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POLICY & RESOURCES COMMITTEE

AGENDA

A meeting of the Policy & Resources Committee will be held at 16:30 hours on Tuesday, 27 November 2018 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		
4.1	Matters Arising Report	Chair	B
4.2	Policy & Resources Committee: Terms of Reference	Chair	C
5	STRATEGIC PLAN AND BLUEPRINT 2017-22 REPORT		
5.1	Blueprint 2017-22 Update	A Cumberford	D Attached
5.2	Edinburgh College Strategies 2018-23 <i>for approval</i>	L Towns / C McDougall	E
<i>Item 5.2 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 27, Information Intended for Future Publication</i>			
6	RECRUITMENT & RETENTION DASHBOARD	J Pearson	F Attached
7	CAPITAL AND INFRASTRUCTURE REPORT		
7.1	Capital and Infrastructure Update	C McDougall	Verbal
7.2	Catering Procurement Report	C McDougall	G
<i>Item 7.2 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.</i>			
8	FINANCE REPORT		
8.1	Finance Update	L Towns	H
8.2	Management Accounts to September 2018	L Towns	I Attached
8.3	Tuition Fees 2019/20 <i>for approval</i>	L Towns	J

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

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|----|--|--------------|---|
| 9 | HUMAN RESOURCES REPORT | A Williamson | K |
| 10 | EQUALITIES, DIVERSITY AND INCLUSION POLICY | K Heathcote | L |

Item 10 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 27, Information Intended for Future Publication

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|----|--|---------|---|
| 11 | HORIZON SCANNING REPORT | N Croft | M |
| 12 | ANY OTHER COMPETENT BUSINESS | | |
| 13 | DATE OF NEXT MEETING: 19 February 2019 | | |

**POLICY & RESOURCES COMMITTEE
27 NOVEMBER 2018
PAPER D**



FOR DISCUSSION / DECISION			
Meeting	Policy & Resources Committee 27.11.18		
Presented by	Audrey Cumberford		
Author/Contact	Nick Croft	Department / Unit	Executive / Corporate Development
Date Created	09.11.18	Telephone	-
Appendices Attached	<i>Appendix 1: Analysis of Blueprint Delivery 2017/18 at November 2018</i>		
Disclosable under FOISA		Yes.	

BLUEPRINT 2017-22 UPDATE

1. PURPOSE

This report updates the Committee on progress achieved to date in the delivery of the Edinburgh College Blueprint 2017/22. Recognising the significant progress that has already been made and acknowledging the evolutionary nature of the Blueprint journey, this report also proposes the key strategic elements that will drive our focus going forward – to ensure we ‘future proof’ the College. This next phase of the Blueprint evolution has evolved following consideration of the Blueprint by the new Principal / Chief Executive, the Executive Team and Senior Management Team, significant changes in external drivers, and consequent discussions at the Board Development Day on 30 October 2018.

2. MAIN REPORT

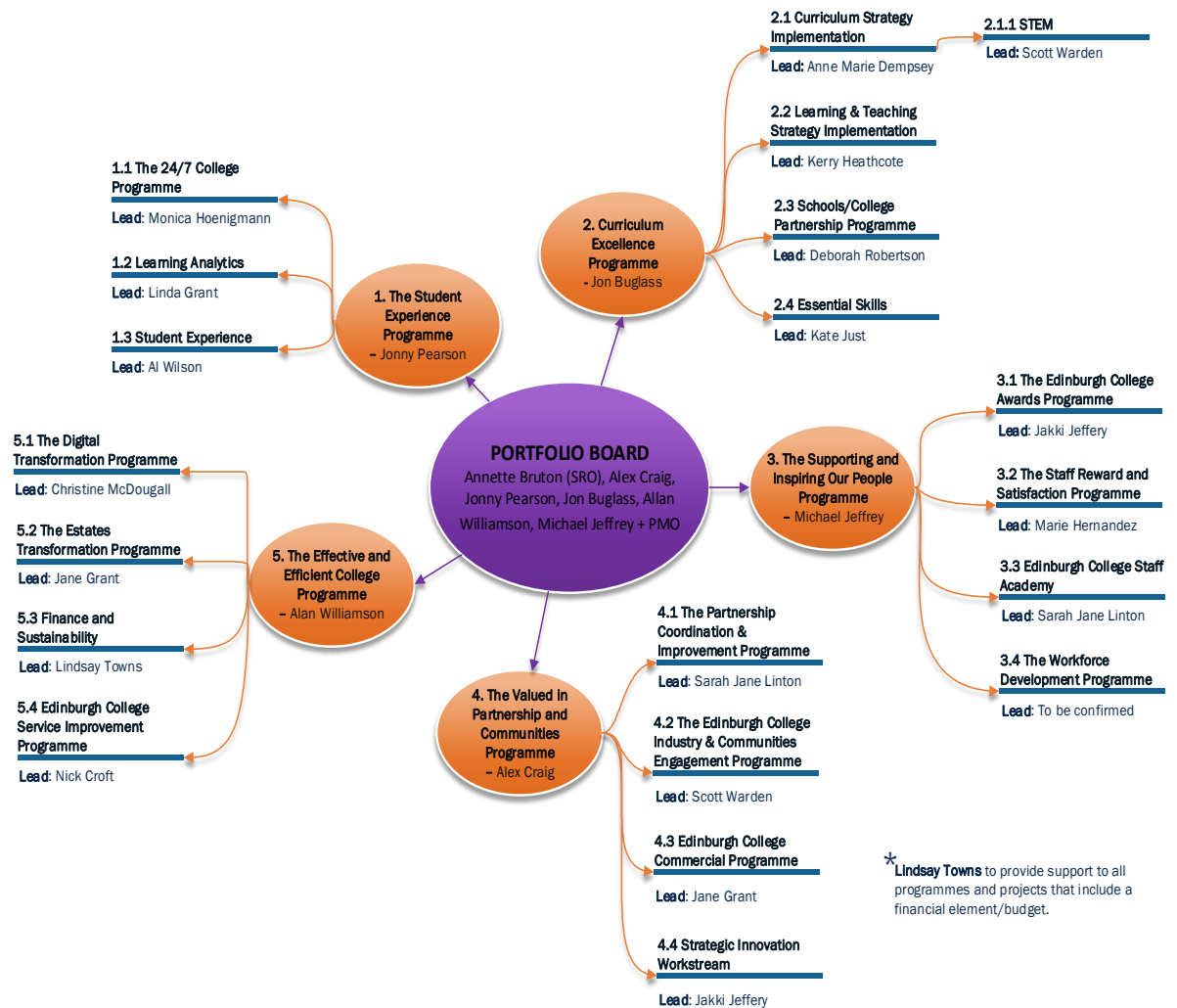
2.1 Progress to Date

The Edinburgh College Blueprint was agreed in September 2017. It described five transformation programmes, within which sat 19 ‘transformational change’ projects, all aligned to the five strategic aims of the Strategic Plan 2017/22.

At this time, the Blueprint included existing ‘change activity’ in the college, and also future ‘change activity’. The Blueprint also indicated that the shape and content of the Blueprint may change as delivery progressed.

It was also agreed that all Blueprint projects would go through a five-step project management cycle, aligned to Prince 2 project management standards.

A summary of Blueprint arrangements, as of March 2018, is provided below:



Following March 2018, 14 projects were tasked with developing a detailed business case (stage 2 – justification and business case), five other projects were tasked with reviewing and strengthening their project concepts.

This detailed work progressed from April to July 2018, and in late July and early August 2018 programme managers began to consider final drafts of business cases, and revised project concepts, taking cognisance of significant levels of change activity already progressing across the College.

It is important to note that during September 2017 to August 2018, the College was also still involved in delivering and evaluating Business Transformation Plan objectives, and developing a ‘lessons learnt report’ and ‘closure report’, the latter of which was agreed at the Policy and Resources Committee on 21 August 2018.

2.2 Analysis of Blueprint Project Delivery

As a result of business case development and analysis, there was evidence that many Blueprint objectives were already being delivered in our drive to improve and enhance College operations. This was in part due to the original Blueprint capturing existing ‘change activity’, and also, as a result of the delivery of similar service improvement objectives in Operational Plans covering 2017/18 and 2018/19.

This was regarded as a very positive development, indicating that the College had the capacity to deliver 'change activity' and 'service improvement activity' as a part of mainstream business. **Details of this progress is identified at Appendix 1.**

In addition to the good progress identified above, and at Appendix 1, there were also emergent indicators that the Blueprint consisted of too many projects, of varying scale and size, leading to multiple and complex dependencies, some elements of duplicate activity, thus creating difficulties in prioritisation and focus.

The large amount of projects also required three tiers of governance (1. Portfolio Board, 2. Programme Board, and 3. Programme and Project Teams). However, this was considered to be overly complex given the degree of some of the project scopes, whilst other projects required a higher level of staff resources to sustain. – particularly at a time when there is an ever increasing need for the College to be agile, flexible and responsive.

2.3 *Changes in External Drivers*

At this time, Programme and Project Managers also identified changes in external drivers that were influencing Blueprint delivery, compared to those identified in September 2017.

In September 2017, the Blueprint identified Developing Young Workforce, Schools College Partnerships, STEM and community planning partnerships as key external drivers affecting college business.

Since this time, the 15-24 Learner Journey Review recommendations, BREXIT, City Region Deal, a new programme for government, changes in student demographics, the new National Skills and Enterprise Strategy, SFC intensification, a renewed focus on widening access and inclusion, and national bargaining outcomes, were all identified as key external factors that will undoubtedly impact on the College and our future strategic direction – including a refocusing of Blueprint activity.

Much of the above was reflected in discussions at the 15 August 2018 Blueprint Programme Board, and 17 August 2018 Blueprint Portfolio Board, and at various Executive Team and Senior Management Team meetings at this time.

