



For the future you want

POLICY & RESOURCES COMMITTEE

AGENDA

A meeting of the Policy & Resources Committee will be held at 15:00 hours on Tuesday 31 August 2021 via Microsoft Teams.

		Lead Speaker	Paper
1	WELCOME & APOLOGIES	Chair	
2	DECLARATIONS OF INTEREST	Chair	
3	MINUTES OF PREVIOUS MEETING	Chair	A
4	MATTERS ARISING REPORT	Chair	B
5	TERMS OF REFERENCE	Chair	C
6	PRINCIPAL & CHIEF EXECUTIVE REPORT	A Cumberford	D
<i>Item 6 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.</i>			
7	RECRUITMENT & RETENTION DASHBOARD	J Pearson	E
<i>Item 7 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 End of LIBOR Update	A Williamson	F Attached
	8.2 Management Accounts to June 2021	A Williamson	G Attached
	8.3 Financial Forecast Return (FFR) July 2021	A Williamson	Presentation
9	HUMAN RESOURCES REPORT	A Williamson / S Clyne	H
<i>Item 9 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.</i>			
10	ESTATES & DIGITAL INFRASTRUCTURE REPORT		
	10.1 Estates & Digital Infrastructure Update	A Williamson	I
	10.2 Digital Strategy 2020-25 Progress Report	J Buglass	Presentation

Item 10.1 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.

11 ANY OTHER COMPETENT BUSINESS

12 FOR INFORMATION

12.1 Committee Programme of Work 2021/22

J Attached

13 DATE OF NEXT MEETING: 16 November 2021

FOR INFORMATION / DISCUSSION / DECISION			
Meeting	Policy & Resources Committee 31.08.21		
Presented by	Alan Williamson		
Author/Contact	Lindsay Towns	Department / Unit	Finance
Date Created	02.08.21	Telephone	
Appendices Attached			
Disclosable under FOISA			Yes

ENDING OF LIBOR UPDATE

1. PURPOSE

To provide the Policy & Resources Committee with an update on the options available to Edinburgh College as a result of the interbank borrowing rate LIBOR being phased out by UK regulators by December 2021.

2. BACKGROUND

The variable interest rate element of Edinburgh College loans from Bank of Scotland are referenced to LIBOR.

Since the College received notification of the change, Finance staff have been in discussion with the Bank of Scotland to establish if there is potentially an alternative rate to be used.

3. OPTIONS / COMPARISONS

The only two viable alternative rates are SONIA (Sterling Overnight Index Average) and the Bank Base Rate:

SONIA - the interest rate is administered by the Bank of England (BoE) and is published every London business day at 9am. It is a more stable rate than LIBOR but it has the following disadvantages:

- Compounding daily rate making the calculation more complex.
- Rate only known at the end of the interest period so more difficult for forecasting cost.
- No widely adopted single published screen rate service for SONIA.

Bank Base Rate - rate is set by the Bank of England Monetary Policy Committee (MPC) which meets regularly to make decisions about Bank Rate (normally meets 8 times a year). A more stable rate than LIBOR but with the following advantages:

- Widely used, simple rate - no compounding or lag period.

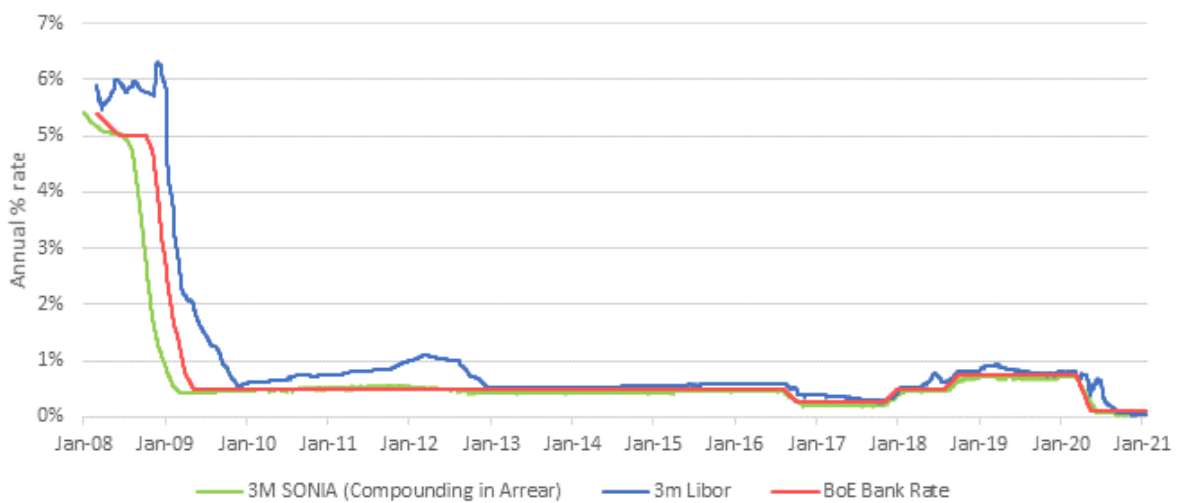
- Changes have been infrequent over recent years.

Comparison of Rates and Risks

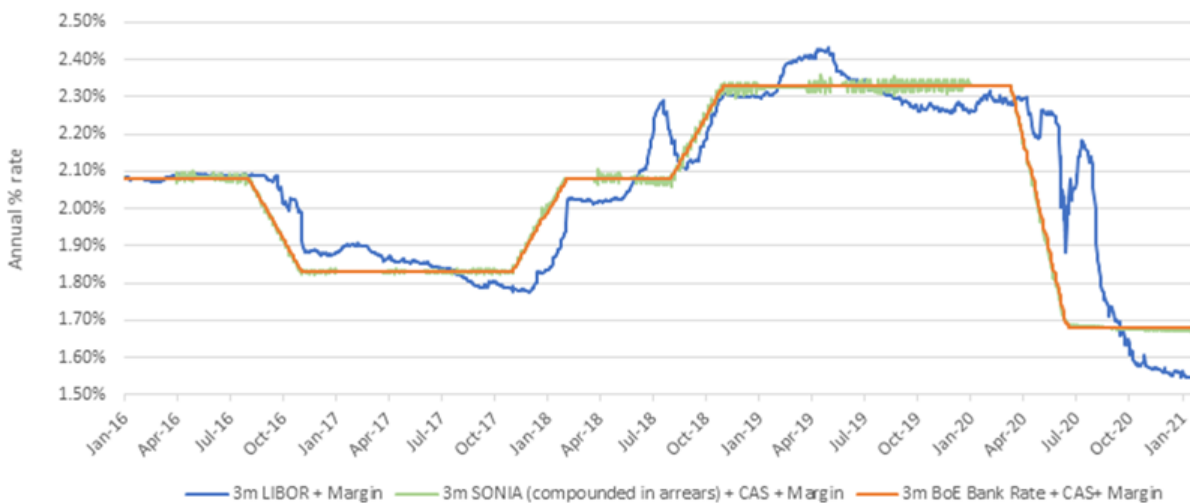
The current loan agreement has a contracted margin of £1.95% which would also apply to any new rate. The current amount outstanding on the variable element of the loan is c. £1.7m.

