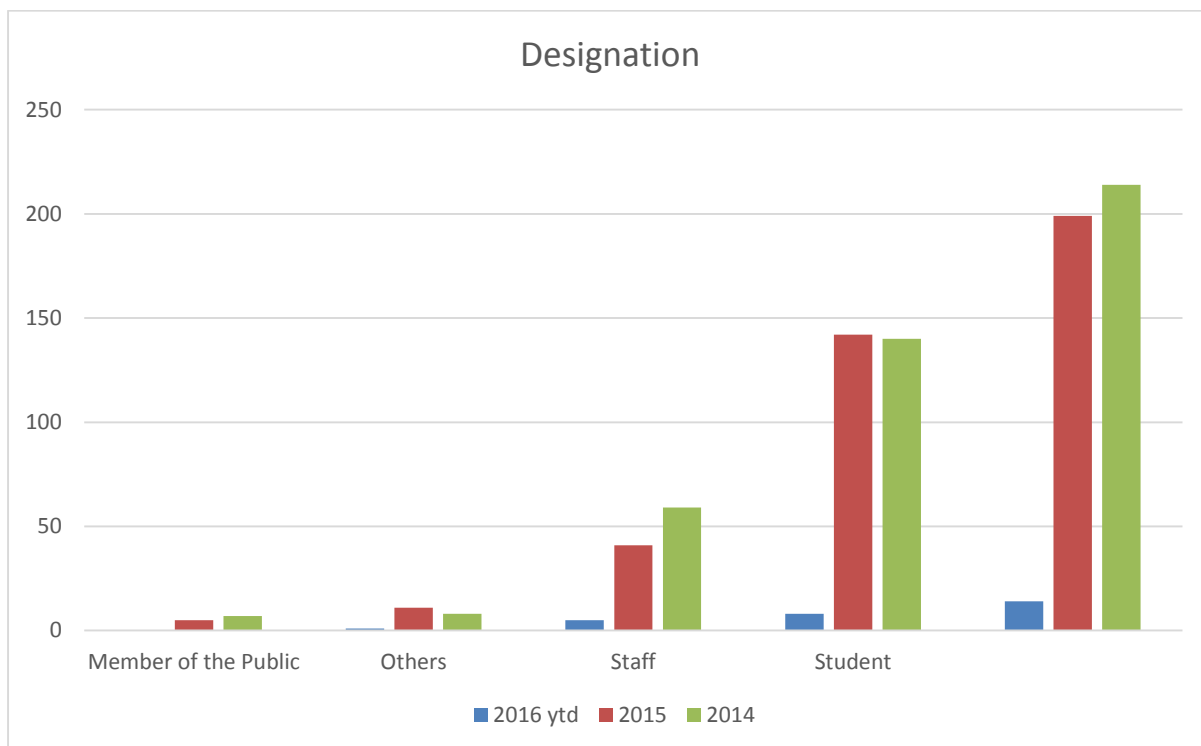


Chart 3: The designation of reportable and non-reportable accident/incident from 2014, 2015 and 2016 (to 03 February).

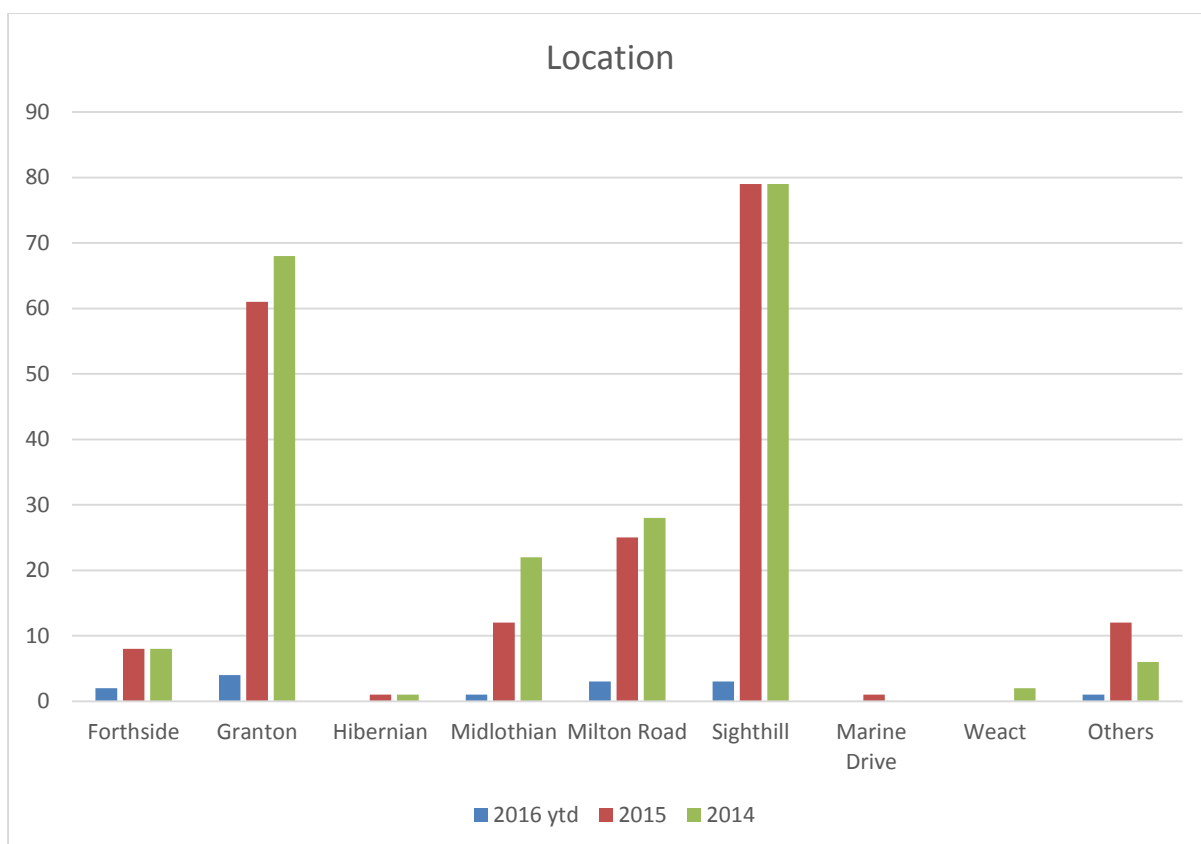


Chart 4: The location of reportable and non-reportable accident/incident from 2014, 2015 and 2016 (to 03 February).