



For the future you want

POLICY & RESOURCES COMMITTEE

AGENDA

A meeting of the Policy & Resources Committee will be held at 16:00 hours on Tuesday 01 September 2020 via Microsoft Teams.

		Lead Speaker	Paper
1	WELCOME & APOLOGIES	Chair	
2	DECLARATIONS OF INTEREST	Chair	
3	MINUTES OF PREVIOUS MEETING for approval	Chair	A
4	MATTERS ARISING REPORT	Chair	B
5	TERMS OF REFERENCE	Chair	C
6	'A FUTURE PROOFED COLLEGE' REPORT		
	6.1 Principal & Chief Executive Update	A Cumberford	D
	6.2 Digital Strategy 2020-25 Update	J Buglass	Verbal
<i>Item 6.1 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	J Pearson	E Attached
8	FINANCE REPORT		
	8.1 Management Accounts to June 2020	L Towns	F Attached
	8.2 Financial Forecast 2020/21 to 2023/24 Update	L Towns	Verbal
9	GATHER & GATHER CATERING UPDATE	A Williamson	Verbal
10	HUMAN RESOURCES REPORT	S Clyne	G
<i>Item 10 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.</i>			
11	CLOSED ITEM(S) OF BUSINESS		
	11.1 Workforce Planning Update	S Clyne	H

Item 11 are presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 27, Information Intended for Future Publication.

12 ANY OTHER COMPETENT BUSINESS

13 FOR INFORMATION

13.1 Review of Committee Operation 2019/20

I **Attached**
Verbal

13.2 Construction & Technical Institute: Outline Business
Case Update

13.3 Horizon Scanning Report

J **Attached**

13.4 Committee Programme of Work 2020/21

K **Attached**

14 DATE OF NEXT MEETING: 10 November 2020



FOR INFORMATION / DISCUSSION			
Meeting	Policy & Resources Committee 01.09.20		
Presented by	Jonny Pearson		
Author/Contact	Jonny Pearson	Department / Unit	Executive
Date Created	14.08.20	Telephone	0131 297 8449
Appendices Attached			
Disclosable under FOISA		No	

RECRUITMENT AND RETENTION DASHBOARD

1. PURPOSE

This paper aims to provide the Policy & Resources Committee with an updated overview of the College's performance against its 2019/20 activity target and to provide 'year-on-year' comparative data to enable benchmarking of performance. [The figures in this paper are accurate as of 14th August 2020]

2. BACKGROUND

For academic year 2019/20 the Edinburgh College activity target was 187,947 credits. This is comprised of:

Core Credits	ESF Credits	Total Credits
186,612	1,335	187,947

As in previous years, the college is required to achieve its core credits (186,612) before we are able to claim the 1,335 ESF credits.

In addition to this, as part of the SG Early Years 1140 hours commitment, SFC have given us a target of achieving 6,012 Early Years credits (at specified SCQF Levels) as part of the 186,612 core.

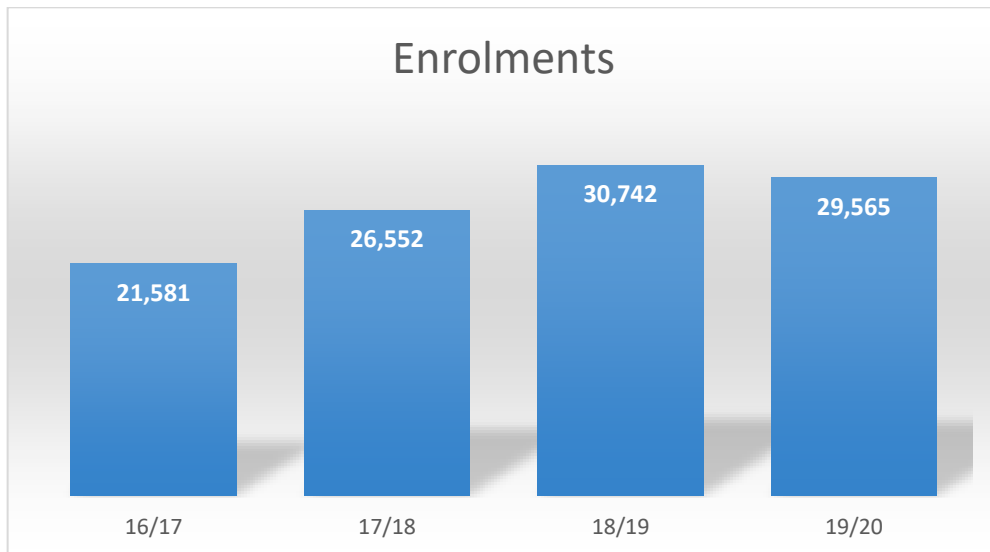
Covid - 19

Due to the Covid-19 global pandemic we closed all college campuses and ceased face-to-face teaching on 20th March 2020. At this point in time our credit total was 170,022 credits, we were on track to achieve our activity target for the fourth successive academic year.

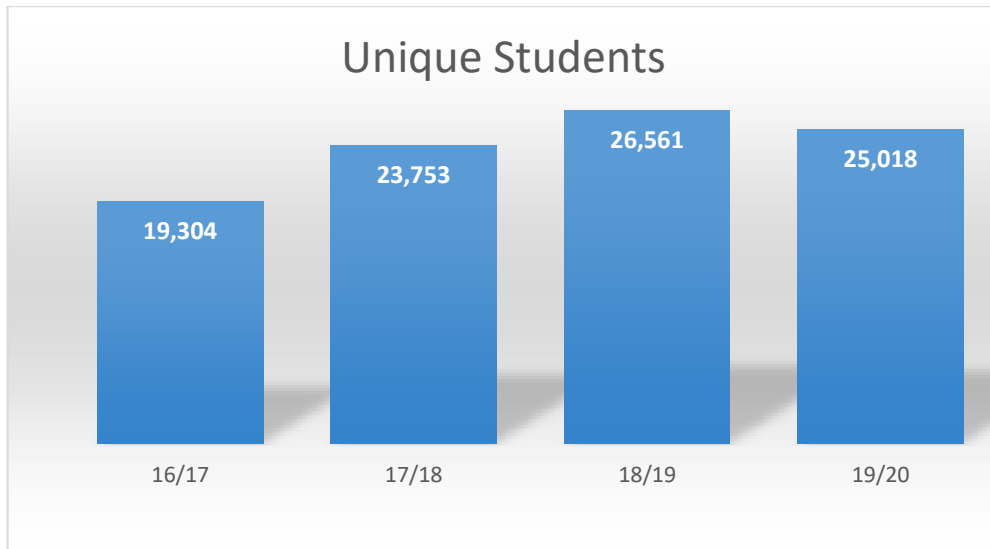
Stopping face-to-face delivery on 20th March meant that we were unable to start any of the planned, additional credit -bearing courses due to commence after this date. This, in effect, cost us over 6,000 credits of lost activity.

3. DETAIL

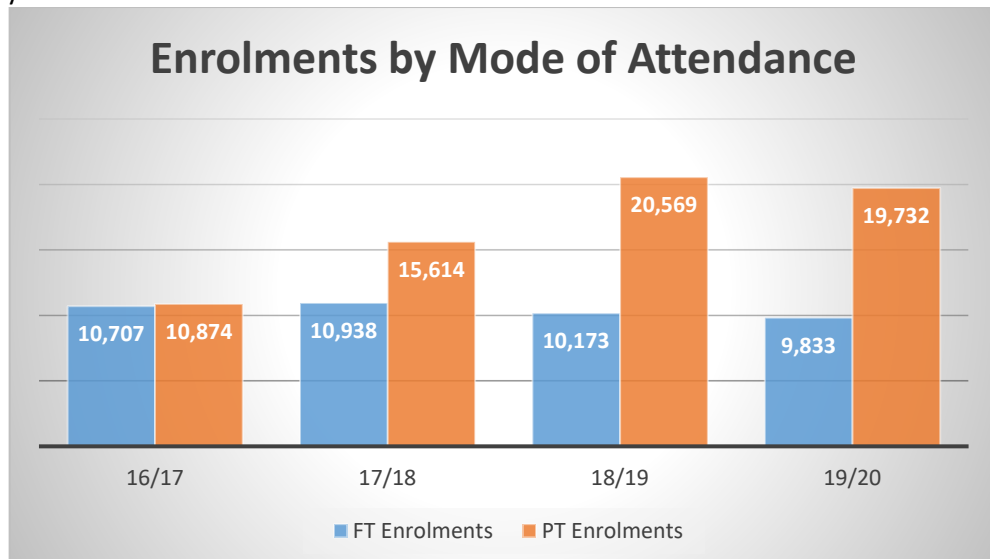
Enrolment:



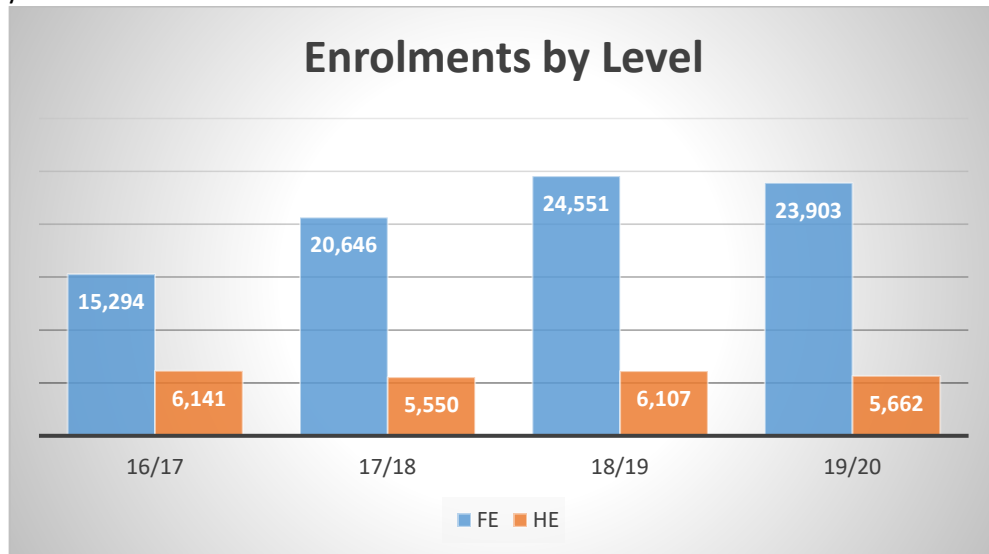
Unique Students:



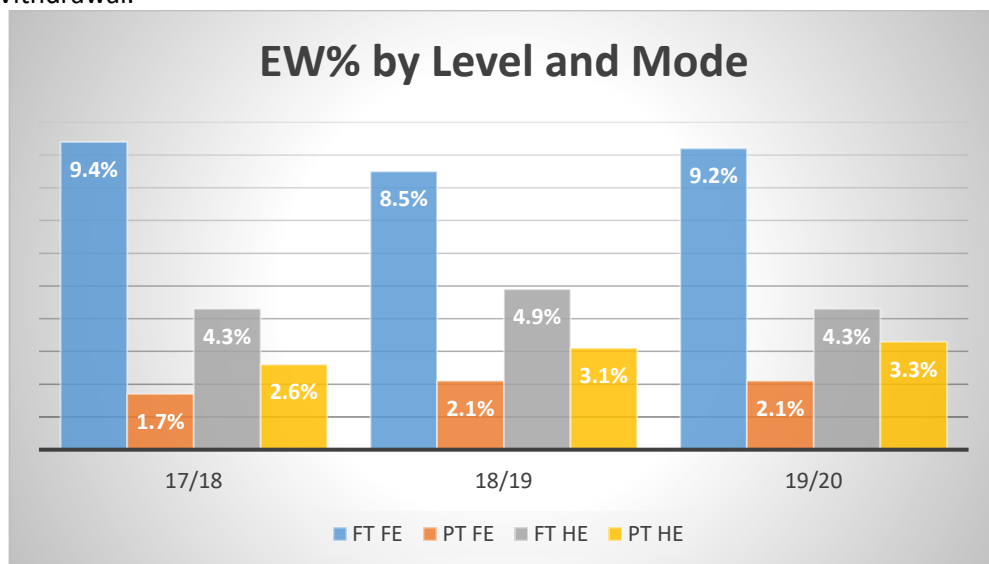
Enrol by Mode:



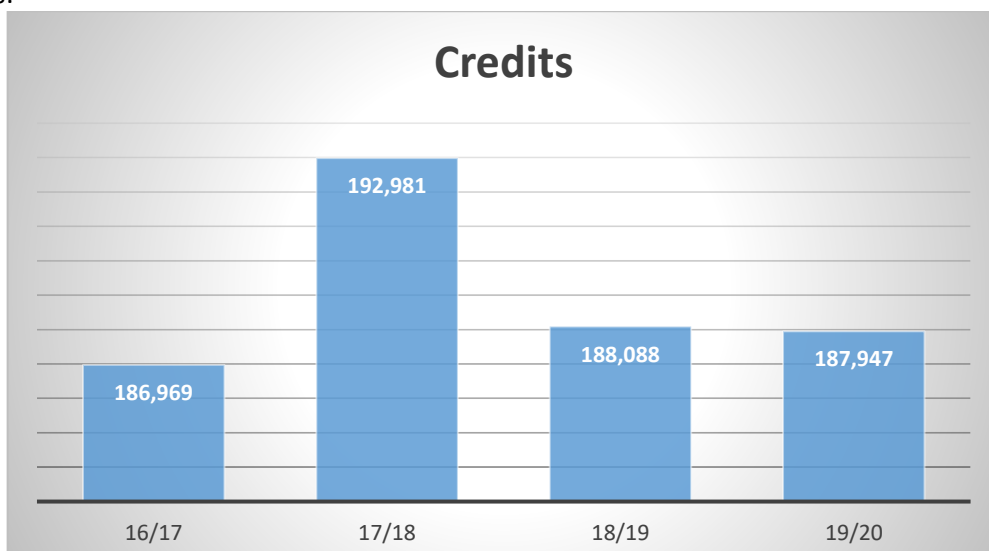
Enrol by Level:



Early Withdrawal:



Credits:



3.1 Overall Retention

One of our main aims at the start of AY 19/20 was to improve retention (reduce both EW and FW), achievement of this aim was severely hampered by Covid-19.

EW% = Early Withdrawal

Early withdrawal indicates that the student has withdrawn from the programme before 25% of the course has elapsed. The SFC does not provide activity funding for students who leave before the 25% date (also known as the funding qualifying date).

FW% = Further Withdrawal

Further withdrawal indicates that the student attended after the funding qualifying date but withdrew from their studies before the programme ended. The SFC pays the same price for students in this category as they do for a student who completes their programme

An incredible amount of work was undertaken by college staff from 23rd March to ensure as many of our students remained engaged in learning as possible. Staff quickly learned and employed new digital skills, learning and teaching began remotely and Edinburgh College became a wholly virtual learning environment. We successfully adopted an holistic delivery and assessment model and staff and student activity on Moodle reached record levels (levels which were maintained right through the summer break) and staff should be extremely proud of their efforts.

Academic Year	EW%	FW%
2016/17	4.4%	8.7%
2017/18	4%	8.1%
2018/19	3.8%	7.6%
2019/20	4%	5.4%

3.2 SFC Credit Guidance AY19/20

In recognition of the unprecedented times the SFC 'relaxed' some of their guidance around credit claims (removing 'one-plus' limit (2.5%) and permitting claims for guidance delivered to FT HE students). Our current credit position is 186, 670 credits. The Executive remain confident that current audit work being undertaken by MIS colleagues will enable us to reach our target of 187,947.

3.3 Deferred Students

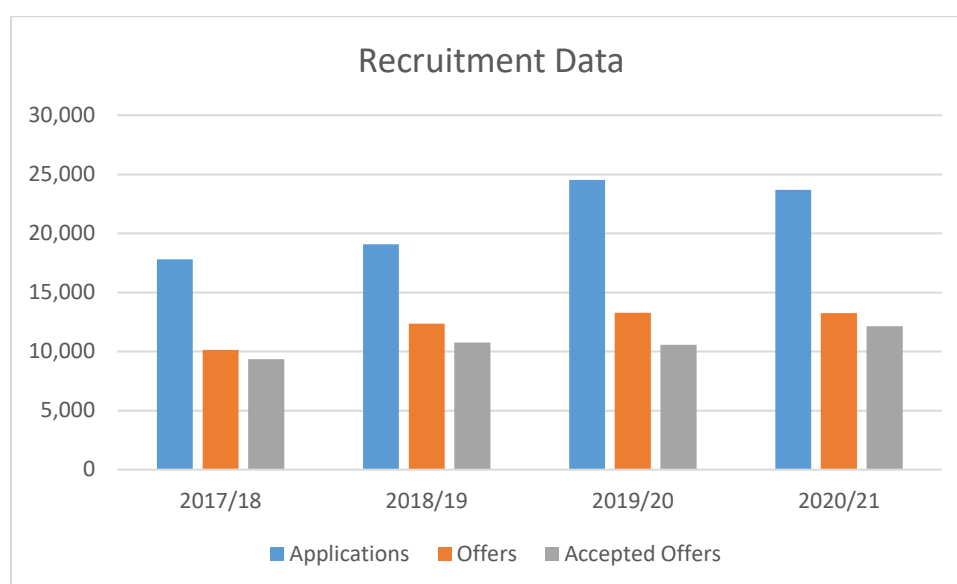
Whilst student engagement remained at high levels across the curriculum through the pandemic there were certain elements of a number of courses which were impossible to complete in the absence of face-to-face delivery. Consequently, we have a total of 2,549 students who have had elements of their course deferred for completion in AY 2020/21. The majority of these students are in the Faculty of Engineering and Construction however subjects such as Dental Care, Early Years, Hair and Beauty, Sport and Fitness are also affected.

3.4 AY 2020 / 21 Activity Target

Core Credits	ESF Credits	Total Credits
186,612	1,257	187,869

Added to this we have been set a target of 4,015 Early Years Credits as part of the 186,612 core activity.

3.5 2020 / 2021 Student Recruitment



The highlight in the table above is, despite the uncertainty caused by Covid-19, a 15% increase (year on year) in the number of offers accepted.

In complying with the SG Route Map we cannot return to normal campus operations until Phase 4. Currently, our default position is that all staff will continue to work from home (where possible) for the foreseeable future and that all courses will be delivered through blended learning. We have pushed back the start date for full-time courses to September 7th.

There will be a small number of priority student groups on campus (following strict social-distancing guidelines), these priority groups have been identified by the Curriculum and Quality teams:

- Deferred students
- ACE students
- Opito students

3.6 SFC Credit Guidance AY 2020/21

The SFC published their Credit Guidance for AY 2020/21 on 6th August 2020 - the main changes are:

- Removal of the term 'plus one'
- Reduction in credits for FT FE students from 18 – 16
- No credits available for SCP below senior-phase

The potential effects of this guidance will be detrimental to all colleges and therefore the National VP Network will be making a sector return to SFC highlighting the shortcomings of this guidance. The Vice Principal will provide a further VERBAL update on this at the meeting.

4. BENEFITS AND OPPORTUNITIES

Constant analysis of comparative data has enabled us to make pro-active 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.

Thorough analysis of lessons learned during lockdown will very much help inform the new Learning and Teaching Strategy and help shape the college for the future.

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 agreed that the risk description should be updated to include attainment and progression and the scores updated accordingly.

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

The SFC Credit Guidance AY 2020/21 could have huge implications on our staffing structure. If we reduce each FT FE course from 18 – to 16 credits we would have to also remove 2 hours teaching per group per week. This would mean a reduction of 33 lecturing posts would be required.

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 Vice Principal: Education & Skills.

FOR INFORMATION / DISCUSSION			
Meeting	Policy & Resources Committee 01.09.20		
Presented by	Lindsay Towns		
Author/Contact	Lindsay Towns	Department / Unit	Finance
Date Created	25.08.20	Telephone	
Appendices Attached	<i>Appendix 1: Management Accounts to June 2020 (with commentary)</i>		
Disclosable under FOISA		Yes	

MANAGEMENT ACCOUNTS TO JUNE 2020

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 June 2020.



FINANCIAL REPORT

11 MONTHS TO 30 JUNE 2020

CONTENTS

Report from Chief Operating Officer

1. Executive Summary
2. Credit Activity
3. Income Analysis
4. Expenditure Analysis
5. Staff Costs Analysis
6. Trading Department
7. Cash-flow
8. SFC Reporting
9. Balance Sheet
10. 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

Introduction

1.1 Due to the outbreak of Covid-19 and following Government instructions, the College campuses closed on 23rd March 2020. Following this closure, the College undertook a review of its financial position resulting in reduced income and expenditure, which is shown in these management accounts. The financial impact of Covid-19 on Edinburgh College and indeed the sector as a whole is considerable, particularly on Colleges with high levels of international & commercial business.

Credits and SFC Grants

1.2 Edinburgh College's activity target for 2019/20 is **186,612** credits, together with an ESF target of **1,335** credits. The College's total target is therefore **187,947** credits. The College has achieved **186,640** credits at 16th July 2020 (subject to verification). As a result of Covid-19 the SFC has agreed some flexibility in the methodology of calculating credits, therefore it is expected that the credit target will be met and 100% of Grant-in-Aid funding will be received. ESF income is also expected to be received in full.

1.3 Adjusted Operating Position

As per SFC Measurement basis	<u>Annual Budget 2019/20</u>	<u>YTD Budget 2019/20</u>	<u>YTD Actuals 2019/20</u>	<u>YTD Variance 2019/20</u>	<u>Previous YTD 2018/19</u>	<u>Full Year Forecast 2019/20</u>
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
I&E Operating Position	(1,735)	(1,469)	(1,357)	112	(566)	(1,419)
Add:						
Depreciation net of deferred capital grant release	2,509	2,317	2,258	(59)	2,353	2,445
Deduct:						
Revenue funding allocated to loan repayments **	774	710	710	-	1,036	1,006

Adjusted Operating Position	-	137	191	54	751	21
------------------------------------	----------	------------	------------	-----------	------------	-----------

** the 2019/20 forecast includes Lennartz and Granton accommodation provision adjustments totalling £232k.

The College's adjusted operating position excludes non-cash items included in the income and expenditure account (pension, depreciation net of deferred grant release, and gain / loss on disposal of assets, as well as repayments of SFC Grant funding) and capital loan repayments (not included in the I/E account).