2.4 *New Principal / Chief Executive*

The arrival of a new Principal / Chief Executive in September 2018, who continued these discussions with the Executive Team and Senior Management Team members, also enabled further analysis and reflection about the Blueprint.

These discussions led to confirmation that many elements of the Blueprint were being successfully delivered (as indicated at Appendix 1), and that this was a positive development.

They also confirmed the emergent need to acknowledge the significant progress that has been made to date and a requirement to sharpen our focus as we move forward. It was agreed that this should form part of our discussions at a planned Board Development day on 30 October 2018 which also included a 'future proofing' session led by the Principal.

The outcome of this discussion was that Board members, and Executive Team members, agreed that a Gateway Review of the Blueprint was required, in line with the agreed project

management cycle, and prior to the allocation of financial and other resources at stages 3 and 4.

2.5 *Blueprint Gateway Review*

It was agreed that the Blueprint Gateway Review would comprise of the following elements:

- (i) To confirm outcomes/impact of Blueprint activity to date.
- (ii) To identify which elements of the Blueprint are now embedded within annual operational planning, aligned to College Strategic priorities
- (iii) In light of (i) and (ii) above, describe what shape the Blueprint would look like going forward

2.6 *Blueprint Gateway Review – Initial Outcomes*

With regard to element (i) and (ii) of the review, Appendix 1 identifies what has been delivered to date across the College that is linked to the Blueprint, which parts of the Blueprint could be considered as more relevant to operational planning, and which parts could feature as part of a re-shaped Blueprint.

Appendix 1 shows the good progress of blueprint delivery to November 2018.

It is proposed that the re-shaped Blueprint should be focused around the following three ambitions for Edinburgh College:

- **A College with a curriculum for the future**
- **A high performing digital College**
- **A resilient, agile College with reach and potential to grow**

It is proposed that the Committee consider the outline vision of the re-shaped Blueprint as described above, and that three priority themes (stage 1) are developed in line with the above, as well as more agile Blueprint governance and reporting arrangements are brought back to committee in February 2019.

It is important to note as previously outlined that significant progress has been made to ensure much of the activity associated with the original Blueprint projects has been embedded into College operations and that the proposals set out above represents a need to converge and intensify the focus on the remaining activity, coalesced around the three high level themes.

3. **BENEFITS AND OPPORTUNITIES**

There are numerous benefits already achieved from work undertaken through projects associated with the blueprint and our continual improvement drive across all areas in the College and opportunities arising from the development and delivery of the Blueprint. The re-shaped Blueprint will provide greater clarity, improved focus, and more aligned prioritisation. Specifically, opportunities to enhance the student experience, improve the quality of learning, teaching and assessment, inspire staff, increase alternative income and improve partnership activity. The PMO will be responsible for capturing the realisation of benefits as delivery progresses.

4. STRATEGIC IMPLICATIONS

Delivery of the College Blueprint is inexorably linked to the delivery of the College Strategic Plan 2017/22, the Regional Outcome Agreement, the Education Scotland 'How Good is our College' framework, national policy priorities like social justice, widening access and inclusion, developing the young workforce, STEM and national economic, skills and enterprise strategies.

5. RISK

Risk analysis has taken place across all five Blueprint programmes and 19 projects, as part of the project concept development and business case stages. As a result of re-shaping the PMO will re-evaluate the risk profile of the Blueprint, although there is unlikely to be any material change.

6. FINANCIAL IMPLICATIONS

There will be numerous financial implications arising from the development and delivery of the Blueprint. Some projects will require College investment, some will lead to efficiencies and savings, and some may require external investment. A new resource plan will be developed as part of a re-shaped Blueprint.

7. LEGAL IMPLICATIONS

Development and delivery of the Blueprint will enable the College to meet a range of legal duties, including post 16 education, GDPR, and community empowerment legislation.

8. WORKFORCE IMPLICATIONS

Central to the ambition of the Blueprint is the commitment to inspire College staff, make the College a great place to work, and continue with work to improve industrial relations.

9. REPUTATIONAL IMPLICATIONS

Delivery of the Blueprint will enhance the College's reputation as a beacon for College education in Scotland and the rest of the UK.

10. EQUALITIES IMPLICATIONS

Delivery of the Blueprint will enhance the College's capacity to deliver on equality outcomes like widening access, gender balance across curriculum areas, and enabling students with additional support needs to attain and achieve at the College.

RECOMMENDATIONS

It is recommended that the Committee:

- (i) Note and endorse the Gateway Review of the Blueprint.
- (ii) Approve Appendix 1 as a record of progress achieved to date linked to Blueprint activity, and an indication of elements of the Blueprint that are more relevant to operational planning, and those which should feature as part of a re-shaped Blueprint.
- (iii) Approve the proposal on how to reshape and evolve the Blueprint to ensure we deliver our ambition to future proof our College Progress will be reported to the Committee at their next meeting on 19 February 2019 and thereafter.

ANALYSIS OF BLUEPRINT DELIVERY AT NOVEMBER 2018

PROGRAMME 1: STUDENT EXPERIENCE - Jonny Pearson		
1.1 The 24/7 College (My EC)	Monica Hoenigman	<p>This project was originally designed to develop student access to online/digital resources and assistive technologies to support them completing their courses when and where they wanted.</p> <p>Work is underway to re-design the student portal and make this portal mobile device friendly. There have been numerous developments with Moodle enabling more virtual learning amongst students. New security teams have enabled the college to open until 2130 on weekdays, therefore giving students longer access to utilise college facilities.</p> <p>Further work on improving student digital access like online timetabling, live chat and appointment booking will move to the re-shaped Blueprint through programme 2.</p>
1.2 Learning Analytics	Linda Grant	<p>Originally part of Programme 2: Curriculum Excellence as 2.4 Advance Digital Inclusiveness, the project was renamed and moved to Programme 1 in Feb 2018.</p> <p>The project seeks to improve the business intelligence around the student experience within the college and initial work has been completed on business modelling, data sharing agreements and investment requirements.</p> <p>This project will move into the re-shaped Blueprint through programme 2.</p>
1.3 Student Experience	Al Wilson	<p>This project worked to ensure that the learner voice was enhanced in the College (via Edinburgh College Students' Association - ECSA) and thereby affected change in the college that provides an excellent student experience.</p> <p>ECSA has led on numerous improvements to the class representative system, and engaging students in self-evaluation activity. A new student communications group has been established to improve engagement at all stages of the student journey. ECSA has developed 12 new priorities for 2018/19 delivery, which will improve the student experience.</p> <p>Much of this project is considered to be either delivered or more relevant to operational planning. However, work to further empower the student voice and improve the student experience will be central to all elements of a re-shaped Blueprint.</p>

PROGRAMME 2: CURRICULUM EXCELLENCE – Jon Buglass

2.1 Curriculum Strategy + 2.1.1 STEM	Anne Marie Dempsey – STEM: Scott Warden	<p>Originally designed to deliver an innovative and pioneering student-centred curriculum through the Curriculum Strategy 2017-2022 and early on it was decided that the key development area of STEM would be segmented into a sub-project.</p> <p>Many ROA targets relating to the curriculum were met and exceeded during 2017/18 and the new Curriculum Strategy is being delivered through a range of Connect Groups within the college.</p> <p>There was also a recent positive Education Scotland inspection report on poor performing areas of the curriculum, which will help the college to target areas that need addressing.</p> <p>Curriculum developments and amendments are now captured in operational plans for each faculty, and attempt to meet the recommendations of SDS Regional Skills Assessments.</p> <p>Consequently much of this project is being or is planned to be delivered through operational planning. However, further work is required on STEM, so this will feature as part of the re shaped Blueprint through programme 1.</p>
2.2 Learning & Teaching Strategy	Kerry Heathcote	<p>This project's ambition has been to develop and improve the quality and effectiveness of learning, teaching and assessment within the college and by doing so contribute to meeting the ROA targets.</p> <p>There have been numerous improvements regarding learning and teaching as a result of the Learning, Teaching and Assessment Strategy, and self-evaluation activity and the EREP. Much of this is regularly reported to the Academic Council.</p> <p>However, more work is required on improving the digital learning environment, and the spaces and places where students learn. Consequently, this work will feature in the re-shaped Blueprint through programme 1.</p>
2.3 Schools/ College Partnership	Deborah Robertson	<p>This project was designed to bring more transition opportunities from school to college by collaborating with local authorities and schools.</p> <p>A significant review of SCP has been underway at the college over recent months. More focus is being placed on SCP work as a result of the ROA and national policy drivers, and the college has much to do in this area.</p> <p>Consequently, this work will feature as part of the re-shaped Blueprint through programme 1.</p>

2.4 Essential Skills	Kerry Heathcote	<p>Originally part of Programme 1: Student Experience as 1.2 Cutting Edge Essential Skills, this project was renamed and moved to Programme 2 in Feb 2018.</p> <p>The project aims to provide students with the essential skills required for study, work and life beyond college.</p> <p>Whilst City Region Deal investment in digital literacy and data driven innovation is being secured, the college has more work to do to develop and deliver learning on future skills / META skills. Consequently, this work will feature as part of a re-shaped Blueprint.</p>
PROGRAMME 3: SUPPORTING & INSPIRING OUR PEOPLE – Michael Jeffrey		
3.1 Edinburgh College Awards	Jakki Jeffery	<p>This project aimed, by 2022, for the College to clearly demonstrate a high level of organisational practice in staff management and support through securing accreditations and FE sector awards.</p> <p>The College has received an increased amount of FE sector awards in recent years for student, staff and partnership activity.</p> <p>Much of this project is now delivered through operational planning. However, the College has not received accreditation for staff management or development, like IIP, so this could feature as part of a re-shaped Blueprint.</p>
3.2 Staff Reward & Satisfaction	Head HR/OD	<p>Focused on the staff experience, this project intends that by 2022 the College will be recognised as an employer of choice, with the introduction of a more innovative benefit and reward scheme.</p> <p>The College continues to offer a wide range of benefits to its employees as part of OD/HR and operational planning activity. However, the College has not as yet baselined or benchmarked staff skills, morale or satisfaction. This work could feature as part of the OD/HR operational plan, and therefore will not feature as part of the re-shaped Blueprint.</p>
3.3 Staff Academy	Sarah Jane Linton	<p>Intended to help staff keep up with sector changes, be in touch with all the latest technology developments, maintain knowledge and skills, and take advantage of training opportunities to assist their career advancement, this project has seen little progress to date. So, this work will feature as part of the re-shaped Blueprint.</p>
3.4 Workforce Development	Head HR/OD	<p>The projects aims at ensuring the college has a versatile, flexible and highly skilled workforce that is future proofed.</p> <p>There has been extensive and successful work on improving HR information systems, vacancy control, HR policies and procedures,</p>

