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POLICY & RESOURCES COMMITTEE

AGENDA

A meeting of the Policy & Resources Committee will be held at 15:00 hours on Tuesday 23 February 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	'A FUTURE PROOFED COLLEGE' REPORT		
	5.1 Principal & Chief Executive Update	A Cumberland	C
	5.2 Edinburgh College Strategic Plan 2017/22 - Review Framework	A Cumberland	D
<i>Item 5 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs</i>			
6	RECRUITMENT & RETENTION DASHBOARD	J Pearson	E Attached
7	FINANCE REPORT		
	7.1 Voluntary Severance Scheme Update	A Williamson	F Attached
	7.2 Finance Report	L Towns	G
	7.3 Management Accounts to December 2020	L Towns	H Attached
<i>Item 7.2 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs</i>			
8	HUMAN RESOURCES REPORT	S Clyne	I
<i>Item 8 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs</i>			
9	PUBLIC SECTOR EQUALITY DUTY - DRAFT EQUALITY OUTCOMES	K Heathcote / B Parsons	Verbal

Item 9 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 27, Information Intended for Future Publication.

10 ANY OTHER COMPETENT BUSINESS

11 FOR INFORMATION

11.1 Construction & Technical Institute: Outline
Business Case Update

Verbal

11.2 Horizon Scanning Report

J

11.3 Committee Programme of Work 2020/21

K

12 DATE OF NEXT MEETING: 18 May 2021

FOR INFORMATION / DISCUSSION			
Meeting	Policy & Resources Committee 16.02.21		
Presented by	Jonny Pearson		
Author/Contact	Jonny Pearson	Department / Unit	Executive
Date Created	11.02.21	Telephone	-
Appendices Attached			
Disclosable under FOISA		No	

2020/ 21 RECRUITMENT & RETENTION UPDATE

1. PURPOSE

This paper aims to provide the Policy & Resources Committee with an updated overview of the College's performance against its 2020/21 activity target and to provide 'year-on-year' comparative data to enable benchmarking of performance. *[The figures in this paper are accurate as of 3 February 2021]*

2. BACKGROUND

For academic year 2020/21 the Edinburgh College activity target is **187,869** credits. This is comprised of:

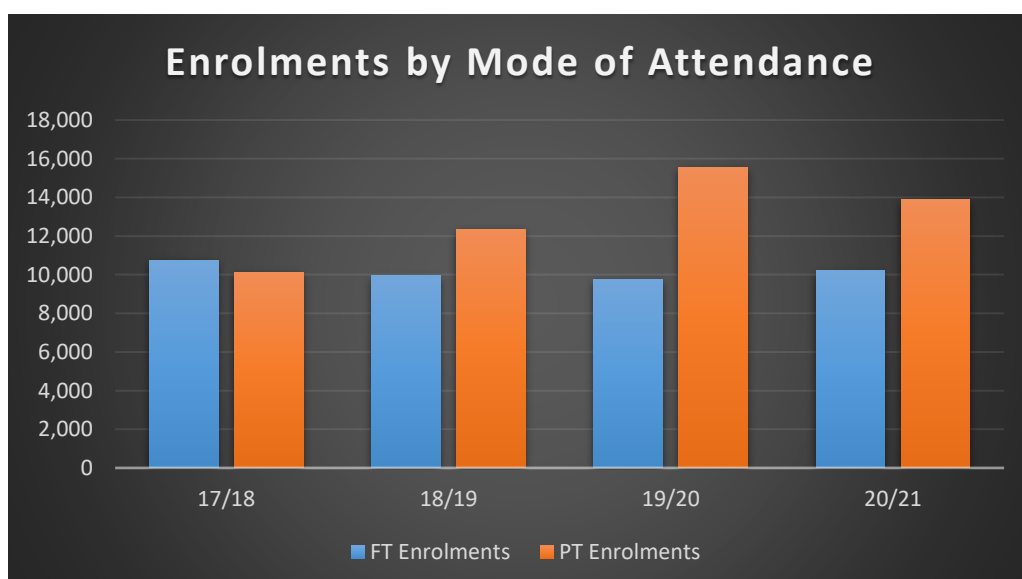
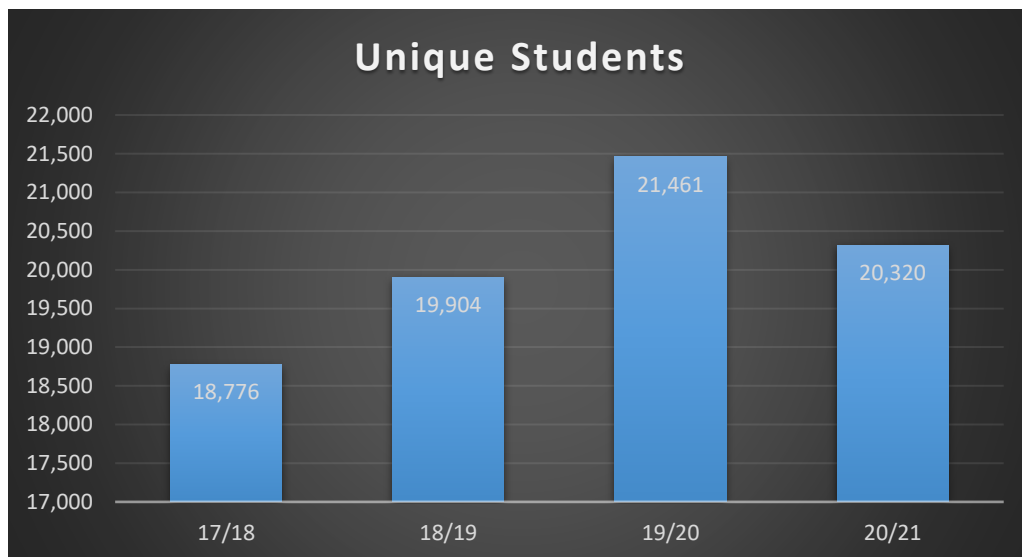
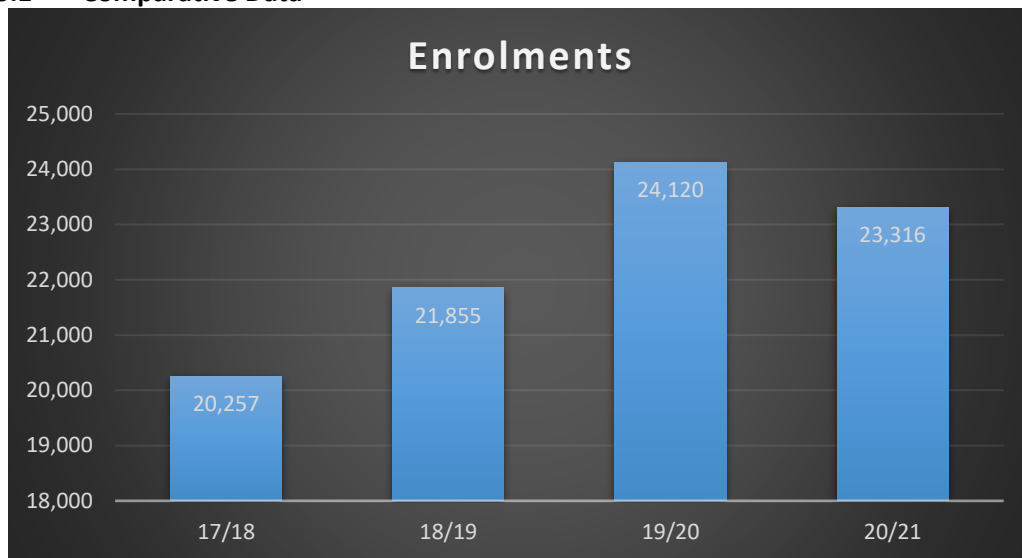
Core Credits	ESF Credits	Total Credits
186,612	1,257	187,869