Unlike LIBOR the Bank Base Rate does not include any measure of term risk or bank credit risk. This means the Bank Rates have usually been lower than LIBOR (although in recent times this has not always been the case) as shown in the charts below. Due to this difference, the replacement of LIBOR with Bank Rate will include Credit Adjustment Spreads (CAS). The Transition proposal document includes a CAS rate of 8 basis points (0.08%). This may change very slightly depending on the date of the switch.

The graph below shows LIBOR and Base rate have a close correlation over the last 13 years.



The graph below shows the difference in rates over the last 5 years assuming a Bank Base rate CAS of 8bps and a margin of 1.5% for all rates (Edinburgh College 1.95%).



The difference is rarely more than 0.1% and averages less than that. The interest effect of 0.1% on the current variable loan balance of £1.7m over a year would be £1,700. Therefore, Edinburgh College is unlikely to be disadvantaged (or gain) materially by the change.

Recommendation and next steps

The Bank of Scotland is requesting Edinburgh College to select their preferred interest rate option to replace the current LIBOR rate on their variable loan of circa £1.7m.

Given the limited choices available, Edinburgh College will inform the bank of Scotland that their preferred loan variable reference rate will be the **Bank Base Rate**.

The Chief Operating Officer will then sign the Bank of Scotland Transition Agreement (Using DocuSign).

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 risks.

7. FINANCIAL IMPLICATIONS

Inherent within content.

8. LEGAL IMPLICATIONS

Some content may cover legal issues. There is no need to take any legal advice.

9. WORKFORCE IMPLICATIONS

None

10. REPUTATIONAL IMPLICATIONS

None.

11. EQUALITIES IMPLICATIONS

None.

CONCLUSIONS/RECOMMENDATIONS

The Policy & Resources Committee are asked to DISCUSS and NOTE the planned interest rate reference change and ENDORSE the Transition Agreement prior to its sign-off by the Chief Operating on behalf of Edinburgh College.

FOR INFORMATION / DISCUSSION			
Meeting	Policy & Resources Committee 31.08.21		
Presented by	Alan Williamson		
Author/Contact	Lindsay Towns	Department / Unit	Finance
Date Created	04.08.21	Telephone	
Appendices Attached	<i>Appendix 1: Management Accounts to June 2021 (with commentary)</i>		
Disclosable under FOISA	Yes		

MANAGEMENT ACCOUNTS TO MARCH 2021

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 2021.



For the future you want

FINANCIAL REPORT
11 MONTHS TO 30 JUNE 2021

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 Team

The following report provides an update on the financial position of Edinburgh College at 30th June 2021

1. EXECUTIVE SUMMARY

Credits and SFC Grants

1.1 Edinburgh College's core SFC activity target for academic year 2020/21 is **186,612** credits (in line with 2019/20), plus an ESF target of **1,257** credits, equating to a total **187,869** credits. The College also has to deliver **6,774** additional credits relating to the Young Persons Guarantee (YPG) and National Transition Training (NTT) funds. Income of £1.8m in relation to these funds is included in the forecast. The College's initial target includes 4,015 HNC childcare credits. The College has achieved **194,115** credits at 7th July 2021.

1.2 Adjusted Operating Position

As per SFC Measurement basis	<u>Annual Budget 2020/21</u>	<u>YTD Budget 2020/21</u>	<u>YTD Actuals 2020/21</u>	<u>YTD Variance 2020/21</u>	<u>Previous YTD 2019/20</u>	<u>Full Year Forecast 2020/21</u>
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
I&E Operating Position	(1,658)	(942)	(902)	40	(1,357)	(753)
Add:						
Depreciation net of deferred capital grant release	2,515	2,458	2,458	-	2,258	2,515
Non-cash provision adjustment	-	-	-	-	-	248
Deduct:						
Revenue funding allocated to loan repayments **	857	785	785	-	710	1,017
Adjusted Operating Position	-	730	770	40	191	992

1.3 Income and Expenditure

	<u>Annual Budget 2020/21</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	49,880	46,891	45,767	(1,124)	44,730	51,872
Tuition Fees and Commercial & Other Income	12,494	12,062	10,702	(1,360)	12,637	11,141
Job Retention Scheme (JRS) Income	-	-	809	809	-	819
Deferred Income	2,486	2,307	2,307	-	2,719	2,486
Total Income	64,860	61,260	59,585	(1,675)	60,086	66,318
Staff Costs	47,570	44,509	44,543	(34)	43,987	48,834
Other Costs	13,946	12,930	10,443	2,486	12,478	12,499
Depreciation	5,001	4,764	4,764	-	4,977	5,001
Exceptional Support Costs	-	-	737	(737)	-	737
Total Expenditure	66,517	62,203	60,487	1,715	61,442	67,071
Operating (Deficit) / Surplus pre year-end pension revaluation adjustments	(1,658)	(942)	(902)	40	(1,357)	(753)

1.4 The College's annual budgeted operating position is a deficit of £1,658m, which results in an adjusted operating budget for the year of **break-even** (refer para 1.3). This included savings of £2.1m to be identified during the year.

The operating position to June shows a deficit of £902k, against a profiled budget deficit of £942k. The main variances are:

- A favourable income variance of £809k from Job Retention Scheme (JRS) income.
- An adverse income variance within tuition fees, commercial & other income of £1,360k (mainly FWDF, SDS, managing agents, residencies, bespoke contracts & scheduled courses).

- An adverse income variance of £1,124k within 'other' SFC grants (primarily lower childcare funds which are offset by lower associated expenditure), and deferred capital formula funds which are partly off-set by grants for mental health counsellors & access to sanitary products.
- An adverse expenditure variance within staffing costs of £34k (the net effects of not achieving full targeted efficiency savings, partly mitigated by savings from vacancy churn and VS).
- A favourable expenditure variance within non-staffing costs of £2,486k (lower childcare costs of £819k, reduced premises costs, a reduction in teaching activities of £148k (associated with lower income), savings extracted from re-negotiated contracts and lower VAT due to lower overall expenditure).

All figures exclude the effects of the actuarial pension revaluation and annual leave provision movements, which will not be quantifiable until after 31st July 2021.

The SFC confirmed that the College will receive £1.8m of credit based unbudgeted YPG & NTT funding to support 16-24 years (YPG) and age 25+ years students, the unemployed and those at risk of redundancy due to Covid-19 (including furloughed workers) – unchanged from last month. The funding also includes an additional £0.44m of student support funds, which may not be fully required.

The College has also received £1.5m of additional non-recurring funding to address financial sustainability, protect jobs and help students finish their courses and gain qualifications. This figure has been included within the College's projections (and is unchanged from last month).

Costs associated with all of the above additional funding are included in the College's forecasts, with expectations that such costs will largely be staff related, but will also include student IT equipment, catering subsidies, accommodation deposit refunds and lost commercial income. A report setting out how this additional funding allocation has been used will be submitted to the SFC by the end of August.