		<p>and delivering financial efficiencies relating to workforce management. Much of this approach is now embedded in operational OD / HR practices.</p> <p>A new People Strategy is also in development which will pick up delivery of many of the objectives of this project. However, the College has many challenges ahead relating to the culture and resilience of the college, therefore this element will feature in a re-shaped Blueprint.</p>
PROGRAMME 4: VALUED IN PARTNERSHIP & COMMUNITIES – Michael Jeffrey		
4.1 Partnership Coordination & Improvement	Sarah Jane Linton	<p>This project seeks to drive integrated partnership co-ordination across the College, and ensure that from 2017-2022 the college does not miss any opportunity to add value to local and regional community planning.</p> <p>The College has introduced major improvements to the way it engages with and supports community planning partnerships, with new three new CPP teams established, and a new focus on improving children and young people's services outcomes, employability and skills outcomes, and community learning and development outcomes.</p> <p>This approach is now firmly part of operational planning, and is regularly reported to the Senior Management Team and External Engagement Committee, and will therefore not feature as part of a re-shaped Blueprint.</p>
4.2 Industry & Communities Engagement	Scott Warden	<p>This project aims to enable Edinburgh College to be sector leading in its approach to engagement with industry partners in Edinburgh, East Lothian and Midlothian.</p> <p>The College continues to engage with industry partners and community and third sector partners across curriculum and support services.</p> <p>The College is re-establishing its employer engagement working group.</p> <p>The college is experiencing increased use of premises by community and third sector groups, and more college events involve these groups.</p> <p>Industry and community engagement now features as part of operational planning.</p> <p>However, there is much more the College could do to engage with industry, community and third sectors, and consequently, these elements will feature as part of a re-shaped Blueprint.</p>

4.3 Commercial Programme	Jane Grant	<p>This project was designed to create sustainable and profitable ventures via the newly developed commercial strategy.</p> <p>The new commercial strategy and associated targets are being delivered, and it is assessed that the approach to commercial work, specifically the FWD, has improved greatly. These matters are reported regularly to External Engagement Committee.</p> <p>Consequently, these elements will not feature as part of a re-shaped Blueprint. However, the College does need to undertake work to develop and define a longer term vision for commercial activity after the lifetime of the current Commercial Strategy. Whence, this will feature as part of the re-shaped Blueprint.</p>
4.4 Strategic Innovation	Jakki Jeffery	<p>This project seeks to create a culture of innovation that runs throughout the organisation, enabling the College to take full advantage of emergent innovation trends and opportunities, and also retaining the ability to quickly adapt to internal and external changes in the operating environment.</p> <p>The college continues to innovate across many curriculum and support services. The Innovation Funding Panel has been re-established in the college as a result of operational planning activities. The College continues to improve its awareness of innovation funding sources.</p> <p>However, whilst there has been an improved operational response to innovation, it is assessed that the college does not yet have an embedded culture of innovation. Consequently, innovation will feature across all elements of the re-shaped Blueprint.</p>
PROGRAMME 5: EFFECTIVE & EFFICIENT COLLEGE – Alan Williamson		
5.1 Digital Transformation	Christine McDougall	<p>This project continues the work started as part of the Business Transformation Plan, and aims to deliver new business models and advanced digital services for students and staff.</p> <p>There are examples of digital innovation across the college with a new student application system, improvements in HR and procurement IT systems, improvements in and increased use of MIS services, and increased use of Moodle.</p> <p>However, telephone systems, website and intranet all require modernisation, as the College needs to improve its approach to digital learning and digital literacy. Consequently, many elements of this project will be central to the re shaped Blueprint.</p>
5.2	Jane Grant	<p>This project was designed to deliver the recommendations of the Edinburgh College Estates Review completed in the Business</p>

Estates Transformation		<p>Transformation Plan, which embodied the principles of sustainability, and improvements in environmental performance, such as reducing the College carbon footprint. This project was expanded during the conception and justifications stages of project delivery to include development of fit for purpose campus facilities.</p> <p>The Estates Service and new Estates Strategy will ensure: delivery of an estate that is well maintained, reductions in GHG emissions, the college is accessible and address ST estates challenges (like the future of the Forthside facility and Automotive facility).</p> <p>Consequently, these elements will not feature as part of a re-shaped Blueprint. However, further work is required on developing the estate to provide new and innovative spaces and places for student interaction, learning and teaching. Consequently, these elements will feature as part of a re-shaped Blueprint.</p>
5.3 Finance & Sustainability	Lindsay Towns	<p>The new Finance Strategy and the current LT Financial Plan will enable the College to deliver improved financial sustainability as originally described in the Blueprint.</p> <p>Improved commercial activity will also enable more financial sustainability. However, there are concerns with the LT sustainability of the current FE sector funding model, and therefore work to address these will feature as part of all elements of the re-shaped Blueprint.</p>
5.4 Service Improvement	Nick Croft	<p>This project was designed to deliver continuous improvement across the College in line with the Education Scotland 'How Good is Our College?' improvement framework. Further to this, a focus on co-production and co-design, shared services, and service efficiency was included in project objectives.</p> <p>There has been extensive work to improve the College's approach to self-evaluation in the last year, and meeting the standards set by the 'How Good is Our College' framework. The recently published EREP demonstrates such progress.</p> <p>There have also been extensive improvements in the last year to operational planning, information governance, communications and marketing services, business intelligence, and risk management. All of this has been delivered largely as a result of operational planning. Consequently, this project will not feature as part of the re-shaped Blueprint.</p>

FOR INFORMATION / DISCUSSION			
Meeting	Policy & Resources Committee 27.11.18		
Presented by	Jonny Pearson		
Author/Contact	Jonny Pearson	Department / Unit	Executive
Date Created	25.10.18	Telephone	-
Appendices Attached			
Disclosable under FOISA		No	

2018/19 RECRUITMENT & CREDITS UPDATE

1. PURPOSE

This paper aims to provide the P & R Committee with an updated overview of the College's performance against its 2018/19 activity target and to provide 'year-on-year' comparative data to enable benchmarking of performance.

The figures in this paper are accurate as of 25 October 2018

2. BACKGROUND

For academic year 2018/19 the SFC set Edinburgh College an activity target of 187,969 credits. This is comprised of:

Core Credits	ESF Credits	Total Credits
186,612	1,357	187,969

As in previous years, the college is required to achieve its core credits (186,612) before we are able to claim the 1,357 ESF credits.

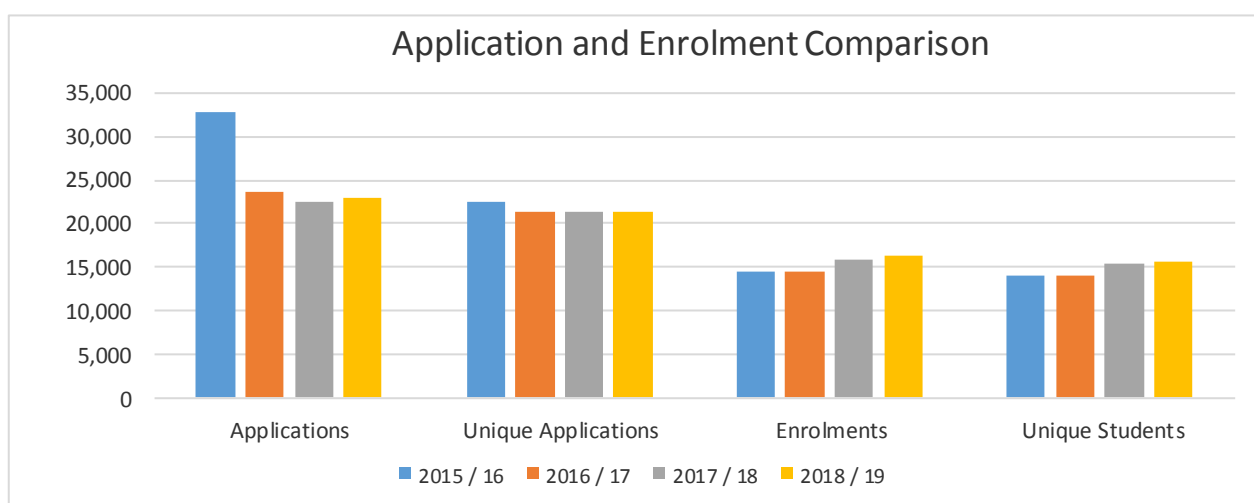
In addition to this, SFC have given us a target of achieving 6,639 Early Years credits as part of the 186,612 core. Due to good curriculum planning and previous year's 'pipeline' we are confident that we will exceed this Early Years target by at least 3,000 credits

3. DETAIL

The following section will provide four-year trend data for comparison:

Recruitment

AY	Applications	Unique Applications	Enrolments	Unique Students
2015 / 16	32,765	22,525	14,586	13,955
2016 / 17	23,552	21,363	14,506	14,139
2017 / 18	22,400	21,254	15,792	15,409
2018 / 19	23,051	21,290	16,223	15,686



Since changing the recruitment (application and enrolment) process in 2015 / 16 we have seen:

- 29.6% drop in the number of applications (this is the result of introducing one application per applicant);
- 5.4% drop in the number of applicants;
- 11.2% increase in the number of enrolments;
- 12.4% increase in the number of 'unique' students.

