

POLICY & RESOURCES COMMITTEE

AGENDA

A meeting of the Policy & Resources Committee will be held at 14:00 hours on Tuesday, 15 November 2016 in the Boardroom, Milton Road.

		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	BUSINESS TRANSFORMATION PLAN		
	5.1 Scott Moncrieff Transformation Plan Review	A Bruton	C
	5.2 Strategic Programme Board Exception Report	S-J Linton	D
	5.3 Recruitment & Retention Dashboard	J Pearson	E
	5.4 Curriculum Programme Report	A Craig / J Buglass	F
<i>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.</i>			
6	REGIONAL OUTCOME AGREEMENT		
	6.1 2015/16 ROA Self-Evaluation Report	S-J Linton	G
<i>Item 6.1 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 27, Information Intended for Future Publication.</i>			
	6.2 SFC Guidance on College Quality Arrangements	S-J Linton	H
	6.3 ROA 2017-2020 Planning Report	A Craig	I
7	PERFORMANCE REVIEW REPORT	A Craig	J
<i>Item 7 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 27, Information Intended for Future Publication.</i>			
8	FINANCE REPORT		
	8.1 Finance Report	L Towns	K
	8.2 Management Accounts to September 2016 attached	L Towns	L

9	CAPITAL AND INFRASTRUCTURE REPORT	A Williamson	M
10	HUMAN RESOURCES REPORT	B Dickson	N
11	DEVELOPMENTS IN EQUALITIES LEGISLATION	P Davis	O
12	ANY OTHER COMPETENT BUSINESS		
13	DATE OF NEXT MEETING: 24 January 2017		

MANAGEMENT ACCOUNTS TO SEPTEMBER 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	

Appendix

1. September 2016 Management Accounts and commentary.



FINANCIAL REPORT
2 MONTHS TO SEPTEMBER 2016

CONTENTS

Report from Chief Operating Officer

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

Appendices:

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

DISTRIBUTION

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

The following report provides an update on the financial position of
Edinburgh College at 30 September 2016

1. EXECUTIVE SUMMARY

Activity

	2016/17 Annual Budget	Actuals achieved @ 20/10/16	Due to be received
GIA @ £218 per credit income	£40,162,092	£36,668,690	£3,493,402
Credit Target/achieved	184,028	168,622	15,377
ESF @ £238.15	£476,300	-	£476,300
ESF Credit target / achieved	2,000	-	2,000

- 1.1 The SFC have set Edinburgh College's activity target for Academic Year 2016/17 at **184,028** credits. In addition, if the HE credit total of 54,340 is achieved a further **2,000** credits through the ESF Developing Scotland's Workforce 2016/17 project will be received. The College is targeting levels above this planned activity to allow for withdrawals up to 1 November 2016. The target SFC grant income is **£40.6m**.
- 1.2 The College has set a £3.8m deficit budget which is in line with the transformation plan budget for 2016/17. During the year the College must identify budget savings and income growth of £3.2m in advance of the start of the 2017/18 academic year to keep it on track towards a financially sustainable future. In striking the 2016/17 budget cost reductions of over £1.2m were achieved.
- 1.3 In terms of the student support funds, the initial full year projection to July 2017 currently show a net underspend of £0.9m for the year against a £10.5m budget. However, latest projections received on 20th October, which have been compiled using 4,053 successful applications in payment and including more positive semester 2 in-take targets, suggest that the underspend could reduce to £0.7m.

Income and Expenditure

	<u>Annual Budget</u> £000s	<u>YTD Budget</u> £000s	<u>YTD Actuals</u> £000s	<u>YTD Varianc e</u> £000s	<u>Previou s YTD</u> £000s	<u>Full Year Forecas t</u> £000s
Funding Council Grants	44,174	6,670	6,670	0	7,309	44,174
Tuition Fees and Commercial & Other Income	16,895	2,983	2,943	(41)	2,934	16,795
Deferred Income	3,065	520	520	0	550	3,065
Total Income	64,134	10,173	10,132	(41)	10,793	64,034
Staff Costs	45,517	7,557	7,318	238	7,210	45,217
Other Costs	16,944	2,492	2,509	(17)	2,575	16,944
Depreciation	5,487	941	941	0	999	5,487
Total Expenditure	67,948	10,990	10,768	222	10,784	67,648
Operating (Deficit)	(3,814)	(817)	(636)	181	9	(3,614)

- 1.4 The year to date operating deficit is £0.6m which is £0.2m favorable compared to the year to date phased budget. The details which underpin this movement are outlined below and comprise a small adverse income variance (largely Associate Degree & FE course fees of £41k in total), which are offset by a positive expenditure variance (mostly Staff Costs) of £238k.
- 1.5 Early activity indicators point to most income sources achieving budget. However, Associate Degree income shows signs of attracting fewer student numbers than planned, so the full year forecast has been reduced by £100k. Similarly, FE tuition fees are behind (by £18k to date) which will be reviewed in October to understand the reasons and appropriate corrective action required, while SAAS fees are currently on target subject to retaining HE students until 1 December 2016.
- 1.6 Vacancies in July and August result in a favourable staff cost variance of £238k. The full year forecast is therefore reduced by £300k. Non-staff costs are broadly in line with budget.

Staff (Full Time Equivalent)

FTE	30/09/2016	Other movement	VS reduction	31/07/2016	30/09/2015
Teaching	493.5	(2.1)	(8.0)	503.6	517.1
Support	597.5	(11.7)	(25.0)	634.2	634.9
	1,091.0	(13.8)	(33.0)	1,137.8	1,152.0

- 1.7 Staff levels show a reduction of 46.8 FTE in comparison to 31 July 2016. There are 37.6FTE counting as a permanent reduction (33FTE in relation to voluntary severance, and 4.6FTE from the SRUC transfer of staff). The balance of 9.2 FTE relates to current vacancies which may or may not require filling. Each vacancy is reviewed by the Executive Team, and filled posts are mainly on a temporary basis.