The recent VS scheme cost £737k and will result in savings of £256k in the current year, and recurring savings of £1.22m from 2021/22. Posts given up will also save £0.25m on a recurring basis.

The adjusted operating position forecast has improved by £0.1m compared to the May 2021 accounts. High-level movements in June 2021 are as follows:

	<u>£'000 - Fav /</u> <u>(Adv)</u>
Tuition fees (largely managing agents £204k)	218
Commercial & international income (international + £83k, SDS + £118k, bespoke +£36k and scheduled +£13k)	250
Other income (ICreative Industries fees, secondments, City Deal / Energy Skills Partnership grants and access centre).	83
Staffing (lower than expected costs associated with additional College funding)	100
Other operating expenditure (mainly higher (net) expenditure to address premises and IT future needs)	<u>(551)</u>
Total movements during June affecting operating position:	<u><u>100</u></u>

In comparison to the full year B/E budget, the adjusted operating position shows a surplus forecast of £992k, as shown below:

	<u>£'000 - Fav /</u> <u>(Adv)</u>
YPG & NTT funding (including the SAAS element of £69k)	1,758
Non-recurring additional SFC funding	1,477
Net 'other' SFC Grants (transferred to capital spend (£500k), partly offset by grants for mental health counsellors, access to sanitary products & ECSA of £245k in total)	<u>(255)</u>
Catering operation subsidy costs due to pandemic	<u>(179)</u>
Staffing (see para 5 for details)	<u>(1,529)</u>
VS costs less associated current year efficiency savings	<u>(487)</u>
Net tuition fees, nursery, other income, commercial & international contracts	<u>(1,111)</u>
Job Retention Scheme income	819

Other operating cost savings (from campus closures, including expenditure associated with additional SFC grants of £245k)

779

Granton student accommodation vacant rooms costs

(280)

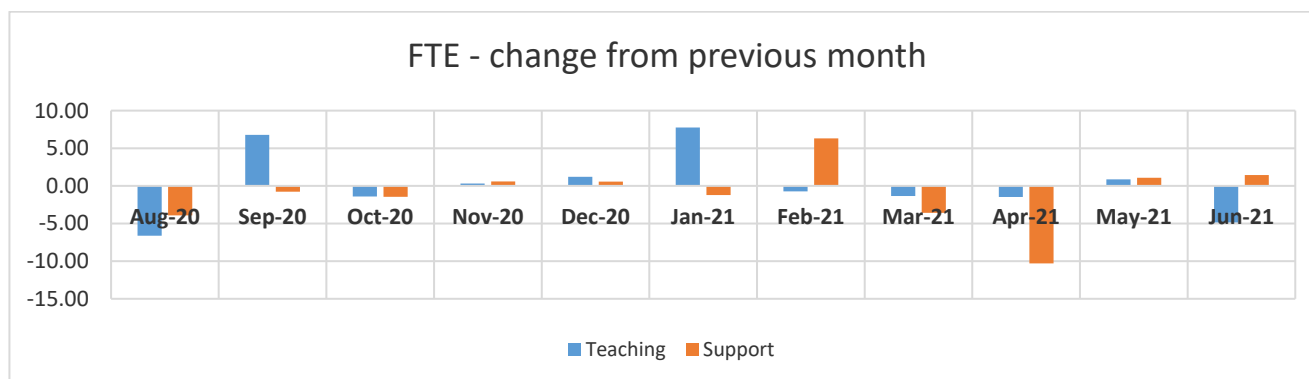
Total YTD movement also affecting cash:

992

1.5 Staff (Full Time Equivalent)

FTE	31/07/20	30/06/21	YTD Movement	30/06/20
Teaching	479.0	479.5	0.5	480.2
Support	528.7	517.4	(11.3)	532.3
	1,007.7	996.9	(10.8)	1,012.5

Staff numbers have decreased by 3.4 FTE during the month, primarily due to VS leavers. The FTE monthly staff movements are shown below:



1.6 Cash

Opening cash	Year-end cash	Comments
01/08/2020	31/07/2021	The improvement to the year-end forecast cash position from May accounts (£1.9m) is the result of improvements in the forecast outlined in section 1.5 above; increased forecast underspends in 2020/21 against SFC student support funding (this will require repayment to SFC), and higher than forecast cash receipts in June for tuition fees and commercial income.
£'m.	£'m.	
1.52	5.0	

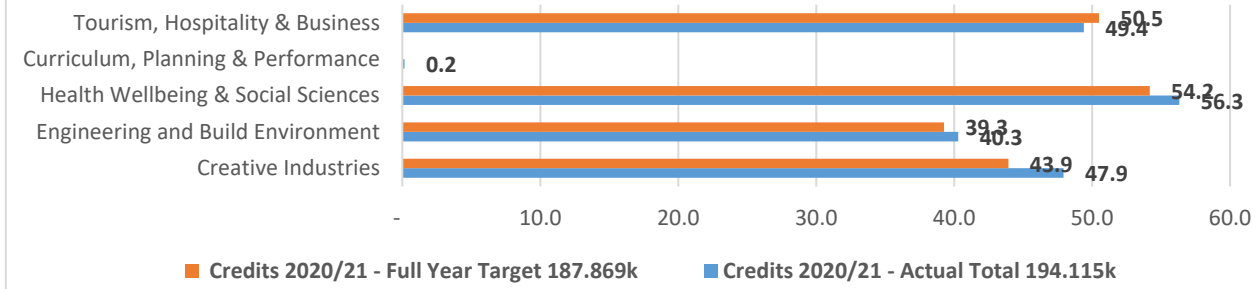
1.7 Capital Expenditure

Opening Fixed Assets	Additions	Dep'n	Closing Fixed Assets	Comments
01/08/20	30/06/21	30/06/21	30/06/21	Capital funding is allocated as follows: (1) £1.2m to maintain the estate, (2) £2.19m for condition survey backlog works, (3) £0.76m for priority works/economic recovery' and (4) £0.26m for student digital poverty. To date £3.9m of capex has been incurred since the start of the funding year (on environmental, wellbeing, ICT projects, student equipment, health & safety and building fabric works). The balance (£0.5m) is committed.
£'m.	£'m.	£'m	£'m.	
163.8	4.2	(4.8)	163.2	