Evidence that the changes made to our recruitment process have had a sustainable, positive effect on recruitment.

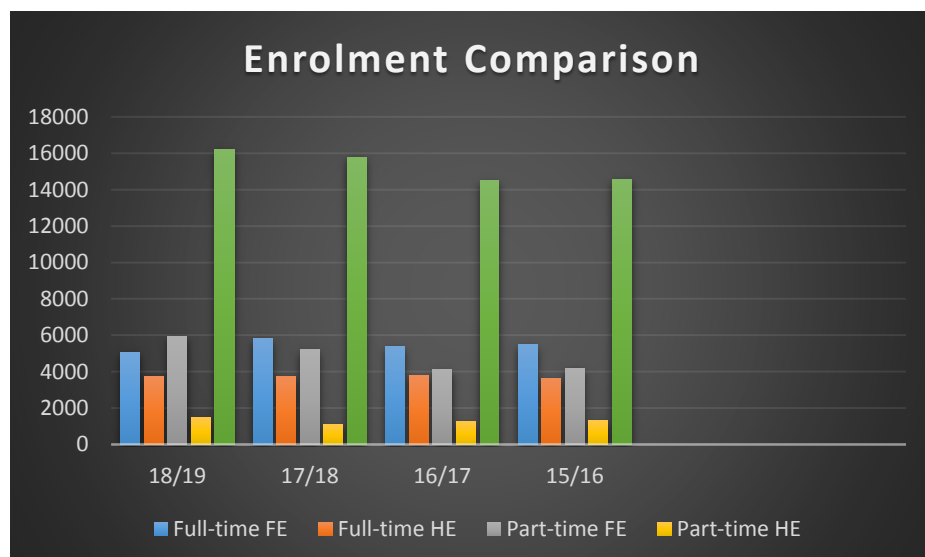
Retention

	AY 2015/16			AY 2016/17			AY 2017/18			AY 2018/19		
Mode / Level	Enrol	WD	EW%	Enrol	WD	EW%	Enrol	WD	EW%	Enrol	WD	EW%
FT FE	5,489	426	8%	5,361	370	7%	5,804	229	4%	5,075	254	5%
PT FE	4,199	130	3%	4,128	113	3%	5,187	61	1%	5,948	45	1%
FT HE	3,608	158	4%	3,783	127	3%	3,715	61	2%	3,752	80	2%
PT HE	1,291	19	1%	1,234	13	1%	1,086	15	1%	1,457	27	2%
	14,587	733	5.0%	14,506	623	4.3%	15,792	366	2.3%	16,232	406	2.5%

Since changing our approach to recruitment and retention in 2015/16 we have:

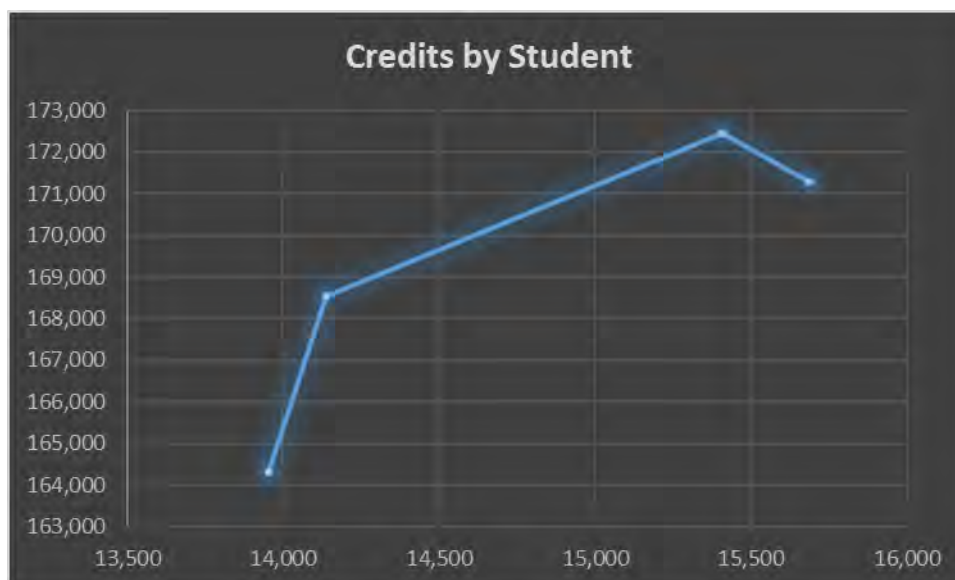
- Increase the number of enrolments by 11.2%
- Reduced overall early withdrawal (EW%) by 50%
 - FT FE still an area for concern (addressed in Performance Review)
- Witnessed a shift from full-time towards part-time enrolments
 - PT enrolments up from 37.6% in 2015 to 45.6% in 2018

AY	Full-time		Part-time				% Mode			% Mode & Level			
	FE	HE	FE	HE		Total	FT	PT		FT FE	FT HE	PT FE	PT HE
18/19	5075	3752	5948	1457		16232	54.4%	45.6%		31.3%	23.1%	36.6%	9.0%
17/18	5804	3715	5187	1086		15792	60.3%	39.7%		36.8%	23.5%	32.8%	6.9%
16/17	5361	3783	4128	1234		14506	63.0%	37.0%		37.0%	26.1%	28.5%	8.5%
15/16	5489	3608	4199	1291		14587	62.4%	37.6%		37.6%	24.7%	28.8%	8.9%



Credits

AY	Credits
2015 / 16	164,329
2016 / 17	168,544
2017 / 18	172,444
2018 / 19	165,000*



* Estimate – enrolment data being cleansed

In spite of an increase in enrolments there is a decrease in credits when comparing October 2017 to October 2018. This is caused by a decrease in the number of FT FE students which is not off-set in credit terms by the increase in the number of PT students. For example, the average credit claim for a full-time student is 16.25 credits whereas the average credit claim for a part-time student is 5 credits.

4. BENEFITS AND OPPORTUNITIES

By evaluating last year's retention figures 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 e.g. replacing poor recruiting programmes with additional occurrences of more popular provision and assess the effects of early withdrawal on student numbers

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

At the most recent Risk Management meeting it was noted that, whilst there was an improvement in both Recruitment and Retention, the risk score for each should remain the same.

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 SG 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).

FOR INFORMATION / DISCUSSION			
Meeting	Policy & Resources Committee 27.11.18		
Presented by	Lindsay Towns		
Author/Contact	Lindsay Towns	Department / Unit	Finance
Date Created	01.10.18	Telephone	
Appendices Attached	<i>Appendix 1: Management Accounts to September 2018 (with commentary)</i>		
Disclosable under FOISA		Yes	

MANAGEMENT ACCOUNTS TO SEPTEMBER 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 September 2018.



FINANCIAL REPORT

2 MONTHS TO 30 SEPTEMBER 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 2018/19 Budget
4. Income Analysis
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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

1. EXECUTIVE SUMMARY

Activity

- 1.1 The SFC have set Edinburgh College's activity target for academic year 2018/19 at **186,612** credits (increased from 184,028 in 2016/17 – however current year includes Childcare credits). If the HE credit total of 54,340 is achieved, a further **1,356** credits (reduced from 2,000 in 2016/17) through the ESF Developing Scotland's Workforce 2018/19 project will be received. The College is targeting levels above this planned activity. Actual credit figures are not available at this early stage of the year.

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	46,953	2,885	2,885	-	6,367	47,060
Tuition Fees and Commercial & Other Income	17,936	6,883	6,886	3	3,093	17,936
Deferred Income	2,931	588	588	-	534	2,931
Total Income	67,820	10,356	10,359	3	9,994	67,927
Staff Costs	47,273	7,375	7,317	58	7,102	47,273
Other Costs	15,092	2,052	2,054	(3)	2,098	15,199
Depreciation	4,955	928	928	-	874	4,955
Total Expenditure	67,320	10,355	10,299	55	10,074	67,427
Operating Surplus / (Deficit) (pre SFC Grant Repayment)	500	2	60	58	(80)	500
SFC Grant Repayment	(500)	-	-	-	-	(500)
Operating Surplus / (Deficit) (post SFC Grant Repayment)	-	2	60	58	(80)	-

- 1.3 The £0.5m surplus budget for 2017/18 (prior to an SFC Grant Repayment of £0.5m) was set in line with the third year of the business transformation plan as agreed with the SFC.

- 1.4 The year to date operating surplus is £60k, which is £58k favourable compared to the year to date phased budget. The details which underpin this movement are outlined below and largely comprise a positive expenditure variance within staff costs of £58k. Early discussions with budget managers point to most income lines being on budget at this time, whilst the majority of non-staff costs are also broadly in line with budget.

- 1.5 Support staff trade unions have accepted a cost of living increase which will cost £0.6m in both 2018/19, and 2019/20. A cost of living increase has also been offered to lecturing staff which will cost £0.3m in 2018/19 and £0.65m in 2019/20. The 2018/19 staff cost budget includes these increases, however there are £0.25m of 'Cost of living Gap' savings that need to be identified during the year as a contribution towards this, which might be found from vacancy churn and/or reducing budget spend in the final 8 months of the year. In 2019/20 the full amount £1.25m in savings/cost reductions/income growth will need to be identified to cover this pay increase.

