POLICY & RESOURCES COMMITTEE

AGENDA

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

			Lead Speaker	Paper
1	WELCOME & APOLOGIES		Chair	
2	DECLARATIONS OF INTEREST		Chair	
3	MINUTES OF PREVIOUS MEETING ***for approval***		Chair	A
4	MATTERS ARISING		Chair	B
5	BUSINESS TRANSFORMATION PLAN			
	5.1	Business Transformation Plan Update	A Bruton	C
	5.2	Recruitment & Retention Dashboard	J Pearson	D
	5.3	Curriculum Planning Report	J Buglass	E
	5.4	Priority Based Budgeting Options	L Towns	F

Item 5 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.

6	FINANCE REPORT			
	6.1	Finance Report	L Towns	G
	6.2	Management Accounts to April 2016 **attached**	L Towns	H
	6.3	Indicative Budget 2016/17 Update	L Towns	I
	6.4	Student Support Funds 2016/17	C Wilson	J

Item 6.3 and 6.4 are presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.

7	CAPITAL AND INFRASTRUCTURE REPORT			
	7.1	Feasibility Study of Edinburgh College Estate Update	C McDougall	K
	7.2	Climate Change & Sustainability Policy ***for approval*** **attached**[1]	C McDougall	L

[1] The amended and approved version of the Climate Change & Sustainability Policy is attached.

8	REVIEW OF THE CODE OF GOOD GOVERNANCE[2]	P Davis	M
9	ORGANISATIONAL & STAFFING REPORT		
	9.1 Human Resources Report	B Dickson	N
	9.2 College Staffing Report	B Dickson	O

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

10	REVIEW OF COMMITTEE OPERATION	Chair	P
11	CLOSED ITEMS OF BUSINESS		
	11.1 Closed minutes of previous meeting ***for approval***	Chair	Q

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

12 ANY OTHER COMPETENT BUSINESS

13 DATE OF NEXT MEETING: 23 August 2016

[2] An updated version of the Code of Good Governance will published on *scottishcollegegovernance.ac.uk* in due course.

Edinburgh College

POLICY & RESOURCES COMMITTEE
14 JUNE 2016
PAPER H
L TOWNS

MANAGEMENT ACCOUNTS TO APRIL 2016

Introduction

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

Action Required

Members are asked to DISCUSS and NOTE the management accounts.

Strategic Implications

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

FINANCIAL REPORT

9 MONTHS TO APRIL 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	178,800	tbc	n/a	182,000
Credits ESF	n/a	4,806		-	-	tbc	n/a	-

	2013/14 FTE	2014/15 Average FTE	2014/15 Revised Average FTE	April Month FTE	2015/16 YTD Average FTE	YTD Variance		2015/16 Year End Average FTE Projection
Staff Numbers (FTE) section 2.8	1,099	1,175	1,175	1,168	1,165	3		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	4,232	4,060	(172)	3,922	5,138
VS Scheme		718	0	0	0	0	0	627	0
Refer sections 2 to 5									
Income		67,898	67,730	67,216	50,529	47,691	(2,838)	53,423	63,300
Expenditure		69,861	68,354	67,840	51,037	50,982	55	54,491	68,022
Operating Surplus / (Deficit)		(1,963)	(624)	(624)	(508)	(3,291)	(2,783)	(1,068)	(4,722)
Refer sections 6 to 7									
Net Cash Inflow / (Outflow)		(3,895)	941	941	1,174	618	(556)	(6,143)	(956)
Bank Balance		4,441	4,052	4,052	4,285	3,730	(555)	2,030	2,155
Fixed Assets		155,436	150,716	150,716	151,681	151,681	-	139,567	150,716
Net Current assets / (liabilities)		(80)	631	631	941	(2,826)	(3,767)	1,828	(3,187)
Creditors and Provisions		(40,937)	(39,662)	(39,662)	(39,786)	(39,786)	-	(33,295)	(39,662)
Net Assets		114,419	111,685	111,685	112,836	109,069	(3,767)	108,100	107,867
Pay costs % of Income	%	65.6	66.6	67.2	67.1	71.0	(3.9)	63.0	72.0
Current Ratio		1.1	1.1	1.1	1.07	0.69	(0.38)	1.27	0.75
Cash Days in Hand		5	4	4	0	(17)	(17)	11	(17)
Borrowings as % of reserves	%	9.9	10.0	10.0	10.1	10.2	(0.1)	10.6	10.2

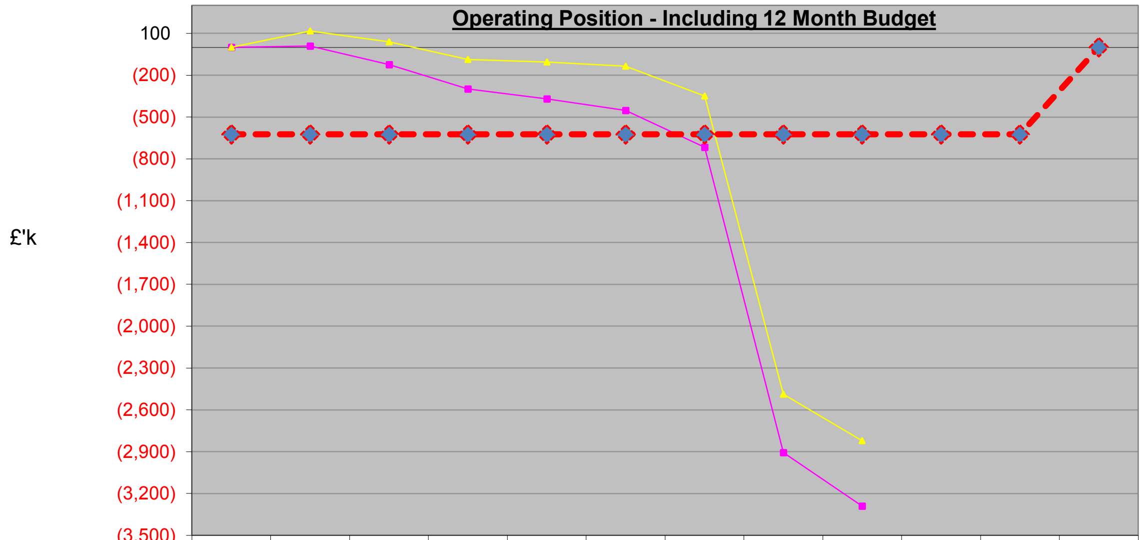
Govt Resource Accounting to 31 March 2017

Refer sections 6 to 7		Previous Year	Annual Budget	Revised Annual Budget	YTD Budget	YTD Actuals	YTD Variance	Previous YTD	Year End Projection
RDEL	£k	(375)	0	0	0	2,186	2,186		(1,076)
AME	£k	(356)	0	0	0	0	0		0
CDEL	£k	2	0	0	0	(4)	(4)		0