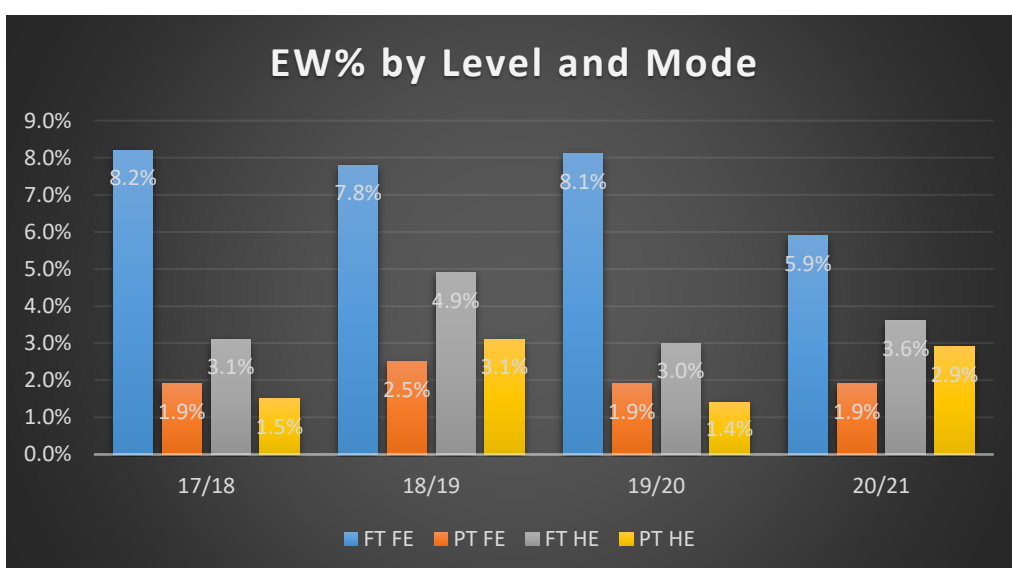
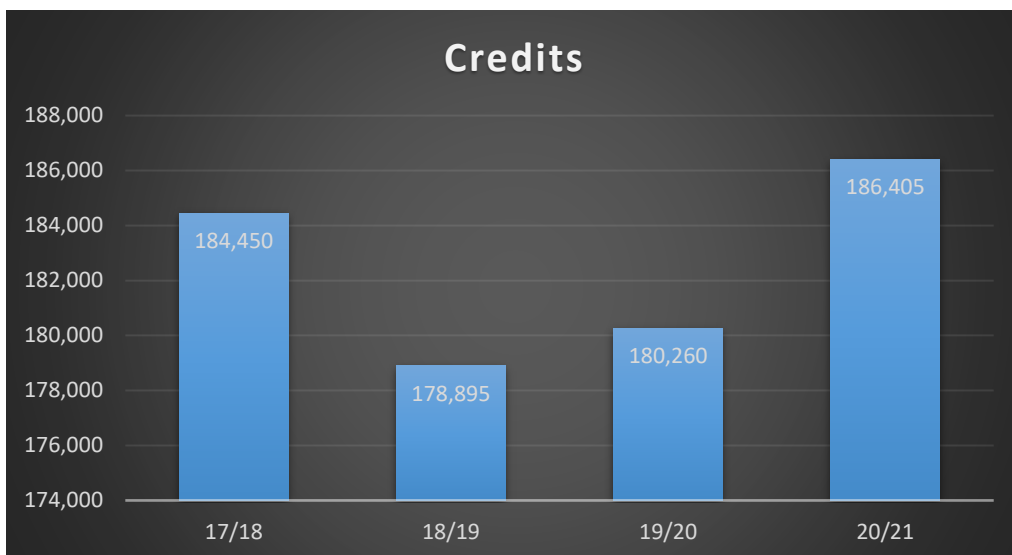
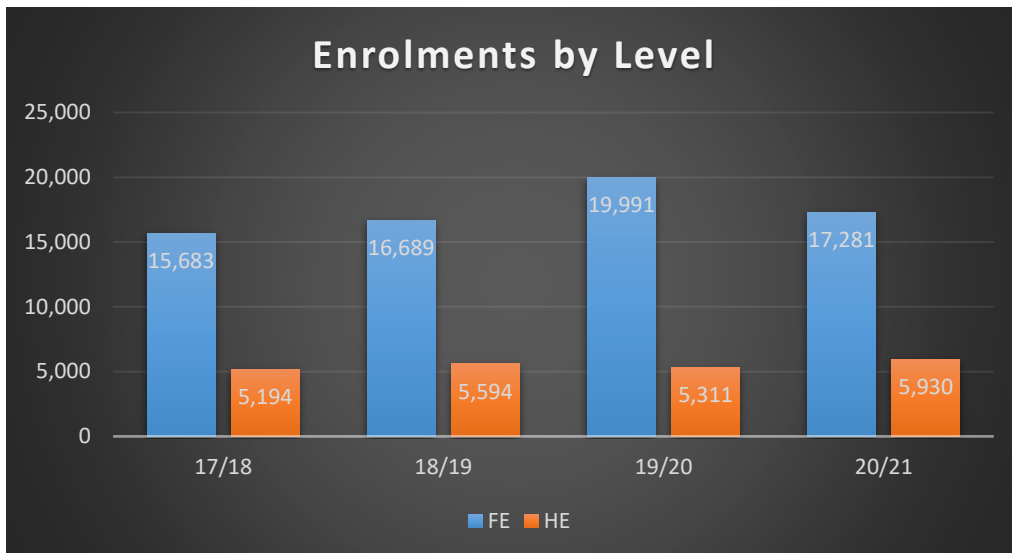
As in previous years, the college is required to achieve its core credits (186,612) before we are able to claim the 1,257 ESF credits.

In addition to this, SFC have given us a target of achieving 4,015 Early Years credits (from HNC and SVQ Level 3 programmes) as part of the 186,612 core.

3. DETAIL

3.1 Comparative Data





3.2. Semester 2

- Current credit position **186,732** [7,417 or 4.1% greater than this time last year]
- 1,165 ESF credits
- 4,685 Early Years credits

Planned Credits	Delivered Credits	Balance	Max Out-turn
19,308	13,889	5,419	192,151

This projected out-turn would leave us 4,282 credits above our activity target. We are currently working with colleagues in SFC to establish if there is more funding available in-year to support our capacity to grow.

3.3. 2020/21 Full-time Recruitment

Applications for AY2021/22 opened on 1 February. The Vice Principal will update with 'live' application data at the Policy & Resources Committee meeting on 23 February 2021.

4. BENEFITS AND OPPORTUNITIES

By evaluating last year's retention figures we have implemented changes designed to further improve our performance indicators for 2019/20. 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.

5. STRATEGIC IMPLICATIONS

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

6. RISK

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

7. FINANCIAL IMPLICATIONS

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

8. LEGAL IMPLICATIONS

Not applicable.

9. WORKFORCE IMPLICATIONS

Not applicable.

10. REPUTATIONAL IMPLICATIONS

Achieving this level of continued growth improves our reputation and helps both the Scottish Government and the 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.

FOR INFORMATION / DISCUSSION			
Meeting	Policy & Resources Committee 23.02.21		
Presented by	Alan Williamson		
Author/Contact	Alan Williamson	Department / Unit	Executive
Date Created	09.02.21	Telephone	
Appendices Attached	None		
Disclosable under FOISA	Yes		

VOLUNTARY SEVERANCE SCHEME UPDATE

1 Purpose

To provide the Policy & Resources Committee with an update on the Voluntary Severance (VS) Scheme approved on 01 September 2020.

2 Background

On 01 September 2020, the Policy & Resources Committee noted that a four-year Draft Workforce Development Plan has been developed by the Head of HR & OD and shared with the senior management team. The main thrust of the Plan was twofold: to reduce staffing costs from 2020/21 and to ensure that the College has a more flexible employment model within the constraints of national bargaining.

Members noted that 33.3 FTE posts could be lost through voluntary severance in-year without needing to be replaced.

The Committee subsequently approved a VS Scheme Business Case as a tool to reduce staffing costs in 2020/21, and to ensure that the workforce was able to deliver the challenges for the year ahead and in future. The VS Scheme Business Case was noted and ratified by the Board of Management on 22 September 2020.

Following approval of the Business Case by the SFC on 23 September 2020, the VS Scheme was launched to all Edinburgh College staff on 16 November 2020 and ran until 07 December 2020.

A verbal update on the number of applications received was provided to the Board of Management on 08 December 2020, and a follow-up message confirming further details was circulated to members (by the Chief Operating Officer) on 18 December 2020.

All information relating to the approval of the VS Scheme and its implementation will be noted, and (if appropriate) endorsed, by the Remuneration Committee on 19 February 2021.

3 Detail

Further to the update provided to the Board of Management in December, the Policy & Resources Committee are asked to note the following headline figures:

Total number of VS applications received = 86

VS Applications accepted = 41

This included:

- Support staff = 20
- Academic staff = 21
- Total No. of staff over age of 55 years = 31

Total number of equivalent FTE = 30.3

Total number of backfill staff FTE required = 3.7 (- therefore a net 26.6FTE)

The Net recurring gross savings generated through the VS Scheme are £1.22m, with total VS costs of £0.77m. In total, current year savings through the Scheme are £0.26m.

4 Opportunities / Benefits

In-year savings through the VS Scheme will support the College in meeting its financial targets, both in the short and long-term.

5 Strategic Implications

Workforce planning is essential in order to reduce staffing costs within a framework of restrictive employment models.

6 Risk

Due to due to national and regional uncertainties, in the wake of the Covid-19 Pandemic, further measures may be required. This potentially could increase risks associated with the deliver and management of services.

7 Financial Implications

Failure to reduce staffing costs will adversely impact on future financial performance.

8 Legal Implications

Legal advice has previously been received to support appropriate workforce planning measures.

9 Workforce Implications

Workforce planning will support new models of employment which will positively impact on the flexibility of the workforce in meeting future economic demands.