2. CREDIT AND STUDENT ACTIVITY

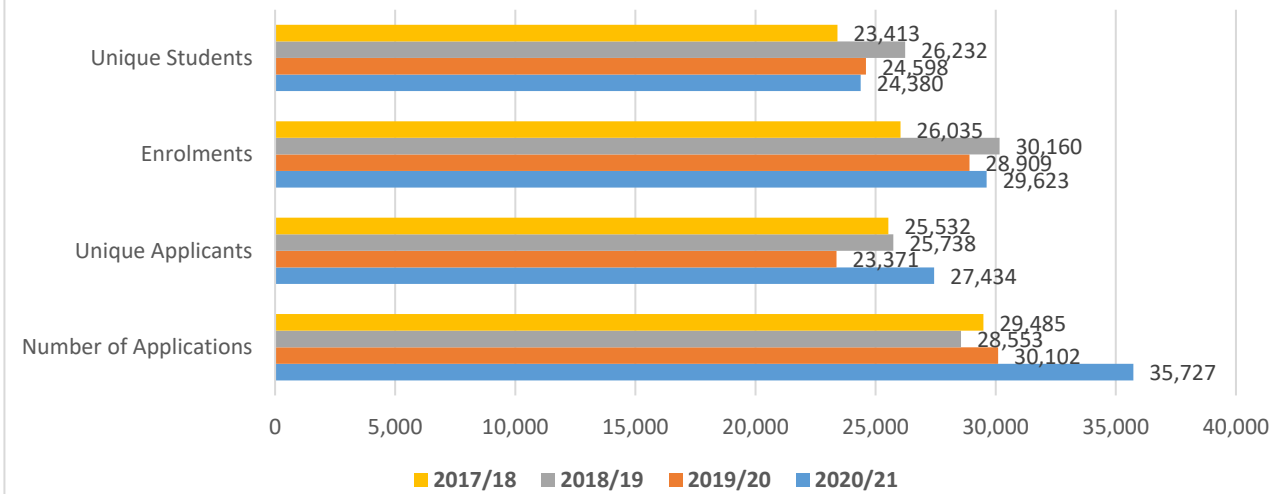
2.1 The activity target for 2020/21 is **187,869** credits, which includes 1,257 credits for ESF funding (subject to our core credit target being achieved). The College is also expected to deliver **6,774** additional credits relating to the YPG and NTT Funds. The College has achieved **194,115 credits** at 7th July 2021. The "Credits by Department" table (below) shows a comparison of faculty performance for the year against full year targets.

Credits by Department 2020/21



2.4 The table below shows Applications, Enrolments and Student No's from 2017/18 to 2020/21 (to date).

Applications, Enrolments & Student Numbers @ 7th July 2021



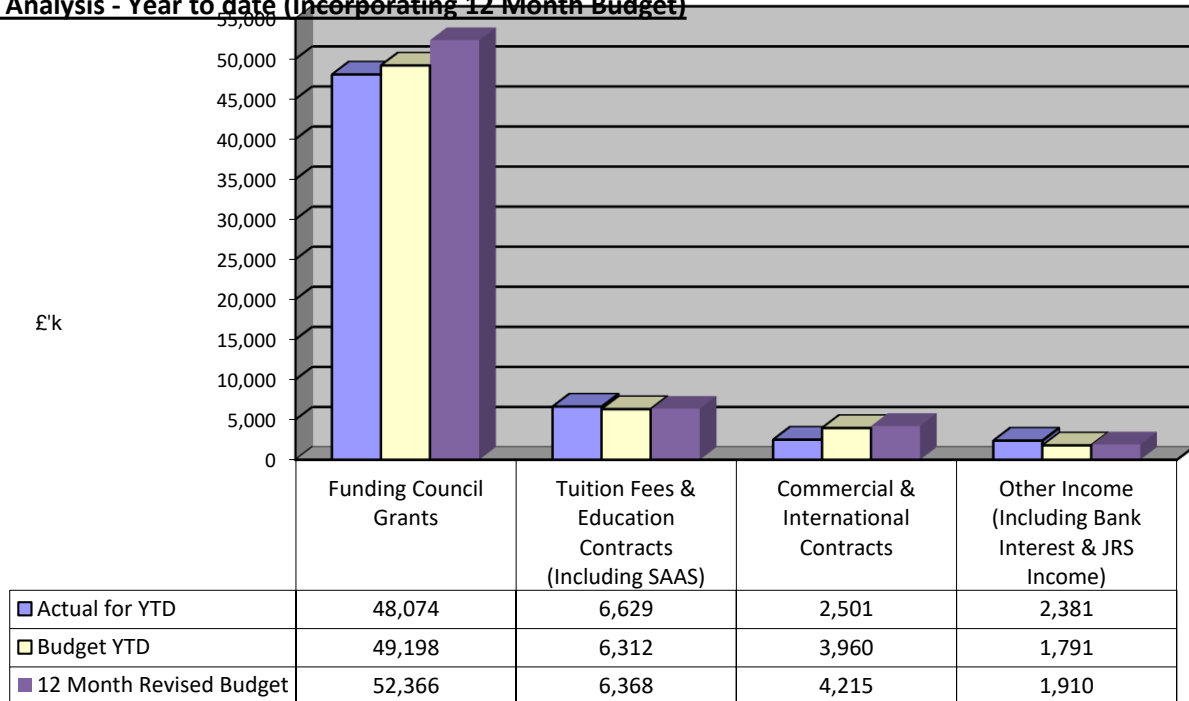
3. INCOME ANALYSIS



Income Expanded Account Detail for the 11 Months to 30th June 2021

	<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>
INCOME							
Funding Council Grants	52,366	52,366	49,198	48,074	(1,124)	47,450	54,358
Tuition Fees & Education Contracts	6,368	6,368	6,312	6,629	317	6,945	6,660
Commercial & International	4,215	4,215	3,960	2,501	(1,458)	4,169	2,819
Job Retention Scheme				809	809		819
Other Income	1,910	1,910	1,791	1,572	(219)	1,522	1,662
TOTAL INCOME	64,860	64,860	61,260	59,585	(1,675)	60,086	66,318

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



- 3.1 Grant-in-Aid income across all credit-bearing activities has been brought to account as targets have now been exceeded for 2020/21 (subject to final audit verification).
- 3.2 Following the latest review of student numbers, the annual forecast for tuition fees income shows a favourable variance on full year budget of £292k (an improvement of £218k from May). The favourable movement in the month is largely due to higher forecast income from managing agents.
- 3.3 Commercial UK and international income has been re-forecast upwards by £250k in total following continued signs of recovery from the impact of Covid-19, although full year income forecasts remain lower than budget (by £1,396k in total). However, furlough income and expenditure savings on travel, catering, cleaning, consumables and trainee allowances partially mitigate this current shortfall.

The annual budget for FWDF income is £1.6m (with £0.74m of activity to date). FWDF income totalling £2.7m has been allocated to the College for 2020/21. Recently, the number of levy payer employers (who are mainly seeking professional qualifications for their employees) signing up for FWDF funding has been slowing down. Although 'pipeline' applications to date covering 'agreed' and 'in discussion' levy payers stand at £2.2m, circa £0.5m of agreements have still to be secured before the year-end. However, a targeted plan has been put in place to ensure all FWDF funds are allocated by the end of July 2021. The delivery of a large proportion of the College's total FWDF income will be deferred into the next academic year due to the pandemic. The full year FWDF forecast has therefore been reduced to £1m (a shortfall of £0.6m on budget and unchanged from last month). Associated lower trainer costs of £0.3m (in total) have also been included in the College's forecast (in line with last month).

