

BOARD OF MANAGEMENT

AGENDA

A meeting of the Board of Management will be held at 14:00 hours on Tuesday 22 September 2015 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	INTRODUCTION TO DIRECTOR OF ADVANCED LEARNING & SCIENCE AT SCOTTISH GOVERNMENT	A McKechnie	
6	HEALTH & SAFETY	S Daly	Presentation C
6.1	Annual Report		
6.2	RIDDOR Report <i>attached</i>		
7	EDINBURGH COLLEGE STUDENTS' ASSOCIATION	J Van Herk	D E
7.1	ECSA Report		
7.2	ECSA Planning Report 2015/16 ¹		
8	CLOSED ITEMS OF BUSINESS		
	Closed Minutes of Previous Meeting <i>for approval</i>	Chair	F
<i>Item 8 presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 36, Confidentiality.</i>			
9	COMMITTEE BUSINESS		
9.1	<u>Academic Council</u> Education Scotland Interim Report	R McCowan	G
<i>Item 9.1 presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 27, Information Intended for Future Publication.</i>			
9.2	<u>Audit & Risk Assurance</u> <i>Top Risk Register</i>	A Williamson	H

¹ The ECSA Operational Plan 2015/16 can be viewed online under Academic Council 01.11.15 'Papers'.

Item 9.2 presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.

9.3	<u>Policy & Resources</u>		
	<u>Committee Minutes 26.08.15</u>	Vice Chair	I
	Management Accounts to July attached	A Williamson	J
	College Budget 2015/16 for approval attached	A Williamson	K
10	GOVERNANCE REPORT		
10.1	Governance Report	P Davis	L
10.2	<u>Scheme of Delegation</u> for approval	P Davis	M
10.3	<u>Terms of Reference</u> ² for approval	P Davis	N
10.4	Review of the Chair 2014/15	Vice Chair	O

Item 10.4 presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 36, Confidentiality.

11	NATIONAL REPORT	Chair	Verbal
12	PRINCIPAL'S REPORT	A Bruton	P
13	COLLEGE FUNDING REPORTS		
13.1	SFC Credits Report	A Williamson	Q
13.2	College Funding Summary Report	A Williamson	R

Items 13.1 and 13.2 presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.

14	FOI ANNUAL MONITORING REPORT attached	A Williamson	S
15	BOARD AND COMMITTEE CALENDAR 2015/16	P MacPherson	T
16	ANY OTHER COMPETENT BUSINESS		
17	DATE OF NEXT MEETING: 08 December 2015		

17.1	<u>Upcoming Committee and Board Strategy Dates</u>	Chair
	Remuneration Committee	05.10.15
	Nominations Committee	07.10.15
	Board Strategy Day	20.10.15
	External Engagement Committee	02.11.15
	Audit & Risk Committee	19.11.15
	Academic Council	20.11.15
	Policy & Resources Committee	26.11.15

² All approved committee terms of reference can be found on the Board of Management webpages, under 'Board and Committee Minutes'.

RIDDOR REPORT 2015

Introduction

The following report provides an update on incidents/accidents reported at Edinburgh College between 01 January and the 03 September 2015.

Prior to the RIDDOR Report, the Health & Safety Manager will provide an annual report on health & safety at the College.

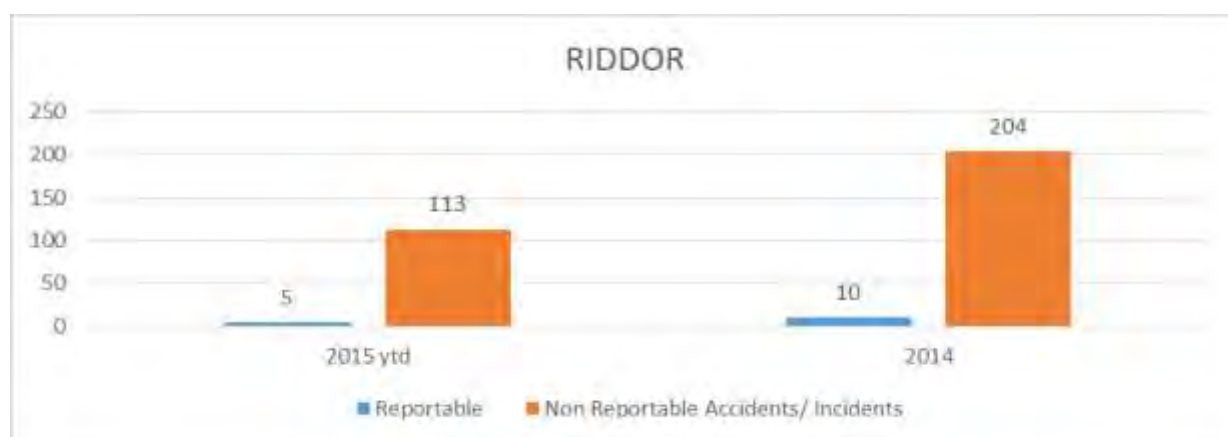
Action Required

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



Between 01 January and the 03 September 2015 there was a total of 118 accidents/ incidents reported, with 5 reported under RIDDOR 2013 (please see details below).

Date (2015)	Campus	Incident description	Corrective Action/ Recommendations	Reason reported under RIDDOR
13/01	Granton	Student was using a scalpel as part of their course work, their hand slipped and sliced the top of their finger.	Was provided with first aid treatment but referred to hospital.	Member of public/ other taken directly to hospital for treatment.
24/04	Sighthill	Student's mother was walking down the creative industries corridor and fell. She was taken to hospital and diagnosed with ligament damage to left ankle. In addition, she injured her right knee.	Floor was checked - no issues found.	Member of public/ other taken directly to hospital for treatment.
13/05	Milton Road	Student was bending down near sink. Top of large blender fell from sink when another student who was removing pot/chopping board struck the blender top. The blender top struck the student who was bending down across the bridge of the nose.	First aid treatment. Student went to hospital (two steri strips applied). Housekeeping provision at sink reviewed.	Member of public/ other taken directly to hospital for treatment.
21/05	Granton	Student cut the pinkie of their right hand when lifting a knife out of the sink. It was a deep cut that required stitches.	Improved supervision and retraining in correct procedure for handling knives.	Member of public/ other taken directly to hospital for treatment.
07/08	Sighthill	Member of staff was moving a table on a trolley. When taking table out of lift, wheels of the trolley caught in the lift runner causing the trolley to tip. This resulted in the staff member falling over. Other member of staff steadied trolley/ table.	1) Risk Assessment and system of work reviewed and updated (e.g. improved handling techniques). 2) PPM and repairs for trolleys used in task.	Major Injury, fracture to a bone on the wrist.