Cash Position

Opening Cash	Month-end cash	Forecast year-end cash	Comments
01/08/2016	30/09/2016	31/07/2017	Forecast cash includes the effect of £2.9m of advance funding from the SFC, which is expected to be drawn down in March 2017. This sum was agreed as part of the College's transformation plan.
£'m.	£'m.	£'m.	The opening cash of £2m includes an under-spend on Student Support funds of £1.9m, which is due to be returned to the SFC in the current year. The closing forecast cash balance differs by £1.3m from the cash-flow forecast submitted to the SFC, which is due to two cash items which have not been formally awarded by the SFC (£0.8m for debt support, and £0.5m for ESF grants) but are shown within the College's management accounts (as we have received no indication that these grants will not be awarded).
2.0	3.5	1.8	

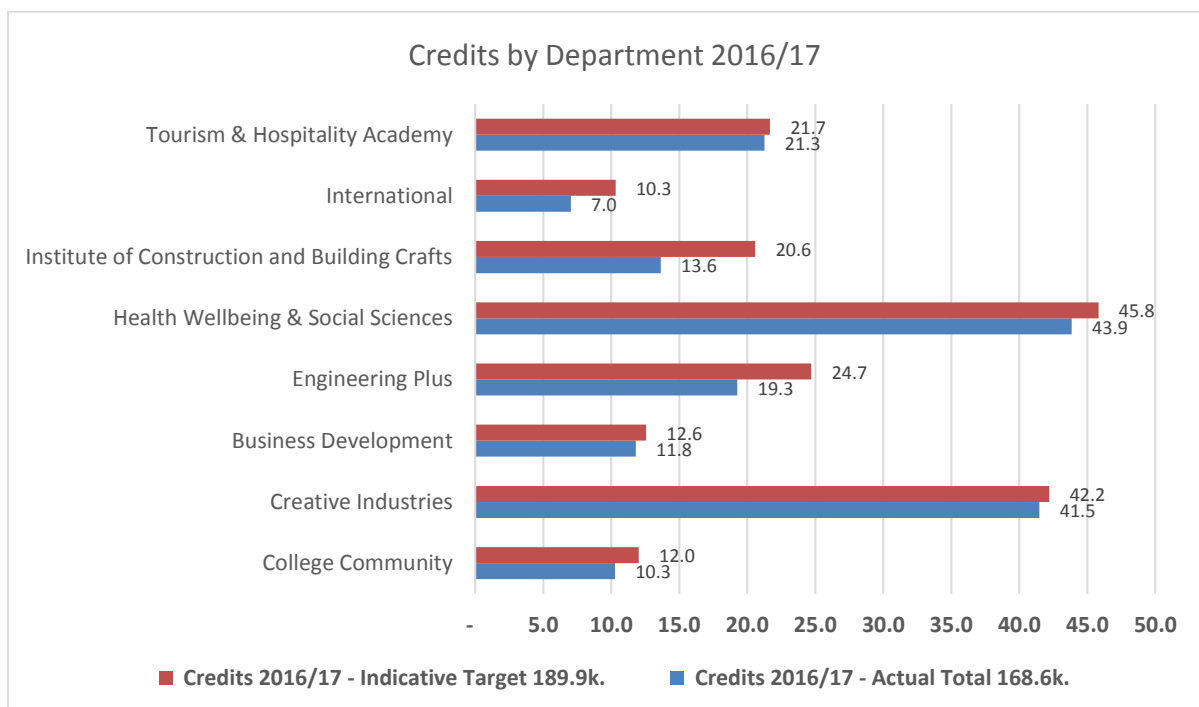
Capital Expenditure

Opening Fixed Assets	Additions YTD	Depreciation	Closing Fixed Assets	Comments
01/08/2016	30/09/2016		30/09/2016	Additional Capital Funds of £1.1m have been made available to the College, and will increase forecast 'additions' when priority items are agreed.
£'m.	£'m.	£'m	£'m.	
150.2	0.1	(0.9)	149.4	

2. CREDIT ACTIVITY

2.1 Edinburgh College under-achieved its credit target in 2015/16 with a final figure of 180,144 credits and no contribution related to ESF activity. This was due to insufficient student recruitment and low retention figures. The activity target for the 2016/17 academic year is 184,028 credits, with an additional 2,000 credits available (relating to ESF) subject to 54,340 HE level credits being achieved in the year. Current HE activity is at 56,905 pending 1 December cut-off point.

2.2 Early enrolment figures are encouraging although slightly down against target at 168,622 credits, and indications are that withdrawal rates are lower than previous years. However, the College must retain these students beyond the 1 November in order to secure SFC funding. Plans are in place to add further credit activity to the curriculum during both semesters 1 and 2 to mitigate any potential shortfall. The "Credits by Department" table (below) shows a comparison of YTD performance, by department, against current full year targets.



Indicative Target above at 190k credits is higher than £186k to allow headroom.

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


3.1 Following the under-achievement of its credit target in 2015/16, the College responded by publishing, in April 2016, a Business Transformation Plan which outlines a sustainable business model for the future. This contains four programmes (financial sustainability, curriculum relevance, workforce development and student recruitment, retention & productivity) that provide a sound framework to allow Edinburgh College to undertake the required improvements. The programmes, and the projects within them, were developed through a highly consultative process and the evidence base and rationale for the programmes is clear. A number of projects have already taken place or are substantially underway, namely the curriculum review, the student recruitment rapid improvement event, improving data collection and analysis, the introduction of priority based budgeting and enhanced positive dialogue with SFC. All of these projects represent positive steps by Edinburgh College to address the highest priority opportunities for improvement.