Bespoke income to date is £0.361m (full year budget £0.4m). The team are generating bespoke contracts from a number of clients, including HWBSS clients and a Network Rail contract. Although a number of contracts are reliant on campus access (which remains restricted), bespoke income is still being received. The full year forecast for bespoke revenue has been increased by £36k compared to last month (to £0.366m). On another encouraging note, a strong pipeline for 2021/22 is continuing to build, with around £0.15m of contracts already in discussion with various clients.

Scheduled income to date is £0.33m (full year budget £0.4m) and continues to be impeded by restricted access to campuses together with faculty challenges in delivering certain courses online. The full year forecast is lower than budget by £75k (an improvement of £13k from last month) whilst associated expenditure savings of £37k are also included in the forecast.

SDS income for the year is £0.35m (full year budget £0.6m). Constraints around evidence gathering, employer furloughs and restricted schools' activity continue to have an adverse effect on apprenticeships. However, the full year forecast for SDS has been increased this month by £118k (to £368k). The costs associated with SDS delivery are mainly fixed, with some savings in trainee allowances. SDS applications for the next academic year remain below where they would normally be due to Covid-19 factors, although applications are expected to start recovering once restrictions to campus access begin to ease.

Our 'Club' facilities reopened on 26th April 2021. Fitness classes have also re-commenced from May

2021, albeit at reduced numbers. The Milton Road (MR) residencies re-opened providing accommodation for a small number of students. Due to the limited re-opening of our facilities the full year income forecasts for MR residencies and gyms are £130k and £60k respectively (unchanged from May), whilst the full year forecasts for Bliss spa and training restaurants also remain in line with last month. Current income forecasts for all areas are lower than full year budget by £399k. However, these shortfalls are partly mitigated by associated savings identified within catering, cleaning and consumables.

Only £5.5k of income to date has been generated from commercial facility hires (full year budget £75k) due to campus restrictions. As a consequence, the full year income forecast directly related to this activity has been reduced by a further £10k (to £15k). Due to uncertainty about international travel and the ability to host international groups, no summer schools will be running this year.

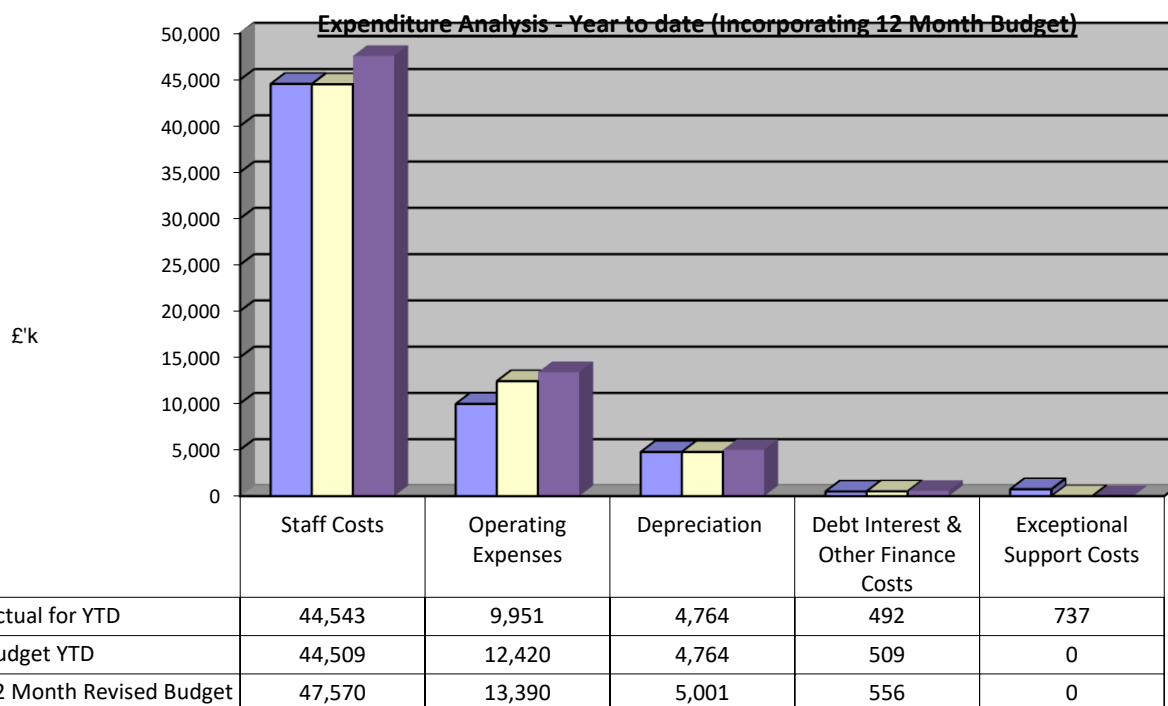
International income to date currently stands at £0.55m (against a full year budget of £0.56m), following confirmation that a contract with a Chinese partner worth £80k is now being delivered in July 2021, as opposed to being postponed into the next academic year. As a result, the full year forecast for international income has been increased, this month, by £83k to £553k. The international development team continues to mitigate risks and bridge the current small forecast income gap (of £7k) by trying to secure online training contracts with clients, which generate lower income but with improved profit margins. A number of projects remain in progress including contracts with Hainan University and the British Council (in Rwanda, Turkey and Sub-Saharan Africa), whilst 2021/22 recruitment continues.

4. EXPENDITURE ANALYSIS



Expenditure Expanded Account Detail for the 11 Months to 30th June 2021 (Ex Staff Costs)

	<u>Original Annual Budget</u> £000s	<u>Revised Annual Budget</u> £000s	<u>YTD Budget</u> £000s	<u>YTD Actuals</u> £000s	<u>YTD Variance</u> £000s	<u>Previous YTD</u> £000s	<u>Year End Projection</u> £000s
Other Operating Expenses	13,390	13,390	12,420	9,951	2,469	11,943	11,960
Depreciation for the year	5,001	5,001	4,764	4,764		4,977	5,001
Debt Interest & Other Finance Costs	556	556	509	492	17	535	539
Exceptional Support Costs				737	(737)		737
Total Expenditure (Ex Staff Costs)	18,948	18,948	17,693	15,944	1,749	17,455	18,237



4.1 Other operating expenditure is currently showing an underspend to date of £2,469k, primarily due to a reduction in childcare costs (lower than budget by £819k) which is aligned with lower childcare grant income. There are also savings across premises £1,005k, VAT £178k and teaching activities £148k, all largely resulting from campus closures / lower associated income streams. The forecast for bad debt costs has been reduced by £15k as a result of improved student payment systems and debt collection practices.

