

## POLICY & RESOURCES COMMITTEE

### AGENDA

A meeting of the Policy & Resources Committee will be held at 14:00 hours on Tuesday, 22 May 2018 in the Boardroom, Milton Road.

		Lead Speaker	Paper
1	WELCOME & APOLOGIES	Chair	
2	DECLARATIONS OF INTEREST	Chair	
3	<a href="#">MINUTES OF PREVIOUS MEETING</a> <i>for approval</i>	Chair	A
4	MATTERS ARISING REPORT	Chair	B
5	BUSINESS TRANSFORMATION PLAN UPDATE	N Croft	C
<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	STRATEGIC PLAN AND BLUEPRINT 2017-22 UPDATE	A Craig / N Croft	D
<i>Item 6 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.</i>			
7	RECRUITMENT & RETENTION DASHBOARD <b>Attached</b>	J Pearson	E
8	DRAFT PERFORMANCE MONITORING DASHBOARD	N Croft	F
<i>Item 8 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 27, Information Intended for Future Publication.</i>			
9	HUMAN RESOURCES REPORT	M Hernandez	G
10	FINANCE REPORT		
10.1	Management Accounts to March 2018 <b>Attached</b>	L Towns	H
10.2	Indicative College Budget 2018/19	L Towns	I

10.3	Financial Forecast 2018/19 to 2021/22	A Williamson	Presentation
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*Item 10.2 and 10.3 are presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 27, Information Intended for Future Publication.*

11	CAPITAL AND INFRASTRUCTURE REPORT	A Williamson	Verbal
12	HORIZON SCANNING REPORT <b>Attached</b>	N Croft	J
13	ANY OTHER COMPETENT BUSINESS		
	13.1 Review of Committee Operation 2017/18 <b>Attached</b>	Chair	K
14	DATE OF NEXT MEETING: TBC		

<b>FOR INFORMATION / DISCUSSION</b>			
Meeting	Policy & Resources Committee 22.05.18		
Presented by	Jonny Pearson		
Author/Contact	Jonny Pearson	Department / Unit	Executive
Date Created	03.05.18	Telephone	0131 297 8449
Appendices Attached			
Disclosable under FOISA		Yes.	

## **2017/18 RECRUITMENT & CREDITS UPDATE**

### **1. PURPOSE**

This paper aims to provide the Policy & Resources Committee with an updated overview of the College's performance against its 2017/18 recruitment and retention targets and to update progress around full-time recruitment for AY 2018/19.

The figures in this paper are accurate as of 02 May 2018.

### **2. BACKGROUND**

For academic year 2017/18 the SFC set Edinburgh College an activity target of 187,028 credits. This is comprised of:

<b>Core Credits</b>	<b>Additional Childcare Credits</b>	<b>ESF Credits</b>	<b>Total Credits</b>
184,028	1,714	2,000	187,742

As in 2016/17, the college is required to achieve its core credits (184,028) including a minimum of 52,340 HE credits before we are able to claim the 2,000 ESF credits.

The additional 1,714 Early Years credits were allocated to the college to enable our local authority partners to meet the workforce development needs of the Scottish Governments 1140 hours commitment.

### **3. DETAIL**

Current credit position 191,858 (60,912 HE credits).

#### **Semester 2**

<b>Planned Credits</b>	<b>Delivered Credits</b>	<b>Enrolled</b>	<b>Early WD</b>
17,687	17,237	5,327	1.4%

We have achieved ALL of our activity target(s) and have over-delivered by 4,116 credits at no extra cost. This has been achieved through:

- Improved recruitment;
- Increased average class size;
- Improved retention;
- Increased number of progressing students.

We are now focusing on improving achievement and reducing the level of partial success.

### **2018/19 Full-time Recruitment**

Applications for full-time courses for AY 2018/19 opened on 22 January 2018, our current position is:

<b>Applications</b>	<b>Offers Made</b>	<b>Offers Accepted</b>
(2018/19) 13,220	7,570	6,162
(2017/18) 13,751	6,415	5,446

- 3.8 % decrease in number of applications [*Applications opened one week earlier in 2017/18*];
- 18 % increase in number of offers;
- 13 % increase in number of offers accepted.

#### **4. BENEFITS AND OPPORTUNITIES**

Following evaluation of last year's data, we have implemented changes designed to further improve our PI's for 2018/19. Constant analysis of comparative data has enabled us to make proactive changes to the curriculum and to the application process as a whole.

#### **5. STRATEGIC IMPLICATIONS**

The Board is responsible for the financial sustainability of the College. It is Good practice for the Board to monitor all areas of performance that can impact on the College's viability.

#### **6. RISK**

Poor recruitment could lead to financial problems for the college. We are monitoring recruitment on a daily basis and managing the risk accordingly – the recruitment position is improved on this time last year and I believe we are well placed to exceed our recruitment target for AY 2018/19.

#### **7. FINANCIAL IMPLICATIONS**

Bodies fundable by the SFC are required by the Financial Memorandum to deliver their outcome agreement. Failure to achieve targets agreed with the SFC may result in financial clawback.

#### **8. LEGAL IMPLICATIONS**

Not applicable.

#### **9. WORKFORCE IMPLICATIONS**

Not applicable.

#### **10. REPUTATIONAL IMPLICATIONS**

Achieving this level of continued growth improves our reputation and helps both Scottish Government and SFC have confidence in the direction of travel of Edinburgh College.

**11. EQUALITIES IMPLICATIONS**

Not applicable

**CONCLUSIONS/RECOMMENDATIONS**

The Policy & Resources Committee are asked to NOTE the information provided by the Assistant Principal (Recruitment & Retention).



<b>FOR INFORMATION / DISCUSSION</b>			
Meeting	Policy & Resources Committee 22.05.18		
Presented by	Lindsay Towns		
Author/Contact	Lindsay Towns	Department / Unit	Finance
Date Created	09.05.18	Telephone	-
Appendices Attached	<i>Appendix 1: Management Accounts to March 2018 (with commentary)</i>		
Disclosable under FOISA		Yes.	

## **MANAGEMENT ACCOUNTS TO MARCH 2018**

### **1. PURPOSE**

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

### **2. BACKGROUND**

The Policy & Resources Committee are asked to review the management accounts at each meeting, in order to assess the college's current financial position.

### **3. DETAIL**

Contained within Appendix 1.

### **4. BENEFITS AND OPPORTUNITIES**

The Board is responsible for the financial sustainability of the college, and it is considered good practice to monitor all areas of performance that can impact on the college's viability.

### **5. STRATEGIC IMPLICATIONS**

Content inherent within strategic objectives.

### **6. RISK**

Content assists monitoring college's financial performance.

### **7. FINANCIAL IMPLICATIONS**

Inherent within content.

### **8. LEGAL IMPLICATIONS**

Some content may cover legal issues.

### **9. WORKFORCE IMPLICATIONS**

Some content may cover workforce issues.

**10. REPUTATIONAL IMPLICATIONS**

None.

**11. EQUALITIES IMPLICATIONS**

None.

**CONCLUSIONS/RECOMMENDATIONS**

The Policy & Resources Committee are asked to DISCUSS and NOTE the Management Accounts to March 2018





## **FINANCIAL REPORT**

### **8 MONTHS TO 31 MARCH 2018**

#### **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 2017/18 Budget
4. Income Analysis
5. Expenditure Analysis
6. Staff Cost Analysis
7. Trading Departments
8. Cash-flow
9. Balance Sheet
10. SFC Reporting
11. Key Performance Data

#### **Appendices:**

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

#### **DISTRIBUTION**

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

The following report provides an update on the financial position of  
Edinburgh College at 31<sup>st</sup> March 2018

## 1. EXECUTIVE SUMMARY

### Activity

	2017/18 Annual Budget		Actuals achieved @ 19/04/18	Over-achieved
<b>GIA @ £224 per credit income</b>	£41,293,859		£41,293,859	-
Credit Target / achieved	184,028		184,028	3,760
<b>Additional Childcare @ £141.5 per credit income</b>	£242,554		£242,554	-
Credit Target / achieved	1,714		1,714	-
<b>ESF @ £238.15</b>	£476,300		£476,300	-
ESF Credit target / achieved	2,000		2,000	-

- 1.1 The College has achieved its 2017/8 credit targets (total credits at 19<sup>th</sup> April are **191,502**) and the College is currently discussing, with the SFC, the possibility of securing additional ESF or Childcare funding.

### 1.2 Income and Expenditure

	<u>Annual Budget</u> £000s	<u>YTD Budget</u> £000s	<u>YTD Actuals</u> £000s	<u>YTD Variance</u> £000s	<u>Previous YTD</u> £000s	<u>Full Year Forecast</u> £000s
Funding Council Grants	45,699	28,726	29,057	331	28,690	46,505
Tuition Fees and Commercial & Other Income	17,154	12,271	11,258	(1,013)	10,970	15,574
Deferred Income	3,187	2,130	2,130	-	2,050	3,187
Exceptional Support Grants	-	-	-	-	585	-
<b>Total Income</b>	<b>66,040</b>	<b>43,127</b>	<b>42,445</b>	<b>(682)</b>	<b>42,295</b>	<b>65,266</b>
Staff Costs	45,592	29,676	29,208	468	29,724	44,776
Other Costs	15,715	10,413	10,031	382	10,897	15,418
Depreciation	5,246	3,506	3,506	-	3,545	5,246
Exceptional Support Costs	-	-	-	-	638	-
<b>Total Expenditure</b>	<b>66,553</b>	<b>43,595</b>	<b>42,745</b>	<b>850</b>	<b>44,804</b>	<b>65,440</b>
<b>Operating (Deficit)</b>	<b>(514)</b>	<b>(468)</b>	<b>(300)</b>	<b>168</b>	<b>(2,510)</b>	<b>(174)</b>

- 1.3 The £0.51m deficit budget for 2017/18 is in line with the second year of the business transformation plan as agreed with the SFC.