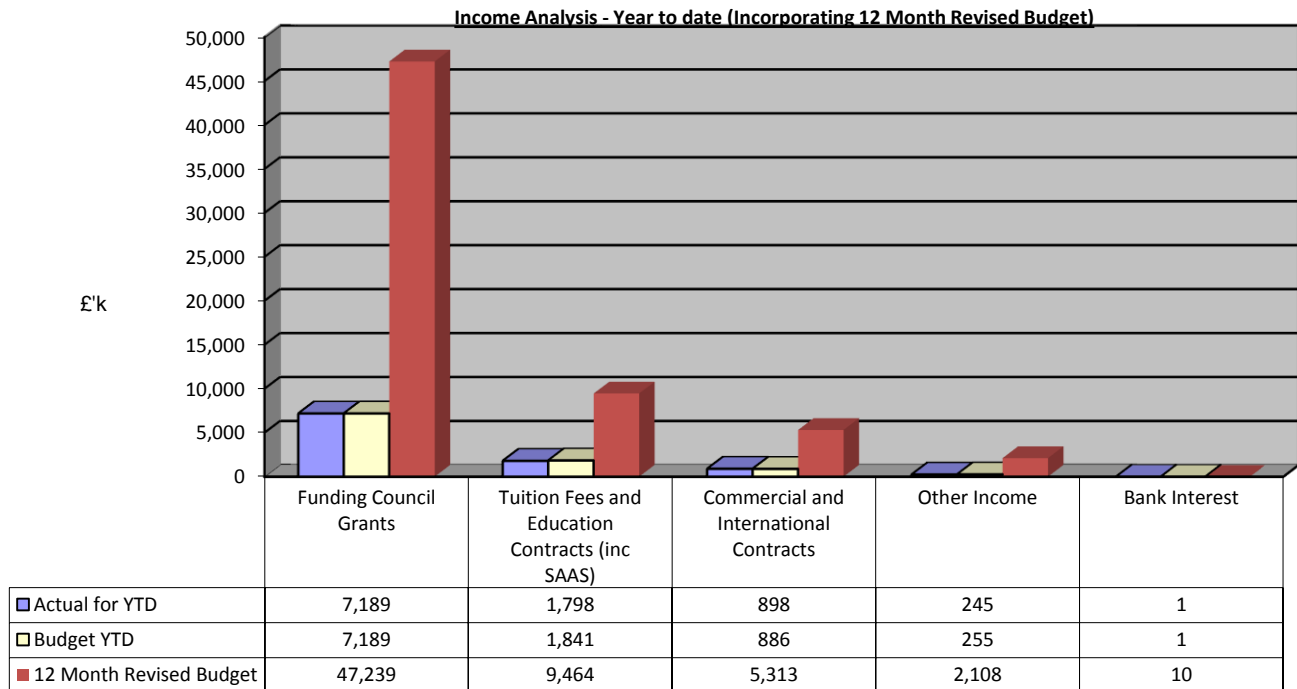
3.2 The College's Budget for 2016/17 has been set in line with the 3-year Business Transformation Plan, which involves working towards a surplus of £0.4m in 2018/19. The budget deficit for the 2016/17 year is £3.8m. The College awaits confirmation from the SFC on its funding bid of £2.66m for Voluntary Severance support, and £0.65m of other associated transformational support.

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

3.3 The 'total achieved' figures will only be included when cost reductions have been clearly identified and agreed. There is currently ongoing work within curriculum and support areas towards identifying future cost savings related to curriculum design, and new staff structures for both support and curriculum areas.