5. STAFF COSTS ANALYSIS



For the future you want

Staffing Expenditure Account Detail for the 11 Months to 30th June 2021

	<u>Original Annual Budget</u> £000s	<u>Revised Annual Budget</u> £000s	<u>YTD Budget</u> £000s	<u>YTD Actuals</u> £000s	<u>YTD Variance</u> £000s	<u>Previous YTD</u> £000s	<u>Year End Projection</u> £000s
Staff Costs							
Senior Management	1,591	1,591	1,459	1,418	41	1,429	1,552
Academic Departments	25,091	25,091	22,978	21,785	1,193	22,366	23,948
Academic Services	4,956	4,956	4,543	4,513	30	4,496	4,918
Admin & Central Services	12,976	12,976	11,893	11,568	325	11,309	12,621
Premises	1,386	1,386	1,270	1,286	(15)	1,278	1,400
Catering & Residences	101	101	93	100	(7)	31	109
Temporary, Agency & Staff Bank Costs	2,294	2,294	2,102	2,147	(45)	1,934	2,353
Other Staffing Expenditure	1,303	1,303	1,194	1,727	(533)	1,144	1,932
Savings to Find	(2,129)	(2,129)	(1,023)		(1,023)		
	47,570	47,570	44,509	44,543	(34)	43,987	48,834

5.1 The year end projection for staffing has improved, this month, by £0.1m, following a review of forecast staffing requirements associated with the College's additional YPG / NTT funding streams. The majority of fixed term and temporary contracts ended in June.

The table below shows how savings to date have been achieved against the annual budget for staffing.

	£'000
Net staffing budget (as above)	47.57
Targeted savings to find (as above)	<u>2.13</u>
Gross salary budget	49.70
Year-end projection (as above - excluding unbudgeted VS costs of £0.7m)	48.83
Estimated expenditure with associated additional funding (see 1.4 above)	<u>(0.55)</u>
	48.28
Savings in the year (against the savings target of £2.1m) identified to date achieved by:	<u>1.42</u>
VS savings	0.26
Vacancies removed from the establishment	0.25
Vacancy churn	<u>0.91</u>
	1.42

The VS scheme was launched on 16th November 2020 and is currently forecast to produce recurring full year savings of £1.2m. To date £737k has been incurred on VS payments.

Since inception, over 260 employees have been through the job retention scheme; £809k of JRS income has been recorded in the first 11 months of the current academic year.

6. TRADING DEPARTMENT

	Nursery			
	YTD Jun 21			
	Full Year Budget (£000)	YTD Budget (£000)	YTD Actuals (£000)	Full Year Forecast (£000)
Trading Income	990	914	864	936
JRS Income	-	-	36	36
Total Income	990	914	900	973
Staffing Expenditure	(965)	(883)	(858)	(934)
Non Staffing Expenditure	(37)	(35)	(51)	(51)
Net (Deficit) Contribution Towards Associated Costs	(12)	(4)	(8)	(12)

6.1 The above table provides an overview of the current nursery trading position, which includes £36k of JRS income for furloughed nursery staff and a grant of £8k from the CoEC (shown within trading income) which is being used to fund nursery refurbishment works.

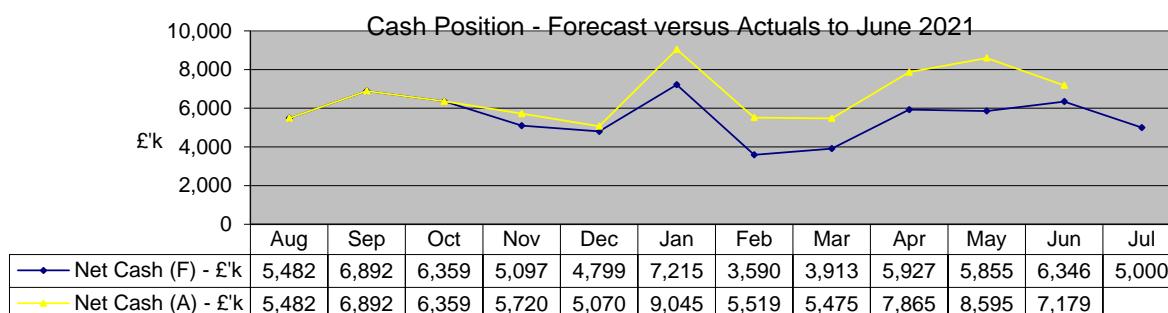
6.2 Income and expenditure forecasts for the nursery are unchanged from last month. The College continues to work closely with local councils to increase our current intake when opportunities arise, whilst targeted marketing campaigns continue.

7. CASH-FLOW

7.1 The cash balance at the end of June is £7.2m, which includes £1.2m of student support funds.

The improvement to the year-end forecast cash position from our May accounts (£1.9m) is the result of improvements in the forecast outlined in section 1.5 above, increased forecast underspends in 2020/21 SFC student support grant funding (which will require repayment to the SFC) and higher than forecast cash receipts in June for tuition fee and commercial income.

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



8. SFC REPORTING

8.1 There are no cash flow returns required by the SFC in July. The College Financial Forecast Return 2020-21 and 2021-22 is due to be submitted by 31 July.

9. BALANCE SHEET

<u>Balance Sheet as at 30 Jun 2021</u>		<u>At 30 Jun</u>	<u>At 31 July</u>	YTD Mvmt
		<u>2021</u>	<u>2020</u>	
		<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Fixed Assets	Land and Buildings	152,378	155,925	(3,547)
	Fixtures, fittings and Equipment	10,846	7,840	3,006
		<u>163,224</u>	<u>163,765</u>	<u>(541)</u>
Current Assets	Stock	76	89	(13)
	Debtors	1,955	4,678	(2,723)
	Cash - Main	5,999	1,075	4,924
	Cash - Student Support	1,180	445	735
Total		<u>9,210</u>	<u>6,287</u>	<u>2,923</u>
Creditors		(67,898)	(64,463)	(3,435)
Bank Loans		(9,039)	(9,338)	299
Provisions		(63,496)	(63,348)	(148)
		<u>32,001</u>	<u>32,903</u>	<u>(902)</u>
Funded by:				
Reserves		32,001	32,903	(902)
		<u>32,001</u>	<u>32,903</u>	<u>(902)</u>

9.1 The movements in Cash and Fixed Assets are shown in the sections above. The increase in creditors since the start of the academic year largely represents FWDF cash received but not yet released to the Income Statement, together with capital formula grants which have not yet been released to support corresponding capital expenditure (when incurred). Lower debtors reflects lower commercial income and effective credit control.

10. KEY PERFORMANCE DATA

Financial Performance Monitoring Template

	2019/20 Annual Target			2020/21 Annual Target	2020/21 YTD Actuals	2020/21 YTD Variance	2019/20 Year-End
Credits	186,612			186,612	186,612	-	186,674
Credits ESF	1,335			1,257	1,257	-	1,356
Credits YPG/NTT	-			6,774	6,246	(528)	-

	2019/20 Annual Budget	2020/21 Annual Budget	Revised Annual Budget	2020/21 YTD Budget	2020/21 YTD Actuals	YTD Variance	Previous YTD
	£k	£k	£k	£k	£k	£k	£k
Adjusted Operating Position	-	-	-	730	770	40	191

Commercial & International Contracts	6,256	4,215	4,215	3,960	2,501	(1,458)	4,169
---	-------	-------	-------	-------	-------	---------	-------

Income	67,345	64,860	64,860	61,260	59,585	(1,675)	60,086
Expenditure	69,080	66,517	66,517	62,203	60,487	1,715	61,442
Operating Surplus / (Deficit) pre SSAP24	(1,735)	(1,658)	(1,658)	(942)	(902)	40	(1,357)