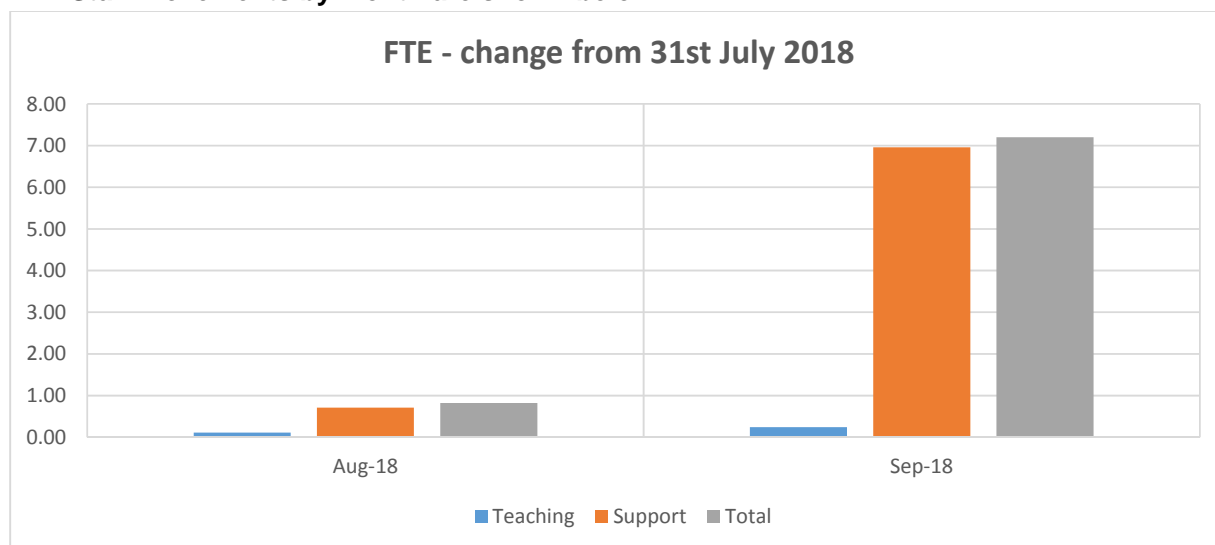
1.6 Staff (Full Time Equivalent)

	31/07/18	30/09/18	Other movement	VS reduction (phase 4 scheme)	30/09/17
FTE					
Teaching	488.2	488.5	0.3	-	484.9
Support	559.8	567.5	8.7	(1)	538.8
	1,048.0	1,056.0	9.0	(1)	1,023.7

Staff numbers have increased by net 8 FTE since July 2018, largely due to an increase in staffing within

the Facilities Team, with additional security staff being recruited and TUPE transferred from ISS. The associated ISS contract has been reduced accordingly.

FTE Staff movements by month are shown below:



1.7 Cash Position

Opening Cash	Month-end cash	Forecast year-end cash	Comments
01/08/2018	30/09/2018	31/07/2019	<p>Opening cash includes £0.3m of 2017/18 underspent student support funds, due to be returned to the SFC in the current year, in line with the treatment in previous years. This recovery will have no effect on the allocation of funds for 2018/19.</p> <p>The month-end cash balance includes £1.1m of student support funds. The forecast balance for the year-end (£1.1m) includes the 2017/18 underspend mentioned above (until agreement on repayment is reached). The forecast balance also includes a projected net cash outflow of £0.9m of student support funds, with spend envisaged to exceed the associated 2018/19 SFC grant allocation.</p> <p>The College might receive additional funding to bridge the current gap, once the SFC's in-year grant redistribution has been finalised.</p>
£'m.	£'m.	£'m.	
0.9	1.9	1.1	

1.8 Capital Expenditure

Opening Fixed Assets	Additions YTD	Depreciation	Closing Fixed Assets	Comments
01/08/2018	30/09/2018	30/09/2018	30/09/2018	No capitalised additions have been incurred since the beginning of the academic year. £0.4m of funds have been assigned for capital works priorities for the 2018/19 financial year, of which £0.1m of works are in progress and a further £0.1m of commitments are in place. £2.67m of funds for high priority backlog maintenance have also been allocated.
£'m.	£'m.	£'m	£'m.	
162.6	0	(0.9)	161.8	

1.9 Underlying Operating Result

	Actual 2015-16	Actual 2016-17	Draft Actual 2017-18	Budget 2018-19	YTD Actuals 2018-19
As per SFC Measurement basis	£000	£000	£000	£000	£000
Deficit (2016/17 after £2.9m adjustment and 2018/19 post SFC Grant Repayment)	(7,035)	(5,379)	(2,299)	500	60
Add:					
Depreciation net of deferred capital grant release	2,862	2,235	2,060	2,024	340
Non-cash pension adjustments (not included in deficit 2016/17 and 2017/18)	1,829	2,198	2,156	0	0
Deduct:					
Revenue funding allocated to loan repayments	1,518	1,598	1,541	1,249	171
Underlying operating result	(3,862)	(2,544)	376	1,275	169

The College's underlying operating position is a measure introduced by the SFC following recommendations by Audit Scotland. Current year figures exclude pension and other adjustments which are not included within the management accounts.


2. CREDIT AND STUDENT ACTIVITY

- 2.1 The College achieved its credit targets (including ESF and additional childcare activity) in 2017/18 with a final figure achieved of 192,982 credits (targeted credit level including ESF and additional childcare activity was 187,742 credits). The activity target for the 2018/19 academic year is 186,612 credits, with an additional 1,356 credits available (relating to ESF) subject to 54,340 HE level credits being achieved in the year (1st December cut-off point).
- 2.2 Early enrolment figures are encouraging and there are indications that withdrawal rates are currently low. However, the College must retain these students beyond the 1st November in order to secure SFC funding. Credit performance to date is currently being verified and not yet available.
- 2.2 The following table shows a comparison of Applications, Enrolments and Unique Student numbers over the years 2016/17 to 2018/19 (to date).

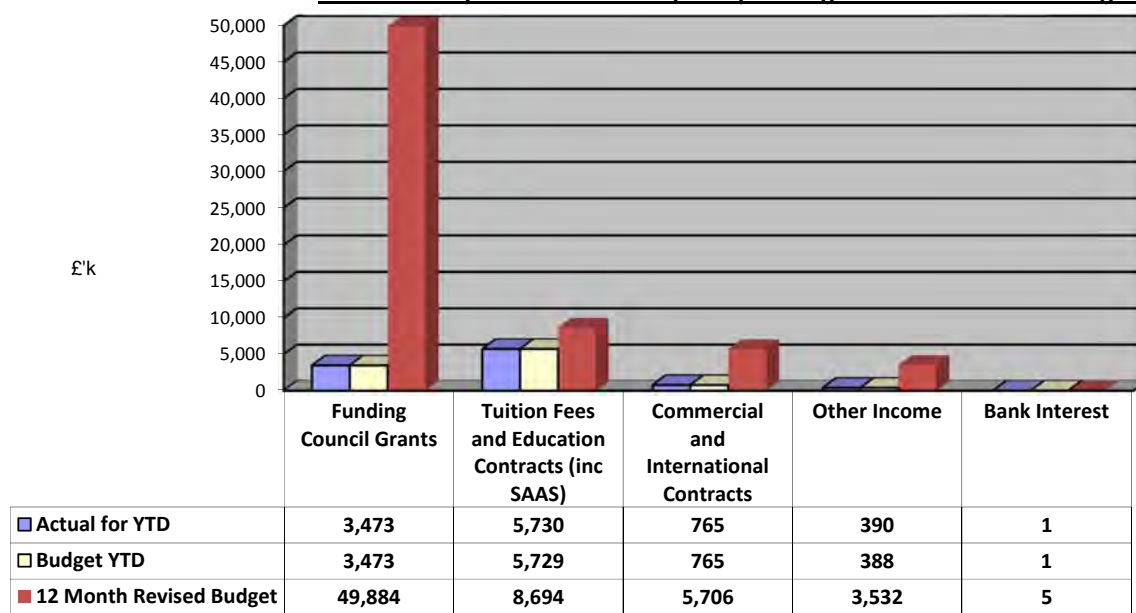
3. CLOSURE OF THE TRANSFORMATION PLAN AND ITS ALIGNMENT TO THE COLLEGE'S 2018/19 BUDGET

- 3.1 In April 2016, a 3 year Business Transformation Plan which outlined a sustainable business model for the future was implemented, and the College set a break-even budget for 2018/19. This is after repayment of £0.5m (tranche 1) in relation to the 2016/17 £2.9m SFC advance, which was not part of the break-even position when writing the BTP in 2016.
- 3.2 Total related savings achieved for all periods were **£6.83m** against a target of **£5.43m**. An increase of £1.4m versus target. This related to £1.86m non-pay savings and £4.97m staff cost savings.

4. INCOME ANALYSIS

Income Expanded Account Detail for the 2 Months to 30th September 2018 (Ex Core SFC Grants)							
 For the future you want	Original	Revised					
	Annual	Annual			YTD	Previous	Year End
	Budget	Budget	YTD Budget	YTD Actuals	Variance	YTD	Projection
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
4. Income Analysis							
<u>Tuition Fees & Education Contracts</u>							
FE - UK & EU	130	130	65	65	(0)		130
HE - UK & EU	371	371	181	181	(0)	245	371
PT Self Payers	530	530	222	195	(27)	308	530
Examination Fee Income	20	20	2	3	1	3	20
SAAS	4,162	4,162	3,967	4,057	90	620	4,162
Associate Degree Fees	990	990	904	841	(63)	199	990
Managing Agents	1,412	1,412	235	235	(0)	227	1,412
Edinburgh Council - Pre Emp Contract	1,078	1,078	152	152		264	1,078
	8,694	8,694	5,729	5,730	0	1,866	8,694
<u>Commercial & International</u>							
International	1,485	1,485	310	310	0	264	1,485
SDS	578	578	50	50	(0)	171	578
EH15 and The Apprentice Restaurants	48	48	1	1	(0)	5	48
Bliss SPA and Employability Salons	120	120	11	11	0	21	120
Gym	313	313	53	53	(0)	49	313
Residences	541	541	72	72	(0)	84	541
Flexible Workforce Development Fund		1,390					1,390
Bespoke Contracts for Employers	1,803	455	65	65	(0)	55	455
Scheduled Short Courses	818	776	203	203	(0)	172	776
	5,706	5,706	765	765	(0)	819	5,706
<u>Other Income</u>							
Catering	1,753	1,753	207	207		218	1,753
Nursery	1,150	1,150	117	117	0	102	1,150
Access Centre Provision	143	143	0		(0)	8	143
Other Income Generating Activities	486	486	64	66	2	80	486
	3,532	3,532	388	390	2	408	3,532
<u>Endowment & Investment</u>							
Bank Interest	5	5	1	1			5
	5	5	1	1			5
TOTAL INCOME (EX CORE SFC GRANTS)	17,937	17,937	6,883	6,886	3	3,093	17,937

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



4.1 The total income budget for the year is £67.8m. Total income for the year to date is £10.4m, which is £3k lower than the profiled budget of £10.4m.