1.4 The March year to date operating position of £0.3m (previous month deficit £0.328m) is £0.2m favourable compared to the phased budget. The main variances are:

- Favourable expenditure variances (mostly within staff costs), as a result of unfilled vacant posts, delayed recruitment and vacancy churn across many College departments
- Positive income variances within SFC grants of £331k (largely FWDF unbudgeted income of £322k) and within other income of net £81k (mast rentals and sustainability grants)
- Adverse income variances within tuition fees of £483k (mainly lower SAAS funding, Associate Degree income and IES (WEACT) pre-employability contract revenues) and within commercial income of £612k (lower than planned revenue from SDS contracts, bespoke & scheduled courses, the Nursery function and Halls of Residencies activity).

1.5 The full year forecast operating deficit of £0.174m has improved by £8k from last month and is £340k favourable to the College's starting budget. The main forecast movements are outlined below:

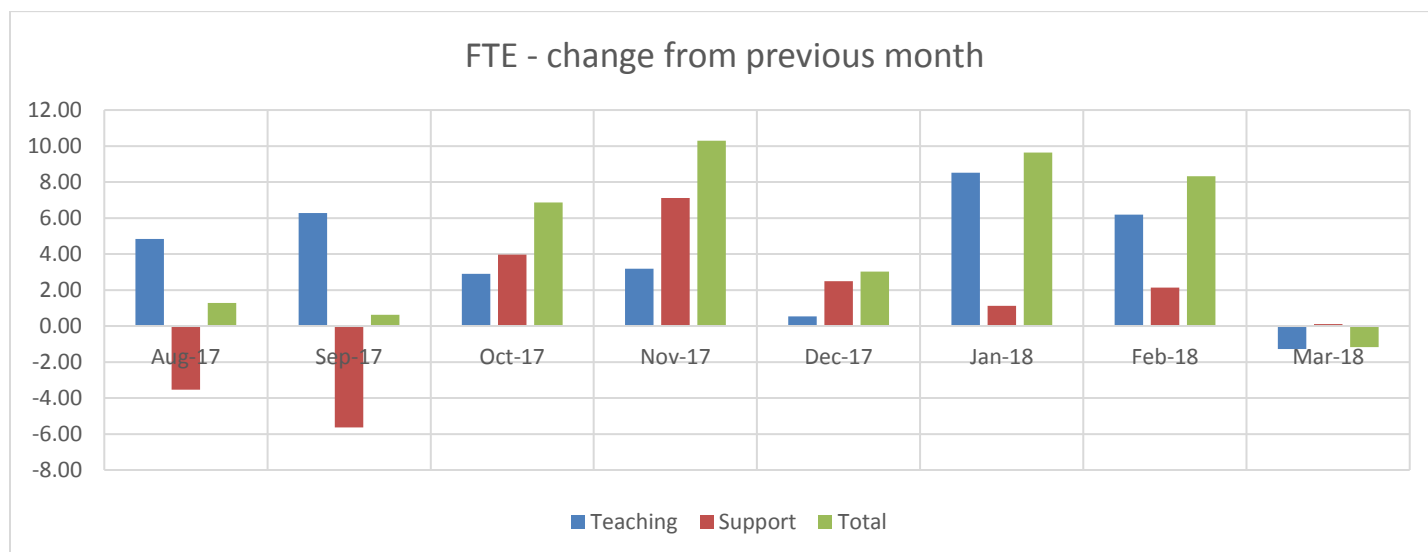
- Nursery income is forecast to be a further £50k below budget due to continued lower recruitment than envisaged
- Income from SAAS funded, HE and Associate Degree students and PT self-payers is projected to settle the year £20k lower in total, than budget, compared to last month's total projected shortfall for these items (current projected total shortfall: £426k).
- The full year income projection for the FWDF programme has been increased by £151k (and now stands at £451k above budget), although this has been wholly offset by a corresponding forecast decrease within scheduled and bespoke course income of £151k (which now stands at £502k forecast below budget – i.e. a net income deficit of £51k). On a positive note, associated SDS and FWDF expenditure is currently forecast to settle the year £50k lower than budget
- Income from our EH15 and The Apprentice Restaurants is now forecast to increase, compared to full year budget, by £2k
- Efficiency savings totaling £29k have been identified within utilities ( mostly electricity as a result of savings from CEEP work), professional fees and stationery costs
- A small increase has been forecast in debt interest and other finance costs of £3k.

#### 1.6 Staff (Full Time Equivalent)

<b>FTE</b>	<b>31/07/17</b>	<b>31/03/18</b>	<b>Other movement</b>	<b>VS reduction (phase 3 scheme)</b>	<b>31/03/17</b>
Teaching	473.8	505.0	31.2	-	492.1
Support	548.0	555.8	9.9	(2.1)	581.6
	1,021.8	1,060.8	41.1	(2.1)	1,073.7

Since the start of the academic year, staff numbers have increased by net 39 FTE across a number of departments, as a result of vacancies being filled. FTE has remained stable in March, with a slight decrease of net 1.2 FTE (Teaching FTE has decreased by 1.3 FTE and Support FTE has increased by 0.1 FTE).

FTE Staff movements by month are shown below:



### 1.7 Cash Position

Opening Cash	Month-end cash	Forecast year-end cash	Comments
01/08/2017	31/03/2018	31/07/2018	<p>Opening cash includes net £1.4m of 2016/17 underspent student support funds which were returned to the SFC in March.</p> <p>The forecast balance for the year-end is £0.7m lower than last month owing to lower tuition fee and commercial revenue projections.</p>
£'m.	£'m.	£'m.	
4.8	1.6	2.0	

### 1.8 Capital Expenditure

Opening Fixed Assets	Additions YTD	Depreciation	Closing Fixed Assets	Comments
01/08/2017	31/03/2018	31/03/2018	31/03/2018	<p>Additions to date are fully funded by grants and comprise College Energy Efficient Pathfinder (CEEP) projects, together with ICT developments, fire protection &amp; UPS battery upgrades and CCTV enhancements.</p>
£'m.	£'m.	£'m	£'m.	
146.5	2.5	(3.5)	145.5	

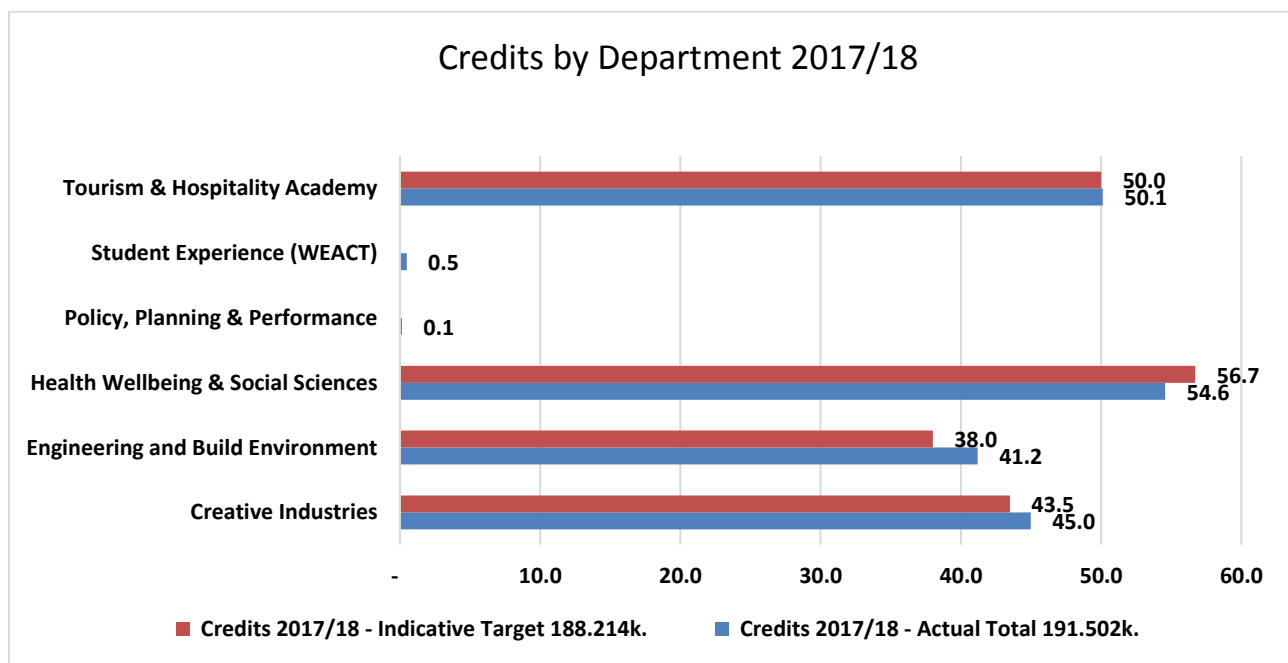
## 1.9 Underlying Operating Result

As per SFC Measurement basis	Actual 2015-16	Actual 2016-17	Budget 2017-18	YTD Actuals Mar 18
	£000	£000	£000	£000
<b>Deficit (2016/17 after £2.9m adjustment)</b>	<b>(7,035)</b>	<b>(5,379)</b>	<b>(514)</b>	<b>(300)</b>
<b>Add:</b>				
Depreciation net of deferred capital grant release	2,862	2,235	2,059	1,376
Non-cash pension adjustments (not included in deficit 2016/17 and 2017/18)	1,829	2,198	0	0
<b>Deduct:</b>				
Revenue funding allocated to loan repayments	1,518	1,598	1,452	968
<b>Underlying operating result</b>	<b>(3,862)</b>	<b>(2,544)</b>	<b>92</b>	<b>108</b>