Net Cash Inflow / (Outflow)	(1,589)	(326)	(326)	5,659	5,659	-	3,741
Bank Balance	(563)	1,194	1,194	7,179	7,179	-	4,677

Fixed Assets	154,565	160,221	160,221	163,224	163,224	-	156,129
Net Current assets / (liabilities)	(4,957)	(3,189)	(3,189)	(6,631)	(6,631)	-	(6,300)
Creditors and Provisions	(91,807)	(125,787)	(125,787)	(124,592)	(124,592)	-	(92,825)
Net Assets	57,801	31,245	31,245	32,001	32,001	-	57,004

Pay costs % of Income	72.7	73.3	73.3	72.7	74.8	2.1	73.2
Current Ratio	0.57	0.69	0.69	0.58	0.58	-	0.52
Cash Days in Hand	(31)	(19)	(19)	(40)	(40)	-	(37)
Borrowings as % of reserves	8.0	11.8	11.8	10.7	10.7	-	8.5



For the future you want

I&E Account for the 11 Months to 30th June 2021

	<u>Original Annual Budget</u> £000s	<u>Revised Annual Budget</u> £000s	<u>YTD Budget</u> £000s	<u>YTD Actuals</u> £000s	<u>YTD Variance</u> £000s	<u>Previous YTD</u> £000s	<u>Year End Projection</u> £000s
Funding Council Grants	49,880	49,880	46,891	45,767	(1,124)	44,731	51,872
Deferred Capital Grant Releases	2,486	2,486	2,307	2,307		2,719	2,486
Tuition Fees and Education Contracts (inc SAAS)	6,368	6,368	6,312	6,629	317	6,945	6,660
Commercial and International Contracts	4,215	4,215	3,960	2,501	(1,458)	4,169	2,819
Job Retention Scheme Income				809	809		819
Other Income	1,910	1,910	1,791	1,572	(219)	1,522	1,662
Total Income	64,860	64,860	61,260	59,585	(1,675)	60,086	66,318
Staff Costs	47,570	47,570	44,509	44,543	(34)	43,987	48,834
Other Operating Expenses	13,390	13,390	12,420	9,951	2,469	11,943	11,960
Depreciation for the year	5,001	5,001	4,764	4,764	(0)	4,977	5,001
Debt Interest & Other Finance Costs	556	556	509	492	17	535	539
Exceptional Support Costs				737	(737)		737
Total Expenditure	66,517	66,517	62,203	60,487	1,715	61,442	67,071
Operating (Deficit) / Surplus pre SSAP24 Enhanced Pension Provision Charge	(1,658)	(1,658)	(942)	(902)	40	(1,357)	(753)
Adjusted Operating Position:							
Operating (Deficit) / Surplus pre SSAP24 Enhanced Pension Provision Charge	(1,658)	(1,658)	(942)	(902)	40	(1,357)	(753)
Add:							
Depreciation net of deferred capital grant release	2,515	2,515	2,458	2,458	0	2,258	2,515
Non-cash provision adjustment	0	0	0	0	0	0	248
Deduct:							
Revenue funding allocated to loan repayments	857	857	785	785		710	1,017
Adjusted Operating Position	0	(0)	730	770	40	191	992

	<u>Original Annual Budget £000s</u>	<u>Revised Annual Budget £000s</u>	<u>YTD Budget £000s</u>	<u>YTD Actuals £000s</u>	<u>YTD Variance £000s</u>	<u>Previous YTD £000s</u>	<u>Year End Projection £000s</u>
INCOME							
Funding Council Grants							
Recurrent Grant Inc Fee Waiver	46,673	46,673	43,974	43,974	(0)	41,584	46,673
Childcare Funds	1,718	1,718	1,574	756	(819)	1,477	800
Deferred Capital Grants	2,486	2,486	2,307	2,307		2,719	2,486
Other SFC Grants	1,489	1,489	1,343	1,037	(305)	1,670	4,399
	52,366	52,366	49,198	48,074	(1,124)	47,450	54,358
Tuition Fees & Education Contracts							
FE - UK & EU	73	73	70	45	(25)	77	45
HE - UK & EU	269	269	269	352	83	283	360
PT Self Payers	558	558	557	581	25	541	582
Examination Fee Income	20	20	19	8	(11)	20	9
SAAS	3,601	3,601	3,601	3,958	356	3,737	3,958
SAAS - Commercial				31	31	52	31
Associate Degree Fees	745	745	743	723	(21)	789	723
Managing Agents	1,100	1,100	1,054	932	(122)	1,447	950
	6,368	6,368	6,312	6,629	317	6,945	6,660
Commercial & International							
International	560	560	559	552	(7)	735	553
SDS	608	608	557	351	(206)	540	368
EH15 and The Apprentice Restaurants	48	48	44		(44)	26	(0)
Bliss SPA and Employability Salons	100	100	92	7	(84)	65	7
Gym	128	128	117	44	(73)	213	60
Residences	320	320	293	121	(172)	356	130
Bespoke Contracts for Employers	420	420	411	361	(50)	394	366
Scheduled Short Courses	410	410	399	331	(68)	445	335
Flexible Workforce Development Fund	1,622	1,622	1,487	734	(753)	1,395	1,000
	4,215	4,215	3,960	2,501	(1,458)	4,169	2,819
Other Income							
Catering	16	16	15	4	(11)	11	4
Job Retention Scheme				809	809		819
Nursery	990	990	914	856	(58)	813	928
Access Centre Provision	150	150	150	202	52	187	206
Other Income Generating Activities	752	752	710	508	(201)	504	523
	1,908	1,908	1,789	2,379	591	1,515	2,479
Endowment & Investment							
Bank Interest	2	2	2	2	(0)	7	2
	2	2	2	2	(0)	7	2
TOTAL INCOME	64,860	64,860	61,260	59,585	(1,675)	60,086	66,318
EXPENDITURE							
Staff Costs							
Senior Management	1,591	1,591	1,459	1,418	41	1,429	1,552
Academic Departments	25,091	25,091	22,978	21,785	1,193	22,366	23,948
Academic Services	4,956	4,956	4,543	4,513	30	4,496	4,918
Admin & Central Services	12,976	12,976	11,893	11,568	325	11,309	12,621
Premises	1,386	1,386	1,270	1,286	(15)	1,278	1,400
Catering & Residences	101	101	93	100	(7)	31	109
Temporary, Agency & Staff Bank Costs	2,294	2,294	2,102	2,147	(45)	1,934	2,353
Other Staffing Expenditure	1,303	1,303	1,194	1,727	(533)	1,144	1,932
Savings to Find	(2,129)	(2,129)	(1,023)		(1,023)		
	47,570	47,570	44,509	44,543	(34)	43,987	48,834
Other Operating Expenses							
Premises	4,632	4,436	4,085	3,080	1,005	3,864	4,612
Teaching Activity & Support	1,452	1,685	1,600	1,452	148	1,548	1,478
Childcare Costs	1,718	1,718	1,574	756	819	1,477	800
Transport Costs	115	115	106	78	27	94	87
IT Costs	1,111	1,131	1,055	952	103	862	1,061
Telecomms Costs	134	169	155	137	17	135	143
Equipment	59	64	59	51	8	65	60
Health & Safety	37	37	27	19	8	27	37
Travel & Subsistence	113	94	86	13	74	216	15
Admin Costs	146	138	128	112	16	121	122
Corporate, Consultancy, Professional	594	663	600	591	9	696	659
Staff Welfare	16	16	15	5	9	14	7
Catering	423	281	250	308	(58)	274	332
Training & Development	88	88	81	37	44	60	45
VAT	1,250	1,250	1,119	941	178	1,093	1,042
Marketing & PR	150	150	141	87	54	102	95
Partnership Costs	39	39	36	36		36	39
Overseas Agents Commission	77	137	128	128		84	140
Registration & Exam Fees	1,198	1,158	1,154	1,154	1	1,147	1,165
Bad Debt	40	23	21	14	7	31	23
	13,390	13,390	12,420	9,951	2,469	11,943	11,960
Depreciation	5,001	5,001	4,764	4,764	(0)	4,977	5,001
Depreciation for the year	5,001	5,001	4,764	4,764	(0)	4,977	5,001
Debt Interest & Other Finance Costs							
Interest On Bank Loans	526	526	482	482		510	526
Other Finance Charges	30	30	27	10	17	25	13
	556	556	509	492	17	535	539
Exceptional Support Costs							
				737	(737)		737
TOTAL EXPENDITURE	66,517	66,517	62,203	60,487	1,715	61,442	67,071
Operating (Deficit) / Surplus pre SSAP24							
Enhanced Pension Provision Charge	(1,658)	(1,658)	(942)	(902)	40	(1,357)	(753)
Adjusted Operating Position:							
Operating (Deficit) / Surplus pre SSAP24							
Enhanced Pension Provision Charge	(1,658)	(1,658)	(942)	(902)	40	(1,357)	(753)
Add:							
Depreciation net of deferred capital grant release	2,515	2,515	2,458	2,458	0	2,258	2,515
Non-cash provision adjustment	0	0	0	0	0	0	248
Deduct:							
Revenue funding allocated to loan repayments	857	857	785	785		710	1,017
Adjusted Operating Position	0	0	730	770	40	191	992