1.4 Income and Expenditure

	<u>Annual Budget 2019/20</u>	<u>YTD Budget</u>	<u>YTD Actuals</u>	<u>YTD Variance</u>	<u>Previous YTD</u>	<u>Full Year Forecast</u>
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Funding Council Grants	48,695	44,525	44,730	205	42,437	49,114
Tuition Fees and Commercial & Other Income	15,676	15,208	12,637	(2,571)	15,437	12,882
Job Retention Scheme (JRS) Income	-	-	-	-	-	600
Deferred Income	2,974	2,733	2,719	(14)	3,181	2,959
Total Income	67,345	62,466	60,086	(2,380)	61,055	65,555
Staff Costs	48,970	44,862	43,987	874	41,905	48,013
Other Costs	14,627	14,022	12,478	1,546	14,181	13,556
Depreciation	5,484	5,050	4,977	72	4,535	5,405
Total Expenditure	69,080	63,934	61,442	2,492	61,621	66,974
Operating (Deficit) / Surplus	(1,735)	(1,469)	(1,357)	112	(566)	(1,419)

The College's annual budgeted operating position for the year is a deficit of £1.735m, which results in an adjusted operating budget position for the year of **break-even** (refer para 1.3 for details).

Based on current performance, the full year forecast operating deficit is £1,419k, which equates to an adjusted operating **surplus position of £21k**. High-level movements in June 2020 affecting the full year operating forecast are as follows:

	£k - Fav / (Adv)
Other SFC Grants (Gaelic Cohorts)	17
Tuition fees (inc SAAS) – net managing agents	183
Commercial & International income (largely residencies income)	39
Other income generating activities (primarily nursery income)	121
Other operating expenditure (premises costs & teaching activities)	(358)
Total movements during June affecting operating position:	2

The full year favourable forecast of £21k compared to B/E budget (a favourable movement of £2k, in total, from last month) comprises the following:

	£k - Fav / (Adv)
Recurrent Grant Income (JE funding deferred from 2018/19)	19
Other SFC Grants	400
Tuition Fees and Education contracts	(754)
Net Commercial & International income	(1,242)
Job Retention Scheme Income	600
Other income (inc Nursery)	(99)
Staffing (vacancy churn / unfilled posts)	957
Net other operating expenses (energy, cleaning etc.)	372
Lennartz & Granton accommodation provision movements	(232)
Total YTD movement affecting cash:	21

The net movements mainly attributable to Covid-19, on the College's current year-end operating projection, are summarised below:

	Revised Annual Budget £000s	YTD Actuals £000s	Year End Projection @ end Feb 20 £000s	Movements from end Feb to date (largely associated with Covid-19) £000s	Current Year End Projection £000s
Funding Council Grants	48,695	44,730	49,013	101	49,114
Deferred Capital Grant Releases	2,974	2,719	2,959		2,959
Tuition Fees and Education Contracts (inc SAAS)	7,709	6,945	7,028	(73)	6,955
Commercial and International Contracts	6,256	4,169	5,846	(1,461)	4,385
JRS Income				600	600
Other Income	1,711	1,521	1,776	(234)	1,542
Total Income	67,345	60,086	66,622	(1,067)	65,555
Staff Costs	48,970	43,987	48,113	(100)	48,013
Other Operating Expenses	14,040	11,943	14,300	(1,331)	12,969
Depreciation for the year	5,484	4,977	5,405		5,405
Debt Interest & Other Finance Costs	587	535	587		587
Total Expenditure	69,080	61,442	68,405	(1,431)	66,974
Operating (Deficit) / Surplus	(1,735)	(1,357)	(1,783)	364	(1,419)

1.5 The operating position to 30th June shows a deficit of £1,357k, against a profiled budget deficit of £1,469k. The main variances are:

- An adverse income variance within tuition fees of £691k (mainly managing agents, net SAAS and associate degree fees).

- An adverse income variance within commercial & international income of £1,793k (mainly international, residencies, scheduled and bespoke income).
- An adverse 'other' income variance of £88k (mainly net Nursery income).
- A favourable variance of £1,541k within other operating expenses, due to savings associated with reduced income streams, coupled with lower running costs due to campus closures.
- A favourable variance in staff costs of £874k as a result of relinquished posts and vacancy churn.

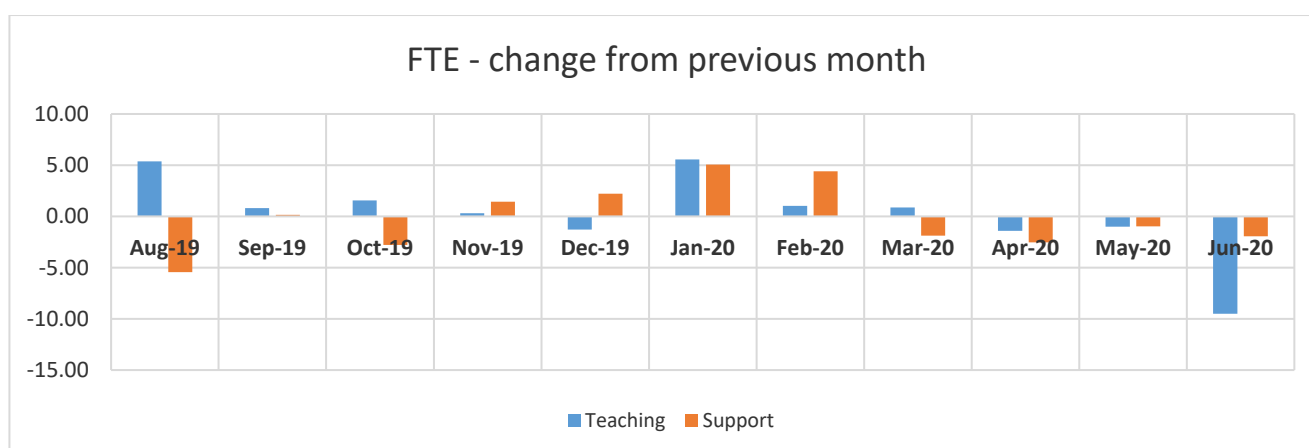
1.6 The annual budget includes cost of living increases for support staff of £0.6m and lecturing staff of £1.1m. The increased STSS employer pension contribution (from 17.2% to 23%), which commenced on 1st September 2019, is also included; this is fully funded (£1.3m) by the SFC. The cost of the pension rate increases and associated funding (for the year) are both included within the College's budget.

1.7 All figures exclude the effects of the actuarial pension revaluation and annual leave provision movements, which will not be quantifiable until after 31st July 2020.

1.8 Staff (Full Time Equivalent)

FTE	31/07/19	30/06/20	YTD Movement	30/06/19
Teaching	477.8	480.2	2.4	478.7
Support	534.5	532.3	(2.2)	533.5
	1,012.3	1,012.5	0.2	1,012.2

Staff numbers have reduced by 11.4 FTE during June following the expiry of a number of fixed-term contracts, 9.5 FTE were teaching staff (the balance in support areas). Recruitment has been on hold since Mid-March following the Covid-19 outbreak. The FTE monthly staff movements are shown below:



1.9 Cash

Opening cash	Month-end cash	Forecast year-end cash	Comments
01/08/2019	30/06/2020	31/07/2020	
£'m.	£'m.	£'m.	
0.9	4.7	1.4	<p>The opening cash balance included £0.2m of 2018/19 underspent student support funds. These funds were netted off in April against additional current year student funding (SSF) received through the in-year redistribution exercise.</p> <p>The College has forecast to receive £600k from claims against the JRS (following acceptance of the claims). This month the full year forecast has been strongly bolstered by the following: 1) capital loan repayment deferral (+£120k); 2) a small projected SSF underspend, together with early receipt of SAAS SSF cash for 2020/21, which has led to the cash forecast increasing by £385k; 3) 2020/21 international income and cash from managing agents partners has been received earlier than anticipated totalling circa £330k (some of this cash is in advance of delivery).</p>

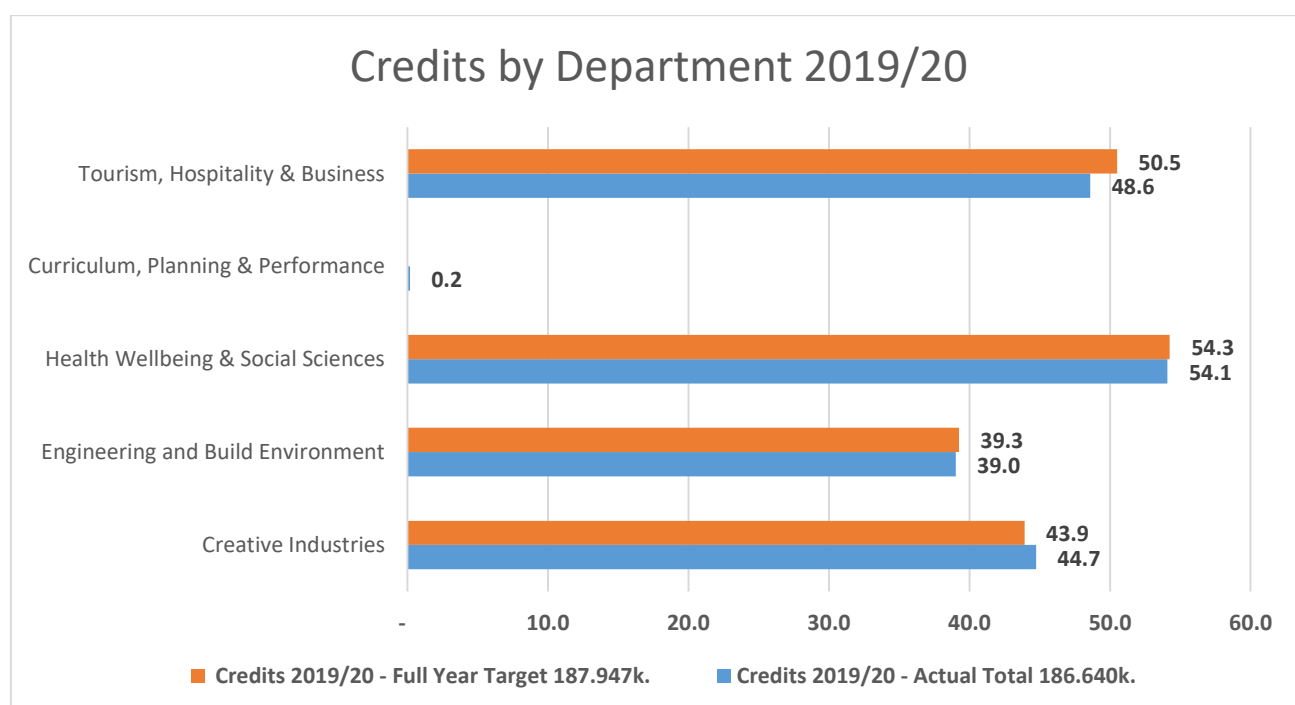
1.10 Capital Expenditure

All expenditure for the 2019/20 financial year budget of £1.455m has been incurred. The main areas of expenditure were: rooms refurbishment & furniture / lighting replacements (£0.6m), buildings critical works (£0.5m), lifts (£0.15m) and cctv works (£0.13m). The fixed asset values are as follows:

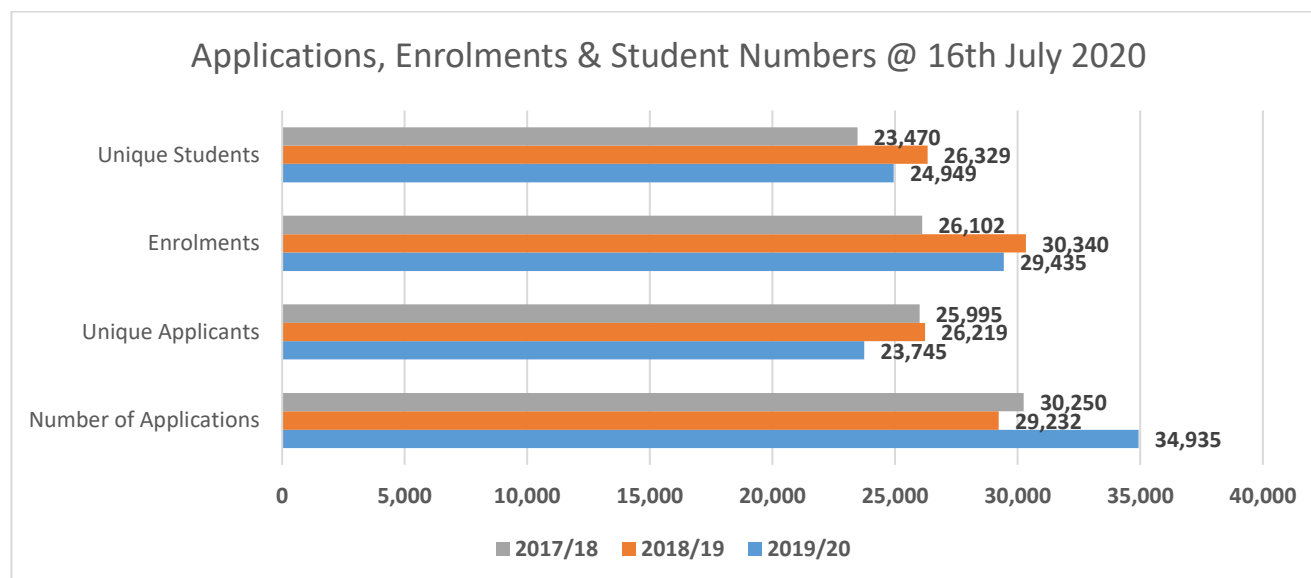
Opening Fixed Assets	Additions YTD	Depreciation YTD	Closing Fixed Assets	Comments
01/08/2019	30/06/2020	30/06/2020	30/06/2020	
£'m.	£'m.	£'m	£'m.	
159.7	1.4	(5.0)	156.1	In total £3.65m of funds have been assigned to lifecycle and high priority backlog maintenance works, together with capital spends for 2020/21. This figure is split between an amount required to maintain the College Estate (I&E budget) of £0.969m (2019/20 £0.969m), £2.189m for condition survey backlog works (2019/20 £1.455m) and £0.488m (2019/20 nil) for priority capital works. There is no specific capital funding for either IT or Digital investment.

2. CREDIT AND STUDENT ACTIVITY

- 2.1 The activity target for the 2019/20 academic year is 187,947 credits, which includes an additional 1,335 credits for ESF funding (subject to our core credit target being achieved in the year).
- 2.2 Latest enrolment figures show lower full-time students partly offset by an increased number of part-time students. Curriculum plans to increase Semester 2 activity have stopped due to Covid-19.
- 2.3 The College has achieved **186,640 credits** at 16th July 2020. The "Credits by Department" table (below) shows a comparison of faculty performance for the year to date against full year targets.



2.4 The table below shows Applications, Enrolments and Student No's from 2017/18 to 2019/20 (to date).

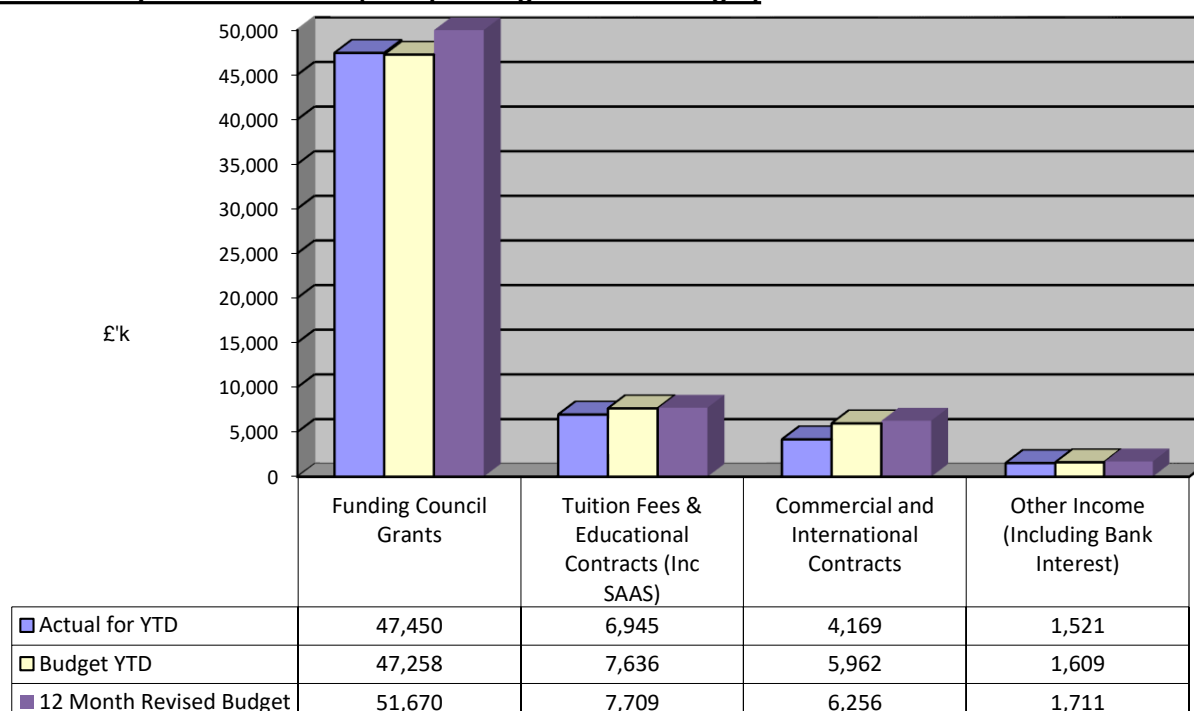


3. INCOME ANALYSIS

Income Expanded Account Detail for the 11 Months to 30th June 2020

	<u>Original Annual Budget £000s</u>	<u>Revised Annual Budget £000s</u>	<u>YTD Budget £000s</u>	<u>YTD Actuals £000s</u>	<u>YTD Variance £000s</u>	<u>Previous YTD £000s</u>	<u>Year End Projection £000s</u>
INCOME							
Funding Council Grants	51,670	51,670	47,258	47,450	191	45,618	52,074
Tuition Fees & Education Contracts	7,709	7,709	7,636	6,945	(691)	7,663	6,955
Commercial & International	6,256	6,256	5,962	4,169	(1,793)	5,244	4,385
JRS Income							600
Other Income	1,711	1,711	1,609	1,521	(88)	2,530	1,542
Total Income	67,345	67,345	62,466	60,086	(2,380)	61,055	65,555

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



- 3.1 Total income to date is £60.1m, which is £2.4m lower than the profiled budget year to date of £62.5m.
- 3.2 Grant-in-Aid income across all credit-bearing areas has been brought to account in line with previous SFC guidance that the College will receive its full funding allocation for the year. It is also likely that the College will achieve its credit targets for the year following recent flexibility measures introduced by the SFC to support Colleges re: Covid-19 effect.

As a consequence, ESF forecast income has also been brought to account in full against budget. The Grant-in-Aid forecast has been increased by £19k to reflect deferred support staff Job Evaluation (JE) funding from 2018/19.

- 3.3 Following the latest review of student numbers and the reduction in activity due to Covid-19 (together with a number of refunds currently totaling £47k), the annual forecast for total tuition fee income shows a shortfall on budget of £754k. This relates to SAAS, FE / HE full-time and part-time, self-payer fees and exam fee income (lower by £650k in total) together with a reduction in managing agents' income (£88k) and lower associate degrees (£16k). The table below illustrates the effects of Covid-19 and other movements on the year-end projection:

Tuition Fees Expanded Account Detail for the 11 Months to 30th June 2020

	<u>Revised Annual Budget</u> £000s	<u>YTD Budget</u> £000s	<u>YTD Actuals</u> £000s	<u>YTD Variance</u> £000s	<u>Year End Projection @ end Feb 20</u> £000s	<u>Movements from end Feb to date (largely Covid- 19 income contractions)</u> £000s	<u>Current Year End Projection (inc the effects of refunds)</u> £000s
<u>Tuition Fees & Education Contracts</u>							
FE - UK & EU	50	50	77	27	68	9	77
HE - UK & EU	359	352	283	(69)	402	(115)	287
PT Self Payers	438	438	541	103	503	38	541
Examination Fee Income	20	20	20	(0)	20	0	20
SAAS	4,455	4,395	3,737	(659)	3,728	14	3,742
SAAS - Commercial	47	47	52	5	47	5	52
Associate Degree Fees	805	803	789	(14)	725	64	789
Managing Agents	1,535	1,530	1,447	(83)	1,535	(88)	1,447
	7,709	7,636	6,945	(691)	7,028	(73)	6,955

Mitigating net savings of £42k associated with the above forecast loss of income are likely to be achieved and are included within the College's full year forecast.

- 3.4 Commercial UK revenue streams for the remainder of the year have been severely curtailed by Covid-19 (illustrated in the table below). Prior to the lockdown, good progress had been made across most income lines, particularly with regards to FWDF activity and bespoke courses. However, most of the training is face to face and has therefore been postponed until further notice. All pipeline work will now relate to the 2020/21 session.

The Commercial UK team's focus has been to continue converting planned classroom-based training to an online format, in order to fulfil as many FWDF contracts as possible under lockdown restrictions. The latest report submitted to the SFC shows that £1.62m of FWDF funding has been fully allocated to organisations (in line with full year budget), and it is anticipated the College will be granted an extension to start and finish training dates to maximise reskilling and retraining opportunities through the fund.

In relation to SDS activity, the practicalities of assessing apprentices progress and engaging with employers has been severely restricted in the current environment. Discussions with SDS regarding levels of engagement, work placement progress, recruitment progress, milestone reporting and SQA / SVQ guidance remains ongoing, although a number of programmes have been paused and concerns remain with timelines for delivering contracts and the associated drawdown of milestone payments.

The Club & Milton Road accommodation have not received any income since the lockdown commenced. Guidelines for students returning in September are currently being discussed with the Scottish Government. Indoor gyms continue to have no estimated date of return in the latest Government Covid-19 route map.

Commercial UK Expanded Account Detail for the 11 Months to 30th June 2020

	<u>Revised Annual Budget</u>	<u>YTD Budget</u>	<u>YTD Actuals</u>	<u>YTD Variance</u>	<u>Year End Projection @ end Feb 20</u>	<u>Movements from end Feb to date (largely Covid-19 income contractions)</u>	<u>Current Year End Projection</u>
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
<u>Commercial UK</u>							
SDS	715	701	540	(160)	715	(100)	615
EH15 and The Apprentice Restaurants	48	46	26	(20)	38	(12)	26
Bliss SPA and Employability Salons	100	97	65	(32)	100	(35)	65
Gym	332	322	213	(109)	332	(118)	214
Residences	541	525	356	(169)	541	(185)	356
Bespoke Contracts for Employers	611	585	394	(191)	611	(218)	394
Scheduled Short Courses	654	642	445	(197)	454	(9)	445
Flexible Workforce Development Fund	1,622	1,487	1,395	(92)	1,622	(100)	1,522
	4,623	4,404	3,434	(969)	4,413	(776)	3,637

Mitigating savings of £75k associated with the above loss of income has been included within the College's full year forecast. This includes external associate trainer costs, trainee allowances and teaching activity costs.

The full year forecast for International income stands at £0.749m, leaving a full year income shortfall for the year, compared to budget, of £0.9m. This reflects lost income from a number of sources (within the UK and from in-country delivery - particularly from contracts with China and Panama), whilst most upcoming development trips have been cancelled.