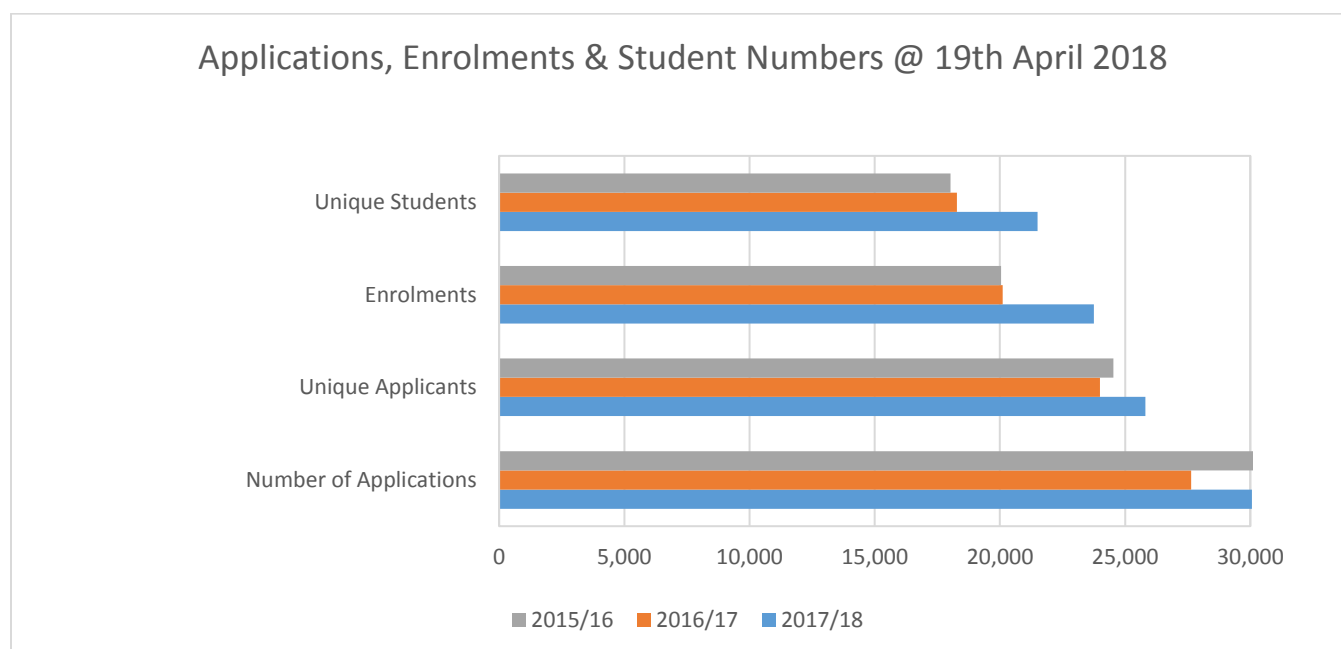
The College's underlying operating position is a measure introduced by the SFC following recommendations by Audit Scotland. The current year figures excludes pension adjustments which will not be known until after the end of the academic year.

## 2. CREDIT AND STUDENT ACTIVITY

- 2.1 The total credit target for Academic Year 2017/18 is **187,742** (refer para 1.1 for detail). The College has achieved **191,502 credits** at 19<sup>th</sup> April 2018. The "Credits by Department" table (below) shows a comparison of YTD performance by department, against current full year targets.



- 2.2 The following table shows a comparison of Applications, Enrolments and Unique Student numbers over the years 2015/16 to 2017/18 (to date).




### 3. PROGRESS WITH THE TRANSFORMATION PLAN AND ITS ALIGNMENT TO THE COLLEGE'S 2017/18 BUDGET

- 3.1 In April 2016, a 3 year Business Transformation Plan which outlined a sustainable business model for the future was implemented, and the 2017/18 budget which stands at £0.51m deficit has been set in line with the transformation plan. The budget incorporates recurring savings to date as shown in the table below. Latest forecasts show a break even position from 2018/19.

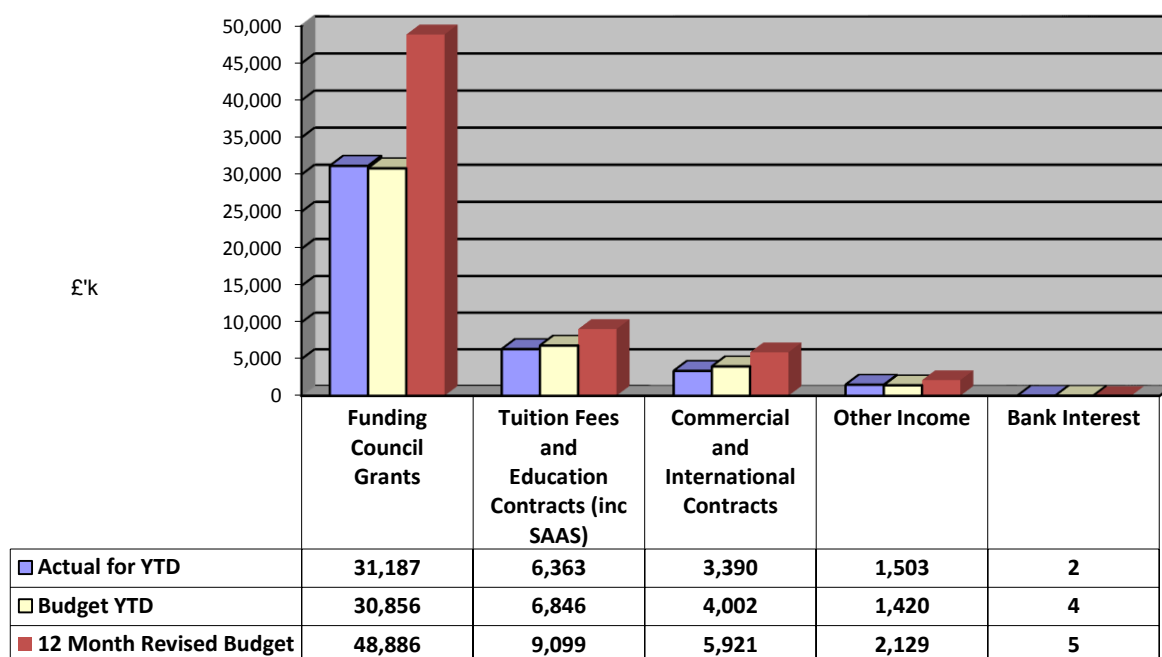
Savings for future starting budgets	For Academic Year 2015/16	For Academic Year 2016/17	For Academic Year 2017/18
	£'m	£'m	£'m
Voluntary Severance 1	1.03m		-
Voluntary Severance 2	-	0.76m	-
Voluntary Severance 3		2.46m	
Voluntary Severance 4			0.35m
Non-Pay costs		0.38m	0.45m
<b>Transformation Plan</b>	<b>1.03m</b>	<b>3.60m</b>	<b>0.80m</b>
Achieved to date:			
Voluntary Severance 1	1.07m		-
Voluntary Severance 2	-	0.77m	-
Voluntary Severance 3		1.74m	
Other Staff Cost Savings		0.53m	
Non-Pay costs		0.81m	0.35m
<b>Total Achieved</b>	<b>1.07m</b>	<b>3.85m</b>	<b>0.35m</b>

- 3.2 The 'total achieved' figures are only included when cost reductions have been clearly identified and agreed. It is anticipated non-pay savings will be recognized in the latter part of this year.
- 3.3 Phase 4 of the VS scheme has just closed and will be funded from unspent Phase 3 funding.

## INCOME ANALYSIS

		Income Account Detail for the 8 Months to 31st March 2018 (Ex Core SFC Grants)						
 For the future you want		<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>
<b>4. Income Analysis</b>								
<b><u>Tuition Fees &amp; Education Contracts</u></b>								
FE - UK & EU	106	106	105	93	(12)	108	94	
HE - UK & EU	369	369	363	391	28	360	391	
PT Self Payers	766	766	756	675	(81)	692	675	
Examination Fee Income	20	20	9	14	5	10	20	
SAAS	4,221	4,221	2,861	2,663	(198)	2,671	4,008	
Associate Degree Fees	990	990	967	846	(122)	604	846	
Managing Agents	1,362	1,362	943	976	33	892	1,411	
Edinburgh Council - Pre Emp Contract	1,265	1,265	842	706	(136)	652	995	
	9,099	9,099	6,846	6,363	(483)	5,989	8,440	
<b><u>Commercial &amp; International</u></b>								
International	1,350	1,350	896	896		707	1,350	
SDS	929	929	635	445	(190)	457	689	
EH15 and The Apprentice Restaurants	53	53	40	55	16	55	55	
Bliss SPA and Employability Salons	120	120	81	81		90	120	
Gym	313	313	211	217	5	199	313	
Nursery	1,150	1,150	637	545	(92)	626	1,000	
Residences	541	541	328	295	(33)	385	491	
Access Centre Provision	130	130	104	106	2	110	130	
Bespoke Contracts for Employers	549	479	396	311	(85)	416	348	
Scheduled Short Courses	786	856	674	439	(235)	440	485	
	5,921	5,921	4,002	3,390	(612)	3,486	4,981	
<b><u>Other Income</u></b>								
Catering	1,753	1,753	1,135	1,119	(15)	1,127	1,753	
Other Income Generating Activities	377	377	285	383	98	366	397	
	2,129	2,129	1,420	1,503	82	1,493	2,149	
<b><u>Endowment &amp; Investment</u></b>								
Bank Interest	5	5	4	2	(1)	3	5	
	5	5	4	2	(1)	3	5	
<b>Exceptional Support Grants</b>						585		
<b>TOTAL INCOME (EX CORE SFC GRANTS)</b>		<b>17,154</b>	<b>17,154</b>	<b>12,272</b>	<b>11,258</b>	<b>(1,013)</b>	<b>11,555</b>	<b>15,575</b>