MANAGEMENT ACCOUNTS TO JULY 2015

Purpose of Paper

The Management Accounts to July 2015, 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

12 MONTHS TO JULY 2015

CONTENTS

Report from Chief Operating Officer

1. Financial Summary
2. Income Analysis – Year to Date
3. Expenditure Analysis – Year to Date
4. Cashflow
5. Balance Sheet
6. KPIs

Appendices:

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

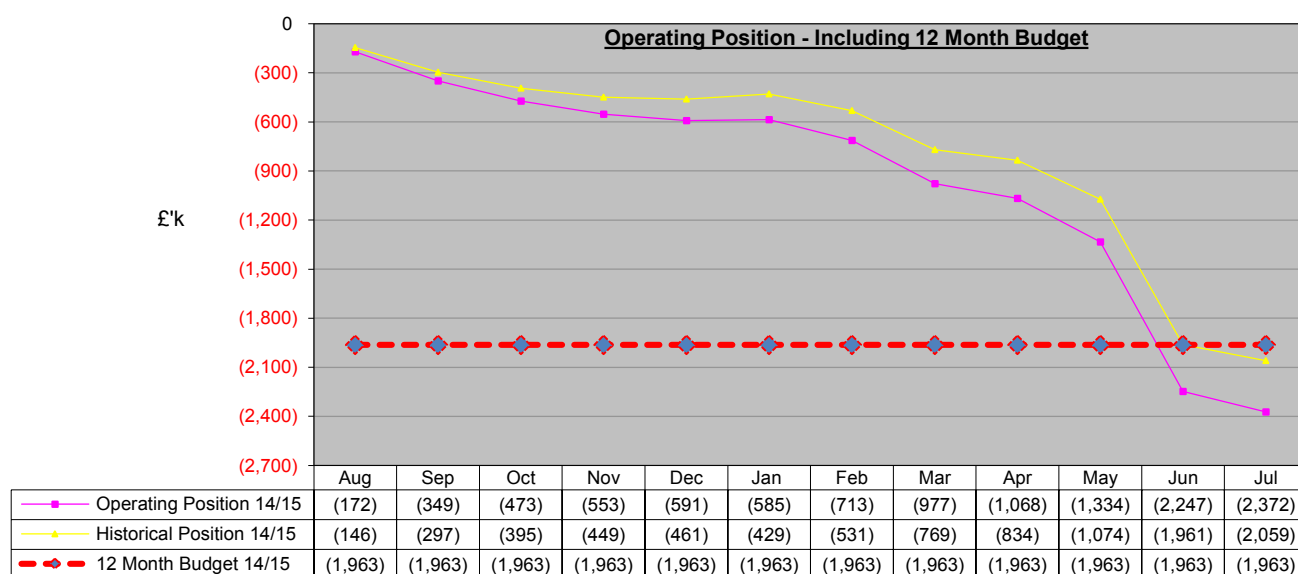
DISTRIBUTION

Executive Team
Board of Management Audit Committee
Senior Management Group

FINANCIAL COMMENTARY ON THE MANAGEMENT ACCOUNTS

12 MONTHS TO JULY 2015

Section 1: Financial Summary



1

- 1.1 The following report provides an update on the financial position of Edinburgh College at 31st July 2015.
- 1.2 Our 12 months operating position for the year shows a deficit of £2.37m compared to a forecast deficit of £2.47m, and a starting budget deficit of £1.96m; the historical position is a deficit of £2.1m. The £2.37m deficit includes the positive effect of £884k savings (predominantly voluntary severance) achieved during the year. This out-turn is in line with our May projection of a £2.5m deficit.
- In accordance with SFC guidance, a revaluation of the SSAP24 enhanced pension provision (for 83 pensioners who left in 1995 on enhanced pension arrangements), has added a year-end charge of £0.48m bringing the total operational out-turn to a £2.85m deficit. The FRS17 actuarial pension revaluation is awaited.
- 1.3 Income for the year settled £0.8m higher than budget, at £68.7m. However, this favourable outcome is mainly due to movements within SFC grants (£1.5m) and net deferred income (£0.7m), offset by £1.2m of adverse variances within tuition fees and commercial income. These variances are primarily related to lower student numbers and competitive trading conditions.
- 1.4 Expenditure for the year settled £1.2m higher than budget at £71.1m. This includes an overspend of £0.36m within staff costs which incorporates an accrued cost of £0.16m related to back-pay associated with the Job Evaluation scheme. Throughout the year managing the staffing budget has been a constant challenge, and as a result the 2015/16 budget exercise has included a detailed review of staff levels to deliver 6% more activity as a provision for any difficulties with student retention.
- 1.5 Our focus on tightening expenditure resulted in approximately £0.2m of costs being avoided, although we were unable to balance a number of overspent budgets by the year-end. As a result, net non-pay expenditure settled the year at £0.86m over budget. This figure includes £0.45m of previously identified efficiency savings which could not be released, mainly within Estates and Exam fees. Also included is £0.7m funded from 2015/16 grant-in-aid to cover voluntary severance realignment costs, and a £0.5m credit in relation to our Granton residences provision following a final review of occupancy levels.
- 1.6 With a view to mitigating the 2014/15 budget issues, the following actions for 2015/16 have proceeded:
- 1.6.1 Our recruitment and enrolment process has changed, and at this point in time we are seeing the benefits of being ahead in dealing with applications compared to prior years. Our focus is now on converting

¹ Our 2014/15 academic year (12 months) budget shows an operational deficit of £1,963k which was approved by the College's Board of Management.

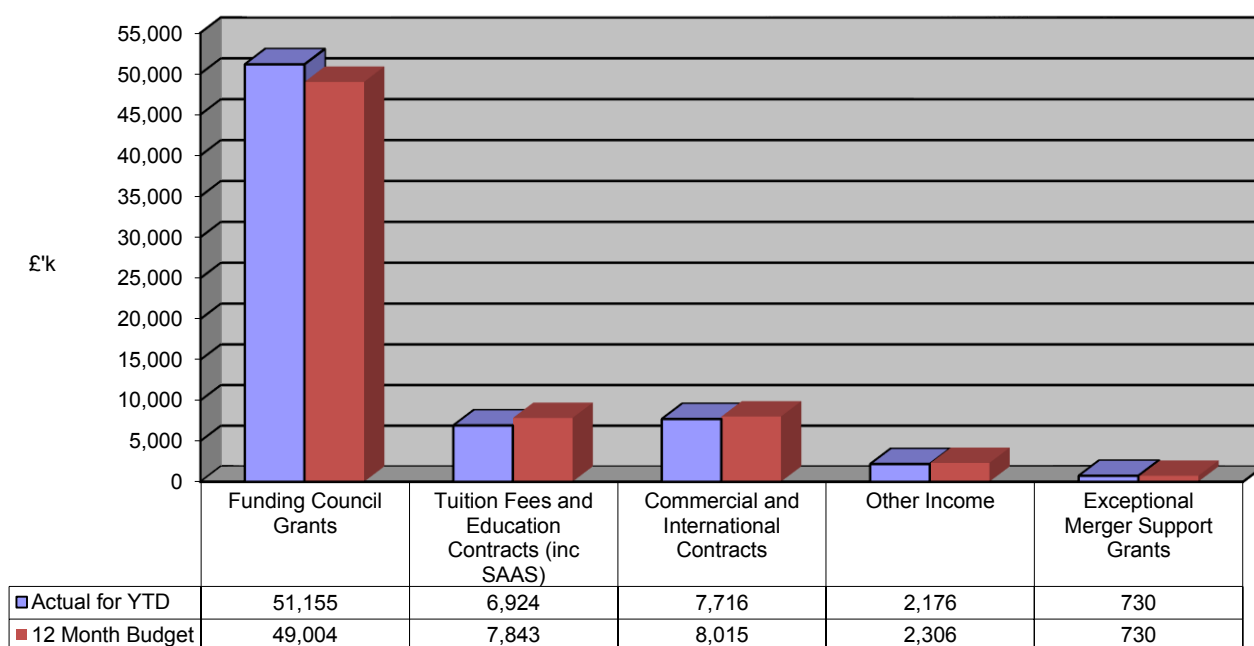
and retaining students, thereby increasing student numbers and bolstering our net tuition fee position in the next academic year.