A contract has been signed with Guangzhou Open University for this year's 4+4 course, but due to ongoing travel restrictions, delivery is likely to be deferred until the autumn. In addition, visa offices and English Language test centres remain closed. Summer school contracts are highly unlikely to take place.

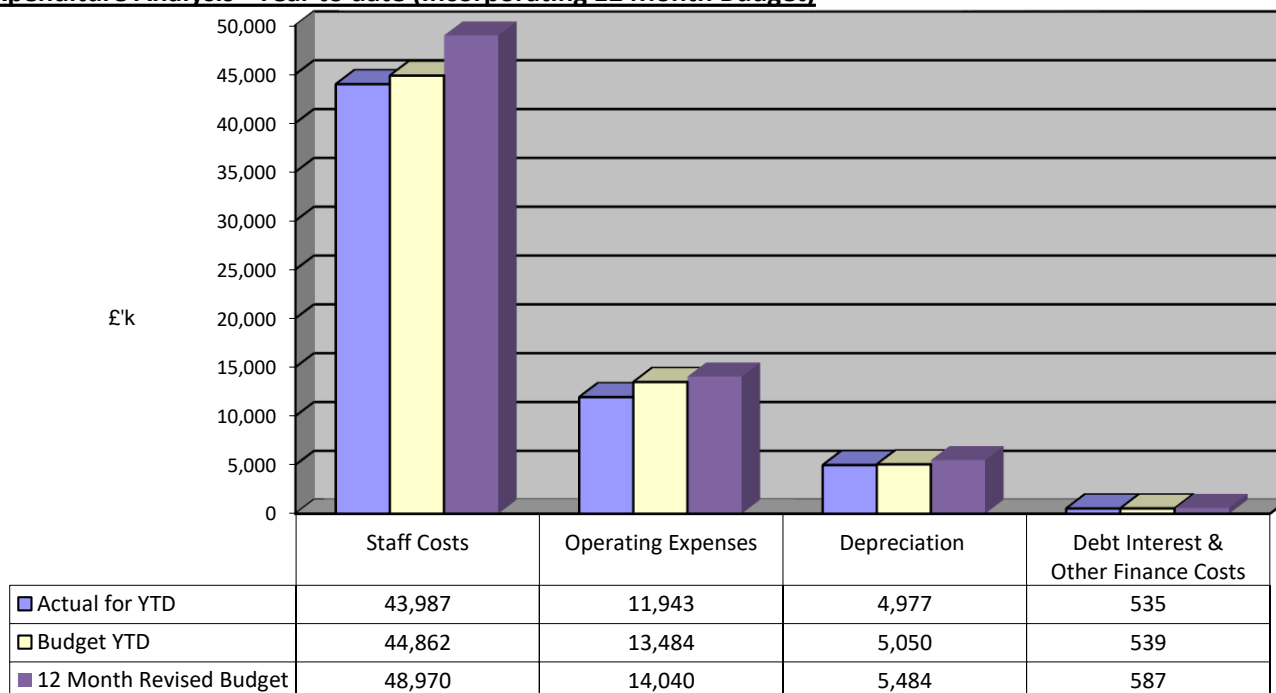
Mitigating savings of £554k (including staffing) associated with international delivery are included within the College's forecast, whilst new opportunities continue to be progressed by our International development team, with much of this pipeline work for 2020/21 and beyond.

4. EXPENDITURE ANALYSIS

Expenditure Expanded Account Detail for the 11 Months to 30th June 2020 (Ex Staff Costs)

	<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>
Other Operating Expenses	14,040	14,040	13,484	11,943	1,541	13,634	12,969
Depreciation for the year	5,484	5,484	5,050	4,977	72	5,078	5,405
July 2018 Additional Revaluation Depreciation						457	
Debt Interest & Other Finance Costs	587	587	539	535	4	547	587
Total Expenditure (Ex Staff Costs)	20,110	20,110	19,073	17,455	1,618	19,716	18,961

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



- 4.1 Total expenditure for the year to date is £61.4m, which is £2.5m lower than the profiled budget of £63.9m.
- 4.2 Many operating areas will achieve large savings for the year, primarily as a result of income contractions relating to Covid-19, together with savings aligned to campus closures. These mainly relate to energy, cleaning, professional fees, VAT, catering costs and travel (both aligned with reduced commercial UK and International activity). The saving on the cleaning contract resulted from the contractor 'furloughing' their staff in accordance with HMRC's JRS.

Other Operational Expenditure Expanded Account Detail for the 11 Months to 30th June 2020

	Revised Annual Budget £000s	YTD Budget £000s	YTD Actuals £000s	YTD Variance £000s	Year End Projection @ end Feb 20 £000s	Movements from end Feb to date (largely savings associated with Covid-19 related income contractions) £000s	Current Year End Projection £000s
Other Operating Expenses							
Premises	4,734	4,545	3,864	682	4,880	(496)	4,384
Teaching Activity & Support	1,437	1,404	1,548	(144)	1,691	(93)	1,598
Childcare Costs	1,500	1,477	1,477		1,500	(0)	1,500
Transport Costs	101	96	94	2	101		101
IT Costs	1,027	972	862	110	1,023	4	1,027
Telecomms Costs	134	134	135	(1)	134	21	155
Equipment	73	71	65	5	73	7	80
Health & Safety	37	28	27	1	37		37
Travel & Subsistence	535	506	216	290	542	(307)	235
Admin Costs	141	135	121	15	141	(19)	121
Corporate, Consultancy, Professional	883	809	696	113	753	(27)	726
Staff Welfare	16	16	14	2	16		16
Catering	508	488	274	214	499	(181)	318
Training & Development	187	156	60	96	187	(102)	85
VAT	1,224	1,170	1,093	77	1,224	(60)	1,164
Marketing & PR	141	135	102	33	145	(43)	102
Partnership Costs	39	36	36		39		39
Overseas Agents Commission	84	84	84		77	7	84
Registration & Exam Fees	1,199	1,191	1,147	44	1,199	(42)	1,157
Bad Debt	41	32	31	1	41	(0)	41
	14,040	13,484	11,943	1,541	14,300	(1,331)	12,969

5. STAFF COSTS ANALYSIS



Staffing Expanded Account Detail for the 11 Months to 30th June 2020

	<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>
Staff Costs							
Senior Management	1,594	1,594	1,451	1,429	22	1,383	1,594
Academic Departments	25,987	25,987	23,798	22,366	1,432	20,534	24,698
Academic Services	5,132	5,132	4,703	4,496	207	4,222	5,022
Admin & Central Services	12,191	12,191	11,171	11,309	(139)	11,101	12,141
Premises	1,467	1,467	1,345	1,278	67	1,358	1,447
Catering & Residences	34	34	31	31	0	594	34
Temporary, Agency & Staff Bank Costs	1,615	1,608	1,484	1,934	(450)	1,660	1,934
Other Staffing Expenditure	950	958	879	1,144	(264)	1,053	1,144
	48,970	48,970	44,862	43,987	874	41,905	48,013

- 5.1 Staff costs are currently £0.9m lower than the profiled budget, as a result of relinquished posts and vacancy churn. The latest review of forecast staff costs indicate they will settle the year at £48m, which is £1m below full year budget (and in line with last month). The majority of fixed term and temporary contracts ended in June.

College staff continue to be paid in line with Scottish Government guidance and their contractual terms. Over 250 employees are currently on / or have been through the UK Government's job retention scheme (which equates to circa £600k of JRS income – this figure has been recognised in the College's year-end projections and is unchanged from last month).

6. TRADING DEPARTMENT

	Nursery		
	YTD Jun 20		
	Full Year Budget (£000)	YTD Revised Budget (£000)	Actuals (£000)
Total Income	990	913	832
Staffing Expenditure	(964)	(884)	(835)
Non Staffing Expenditure	(47)	(45)	(49)
Net (Deficit) Contribution Towards Associated Costs	(21)	(16)	(52)
			Full Year Forecast (£000)
			853
			(895)
			(51)
			(92)

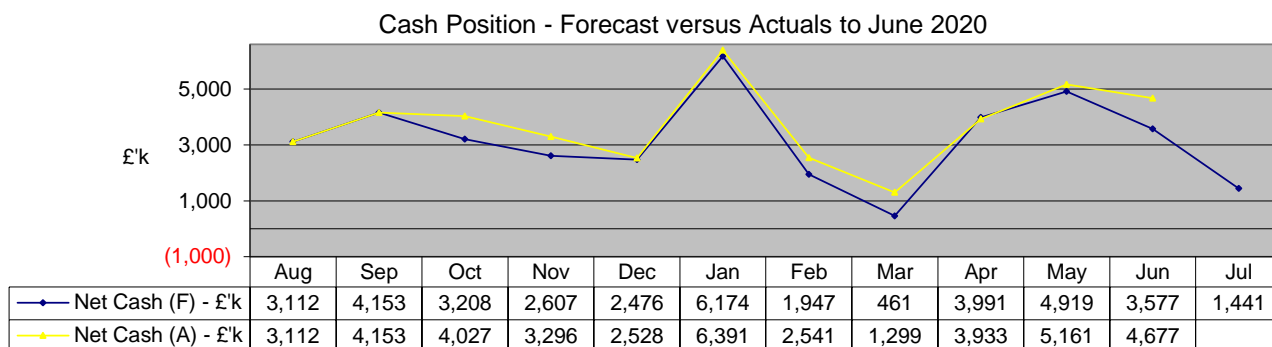
- 6.1 The above information provides an overview of the current nursery trading position.
- 6.2 The full year forecast for nursery income was reduced by £224k in March due to Covid-19 (to £750k). Income has been curtailed since 17th March 2020 although the nursery is still providing child places for essential workers. As a result, the full year income forecast (and overall net deficit contribution) has improved, since March, by £103k. The nursery continues to receive student support and Edinburgh Council funding. The full year forecast includes a grant of £20k from CoE for specific uses.

7. CASH-FLOW

- 7.1 The cash balance at the end of June is £4.7m, which includes £0.5m of student support funds.
- 7.2 The closure of the College has exerted considerable pressure on the College's 2019/20 cashflows. The cashflow position now shows a cash balance at July 2020 of £1,441k (an improvement of £1,074k compared to last month's projection – see 1.9 above). The College is doing all it can to bolster its cash balance to meet liabilities, including staggering annual contract payments and deferring VAT, as well as participating in the government's JRS.
- 7.3 The College has provided £70k of financial support to its catering contractor, who had little cash and

whose catering staff faced redundancy. This payment enabled the staff to continue to be paid, which gave the contractor time to apply to HMRC for support under the JRS.

The chart below shows the forecast (blue) cash position through the year compared to the actual (yellow) cash position.



8. SFC REPORTING

- 8.1 No cash-flow return was required by the SFC in June. The College submitted a mid-year Financial Forecast return to the SFC in May and provided a full 3-years return on 30 June 2020. These accounts show an improved cash position from the figures submitted to the SFC for the reasons outlined in 1.9 above.

9. BALANCE SHEET

<u>Balance Sheet as at 30 June 2020</u>		<u>At 30 Jun</u> <u>2020</u>	<u>At 31 July</u> <u>2019</u>	YTD Mvmt
		<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Fixed Assets	Land and Buildings	147,782	151,268	(3,486)
	Fixtures, fittings and Equipment	8,347	8,384	(37)
		156,129	159,652	(3,523)
Current Assets	Stock	91	54	37
	Debtors	1,973	3,699	(1,726)
	Cash - Main	4,224	586	3,638
	Cash - Student Support	453	350	103
Total		6,741	4,689	2,052
Creditors		(65,824)	(65,222)	(602)
Bank Loans		(9,338)	(9,692)	354
Provisions		(30,704)	(31,066)	362
		57,004	58,361	(1,357)
Funded by:				
Reserves		57,004	58,361	(1,357)
		57,004	58,361	(1,357)

- 9.1 The movements in Cash and Fixed Assets are detailed in sections 1.9 and 1.10 above. Creditors include £2.8m of Grant-in-Aid receipts which have not yet been recognised within the Income Statement and £1.5m of capital formula grants which have not yet been released to support corresponding capital expenditure (when incurred).