10 Reputational Implications

Failure to reduce staff costs could impact on the ability of the College to meet its financial targets.

11 Equalities Implications

All published plans and policies are subject to Equality Impact Assessments.

CONCLUSIONS/RECOMMENDATIONS

The Policy & Resources Committee are asked to CONSIDER this update.

FOR INFORMATION / DISCUSSION			
Meeting	Policy & Resources Committee 23.02.21		
Presented by	Lindsay Towns		
Author/Contact	Lindsay Towns	Department / Unit	Finance
Date Created	27.01.21	Telephone	
Appendices Attached	<i>Appendix 1: Management Accounts to December 2020 (with commentary)</i>		
Disclosable under FOISA		Yes	

MANAGEMENT ACCOUNTS TO DECEMBER 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 December 2020.



FINANCIAL REPORT

5 MONTHS TO 31 DECEMBER 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

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), together with an ESF target of **1,257** credits, producing a total College target of **187,869** credits, although the College is targeting levels above this planned activity. The College's target includes 4,015 childcare credits for HNCs. The College has achieved **173,366** credits to date. Edinburgh College will also need to deliver **3,274** additional credits relating to the Youth Guarantee and National Transition Training Funds. Income of £919k in relation to these is included in the forecast this month.

1.2 Adjusted Operating Position

As per SFC Measurement basis	<u>Annual Budget</u> <u>2020/21</u>	<u>YTD Budget</u> <u>2020/21</u>	<u>YTD Actuals</u> <u>2020/21</u>	<u>YTD Variance</u> <u>2020/21</u>	<u>Previous YTD</u> <u>2019/20</u>	<u>Full Year Forecast</u> <u>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)	(590)	(738)	(148)	(758)	(1,675)
Add:						
Depreciation net of deferred capital grant release	2,515	1,093	1,093	-	994	2,515
Deduct:						
Revenue funding allocated to loan repayments **	857	357	357	-	323	1,017
Adjusted Operating Position	-	146	(2)	(148)	(87)	(177)

The College's adjusted operating deficit position of £2k 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).

** The forecast for revenue funding allocated to loan repayments has increased by £160k owing to additional payments in relation to our Granton student accommodation (provided for in 2019/20 and in line with last month).

1.4 Income and Expenditure

	<u>Annual Budget</u> <u>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	17,824	17,831	7	16,991	50,730
Tuition Fees and Commercial & Other Income	12,494	7,429	7,081	(348)	9,129	12,191
Job Retention Scheme (JRS) Income	-	-	175	175	-	290
Deferred Income	2,486	1,097	1,097	-	1,354	2,486
Total Income	64,860	26,350	26,184	(166)	27,474	65,697
Staff Costs	47,570	19,694	19,892	(198)	19,758	49,020
Other Costs	13,946	5,056	4,840	216	6,126	13,351
Depreciation	5,001	2,190	2,190	-	2,348	5,001
Total Expenditure	66,517	26,940	26,922	18	28,232	67,372
Operating (Deficit) / Surplus pre SSAP24 and pension revaluation adjustments)	(1,658)	(590)	(738)	(148)	(758)	(1,675)

- 1.5 The College's annual budgeted operating position for the year is a deficit of £1.658m, which results in an adjusted operating budget position for the year of **break-even** (refer para 1.3 for details). This includes savings of £2.1m required to be extracted in the year. The operating position to December shows a deficit of £738k, against a profiled budgeted deficit of £590k. The main variances are:

- A favourable income variance of £175k as a result of Job Retention Scheme (JRS) income.

- An adverse income variance within tuition fees, commercial & other income of £348k (largely SDS, bespoke, Bliss Spa & residencies).
- An adverse expenditure variance within staffing costs of £198k (the net effects of not yet achieving the required savings).
- A favourable expenditure variance within non-staffing costs of £216k (largely premises costs, catering (aligned with lower income) & VAT).

During January and February, there are scheduled department / faculty performance review meetings, together with a mid-year performance review with the Executive Team and Heads of Department / Faculty. At these meetings, full year forecasts of latest income and expenditure positions will be discussed and it is expected that these meetings will change some full year forecasts.

Following a recent notification from the SFC, the College will be receiving £0.919m of unbudgeted Young Persons Guarantee (YPG) & National Transitional Training (NTT) funding, to support 16-24 years (YPG) and 25+ years, the unemployed and those at risk of redundancy or whose job is under threat as a result of Covid-19 (including furloughed workers). The funding will additionally include £0.366m of student support funds. Courses associated with the funding should all commence by March 2021 and be completed by end July 2021. Any underspends will be recovered by the SFC. Additional unbudgeted expenditure associated with course delivery will be established, although the College will use existing staff resource where possible as it is more practical and convenient to do so.

The current VS scheme cost of £736k will result in savings in the 2020/21 academic year of £256k (owing to the timing of departures), and full year recurring savings of £1.2m.

High-level movements in December 2020 affecting the full year operating forecast are as follows:

	<u>£k - Fav /</u> <u>(Adv)</u>
YPG & NTT funding (including the SAAS element of £69k)	919
Tuition fees	(29)
Commercial & international income (SDS £339k, residencies £106k, Bliss spa £90k and bespoke contracts £90k)	(740)
JRS income	150
Other income (Nursery & facility hires)	(139)
VS costs (currently unfunded)	(736)
Savings associated with VS costs	265
Staffing costs excluding VS	(571)
Other operating expenditure (premises £312k, catering £140k and teaching activities £63k)	764
Total movements during December affecting operating position:	<u>(116)</u>

In comparison to the full year B/E budget at an adjusted operating position level, there is an overall adverse forecast movement of £177k, as shown below:

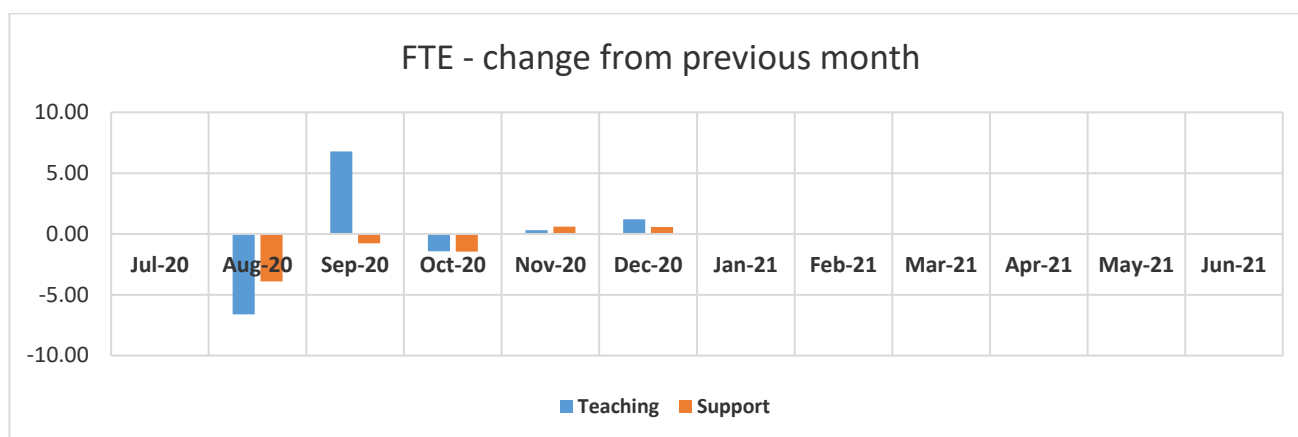
	<u>£k - Fav /</u> <u>(Adv)</u>
YPG & NTT funding (including the SAAS element of £69k)	919
Tuition fees	25
FWDF Income	544
FWDF external trainer expenditure (associated with extra income)	(218)
Catering operation subsidy costs	(100)
Staffing (reflects the challenges of extracting VS staff savings)	(979)
VS costs (currently unfunded)	(736)
Savings associated with VS costs	265
Commercial & international contracts ex FWDF	(804)
JRS income	290
Other income (largely Nursery & facility hires)	(136)
Premises costs	330

Travel (reduced mileage claims)	45
VAT	90
Other operating costs	448
Granton student accommodation subsidy costs	(160)
Total YTD movement affecting cash:	(177)

1.6 Staff (Full Time Equivalent)

FTE	31/07/20	31/12/20	YTD Movement	31/12/19
Teaching	479.0	479.3	0.3	484.6
Support	528.7	523.7	(5.0)	530.0
	1,007.7	1,003.0	(4.7)	1,014.6

Staff numbers have increased by 1.77 FTE during the month largely due to vacancies being filled within 2 faculties. The FTE monthly staff movements are shown below:



1.7 Cash

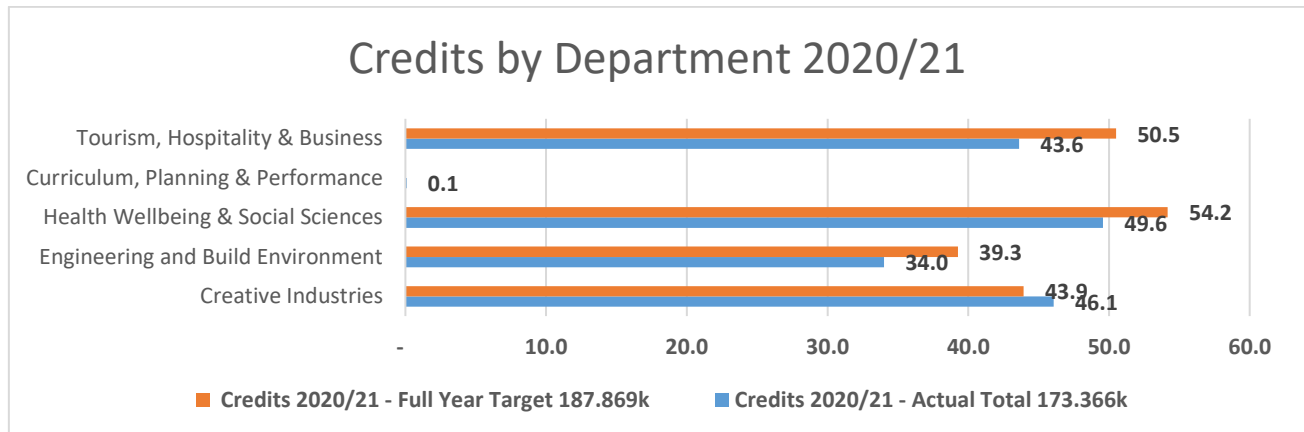
Opening cash	Year-end cash	Comments
01/08/2020	31/07/2021	The cash-flow forecast includes all changes to the forecast outlined in section 1.5 above. The year-end cash balance is now expected to be positive, meaning there might not be a requirement for liquidity funding from the SFC in July.
£'m.	£'m.	
1.52	0.4	

1.8 Capital Expenditure

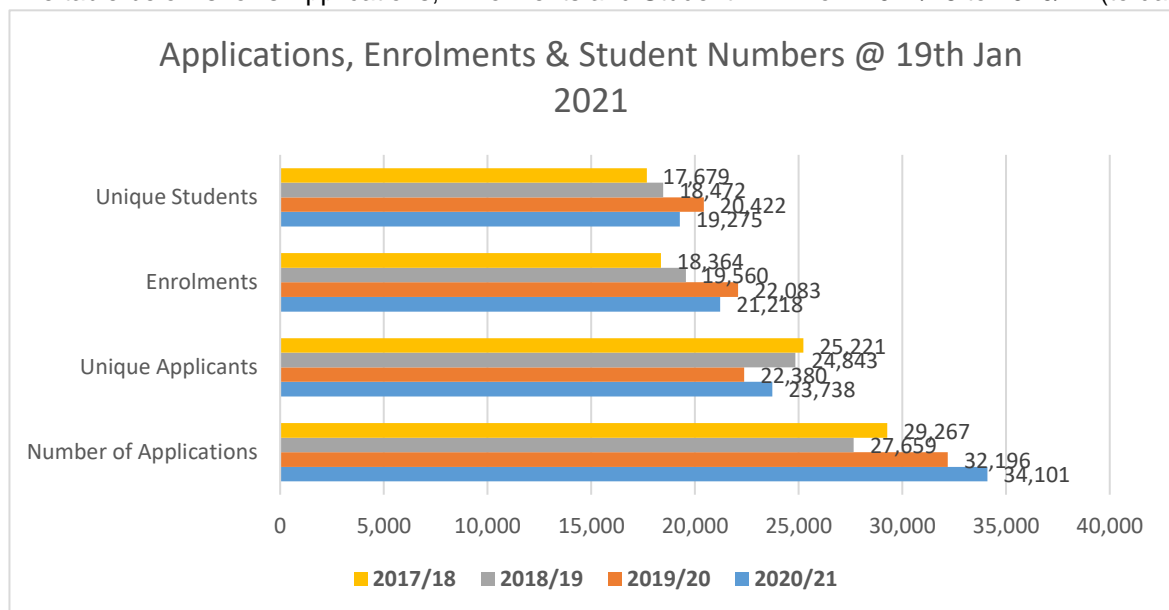
Opening Fixed Assets	Additions	Depreciation	Closing Fixed Assets	Comments
01/08/2020	31/12/2020	31/12/2020	31/12/2020	The 2020/21 capital funding is allocated as follows: (1) £0.97m to maintain the College estate (I&E budget), (2) £2.19m for condition survey backlog works and (3) £0.49m for priority capital works. Additional capital funding for 'Return to Work / Economic Recovery' (£0.76m), and new funding to tackle student digital exclusion (totaling £0.263m) has also been allocated. To date, £2.4m of work in progress has been incurred since the beginning of the academic year (environmental projects, wellbeing initiatives, ICT projects plus health & safety and building fabrics works). A further £0.9m of expenditure is committed.
£'m.	£'m.	£'m	£'m.	
163.8	2.2	(2.2)	163.8	

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 in the year). Edinburgh College will also need to deliver **3,274** additional credits relating to the Youth Guarantee and National Transition Training Funds.
- 2.2 Current enrolment figures are encouraging as shown in the table at 2.4. The College has achieved **173,366 credits** at 19th January 2021. In terms of student retention, the latest figures remain encouraging.
- 2.3 The "Credits by Department" table (below) shows a comparison of faculty performance for the year against full year targets.



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



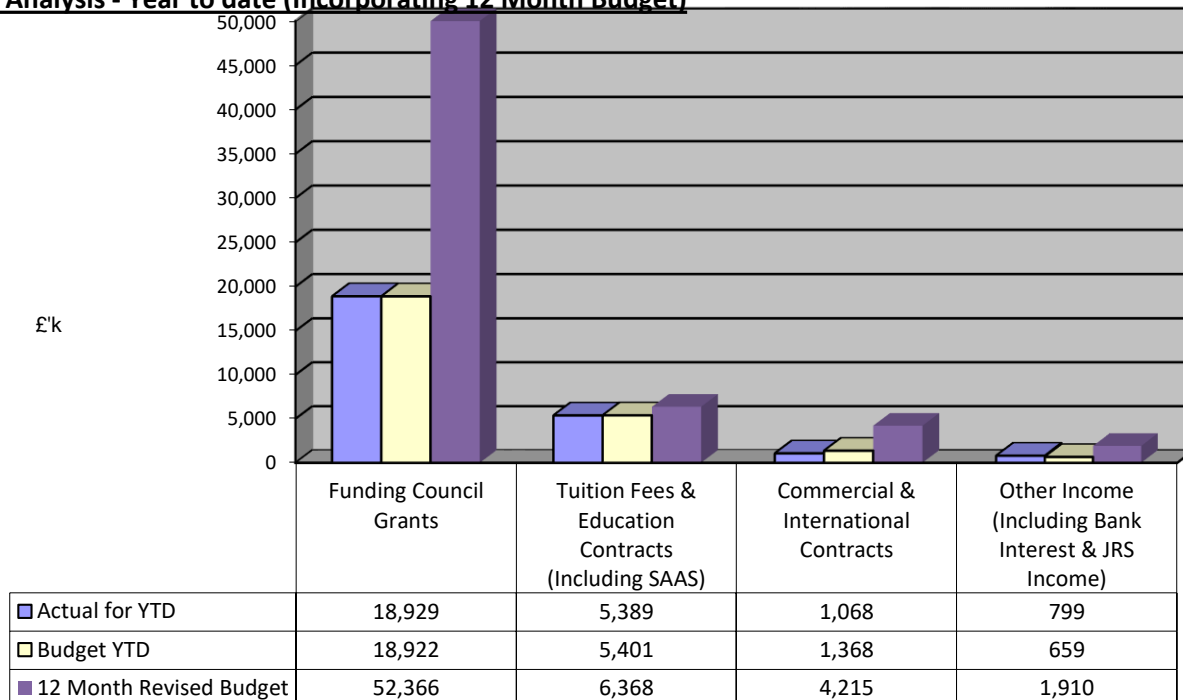
3. INCOME ANALYSIS



Income Expanded Account Detail for the 5 Months to 31st December 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	52,366	52,366	18,922	18,929	7	18,346	53,216
Tuition Fees & Education Contracts	6,368	6,368	5,401	5,389	(13)	5,860	6,462
Commercial & International	4,215	4,215	1,368	1,068	(300)	2,491	3,955
Job Retention Scheme				175	175		290
Other Income	1,910	1,910	659	624	(35)	778	1,774
TOTAL INCOME	64,860	64,860	26,350	26,184	(166)	27,474	65,697

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



- 3.1 Grant-in-Aid income across all credit-bearing areas has been brought to account on the presumption that credit activity is on target.
- 3.2 Following the latest review of student numbers, the annual forecast for total tuition fees income shows a favourable variance on full year budget of £94k (£41k better than last month). This is largely due to higher net SAAS & HEFT fees, which includes the SAAS element (£69k) of our YPG & NTT funding.
- 3.3 This month a number of commercial development budgets have been re-forecast downwards due to the ongoing Covid-19 crisis. The extended FWDF programme will mitigate some of the reduction in commercial contracts, whilst furlough and expenditure savings on travel, catering, cleaning, consumables and trainee allowances will also help address the gap.