4. INCOME ANALYSIS

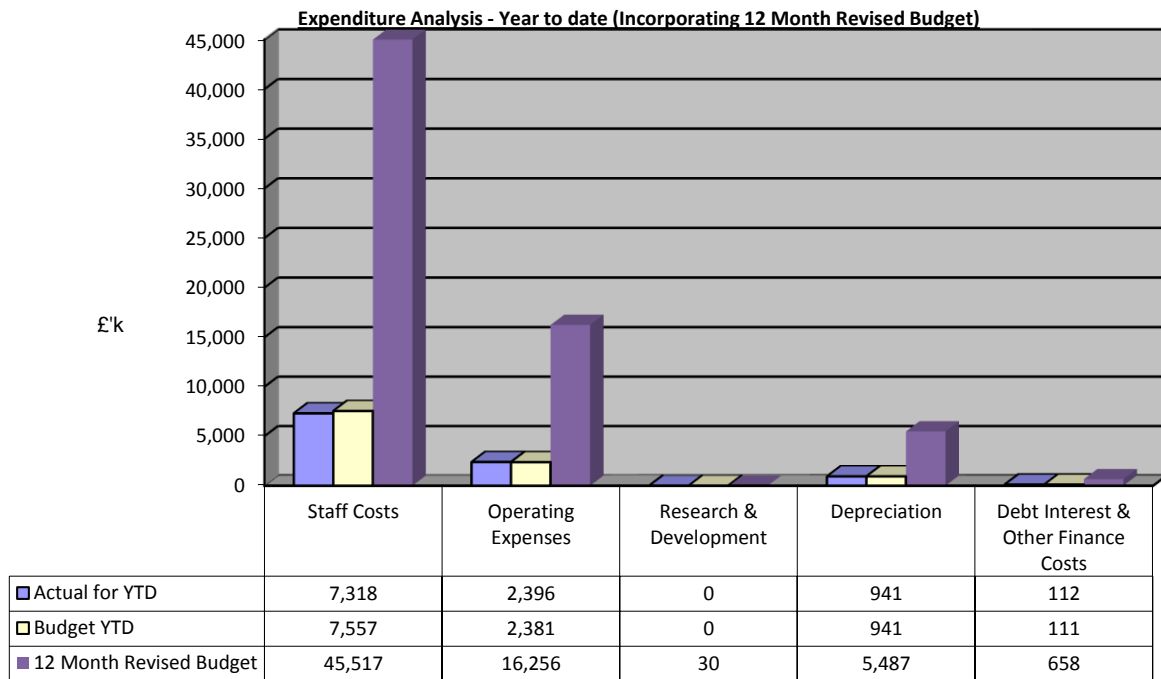
 Income Expanded Account Detail for the 2 Months to 30th September 2016 (ex SFC Grants)							
	<u>Original Annual Budget</u>	<u>Revised Annual Budget</u>	<u>YTD Budget</u>	<u>YTD Actuals</u>	<u>YTD Variance</u>	<u>Previous YTD</u>	<u>Year End Projection</u>
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
<u>INCOME</u>							
<u>Tuition Fees & Education Contracts</u>							
FE & HE- UK & EU, PT Self Payers & Exam Fee Income	1,401	1,401	517	500	(17)	427	1,401
SAAS	4,238	4,238	663	663	(0)	658	4,238
Associate Degree Fees	1,198	1,198	225	200	(25)	208	1,098
Managing Agents	1,362	1,362	227	227	(0)	227	1,362
Edinburgh Council - Pre Emp Contract	1,265	1,265	209	209		265	1,265
	9,464	9,464	1,841	1,798	(43)	1,786	9,364
<u>Commercial & International</u>							
International	1,350	1,350	205	205	0	271	1,350
SDS	600	600	95	95	(0)	105	600
Training Restaurants & Employability Salons (inc Bliss Spa)	173	173	27	27		29	173
Gym	338	338	50	50	0	52	338
Nursery	1,050	1,050	135	135		153	1,050
Residences	590	590	105	105		89	590
Access Centre Provision	130	130	15	15		2	130
Bespoke Contracts for Employers, Scheduled Short Courses & Other European Income	1,082	1,082	254	265	11	161	1,082
	5,313	5,313	886	898	12	860	5,313
<u>Other Income</u>							
Catering	1,879	1,879	191	191	(1)	252	1,879
Other Income Generating Activities	230	230	64	55	(9)	34	230
	2,108	2,108	255	246	(9)	286	2,108
<u>Endowment & Investment</u>							
Bank Interest	10	10	1	1		2	10
	10	10	1	1		2	10
TOTAL INCOME (EX SFC GRANTS)	16,895	16,895	2,983	2,942	(41)	2,934	16,795



- 4.1 A detailed review of student enrolment data is still being undertaken to ensure that data is robust for claiming credits. Student numbers and credits, although slightly down against planned activity, are targeted to come in on budget, and the corresponding Grant in Aid income has been brought to account in line with this assumption, as has ESF income. Students withdrawing before 1 November do not attract credits but it is hoped that this proportion will be reduced compared to previous years. Self-funding and SAAS funded student numbers also look broadly in line with expectations at this stage, resulting in a similar treatment. A detailed review is being undertaken on FE tuition fees which look low in comparison to budget (£131k adverse), but are currently covered by increased fees within HE and PT self-payers (£111k positive).
- 4.2 Associate Degree student numbers look lower than budget in some areas, notably Engineering, Tourism & Hospitality. These numbers are still changing as students are moved on to Associate Degree programmes, but based on early discussions with Heads of Faculty, income has been brought to account £25k behind budget. This area is under a specific review and a more accurate position will be known in the next reporting period after contract information is checked. The forecast for Associate Degree income has therefore been reduced by £100k compared to full year budget.
- 4.3 Our deferred income release for the year to date totaled £0.52m (budget £3.1m), in line with expectations, which is matched against associated depreciation charges.

5. EXPENDITURE ANALYSIS

 Expenditure (Non-Staffing) Expanded Account Detail for the 2 Months to 30th September 2016							
	<u>Original Annual Budget</u> £000s	<u>Revised Annual Budget</u> £000s	<u>YTD Budget</u> £000s	<u>YTD Actuals</u> £000s	<u>YTD Variance</u> £000s	<u>Previous YTD</u> £000s	<u>Year End Projection</u> £000s
Other Operating Expenses							
Premises	5,081	5,081	803	803	(0)	942	5,081
Teaching Activity & Support	912	911	278	283	(6)	217	911
Childcare Costs	1,500	1,500	95	95		92	1,500
Transport Costs	45	45	4	7	(3)	15	45
IT Costs	1,196	1,196	210	210	(0)	201	1,196
Telecomms Costs	201	201	33	33		21	201
Equipment	51	51	17	17	(0)	12	51
Health & Safety	89	89	17	17	(0)	19	89
Travel & Subsistence	523	523	62	62	0	66	523
Admin Costs	246	246	30	37	(7)	26	246
Corporate, Consultancy, Professional	1,146	1,146	96	96	(0)	64	1,146
Staff Welfare	16	16	4	4		1	16
Catering	1,337	1,337	142	133	9	203	1,337
Training & Development	113	113	4	4		6	113
VAT	1,480	1,480	277	277		300	1,480
Marketing & PR	215	215	76	75	1	69	215
Partnership Costs	560	560	153	166	(13)	93	560
Overseas Agents Commission	148	148	4		4	24	148
Registration & Exam Fees	1,351	1,351	76	76	(0)	94	1,351
Bad Debts	48	48					48
	16,256	16,256	2,381	2,396	(15)	2,465	16,256
Depreciation for the year	5,487	5,487	941	941	(0)	999	5,487
Debt Interest & Other Finance Costs	658	658	111	112	(2)	107	658
Research & Development	30	30				3	30
TOTAL EXPENDITURE (EX STAFFING)	22,431	22,431	3,433	3,450	(17)	3,574	22,431



- 5.1 As can be seen above at this early stage in the year most 'other operating expenses' budgets are in line with plan.
- 5.2 Year to date depreciation charges of £0.9m (2015/16 y/e: £5.997m) have been released from our fixed assets to reflect their economic use and any impairment.
- 5.3 The 2016/17 budget does not include a number of PBB savings, although further savings relating to several options, such as centralizing print services, will be reflected later in the year.