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



- 4.1 Grant in Aid and ESF income has been achieved, whilst activity above the College's original funded level is being discussed with the SFC, in the hope of securing additional funding (which will depend on the position of the sector as a whole). Following the recent SFC announcement of funding allocations for 2018/19, £341k was allocated to cover 2017/18 unfunded national bargaining costs and was included (last month) in the forecast and will be accrued into the current academic year.
- 4.2 SAAS funded & HE students and PT self-payers fees are forecast to be £282k in total behind budget (an overall adverse movement of £45k compared to last month).
- 4.3 Associate degree student numbers remain lower than budget across a number of courses. However, the full year forecast for associate degree income has improved slightly this month (owing to eligible infills following earlier withdrawals) and now stands at £0.85m (a shortfall of £144k compared to budget, but an improvement of £25k compared to last month's projection). Managing agent activity remains on track to settle the year £49k above budget (in line with last month), with any adverse contract positions continuing to be offset by positive movements.
- 4.4 Following the latest review of outcomes to date in relation to the IES (WEACT) pre-employability contract, a full year shortfall for the year of £270k was identified (unchanged from last month). This has been partly mitigated by associated partnership payment savings of £90k, leaving a current net forecast I&E shortfall for the year of £180k.
- 4.5 SDS income is currently expected to settle at £0.7m, a shortfall of £240k compared to budget (in line with last month). Although new courses have recently been added to try to bridge the gap, enrolments (eligible for SDS funding) are lower than originally budgeted. The Foundation



Apprentice portion of this contract has proved to be challenging, due to timescales and associated criteria. However, all Colleges are in a similar position and mitigating expenditure savings are being sought to bridge this current income gap (£50k of associated savings have been identified to date and are included, this month, in the College's full year projections). In addition, revenue from our Milton Road accommodation block is forecast to settle £50k below full year budget, partly offset by mitigating savings in associated catering costs of £20k (unchanged from last month).


- 4.6 The College can access up to £1.6m of FWDF funding in the current academic year to deliver bespoke training packages to apprenticeship levy payers in the Edinburgh region. The deadline for applications has been extended to the end of June 2018. At the end of March, 51 applications have been received (up from 47 applications last month), with a total value of approximately £483k. Marketing campaigns remain in progress (including a bespoke 'LinkedIn' campaign) to promote the FWDF (and to promote the College's other bespoke and scheduled short courses). This fund will be renewed again in the next academic year.

Although the FWDF represents an opportunity to draw down additional income, strict criteria and reporting deadlines have reduced the ability of the College to maximise income. In addition, significant extra resources are likely to be required to support this activity, including the use of external associates. Latest projections indicate that circa £523k of income is likely to be achieved in the current year. FWDF income flows were previously unbudgeted and have now been included in the full year forecast (within other SFC grants) - £0.451m has been reflected in the forecast for prudence (an improvement of £151k compared to last month's projection).

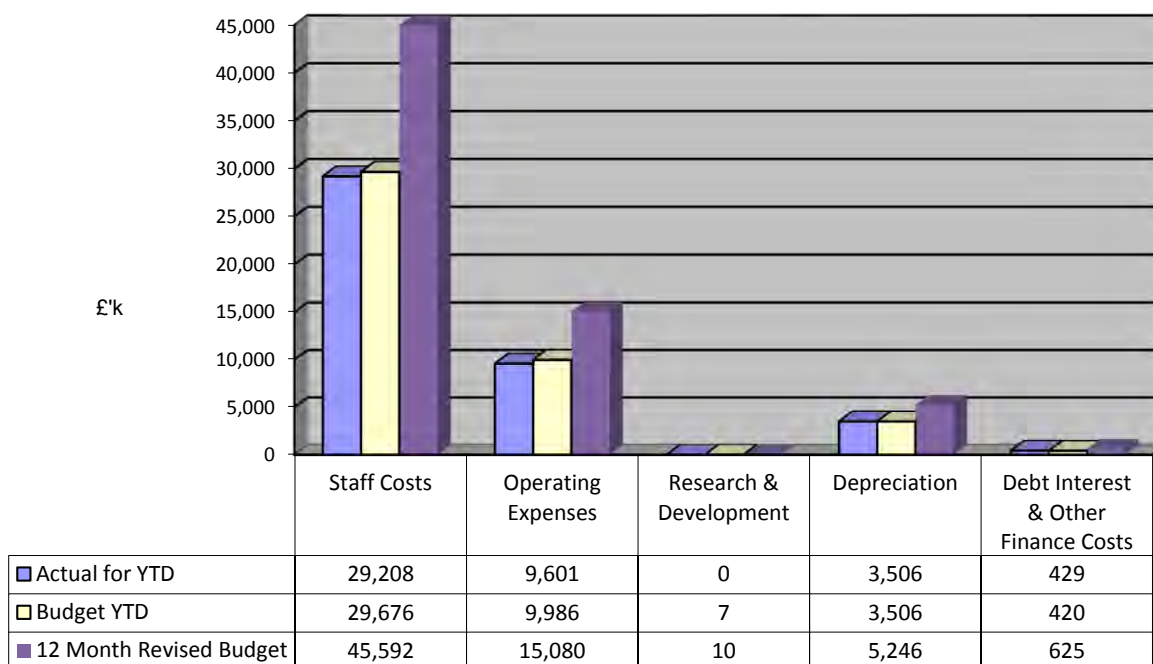
A number of organisations which would have previously booked bespoke and scheduled courses through the College have now channeled their activities through the FWDF programme. As a consequence, the full year forecast for bespoke and scheduled courses has been reduced by £502k in total (an adverse movement of £151k compared to last month). Associated budget expenditure is being used to support the FWDF programme, whilst further improvement is being sought by the Business and International Development teams, who continue to focus on maximising FWDF drawdowns before the closing date, seeking new contracts with prospective customers and working closely with faculty heads to bridge the current forecast net income gap (net £51k – in line with last month).

- 4.7 The trading positions for the catering and nursery operations are shown in paragraph 7.
- 4.8 Following the above changes to tuition fees, FWDF, scheduled and bespoke courses and nursery income forecasts (together with a small increase (£2k) to the full year projection for EH15 and The Apprentice Restaurant income), the full year forecast for total income now stands at £65.3m, £0.8m lower than full year budget and an adverse net movement of £68k compared to last month's full year income projection.

## 5. EXPENDITURE ANALYSIS

<div></div> <div>For the future you want</div>		Total Expenditure (Non-Staffing) Account Detail for the 8 Months to 31st March 2018						
		<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>
		£000s	£000s	£000s	£000s	£000s	£000s	£000s
<u>Other Operating Expenses</u>								
Premises	4,760	4,771	3,216	3,134	82	3,302	4,798	
Teaching Activity & Support	900	911	731	791	(60)	688	911	
Childcare Costs	1,500	1,500	1,150	1,150		1,123	1,500	
Transport Costs	59	62	47	51	(4)	69	62	
IT Costs	942	942	609	577	32	656	927	
Telecomms Costs	185	185	123	100	23	116	185	
Equipment	59	56	37	29	9	24	56	
Health & Safety	37	38	26	19	7	38	23	
Travel & Subsistence	436	435	269	277	(8)	237	435	
Admin Costs	181	191	126	107	19	111	186	
Corporate, Consultancy, Professional	1,001	968	523	453	70	574	910	
Staff Welfare	16	16	13	13	0	10	16	
Catering	1,319	1,303	768	723	45	710	1,213	
Training & Development	113	115	76	47	30	48	115	
VAT	1,300	1,300	974	974		1,081	1,300	
Marketing & PR	203	213	118	102	16	111	208	
Partnership Costs	560	560	424	343	81	353	470	
Overseas Agents Commission	118	118	31	27	4	70	118	
Registration & Exam Fees	1,352	1,357	696	657	40	1,111	1,307	
Bad Debts	40	40	28	28	0	22	40	
	15,080	15,080	9,986	9,601	384	10,455	14,780	
Depreciation for the year	5,246	5,246	3,506	3,506		3,545	5,246	
<u>Debt Interest &amp; Other Finance Costs</u>								
Interest On Bank Loans	595	595	396	396		415	595	
Other Finance Charges	30	30	23	33	(9)	28	33	
	625	625	420	429	(9)	443	628	
Research & Development	10	10	7	0	6		10	
Exceptional Support Costs						638		
TOTAL EXPENDITURE (NON-STAFFING)	20,961	20,961	13,918	13,537	381	15,080	20,664	

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



- 5.1 The full year forecast for 'other' operating expenditure currently stands at £14.8m, £300k lower than full year budget, and a favourable movement of £79k from last month's projection. This movement follows a review of projected SDS and FWDF costs (now forecast to be lower than full year budget by £50k), together with lower than projected utilities, professional fees and stationery costs totaling £29k (below budget).

The full year forecast for total expenditure now stands at £65.4m, £1,113k lower than full year budget and an improvement of £76k from last month's projection (reflecting the movements in other operating expenditure above partly offset by a small forecast increase in debt interest and other finance costs of £3k). Controlling expenditure remains a priority for the remainder of the year, whilst overspent areas to date remain under close review.