- 1.6.2 Staff pay anomalies should be avoided as staffing levels have been zero based and aligned to the level of credits, plus a provision (currently 13,000 credits).
- 1.6.3 Staff have also been undertaking contract reviews, and following this work guaranteed contractual savings of £0.5m have been confirmed. There will also be a more rigorous financial control framework and increased levels of accountability.

- 1.7 Within the management accounts pack is a profile of our 16 month Income & Expenditure out-turn, which captures the period of our annual accounts statement. The 16 month period shows an operating deficit of £3.4m, which includes our current academic year out-turn of £2.4m, plus a £1m deficit for the period 1st April 2014 to 31 July 2014. Including the additional cost effect (£0.6m) of the SSAP 24 enhanced pension provision, the total 16 months deficit is £4m. The accounting period reverts to a 12 month academic year from 1st August 2015.
- 1.8 Under ONS reclassification we are now required to revalue our assets. Indicative figures from our valuer suggests that that there will be a charge of £5.6m (due to changes in building and land values and asset lives). This has not been shown in the current management accounts as the report is awaited.

Section 2: Income Analysis – Year-to-Date

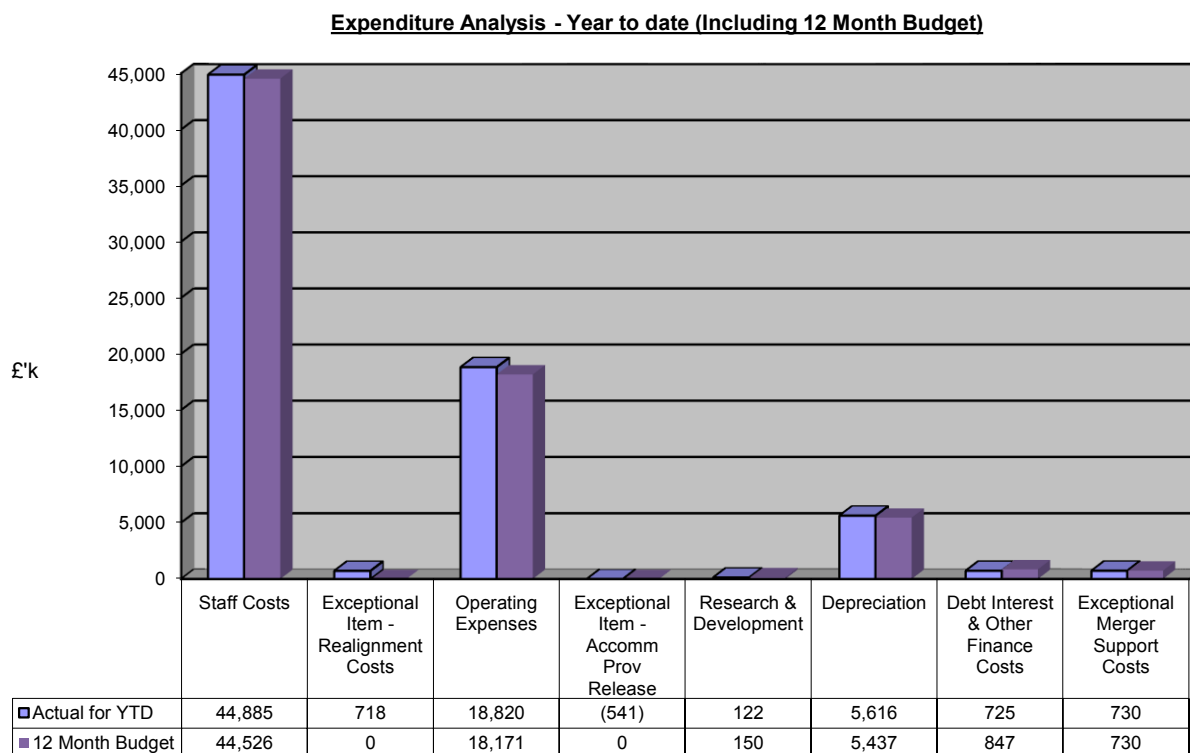
Income Analysis - Year to date (Including 12 Month Budget)



- 2.1 Total income for the year is £68.7m compared to our revised budget of £67.9m, which is £0.8m over budget, which is predominantly in line with our expectations.
- 2.2 SFC grants settled the year £2.2m ahead of budget, mainly due to £0.7m of brought-forward (from 2015/16) grant-in-aid funds, the favourable impact of £0.4m additional capital maintenance grants deferred from prior years, together with a £0.4m release of deferred capital grants aligned to campus redevelopment, and an increase in specific grants of £0.7m.
- 2.3 Net tuition fees (primarily SAAS, bespoke contracts and self-payers) settled the year £0.9m below budget, whilst commercial and international finished the year £0.3m under budget. However, within commercial activities there were positive performances within SDS contracts (+£151k), residencies (+£53k) and the access centre (+£27k). In contrast, income from within 'other bespoke' contracts settled the year £447k under budget, mainly due to an inadequate business development structure, and competitive market conditions. International income settled the year at £1.37m, £16k above its full year target.
- 2.4 Our 'Club' activities at Milton Road campus settled the year £95k above target (largely through income generated within residencies), whilst nursery income settled the year £95k below its full year target. However, the overall nursery trading position settled the year positively (by a net £18k) through improved cost control.

- 2.5 Cross-campus catering revenue settled the year at £1.86m, within striking distance of its £1.9m target. However, this was dampened by higher curriculum catering costs. Moving forward, this issue has been addressed through the 2015/16 budget setting process. The catering trading position finished close to B/E.
- 2.6 Our deferred income release for the year totalled £3.2m (budget £2.8m) which is matched against associated depreciation charges. The increase in deferred income relates to new capital assets and an increase of £0.2m following a review of underlying asset lives.

Section 3: Expenditure Analysis – Year-to-Date



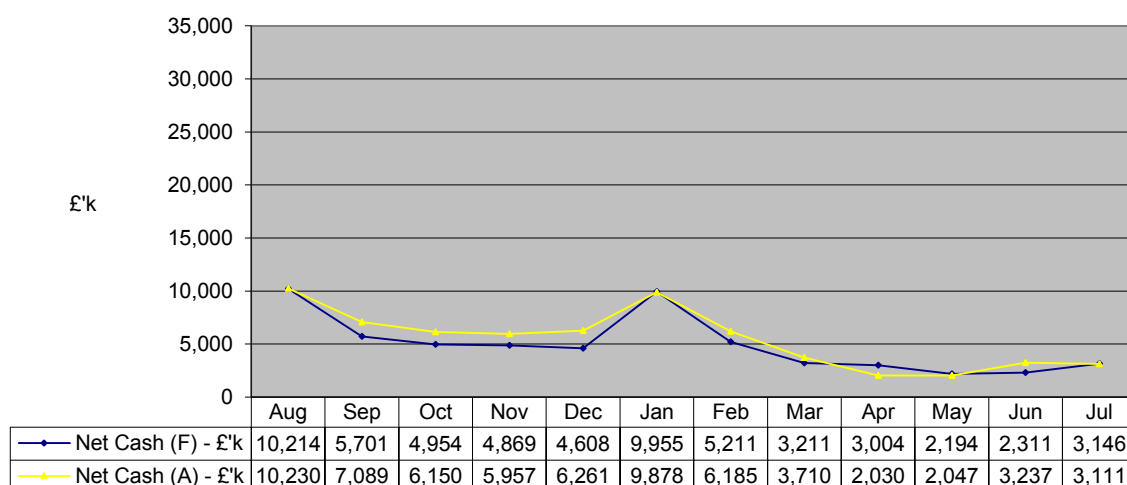
- 3.1 Total expenditure for the year is £71.1m compared to our revised budget of £69.9m, which is £1.2m over budget but in line with our forecast out-turn. Included in the total expenditure are accrued costs of £0.7m related to the development plan and associated realignment (voluntary severance). The adverse variance also includes a net overspend of £359k within staff costs (primarily temporary & agency staffing, overtime and additional hours) to cover absences and to deliver additional semester 2 requirements, together with low vacancy churn. The overspend includes an accrual of £160k to cover indicative pay arrears related to job-evaluation.
- 3.2 Within operating expenditure, there are year-end underspends within professional fees (£362k), partnership costs (£81k) and marketing & PR costs (£52k). There are also positive variances of £122k within debt interest & other finance costs, and £28k within research & development, and an accommodation provision release of £541k related to the improved occupancy levels within the Granton accommodation facility.
- 3.3 However, these savings are wholly offset by overspends within premises, including energy and cleaning (adverse by £257k and £105k respectively), due to unachieved efficiency savings, food provisions (adverse by £213k, mainly due to academic teaching costs) and exam fees (adverse by £168k), due to unreleased efficiency savings and the cost of adding new units onto course frameworks. Most other expenditure lines settled the year broadly in line with expectations.
- 3.4 Exceptional merger support costs in relation to the 2014/15 voluntary severance scheme totalled £0.7m for the year, in line with budget.
- 3.5 On a positive note, the £150k College contribution towards student support was not required due to a number of factors, including:
- 1) additional work on register marking by support staff in association with lecturing teams, thereby minimising incorrect payments and timing differences.
 - 2) closer attendance monitoring to prevent erroneous holiday payments being made to students.