FINANCIAL COMMENTARY ON THE MANAGEMENT ACCOUNTS

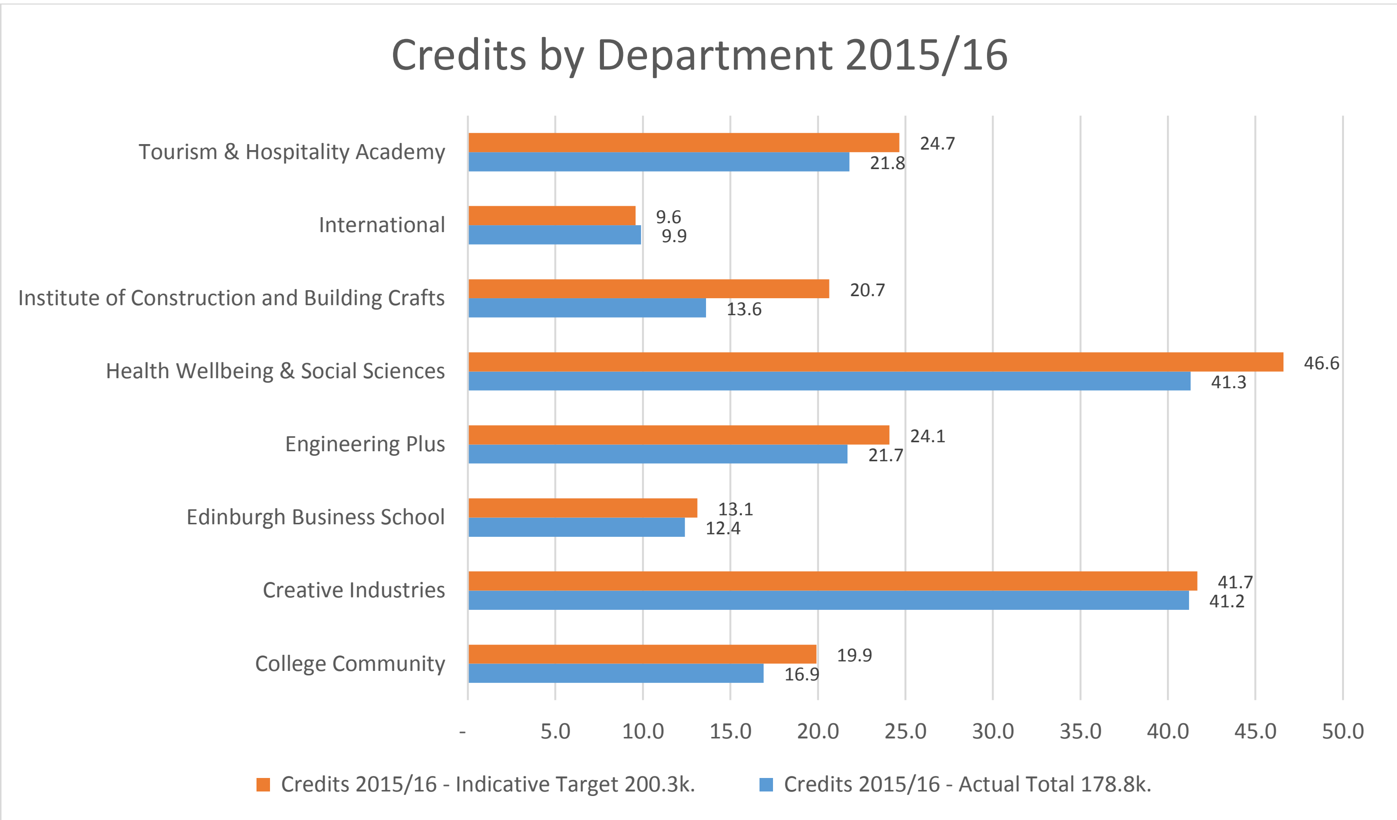
9 MONTHS TO APRIL 2016

Section 2:	Financial Summary



	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Operating Position 15/16	0	9	(123)	(299)	(370)	(452)	(717)	(2,907)	(3,291)			
Historical Position 15/16	0	118	38	(87)	(106)	(136)	(350)	(2,488)	(2,821)			
12 Month Budget 15/16	(624)	(624)	(624)	(624)	(624)	(624)	(624)	(624)	(624)	(624)	(624)	0

Note: April figures include the effect on income of reduction of 14,000 credits.



2.1 The following report provides an update on the financial position of Edinburgh College at 30th April 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 under-achieve its current full year target of 200.3k credits by in excess of 14,000 credits (which includes a further planned reduction of 2,000 ESF credits). YTD actual at 27th May is 178.8k credits. The "Credits by Department" table (above) shows a comparison of YTD performance, by department, against original full year targets. An internal review of the methodology behind credit calculations to date remains ongoing, and the YTD actual number is expected to increase once the exercise is complete. However, the results will not be processed until we notify the SFC of our findings. The SFC have indicated there will be a reduction of grant-in-aid, ESF and associated student support funds totalling £3.3m, for the academic year 2015/16, aligned to the current year shortfall of 14,000 credits. The student funds element of the clawback is largely offset by a corresponding reduction in costs.

2.4 The April year to date operating position shows a deficit of £3,291k (up from last month's deficit of £2,907k) compares to a year to date budget deficit of £508k, which equates to a total adverse variance of £2,783k in comparison to the profiled budget to date. The historical position shows a deficit of £2,821k following a release of £470k from the revaluation reserve.

2.5 Latest reviews by Department Heads of Semester 2 current and planned activity, target student numbers, and enrolled students, taking into account recent student withdrawals from both FE and HE courses, suggest that tuition fee income will settle the year £1.3m lower than full-year targets, an adverse movement of £0.1m compared to last month's projection. This is largely due to capped / lower student numbers within associate degree, short full-time and part-time courses and is the result of Department Heads reviewing their previous forecasts.

2.6 Following a detailed review of performance to date within the catering function, together with projections for the remaining months of the session, catering income for the year is forecast to settle approximately £0.2m lower than last month's projection This reduction in income forecast will be offset by lower associated catering costs (as a by-product of lower income) coupled with general efficiencies and margin improvements. It will remain challenging to achieve the revised full year forecast income target for catering (£1.9m), although increased catering requirements associated with additional commercial courses, together with Summer School activities will help towards this goal.

2.7 Latest forecasts suggest that new international group (China) contracts, which were originally projected to fall into the current session, are now likely to fall into the 2016/17 academic year (owing to rescheduling by the groups concerned) and, as a consequence, the international function is now likely to meet (as opposed to exceed) its full year income target of £1.35m. As a result, the international income full year forecast for the year has decreased by a net £72k (from £1.42m to £1.35m – ie a reversion to its original target) during the month of April. This figure is likely to be higher in the 2016/17 year. However, on a positive note, mitigating savings (primarily within overseas agency commission and travel) have been identified and as a consequence, the forecast for full year other operating expenditure has also been reduced by a net £72k.

2.8 Following the payment in May of Lecturers pay awards and backdated job evaluation results a further detailed reforecast of staff costs was undertaken. This took into account the effects of higher than anticipated job evaluation outcomes, together with increased agency and temporary staff costs, as well as the slightly higher than previously expected effects of employer National Insurance and pension contributions. SFC funding is expected to cover the forecast effect 2016/17 pay awards (£0.3m) which has been reflected in increased forecast grant income as well as increased staff costs. The effect of the other factors described is £0.35m and has also been included in the increased staff costs forecast. For the remainder of the year fixed term and temporary contracts as well as agency staff costs remain under review, with the aim of ending these earlier than scheduled, without placing undue risk upon the student experience.

A detailed reforecast of non- staff expenditure was also done as the year-end approaches, and final expenditure become clearer. This reforecast also reflects the effects of the essential spend only policy. The result was a reduction of £0.4m in addition to the reductions in catering and international costs described in 2.6 and 2.7 above.