10. KEY PERFORMANCE DATA

Financial Performance Monitoring Template							
	2018/19 Annual Target			2019/20 Annual Target	2019/20 YTD Actuals		2018/19 Annual Out-turn
Credits	186,612			186,612	186,640		186,674
Credits ESF	1,356			1,335	-		1,356
	2018/19 Annual Budget	2019/20 Annual Budget	Revised Annual Budget	2019/20 YTD Budget	2019/20 YTD Actuals	YTD Variance	Previous YTD
	£k	£k	£k	£k	£k	£k	£k
Adjusted Operating Position	1,394	-	-	137	191	54	751
Commercial & International Contracts	5,706	6,256	6,256	5,962	4,169	(1,793)	5,244
Income	67,320	67,345	67,345	62,466	60,086	(2,380)	61,055
Expenditure	67,320	69,080	69,080	63,934	61,442	2,492	61,621
Operating Surplus / (Deficit) pre SSAP24	-	(1,735)	(1,735)	(1,469)	(1,357)	112	(566)
Net Cash Inflow / (Outflow)	(263)	(1,589)	(1,589)	3,741	3,741	-	2,522
Bank Balance	681	(563)	(563)	4,677	4,677	-	3,466
Fixed Assets	158,032	154,565	154,565	156,129	156,129	-	159,823
Net Current assets / (liabilities)	(5,702)	(4,957)	(4,957)	(6,300)	(6,300)	-	(5,981)
Creditors and Provisions	(75,876)	(91,807)	(91,807)	(92,825)	(92,825)	-	(77,954)
Net Assets	76,454	57,801	57,801	57,004	57,004	-	75,888
Pay costs % of Income	69.9	72.7	72.7	71.8	73.2	1.4	68.6
Current Ratio	0.33	0.57	0.57	0.52	0.52	-	0.54
Cash Days in Hand	(29)	(31)	(31)	(37)	(37)	-	(35)
Borrowings as % of reserves	7.7	8.0	8.0	8.5	8.5	-	7.5

I&E Account for the 11 Months to 30th June 2020

	<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	48,695	48,695	44,525	44,730	205	41,703	49,114
Deferred Capital Grant Releases	2,974	2,974	2,733	2,719	(14)	3,181	2,959
Debt Support Grant						733	
Tuition Fees and Education Contracts (inc SAAS)	7,709	7,709	7,636	6,945	(691)	7,663	6,955
Commercial and International Contracts	6,256	6,256	5,962	4,169	(1,793)	5,244	4,385
Job Retention Scheme Income							600
Other Income	1,711	1,711	1,609	1,521	(88)	2,530	1,542
Total Income	67,345	67,345	62,466	60,086	(2,380)	61,055	65,555
Staff Costs	48,970	48,970	44,862	43,987	874	41,905	48,013
Other Operating Expenses	14,040	14,040	13,484	11,943	1,541	13,634	12,969
Depreciation for the year	5,484	5,484	5,050	4,977	72	5,078	5,405
July 2018 Additional Revaluation Depreciation						457	
Debt Interest & Other Finance Costs	587	587	539	535	4	547	587
Total Expenditure	69,080	69,080	63,934	61,442	2,492	61,621	66,974
Operating (Deficit) / Surplus pre SSAP24 Enhanced Pension Provision Charge	(1,735)	(1,735)	(1,469)	(1,357)	112	(566)	(1,419)
Adjusted Operating Position:							
Operating (Deficit) / Surplus pre SSAP24 Enhanced Pension Provision Charge	(1,735)	(1,735)	(1,469)	(1,357)	112	(566)	(1,419)
Add:							
Depreciation net of deferred capital grant release	2,509	2,509	2,317	2,258	(59)	2,353	2,445
Deduct:							
Revenue funding allocated to loan repayments	774	774	710	710		1,036	1,006
Adjusted Operating Position	0	0	137	191	54	751	21

I&E Account Detail for the 11 Months to 30th June 2020

	Original Annual Budget £000s	Revised Annual Budget £000s	YTD Budget £000s	YTD Actuals £000s	YTD Variance £000s	Previous YTD £000s	Year End Projection £000s
INCOME							
Funding Council Grants							
Recurrent Grant Inc Fee Waiver	45,591	45,591	41,569	41,584	14	38,469	45,610
Childcare Funds	1,500	1,500	1,477	1,477		1,779	1,500
Deferred Capital Grants	2,974	2,974	2,733	2,719	(14)	3,181	2,959
Debt Support Grants						733	
Other SFC Grants	1,604	1,604	1,479	1,670	191	1,455	2,004
	51,670	51,670	47,258	47,450	191	45,618	52,074
Tuition Fees & Education Contracts							
FE - UK & EU	50	50	50	77	27	61	77
HE - UK & EU	359	359	352	283	(69)	299	287
PT Self Payers	438	438	438	541	103	485	541
Examination Fee Income	20	20	20	20	(0)	42	20
SAAS	4,455	4,455	4,395	3,737	(659)	4,019	3,742
SAAS - Commercial	47	47	47	52	5	54	52
Associate Degree Fees	805	805	803	789	(14)	805	789
Managing Agents	1,535	1,535	1,530	1,447	(83)	1,310	1,447
Edinburgh Council - Pre Emp Contract						588	
	7,709	7,709	7,636	6,945	(691)	7,663	6,955
Commercial & International							
International	1,634	1,634	1,559	735	(824)	1,419	749
SDS	715	715	701	540	(160)	578	615
EH15 and The Apprentice Restaurants	48	48	46	26	(20)	40	26
Bliss SPA and Employability Salons	100	100	97	65	(32)	104	65
Gym	332	332	322	213	(109)	341	214
Residences	541	541	525	356	(169)	364	356
Bespoke Contracts for Employers	611	611	585	394	(191)	314	394
Scheduled Short Courses	654	654	642	445	(197)	462	445
Flexible Workforce Development Fund	1,622	1,622	1,487	1,395	(92)	1,622	1,522
	6,256	6,256	5,962	4,169	(1,793)	5,244	4,385
Other Income							
Catering	16	16	16	11	(4)	773	11
Job Retention Scheme							600
Nursery	990	990	913	813	(100)	806	833
Access Centre Provision	150	150	150	187	37	192	187
Other Income Generating Activities	545	548	525	504	(21)	750	504
	1,701	1,704	1,603	1,515	(88)	2,521	2,135
Endowment & Investment							
Bank Interest	10	6	6	7	1	9	7
	10	6	6	7	1	9	7
TOTAL INCOME	67,345	67,345	62,466	60,086	(2,380)	61,055	65,555
EXPENDITURE							
Staff Costs							
Senior Management	1,594	1,594	1,451	1,429	22	1,383	1,594
Academic Departments	25,987	25,987	23,798	22,366	1,432	20,534	24,698
Academic Services	5,132	5,132	4,703	4,496	207	4,222	5,022
Admin & Central Services	12,191	12,191	11,171	11,309	(139)	11,101	12,141
Premises	1,467	1,467	1,345	1,278	67	1,358	1,447
Catering & Residences	34	34	31	31	0	594	34
Temporary, Agency & Staff Bank Costs	1,615	1,608	1,484	1,934	(450)	1,660	1,934
Other Staffing Expenditure	950	958	879	1,144	(264)	1,053	1,144
	48,970	48,970	44,862	43,987	874	41,905	48,013
Other Operating Expenses							
Premises	4,734	4,734	4,545	3,864	682	4,328	4,384
Teaching Activity & Support	1,437	1,437	1,404	1,548	(144)	1,352	1,598
Childcare Costs	1,500	1,500	1,477	1,477		1,779	1,500
Transport Costs	101	101	96	94	2	90	101
IT Costs	998	1,027	972	862	110	859	1,027
Telecomms Costs	134	134	134	135	(1)	130	155
Equipment	73	73	71	65	5	48	80
Health & Safety	37	37	28	27	1	36	37
Travel & Subsistence	581	535	506	216	290	504	235
Admin Costs	141	141	135	121	15	158	121
Corporate, Consultancy, Professional	883	883	809	696	113	739	726
Staff Welfare	16	16	16	14	2	11	16
Catering	509	508	488	274	214	680	318
Training & Development	187	187	156	60	96	85	85
VAT	1,224	1,224	1,170	1,093	77	1,263	1,164
Marketing & PR	145	141	135	102	33	129	102
Partnership Costs	39	39	36	36		310	39
Overseas Agents Commission	38	84	84	84		42	84
Registration & Exam Fees	1,224	1,199	1,191	1,147	44	1,059	1,157
Bad Debt	41	41	32	31	1	32	41
	14,040	14,040	13,484	11,943	1,541	13,634	12,969
Depreciation	5,484	5,484	5,050	4,977	72	4,963	5,405
(Gain) / Loss on Disposal of Assets						115	
Depreciation for the year	5,484	5,484	5,050	4,977	72	5,078	5,405
July 2018 Additional Revaluation Depreciation							
						457	
Debt Interest & Other Finance Costs							
Interest On Bank Loans	557	557	510	510		527	557
Other Finance Charges	30	30	28	25	4	20	30
	587	587	539	535	4	547	587
TOTAL EXPENDITURE	69,080	69,080	63,934	61,442	2,492	61,621	66,974
Operating (Deficit) / Surplus pre SSAP24							
Enhanced Pension Provision Charge	(1,735)	(1,735)	(1,469)	(1,357)	112	(566)	(1,419)
Adjusted Operating Position:							
Operating (Deficit) / Surplus pre SSAP24							
Enhanced Pension Provision Charge	(1,735)	(1,735)	(1,469)	(1,357)	112	(566)	(1,419)
Add:							
Depreciation net of deferred capital grant release	2,509	2,509	2,317	2,258	(59)	2,353	2,445
Revenue funding allocated to loan repayments	774	774	710	710		1,036	1,006
Adjusted Operating Position	0	0	137	191	54	751	21

Balance Sheet

For the 11 Months to 30th June 2020

	<u>2019/2020</u> <u>YTD Actuals</u> <u>£000s</u>	<u>2018/19</u> <u>Year End</u> <u>£000s</u>	<u>2018/2019</u> <u>Previous YTD</u> <u>£000s</u>
Fixed Assets			
L&B	147,782	151,268	151,143
FFE	8,347	8,384	8,680
	<u>156,129</u>	<u>159,652</u>	<u>159,823</u>
Current Assets			
Stock	91	54	39
Debtors	1,974	3,699	3,436
Cash	4,677	936	3,466
	<u>6,741</u>	<u>4,689</u>	<u>6,941</u>
Creditors < 1yr			
Bank loans	(470)	(470)	(449)
Payments received in advance	(619)	(199)	(272)
Trade creditors	(1,369)	(1,909)	(1,261)
Taxes & social sec	(964)	(1,222)	(955)
Accruals, Def Inc & Other Creditors	(1,448)	(2,926)	(1,660)
Amounts owed to SFC	(5,197)	(19)	(5,394)
Deferred Capital Grants - Government	(2,974)	(2,901)	(2,931)
	<u>(13,042)</u>	<u>(9,646)</u>	<u>(12,922)</u>
Net current assets / (liabilities)	<u>(6,300)</u>	<u>(4,957)</u>	<u>(5,981)</u>
Total assets less current liabilities	149,829	154,695	153,842
Creditors > 1yr			
Bank loans	(8,867)	(9,222)	(9,320)
Deferred Capital Grants - Government	(53,253)	(56,046)	(54,403)
	<u>(62,120)</u>	<u>(65,268)</u>	<u>(63,723)</u>
Provisions			
Early retirement	(4,342)	(5,472)	(4,326)
Student Accommodation Provision	(769)		
	<u>(5,110)</u>	<u>(5,472)</u>	<u>(4,326)</u>
Net pension asset / (liability)	<u>(25,594)</u>	<u>(25,594)</u>	<u>(9,905)</u>
NET ASSETS	<u>57,004</u>	<u>58,361</u>	<u>75,888</u>
Reserves			
I&E account	41,650	42,046	43,796
Pension reserve	(25,594)	(25,594)	(9,905)
Revaluation reserve	40,948	41,909	41,997
RESERVES	<u>57,004</u>	<u>58,361</u>	<u>75,888</u>