The full year budget for FWDF is £1.6m (£0.1m of activity to date and £0.8m in the pipeline). A further £0.5m of income (new FWDF funding) is included in the full year forecast (£0.05m less than last month). The forecast also includes £0.22m of associate trainer costs aligned to this extra forecast income. The two latest FWDF phases are still currently forecast to deliver positive contributions to overheads of almost 59% (£0.33m) in total.

The commercial development team continue to re-arrange a large number of training / FWDF courses which were postponed due to the lockdown, whilst planning for the new FWDF Phases in 2020/21. The team are also promoting the latest FWDF programme to SME clients who will each be eligible to access up to £5k worth of training. There is an additional £0.5m available to the College for this activity.

At the end of December, bespoke income is £0.1m (full year budget £0.4m) with £97k of activity in the pipeline. The team are generating bespoke income from a number of different sources, including SVQ contracts across key HWBSS clients and through a Network Rail (NR) contract, which will now be agreed in stages due to financial constraints at NR. However, a number of contracts are reliant on campus access which is currently restricted, therefore the full year forecast has been reduced by £90k.

Scheduled income to date is £0.15m (full year budget £0.4m) and continues to be adversely impacted by restricted access to campuses, together with faculty capacity to deliver online provision. In advance of more detailed information, the full year forecast has been reduced by £0.11m, whilst associated expenditure savings (less overtime) of £55k is also included in the forecast.

SDS income for the year is £80k (full year budget £0.6m). Milestones 4 and 5 (straddling financial years 2019-21) are continuing. Focus remains on 'business as usual' apprentices (who represent the majority of the SDS caseload), while providing a range of support for students affected by Covid-19. More 'Modern' Apprentices are being recruited than originally forecast, particularly in Health & Social Care, whilst many employers have expressed interest in engineering and construction MA opportunities. However, constraints around evidence gathering, employer furloughs and restricted schools' activity are adversely impacting apprenticeship delivery. As a consequence, the full year forecast for SDS activity has been reduced by £339k. The costs associated with SDS delivery are fixed although small savings (trainee allowances) are reflected in the College's expenditure forecast.

Following Government guidance, the 'Club' leisure facilities were closed during the festive period and remain closed. Students who were previously accommodated in the Milton Road residences have been transferred to the Granton halls of residence. Owing to the closure of our cross-campus facilities, the full year income forecasts for Milton Road residences, Bliss spa, training restaurants and gyms have been reduced by £106k, £90k, £45k and £34k respectively, partly mitigated by savings within catering, cleaning and consumables, which again have been included in forecasts.

No income is currently being generated from facility hires (full year budget £75k) due to continued restrictions on campus access. As a consequence, the full year income forecast directly related to this activity has been reduced by £20k. A summer school contract for our Granton campus is still being planned but will depend on the success of the vaccine roll out and lifting of travel restrictions.

International income to date has already exceeded its full year budget of £0.56m (by £10k). The international development team continue to mitigate risks in relation to the online provision / delivery of contracts with our clients in China, whilst trying to secure other online training contracts with other clients. Online courses generate, on average, lower income but with higher profit margin; however, this market is highly competitive and requires careful pricing. A number of projects are being delivered / or in progress, including contracts with Hainan University and the British Council (in Rwanda, Turkey and Sub-Saharan Africa). The team remains cautiously optimistic that further income will be achieved (approx. £35k income currently targeted) and are in the process of quantifying the associated costs of delivery. The College's full year forecast currently excludes this additional forecast income.

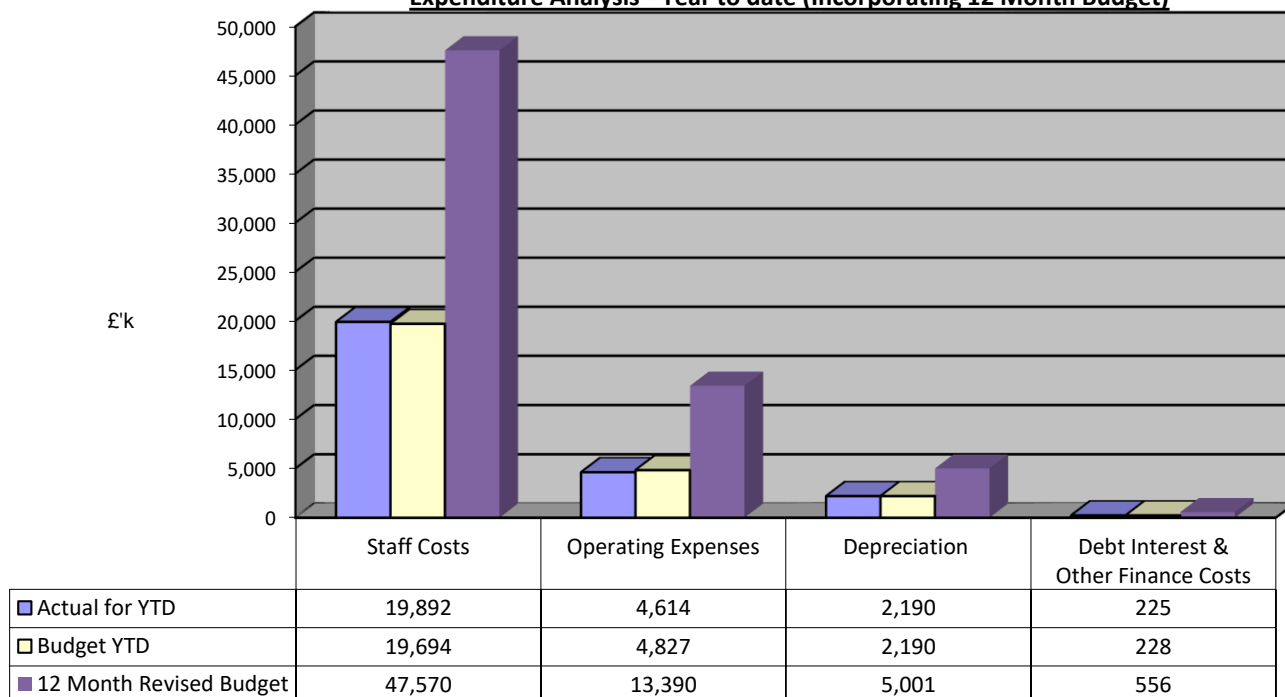
4. EXPENDITURE ANALYSIS



Expenditure Expanded Account Detail for the 5 Months to 31st December 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>
Other Operating Expenses	13,390	13,390	4,827	4,614	213	5,876	12,798
Depreciation for the year	5,001	5,001	2,190	2,190		2,348	5,001
Debt Interest & Other Finance Costs	556	556	228	225	3	249	553
Total Expenditure (Ex Staff Costs)	18,948	18,948	7,245	7,029	216	8,473	18,352

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



- 4.1 As the above table illustrates, most 'other operating expenses' budgets remain in line with expectations. Reviews of operating budgets are continually undertaken with Departmental / Faculty Heads, to identify further savings / cost reductions to balance the forecast adverse adjusted operating position.

5. STAFF COSTS ANALYSIS



Staffing Expenditure Account Detail for the 5 Months to 31st December 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	1,591	1,591	652	622	29	648	1,591
Academic Departments	25,091	25,091	10,302	9,954	348	10,141	25,287
Academic Services	4,956	4,956	2,063	2,003	60	2,052	4,968
Admin & Central Services	12,976	12,976	5,385	5,147	238	5,029	13,114
Premises	1,386	1,386	577	577	(0)	581	1,406
Catering & Residences	101	101	42	42	(0)	14	104
Temporary, Agency & Staff Bank Costs	2,294	2,294	950	942	7	784	2,324
Other Staffing Expenditure	1,303	1,303	541	603	(62)	509	1,353
VS Costs							736
Savings to Find	(2,129)	(2,129)	(817)		(817)		(1,864)
	47,570	47,570	19,694	19,892	(198)	19,758	49,020

- 5.1 Staff costs are currently £0.2m higher than the profiled budget due to the challenges of extracting £2.1m of savings contained within the College's staff cost budget (0.3m of savings identified to date). A VS scheme was launched on 16th November is forecast to result in savings of £265k from January 2021 (full year savings £1.2m.). Full year staff costs are currently forecast to settle the year at £49m, which is £1.5m higher than full year budget and an increase of £1,042k from last month's projection. The forecast this month includes unbudgeted VS costs of £736k (with no SFC funding support). Since inception, over 260 employees have been through the job retention scheme; £0.175m of JRS income has been recorded in the first five months of the current year.