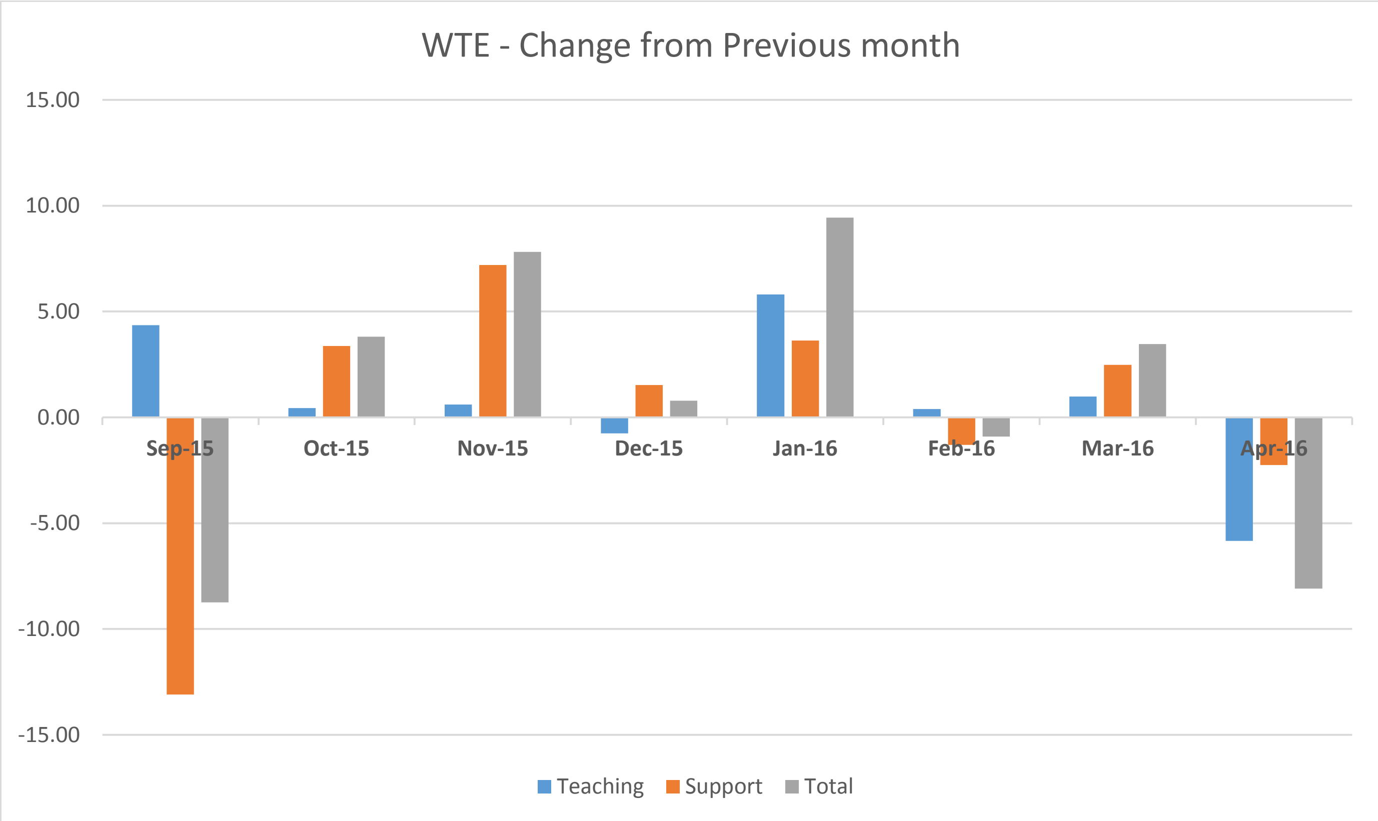
The revised projected deficit for the year is now £4.7m (which includes credits related reduction). Significant effort continues to be expended on both freezing costs, which are not required to deliver credit related activity and reducing expenditure through the "essential spend only" policy. Further cost reductions above forecast may still be achieved before year-end. The Head of Edinburgh College Business School has indicated additional Commercial income of £0.15m before the end of the year but this has not been included in the forecast, pending a review of associated costs.

2.9 In completing the SFC financial year-end (31st March 2016) Resource Return, there was an associated charge of £356k in relation to the revaluation of our enhanced pension provision (for staff leaving in 1995 with enhanced pension rights). In line with previous years, no provision has been included in our year-end forecast, as the final figure will not be known with certainty until the actuarial revaluation has been conducted for our 31st July accounts.

2.10 Total income to date is £47.7m and is showing an adverse variance of £2.8m on the year to date budget of £50.5m.

2.11 Total expenditure to date is £51m, which is in line with budget. Favourable variances within debt servicing (£0.18m), and higher than forecast deprecation charges (matched by higher than budgeted deferred income) of £0.15m.

2.12 There has been a decrease in staff numbers of 8.1 FTE between March and April 2016 (5.8 for teaching staff and 2.3 for support staff). These changes are reflected in the forecast of staff costs. Movement by month are shown below. Total WTE in April is 1,168 (519 Teaching and 649 Support Staff).



2.13

Table Illustrating the Effects of Pay Award and Reduction in Credits on Annual Budget	
	£m.
Operating Deficit - Annual Budget	(0.6)
Effect of Reduction in Credits	(2.8)
Effect of unfunded Pay Award	(0.6)
	(4.0)
Operating Deficit - Year End Projection	(4.7)
Net adverse effect of Other variances to Annual Budget	**0.7**

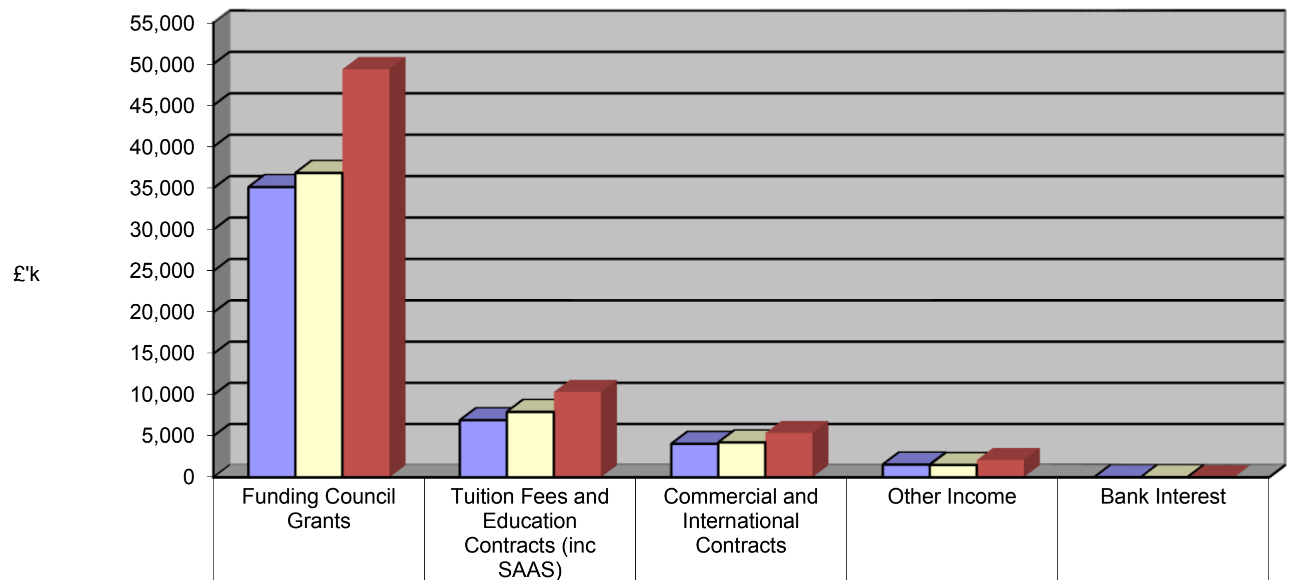
The effect of the essential spend policy and improved income will hopefully offset this adverse position.

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)



	Funding Council Grants	Tuition Fees and Education Contracts (inc SAAS)	Commercial and International Contracts	Other Income	Bank Interest
Actual for YTD	35,146	6,933	4,060	1,543	9
Budget YTD	36,854	7,937	4,232	1,491	14
12 Month Revised Budget	49,376	10,363	5,376	2,080	20

3.1 Our Revised total income budget for the year stands at £67.2m (reduced by £0.2m as a result of Catering adjustment outlined in 2.6 above). Total income for the year to date is £47.7m, which is £2.8m lower than the profiled budget of £50.5m.