4.2 Student numbers are currently targeted to come in on budget, and Grant-in-Aid income has been brought to account in line with this assumption (together with the presumption that all credit activity is also on target. Total tuition fees are broadly in line with expectations at this stage. Performance to date re: our SAAS funded students appears encouraging, although the numbers currently exclude the effects of withdrawals.

4.3 Commercial and international performance to date is in line with expectations. 37 new International students started in August taking our International cohort to 53 (comparable to this stage in 2017/18). Our consultancy.

The Foundation Apprenticeship programme will run with 54 participants for 2018/20; with a new tender out for 2019/21 delivery. We are working closely with schools teams on different models of delivery to expand this programme. Our direct Modern Apprenticeship contract remains steady, with new discussions taking place with the NHS on Supervision and Leadership courses.

The commercial development team is currently negotiating a 3 year deal for a summer school at our Granton campus. New marketing campaigns are underway to increase footfall and promote our summer schools.


The Flexible Workforce Development programme is currently underway, with £248k in the pipeline but not yet included in year to date actual figures (current full year income budget £1.4m).

The Route 2 (WEACT) income budget (£1.1m) is based upon a full year contract. Achieving this figure is dependent upon our successful tender bid to continue after March 2019. The outcome of this bid will be known by December 2018.

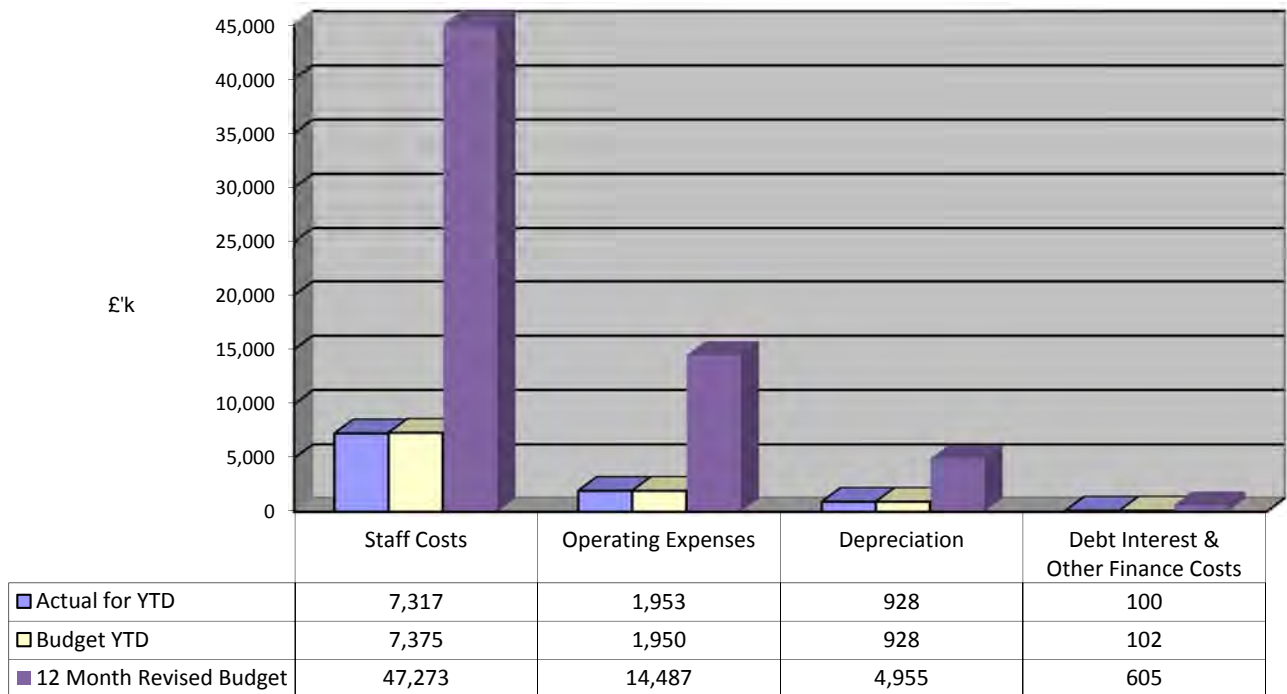
4.4 The trading positions for both the catering and nursery facilities are shown in paragraph 7.

4.5 Following a recent notification from the SFC of grant funding to support the provision of free access to sanitary products, the full year forecast for Other SFC Grants has been increased by £107k (aligned with a corresponding forecast increase within other operating expenditure).

5. EXPENDITURE ANALYSIS

Total Expenditure (Non-Staffing) Account Detail for the 2 Months to 30th September 2018							
 For the future you want	Original	Revised					
	Annual	Annual			YTD	Previous	Year End
	Budget	Budget	YTD Budget	YTD Actuals	Variance	YTD	Projection
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Other Operating Expenses							
Premises	4,533	4,533	716	717	(1)	695	4,640
Teaching Activity & Support	937	1,291	219	216	3	203	1,291
Childcare Costs	1,500	1,500	125	125	(0)	34	1,500
Transport Costs	72	72	11	12	(1)	11	72
IT Costs	970	970	139	139	0	132	970
Telecomms Costs	134	134	22	22		18	134
Equipment	79	79	16	14	2	9	79
Health & Safety	37	37	6	8	(2)	7	37
Travel & Subsistence	493	493	37	40	(3)	83	493
Admin Costs	180	180	38	38	(0)	32	180
Corporate, Consultancy, Professional	1,207	852	91	92	(0)	95	852
Staff Welfare	16	16	3	3	(0)	9	16
Catering	1,215	1,215	105	105	(0)	145	1,215
Training & Development	102	102	3	3	0	8	102
VAT	1,222	1,222	244	244		270	1,222
Marketing & PR	167	167	19	19	(0)	46	167
Partnership Costs	481	481	79	79	(1)	95	481
Overseas Agents Commission	118	118	11	11	(0)	20	118
Registration & Exam Fees	1,238	1,238	66	66	(0)	78	1,238
Bad Debts	40	40	0	(0)	0		40
Backstop Adjustment	(250)	(250)	(0)		(0)		(250)
	14,487	14,487	1,950	1,953	(4)	1,992	14,594
Depreciation for the year							
	4,955	4,955	928	928		874	4,955
Debt Interest & Other Finance Costs							
Interest On Bank Loans	575	575	96	96		99	575
Other Finance Charges	30	30	6	5	2	7	30
	605	605	102	100	2	106	605
TOTAL EXPENDITURE (NON-STAFFING)							
	20,047	20,047	2,980	2,982	(2)	2,972	20,154

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



- 5.1 The total expenditure budget for the year is £67.3m. Total expenditure for the year to date is £10.3m, which is £0.1m lower than the profiled budget of £10.4m. As the above table illustrates, most 'other operating expenses' budgets are in line with expectations at this early stage of the year.
- 5.2 Full year depreciation charges of £5.3m (2017/18: y/e £5.3m) have been released from our fixed assets to reflect their economic use and any associated impairment.

6. STAFF COST ANALYSIS

Staffing Expenditure Account Detail for the 2 Months to 30th September 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
Staff Costs							
Senior Management	1,545	1,545	243	242	2	257	1,545
Academic Departments	23,190	23,190	3,679	3,663	16	3,628	23,190
Academic Services	4,435	4,443	733	724	9	702	4,443
Admin & Central Services	12,177	12,169	1,918	1,902	16	1,856	12,169
Premises	1,381	1,381	222	213	9	192	1,381
Catering & Residences	1,073	1,073	158	158	0	185	1,073
Temporary, Agency & Staff Bank Costs	1,766	1,745	273	271	2	206	1,745
Other Staffing Expenditure	1,707	1,728	148	144	3	74	1,728
	47,273	47,273	7,375	7,317	58	7,102	47,273

- 6.1 The effect of unfilled vacancies, delayed recruitment and vacancy churn have resulted in staff costs being £58k lower than year to date budget, whilst the on-going use of the College's staff bank continues to have a beneficial effect on the overall position.

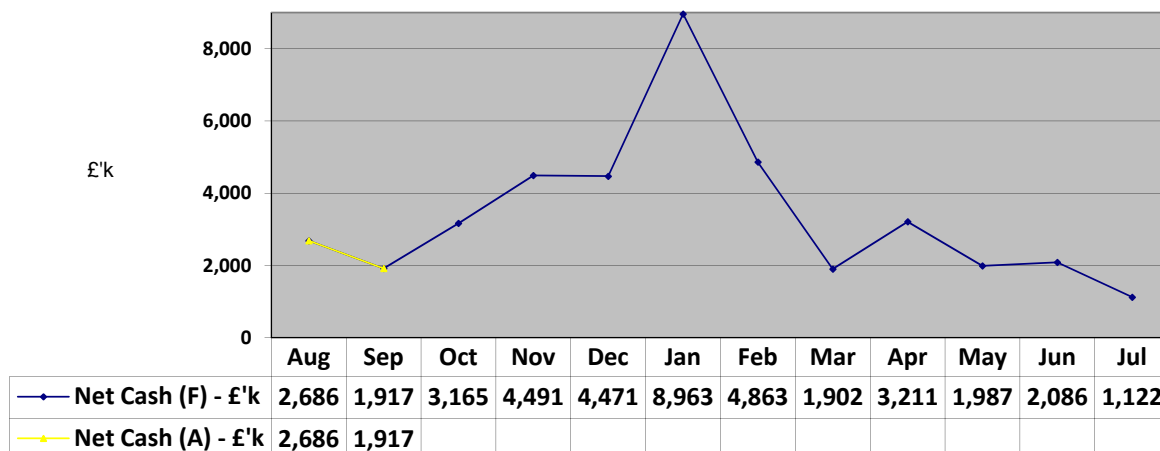
7. TRADING DEPARTMENTS

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

7.2 Performance to date is broadly in line with phased budgets, although full year forecasts are being worked on with the relevant heads of these departments, which will be incorporated in October reporting and will shape the phasing in future months. Catering may be beneficially affected by the current tendering process which may result in outsourcing this function later in the year.