6. TRADING DEPARTMENT

Trading Income
JRS Income
Total Income
Staffing Expenditure
Non Staffing Expenditure
Net (Deficit) Contribution
Towards Associated Costs

Nursery			
YTD Dec 20			
Full Year Budget (£000)	YTD Budget (£000)	YTD Actuals (£000)	Full Year Forecast (£000)
990	345	348	938
-	-	2	2
990	345	350	940
(965)	(392)	(368)	(912)
(37)	(16)	(21)	(40)
(12)	(63)	(39)	(12)

- 6.1 The above table provides an overview of the current nursery trading position, which includes £2k of JRS income for furloughed nursery staff.
- 6.2 The full year income and expenditure forecast for the nursery has been reduced by £55k (compared to last month) to incorporate the effects of refunds in relation to Covid-19 (currently offset by forecast churn savings within staffing). We continue to work closely with local councils to increase our current intake, where opportunities arise, whilst marketing campaigns remain ongoing.

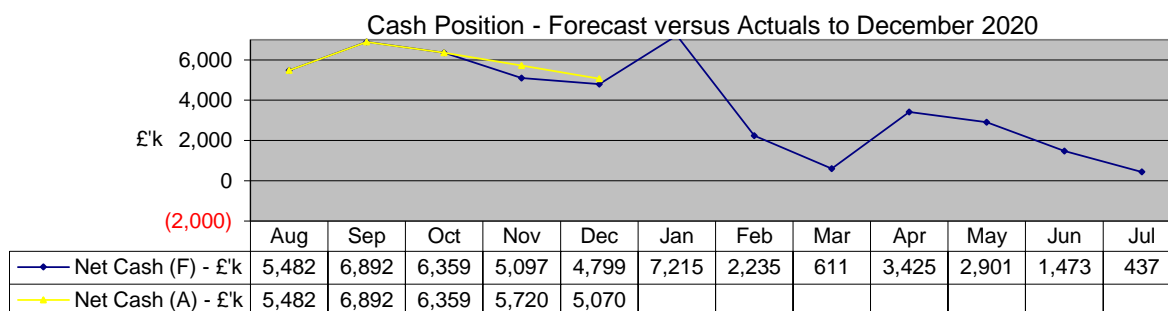
7. CASH-FLOW

- 7.1 The cash balance at the end of December is £5.1m, which includes £1.6m of student support funds.

The cash-flow forecast includes all changes to the forecast outlined in section 1.5 above. This includes estimated VS costs only of £0.67m offset by resulting savings expected later in the year of £0.27m. The SFC has agreed to support any liquidity shortfall in the current year. The current forecast indicates that this will not likely be required. The July 2021 cash position is shown below to be £0.4m.

SSF payments are projected to exceed the initial 2020/21 SFC student support grant allocation. The College has been awarded £0.57m in additional funding from the SFC's in-year grant redistribution. The forecast shows breakeven in 2020/21 including using most of this additional amount.

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



8. SFC REPORTING

- 8.1 The January Cash Flow return, which will be submitted to the SFC in February 2021 will include the most up to date forecast assumptions.

9. BALANCE SHEET

<u>Balance Sheet as at 31 Dec 2020</u>		<u>At 31 Dec</u> <u>2020</u>	<u>At 31 July</u> <u>2020</u>	YTD Mvmt
		<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Fixed Assets	Land and Buildings	154,309	155,925	(1,616)
	Fixtures, fittings and Equipment	9,496	7,840	1,656
		163,805	163,765	40
Current Assets	Stock	78	89	(11)
	Debtors	6,405	4,678	1,727
	Cash - Main	3,431	1,075	2,356
	Cash - Student Support	1,639	445	1,194
Total		11,553	6,287	5,266
Creditors		(70,260)	(64,463)	(5,797)
Bank Loans		(9,298)	(9,338)	40
Provisions		(63,634)	(63,348)	(286)
		32,166	32,903	(737)
Funded by:				
Reserves		32,166	32,903	(737)
		32,166	32,903	(737)

- 9.1 The movements in Cash and Fixed Assets are shown in the sections above. The increase in debtors is due to the invoicing of fees and commercial contracts and the accrual of income (mainly SAAS fees but including the associate degree element – a total of circa £3.5m, which is due payable in January). Other tuition fees (including managing agents and associate degrees) are mainly payable in January / February. The increase in creditors largely represents SFC Grant-in-Aid cash received but not yet released to the Income Statement.

10. KEY PERFORMANCE DATA

Financial Performance Monitoring Template								
	2019/20 Annual Target				2020/21 Annual Target	2020/21 YTD Actuals		2019/20 Year-End
Credits	186,612				186,612	173,366		186,674
Credits ESF	1,335				1,257	-		1,356
	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	-	-	-		146	(2)	(148)	(87)
Commercial & International Contracts	6,256	4,215	4,215		1,368	1,068	(300)	2,491
Income	67,345	64,860	64,860		26,350	26,184	(166)	27,474
Expenditure	69,080	66,517	66,517		26,940	26,922	18	28,232
Operating Surplus / (Deficit) pre SSAP24	(1,735)	(1,658)	(1,658)		(590)	(738)	(148)	(758)
Net Cash Inflow / (Outflow)	(1,589)	(326)	(326)		3,550	3,550	-	1,592
Bank Balance	(563)	1,194	1,194		5,070	5,070	-	2,528
Fixed Assets	154,565	160,221	160,221		163,805	163,805	-	157,924
Net Current assets / (liabilities)	(4,957)	(3,189)	(3,189)		(5,699)	(5,699)	-	(5,688)
Creditors and Provisions	(91,807)	(125,787)	(125,787)		(125,940)	(125,940)	-	(94,633)
Net Assets	57,801	31,245	31,245		32,166	32,166	-	57,603
Pay costs % of Income	72.7	73.3	73.3		74.7	76.0	1.3	71.9
Current Ratio	0.57	0.69	0.69		0.67	0.67	-	0.63
Cash Days in Hand	(31)	(19)	(19)		(35)	(35)	-	(34)
Borrowings as % of reserves	8.0	11.8	11.8		10.9	10.9	-	8.5

I&E Account for the 5 Months to 31st December 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	49,880	49,880	17,824	17,831	7	16,992	50,730
Deferred Capital Grant Releases	2,486	2,486	1,097	1,097		1,354	2,486
Tuition Fees and Education Contracts (inc SAAS)	6,368	6,368	5,401	5,389	(13)	5,860	6,462
Commercial and International Contracts	4,215	4,215	1,368	1,068	(300)	2,491	3,955
Job Retention Scheme Income				175	175		290
Other Income	1,910	1,910	659	624	(35)	778	1,774
Total Income	64,860	64,860	26,350	26,184	(166)	27,474	65,697
Staff Costs	47,570	47,570	19,694	19,892	(198)	19,758	49,020
Other Operating Expenses	13,390	13,390	4,827	4,614	213	5,876	12,798
Depreciation for the year	5,001	5,001	2,190	2,190		2,348	5,001
Debt Interest & Other Finance Costs	556	556	228	225	4	249	553
Total Expenditure	66,517	66,517	26,940	26,922	18	28,232	67,372
Operating (Deficit) / Surplus pre SSAP24 Enhanced Pension Provision Charge	(1,658)	(1,658)	(590)	(738)	(148)	(758)	(1,675)
Adjusted Operating Position:							
Operating (Deficit) / Surplus pre SSAP24 Enhanced Pension Provision Charge	(1,658)	(1,658)	(590)	(738)	(148)	(758)	(1,675)
Add:							
Depreciation net of deferred capital grant release	2,515	2,515	1,093	1,093		994	2,515
Deduct:							
Revenue funding allocated to loan repayments	857	857	357	357		323	1,017
Adjusted Operating Position	0	(0)	146	(2)	(148)	(87)	(177)

INCOME

Funding Council Grants

Recurrent Grant Inc Fee Waiver	46,673	46,673	16,890	16,890		15,639	46,673
Childcare Funds	1,718	1,718	315	315		667	1,718
Deferred Capital Grants	2,486	2,486	1,097	1,097		1,354	2,486
Other SFC Grants	1,489	1,489	619	626	7	686	2,339
	52,366	52,366	18,922	18,929	7	18,345	53,216

Tuition Fees & Education Contracts

FE - UK & EU	73	73	26	26		44	47
HE - UK & EU	269	269	269	401	132	328	421
PT Self Payers	558	558	482	464	(19)	413	538
Examination Fee Income	20	20	2	2		14	18
SAAS	3,601	3,601	3,601	3,468	(133)	3,715	3,601
SAAS - Commercial				20	20	23	20
Associate Degree Fees	745	745	600	588	(13)	702	715
Managing Agents	1,100	1,100	420	420	(0)	621	1,100
	6,368	6,368	5,401	5,389	(13)	5,860	6,462