3.2 Total SFC grant income (excluding deferred capital releases) stands at £32.7m, a net £1.8m behind its year to date budget, reflecting the reduction in core grant credit related activity (14,000 credits in total).

3.3 Net tuition fees and educational contracts (primarily SAAS, HE/PT courses, associate degrees and self-payers) remain behind their year to date target (by £1m in total). The forecast includes SAAS fees approximately £0.4m short of full-year budget (in line with last month), whilst latest forecasts for tuition fee income in totality, including Semester 2 activity, indicate a full year shortfall of £1.3m (an adverse movement of £0.1m from last month's projection), spread across a number of different courses and departments.

3.4 Commercial & International income to date stands at £4.1m, which is £0.17m 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 market conditions, coupled with a lower in-take of students than originally envisaged. Work continues in seeking new business, whilst robust summer school contracts have also been signed. The forecast shows full year commercial income shortfall of £0.2m (unchanged from last month) but as indicated in 2.8 above there are indications that this will be recovered.

3.5 International income is narrowly behind budget (by £21k) at £1.1m achieved to date. As mentioned in para 2.7, latest forecasts suggest that new international group (China) contracts, which were originally projected to fall into the current session, are now likely to fall into the 2016/17 academic year (owing to rescheduling by the groups concerned). As a consequence, the international function is now likely to meet (as opposed to exceed) its full year income target of £1.35m from a revised £1.42m; the gap in income of £0.7m is being mitigated from cost savings within overseas agency commission and travel.

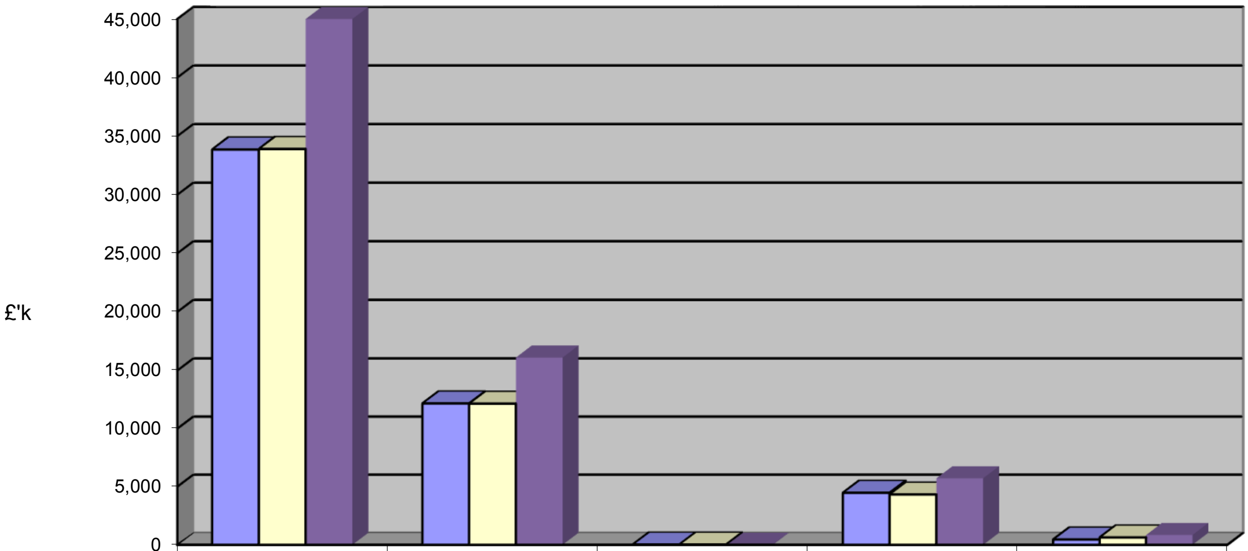
3.6 Following a detailed review of the catering function's performance to date and projections for the year, catering income for the year is forecast to settle approximately £0.2m lower than the previous month's forecast. However, this income gap will be mitigated through both lower associated catering costs (as a by-product of lower income) coupled with general cost efficiencies and margin improvements.

3.7 During the month, the deferred income release was £0.3m (YTD £2.5m), which is higher than forecast by £0.15m and matches associated higher than budgeted deprecation charges. The full year forecast for deferred capital grant releases stands at £3.3m (unchanged from last month), which is £200k higher than budget and aligns with a corresponding increase in the full year forecast for depreciation.

3.8 As a result of the changes to the projections for tuition fees, international activity, catering income and grant funding, the full year forecast for total income has been reduced by £0.3m. We are currently forecasting year-end total income of £63.1m, approximately £4.3m below budget mainly attributable to the credit rduction.

Section 4: Expenditure Analysis – Year-to-Date

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



	Staff Costs	Operating Expenses	Research & Development	Depreciation	Debt Interest & Other Finance Costs
Actual for YTD	33,863	12,170	19	4,477	454
Budget YTD	33,907	12,148	23	4,327	632
12 Month Revised Budget	45,139	16,109	30	5,720	842

4.1 The total expenditure budget for the year stands at £67.9 (reduced by £0.2m as a result of Catering adjustment outline in 2.6 above). Total expenditure for the year to date is £51m, in line with budget.

4.2 Favourable variances within debt servicing (£0.18m) is largely offset by higher than forecast deprecation charges (matched by higher than budgeted deferred income) of £0.15m. The debt servicing variance is made up of £0.1m for debt interest payments (which is likely to accumulate to £0.13m by year-end), and £0.08m of other finance charges (favourable exchange rate movements).

4.3 Following the payment in the month of Lecturers pay awards (one off £100 payment plus a £450 increase, backdated to April), and backdated job evaluation amounts, a detailed reforecast of staff costs was undertaken. This took into account the effects of higher than anticipated job evaluation outcomes together with increased agency and temporary staff costs as well as slightly higher than previously expected effects of employer National Insurance and pension contributions. Funding is expected to cover the forecast effect of 2016/17 pay awards (£0.3m) which has been reflected in increased forecast grant income as well as increased staff costs. The effect of the other factors described is £0.35m, and has also been included in the increased staff costs forecast.

4.4 Within operating expenditure, favourable variances are noted within overseas agents commission (£0.08m) and ICT (£0.07m - licences and leasing agreements). However, these favourable variances are mainly offset by an adverse variance within consultancy fees (£0.1m). Most other expenditure areas remain broadly in line with expectations. A detailed reforecast of operating expenditure was also undertaken as the year-end approaches and final costs become clearer. This reforecast reflects the effects of the essential spend only policy. The result was a reduction of £0.4m from last month, excluding the reductions in catering and international costs described 2.6 and 2.7 above.

4.5 In the year to date, depreciation charges of £4.5m (2014/15: £4.2m) have been released from our fixed assets to reflect their economic use. The full year forecast for depreciation stands at £5.9m (unchanged from last month), £200k higher than budget and aligns with a corresponding increase in the full year forecast for deferred capital grant releases.