- 3.6 Full year depreciation charges of £5.6m (2013/14: £5.2m) have been released from our fixed assets to reflect their economic use.

Section 4

Cashflow

Cash Position - Forecast versus Actuals to July 2015

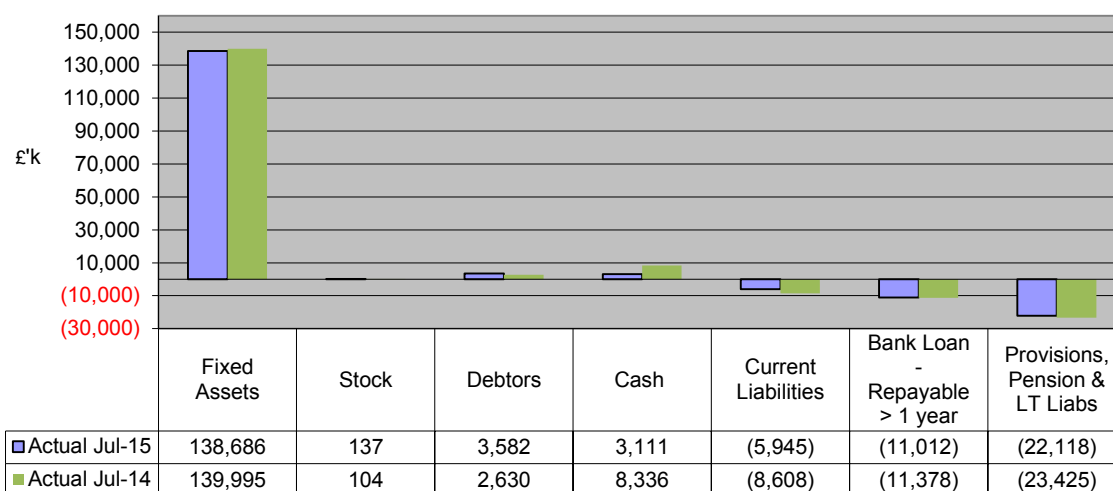


- 4.1 Our year-end cash position sits at £3.1m, materially in line with forecast and is mainly constructed from SFC deferred grants (£0.2m), capital retention monies (£0.1m) cash brought-forward and net current year working capital.
- 4.2 Our net cash balance is expected to remain very tight in the foreseeable future. In view of this, we have refrained from tying up funds in a short or medium term fixed interest account to ensure that we have enough funds on call for working capital purposes, and to avoid breakage charges for early withdrawals. We are paying an average of 5.69% on our debt borrowing (prior year 5.67%).
- 4.3 Our underlying interest related borrowings stand at £11.4m and our Lennartz VAT liability is £2.8m. Our latest Lennartz payment (a net £222k) was settled in May with the next quarterly payment due in August 2015.
- 4.4 The end of year bank balance of £3.1m equates to an adverse cash movement for the year of £5.2m (largely related to the timing of capital grant receipts, and corresponding expenditure (£3.4m) across different financial years). As previously reported, through rigorous cash management and the identification of cash savings, we paid for in-year unplanned items that often arose during the year, and continue to carefully monitor and manage our working capital, particularly in view of the financial restrictions under ONS reporting.
- 4.5 In July, a final tranche (£0.4m) of our 2014 academic year capital allocation was drawn down to fund ICT and Estates works (£3.1m drawn down in total). The balance remaining is £2.3m from our 2015/16 allocation.

Section 5:

Balance Sheet

Assets and Liabilities



- 5.1 Our capital expenditure for the year totals £5.2m (funded from £3.4m of brought forward grants from academic year 2013/14, and £1.8m from 2014/15). During the month, a final tranche (£0.4m) of our 2014/15 capital allocation was drawn down (£3.1m drawn down in total) to fund new capital and maintenance works on ICT development (£3.5m), Estates Services works (£1.5m) and HR projects (£0.2m).
- 5.2 Our net current assets have decreased to £0.9m (academic y/e 2013/14: £2.5m) due to a net decrease in our cash deposits, and equates to 5 days of working capital reserves. At the end of July, debtors comprise trade £1.3m and £2.3m of accrued income and prepayments. We continue to actively chase all debtors for outstanding payments.
- 5.3 Provisions (excluding pension liabilities) have decreased by £0.4m to £5m compared to the 2013/14 academic year-end. This includes a release of £0.6m in relation to the net liability of our Granton student accommodation contract up to 2025. In addition, the enhanced pension provision relating to the early retirement of staff in 1995 has increased by £0.5m less £0.3m provision payments.
- 5.4 The main (net) year on year movement in current liabilities is due to a combination of lower net accruals and deferred income (£3.1m). The amount held in accruals and deferred grants at the year-end (£0.2m) largely represents SFC student support funds, and payments to ESOL partners. We currently show £12.7m of liabilities as repayable in more than 1 year.
- 5.5 Our support staff pension liability stands at £15.3m (2015 actuarial valuation is awaited), whilst our current bank debt level is £11.4m.
- 5.6 Deferred grants and specific reserves, less pension reserve, have increased by 3% to £54.7m (academic y/e 2013/14: £53.1m), following the capitalisations detailed above, while the income and expenditure reserve is currently £51.8m (academic y/e 2013/14: £54.6m).

Section 6: KPIs

6.1 KPIs

<ul style="list-style-type: none"> Out-turn (pre SSAP24): £2.4m. Target (pre SSAP24): £2.0m. Out-turn (post SSAP24): £2.9m. 	<ul style="list-style-type: none"> Cash burn rate at -£406k (due to high capital and operational costs). Target based on profile: -£335k.
<ul style="list-style-type: none"> Year-end cash balance: £3.1m. Target: £4.3m. 	<ul style="list-style-type: none"> Net Current Assets: £0.9m (5 days) Target: £3.3m (19 days)).
<ul style="list-style-type: none"> Current Ratio: 1:1.2. Target: 1:1.4. 	<ul style="list-style-type: none"> Pay costs as % of Total Income (ex merger support): 66.0% (Target: 66.1%)
<ul style="list-style-type: none"> Borrowings as % of reserves: 10.7% Target: 10.7%. 	<ul style="list-style-type: none"> Our indicative WSUMs at 255,539 against our full year target of 254,687 Wsums.