6. STAFF COST ANALYSIS

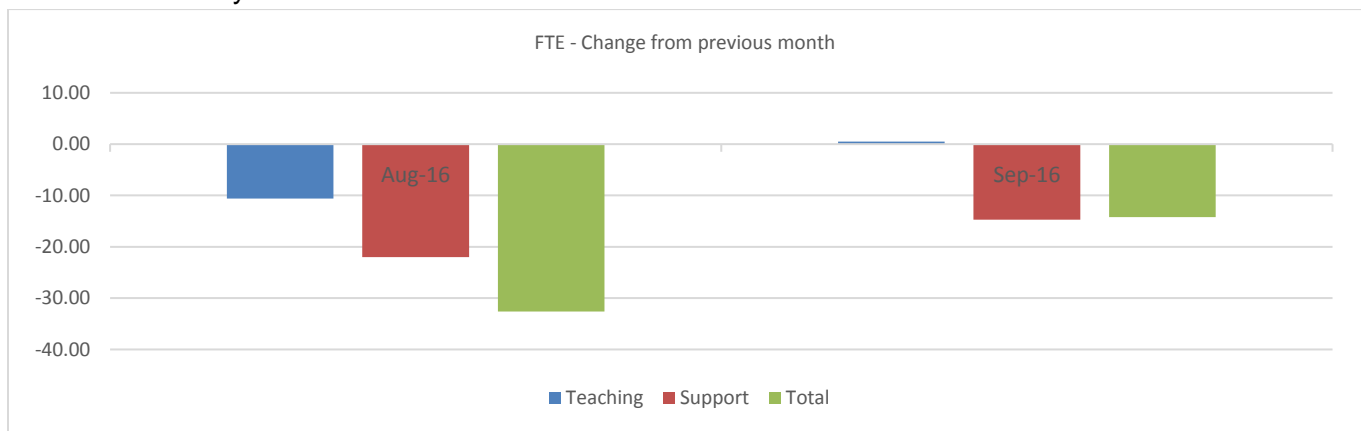
- 6.1 Costs of the first phase of the voluntary severance scheme (VS) were included in the prior year but those affected are leaving the college in the months up until October. Funding of £650k was received with corresponding costs being £636k to date. Unfunded costs of Senior Management VS (£341k) and stain costs of (£15k) were included in 2015/16 accounts. The full year savings associated with the first phase (£1.07m) are in line with the Business Transformation Plan (£1.03m). The budget does not include £0.2m of savings related to phase 2 of VS which should provide a benefit against budget later in the year. There has been a decrease in staff numbers of 47 FTE between July 2016 and September 2016; of these, 33 were as a result of VS.

Edinburgh College								Staffing Expenditure Expanded Account Detail for the 2 Months to 30th September 2016							
	Original Annual Budget	Revised Annual Budget	YTD Budget	YTD Actuals	YTD Variance	Previous YTD	Year End Projection								
	£000s	£000s	£000s	£000s	£000s	£000s	£000s								
Staff Costs															
Senior Management	1,793	1,797	348	321	27	321	1,785								
Academic Departments	23,036	23,036	3,847	3,781	66	3,684	22,884								
Academic Services	4,171	4,166	693	652	40	715	4,139								
Admin & Central Services	12,638	12,638	2,109	2,009	100	1,943	12,555								
Premises	1,120	1,120	188	197	(9)	204	1,113								
Catering & Residences	957	957	156	149	6	118	951								
Temporary & Agency Staff Costs	1,108	1,108	151	151	0	152	1,101								
Other Staffing Expenditure	694	694	66	59	7	73	689								
	45,517	45,517	7,557	7,318	238	7,210	45,217								

6.2 The effect of unfilled vacancies and lower than budgeted temporary staff costs have resulted in staff costs being £238k lower than budget. The introduction of a staff bank has had a beneficial effect.

6.3 This positive variance is unlikely to continue at this rate as posts are filled. There may be a benefit resulting from the second phase of VS later in the year depending on leaver dates; this is not included in the budget. Forecast full year staff costs have been reduced by £300k compared to budget as a result of the early improvement.

6.4 Movements by month are shown below.



7. TRADING DEPARTMENTS

	Catering (£)			Nursery (£)		
	YTD Sept 2016			YTD Sept 2016		
	Full Year Budget (£000)	YTD Revised Budget (£000)	Actuals (£000)	Full Year Budget (£000)	YTD Revised Budget (£000)	Actuals (£000)
Income	1,879	191	191	1,050	135	135
Staffing Expenditure	(1,114)	(181)	(171)	(1,026)	(168)	(158)
Non Staffing Expenditure	(791)	(77)	(80)	(184)	(29)	(29)
Net (Deficit) Contribution Towards Associated Costs	(27)	(67)	(61)	(160)	(62)	(52)