4.7 Forecast year-end total expenditure is £68m, approximately £0.1m higher than budget

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

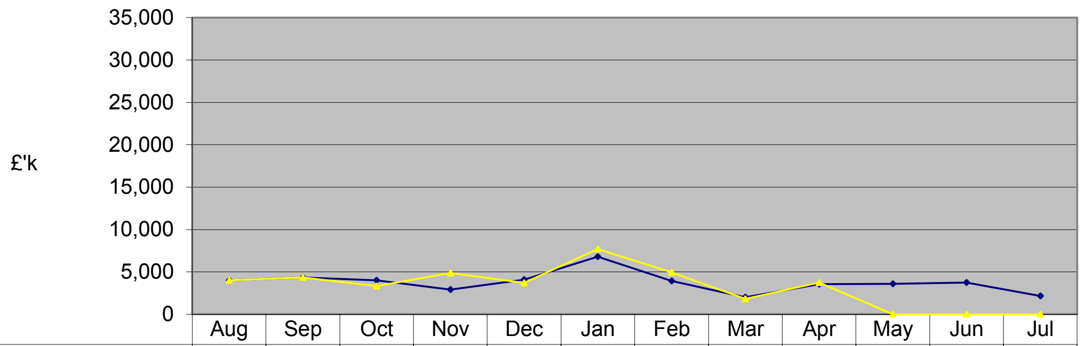
5.1 The following information provides an overview of the year to date trading positions of the catering and nursery departments.

5.2 The cross-campus catering facilities have generated total revenue to date of £1.3m, resulting in a gross operating profit of £0.8m and a net operating profit of £0.01m. Following a detailed review of performance to date and projections for the remaining months of the session, catering income for the year is forecast to settle at £1.9m. This has been reflected in the forecast and revised budget. This is a reduction of £0.2m on the previous month and has been offset by lower associated catering costs and general cost efficiencies and margin improvements. As students leave College it will remain challenging to achieve the revised full year forecast income target for catering although increased catering requirements associated with additional commercial course income and Summer School will help towards this goal. Tight cost control will also contribute to meeting the revised net forecast operating profit.

5.3 The Nursery currently shows a net operating loss of £0.1m, which is due to lower than planned recruitment, and the continued use of agency staff (adverse net cost to date of £142k) to cover staff absences (primarily maternity leave), thereby maintaining mandatory staff to children ratios. Marketing campaigns remain in progress to increase our customer base.

Section 6: Cashflow

Cash Position - Forecast versus Actuals to April 2016



	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Net Cash (F) - £'k	4,018	4,353	3,997	2,919	4,088	6,813	3,938	2,029	3,559	3,604	3,755	2,155
Net Cash (A) - £'k	4,018	4,353	3,314	4,873	3,697	7,700	4,959	1,813	3,730	0	0	0

6.1 Our cash position shows a balance of £3.7m, narrowly ahead of our rolling forecast owing to the timing of non-SFC income receipts. The current average burn rate is £50k per month against a rolling target of a generation rate of £130k (which equates to an I/E breakeven position).

6.2 Our net cash balance is projected to move within a low narrow banding for the foreseeable future and, as a result, managing our working capital needs will prove challenging. The College is paying an average of 5.7% on our debt borrowing (prior year 5.71%), and our underlying interest related borrowings stand at £11.1m, whilst our Lennartz VAT liability is £1.9m. Our latest Lennartz VAT payment (a net £0.2m) was settled in March, with the next payment due in June 2016.

6.3 Based on estimated cashflow movements, we forecast an end of year bank balance of £2.2m (rolling target £4.7m – based on an I/E breakeven position), which includes an adverse movement of £150k (aligned with the further forecast shortfall, within tuition fee income) from last month's projection (£2.3m) and equates to an adverse cash movement for the year of £1m.

6.4 We have received, from the SFC, notification of our capital allocation for the financial year 2016/17 – it stands at £1.7m in total (£0.8m has been assigned for capital works, whilst the balance (£0.9m) has been set aside for estates maintenance), and is now available for drawdown (on a matching spends basis). Minimal capital costs were incurred in April and as a consequence, no capital allocation was drawn down).

SFC / GOVERNMENT RETURNS

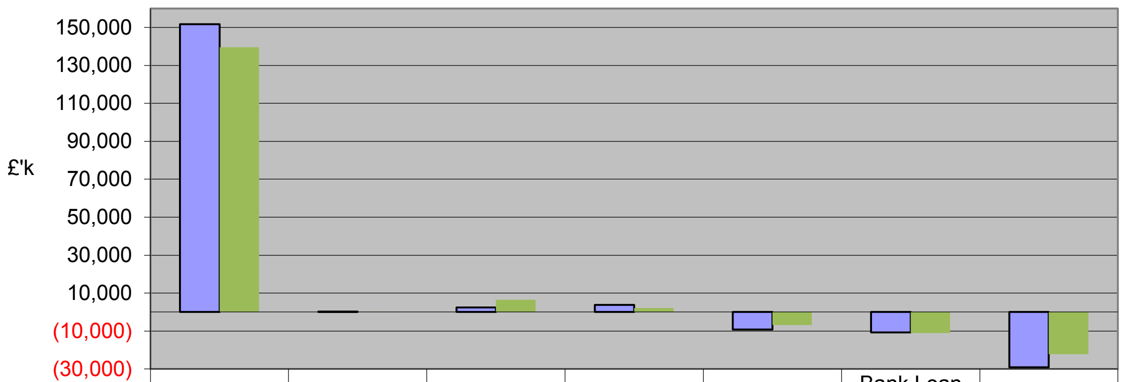
6.5 The RDEL (Resource Departmental Expenditure Limit) refers to an under or overspend for the financial year to 31 March 2017. The Financial Performance Monitoring template shows a full year overspend forecast of £1,076k to 31 March 2017 subject to finalisation of the 2016/17 budget, compared to an actual full year overspend of £375k to 31 March 2016. Budget allocations and the split of funding for the academic year 2016/17 between the periods to 31 March 2017 and 31 July 2017 are still to be confirmed with SFC. The current forecast is based on the figures provided to the SFC as part of the transformation plan.

6.6 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 £356k relates to the revaluation of the early retirement provision. This figure will be updated once the actuarial valuation of the LPF scheme to 31 July 2016 is available (under SFC guidelines the valuation to July 2016 is included in the March 2016 figures once available). No provision is made for the current year within the management accounts due to the uncertainty regarding the position at July 2016. The figures exclude any impact of the revaluation of land and buildings and the restatement of prior year figures, guidance from the SFC states that these revaluations are outside of the scope of resource return reporting.

6.7 The CDEL (Capital Departmental Expenditure Limit) refers to the difference between the capital grant received and corresponding expenditure on fixed assets. There is an overspend, for the period to end April 2016 of £4k, as a result of capital expenditure being incurred prior to capital grants being drawn down, capital grants will only be available to draw down once financial year allocations between capital and revenue have been confirmed and agreed.

Section 7: Balance Sheet

Assets and Liabilities



	Fixed Assets	Stock	Debtors	Cash	Current Liabilities	Bank Loan - Repayable > 1 year	Provisions, Pension & LT Liabs
Actual Apr-16	151,681	111	2,488	3,730	(9,155)	(10,695)	(29,091)
Actual Apr-15	139,567	122	6,453	2,030	(6,776)	(11,105)	(22,191)

7.1 In the academic year to date our capitalised expenditure is £0.7m, of which £0.3m was incurred on ICT desktop & Macs deployment, 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 £2.8m due to a net decrease in our cash deposits and equates to negative (-17 days) of working capital reserves. At the end of April, debtors include trade £1m and £1.5m of prepayments and accrued income. We continue to actively chase all debtors for outstanding payments.

7.3 Year on year provisions (excluding pension liabilities) have decreased by £0.1m to £4.8m (academic y/e £5m) following movements in relation to the student accommodation contract and enhanced early retirement pension provision. Our support staff pension liability stands at £23.2m, whilst our current bank debt level is £11.1m.

7.4 The main (net) year on year movement in current liabilities is within net accruals and deferred income (£2.4m). The amount held in deferred grant liabilities at the month-end (£2.7m) represents SFC funds largely in respect of grant-in-aid, student support, ESOL and debt support. We have received, from the SFC, notification of our capital allocation for the financial year 2016/17 – it stands at £1.7m in total (indicative £0.8m has been assigned for capital works, whilst the balance (£0.9m) has been set aside for estates maintenance) and is now available for drawdown (on a matching spends basis). No capital costs were incurred in April. We currently show £11.8m of liabilities as repayable in more than 1 year.