Commercial & International

International	560	560	560	570	10	559	570
SDS	608	608	209	80	(129)	234	269
EH15 and The Apprentice Restaurants	48	48	19		(19)	17	3
Bliss SPA and Employability Salons	100	100	42	5	(38)	46	10
Gym	128	128	34	17	(17)	142	94
Residences	320	320	94	59	(36)	249	214
Bespoke Contracts for Employers	420	420	149	112	(38)	237	330
Scheduled Short Courses	410	410	187	152	(35)	298	300
Flexible Workforce Development Fund	1,622	1,622	72	72		709	2,166
	4,215	4,215	1,368	1,068	(300)	2,491	3,955

Other Income

Catering	16	16	7	4	(3)	6	12
Job Retention Scheme				175	175		290
Nursery	990	990	375	345	(30)	367	938
Access Centre Provision	150	150	104	104		62	150
Other Income Generating Activities	752	752	173	170	(3)	342	672
	1,908	1,908	659	798	140	776	2,062

Endowment & Investment

Bank Interest	2	2	0	0		2	2
	2	2	0	0		2	2

TOTAL INCOME

64,860	64,860	26,350	26,184	(166)		27,474	65,697
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EXPENDITURE

Staff Costs

Senior Management	1,591	1,591	652	622	29	648	1,591
Academic Departments	25,091	25,091	10,302	9,954	348	10,141	25,287
Academic Services	4,956	4,956	2,063	2,003	60	2,052	4,968
Admin & Central Services	12,976	12,976	5,385	5,147	238	5,029	13,114
Premises	1,386	1,386	577	577	(0)	581	1,406
Catering & Residences	101	101	42	42	(0)	14	104
Temporary, Agency & Staff Bank Costs	2,294	2,294	950	942	7	784	2,324
Other Staffing Expenditure	1,303	1,303	541	603	(62)	509	1,353
VS Costs							736
Savings to Find	(2,129)	(2,129)	(817)		(817)		(1,864)
	47,570	47,570	19,694	19,892	(198)	19,758	49,020

Other Operating Expenses

Premises	4,632	4,632	1,861	1,758	103	1,883	4,302
Teaching Activity & Support	1,452	1,452	583	604	(21)	887	1,576
Childcare Costs	1,718	1,718	315	315		667	1,718
Transport Costs	115	115	33	30	3	51	100
IT Costs	1,111	1,117	461	438	23	411	1,079
Telecomms Costs	134	134	42	42	(0)	62	124
Equipment	59	59	27	22	5	24	56
Health & Safety	37	37	10	10		14	35
Travel & Subsistence	113	113	19	6	13	143	68
Admin Costs	146	140	48	48	0	62	100
Corporate, Consultancy, Professional	594	594	220	217	3	283	564
Staff Welfare	16	16	5	5		5	16
Catering	423	423	95	69	25	182	383
Training & Development	88	88	25	20	4	41	70
VAT	1,250	1,250	464	428	36	541	1,160
Marketing & PR	150	150	38	38		56	135
Partnership Costs	39	39	16	16		16	39
Overseas Agents Commission	77	77	59	59		77	77
Registration & Exam Fees	1,198	1,198	505	489	17	468	1,158
Bad Debt	40	40	2	2		3	40
	13,390	13,390	4,827	4,614	213	5,876	12,798

Depreciation

5,001	5,001	2,190	2,190			2,348	5,001
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Depreciation for the year

5,001	5,001	2,190	2,190			2,348	5,001
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Debt Interest & Other Finance Costs

Interest On Bank Loans	526	526	219	219		231	526
Other Finance Charges	30	30	9	6	4	18	27
	556	556	228	225	4	249	553

TOTAL EXPENDITURE

66,517	66,517	26,940	26,922	18		28,232	67,372
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Operating (Deficit) / Surplus pre SSAP24

Enhanced Pension Provision Charge	(1,658)	(1,658)	(590)	(738)	(148)	(758)	(1,675)
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Adjusted Operating Position:

Operating (Deficit) / Surplus pre SSAP24

Enhanced Pension Provision Charge	(1,658)	(1,658)	(590)	(738)	(148)	(758)	(1,675)
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Add:

Depreciation net of deferred capital grant release

2,515	2,515	1,093	1,093			994	2,515
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Deduct:

Revenue funding allocated to loan repayments

857	857	357	357			323	1,017
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Adjusted Operating Position

0	0	146	(2)	(148)		(87)	(177)
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For the future you want

Balance Sheet

For the 5 Months to 31st December 2020

	<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	154,309	155,925	149,684
FFE	9,496	7,840	8,240
	<u>163,805</u>	<u>163,765</u>	<u>157,924</u>
Current Assets			
Stock	78	89	94
Debtors	6,405	4,678	7,023
Cash	5,070	1,520	2,528
	<u>11,553</u>	<u>6,287</u>	<u>9,645</u>
Creditors < 1yr			
Bank loans	(389)	(389)	(470)
Payments received in advance	(314)	(187)	(107)
Trade creditors	(1,878)	(685)	(1,204)
Taxes & social sec	(937)	(968)	(901)
Accruals, Def Inc & Other Creditors	(1,553)	(5,139)	(1,635)
Amounts owed to SFC	(9,694)	(377)	(8,041)
Deferred Capital Grants - Government	(2,486)	(2,588)	(2,974)
	<u>(17,252)</u>	<u>(10,333)</u>	<u>(15,333)</u>
Net current assets / (liabilities)	<u>(5,699)</u>	<u>(4,046)</u>	<u>(5,688)</u>
Total assets less current liabilities	158,106	159,719	152,236
Creditors > 1yr			
Bank loans	(8,909)	(8,949)	(9,067)
Deferred Capital Grants - Government	(53,397)	(54,519)	(54,619)
	<u>(62,306)</u>	<u>(63,468)</u>	<u>(63,686)</u>
Provisions			
Early retirement	(4,118)	(4,234)	(4,482)
Student Accommodation Provision	(1,451)	(1,050)	(871)
	<u>(5,570)</u>	<u>(5,284)</u>	<u>(5,353)</u>
Net pension asset / (liability)	(58,064)	(58,064)	(25,594)
NET ASSETS	<u><u>32,166</u></u>	<u><u>32,903</u></u>	<u><u>57,603</u></u>
Reserves			
I&E account	41,460	41,686	41,725
Pension reserve	(58,064)	(58,064)	(25,594)
Revaluation reserve	48,770	49,281	41,472
RESERVES	<u><u>32,166</u></u>	<u><u>32,903</u></u>	<u><u>57,603</u></u>

Cumulative Cashflows (2020/21)