7.1 The above information provides an overview of the trading positions of the catering and nursery departments.

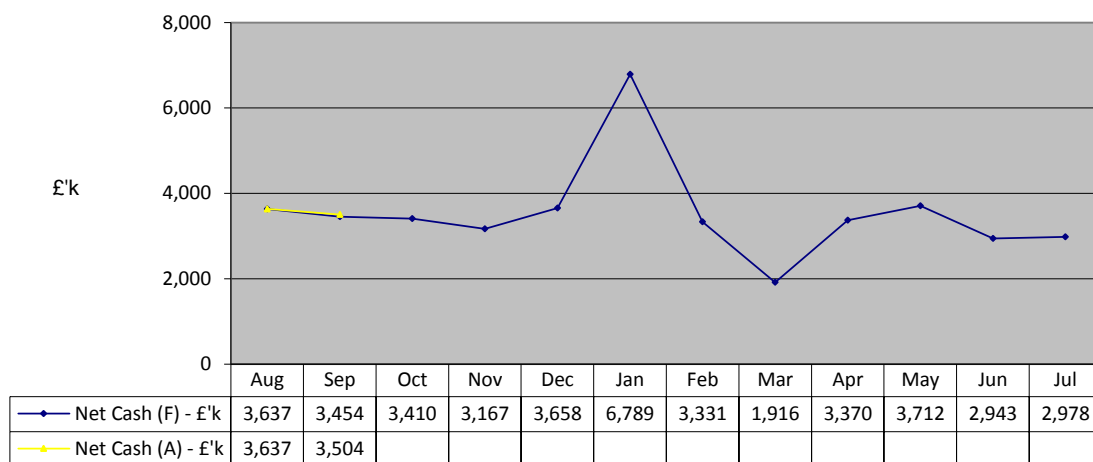
7.2 Performance to date is broadly in line with phased budgets, although full year forecasts have been requested from the relevant Departmental Heads, which will be incorporated for October reporting and this will shape the phasing in future months.

8. CASH-FLOW

8.1 The cash balance at the end of September is £3.5m which includes £2.8m of student support funds. The October cash forecast provided to the SFC shows a July 2017 balance of £1.8m, which excludes the debt support of £0.8m and ESF funding of £0.5m. This forecast includes the £2.9m of SFC transformational support.

8.2 Advanced cash funding is required from the SFC to accelerate progress towards a balanced budget position over the next 3 academic years. This will include cash support in 2016/17 (£2.9m), to enable recurring pay and non-pay overhead costs to be met in advance of releasing staff through voluntary severance schemes, and reducing supplies and services costs through cancelling or re-tendering out-sourced goods/services contracts, in addition to identifying more cost reduction / efficiency savings. Cash was received in August from SFC for £650k to fund phase 1 of voluntary severance which is being released in the subsequent months to match staff leaving dates.

Cash Position - Forecast versus Actuals to September 2016



9. BALANCE SHEET

<u>Balance Sheet as at 30 September 2016</u>		<u>As at 30</u> <u>Sep 16</u>	<u>As at 31</u> <u>Jul 16</u>	YTD Mvmt
		<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Fixed Assets	Land and Buildings	141,999	142,547	(548)
	Fixtures, fittings and Equipment	<u>7,431</u>	<u>7,633</u>	<u>(202)</u>
		149,430	150,180	(750)
Current Assets	Stock	106	122	(16)
	Debtors	3,954	2,645	1,309
	Cash - Main	697	1,287	(590)
	Cash - Student Support	<u>2,807</u>	<u>704</u>	<u>2,103</u>
		7,565	4,758	2,807
Total				
Creditors		(23,795)	(20,474)	(3,321)
Provisions		(30,273)	(30,368)	95
		<u>102,926</u>	<u>104,096</u>	<u>(1,170)</u>
Funded by:				
Deferred Capital Grants		60,596	61,131	(535)
Reserves		42,330	42,965	(635)
		<u>102,926</u>	<u>104,096</u>	<u>(1,170)</u>

9.1 The movement in Fixed Assets and Cash is shown in sections above. Increase in Debtors is the result of invoicing of fees. The Creditor increase represents Grant in Aid cash received not yet brought to the Income statement.

10. SFC REPORTING

Summary Resource Return (RDEL)

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

- 10.1 The College is required to report to the SFC on our financial performance each quarter during the year (monthly during the final quarter). These returns are submitted in a format prescribed by SFC, and relate to the period from April to March.
- 10.2 The main part of the return monitors spending against RDEL (Resource Departmental Expenditure Limit) and refers to all income and expenditure other than capital additions, depreciation and deferred grant release, and certain changes to provisions regarding pensions.
- 10.3 The first return was submitted in July, and reports on the actual spend for the quarter to the end of June, plus a projection of the outturn to March 2017. This projection is updated each time a return is submitted.
- 10.4 The September return reported a projected year-end out-turn of an over-spend of £0.2m against RDEL. The above figures include all of the income we expect to receive from the SFC (ie including debt support and ESF grants). However, the September return also includes SFC cash support funding of £2.9m (as we were instructed to include this figure by the SFC). There is the likelihood that the SFC will reduce Student Support funds during the year, which will increase the RDEL deficit accordingly. This deficit is expected given the starting budget deficit of £3.8m.
- 10.5 This is based on the actual out-turn for the academic year to July 2016, less the amounts recognised to March 2016, plus a pro-rata of figures from the transformation plan financials for the forthcoming academic year. This compares to an actual outturn of £375k overspend in the year to March 2016. Part of the difference is a change in scope, and the return now includes £1.3m in loan repayments which were previously excluded.
- 10.6 The CDEL (Capital Departmental Expenditure Limit) projection for the year is a breakeven position. This means we are projecting to spend the same amount on capital additions as grant received from SFC for this purpose. The AME (Annually Managed Expenditure) figure refers to movements in provisions and pension deficits. No projection has so far been provided for this as no figures were available at the time of submitting. The actuarial valuation of the pension scheme at 31 July 2016 will be reported as an amendment to the return to 31 March 2016 in line with SFC requirements.