7.5 Deferred grants and specific reserves, less pension reserve, have decreased by 3.6% to £66.9m (academic y/e 2014/15: £69.4m), following the capitalisations detailed above, whilst the income and expenditure reserve is currently £42.2m (academic y/e 2014/15: £45m).

Section 8: KPIs

8.1 KPIs

• Out-turn: (£3.3m) deficit • Target: Breakeven • Forecast out-turn: (£4.7m) deficit [Includes reduction of £2.8m re:14,000 credits (including the ESF element – 2,000 credits)]	• Cash (burn) / generation rate at (£50k) (pay-award / SFC grant pressures). • Target rolling monthly average generation rate: +£130k. ***
• YTD cash balance: £3.7m • Rolling target: ## £4.7m	• Net Current Assets/(Liabilities):(£2.8m) -17 days) • Target: £3.3m (19 days)
• Current Ratio: 1:0.69 • Target: 1:1.15	• Pay Costs as % of Total Income: 71.0% • Target: 66.6%
• Borrowings as % of reserves: 10.2% • Target: 9.9%.	• Current credits 178,800 • Target credits: 186,258

Month end cash balance from original budget (and with I&E at breakeven)

*** Average monthly cash movement based on breakeven I&E position

I&E Account for the 9 Months to 30th April 2016

	Original Annual Budget £000s	Revised Annual Budget £000s	YTD Budget £000s	YTD Actuals £000s	YTD Variance £000s	Previous YTD £000s	Year End Projection £000s
Funding Council Grants	45,786	45,507	33,950	32,092	(1,858)	36,440	42,992
Deferred Capital Grant Releases	3,069	3,069	2,304	2,454	150	2,209	3,269
Debt Support Grant	800	800	600	600	0	600	800
Tuition Fees and Education Contracts (inc SAAS)	10,366	10,363	7,937	6,933	(1,004)	7,772	9,043
Commercial and International Contracts	5,373	5,376	4,232	4,060	(172)	3,922	5,138
Other Income	2,337	2,100	1,506	1,552	46	1,853	2,057
Exceptional Merger Support Grants	0	0	0	0	0	627	0
Total Income	**67,730**	**67,216**	**50,529**	**47,691**	**(2,838)**	**53,423**	**63,300**
Staff Costs	45,139	45,139	33,907	33,863	44	33,677	45,573
Other Operating Expenses	16,603	16,109	12,148	12,170	(23)	15,629	15,794
Depreciation	5,720	5,720	4,327	4,477	(150)	4,151	5,920
Debt Interest & Other Finance Costs	842	842	632	454	179	583	710
Research & Development	50	30	23	19	4	109	25
Exceptional Merger Support Costs	0	0	0	0	0	627	0
Total Expenditure	**68,354**	**67,840**	**51,037**	**50,982**	**55**	**54,491**	**68,022**
Operating Surplus / (Deficit)	**(624)**	**(624)**	**(508)**	**(3,291)**	**(2,783)**	**(1,068)**	**(4,722)**

Statement of Historical Cost Surpluses and Deficits for the 9 Months to 30th April 2016

Operating Surplus / (Deficit)	**(624)**	**(624)**	**(508)**	**(3,291)**	**(2,783)**	**(1,068)**	**(4,722)**
Difference between historical cost depreciation and actual revaluation charge for the period	313	612	470	470	0	234	612
Historical Cost Surplus / (Deficit)	**(311)**	**(12)**	**(38)**	**(2,821)**	**(2,783)**	**(834)**	**(4,110)**

Edinburgh College

I&E Account Detail for the 9 Months to 30th April 2016

	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	41,074	41,074	30,510	29,441	(1,069)	33,741
Childcare Funds	1,545	1,545	1,213	1,213	0	1,278
Deferred Capital Grants	3,069	3,069	2,304	2,454	150	2,209
Debt Support Grants	800	800	600	600		600
Other SFC Grants	3,166	2,887	2,227	1,438	(790)	1,421
	49,655	49,376	36,854	35,146	(1,708)	39,249
Tuition Fees & Education Contracts						
FE - UK & EU	102	170	164	122	(42)	907
HE - UK & EU	996	610	510	350	(159)	521
PT Self Payers	906	1,238	1,000	725	(275)	32
Examination Fee Income	21	6	6	21	15	
SAAS	4,280	4,280	3,215	2,893	(322)	3,168
Associate Degree Fees	1,250	1,250	939	826	(113)	1,064
Managing Agents	1,380	1,380	1,048	1,002	(46)	1,059
Edinburgh Council - Pre Emp Contract	1,430	1,430	1,057	995	(61)	1,021
	10,366	10,363	7,937	6,933	(1,004)	7,772
Commercial & International						
International	1,350	1,350	1,108	1,087	(21)	1,017
SDS	517	517	434	434		380
EH15 and The Apprentice Restaurants	47	97	79	87	8	93
Bliss SPA and Employability Salons	148	123	102	92	(10)	121
Gym	335	312	238	241	3	240
Nursery	1,075	1,075	820	764	(56)	733
Residences	595	595	352	352	0	412
Access Centre Provision	130	130	98	105	8	119
Bespoke Contracts for Employers	1,175	694	574	464	(111)	781
Scheduled Short Courses		483	427	412	(15)	
Other European Income				22	22	26
	5,373	5,376	4,232	4,060	(172)	3,922
Other Income						
Catering	2,085	1,870	1,310	1,310	0	1,575
Other Income Generating Activities	232	211	181	232	51	261
	2,317	2,080	1,491	1,543	51	1,837
Endowment & Investment						
Bank Interest	20	20	14	9	(5)	16
	20	20	14	9	(5)	16
Exceptional Merger Support Grants						627
TOTAL INCOME	**67,730**	**67,216**	**50,529**	**47,691**	**(2,838)**	**53,423**
EXPENDITURE						
Staff Costs						
Senior Management	1,862	1,902	1,438	1,464	(25)	1,639
Academic Departments	23,281	23,192	17,397	17,167	230	16,992
Academic Services	4,428	4,439	3,329	3,194	135	1,409
Admin & Central Services	12,145	12,255	9,190	9,179	11	10,607
Premises	1,146	1,148	861	882	(21)	1,077
Catering & Residences	856	894	671	656	15	643
Temporary & Agency Staff Costs	754	936	706	878	(172)	806
Other Staffing Expenditure	668	373	316	445	(129)	505
	45,139	45,139	33,907	33,863	44	33,677
Other Operating Expenses						
Premises	5,094	5,111	3,828	3,845	(17)	4,198
Teaching Activity & Support	1,033	1,006	726	709	18	1,243
Childcare Costs	1,545	1,545	1,213	1,213	(0)	1,278
Transport Costs	42	42	37	52	(15)	212
IT Costs	1,427	1,299	982	914	68	1,140
Telecomms Costs	145	194	147	148	(0)	143
Equipment	41	41	27	26	1	75
Health & Safety	92	93	53	60	(7)	80
Travel & Subsistence	547	546	432	448	(16)	424
Admin Costs	295	298	187	199	(12)	185
Student Support Funds Contribution						267
Corporate, Consultancy, Professional	864	827	580	684	(104)	1,173
Staff Welfare	17	17	9	9		13
Catering	1,401	1,195	869	879	(9)	1,203
Training & Development	183	65	59	58	1	169
VAT	1,546	1,546	1,308	1,323	(15)	1,460
Marketing & PR	243	186	161	161	0	173
Partnership Costs	616	616	451	446	5	570
Overseas Agents Commission	158	158	133	52	81	244
Registration & Exam Fees	1,266	1,277	915	916	(1)	1,332
Bad Debts	48	48	30	30		48
	16,603	16,109	12,148	12,170	(23)	15,629
Exceptional item - Accommodation Provision Release						(285)
Depreciation for the year	5,720	5,720	4,327	4,477	(150)	4,151
Debt Interest & Other Finance Costs						
Interest On Bank Loans	800	800	600	500	100	549
Other Finance Charges	42	42	32	(47)	79	34
	842	842	632	454	179	583
Research & Development	50	30	23	19	4	109
Exceptional Merger Support Costs						627
TOTAL EXPENDITURE	**68,354**	**67,840**	**51,037**	**50,982**	**55**	**54,491**
	(624)	**(624)**	**(508)**	**(3,291)**	**(2,783)**	**(1,068)**