I&E Account

	<u>Actuals (16 months)</u>		<u>16 Month Total</u>
	<u>Apr-Jul 2014</u> <u>£000s</u>	<u>Aug 2014 - Jul</u> <u>2015</u> <u>£000s</u>	<u>Apr 2014 - Jul</u> <u>2015</u> <u>£000s</u>
Funding Council Grants	15,775	46,896	62,671
Deferred Capital Grant Releases	943	3,152	4,095
Debt Support Grant	225	1,107	1,332
Tuition Fees and Education Contracts (inc SAAS)	1,959	6,924	8,883
Commercial and International Contracts	2,471	7,716	10,187
Other Income	365	2,176	2,541
Exceptional Merger Support Grants	459	730	1,189
Total Income	22,196	68,702	90,897
Staff Costs	15,755	44,885	60,640
Exceptional Item - Realignment Costs		718	718
Other Operating Expenses	4,943	18,820	23,763
Exceptional Item - Accommodation Provision Release	(0)	(541)	(541)
Depreciation	1,733	5,616	7,349
Debt Interest & Other Finance Costs	267	725	992
Research & Development	101	122	223
Exceptional Merger Support Costs	468	730	1,198
Total Expenditure	23,267	71,074	94,342
Operating Surplus / (Deficit) pre SSAP24 pension provision charge	(1,070)	(2,372)	(3,444)
SSAP24 pension provision charge	100	481	581
Operating Surplus / (Deficit) post SSAP24 pension provision charge	(1,170)	(2,853)	(4,025)
<u>Statement of Historical Cost Surpluses and Deficits</u>			
Operating Surplus / (Deficit) post SSAP24 pension provision charge	(1,170)	(2,853)	(4,025)
Difference between historical cost depreciation and actual revaluation charge for the period	105	313	418
Historical Cost Surplus / (Deficit) post SSAP24 pension provision charge	(1,065)	(2,540)	(3,607)

	Original Annual Budget £000s	Revised Annual Budget £000s	YTD Budget £000s	YTD Actuals £000s	YTD Variance £000s	Previous YTD £000s
INCOME						
Funding Council Grants						
Recurrent Grant Inc Fee Waiver	42,196	42,196	42,196	43,193	996	42,622
Childcare Funds	1,331	1,487	1,487	1,487	0	1,738
Deferred Capital Grants	2,786	2,786	2,786	3,152	366	2,747
Debt Support Grants	800	800	800	1,107	307	676
Other SFC Grants	1,307	1,734	1,734	2,217	483	2,213
	48,420	49,003	49,003	51,156	2,152	49,996
Tuition Fees & Education Contracts						
FE - UK & EU	1,529	1,329	1,329	1,008	(321)	1,254
HE - UK & EU	1,549	1,969	1,969	1,925	(45)	169
PT Self Payers	278	115	115	40	(75)	916
SAAS	4,430	4,430	4,430	3,952	(478)	4,191
	7,786	7,843	7,843	6,924	(918)	6,531
Commercial & International						
International	1,350	1,350	1,350	1,366	16	1,321
SDS	195	367	367	518	151	551
EH15 Restaurant	115	115	115	120	5	85
Bliss SPA and Employability Salons	128	128	128	148	20	178
Gym	275	299	299	316	17	243
Nursery	1,050	1,050	1,050	955	(95)	1,048
Residences	515	555	555	608	53	496
Edinburgh Council - Pre Emp Contract	1,430	1,430	1,430	1,377	(53)	1,471
Access Centre Provision	125	125	125	152	27	164
Managing Agents	946	1,380	1,380	1,373	(7)	1,128
Bespoke and Non Bespoke Training / Educational Contracts / Other Contracts	1,615	1,169	1,169	721	(447)	1,178
Other European Income	47	47	47	62	15	297
Assessment Fees	26	0	0		(0)	19
	7,817	8,015	8,015	7,716	(299)	8,179
Other Income						
Catering	1,916	1,916	1,916	1,857	(59)	483
Other Income Generating Activities	339	351	351	296	(55)	481
	2,255	2,268	2,268	2,153	(114)	964
Endowment & Investment						
Bank Interest	39	39	38	23	(16)	30
Pension Finance Income (FRS17)						332
	39	39	38	23	(16)	362
Exceptional Merger Support Grants						
		730	730	730	0	569
TOTAL INCOME	66,319	67,898	67,898	68,702	805	66,601
EXPENDITURE						
Staff Costs						
Senior Management	2,136	2,159	2,159	2,207	(48)	2,001
Academic Departments	22,765	22,794	22,794	22,494	301	22,339
Academic Services	1,937	1,886	1,886	1,893	(7)	3,042
Admin & Central Services	13,947	14,353	14,353	14,202	151	10,935
FRS 17 Adjustment						213
Premises	1,450	1,450	1,450	1,430	20	1,405
Catering & Residences	865	865	865	856	9	586
Temporary & Agency Staff Costs		490	490	1,185	(695)	1,937
Other Staffing Expenditure	945	528	528	617	(89)	761
	44,046	44,526	44,526	44,885	(359)	43,219
Exceptional Item - Realignment Costs						
			718	(718)		
Other Operating Expenses						
Premises	5,160	5,070	5,070	5,612	(542)	5,045
Teaching Activity & Support	1,298	1,318	1,318	1,414	(96)	1,427
Childcare Costs	1,331	1,487	1,487	1,487	(0)	1,738
Transport Costs	286	270	270	297	(27)	295
IT Costs	1,789	1,492	1,492	1,468	24	1,712
Telecomms Costs	158	178	178	232	(55)	164
Equipment	110	59	59	85	(26)	139
Fixtures & Fittings	9	6	6	6	(0)	3
Health & Safety	134	93	93	106	(13)	138
Travel & Subsistence	344	463	463	543	(80)	439
Admin Costs	339	268	268	268	(0)	506
Corporate, Consultancy, Professional	1,037	1,573	1,573	1,211	362	1,836
Staff Welfare	22	22	22	23	(1)	17
Catering	1,261	1,289	1,289	1,502	(213)	594
Training & Development	230	250	250	208	42	196
VAT	1,738	1,738	1,738	1,736	2	1,880
Marketing & PR	259	249	249	197	52	295
Partnership Costs	730	730	730	649	81	880
Overseas Agents Commission	165	253	253	244	9	115
Registration & Exam Fees	1,308	1,317	1,317	1,484	(168)	1,412
Bad Debts	48	48	48	48	(0)	114
	17,756	18,171	18,171	18,820	(649)	18,943
Exceptional item - Accommodation Provision Release						
			(541)	541		(239)
Depreciation for the year	5,437	5,437	5,437	5,616	(179)	5,226
Debt Interest & Other Finance Costs						
Interest On Bank Loans	800	800	800	658	142	676
Other Finance Charges	43	47	47	67	(20)	53
	843	847	847	725	122	728
Research & Development						
	200	150	150	122	28	169
Exceptional Merger Support Costs						
		730	730	730	0	623
TOTAL EXPENDITURE	68,282	69,861	69,861	71,074	(1,214)	68,669
NET INCOME / (EXPENDITURE) PRE SSAP24						
ENHANCED PENSION PROVISION CHARGE	(1,963)	(1,963)	(1,963)	(2,372)	(409)	(2,067)
SSAP24 Enhanced Pension Provision Charge				481	(481)	(11)
NET INCOME / (EXPENDITURE) POST SSAP24						
ENHANCED PENSION PROVISION CHARGE	(1,963)	(1,963)	(1,963)	(2,853)	(890)	(2,056)