## 6. STAFF COST ANALYSIS

Staffing Expenditure Account Detail for the 8 Months to 31st March 2018							
	Original Annual Budget	Revised Annual Budget	YTD Budget	YTD Actuals	YTD Variance	Previous YTD	Year End Projection
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Staff Costs</b>							
Senior Management	1,617	1,617	1,081	1,075	6	1,331	1,597
Academic Departments	23,520	23,479	15,260	15,044	216	15,048	23,206
Academic Services	4,405	4,405	2,869	2,819	50	2,744	4,305
Admin & Central Services	11,923	11,995	7,702	7,436	266	8,020	11,685
Premises	1,164	1,164	777	760	17	796	1,148
Catering & Residences	1,150	1,150	767	741	26	672	1,090
Temporary, Agency & Staff Bank Costs	1,157	1,157	768	869	(101)	745	1,157
Other Staffing Expenditure	656	626	454	464	(10)	369	589
	45,592	45,592	29,676	29,208	468	29,724	44,776

- 6.1 Staff costs are currently £468k lower than the profiled budget, as a result of unfilled vacant posts, delayed recruitment and vacancy churn across many College departments.
- 6.2 The large current positive trend is likely to be dampened once vacant posts are eventually filled. However, full year staffing costs are currently projected to settle the year at £44.8m, £816k lower than budget (in line with last month's projection). All recruitment requests to current staffing vacancies remain under close review and opportunities to increase savings should arise over the coming months, supplemented by agency and temporary staffing costs traditionally reducing through June and July. This forecast does not include 'cost of living' pay increases (per NJNC negotiation) from 1 April 2017 (the effect of this would be approximately £0.23m in the current year if the increase was 1%).
- 6.3 Staff numbers have increased by net 39 FTE since July 2017, as vacancies are filled across a number of College departments.

## 7. TRADING DEPARTMENTS

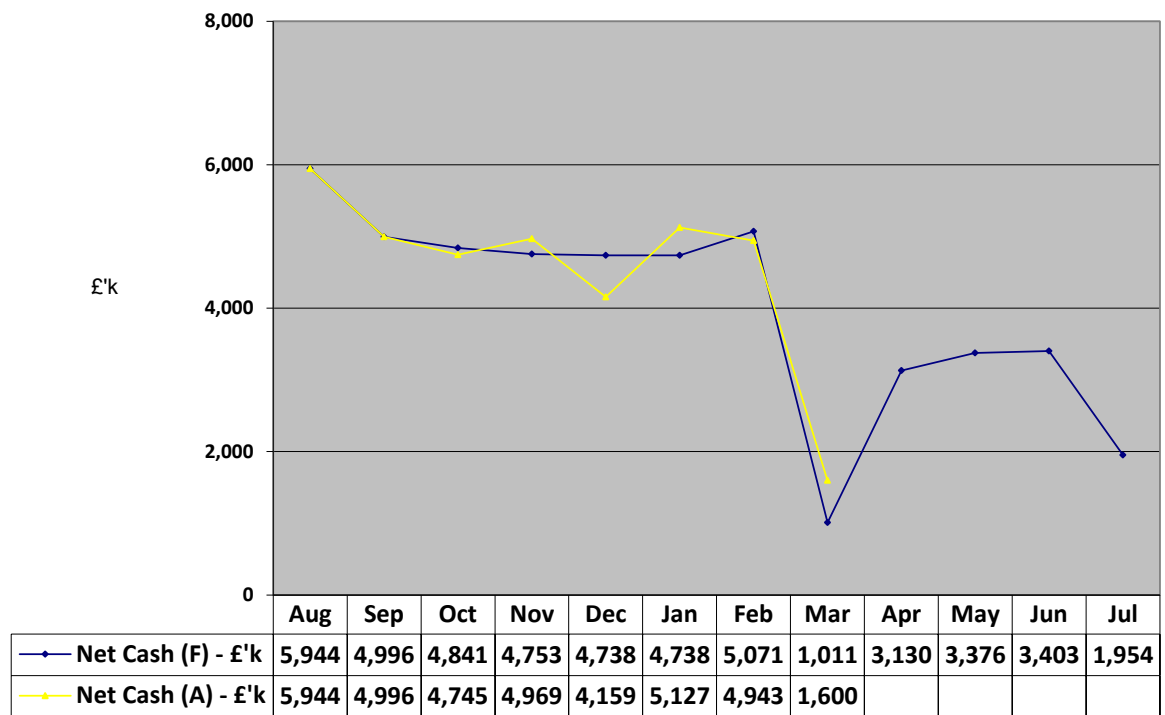
	Catering				Nursery				
	YTD Mar 2018				YTD Mar 2018				
	Full Year Budget (£000)	YTD Revised Budget (£000)	Actuals (£000)	Full Year Forecast (£000)	Full Year Budget (£000)	YTD Revised Budget (£000)	Actuals (£000)	Full Year Forecast (£000)	
	Income	1,753	1,135	1,135	1,753	1,150	637	545	1,000
	Staffing Expenditure	(1,103)	(736)	(705)	(1,103)	(1,021)	(641)	(601)	(1,021)
Non Staffing Expenditure	(730)	(480)	(476)	(730)	(148)	(61)	(19)	(78)	
Net (Deficit) Contribution Towards Associated Costs	(81)	(82)	(47)	(81)	(19)	(66)	(75)	(99)	

- 7.1 The above information provides an overview of the trading positions of the catering and nursery departments.
- 7.2 The Nursery has forecast full year income to be £150k below budget due to lower than planned recruitment (an adverse movement of £50k from last month). Lower associated costs of £70k in totality are being targeted to partly mitigate this current projected income shortfall and this figure has been included in the full year forecast (in line with last month). Various initiatives (including marketing) remain in progress to increase revenue within the Nursery function, whilst tight cost controls have been implemented and further efficiency savings continue to be sought.
- 7.3 Performance to date within the Catering department remains broadly in line with budget but with potential for cost savings due to delayed staffing recruitment and vacancy churn. The full year forecasts remain in line with full year budgets (unchanged from last month).

## 8. CASH-FLOW

- 8.1 The cash balance at the end of March is £1.6m, which includes £0.5m of student support funds. The forecast balance for the year-end is £2m, a deterioration of £678k compared to last month's projection owing to lower tuition fee and commercial revenue projected inflows. The forecast year-end balance includes £0.5m of FWDF funds, which are due to be received but assumed not to be paid out in the current year, and also the repayment of the prior year underspend in Student Support funds.

### Cash Position - Forecast versus Actuals to March 2018



## 9. BALANCE SHEET

<b><u>Balance Sheet as at 31 March 2018</u></b>		<b><u>As at 31 Mar 18</u></b>	<b><u>As at 31 Jul 17</u></b>	<b>YTD Mvmt</b>
		<b><u>£'000</u></b>	<b><u>£'000</u></b>	<b><u>£'000</u></b>
Fixed Assets	Land and Buildings	137,083	139,276	(2,193)
	Fixtures, fittings and Equipment	<u>8,457</u>	<u>7,186</u>	<u>1,271</u>
		145,540	146,462	(922)
Current Assets	Stock	97	136	(39)
	Debtors	2,794	2,141	653
	Cash - Main	1,057	2,937	(1,880)
	Cash - Student Support	<u>543</u>	<u>1,862</u>	<u>(1,319)</u>
Total		4,491	7,076	(2,585)
Creditors		(66,858)	(69,092)	2,234
Bank Loans		(10,329)	(10,577)	248
Lennartz		(520)	(1,037)	517
Provisions		(26,665)	(26,873)	208
		<u>45,659</u>	<u>45,959</u>	<u>(300)</u>
Funded by:				
Reserves		45,659	45,959	(300)
		<u>45,659</u>	<u>45,959</u>	<u>(300)</u>

- 9.1 The movements in Fixed Assets and Cash are detailed in sections 1.7 and 1.8 above. The increase in debtors from the start of the year relates to the invoicing of commercial contracts and the accrual of tuition fees (including associate degrees and managing agents) as a result of amounts still payable in April / May and the accrual of ESF grants, payable once our FE/HE credits achievement has been verified. Debtors and creditors have reduced from February so they are more in line with typically lower year end balances.

## 10. SFC REPORTING

- 10.1 The College reports to the SFC on our financial performance each quarter during the year (monthly during the final quarter). The final return for the 2017/18 financial year (which commenced on 1<sup>st</sup> April 2017) was submitted to SFC 2018 in April 2018

### Summary Resource Return (RDEL)

£'k	Actual 12 mths to 31 Mar 18	Actual 12 mths to 31 Mar 17
SFC Income	55,332	55,612
Other Income	16,070	16,106
<b>Total Income</b>	<b>71,402</b>	<b>71,718</b>
Expenditure	(69,036)	(71,265)
	2,366	453
<b>Less Loan repayment</b>	<b>(1,543)</b>	<b>(1,267)</b>
<b>Net Under/(Over)spend</b>	<b>823</b>	<b>(814)</b>

- 10.2 The final resource return shows an under-spend of £0.8m against RDEL. This compares to an initial annual projected over-spend of £0.5m. This variance is due to a few factors. Voluntary severance funds of £625k relating to Phase 4 of the scheme are included in Grant income but not paid out before March. Workforce Development Funds of £800k similarly are included in income but will not be incurred until later in the year. Additionally staff and other operating costs have been lower than expected. These has been offset by the repayment in the year of £1.4m relating to 2016/17 under-spend in Student support funds.
- 10.3 The CDEL (Capital Departmental Expenditure Limit) figure for the year shows an under-spend of £231k. This is due to there being a £212k retention on the CEEP project that will only be paid in January 2019 if the initial savings from the project are made. There is also a balance of £19k that will be spent on boiler works after March 2018.
- 10.4 The AME (Annually Managed Expenditure) figure refers to movements in provisions and the revaluation of pension deficits. We have not provided a figure in the March year-end return due to us not having adequate information to calculate this at the current time. We will update the final 2017/18 return for the SFC in September 2018 once we have the valuation of the LPF and have adequate information to calculate the movement on the early retirement provision. This treatment is in line with their instructions and prior years.