Balance Sheet
For the 9 Months to 30th April 2016

	2015/2016 YTD Actuals £000s	2014/15 Year End £000s	2014/2015 Previous YTD £000s
Fixed Assets			
L&B	143,369	145,731	129,745
FFE	8,313	9,705	9,822
	151,681	**155,436**	**139,567**
Current Assets			
Stock	111	137	122
Debtors	2,488	3,853	6,453
Cash	3,730	3,111	2,030
	6,329	**7,101**	**8,604**
Creditors < 1yr			
Loans	(386)	(386)	(357)
Payments received in advance	(600)	(281)	(555)
Trade creditors	(107)	(1,761)	(169)
Taxes & social sec	(1,045)	(1,024)	(1,140)
Accruals, Def Inc & Other Creditors	(4,283)	(3,695)	(3,009)
Amounts owed to SFC	(2,733)	(34)	(1,546)
	(9,155)	**(7,181)**	**(6,776)**
Net current assets / (liabilities)	**(2,826)**	**(80)**	**1,828**
Total assets less current liabilities	**148,855**	**155,356**	**141,395**
Creditors > 1yr			
Bank loans	(10,695)	(10,982)	(11,105)
Lennartz VAT	(1,083)	(1,699)	(1,957)
	(11,778)	**(12,681)**	**(13,062)**
Provisions			
Early retirement	(4,755)	(4,975)	(4,568)
Other	(37)	(65)	(322)
	(4,792)	**(5,040)**	**(4,890)**
Net pension asset / (liability)	(23,216)	(23,216)	(15,344)
NET ASSETS	**109,069**	**114,419**	**108,100**
Deferred capital grants			
SFC	61,222	63,273	63,137
Other	556	564	573
	61,778	**63,837**	**63,710**
Reserves			
I&E account	42,214	45,034	53,478
Pension reserve	(23,216)	(23,216)	(15,344)
Revaluation reserve	28,293	28,764	6,256
	47,291	**50,583**	**44,389**
CAPITAL & RESERVES	**109,069**	**114,419**	**108,100**

Cumulative Cashflows (2015/16)

	Original Budget £000s Total	Revised Budget £000s Total	Aug 15 £000s Actuals	Sep 15 £000s Actuals	Oct 15 £000s Actuals	Nov 15 £000s Actuals	Dec 15 £000s Actuals	Jan 16 £000s Actuals	Feb 16 £000s Actuals	Mar 16 £000s Actuals	Apr 16 £000s Actuals	May 16 £000s Forecast	Jun 16 £000s Forecast	Jul 16 £000s Forecast	YTD Cumulative £000s Total	Annual Forecast £000s Total	Var From Budget - Fav / (Adv) £000s Total
SFC Grants - Core	41,774	41,774	4,469	5,017	3,487	3,679	3,521	3,334	909	900	5,563	3,527	3,930	1,751	30,879	40,087	(1,687)
SFC Grants - ESF	1,596	1,317										0		0	0	0	(1,317)
SFC Grants - Other	5,101	5,101	210	321	974	530	545	521	314	256	245	673	347	221	3,916	5,157	56
SAAS Funds	4,280	4,280						3,616		94			140		3,710	3,850	(430)
Tuition Fees / Education Contracts	6,085	6,085	803	273	129	481	505	1,058	530	294	493	173	209	247	4,566	5,196	(890)
Commercial / International	5,373	5,373	344	516	439	933	546	95	415	472	540	221	307	309	4,300	5,136	(238)
Other Income	2,317	2,317	86	202	301	160	165	96	263	282	290	199	114	77	1,845	2,235	(83)
Operational Income	**66,526**	**66,247**	**5,912**	**6,329**	**5,330**	**5,783**	**5,282**	**8,720**	**2,431**	**2,298**	**7,131**	**4,793**	**5,046**	**2,605**	**49,216**	**61,660**	**(4,588)**
Staff Costs	45,139	45,139	3,552	3,598	4,340	3,364	3,689	3,654	3,681	4,124	3,858	3,938	3,647	3,694	33,860	45,139	0
Purchase Ledger / Other Expenditure	10,256	9,977	787	810	1,501	389	1,574	407	721	720	1,046	564	581	573	7,955	9,674	303
Childcare Expenditure	1,545	1,545		92	133	191	271	130	127	180	90	178	125	28	1,214	1,545	0
Premises Costs	5,094	5,094	424	518	432	241	417	613	411	398	391	418	417	415	3,845	5,094	0
Development Plan	200	200	3	4	1	86	45	20	76	23	20				278	278	(78)
Staff Realignment Costs	622	622	365	127				97	34						623	623	(1)
Operational Expenditure	**62,856**	**62,577**	**5,131**	**5,149**	**6,407**	**4,271**	**5,996**	**4,921**	**5,050**	**5,445**	**5,405**	**5,098**	**4,770**	**4,710**	**47,775**	**62,353**	**225**
Net Income Generated From Operations	**3,670**	**3,670**	**781**	**1,180**	**(1,077)**	**1,512**	**(714)**	**3,799**	**(2,619)**	**(3,147)**	**1,726**	**(305)**	**277**	**(2,105)**	**1,441**	**(693)**	**(4,363)**
Capital Expenditure	1,185	1,185	87	368	121	106	24	28	15	13	4	145	141	149	766	1,200	(15)
Pensioners (against enhanced provision)	288	288	24	25	24	24	24	24	24	25	24	24	24	24	218	290	(2)
Capital Loan Repayments	368	368		34	60		34	61		34	62		34	61	285	380	(12)
VAT Repaid - Lennartz	888	888		222			180			218			218		620	838	50
Non-Operational Expenditure	**2,729**	**2,729**	**111**	**649**	**205**	**130**	**262**	**113**	**39**	**290**	**90**	**169**	**417**	**234**	**1,889**	**2,708**	**22**
Net Income Generated From Op and Non-Op Activities	**941**	**941**	**670**	**531**	**(1,282)**	**1,382**	**(976)**	**3,686**	**(2,658)**	**(3,437)**	**1,636**	**(474)**	**(140)**	**(2,339)**	**(448)**	**(3,401)**	**(4,342)**
Student Funds Inflow	9,640	9,640	240	489	1,092	1,288	1,070	957	763	1,170	991	924	862	775	8,060	10,621	981
Student Funds Outflow	9,640	9,640	4	685	849	1,111	1,270	640	846	879	710	576	570	35	6,994	8,176	1,464
	0	**0**	**236**	**(196)**	**243**	**177**	**(200)**	**317**	**(83)**	**291**	**281**	**348**	**292**	**740**	**1,066**	**2,445**	**2,445**
Total Cash In	**76,166**	**75,887**	**6,152**	**6,818**	**6,422**	**7,071**	**6,352**	**9,677**	**3,194**	**3,468**	**8,122**	**5,717**	**5,908**	**3,380**	**57,276**	**72,281**	(3,607)
Total Cash Out	**75,225**	**74,946**	**5,246**	**6,483**	**7,461**	**5,512**	**7,528**	**5,674**	**5,935**	**6,614**	**6,205**	**5,843**	**5,757**	**4,979**	**56,658**	**73,236**	(1,710)
Net Inflow / (Outflow)	**941**	**941**	**906**	**335**	**(1,039)**	**1,559**	**(1,176)**	**4,003**	**(2,741)**	**(3,146)**	**1,917**	**(126)**	**152**	**(1,599)**	**618**	**(956)**	**(1,897)**
Opening bank balance	**3,111**	**3,111**	**3,111**	**4,018**	**4,353**	**3,314**	**4,873**	**3,697**	**7,700**	**4,959**	**1,813**	**3,730**	**3,604**	**3,755**	**3,111**	**3,111**	**0**
Closing bank balance	**4,052**	**4,052**	**4,018**	**4,353**	**3,314**	**4,873**	**3,697**	**7,700**	**4,959**	**1,813**	**3,730**	**3,604**	**3,755**	**2,155**	**3,730**	**2,155**	**(1,897)**
Ledger balances																	
Main accounts	3,842	3,842	3,475	4,006	3,007	4,389	3,227	6,913	4,255	818	3,730	3,604	3,464	1,124	3,730	1,124	(2,719)
Term Deposit accounts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Student Funds accounts	210	210	543	347	307	484	470	787	704	995	0	0	292	1,031	0	1,031	821
Subsidiary accounts																	
	4,052	**4,052**	**4,018**	**4,353**	**3,314**	**4,873**	**3,697**	**7,700**	**4,959**	**1,813**	**3,730**	**3,604**	**3,755**	**2,155**	**3,730**	**2,155**	**(1,897)**
Loan balance	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Policy No	1.
Issue No	1
Issue Date	1/6/2016
Review Date	14/6/2016
EIA	TBC
Author	M Webb