	<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>
Funding Council Grants	44,834	45,418	45,418	46,896	1,479	46,573
Deferred Capital Grant Releases	2,786	2,786	2,786	3,152	366	2,747
Debt Support Grant	800	800	800	1,107	307	676
Tuition Fees and Education Contracts (inc SAAS)	7,786	7,843	7,843	6,924	(918)	6,531
Commercial and International Contracts	7,817	8,015	8,015	7,716	(299)	8,179
Other Income	2,294	2,306	2,306	2,176	(130)	1,327
Exceptional Merger Support Grants	0	730	730	730	0	569
Total Income	66,319	67,898	67,898	68,702	805	66,601
Staff Costs	44,046	44,526	44,526	44,885	(359)	43,219
Exceptional Item - Realignment Costs	0	0	0	718	(718)	0
Other Operating Expenses	17,756	18,171	18,171	18,820	(649)	18,943
Exceptional Item - Accommodation Provision Release	0	0	0	(541)	541	(239)
Depreciation	5,437	5,437	5,437	5,616	(179)	5,226
Debt Interest & Other Finance Costs	843	847	847	725	122	728
Research & Development	200	150	150	122	28	169
Exceptional Merger Support Costs	0	730	730	730	0	623
Total Expenditure	68,282	69,861	69,861	71,074	(1,214)	68,669
Operating Surplus / (Deficit) pre SSAP24 enhanced pension provision charge	(1,963)	(1,963)	(1,963)	(2,372)	(409)	(2,067)
SSAP24 Enhanced Pension Provision Charge				481	(481)	(11)
Operating Surplus / (Deficit) post SSAP24 enhanced pension provision charge	(1,963)	(1,963)	(1,963)	(2,853)	(890)	(2,056)
<u>Statement of Historical Cost Surpluses and Deficits for the 12 Months to 31st July 2015</u>						
Operating Surplus / (Deficit) post SSAP24 enhanced pension provision charge	(1,963)	(1,963)	(1,963)	(2,853)	(890)	(2,056)
Difference between historical cost depreciation and actual revaluation charge for the period	313	313	313	313	0	313
Historical Cost Surplus / (Deficit) post SSAP24 enhanced pension provision charge	(1,650)	(1,650)	(1,650)	(2,540)	(890)	(1,743)

Balance Sheet
For the 12 Months to 31st July 2015

	<u>2014/2015</u>	<u>2013/2014</u>
	<u>YTD Actuals</u> <u>£000s</u>	<u>Academic Year End</u> <u>£000s</u>
Fixed Assets		
L&B	128,981	131,915
FFE	9,705	8,080
	<u>138,686</u>	<u>139,995</u>
Current Assets		
Stock	137	104
Debtors	3,582	2,630
Cash	3,111	8,336
	<u>6,830</u>	<u>11,070</u>
Creditors < 1yr		
Loans	(357)	(357)
Payments received in advance	(354)	(725)
Trade creditors	(1,047)	(158)
Taxes & social sec	(939)	(1,005)
Accruals, Def Inc & Other Creditors	(3,014)	(1,992)
Amounts owed to SFC	(235)	(4,372)
	<u>(5,945)</u>	<u>(8,608)</u>
Net current assets / (liabilities)	<u>885</u>	<u>2,462</u>
Total assets less current liabilities	139,571	142,457
Creditors > 1yr		
Bank loans	(11,012)	(11,378)
Lennartz VAT	(1,734)	(2,615)
	<u>(12,746)</u>	<u>(13,993)</u>
Provisions		
Early retirement	(4,975)	(4,795)
Other	(65)	(671)
	<u>(5,040)</u>	<u>(5,466)</u>
Net pension asset / (liability)	(15,344)	(15,344)
NET ASSETS	<u>106,441</u>	<u>107,655</u>
Deferred capital grants		
SFC	63,265	61,368
Other	571	582
	<u>63,836</u>	<u>61,950</u>
Reserves		
I&E account	51,771	54,559
Pension reserve	(15,344)	(15,344)
Revaluation reserve	6,178	6,490
	<u>42,604</u>	<u>45,706</u>
CAPITAL & RESERVES	<u>106,441</u>	<u>107,655</u>

COLLEGE BUDGET 2015/16

Introduction

The following report provides an update on the 2015/16 budget position of Edinburgh College.

Action Required

Board Members are asked to CONSIDER and APPROVE the final budget 2015/16.

Strategic Implications

Risk	Yes \ No	Details
Governance \ legal	Yes	The Board is responsible for the approval of the annual budget.
Financial	Yes	The Board oversees the College's funding and financial performance.
Executive Approval	Yes \ No	Details
Reviewed by Executive	Yes	
Other	Yes \ No	Details
Equality Impact	No	

Appendix

1. 2015/16 Indicative Budget versus Final Budget Comparison

OVERVIEW OF 2015/16 FINAL BUDGET

- 1 The following report provides an update on the 2015/16 budget position of Edinburgh College.
- 1.1 At the P&R Committee on 26th August, the 2015/16 budget was presented showing a deficit of £1,124k, and options to remove this deficit.
- 1.2 During the year significant work had been undertaken towards removing the 2014/15 budgeted deficit of £2m. This had been achieved following the uptake of the voluntary severance scheme and non-filling of a few vacant posts (£1.2m), plus £0.8m of non-staff savings including the consolidation ICT licenses (£130k), removal of the East Lothian contract bus (£150k), reduction in prior year “one-off” consultancy costs (£175k), Insurance (£53k), premises rental (£50k), print (£20k), facilities management (£50k), and academic activities (£75k).
- 1.3 However, following this good work the College then had to absorb within its 2015/16 budget approx. £0.3m related to the additional cost of moving from WSUMs to credits, which removed cost efficiency within the weightings associated with WSUMs; the high costs associated with increases in the teachers’ pension scheme and national insurance contributions (£0.7m), the cost of the recent voluntary severance scheme (£0.7m), and cost provision for job evaluation (£0.2m).
- 1.4 Also included in the budget is a provision/contingency of 13,000 credits to cover early withdrawals and/or any shortfall in semester 1 activity against 2015/16 targets.
- 1.5 Following the identification of this financial gap, a further exercise was undertaken to identify more savings/budget reductions to mitigate these cost increases. This resulted in a further £0.5m being identified, albeit with some difficulty, which brought the deficit down to £1.1m. However, this leaves our Annual Resource position with the SFC and Scottish Government in a £0.5m deficit position which should be addressed.
- 1.6 This deficit does not include the effect of a 1% national pay award which has not yet been agreed. For illustrative purposes, a 1% increase equates to a gross cost of £450k.
- 1.7 In order to manage the current deficit, three (3) options were presented and considered at the P&R Committee:
 - (i) Implement across the board budget reductions of 1.6% to achieve the £1.1m saving. However, due to the initial severity of cuts, service delivery in a number of areas will be adversely affected, and if semester 1 targets are not achieved there will likely be added cost pressure.
 - (ii) Implement across the board budget reductions of 0.8% to achieve £0.55m savings, then find a further £0.55m savings during the year. Total £1.1m. Service delivery in a number of areas will be adversely affected but more manageable. If semester 1 targets are not achieved there will likely be added cost pressure.
 - (iii) Remove courses and/or course occurrences. However, this approach will take longer to implement and should be considered within the context of the curriculum review. However, this option will likely lead to displaced

staff which will require the College to lift its non-compulsory redundancy approach.