Cumulative Cashflows (2019/20)

<div><div>Edinburgh College</div><div>For the future you want</div></div>	<u>Original Budget</u> <u>£000s</u> <u>Total</u>	<u>Revised Budget</u> <u>£000s</u> <u>Total</u>	<u>Aug 19</u> <u>£000s</u> <u>Actuals</u>	<u>Sep 19</u> <u>£000s</u> <u>Actuals</u>	<u>Oct 19</u> <u>£000s</u> <u>Actuals</u>	<u>Nov 19</u> <u>£000s</u> <u>Actuals</u>	<u>Dec 19</u> <u>£000s</u> <u>Actuals</u>	<u>Jan 20</u> <u>£000s</u> <u>Actuals</u>	<u>Feb 20</u> <u>£000s</u> <u>Actuals</u>	<u>Mar 20</u> <u>£000s</u> <u>Actuals</u>	<u>Apr 20</u> <u>£000s</u> <u>Actuals</u>	<u>May 20</u> <u>£000s</u> <u>Actuals</u>	<u>Jun 20</u> <u>£000s</u> <u>Actuals</u>	<u>Jul 20</u> <u>£000s</u> <u>Forecast</u>	<u>YTD</u> <u>Cumulative</u> <u>£000s</u> <u>Total</u>	<u>Annual</u> <u>Forecast</u> <u>£000s</u> <u>Total</u>	<u>Var From Budget - Fav</u> <u>/ (Adv)</u> <u>£000s</u> <u>Total</u>
SFC Grants - Core	45,746	45,746	5,873	4,761	3,761	3,761	3,762	3,762	579	2,662	6,464	5,299	3,876	1,190	44,557	45,746	0
SFC Grants - ESF	350	350	22	22	109	22	22	22	22	22	22	22	22	22	327	349	(1)
SFC Grants - FWDF	1,622	1,622	0	0	406	0	0	406	406	404	0	0	0	0	1,622	1,622	(0)
SFC Grants - Other	4,053	4,053	455	369	461	517	485	491	469	710	225	123	53	69	4,356	4,425	372
SAAS Funds	4,502	4,502	0	0	0	0	0	3,746	0	0	37	4	1	6	3,788	3,794	(708)
Tuition Fees / Education Contracts	3,208	3,208	336	396	237	167	331	1,083	312	0	235	189	1,073	0	4,359	4,359	1,151
Commercial / International	4,634	4,634	458	472	407	298	147	309	236	313	32	10	147	183	2,829	3,012	(1,622)
Other Income	1,711	1,711	190	89	99	182	219	96	183	490	108	98	109	421	1,863	2,284	573
Operational Income	65,826	65,826	7,334	6,108	5,479	4,946	4,965	9,914	2,206	4,600	7,123	5,745	5,280	1,890	63,700	65,590	(235)
Staff Costs	48,970	48,970	4,127	3,865	4,002	3,993	4,034	4,027	4,041	4,134	4,034	4,056	4,001	3,918	44,314	48,232	738
Purchase Ledger / Other Expenditure	8,393	8,393	941	1,176	763	918	439	610	372	573	1,107	347	615	626	7,861	8,487	(94)
Childcare Expenditure	1,500	1,500	0	83	180	217	187	193	136	163	111	109	39	29	1,418	1,447	53
Premises Costs	4,734	4,734	371	332	385	408	387	488	385	384	222	207	295	520	3,864	4,384	350
Operational Expenditure	63,597	63,597	5,439	5,456	5,330	5,536	5,047	5,318	4,934	5,254	5,474	4,719	4,950	5,093	57,457	62,550	1,047
Net Income Generated From Operations	2,229	2,229	1,895	652	149	(590)	(82)	4,596	(2,728)	(654)	1,649	1,026	330	(3,203)	6,243	3,040	812
Capital Expenditure	1,874	1,874	419	84	101	105	248	86	55	152	618	0	4	1	1,872	1,873	1
Pensioners (against enhanced provision)	300	300	24	24	24	24	24	24	23	23	24	23	24	24	261	285	15
Capital Loan Repayments	474	474	0	38	79	0	38	80	0	38	81	0	0	0	354	354	120
Granton Provision			0	0	0	0	0	0	104	0	0	0	77	0	181	181	(181)
VAT Repaid - Lennartz	0	0	0	65	0	0	0	0	0	0	0	0	0	0	65	65	(65)
Non-Operational Expenditure	2,648	2,648	443	211	204	129	310	190	182	213	723	23	105	25	2,733	2,758	(110)
Net Income Generated From Op and Non-Op Activities	(419)	(419)	1,452	441	(55)	(719)	(392)	4,406	(2,910)	(867)	926	1,002	226	(3,227)	3,510	283	702
Student Funds Inflow	9,625	9,625	729	1,379	1,122	1,043	1,027	916	116	942	2,541	1,185	271	26	11,271	11,297	1,672
Student Funds Outflow	10,705	10,705	5	779	1,194	1,055	1,403	1,458	1,056	1,317	833	959	981	35	11,040	11,075	(370)
	(1,080)	(1,080)	724	600	(72)	(12)	(376)	(542)	(940)	(375)	1,708	226	(710)	(9)	231	222	1,302
Total Cash In	75,451	75,451	8,063	7,487	6,601	5,989	5,992	10,830	2,322	5,542	9,664	6,930	5,551	1,916	74,971	76,887	1,436
Total Cash Out	76,950	76,950	5,887	6,446	6,728	6,720	6,760	6,966	6,172	6,784	7,030	5,701	6,036	5,153	71,230	76,383	(567)
Net Inflow / (Outflow)	(1,499)	(1,499)	2,176	1,041	(127)	(731)	(768)	3,864	(3,850)	(1,242)	2,634	1,228	(484)	(3,236)	3,741	505	2,004
Opening bank balance	936	936	936	3,112	4,153	4,027	3,296	2,528	6,391	2,541	1,299	3,933	5,161	4,677	936	936	0
Closing bank balance	(563)	(563)	3,112	4,153	4,027	3,296	2,528	6,391	2,541	1,299	3,933	5,161	4,677	1,441	4,677	1,441	2,004
Ledger balances																	
Main accounts	0	0	2,166	2,607	2,553	1,834	1,442	5,847	2,173	1,120	3,776	4,020	4,224	1,056	4,224	1,056	1,056
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	946	1,546	1,474	1,462	1,086	544	368	179	157	1,141	453	385	453	385	385
Subsidiary accounts																	
	0	0	3,112	4,153	4,027	3,296	2,528	6,391	2,541	1,299	3,933	5,161	4,677	1,441	4,677	1,441	1,441
Loan balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

POLICY & RESOURCES COMMITTEE
01 SEPTEMBER 2020
PAPER I



FOR INFORMATION			
Meeting	Policy & Resources Committee 01.09.20		
Presented by	Ann Landels		
Author/Contact	Marcus Walker	Department / Unit	Governance
Date Created	30.06.20	Telephone	-
Appendices Attached	<i>Appendix 1: Review of Committee Operation Form 2019/20 – Final</i>		
Disclosable under FOISA		Yes.	

REVIEW OF POLICY & RESOURCES COMMITTEE OPERATION 2019/20

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.

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.

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

4. BENEFITS AND OPPORTUNITIES

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

5. STRATEGIC IMPLICATIONS

All committees of the Board are required to review their operation and performance annually.

6. RISK

Failure to review committee operations and performance on an annual basis can lead to a risk of governance failure.

7. FINANCIAL IMPLICATIONS

Not applicable.

8. LEGAL IMPLICATIONS

Not applicable.

9. WORKFORCE IMPLICATIONS

Not applicable.

10. REPUTATIONAL IMPLICATIONS

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

11. EQUALITIES IMPLICATIONS

Not applicable.

CONCLUSIONS/RECOMMENDATIONS

The Committee is asked to NOTE its 2019/20 Review of Committee Operation Form.

Review of Policy & Resources Committee Operation 2019/20 - Part 1

Membership	Y/N	Comments
<p>Has the Committee's membership been compliant with its terms of reference during the past year?</p>	Y	<p>The resignation of the Regional Chair, Sir Ian Diamond, on 30 October 2019 led to interim governance arrangements being implemented by the Board. The Vice Chair of the Board was subsequently appointed as Interim Chair of the Board and, in order to main continuity, it was agreed by the Board that the Interim Chair would remain as Chair of the Policy & Resources Committee.</p> <p>The Committee membership includes the Interim Chair and the Interim Vice Chair, plus the Chairs of the following committees:</p> <ul style="list-style-type: none"> - Audit & Risk Assurance Committee - Academic Council - Corporate Development Committee - Remuneration Committee <p>Sam Hogrefe, a non-executive member with legal expertise served on the Committee from March 2019 to May 2020.</p>
<p>Are there any skills gaps that the Committee would bring to the attention of the Policy & Resources Committee?</p>	Y	<p>The importance of HR matters both locally and nationally, and the need to develop the organisation and skills as the College deals with sector wide financial pressures and continues to drive forward the digital agenda.</p> <p>Additionally, following the departure of Sam Hogrefe from the Board on 08 May 2020, the Committee highlighted the need to recruit a new member with relevant legal expertise.</p> <p>N.B. The Board is currently seeking to appoint two new non-executive members with both HR and legal expertise.</p> <p>The Committee will continue to keep this matter under review.</p>

Has the committee met in accordance with its terms of reference and often enough to fulfil its remit?	Y	<p>The Committee convened four times in 2019/20, in each of the following months: August, November, February and May.</p> <p>Due to the Coronavirus pandemic leading to a nationwide lockdown and social distancing guidance, the May 2020 meeting of the Committee was held via Skype.</p> <p>The Committee is required by its terms of reference to meet (at minimum) on a quarterly basis.</p>
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 Interim Chair, Chief Operating Officer and the Clerk to the Board 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?	N	No further comments were raised by members at the P&R Committee meeting on 19 May 2020.

Review of Policy & Resources Committee Operation 2019/20 - 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, cashflow/balance and Government Returns.

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.

A 'Future Proofed College Update' has been received by the Committee at each of its meetings in 2019/20. The update outlines to progress of the College against the three transformational themes agreed by the Board, which build on the foundations and priorities set out in the College Blueprint 2017-22.

In addition to the areas of performance monitoring listed above the Committee has also regularly monitored updates on the HR dashboard, estates (inc. carbon emissions) and IT.

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 strategic blueprint, all of which are central to the Committee's remit.