11. KEY PERFORMANCE DATA

Financial Performance Monitoring Template							
	2015/16 Annual Target	2015/16 Revised Annual Target		2016/17 Annual Target	2016/17 YTD Actual		2015/16 Annual Out-turn
Credits	195,452	186,258		184,028	168,622		180,144
Credits ESF	4,806	2,000		2,000	-		-
	2015/16 Annual Budget	2016/17 Annual Budget	Revised Annual Budget	2016/17 YTD Budget	2015/16 YTD Actuals	YTD Variance	Previous YTD
	£k	£k	£k	£k	£k	£k	£k
Commercial & International Contracts	5,377	5,313	5,313	886	898	12	860
Refer sections 2 to 5							
Income	67,216	64,134	64,134	10,173	10,132	(41)	10,793
Expenditure	67,840	67,948	67,948	10,990	10,768	222	10,784
Operating Surplus / (Deficit)	(624)	(3,814)	(3,814)	(817)	(636)	181	9
Refer sections 6 to 7							
Net Cash Inflow / (Outflow)	941	987	987	1,446	1,496	50	1,241
Bank Balance	4,052	2,978	2,978	3,454	3,504	50	4,353
Fixed Assets	150,716	145,409	145,409	149,430	149,430	-	154,969
Net Current assets / (liabilities)	631	(6,352)	(6,352)	(4,403)	(4,403)	-	389
Creditors and Provisions	(39,662)	(40,261)	(40,261)	(41,534)	(41,534)	-	(40,681)
Net Assets	111,685	98,796	98,796	103,493	103,493	-	114,677
Pay costs % of Income	% 67.2	71	71	74.4	72.2	2.2	66.8
Current Ratio	1.1	0.47	0.47	0.63	0.63	-	1.04
Cash Days in Hand	4	(37)	(37)	(30)	(30)	-	2
Borrowings as % of reserves	% 10.0	10.6	10.6	10.6	10.6	-	9.9

	<u>Original Annual Budget</u> £000s	<u>Revised Annual Budget</u> £000s	<u>YTD Budget</u> £000s	<u>YTD Actuals</u> £000s	<u>YTD Variance</u> £000s	<u>Previous YTD</u> £000s	<u>Year End Projection</u> £000s
Funding Council Grants	43,374	43,374	6,536	6,536	(0)	7,176	43,374
Deferred Capital Grant Releases	3,065	3,065	520	520	(0)	550	3,065
Debt Support Grant	800	800	133	133	0	133	800
Tuition Fees and Education Contracts (inc SAAS)	9,464	9,464	1,841	1,798	(43)	1,786	9,364
Commercial and International Contracts	5,313	5,313	886	898	12	860	5,313
Other Income	2,118	2,118	256	246	(9)	288	2,118
Total Income	64,134	64,134	10,173	10,132	(41)	10,793	64,034
Staff Costs	45,517	45,517	7,557	7,318	238	7,210	45,217
Other Operating Expenses	16,256	16,256	2,381	2,396	(15)	2,465	16,256
Depreciation	5,487	5,487	941	941	(0)	999	5,487
Debt Interest & Other Finance Costs	658	658	111	112	(2)	107	658
Research & Development	30	30	0	0	0	3	30
Total Expenditure	67,948	67,948	10,990	10,768	222	10,784	67,648
Operating Surplus / (Deficit)	(3,814)	(3,814)	(817)	(636)	181	9	(3,614)
Statement of Historical Cost Surpluses and Deficits for the 2 Months to 30th September 2016							
Operating Surplus / (Deficit)	(3,814)	(3,814)	(817)	(636)	181	9	(3,614)
Difference between historical cost depreciation and actual revaluation charge for the period	612	612	104	104	0	109	612
Historical Cost Surplus / (Deficit)	(3,202)	(3,202)	(713)	(532)	181	118	(3,002)