- 1.8 The preferred option of the Executive Team and the College's Senior Management Group was option 2. This was ratified by the P&R Committee.
- 1.9 It was agreed that given the considerable work to reduce the budget to its current level, consideration of the impact, risk(s) and approaches to mitigate these risks should be undertaken and recorded.
- 1.10 Committee Members also should note that in 2016/17 (from August 2016) there will be a further additional cost of £600k in relation to the full effect of the 2015/16 National Insurance increase.

2015/16 Indicative Budget versus Final Budget Comparison

	<u>Revised</u> <u>2014/15</u> <u>budget</u>	<u>Indicative</u> <u>budget at 3</u> <u>June 2015</u> £'000	<u>Final budget</u> <u>2015/16</u> £'000	<u>Variance -</u> <u>Fav / (Adv)</u> £'000	<u>Reasons for ain variances between Indicative and Final</u> <u>Budget</u>
Income:					
SFC Recurrent Grant	42,196	41,070	41,074	4	
Other SFC Grants	1,734	3,035	3,166	131	Balance of £200k for SFC development plan.
Childcare Grant	1,487	1,545	1,545	0	
Debt Support Grant	800	800	800	0	
Deferred Income Release	2,786	3,069	3,069	0	
Tuition Fees and Educational Contracts (SAAS)	4,430	4,280	4,280	0	
Tuition Fees and Educational Contracts (Non-SAAS and Managing Agents)	4,903	4,905	4,905	0	
Tuition Fees and Educational Contracts (Associate Degrees)	1,389	1,250	1,250	0	
Commercial Income	3,786	4,017	3,942	(75)	
International Income	1,350	1,350	1,350	0	
Refectory Sales	1,916	2,085	2,085	0	
Other Income	390	225	233	8	
Investment Income	730	19	20	1	
	67,897	67,650	67,719	69	
Expenditure:					
College Staff (permanent, temporary & agency staff)	44,526	43,682	45,373	1,691	Additional staff costs of £1.1m associated with contingency of 13,000 credits, plus £0.2m related to staff who have not yet left the College on voluntary severance, and displaced staff working on specific projects. The balance of £0.3m is related to the additional cost of moving from Wsums to credits, which removed cost efficiency within the weightings associated with Wsums, and an increase in the budget for job evaluation.
Teaching Activities (including Childcare)	2,805	2,901	2,728	(173)	Savings identified within academic activities.
Premises	5,070	4,994	5,017	23	Further savings in contracts i.e. Insurance, TFM, and building rental.
Transport	270	120	114	(6)	
ICT	1,492	1,517	1,511	(6)	
Telecomms	178	158	145	(13)	
Equipment	59	103	34	(69)	Budget retained at 2014/15 level.
Fixtures & Fittings	6	9	1	(8)	
Health & Safety	93	134	93	(41)	Budget retained at 2014/15 level.
Travel & Subsistence	463	366	507	141	Contra entry agents commission, plus additional budget of £31k
Administration	268	177	193	16	
Corporate, Consultancy, Professional	1,573	887	896	9	
Staff Welfare	22	22	22	0	
Catering	1,289	1,313	1,426	113	Additional budget for academic food (student training).
Training & Development	250	250	140	(110)	Savings following review of training requirements.
VAT	1,738	1,738	1,595	(143)	Savings associated with expenditure reductions.
Marketing, PR & Communications	249	259	249	(10)	
Partnership Costs	730	730	730	0	
Overseas Agents Commission	253	253	142	(111)	Contra entry travel and subsistence
Registration & Exam Fees	1,317	1,316	1,267	(49)	Change in process will generate savings.
Bad Debts	48	48	48	0	
Finance Charges (including banking fees)	47	87	42	(45)	
Depreciation	5,434	5,720	5,720	0	
R&D	150	40	50	10	
Interest on Debt	800	800	800	0	
Merger Support and VS Costs	730		0	0	
	69,860	67,624	68,843	1,219	
(DEFICIT) / SURPLUS					
	(1,963)	26	(1,124)	(1,150)	

FOI ANNUAL MONITORING REPORT

Purpose of the Report

This report outlines the volume of FOI requests received by Edinburgh College between January 2014 and June 2015.

Action Required

The Board is asked to CONSIDER the annual report.

Strategic Implications

Risk	Yes \ No	Details
Governance \ legal	Yes	The Board are required to retain an oversight of FOI activity.
Financial	No	
Executive Approval	Yes \ No	Details
Reviewed by Executive	No	
Other	Yes \ No	Details
Equality Impact	No	

FOI ANNUAL MONITORING REPORT

1. Introduction

1.1 The Scottish Information Commissioner requested that all Scottish public authorities start submitting their Freedom of Information Scotland Act 2002 (FOISA) statistics on a quarterly basis commencing from 1 April 2013.

1.2 This report outlines the volume of FOI requests received by Edinburgh College over the last 18 months (from January 2014 and June 2015), while highlight other areas of relevant activity.

2. Background

2.1 The Freedom of Information (Scotland) Act 2002 came into force on 1 January 2005. The Act provides a statutory right of access to recorded information held by Scottish public bodies and incorporates the Environmental Information (Scotland) Regulations 2004 (the EIRs).

2.2 Requests for access to information can be made by anyone, whether resident in the UK or not, and can be made for information held prior to enactment of the Act. The Act specifies that requests for information must be responded to within 20 working days.

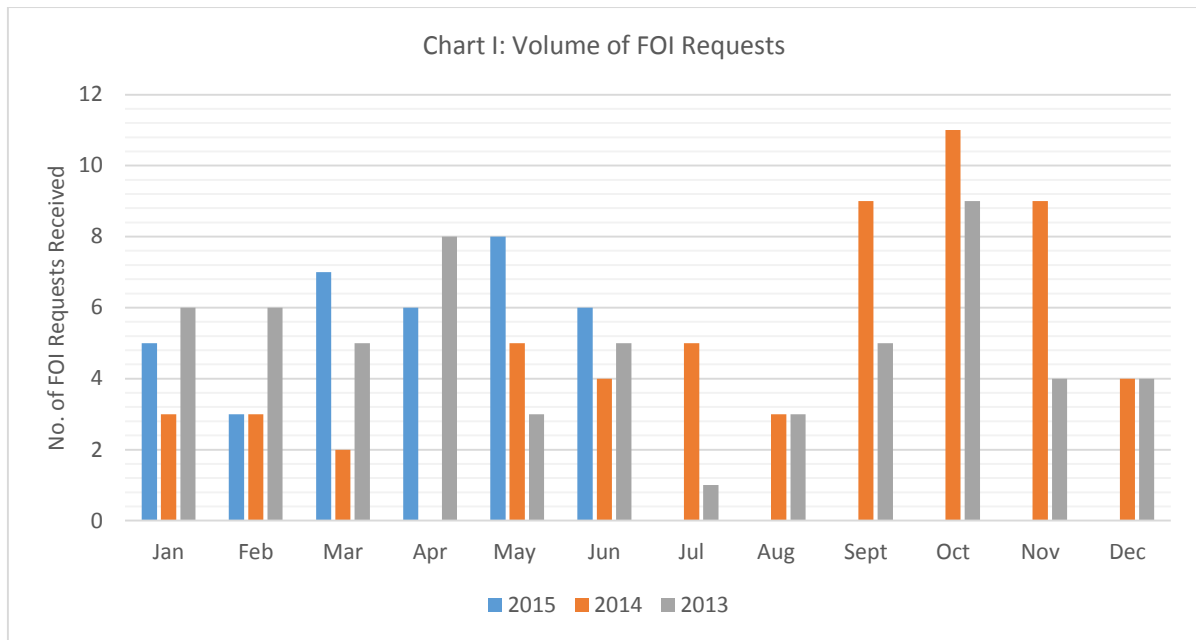
2.3 While most information requested can be released, some information is exempt under the Act. The right of access to information is subject to a number of exemptions within FOISA, or exceptions under the EIRs, many of which also require a public interest test to be applied.