For the future you want

Balance Sheet For the 11 Months to 30th June 2021

	<u>2020/21</u> <u>YTD Actuals</u> <u>£000s</u>	<u>2019/20</u> <u>Year End</u> <u>£000s</u>	<u>2019/20</u> <u>Previous YTD</u> <u>£000s</u>
Fixed Assets			
L&B	152,378	155,925	147,782
FFE	10,846	7,840	8,347
	<u>163,224</u>	<u>163,765</u>	<u>156,129</u>
Current Assets			
Stock	76	89	91
Debtors	1,955	4,678	1,974
Cash	7,179	1,520	4,677
	<u>9,210</u>	<u>6,287</u>	<u>6,741</u>
Creditors < 1yr			
Bank loans	(389)	(389)	(470)
Payments received in advance	(953)	(187)	(619)
Trade creditors	(1,412)	(685)	(1,369)
Taxes & social sec	(960)	(968)	(964)
Accruals, Def Inc & Other Creditors	(1,536)	(5,139)	(1,448)
Amounts owed to SFC	(8,103)	(377)	(5,197)
Deferred Capital Grants - Government	(2,486)	(2,588)	(2,974)
	<u>(15,840)</u>	<u>(10,333)</u>	<u>(13,042)</u>
Net current assets / (liabilities)	<u>(6,631)</u>	<u>(4,046)</u>	<u>(6,300)</u>
Total assets less current liabilities	156,594	159,719	149,829
Creditors > 1yr			
Bank loans	(8,651)	(8,949)	(8,867)
Deferred Capital Grants - Government	(52,446)	(54,519)	(53,253)
	<u>(61,096)</u>	<u>(63,468)</u>	<u>(62,120)</u>
Provisions			
Early retirement	(3,981)	(4,234)	(4,342)
Student Accommodation Provision	(1,451)	(1,050)	(769)
	<u>(5,432)</u>	<u>(5,284)</u>	<u>(5,110)</u>
Net pension asset / (liability)	(58,064)	(58,064)	(25,594)
NET ASSETS	<u><u>32,001</u></u>	<u><u>32,903</u></u>	<u><u>57,004</u></u>
Reserves			
I&E account	41,910	41,686	41,650
Pension reserve	(58,064)	(58,064)	(25,594)
Revaluation reserve	48,155	49,281	40,948
RESERVES	<u><u>32,001</u></u>	<u><u>32,903</u></u>	<u><u>57,004</u></u>

POLICY & RESOURCES COMMITTEE
31 AUGUST 2021
PAPER J



FOR INFORMATION			
Meeting	Policy & Resources Committee 31.08.21		
Presented by	Chair		
Author/Contact	Marcus Walker	Department / Unit	Governance
Date Created	24.08.21	Telephone	-
Appendices Attached			
Disclosable under FOISA	Yes.		

POLICY & RESOURCES COMMITTEE - AGENDA PLANNER 2021/22

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 16 November 2021

- PRINCIPAL & CHIEF EXECUTIVE UPDATE (A Cumberlandford)
- RECRUITMENT & RETENTION DASHBOARD (J Pearson)
- FINANCE REPORT
 - Financial Forecast Return 2020/21 (L Towns)
 - Management Accounts September 2021 (L Towns)
 - Tuition Fees 2021/22 (L Towns)
- ENVIRONMENTAL SUSTAINABILITY STRATEGY - PROGRESS REPORT (N Croft)
- HUMAN RESOURCES REPORT (S Clyne)

- ESTATES & INFRASTRUCTURE REPORT (A Williamson)

3.2 22 February 2022

- PRINCIPAL & CHIEF EXECUTIVE UPDATE (A Cumberland)
- RECRUITMENT & RETENTION DASHBOARD (J Pearson)
- MANAGEMENT ACCOUNTS DECEMBER 2021 (L Towns)
- HUMAN RESOURCES REPORT (S Clyne)
- ESTATES & INFRASTRUCTURE REPORT (A Williamson)

3.3 17 May 2022

- PRINCIPAL & CHIEF EXECUTIVE UPDATE (A Cumberland)
- RECRUITMENT & RETENTION DASHBOARD (J Pearson)
- STRATEGIC FRAMEWORK
 - Draft Strategic Plan 2022 (A Cumberland)
 - Corporate Social Responsibility Statement (N Croft)
- FINANCE REPORT
 - Management Accounts March 2022 (L Towns)
 - Indicative College Budget 2022/23 (L Towns)
 - Financial Forecast 2022/23 to 2025/26 (A Williamson)
- HUMAN RESOURCES REPORT (S Clyne)
- ESTATES & INFRASTRUCTURE REPORT (A Williamson)
- REVIEW OF COMMITTEE OPERATION 2021/22 (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.