10.5 In December 2017 the SFC sent out a communication with a framework for the spend of the fixed cash budget for priorities (CBP) [previously named 'net depreciation'], and confirmed the Scottish government's agreement to lock the CBP at the 2015/16 level of net depreciation. The value for Edinburgh College of this figure is £2,547k (an impact of this decision is underway). The table below outlines how this is forecast to be spend until 2021/22.

	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Table of cash budget for priorities spend	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/2022
Revenue	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Pay award	874	637	874	874	874	874	874
Estates-related (revenue)	-	-	-	687	925	905	885
Operating deficit	470	-	196	-	-	-	-
<b>Total impact on operating position</b>	<b>1,344</b>	<b>637</b>	<b>1,070</b>	<b>1,561</b>	<b>1,799</b>	<b>1,779</b>	<b>1,759</b>
Capital							
Loan repayments	385	406	418	440	464	484	504
Payments against provisions pre 1 April 2014	1,133	1,192	1,059	546	284	284	284
<b>Total Capital</b>	<b>1,518</b>	<b>1,598</b>	<b>1,477</b>	<b>986</b>	<b>748</b>	<b>768</b>	<b>788</b>
<b>Total cash budget for priorities spend</b>	<b>2,862</b>	<b>2,235</b>	<b>2,547</b>	<b>2,547</b>	<b>2,547</b>	<b>2,547</b>	<b>2,547</b>



## 11. KEY PERFORMANCE DATA

Financial Performance Monitoring Template							
	2016/17 Annual Target	2016/17 Revised Annual Target		2017/18 Annual Target	2017/18 YTD Actual	Over- achieved	2016/17 Annual Out-turn
Credits	184,028	184,028		184,028	187,788	3,760	184,978
Credits Additional Childcare	-	-		1,714	1,714	-	-
Credits ESF	2,000	2,000		2,000	2,000	-	2,000
	2016/17 Annual Budget	2017/18 Annual Budget	Revised Annual Budget	2017/18 YTD Budget	2017/18 YTD Actuals	YTD Variance	Previous YTD
	£k	£k	£k	£k	£k	£k	£k
Commercial & International Contracts	5,313	5,921	5,921	4,002	3,390	(612)	3,486
Refer sections 2 to 5							
Income	67,819	66,040	66,040	43,127	42,445	(682)	42,295
Expenditure	68,733	66,553	66,553	43,595	42,745	850	44,804
Operating Surplus / (Deficit) pre SSAP24	(914)	(514)	(514)	(468)	(300)	168	(2,510)
Refer sections 6 to 7							
Net Cash Inflow / (Outflow)	(452)	(1,245)	(1,245)	(3,199)	(3,199)	-	302
Bank Balance	1,539	3,554	3,554	1,600	1,600	-	2,293
Fixed Assets	145,409	142,335	142,335	145,540	145,540	-	147,693
Net Current assets / (liabilities)	(6,517)	(7,414)	(7,414)	(6,960)	(6,960)	-	(10,090)
Creditors and Provisions	(97,538)	(89,898)	(89,898)	(92,921)	(92,921)	-	(97,147)
Net Assets	41,354	45,023	45,023	45,659	45,659	-	40,456
Pay costs % of Income	% 67.2	69.0	69.0	68.8	68.8	-	70.3
Current Ratio	0.47	0.35	0.35	0.39	0.39	-	0.34
Cash Days in Hand	(37)	(44)	(44)	(43)	(43)	-	(59)
Borrowings as % of reserves	% 10.6	10.4	10.4	10.1	10.1	-	11.1



# I&E Account for the 8 Months to 31st March 2018

	<u>Original Annual Budget £000s</u>	<u>Revised Annual Budget £000s</u>	<u>YTD Budget £000s</u>	<u>YTD Actuals £000s</u>	<u>YTD Variance £000s</u>	<u>Previous YTD £000s</u>	<u>Year End Projection £000s</u>
Funding Council Grants	44,899	44,899	27,928	28,259	331	28,156	45,705
Deferred Capital Grant Releases	3,187	3,187	2,130	2,130	0	2,050	3,187
Debt Support Grant	800	800	798	798	0	533	800
Tuition Fees and Education Contracts (inc SAAS)	9,099	9,099	6,846	6,363	(483)	5,989	8,440
Commercial and International Contracts	5,921	5,921	4,002	3,390	(612)	3,486	4,981
Other Income	2,134	2,134	1,424	1,505	81	1,496	2,154
Exceptional Support Grants	0	0	0	0	0	585	0
<b>Total Income</b>	<b>66,040</b>	<b>66,040</b>	<b>43,127</b>	<b>42,445</b>	<b>(682)</b>	<b>42,295</b>	<b>65,266</b>
Staff Costs	45,592	45,592	29,676	29,208	468	29,724	44,776
Other Operating Expenses	15,080	15,080	9,986	9,601	384	10,455	14,780
Depreciation	5,246	5,246	3,506	3,506	0	3,545	5,246
Debt Interest & Other Finance Costs	625	625	420	429	(9)	443	628
Research & Development	10	10	7	0	6	0	10
Exceptional Support Costs	0	0	0	0	0	638	0
<b>Total Expenditure</b>	<b>66,553</b>	<b>66,553</b>	<b>43,595</b>	<b>42,745</b>	<b>850</b>	<b>44,804</b>	<b>65,440</b>
<b>Operating Surplus / (Deficit)</b>	<b>(514)</b>	<b>(514)</b>	<b>(468)</b>	<b>(300)</b>	<b>168</b>	<b>(2,510)</b>	<b>(174)</b>
<b>Statement of Historical Cost Surpluses and Deficits for the 8 Months to 31st March 2018</b>							
<b>Operating Surplus / (Deficit)</b>	<b>(514)</b>	<b>(514)</b>	<b>(468)</b>	<b>(300)</b>	<b>168</b>	<b>(2,510)</b>	<b>(174)</b>
Difference between historical cost depreciation and actual revaluation charge for the period	623	623	415	415	0	415	623
<b>Historical Cost Surplus / (Deficit)</b>	<b>109</b>	<b>109</b>	<b>(53)</b>	<b>115</b>	<b>168</b>	<b>(2,095)</b>	<b>449</b>



I&E Account Detail for the 8 Months to 31st March 2018

	<u>Original</u> <u>Annual</u> <u>Budget</u> <u>£000s</u>	<u>Revised</u> <u>Annual</u> <u>Budget</u> <u>£000s</u>	<u>YTD Budget</u> <u>£000s</u>	<u>YTD Actuals</u> <u>£000s</u>	<u>YTD</u> <u>Variance</u> <u>£000s</u>	<u>Previous</u> <u>YTD</u> <u>£000s</u>	<u>Year End</u> <u>Projection</u> <u>£000s</u>
<b>INCOME</b>							
<b><u>Funding Council Grants</u></b>							
Recurrent Grant Inc Fee Waiver	41,536	41,536	25,566	25,566	(0)	25,538	41,536
Childcare Funds	1,500	1,500	1,150	1,150		1,123	1,500
Deferred Capital Grants	3,187	3,187	2,130	2,130		2,050	3,187
Debt Support Grants	800	800	798	798		533	800
Other SFC Grants	1,863	1,863	1,212	1,543	331	1,495	2,668
	48,886	48,886	30,856	31,187	331	30,740	49,692
<b><u>Tuition Fees &amp; Education Contracts</u></b>							
FE - UK & EU	106	106	105	93	(12)	108	94
HE - UK & EU	369	369	363	391	28	360	391
PT Self Payers	766	766	756	675	(81)	692	675
Examination Fee Income	20	20	9	14	5	10	20
SAAS	4,221	4,221	2,861	2,663	(198)	2,671	4,008
Associate Degree Fees	990	990	967	846	(122)	604	846
Managing Agents	1,362	1,362	943	976	33	892	1,411
Edinburgh Council - Pre Emp Contract	1,265	1,265	842	706	(136)	652	995
	9,099	9,099	6,846	6,363	(483)	5,989	8,440
<b><u>Commercial &amp; International</u></b>							
International	1,350	1,350	896	896		707	1,350
SDS	929	929	635	445	(190)	457	689
EH15 and The Apprentice Restaurants	53	53	40	55	16	55	55
Bliss SPA and Employability Salons	120	120	81	81		90	120
Gym	313	313	211	217	5	199	313
Nursery	1,150	1,150	637	545	(92)	626	1,000
Residences	541	541	328	295	(33)	385	491
Access Centre Provision	130	130	104	106	2	110	130
Bespoke Contracts for Employers	549	479	396	311	(85)	416	348
Scheduled Short Courses	786	856	674	439	(235)	440	485
	5,921	5,921	4,002	3,390	(612)	3,486	4,981
<b><u>Other Income</u></b>							
Catering	1,753	1,753	1,135	1,119	(15)	1,127	1,753
Other Income Generating Activities	377	377	285	383	98	366	397
	2,129	2,129	1,420	1,503	82	1,493	2,149
<b><u>Endowment &amp; Investment</u></b>							
Bank Interest	5	5	4	2	(1)	3	5
	5	5	4	2	(1)	3	5
<b>Exceptional Support Grants</b>							
						585	
<b>TOTAL INCOME</b>	<b>66,040</b>	<b>66,040</b>	<b>43,127</b>	<b>42,445</b>	<b>(682)</b>	<b>42,295</b>	<b>65,266</b>
<b><u>EXPENDITURE</u></b>							
<b><u>Staff Costs</u></b>							
Senior Management	1,617	1,617	1,081	1,075	6	1,331	1,597
Academic Departments	23,520	23,479	15,260	15,044	216	15,048	23,206
Academic Services	4,405	4,405	2,869	2,819	50	2,744	4,305
Admin & Central Services	11,923	11,995	7,702	7,436	266	8,020	11,685
Premises	1,164	1,164	777	760	17	796	1,148
Catering & Residences	1,150	1,150	767	741	26	672	1,090
Temporary, Agency & Staff Bank Costs	1,157	1,157	768	869	(101)	745	1,157
Other Staffing Expenditure	656	626	454	464	(10)	369	589
	45,592	45,592	29,676	29,208	468	29,724	44,776
<b><u>Other Operating Expenses</u></b>							
Premises	4,760	4,771	3,216	3,134	82	3,302	4,798
Teaching Activity & Support	900	911	731	791	(60)	688	911
Childcare Costs	1,500	1,500	1,150	1,150		1,123	1,500
Transport Costs	59	62	47	51	(4)	69	62
IT Costs	942	942	609	577	32	656	927
Telecomms Costs	185	185	123	100	23	116	185
Equipment	59	56	37	29	9	24	56
Health & Safety	37	38	26	19	7	38	23
Travel & Subsistence	436	435	269	277	(8)	237	435
Admin Costs	181	191	126	107	19	111	186
Corporate, Consultancy, Professional	1,001	968	523	453	70	574	910
Staff Welfare	16	16	13	13	0	10	16
Catering	1,319	1,303	768	723	45	710	1,213
Training & Development	113	115	76	47	30	48	115
VAT	1,300	1,300	974	974		1,081	1,300
Marketing & PR	203	213	118	102	16	111	208
Partnership Costs	560	560	424	343	81	353	470
Overseas Agents Commission	118	118	31	27	4	70	118
Registration & Exam Fees	1,352	1,357	696	657	40	1,111	1,307
Bad Debts	40	40	28	28	0	22	40
	15,080	15,080	9,986	9,601	384	10,455	14,780
<b>Depreciation for the year</b>	<b>5,246</b>	<b>5,246</b>	<b>3,506</b>	<b>3,506</b>		<b>3,545</b>	<b>5,246</b>
<b><u>Debt Interest &amp; Other Finance Costs</u></b>							
Interest On Bank Loans	595	595	396	396		415	595
Other Finance Charges	30	30	23	33	(9)	28	33
	625	625	420	429	(9)	443	628
<b>Research &amp; Development</b>							
	10	10	7	0	6		10
<b>Exceptional Support Costs</b>							
						638	
<b>TOTAL EXPENDITURE</b>	<b>66,553</b>	<b>66,553</b>	<b>43,595</b>	<b>42,745</b>	<b>850</b>	<b>44,804</b>	<b>65,440</b>
<b>Operating Surplus / (Deficit)</b>	<b>(514)</b>	<b>(514)</b>	<b>(468)</b>	<b>(300)</b>	<b>168</b>	<b>(2,510)</b>	<b>(174)</b>