8.1 The cash balance at the end of September is £1.9m, which includes £1.1m of student support funds. The forecast balance for the year-end (£1.1m) includes a projected net outflow of £0.9m re: student support funds, with spends envisaged to exceed the associated 2018/19 SFC grant allocation as the spending profile for the year was based on lower prior year (2016/17) expenditure. We may receive additional funding to bridge the current gap, once the SFC's in-year grant redistribution has been finalised.

Cash Position - Forecast versus Actuals to September 2018



9. BALANCE SHEET

<u>Balance Sheet as at 30 September 2018</u>		<u>At 30 Sep</u> <u>18</u>	<u>At 31 Jul</u> <u>18</u>	YTD Mvmt
		<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Fixed Assets	Land and Buildings	153,963	154,511	(548)
	Fixtures, fittings and Equipment	7,836	8,096	(260)
		161,799	162,607	(808)
Current Assets	Stock	91	89	2
	Debtors	8,232	2,244	5,988
	Cash - Main	791	350	441
	Cash - Student Support	1,126	595	531
Total		10,240	3,278	6,962
Creditors		(70,764)	(64,535)	(6,229)
Bank Loans		(10,106)	(10,149)	43
Lennartz		(218)	(262)	44
Provisions		(14,437)	(14,485)	48
		76,514	76,454	60
Funded by:				
Reserves		76,514	76,454	60
		76,514	76,454	60

9.1 The movements in Cash and Fixed Assets are shown in the sections above. The increase in debtors is due to the invoicing of fees at the start of the year, whilst the increase in creditors represents Grant-in-Aid cash received and awaiting release in the Income Statement.

10. SFC REPORTING

10.1 A letter from SFC on 1 August outlined the following changes to reporting

- There is no longer a requirement to submit Resource Returns to SFC.
- An additional mid-year Financial Forecast Update (FFU) will be required in January each year.
- Details of Annual Managed Expenditure (AME) will be collected separately flowing the Academic year-end when this information is available.
-

Cash flows forecast templates have been updated to collect additional information. The first of these have been submitted in September and October. The October return is in line with the month end cash flow included as part of this commentary with the exception of adjustments for Grant income that has not been allocated (£800k Debt support Grant and Capital funds after 31 March 2019) offset by not yet including the proposed £500k SFC grant repayment and the repayment of 2016/17 Student Support funds. These differences are in line with SFC requirements.

11. KEY PERFORMANCE DATA

Financial Performance Monitoring Template

	2017/18 Annual Target			2018/19 Annual Target	2018/19 YTD Actuals		2017/18 Annual Out-turn
Credits	184,028			186,612	n/a		189,268
Credits Additional Childcare	1,714			-	-		1,714
Credits ESF	2,000			1,356	n/a		2,000
	2017/18 Annual Budget	2018/19 Annual Budget	Revised Annual Budget	2018/19 YTD Budget	2018/19 YTD Actuals	YTD Variance	Previous YTD
	£k	£k	£k	£k	£k	£k	£k
Commercial & International Contracts	5,921	5,706	5,706	765	765	-	819
Refer sections 2 to 5							
Income	66,040	67,820	67,820	10,356	10,359	3	9,994
Expenditure	66,553	67,320	67,320	10,355	10,299	55	10,074
Operating Surplus / (Deficit) pre SFC Grant Repayment	(514)	500	500	2	60	58	(80)
Refer sections 6 to 7							
Net Cash Inflow / (Outflow)	(1,245)	(263)	(263)	973	973	-	197
Bank Balance	3,554	681	681	1,917	1,917	-	4,996
Fixed Assets	142,335	158,032	158,032	161,799	161,799	-	145,586
Net Current assets / (liabilities)	(7,414)	(5,702)	(5,702)	(5,554)	(5,554)	-	(7,000)
Creditors and Provisions	(89,898)	(75,876)	(75,876)	(79,731)	(79,731)	-	(92,707)
Net Assets	45,023	76,454	76,454	76,514	76,514	-	45,879
Pay costs % of Income	% 69.0	69.7	69.7	71.2	70.6	(0.6)	71.1
Current Ratio	0.35	0.33	0.33	0.65	0.65	-	0.55
Cash Days in Hand	(44)	(29)	(29)	(36)	(36)	-	(46)
Borrowings as % of reserves	% 10.4	7.7	7.7	7.7	7.7	-	10.1

I&E Account for the 2 Months to 30th September 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	46,153	46,153	2,752	2,752	(0)	6,234	46,260
Deferred Capital Grant Releases	2,931	2,931	588	588	0	534	2,931
Debt Support Grant	800	800	133	133	0	133	800
Tuition Fees and Education Contracts (inc SAAS)	8,694	8,694	5,729	5,730	0	1,866	8,694
Commercial and International Contracts	5,706	5,706	765	765	(0)	819	5,706
Other Income	3,537	3,537	389	391	2	408	3,537
Total Income	67,820	67,820	10,356	10,359	3	9,994	67,927
Staff Costs	47,273	47,273	7,375	7,317	58	7,102	47,273
Other Operating Expenses	14,487	14,487	1,950	1,953	(4)	1,992	14,594
Depreciation	4,955	4,955	928	928	0	874	4,955
Debt Interest & Other Finance Costs	605	605	102	100	2	106	605
Total Expenditure	67,320	67,320	10,355	10,299	55	10,074	67,427
Operating Surplus / (Deficit) pre SFC Grant Repayment	500	500	2	60	58	(80)	500
SFC Grant Repayment	(500)	(500)					(500)
Operating Surplus / (Deficit) post SFC Grant Repayment	0	0	2	60	58	(80)	0

INCOME

Funding Council Grants

Recurrent Grant Inc Fee Waiver	43,120	43,120	2,373	2,373	0	5,907	43,120
Childcare Funds	1,500	1,500	125	125	0	34	1,500
Deferred Capital Grants	2,931	2,931	588	588		534	2,931
Debt Support Grants	800	800	133	133		133	800
Other SFC Grants	1,532	1,532	255	255	(0)	293	1,639
	49,884	49,884	3,473	3,473	(0)	6,901	49,991

Tuition Fees & Education Contracts

FE - UK & EU	130	130	65	65	(0)		130
HE - UK & EU	371	371	181	181	(0)	245	371
PT Self Payers	530	530	222	195	(27)	308	530
Examination Fee Income	20	20	2	3	1	3	20
SAAS	4,162	4,162	3,967	4,057	90	620	4,162
Associate Degree Fees	990	990	904	841	(63)	199	990
Managing Agents	1,412	1,412	235	235	(0)	227	1,412
Edinburgh Council - Pre Emp Contract	1,078	1,078	152	152		264	1,078
	8,694	8,694	5,729	5,730	0	1,866	8,694

Commercial & International

International	1,485	1,485	310	310	0	264	1,485
SDS	578	578	50	50	(0)	171	578
EH15 and The Apprentice Restaurants	48	48	1	1	(0)	5	48
Bliss SPA and Employability Salons	120	120	11	11	0	21	120
Gym	313	313	53	53	(0)	49	313
Residences	541	541	72	72	(0)	84	541
Flexible Workforce Development Fund		1,390					1,390
Bespoke Contracts for Employers	1,803	455	65	65	(0)	55	455
Scheduled Short Courses	818	776	203	203	(0)	172	776
	5,706	5,706	765	765	(0)	819	5,706

Other Income

Catering	1,753	1,753	207	207		218	1,753
Nursery	1,150	1,150	117	117	0	102	1,150
Access Centre Provision	143	143	0		(0)	8	143
Other Income Generating Activities	486	486	64	66	2	80	486
	3,532	3,532	388	390	2	408	3,532

Endowment & Investment

Bank Interest	5	5	1	1			5
	5	5	1	1			5

TOTAL INCOME

	67,820	67,820	10,356	10,359	3	9,994	67,927
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EXPENDITURE

Staff Costs

Senior Management	1,545	1,545	243	242	2	257	1,545
Academic Departments	23,190	23,190	3,679	3,663	16	3,628	23,190
Academic Services	4,435	4,443	733	724	9	702	4,443
Admin & Central Services	12,177	12,169	1,918	1,902	16	1,856	12,169
Premises	1,381	1,381	222	213	9	192	1,381
Catering & Residences	1,073	1,073	158	158	0	185	1,073
Temporary, Agency & Staff Bank Costs	1,766	1,745	273	271	2	206	1,745
Other Staffing Expenditure	1,707	1,728	148	144	3	74	1,728
	47,273	47,273	7,375	7,317	58	7,102	47,273