	<u>Original Annual Budget £000s</u>	<u>Revised Annual Budget £000s</u>	<u>YTD Budget £000s</u>	<u>YTD Actuals £000s</u>	<u>YTD Variance £000s</u>	<u>Previous YTD £000s</u>	<u>Year End Projection £000s</u>
INCOME							
Funding Council Grants							
Recurrent Grant Inc Fee Waiver	40,162	40,162	6,178	6,178	0	6,591	40,162
Childcare Funds	1,500	1,500	95	95		92	1,500
Deferred Capital Grants	3,065	3,065	520	520	(0)	550	3,065
Debt Support Grants	800	800	133	133		133	800
Other SFC Grants	1,712	1,712	263	263	(0)	493	1,712
	47,239	47,239	7,189	7,189	(0)	7,859	47,239
Tuition Fees & Education Contracts							
FE - UK & EU	1,401	1,055	184	54	(131)	6	1,055
HE - UK & EU		135	135	216	81	163	135
PT Self Payers		211	198	228	30	256	211
Examination Fee Income		0	0	2	2	2	0
SAAS	4,238	4,238	663	663	(0)	658	4,238
Associate Degree Fees	1,198	1,198	225	200	(25)	208	1,098
Managing Agents	1,362	1,362	227	227	(0)	227	1,362
Edinburgh Council - Pre Emp Contract	1,265	1,265	209	209		265	1,265
	9,464	9,464	1,841	1,798	(43)	1,786	9,364
Commercial & International							
International	1,350	1,350	205	205	0	271	1,350
SDS	600	600	95	95	(0)	105	600
EH15 and The Apprentice Restaurants	53	53	3	3	1	7	53
Bliss SPA and Employability Salons	120	120	24	24		22	120
Gym	338	338	50	50	0	52	338
Nursery	1,050	1,050	135	135		153	1,050
Residences	590	590	105	105		89	590
Access Centre Provision	130	130	15	15		2	130
Bespoke Contracts for Employers	1,052	950	130	125	(5)	139	950
Scheduled Short Courses	30	132	124	140	16	16	132
Other European Income						6	
	5,313	5,313	886	898	12	860	5,313
Other Income							
Catering	1,879	1,879	191	191	(1)	252	1,879
Other Income Generating Activities	230	230	64	55	(9)	34	230
	2,108	2,108	255	246	(9)	286	2,108
Endowment & Investment							
Bank Interest	10	10	1	1		2	10
	10	10	1	1		2	10
TOTAL INCOME	64,134	64,134	10,173	10,132	(41)	10,793	64,034
EXPENDITURE							
Staff Costs							
Senior Management	1,793	1,797	348	321	27	321	1,785
Academic Departments	23,036	23,036	3,847	3,781	66	3,684	22,884
Academic Services	4,171	4,166	693	652	40	715	4,139
Admin & Central Services	12,638	12,638	2,109	2,009	100	1,943	12,555
Premises	1,120	1,120	188	197	(9)	204	1,113
Catering & Residences	957	957	156	149	6	118	951
Temporary & Agency Staff Costs	1,108	1,108	151	151	0	152	1,101
Other Staffing Expenditure	694	694	66	59	7	73	689
	45,517	45,517	7,557	7,318	238	7,210	45,217
Other Operating Expenses							
Premises	5,081	5,081	803	803	(0)	942	5,081
Teaching Activity & Support	912	911	278	283	(6)	217	911
Childcare Costs	1,500	1,500	95	95		92	1,500
Transport Costs	45	45	4	7	(3)	15	45
IT Costs	1,196	1,196	210	210	(0)	201	1,196
Telecomms Costs	201	201	33	33		21	201
Equipment	51	51	17	17	(0)	12	51
Health & Safety	89	89	17	17	(0)	19	89
Travel & Subsistence	523	523	62	62	0	66	523
Admin Costs	246	246	30	37	(7)	26	246
Corporate, Consultancy, Professional	1,146	1,146	96	96	(0)	64	1,146
Staff Welfare	16	16	4	4		1	16
Catering	1,337	1,337	142	133	9	203	1,337
Training & Development	113	113	4	4		6	113
VAT	1,480	1,480	277	277		300	1,480
Marketing & PR	215	215	76	75	1	69	215
Partnership Costs	560	560	153	166	(13)	93	560
Overseas Agents Commission	148	148	4	4	4	24	148
Registration & Exam Fees	1,351	1,351	76	76	(0)	94	1,351
Bad Debts	48	48					48
	16,256	16,256	2,381	2,396	(15)	2,465	16,256
Depreciation for the year	5,487	5,487	941	941	(0)	999	5,487
Debt Interest & Other Finance Costs							
Interest On Bank Loans	623	623	104	104		111	623
Other Finance Charges	35	35	7	8	(2)	(5)	35
	658	658	111	112	(2)	107	658
Research & Development							
	30	30				3	30
TOTAL EXPENDITURE	67,948	67,948	10,990	10,768	222	10,784	67,648
Operating Surplus / (Deficit)	(3,814)	(3,814)	(817)	(636)	181	9	(3,614)

Balance Sheet
For the 2 Months to 30th September 2016

	<u>2016/2017</u> <u>YTD Actuals</u> <u>£000s</u>	<u>2015/16</u> <u>Year End</u> <u>£000s</u>	<u>2015/2016</u> <u>Previous YTD</u> <u>£000s</u>
Fixed Assets			
L&B	141,999	142,547	145,183
FFE	7,431	7,633	9,786
	149,430	150,179	154,969
Current Assets			
Stock	106	122	118
Debtors	3,955	2,645	4,781
Cash	3,504	1,991	4,353
	7,565	4,758	9,252
Creditors < 1yr			
Loans	(408)	(408)	(386)
Payments received in advance	(432)	(241)	(306)
Trade creditors	(1,110)	(1,198)	(1,484)
Taxes & social sec	(946)	(1,141)	(836)
Accruals, Def Inc & Other Creditors	(3,228)	(5,970)	(2,621)
Amounts owed to SFC	(6,412)	(75)	(3,231)
Deferred Capital Grants - Government		(3,065)	(3,231)
	(12,535)	(12,097)	(12,095)
Net current assets / (liabilities)	(4,970)	(7,339)	(2,843)
Total assets less current liabilities	144,459	142,840	152,127
Creditors > 1yr			
Bank loans	(10,540)	(10,575)	(10,948)
Lennartz VAT	(721)	(866)	(1,551)
Deferred Capital Grants - Government		(58,066)	(1,551)
	(11,260)	(69,507)	(14,050)
Provisions			
Early retirement	(4,988)	(5,037)	(4,926)
Other	9	(37)	(40)
	(4,979)	(5,074)	(4,966)
Net pension asset / (liability)	(25,294)	(25,294)	(23,216)
NET ASSETS	102,926	42,965	109,895
Deferred capital grants			
SFC	60,042	60,576	62,721
Other	554	555	565
Transferred to Crs within one year		(3,065)	
Transferred to Crs gr than one year		(58,066)	
	60,596	0	63,286
Reserves			
I&E account	39,589	40,118	46,075
Pension reserve	(25,294)	(25,294)	(23,216)
Revaluation reserve	28,035	28,141	28,532
	42,330	42,965	51,391
CAPITAL & RESERVES	102,926	42,965	114,677