For the future you want

## Balance Sheet

### For the 8 Months to 31st March 2018

	<u>2017/2018</u> <u>YTD Actuals</u> <u>£000s</u>	<u>2016/17</u> <u>Year End</u> <u>£000s</u>	<u>2016/2017</u> <u>Previous YTD</u> <u>£000s</u>
<b>Fixed Assets</b>			
L&B	137,083	139,276	140,355
FFE	8,457	7,186	7,338
	<b>145,540</b>	<b>146,462</b>	<b>147,693</b>
<b>Current Assets</b>			
Stock	97	136	102
Debtors	2,794	2,141	2,727
Cash	1,600	4,799	2,293
	<b>4,491</b>	<b>7,076</b>	<b>5,121</b>
<b>Creditors &lt; 1yr</b>			
Loans	(436)	(436)	(408)
Payments received in advance	(226)	(335)	(575)
Trade creditors	(424)	(1,126)	(1,024)
Taxes & social sec	(1,281)	(1,218)	(917)
Accruals, Def Inc & Other Creditors	(4,139)	(5,041)	(4,810)
Amounts owed to SFC	(1,757)	(2,542)	(4,413)
Deferred Capital Grants - Government	(3,189)	(3,193)	(3,065)
	<b>(11,450)</b>	<b>(13,896)</b>	<b>(15,211)</b>
<b>Net current assets / (liabilities)</b>	<b>(6,960)</b>	<b>(6,820)</b>	<b>(10,090)</b>
<b>Total assets less current liabilities</b>	<b>138,581</b>	<b>139,642</b>	<b>137,604</b>
<b>Creditors &gt; 1yr</b>			
Bank loans	(9,893)	(10,141)	(10,339)
Lennartz VAT	(87)	(262)	(285)
Deferred Capital Grants - Government	(56,276)	(56,407)	(56,402)
	<b>(66,256)</b>	<b>(66,810)</b>	<b>(67,027)</b>
<b>Provisions</b>			
Early retirement	(4,646)	(4,854)	(4,846)
Other			20
	<b>(4,646)</b>	<b>(4,854)</b>	<b>(4,827)</b>
<b>Net pension asset / (liability)</b>	<b>(22,019)</b>	<b>(22,019)</b>	<b>(25,294)</b>
<b>NET ASSETS</b>	<b>45,659</b>	<b>45,959</b>	<b>40,456</b>
<b>Reserves</b>			
I&E account	40,576	40,460	38,027
Pension reserve	(22,019)	(22,019)	(25,294)
Revaluation reserve	27,102	27,518	27,723
<b>RESERVES</b>	<b>45,659</b>	<b>45,959</b>	<b>40,456</b>

For the future you want



<b>FOR DISCUSSION</b>			
Meeting	Policy & Resources Committee 22.05.18		
Presented by	Nick Croft		
Author/Contact	Nick Croft	Department / Unit	Corporate Development
Date Created	09.05.18	Telephone	-
Appendices Attached			
Disclosable under FOISA		Yes.	

## **PROPOSALS FOR AN EDINBURGH COLLEGE HORIZON SCANNING REPORT**

### **1. PURPOSE**

This reports seeks the views of the Committee on a proposed 'horizon scanning report' for the College.

### **2. DETAILS**

The purpose of a horizon scanning report is to enable the Board of Management and its committees, the Executive Team, and the Senior Management Group to co-produce information that will improve long term and strategic planning at the College.

After initial discussions with the Audit and Risk Committee, it is proposed that the 'horizon scanning report' is structured around the five strategic aims of the College Strategic Plan 2017/22, and the Blueprint 2017/22. Indicative content for this report is described in the table below:

#### **Edinburgh College Horizon Scanning Report – Draft Structure and Contents**

<b>Strategic Plan 2017/22 – Strategic Aim</b>	<b>Indicative Contents</b>
1 Delivering a Superb Student Experience	<ul style="list-style-type: none"> <li>- ECSA developments</li> <li>- NUS developments</li> <li>- National policy developments and drivers</li> <li>- Recruitment and retention data projections</li> </ul>
2 Providing an Excellent Curriculum	<ul style="list-style-type: none"> <li>- Regional Skills Assessment + other SDS intelligence products</li> <li>- Scottish Funding Council developments</li> <li>- National legislative and policy drivers</li> <li>- Education Scotland and SQA developments</li> </ul>

	<ul style="list-style-type: none"> <li>- Schools and CfE developments</li> <li>- Planned developments by Faculties</li> </ul>
3 Supporting and Inspiring our People	<ul style="list-style-type: none"> <li>- HR legislative changes</li> <li>- National bargaining developments</li> <li>- Trade Union developments</li> </ul>
4 Valued in Partnership and Communities	<ul style="list-style-type: none"> <li>- Demographic changes</li> <li>- Industry developments</li> <li>- Major planning applications</li> <li>- Community planning strategic needs assessments</li> <li>- Community and third sector developments</li> </ul>
5 An Efficient and Effective College	<ul style="list-style-type: none"> <li>- Financial management developments</li> <li>- Long Term financial sustainability</li> <li>- International and commercial development opportunities</li> <li>- Estate planning and future developments</li> <li>- ICT planning and future developments</li> </ul>

With regards to the process of developing the report, it is proposed that the principle of co-production is applied across the College.

Consequently, it is proposed that SMG develop an initial draft, based on their discussions with their respective Curriculum Managers and Curriculum Leaders. ECSA would also have a role in developing the report at this stage.

The report is then further developed by the Executive Team.

The report is then scheduled for discussion as a standalone report (no covering report) at each committee, who also comment on, add and refine report content.

Eventually the final report is tabled at the Board of Management for discussion, and agreement on requisite strategic actions.

### **3. BENEFITS AND OPPORTUNITIES**

This report will improve long term and strategic planning in the College.

### **4. STRATEGIC IMPLICATIONS**

The report is aligned to the strategic aims of the College Strategic Plan.

### **5. RISK**

This report will assist in identifying risks to the College and any associated mitigating actions.

### **6. FINANCIAL IMPLICATIONS**

This report will assist the College in improving long term financial planning.

### **7. LEGAL IMPLICATIONS**

This report will improve the College's ability to identify legislative changes that may impact on college business.

### **8. WORKFORCE IMPLICATIONS**

This report will enable the College to identify and react to changes in the HR and OD policy and approaches.



**9. REPUTATIONAL IMPLICATIONS**

This report will enable the College to better manage reputational risks across the organisation.

**10. EQUALITIES IMPLICATIONS**

This report will enable the college to be more aware of legislative, policy and demographic changes with regard to equalities.

**RECOMMENDATIONS**

It is recommended that the Committee NOTE and offer feedback on the proposed purpose, development process, structure and contents of the Edinburgh College Horizon Scanning Report.