3. Volume

3.1 Edinburgh College received 58 FOI requests in 2014, and a further 35 FOI requests in the first six months of 2015. Within the academic year 2014/15 a total of 71 FOI requests were submitted to the College.

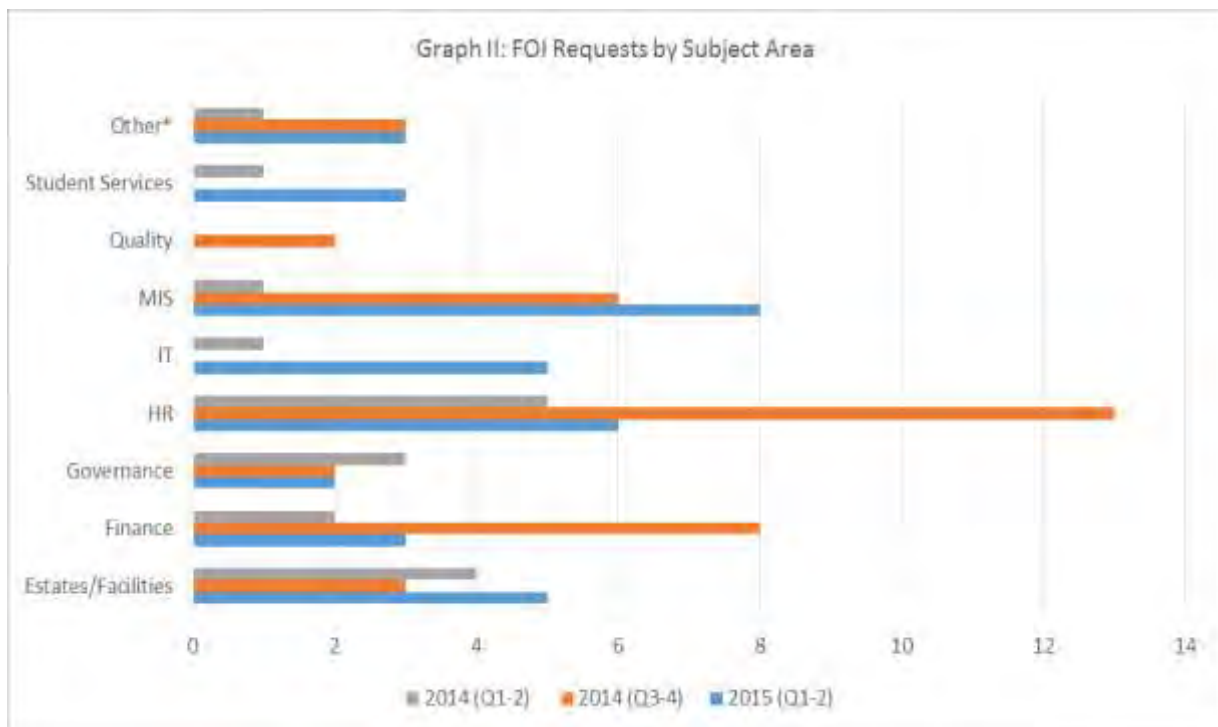
3.2 In 2014, 95% of all FOI requests were responded to within 20 working days. In Q1 and Q2 of 2015, only one FOI response exceeded the 20 working day deadline.

3.3 Graph I reflects month-by-month FOI activity over the last 18 months, since January 2014. Month-by-month data from 2013 is also provided for comparison.



4. Subject Area

4.1 Graph II shows FOI requests by subject areas, based on which department within the College provided information to respond to the request. Data is divided into six month periods (from January 2014 to June 2015) for ease of comparison.



*Includes individual requests made for information from specific departments within the College

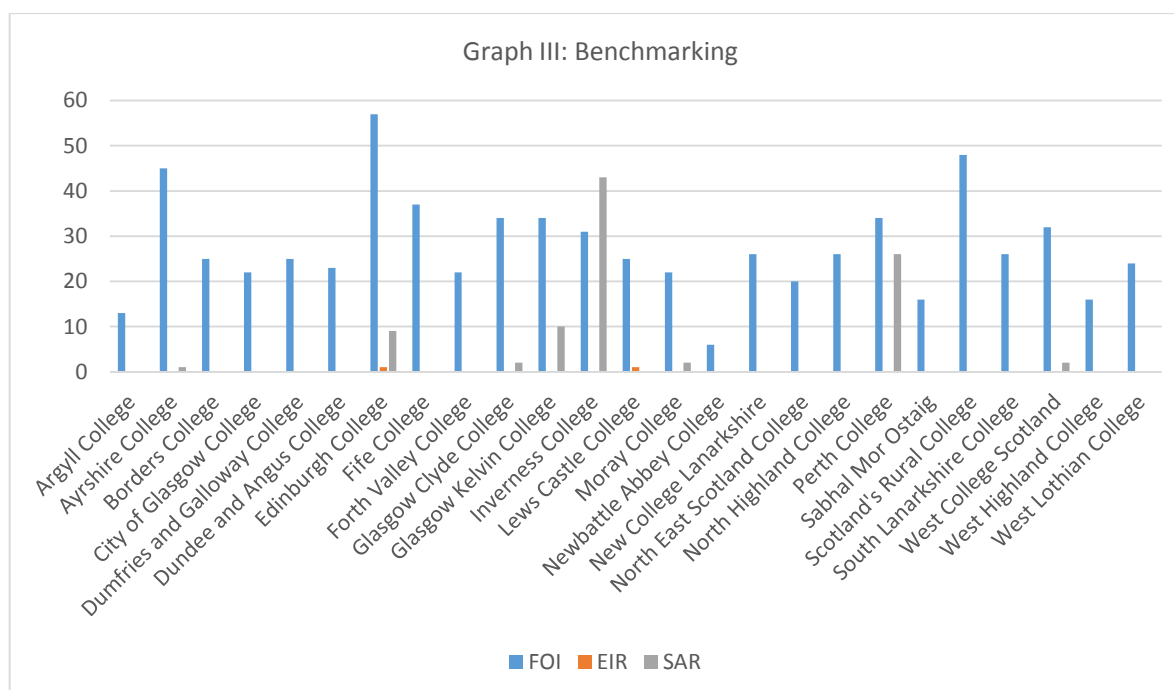
5. FOI Requestors

5.1 Table I highlights the number of FOI requests made to Edinburgh College by specific groups and organisations from January 2014 onwards.

Group / Organisation	2014 (Q1-2)	2014 (Q3-4)	2015 (Q1-2)
City of Edinburgh Council	-	2	2
General Public	14	22	18
Journalists	-	3	-
NUS	1	2	1
Political Parties	1	2	8
Solicitors	1	1	2
Trade Unions	-	9	4

6. Benchmarking

6.1 Graph III reflects FOI, EIR and Subject Access Request (SAR) activity in comparison to other college's in Scotland between January and December 2014. *[Statistical information provided by the Scottish Information Commissioner's Office]*



7. Edinburgh College Publication Scheme

A new version of the publication scheme will be made available at the end of September, once the College's new website is active. Further supporting information will be added to the website over the coming months.