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. Finalised annual and quarterly KPIs, aligned to the Strategic Plan 2017/22, were approved by the Board on 30 March 2020, and (in line with its Improvement Plan) the Board at its meeting on 16 June will consider the monitoring of relevant KPIs by individual committees.

Strategic Role

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

The Committee received delegated responsibility from the Board in September 2017, to monitor developments related to the Strategic Plan 2017/22 and Blueprint 2017/22. Following Board agreement, three new transformational themes were proposed by the Principal to replace the College Blueprint. These three new themes comprised 'A Future

Proofed College', and the Principal has reported an update to each meeting of the Committee in 2019/20.

On 19 May 2020, the Committee received a 'Future Proofed College' Report from the Principal which highlighted the College's response to the Covid-19 pandemic and its potential impact on the college sector, and the wider region, going forward. Further to this, the Committee considered the immediate and future financial impact of the crisis on both the College and the sector.

In 2019/20, the Committee also considered (and recommended to the Board) the following new strategies: (i) the Digital Strategy; (ii) the Environmental Sustainability Strategy and; (iii) a Procurement Strategy 2019/20). The Committee agreed in November 2020 that an annual update on progress against key strategies within its remit would be presented to members - and that this would come forward to the first meeting of the academic year.

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 regular reportage on matters relating to capital and infrastructure, and continues to monitor to College's strategy towards estates/infrastructure and how these areas relate to ongoing curriculum planning.

A Horizon Scanning Report was presented to each meeting of the Committee in 2019/20. The report highlights strategic matters which may impact on the College's strategic aims going forward.

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

The Committee (and the wider Board) has actively participated in the development of the Digital Strategy and the Environmental Sustainability Strategy, and will continue to monitor progress against these strategies going forward.

Due to the cancellation of the Board Strategy Day in April 2020, in light of the coronavirus outbreak, the Committee has not had an opportunity to consider the development of a new Strategic Plan for the College.

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

The 2019 Board Effectiveness Review outlined the need for the Board to develop a consistent approach to strategy development in order to ensure that members have final ownership of strategy approval. The Review suggested that this should include:

- Early Board engagement with the development of key strategies, with later versions brought back to the Board for a second view after further development;*
- Inviting opinion on a range of strategic options (and how these might be implemented) rather than feedback on a well-developed plan;*
- The function and role of committees in strategy development, particularly Policy and Resources.*

The Review highlighted that the many boards were now focussing on 'deep dives' on a single pillar of a strategy or strategic KPI at each meeting, therefore ensuring that each dimension of a strategy was considered in full. Further to this, the Review proposed that the P&R Committee undertake more detailed development/deep dive work, and considers the more demanding agendas of Board meetings.

Decision-Making

7. Has decision-making been "transparent, informed, rigorous and timely"¹ 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?

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 2020/21 fees.

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 meeting 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 Interim 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 Chief Operating Officer and the Clerk, where the agenda for the upcoming meeting is considered and agreed.

The 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 Human Resources Report – respectively.

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

All papers presented to the P&R Committee are approved by the Executive Team prior to their circulation to Committee members.

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 Communication, Policy & Research (/ Board Secretary) and the Clerk to the Board attend all meetings of the Policy & Resources Committee and provides reports and clarifications on matters of governance.



FOR INFORMATION			
Meeting	Policy & Resources Committee 01.09.20		
Presented by	Nick Croft		
Author/Contact	Nick Croft	Department / Unit	Corporate Development
Date Created	17.08.20	Telephone	-
Appendices Attached			
Disclosable under FOISA	Yes		

EDINBURGH COLLEGE HORIZON SCANNING REPORT – SEPTEMBER 2020 BOARD OF MANAGEMENT CYCLE – EDITION 9

1. PURPOSE

This report seeks discussion on the College's ninth edition of the Horizon Scanning Report.

2. MAIN REPORT

Background

As with the previous edition, this report focusses on the various longer term organisational and sector-wide, economic and social developments arising from the Covid 19 Pandemic. These developments are identified below, and relate directly to the College's Covid 19 Risk Register (an updated copy of which is available). Consideration is sought from committee members about these matters:

Scottish Government Covid 19 Guidance

The Scottish Government has updated its [COVID-19 – Framework for Decision Making: Scotland's route map through and out of the crisis. Guidance](#) on the safe re-opening of college, university and purpose-built student accommodation has also been published. The SFC's [webpage on coronavirus preparedness](#) continues to be updated where required. The College's 5R Plan Steering Group and five Sub Groups continue to respond to such guidance.

Ministerial Leadership Group

The Ministerial Leadership Group continues to meet, involving Principals and other sector leaders, to oversee and coordinate work in response to the Pandemic. This group works closely with the Advisory Group on Economic Recovery, which published a number of [recommendations](#), which then led to a [government recovery plan](#). In addition, the plan for economic recovery has also been influenced by the [Enterprise and Skills Board report on measures to mitigate against labour market impacts](#). The development of a new college strategic plan, and the Future Proofed College programme, will be aligned to such developments.

Scottish Funding Council (SFC)

The SFC was [seeking views](#) on six key questions to help inform its review of coherent provision and sustainability in Further and Higher Education. The initial deadline for responses was Friday, 10 August 2020, and Colleges Scotland coordinated a sector response. An initial report is expected during late August and early September 2020.

Skills Development Scotland – Labour Market Impact Data

SDS have released a number of [recent reports](#) on the labour market economic impacts, resulting from the Covid 19 Pandemic. In summary, business activity, employment / youth employment, GDP and job postings have all reduced significantly. The College continues to engage with SDS, and other partners, to find economic recovery solutions to these labour market challenges.

Student Awards Agency Scotland (SAAS)

For information, SAAS has published its new [Corporate Plan for 2020/2025](#). The College's Senior Management Team is assessing implications for student funding provision.

Poverty Inquiry

The College Development Network and the Institute for Public Policy Research are working on a project in relation to poverty and inequality, and the college sector response. Completed research will feed directly into Scottish Government decision-making to help colleges meet the needs of students facing poverty. The College was an integral member of the team which established this project and is submitting information on tackling poverty projects it has delivered over recent years.

Foundation Apprenticeships

SDS and SQA has issued a [joint statement](#) regarding interim measures for Foundation Apprenticeships from August 2020. College curriculum areas are now responding to the amended approach to Foundation Apprenticeships.

Climate Action Roadmap

The EAUC has published its [Climate Action for UK FE Colleges Roadmap](#), in collaboration between Climate Commission and management consultancy, Nous Group. The roadmap provides clear actions and guidance on how colleges can respond to the climate emergency and advance sustainability. You can view the Climate Commission's monthly updates on their [website](#). The College Sustainability Steering Group has continued to meet during the Pandemic to progress delivery of the sustainability strategy.

SFC

The SFC has published the following documents since the last briefing note:

- [Student Support Fund audit guidance 2019-20](#)
- [Call for Evidence: A Review of Coherent Provision and Sustainability in Further and Higher Education](#)
- [Tackling Child Poverty Delivery Plan Call for Proposals 2020-21](#)

3. BENEFITS AND OPPORTUNITIES

This report will enable the Board of Management and its committees to improve awareness of, and better respond to, the economic impacts of the Covid 19 Pandemic.

4. STRATEGIC IMPLICATIONS

All identified horizon scanning impacts, and local economic recovery actions, are well aligned to the five strategic aims of the Edinburgh College Strategic Plan 2017/22, and transformational themes of a 'Future Proofed College'.

5. RISK

This report will enable the College to better identify the economic risks arising from the Covid 19 Pandemic, which will be managed through the Top Level Risk Register (TLRR).

6. FINANCIAL IMPLICATIONS

Any financial implications for the College identified in this report will be managed by the Senior Management Team, and Executive Team.

7. LEGAL IMPLICATIONS

Any legal implications arising as a result of this report will be managed by the Senior Management Team, and Executive Team.

8. WORKFORCE IMPLICATIONS

Any workforce implications arising as a result of this report will be managed by the Senior Management Team, and Executive Team.

9. REPUTATIONAL IMPLICATIONS

The College's staff, students, and stakeholders expect the College to have good governance and management arrangements in place to respond to, and recover from, the Pandemic, and for the College to play its part in economic recovery.

10. EQUALITIES IMPLICATIONS

Any equalities implications arising as a result of this report will be managed by the Senior Management Team, and Executive Team.

RECOMMENDATIONS

The Committee is recommended to NOTE and CONSIDER the implications for the College arising from the report.

POLICY & RESOURCES COMMITTEE
01 SEPTEMBER 2020
PAPER K



FOR INFORMATION			
Meeting	Policy & Resources Committee 01.09.20		
Presented by	Chair		
Author/Contact	Marcus Walker	Department / Unit	Governance
Date Created	25.08.20	Telephone	-
Appendices Attached			
Disclosable under FOISA		Yes.	

POLICY & RESOURCES COMMITTEE - AGENDA PLANNER 2020/21

1. PURPOSE

To provide the Policy & Resources Committee with an opportunity to review upcoming items of business.

2. BACKGROUND

It is important that the Board and its committees follow an appropriate plan of work in order to ensure they effectively cover all areas of their remit throughout the year and make the most efficient use of their time.

3. DETAIL

Below are proposed agenda items (and lead speaker) for the next three meetings of the Policy & Resources Committee, excluding Minutes of the Previous Meeting, Matters Arising and Any Other Competent Business:

3.1 Tuesday 10 November 2020

- 'A FUTURE PROOFED COLLEGE' UPDATE (A Cumberlandford)
- RECRUITMENT & RETENTION DASHBOARD (J Pearson)
- KPI MONITORING DASHBOARD (A Cumberlandford)
- FINANCE REPORT
 - Financial Forecast Return 2019/20 (L Towns)
 - Management Accounts September 2020 (L Towns)
 - Tuition Fees 2021/21 (L Towns)
- HUMAN RESOURCES REPORT (S Clyne)

- STRATEGIC NURSERY REVIEW REPORT (A Williamson)
- ESTATES & INFRASTRUCTURE REPORT (A Williamson)
- HORIZON SCANNING REPORT (N Croft)

3.2 Tuesday 23 February 2021

- 'A FUTURE PROOFED COLLEGE' UPDATE (A Cumberland)
- RECRUITMENT & RETENTION DASHBOARD (J Pearson)
- KPI MONITORING DASHBOARD (A Cumberland)
- MANAGEMENT ACCOUNTS DECEMBER 2020 (L Towns)
- HUMAN RESOURCES REPORT (S Clyne)
- ESTATES & INFRASTRUCTURE REPORT (A Williamson)
- HORIZON SCANNING REPORT (N Croft)

3.3 Tuesday 18 May 2021

- 'A FUTURE PROOFED COLLEGE' UPDATE (A Cumberland)
- RECRUITMENT & RETENTION DASHBOARD (J Pearson)
- KPI MONITORING DASHBOARD (A Cumberland)
- FINANCE REPORT
 - Management Accounts March 2021 (L Towns)
 - Indicative College Budget 2021/22 (L Towns)
 - Financial Forecast 2020/21 to 2024/25 (A Williamson)
- HUMAN RESOURCES REPORT (S Clyne)
- HORIZON SCANNING REPORT (N Croft)
- REVIEW OF COMMITTEE OPERATION 2020/21 (Chair)

4. BENEFITS AND OPPORTUNITIES

Effective agenda planning will allow the Committee to monitor all aspects of business within its remit in a timely manner.

CONCLUSIONS/RECOMMENDATIONS

The Policy & Resources Committee are asked to NOTE upcoming items of business, and CONSIDER any additional items for discussion at upcoming meetings.