FOR INFORMATION			
Meeting	Policy & Resources Committee 22.05.18		
Presented by	Ian Young		
Author/Contact	Marcus Walker	Department / Unit	Governance
Date Created	02.05.18	Telephone	Ext. 67048
Appendices Attached	Appendix 1: Review of Committee Operation Form 2017/18		
Disclosable under FOISA		Yes.	

## **REVIEW OF POLICY & RESOURCES COMMITTEE OPERATION 2017/18**

### **1. PURPOSE**

The Committee is asked to review its annual operation as part of the Board of Management's annual evaluation activity.

### **2. BACKGROUND**

The attached Review of Committee Operation Form has been designed to align with the key principles of the Code of Good Governance: Oversight; Strategy-setting; decision-making and relationships.

### **3. DETAIL**

The attached (Appendix 1) Review of Committee Operations Form is split into two parts.

Part 1 focuses on whether the Committee's operation has been compliant with its terms of reference and the Standing Orders over the course of the year, and is for more in-depth discussion on an exception basis should Members have matters they wish to raise.

The twelve questions in Part 2 seek to focus Members' thinking on how the Committee currently performs in relation to its performance monitoring and strategic roles, the effectiveness of its decision-making and its key relationships, with a view to feeding its findings into the whole-board evaluation and identifying areas where practice may be improved.

The same approach will be used for all committees, although some Part 2 questions may be less applicable to the Nominations and Remuneration Committee.

### **4. BENEFITS AND OPPORTUNITIES**

The Review of Committee Operation provides an opportunity for committee to reflect on their practice and consider improvements going forward.

**5. STRATEGIC IMPLICATIONS**

All committees of the Board are required to review its operation/performance annually.

**6. RISK**

See 'reputational implications' below.

**7. FINANCIAL IMPLICATIONS**

Not applicable.

**8. LEGAL IMPLICATIONS**

Not applicable.

**9. WORKFORCE IMPLICATIONS**

Not applicable.

**10. REPUTATIONAL IMPLICATIONS**

Failure to ensure that good governance procedure are in-place may have reputational implications.

**11. EQUALITIES IMPLICATIONS**

Not applicable.

**CONCLUSIONS/RECOMMENDATIONS**

The Committee is asked to DISCUSS the checklist and questions provided. If appropriate, members may choose to RECOMMEND actions to enhance the Committee's operation.

## Review of Policy &amp; Resources Committee Operation 2017/18 - Part 1

Membership	Y/N	Comments
Has the Committee's membership been compliant with its <a href="#">terms of reference</a> during the past year?	Y	The Committee membership includes the Chair and the Vice Chair, plus the Chairs of the following committees: - Audit & Risk Assurance Committee - Academic Council - External Engagement Committee - Remuneration Committee  Stephen Dunn, a non-executive member with significant HR experience joined the Committee in February 2016.
Are there any skills gaps that the Committee would bring to the attention of the Policy & Resources Committee?	N	The Committee will continue to keep this matter under review.
Has the committee met in accordance with its terms of reference and often enough to fulfil its remit?	Y	The Committee convened four times in 2017/18, in each of the following months: August, November, February and May.  The Committee is required by its terms of reference to meet (at minimum) on a quarterly basis.
Have all meetings been quorate?	Y	All meetings have had at least four members in attendance.
Have pre-meetings assisted in the planning of Committee business?	Y	The Vice Chair, Depute Principal, Chief Operating Officer and the Clerk to the Board all met in advance of all scheduled P&R meetings to agree an appropriate agenda.
Have papers been issued sufficiently in advance of meetings?	Y	Papers are normally circulated five working days in advance of the Committee meeting. On occasions where urgent information has been requested, late papers have been tabled with the approval of the Committee Chair.

Have minutes and actions been distributed in good time after meetings?	Y	The minutes and actions of the meeting are monitored as a matter of course within the Committee cycle.
Are there any other points Members would like to raise?	Y	On 22 May 2018, members confirmed that they were content that the Committee was compliant with its terms of reference over the course of the year.

## **Review of Policy & Resources Committee Operation 2017/18 - Part 2**

### **Performance Monitoring Role**

1. Is the Committee monitoring the KPIs it needs to in line with its remit or is there a need for review or change?

*The Committee continues to monitor performance through the monthly Management Accounts which are considered at each meeting, and outwith the meeting are circulated to members (by the Clerk) on publication. The Management Accounts includes a Financial Performance Monitoring Template which outlines performance in the following areas: Credits, staff numbers (FTE), commercial & international contracts, voluntary severance, cashflow/balance and Government Returns.*

*The Committee in 2017/18 has monitored the College's performance through the Business Transformation Plan. For instance, the Committee at every meeting receives a recruitment and retention update which includes a breakdown of performance against full-time, part-time and credit targets.*

*Performance monitoring against the 2017-22 Strategic Plan and the associate Blueprint is currently under development.*

2. Does the Committee receive the information it needs to monitor performance effectively?

*The Committee is content that it receives the information it requires to monitor performance effectively. As outlined above (Q1), the Committee receives performance information related to finance, human resources and the Business Transformation Plan, all of which are central to the Committee's remit.*

*On a number of occasions supplementary reports from senior management have been requested to seek clarification on key matters within the Committee's remit. For instance, the Committee has recently received staff headcount updates from the Head of HR & OD, in order to effectively advise the Board in relation to human resources policy, management and planning.*

3. Have there been any areas where the Committee has not been able to exercise its performance monitoring role effectively or where practice could be improved?

*The Committee, in line with an outstanding action from a previous Internal Audit Report, agreed that a comprehensive set of KPIs covering all major areas of business should be presented to the P&R Committee and the Board on a regular basis. Such a performance monitoring report should come into effect once the college's Strategic Plan 2017-22 has been approved by the Board. Verbal updates of the development of a comprehensive list of KPIs were provided to the Committee at each meeting, with a full report coming to the 22 May 2018 meeting.*

### **Strategic Role**

4. How would the Committee define the key strategic issues within its remit?

*The strategic direction of the college as outlined in the Business Transformation Plan has been considered by the Committee (and representatives of the SFC) at every meeting since its establishment in December 2015. The Committee has challenged and sought assurances that the transformation plan has been appropriately developed, and has reviewed the governance arrangements and mechanisms that the Committee and the Board will rely on to ensure the plan's appropriate delivery.*

*The Committee received delegated responsibility from the Board in September 2017, to monitor the development of the Blueprint associated with the Strategic Plan 2017/22. The Committee has received updates on the Blueprint at each of its meetings in 2017/18.*

*The Committee's strategic role also includes the preparation of the annual College Budget for approval by the Board. This is in addition to the monitoring of financial performance through the monthly management accounts.*

*The Committee receives a standing report on human resources and organisational development matters, and has maintained an overview of ongoing industrial relations at the College*

*The Committee receives a standing report on capital and infrastructure, and continues to monitor to College's strategy towards estates/infrastructure and how these areas relate to ongoing curriculum planning.*

*Over the academic year 2017/18, an Horizon Scanning Report has been developed for the Committee's review. Members received this report, on potentially important strategic matters, at its November, February and May meetings.*

5. In what ways has the Committee influenced strategy in its area of remit in the last year?

*The Committee has reviewed materials relating to the development of the College Strategic Plan, endorsing a final version of the Plan at its meeting in August 2017.*

6. Are there particular areas in which the Committee might improve practice in relation to its strategic role?

*The Committee will continue to develop its strategic outlook, including greater focus on political, economic, student, environmental and industrial relation matters, through the enhancement of horizon scanning reports to the Board and its committees.*

## **Decision-Making**

7. Has decision-making been "transparent, informed, rigorous and timely<sup>1</sup>" in the past year?

*The Committee has exercised its authority in relation to the approval of tuition fees for the upcoming academic year.*

*The Committee has received appropriate papers relating to matters within its remit and deals with them in a timely manner.*

8. Are there ways that the Committee could strengthen its practice in relation to decision-making?

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<sup>1</sup> This is a definition of effective decision-making given in the Code of Good Governance for Scotland's Colleges.



*The Committee is content with current arrangement and shall continue to keep this matter under review.*

9. Are there examples that show how the student experience has informed and been central to the Committee's decisions?

*The Committee sought assurances from the Executive that students were appropriately consulted with on tuition fees, prior to the approval of the 2018/19 fees.*

*The Committee requested that the Executive liaise directly with ECSA, on all matters of business which may impact of students, before bringing items of P&R business forward for consideration.*

### **Relationships**

10. Has the Committee's relationship with the Board been effective in the past year, and are there any examples of where it could have been more effective?

*The Committee, through its Chair, reports its minutes to each Board meetings along with papers on key items of Committee business which the Committee wish to bring to the Board's attention.*

*The membership of the Committee includes the Chair of the Board and the chairs of the five Board committees.*

11. Has the Committee's relationship with the Executive been effective in the past year, and are there any examples of where it could have been more effective?

*Regular pre-meeting takes place with the Committee Chair, the Deputy Principal, the Chief Operating Officer and the Clerk, where the agenda for the upcoming meeting is considered and agreed.*

*The Principal, Depute Principal and Chief Operating Officer are invited to all meetings of the Committee, whilst additional members of the Executive and Senior Management Team may be invited to speak to specific items of business, for instance the Head of Finance and Head of HR & OD presenting the Finance Report and the Organisational & Staffing Report – respectively.*

*On a related note, the attendance of the SFC for items relating to the Business Transformation Plan and the Regional Outcome Agreement have been seen as beneficial to the Committee's decision-making.*

12. Has the boundary between governance and management been effective in practice in the past year or are there examples of where it could have been more effective?

*The Head of Corporate Development (and Board Secretary) attends all meetings of the Policy & Resources Committee and provides reports and clarifications on matters of governance.*