Other Operating Expenses

Premises	4,533	4,533	716	717	(1)	695	4,640
Teaching Activity & Support	937	1,291	219	216	3	203	1,291
Childcare Costs	1,500	1,500	125	125	(0)	34	1,500
Transport Costs	72	72	11	12	(1)	11	72
IT Costs	970	970	139	139	0	132	970
Telecomms Costs	134	134	22	22		18	134
Equipment	79	79	16	14	2	9	79
Health & Safety	37	37	6	8	(2)	7	37
Travel & Subsistence	493	493	37	40	(3)	83	493
Admin Costs	180	180	38	38	(0)	32	180
Corporate, Consultancy, Professional	1,207	852	91	92	(0)	95	852
Staff Welfare	16	16	3	3	(0)	9	16
Catering	1,215	1,215	105	105	(0)	145	1,215
Training & Development	102	102	3	3	0	8	102
VAT	1,222	1,222	244	244		270	1,222
Marketing & PR	167	167	19	19	(0)	46	167
Partnership Costs	481	481	79	79	(1)	95	481
Overseas Agents Commission	118	118	11	11	(0)	20	118
Registration & Exam Fees	1,238	1,238	66	66	(0)	78	1,238
Bad Debts	40	40	0	(0)	0		40
Cost of Living Gap	(250)	(250)	(0)		(0)		(250)
	14,487	14,487	1,950	1,953	(4)	1,992	14,594

Depreciation for the year

	4,955	4,955	928	928		874	4,955
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Debt Interest & Other Finance Costs

Interest On Bank Loans	575	575	96	96		99	575
Other Finance Charges	30	30	6	5	2	7	30
	605	605	102	100	2	106	605

TOTAL EXPENDITURE

	67,320	67,320	10,355	10,299	55	10,074	67,427
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Operating Surplus / (Deficit) pre SFC Grant Repayment

	500	500	2	60	58	(80)	500
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SFC Grant Repayment

	(500)	(500)					(500)
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Operating Surplus / (Deficit) post SFC Grant Repayment

	0	0	2	60	58	(80)	0
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For the future you want

Balance Sheet

For the 2 Months to 30th September 2018

	<u>2018/2019</u> <u>YTD Actuals</u> <u>£000s</u>	<u>2017/18</u> <u>Year End</u> <u>£000s</u>	<u>2017/2018</u> <u>Previous YTD</u> <u>£000s</u>
Fixed Assets			
L&B	153,963	154,511	138,463
FFE	7,836	8,096	7,123
	161,799	162,607	145,586
Current Assets			
Stock	91	89	117
Debtors	8,232	2,244	3,613
Cash	1,917	945	4,996
	10,240	3,278	8,726
Creditors < 1yr			
Loans	(449)	(449)	(436)
Payments received in advance	(237)	(234)	(122)
Trade creditors	(1,368)	(1,259)	(599)
Taxes & social sec	(625)	(1,178)	(776)
Accruals, Def Inc & Other Creditors	(2,826)	(2,262)	(3,922)
Amounts owed to SFC	(6,950)	(260)	(6,683)
Deferred Capital Grants - Government	(3,338)	(3,338)	(3,189)
	(15,793)	(8,980)	(15,726)
Net current assets / (liabilities)	(5,554)	(5,702)	(7,000)
Total assets less current liabilities	156,245	156,905	138,586
Creditors > 1yr			
Bank loans	(9,657)	(9,700)	(10,105)
Lennartz VAT	(218)	(262)	(133)
Deferred Capital Grants - Government	(55,419)	(56,004)	(55,645)
	(65,294)	(65,966)	(65,882)
Provisions			
Early retirement	(4,532)	(4,580)	(4,806)
	(4,532)	(4,580)	(4,806)
Net pension asset / (liability)	(9,905)	(9,905)	(22,019)
NET ASSETS	76,514	76,454	45,879
Reserves			
I&E account	41,236	40,940	40,484
Pension reserve	(9,905)	(9,905)	(22,019)
Revaluation reserve	45,183	45,419	27,414
RESERVES	76,514	76,454	45,879

Cumulative Cashflows (2018/19)

	<u>Original Budget £000s Total</u>	<u>Revised Budget £000s Total</u>	<u>Aug 18 £000s Actuals</u>	<u>Sep 18 £000s Actuals</u>	<u>Oct 18 £000s Forecast</u>	<u>Nov 18 £000s Forecast</u>	<u>Dec 18 £000s Forecast</u>	<u>Jan 19 £000s Forecast</u>	<u>Feb 19 £000s Forecast</u>	<u>Mar 19 £000s Forecast</u>	<u>Apr 19 £000s Forecast</u>	<u>May 19 £000s Forecast</u>	<u>Jun 19 £000s Forecast</u>	<u>Jul 19 £000s Actuals</u>	<u>YTD Cumulative £000s Total</u>	<u>Annual Forecast £000s Total</u>	<u>Var From Budget - Fav / (Adv) £000s Total</u>
SFC Grants - Core	42,775	42,775	5,095	3,525	4,725	4,425	4,225	4,225	117	1,225	3,513	4,013	5,313	2,713	8,620	43,115	340
SFC Grants - ESF	348	348	22	22	148	22	22	22	22	22	22	22	22	22	44	388	40
SFC Grants - FWDF	1,390	1,390	55	0	307	0	0	406	289	289	0	0	0	0	55	1,346	(44)
SFC Grants - Other	6,399	6,399	83	208	292	798	550	1,628	1,164	1,160	182	428	83	94	292	6,672	273
SFC Grants - VS Scheme	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SAAS Funds	4,162	4,162	0	0	0	0	0	3,952	0	0	210	0	0	0	0	4,162	0
Tuition Fees / Education Contracts	4,532	4,532	211	248	292	522	260	833	121	400	730	536	291	89	459	4,532	0
Commercial / International	4,316	4,316	377	388	381	400	264	186	352	651	351	214	318	433	765	4,316	0
Other Income	3,537	3,537	187	203	375	263	196	404	484	310	137	118	115	718	390	3,511	(26)
Operational Income	67,459	67,459	6,030	4,594	6,519	6,430	5,517	11,656	2,549	4,058	5,145	5,331	6,143	4,069	10,624	68,041	583
Staff Costs	47,023	47,023	3,721	3,714	3,799	3,767	3,762	4,373	3,884	3,898	4,031	4,155	4,129	4,014	7,435	47,247	(224)
Purchase Ledger / Other Expenditure	9,309	9,309	740	1,018	561	729	592	536	625	482	1,254	1,226	636	629	1,758	9,028	281
Childcare Expenditure	1,500	1,500	0	124	173	197	249	135	147	182	99	165	170	11	124	1,652	(152)
Premises Costs	4,533	4,533	378	339	465	339	408	399	366	403	332	398	410	296	717	4,533	(0)
Pension Strain Costs	0	0	0	0	16	0	0	0	0	0	0	0	0	0	0	16	(16)
Staff VS & Restructuring Costs	0	0	30	0	0	0	0	0	0	0	0	0	0	0	30	30	(30)
Operational Expenditure	62,365	62,365	4,869	5,195	5,014	5,032	5,011	5,443	5,022	4,965	5,716	5,944	5,345	4,950	10,064	62,506	(141)
Net Income Generated From Operations	5,094	5,094	1,161	(601)	1,505	1,398	506	6,213	(2,473)	(907)	(571)	(613)	798	(881)	560	5,535	442
Capital Expenditure	3,301	3,301	19	0	159	100	100	956	956	958	53	0	0	0	19	3,301	0
Pensioners (against enhanced provision)	288	288	24	24	24	24	24	24	24	24	24	24	24	24	48	288	0
Capital Loan Repayments	450	450	0	37	73	0	37	75	0	37	76	0	38	77	37	450	0
VAT Repaid - Lennartz	389	389	0	194	0	0	65	0	0	65	0	0	65	0	194	389	0
Non-Operational Expenditure	4,428	4,428	43	255	256	124	226	1,055	980	1,084	153	24	127	101	298	4,428	0
Net Income Generated From Op and Non-Op Activities	666	666	1,118	(856)	1,249	1,274	280	5,158	(3,453)	(1,991)	(724)	(637)	671	(982)	262	1,107	442
Student Funds Inflow	8,799	8,799	632	835	1,076	1,238	1,043	496	61	69	2,800	405	81	63	1,467	8,799	0
Student Funds Outflow	9,728	9,728	8	748	1,078	1,186	1,343	833	855	1,221	767	822	823	44	756	9,728	0
	(929)	(929)	624	87	(2)	52	(300)	(337)	(794)	(1,152)	2,033	(417)	(742)	19	711	(929)	0
Total Cash In	76,258	76,258	6,662	5,429	7,595	7,668	6,560	12,152	2,610	4,127	7,945	5,736	6,224	4,132	12,091	76,840	582
Total Cash Out	76,521	76,521	4,920	6,198	6,348	6,342	6,580	7,331	6,857	7,270	6,636	6,790	6,295	5,095	11,118	76,662	141
Net Inflow / (Outflow)	(263)	(263)	1,742	(769)	1,247	1,326	(20)	4,821	(4,247)	(3,143)	1,309	(1,054)	(71)	(963)	973	178	441
Opening bank balance	944	944	944	2,686	1,917	3,165	4,491	4,471	9,292	5,045	1,902	3,211	2,157	2,086	944	944	0
Closing bank balance	681	681	2,686	1,917	3,165	4,491	4,471	9,292	5,045	1,902	3,211	2,157	2,086	1,122	1,917	1,122	441
Ledger balances																	
Main accounts	0	0	1,649	791	1,749	3,023	3,303	8,132	4,826	3,017	2,293	1,486	2,327	1,344	791	1,344	1,344
Term Deposit accounts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Student Funds accounts	0	0	1,037	1,126	1,416	1,468	1,168	1,160	219	(1,115)	918	671	(241)	(222)	1,126	(222)	(222)
Subsidiary accounts										NOTE 1			NOTE 1	NOTE 1			
	0	0	2,686	1,917	3,165	4,491	4,471	9,292	5,045	1,902	3,211	2,157	2,086	1,122	1,917	1,122	1,122
Loan balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

NOTE 1 Regarding the student funds accounts, we are currently budgeting to spend more than the 2018/19 SFC allocation as this was based on our lower 2016/17 spend. We are likely to received additional funding within the in year distribution. The SFC have been made aware of this shortfall and have noted that the in year distribution may happen earlier within 2018/19 than it has in previous years. This should then rectify the March overdraft that we are showing above.