PAPER L, APPENDIX 1

Climate Change & Sustainability Policy

1. INTRODUCTION

1.1 This policy is designed to help Edinburgh College (the College) become a sustainable organisation. The College is named as a 'major player' by the Scottish Government in the Climate Change (Scotland) Act 2009 and has a public duty to a) reduce emissions b) adapt to climate change and c) act in a sustainable manner. In addition our role in education provides us with a clear mandate to lead in sustainability in everything we do.

1.2 The Scottish Government uses the following definition of Sustainable Development.

"… to enable all people throughout the world to satisfy their basic needs and enjoy a better quality of life without compromising the quality of life of future generations."

They go on to say

"Sustainable development is integral to the Scottish Government's overall purpose - to focus government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth. For Scotland we are delivering this through our work supporting Scotland's transformation to a low carbon economy."

1.3 The College has adopted this broad definition but has adapted it in order to meet our organisational profile.

"At Edinburgh College we recognise our key role in helping Scotland become more sustainable. We are committed to:

- *Ensuring we manage and reduce our greenhouse gas emissions to help meet national carbon reduction targets. This includes through our management of energy, waste, water and transport, as well as in through our procurement decisions.*
- *Adapting our estate so that it meets the challenge of a changing climate.*

- *Ensuring that sustainability is built into all that we do. In particular that sustainability becomes a core concept in our delivery of courses so that our students are prepared for the requirements of a low carbon and sustainable 21st century workforce."*

2. SCOPE

2.1 This policy covers all staff and forms part of the formal agreement between students and the College.

2.2 All visitors to the College, together with those contracted to work at or for the College, will be expected to comply with this policy

2.3 We aim to create a sustainable organisation that respects the diversity of staff and students and enables them to fulfil their potential, to contribute fully and to derive maximum benefit and enjoyment from their involvement in the life of the College

2.4 All members of the College community must abide by this policy.

3. KEY PRINCIPLES

3.1 Embedding sustainability across the organisation.

3.1.1 The College Community shall ensure sustainability is considered in any strategic and operational activity, and that the best sustainable option practicable is chosen.

3.1.2 To enable this the College will develop and deliver a Climate Change and Sustainability Strategy.

3.1.3 This strategy will be overseen by the Sustainability Steering Group who will provided governance and leadership in this area.

3.2 Helping to tackle climate change and supporting a low carbon and circular economy.

3.2.1 The College Community shall ensure that carbon emissions are considered within any activities and that the best low-carbon option practicable is chosen.

3.2.2 To enable this the College will develop and deliver a Carbon Management Plan to reduce our carbon emissions in line with Scottish Government targets. This will be through a range of activities including reducing energy, waste and water, as well as green travel behaviour

3.2.3 We will develop and implement a Carbon Management Plan to improve energy and water efficiency

3.2.4 We will develop and implement a Waste and Recycling Policy and Waste Management System which follows the principles of the waste hierarchy

3.2.5 We well develop a Green Travel Plan to help the College achieve sustainable travel, both through its own activities and in supporting sustainable travel for our students, staff and visitors.

3.2.6 Develop a Climate Change Adaptation Plan.

3.3 Embedding sustainability within the curriculum

3.3.1 The College will seek to develop staff and students who are aware of, and take action on sustainability issues throughout their lives – enabling them to be global citizens. We will promote the principles of ‘Education for Sustainable Development’ through teaching, research and knowledge transfer activities.

3.4 Support social responsibility across the College and in our communities.

3.4.1 Encourage use of Fairtrade and achieve Fairtrade status.

3.4.2 Work with local and community groups with regards to sustainability and social responsibility.

3.5 Engage and support our students, staff, and visitors and encourage sustainable behaviours.

3.6 Develop community growing and enhance biodiversity through our community gardens and on our campuses.

3.7 Work in partnership with Edinburgh Council, Environmental Association of Universities and Colleges and other organisations to deliver sustainability outcomes at a local, regional, national and international scale.

3.8 Use our purchasing power to further sustainability.

3.8.1 Purchase and sell healthy, local and seasonal food wherever practicable.

3.8.2 Use and promote Organic, Fairtrade and other ethical products.

3.8.3 Ensure our suppliers have sustainability commitments within their supply chains.

3.8.4 Use paper and wood from sustainable sources.

4. LINES OF RESPONSIBILITY

4.1 **The Board of Management**: have responsibility for ensuring that the College operates within the legal and Scottish Government frameworks for Climate Change and Sustainability and oversees the implementation of the policy throughout the college.

4.2 **The Sustainability Steering Group:** are responsible for providing governance and leadership on Climate Change and Sustainability including setting targets and monitoring progress.

4.3 **Managers and decision-makers**: are responsible for fostering an environment in which compliance with this policy is regarded as integral to the work of the area in which they work. They are responsible for ensuring the production and implementation of Climate Change and Sustainability plans.

4.4 **Each member of the college community**: is responsible for helping the College achieve its Climate Change & Sustainability goals. Individual members of the College community should seek actively to advance sustainability

5. DIRECT RELEVANT LEGISLATION

5.1 Under the Climate Change (Scotland) Act 2009 Edinburgh College is named as a major player and has a public duty to a) reduce carbon emissions, b) adapt to climate change in c) in a sustainable way.

5.2 The College is subject to various waste legislation including to ensure waste is segregated prior to collection in line with Scottish Government targets to be a Zero Waste society.

6. REVIEW OF POLICY STATEMENT

6.1 The College’s policy on Climate Change and Sustainability shall be reviewed on an annual basis and at such other times as deemed necessary by the College Board. Any amendments or alterations will be subject to full consultation with the recognised trade unions and communicated via the inter/intranet and health and safety notice boards for all employees, learners, visitors, contractors and service providers.

7. EFFECTIVE DATE

7.1 This Policy becomes effective from 14/6/2016 and supersedes all previous policies relating to Climate Change & Sustainability.