<div><div>Edinburgh College</div><div>For the future you want</div></div>	<div>Original Budget</div> <div>£000s</div> <div>Total</div>	<div>Revised Budget</div> <div>£000s</div> <div>Total</div>	<div>Aug 20</div> <div>£000s</div> <div>Actuals</div>	<div>Sept 20</div> <div>£000s</div> <div>Actuals</div>	<div>Oct 20</div> <div>£000s</div> <div>Actuals</div>	<div>Nov 20</div> <div>£000s</div> <div>Actuals</div>	<div>Dec 20</div> <div>£000s</div> <div>Actuals</div>	<div>Jan 21</div> <div>£000s</div> <div>Forecast</div>	<div>Feb 21</div> <div>£000s</div> <div>Forecast</div>	<div>Mar 21</div> <div>£000s</div> <div>Forecast</div>	<div>Apr 21</div> <div>£000s</div> <div>Forecast</div>	<div>May 21</div> <div>£000s</div> <div>Forecast</div>	<div>Jun 21</div> <div>£000s</div> <div>Forecast</div>	<div>Jul 21</div> <div>£000s</div> <div>Forecast</div>	<div>YTD</div> <div>Cumulative</div> <div>£000s</div> <div>Total</div>	<div>Annual</div> <div>Forecast</div> <div>£000s</div> <div>Total</div>	<div>Var From Budget - Fav</div> <div>/ (Adv)</div> <div>£000s</div> <div>Total</div>
SFC Grants - Core	46,828	46,828	6,029	4,500	3,800	3,800	3,800	3,800	0	3,867	5,733	4,000	4,000	3,500	21,929	46,829	1
SFC Grants - ESF	345	345	0	43	109	22	22	22	22	22	22	22	22	22	195	345	0
SFC Grants - FWDF	1,622	1,622	0	0	0	0	267	267	267	267	267	267	267	267	267	2,132	510
SFC Grants - Other	6,363	6,363	707	596	581	861	691	608	613	872	344	306	309	194	3,436	6,682	319
SAAS Funds	3,601	3,601	0	0	0	0	0	3,475	0	0	146	0	0	0	0	3,621	20
Tuition Fees / Education Contracts	2,767	2,767	448	420	247	213	168	223	135	126	90	80	56	56	1,496	2,262	(505)
Commercial / International	2,593	2,593	166	192	126	64	111	136	125	100	50	100	50	50	659	1,270	(1,323)
Other Income	1,910	1,910	150	86	203	181	129	238	176	148	148	170	163	158	749	1,950	40
Operational Income	66,029	66,029	7,500	5,837	5,066	5,140	5,187	8,768	1,337	5,401	6,799	4,944	4,866	4,246	28,730	65,092	(937)
Staff Costs	47,570	47,570	3,347	3,900	3,948	4,030	4,069	4,020	4,020	4,020	4,020	4,217	4,042	4,042	19,294	47,675	(105)
Purchase Ledger / Other Expenditure	7,597	7,597	391	752	627	640	541	702	484	768	1,049	431	548	398	2,951	7,331	266
Childcare Expenditure	1,718	1,718	0	5	90	113	106	109	106	127	148	126	126	6	314	1,062	656
Premises Costs	4,632	4,632	305	356	393	359	345	330	330	390	375	367	369	383	1,758	4,302	330
Pension Strain Costs	0	0	0	0	0	0	0	0	0	0	4	4	0	1	0	9	(9)
Staff VS & Restructuring Costs	0	0	0	0	0	0	0	0	54	90	208	22	353	0	0	727	(727)
Operational Expenditure	61,517	61,517	4,043	5,013	5,058	5,142	5,061	5,161	4,994	5,395	5,804	5,167	5,438	4,830	24,317	61,106	411
Net Income Generated From Operations	4,512	4,512	3,457	824	8	(2)	126	3,607	(3,657)	6	995	(223)	(572)	(584)	4,413	3,986	(526)
Capital Expenditure	3,656	3,656	12	444	283	471	658	820	521	343	104	0	0	0	1,868	3,656	0
Pensioners (against enhanced provision)	288	288	24	23	23	23	23	23	23	23	23	23	23	23	116	277	11
Capital Loan Repayments	389	389	0	0	0	0	40	87	0	40	91	0	41	90	40	389	0
Granton Provision	180	180	55	0	0	0	0	0	126	0	0	93	0	67	55	341	(161)
Non-Operational Expenditure	4,513	4,513	91	467	306	494	721	930	670	406	218	116	64	180	2,079	4,663	(150)
Net Income Generated From Op and Non-Op Activities	(1)	(1)	3,366	357	(298)	(496)	(595)	2,677	(4,327)	(400)	777	(339)	(636)	(764)	2,334	(678)	(676)
Student Funds Inflow	11,056	11,056	601	1,495	1,219	1,225	1,250	968	653	0	3,308	982	336	44	5,790	12,081	1,025
Student Funds Outflow	11,381	11,381	5	442	1,454	1,368	1,305	1,500	1,306	1,225	1,271	1,167	1,128	316	4,574	12,487	(1,106)
	(325)	(325)	596	1,053	(235)	(143)	(55)	(532)	(653)	(1,225)	2,037	(185)	(792)	(272)	1,216	(406)	(81)
Total Cash In	77,085	77,085	8,101	7,332	6,285	6,365	6,437	9,736	1,990	5,401	10,107	5,926	5,202	4,290	34,520	77,173	88
Total Cash Out	77,411	77,411	4,139	5,922	6,818	7,004	7,087	7,591	6,970	7,026	7,293	6,450	6,630	5,326	30,970	78,256	845
Net Inflow / (Outflow)	(326)	(326)	3,962	1,410	(533)	(639)	(650)	2,145	(4,980)	(1,625)	2,814	(524)	(1,428)	(1,036)	3,550	(1,084)	(758)
Opening bank balance	1,520	1,520	1,520	5,482	6,892	6,359	5,720	5,070	7,215	2,235	611	3,425	2,901	1,473	1,520	1,520	0
Closing bank balance	1,194	1,194	5,482	6,892	6,359	5,720	5,070	7,215	2,235	611	3,425	2,901	1,473	437	5,070	437	(758)
Ledger balances																	
Main accounts	0	0	4,442	4,799	4,501	4,005	3,431	6,210	1,705	611	2,776	2,401	1,288	437	3,431	437	437
Term Deposit accounts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Student Funds accounts	0	0	1,040	2,093	1,858	1,715	1,639	1,005	530	0	649	500	185	0	1,639	0	0
Subsidiary accounts																	
	0	0	5,482	6,892	6,359	5,720	5,070	7,215	2,235	611	3,425	2,901	1,473	437	5,070	437	437
Loan balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

FOR INFORMATION			
Meeting	Policy & Resources Committee 23.02.21		
Presented by	Nick Croft		
Author/Contact	Nick Croft	Department / Unit	Communications, Policy & Research
Date Created	11.02.21	Telephone	-
Appendices Attached			
Disclosable under FOISA		Yes.	

EDINBURGH COLLEGE HORIZON SCANNING REPORT – SEPTEMBER 2020 BOARD OF MANAGEMENT CYCLE – EDITION 11

1. PURPOSE

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

2. MAIN REPORT

Background

As with the previous edition, in addition to other strategic developments impacting on college business, this report indicates organisational, sector-wide, economic and social impacts arising from the Covid 19 Pandemic. The report also provides summary information about the recently announced Scottish Government Draft Budget for 2021/22.

It should be noted that Edition 11 now aligns all indicated developments to the three transformational themes of the 'Future Proof College Programme'.

Scottish Government Draft Budget 2021/22

Full details of the Scottish Government Draft Budget 2020/21 can be found at: [Scottish Budget 2021-22 - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/scottish-budget-2021-22/pages/1-introduction-to-the-budget-2021-22.aspx). Initial analysis by Colleges Scotland indicates that the sector may receive an additional £35.7million, an increase of 5.6% on last year's revenue resource allocation. In addition, a further £500M of UK Government Covid 19 Pandemic related funding will become available to the Scottish Government, some of which may be allocated to colleges. There was a proposed £2M reduction in capital funding for the sector.

Covid 19 Pandemic - General Social and Economic Analysis

With regard to the latest Covid 19 Pandemic Guidance, the Scottish Government's guidance can be found at: [COVID-19 – Framework for Decision Making: Scotland's route map through and out of the crisis. Guidance](https://www.gov.scot/publications/covid-19-framework-for-decision-making/pages/1-introduction-to-the-framework-for-decision-making.aspx) on the safe re-opening of colleges, universities and purpose-built student accommodation has also been published. The SFC's [webpage on coronavirus](https://www.sfc.gov.uk/coronavirus)

[preparedness](#) continues to be updated. The College's 5R Plan Hub continue to coordinate the College's response to such guidance.

Current WHO and UK Centre for Mental health analysis indicates that faced with new realities of long term working from home, temporary or longer term unemployment, home-schooling of children, and lack of physical and social contact with other family members, friends and colleagues, many more people are now suffering with mental health problems ([Mental health and COVID-19 \(who.int\)](#) and [Covid-19 and the nation's mental health: October 2020 | Centre for Mental Health](#)). The impact of reduced income, and the resultant increases in poverty, are also acerbating such problems. The College is aware of such impacts on students and staff, and through the 'EC Cares Campaign' is offering new resources to help people through this challenging period.

Current UK Government and Scottish Government economic data continues to indicate a decline in GDP, with projections for recession in the next forecasting period. The College will continue to play a pivotal role with regard to economic recovery, through re-skilling and upskilling, and business support, to address declining GDP:

[Forecasts for the UK economy - GOV.UK \(www.gov.uk\)](#)

[Forecasts | Scottish Fiscal Commission](#)

As the UK, and many nation states, begin to embark on vaccination programmes, new economic analysis is beginning to emerge on the potential 'future state' opportunities for the world economy, post the Covid 19 pandemic. This analysis is most clearly articulated by the World Economic Forum and the New Economics Foundation:

The World Economic Forum -

http://www3.weforum.org/docs/WEF_The_Global_Risks_Report_2021.pdf

The New Economics Foundation - [Together we can change the rules | New Economics Foundation](#)

With regards to relevant impacts on college business, in summary, the two organisations would encourage the college to:

- Expand the delivery of sustainability elements across all courses to help tackle the climate emergency.
- Expand the digital offer to enhance digital skills to new digital sector employment opportunities.
- Ensure young people (16-24) remain a priority group in all organisational thinking.
- Re-imagine relationships with traditional industries and sectors, to progress the innovation of new courses, products and services.
- Have new ambitions around global markets and international delivery through enhanced on-line platforms.

2.1 A high performing digital college

Edinburgh City Region Deal (ECRD) – Regional Growth Framework + DDI Skills for Work Report

The latest benefits plan and proposals to establish a new Regional Growth Framework have been published by the RCRD Board. The Framework is based on three themes, (i) flourishing, (ii) adaptable, (iii) smart, and further information can be found below. The College's 'Future

Proof College, themes are well aligned with this new Framework, specifically commitments to expand the digital course offer: <http://esescityregiondeal.org.uk/>

The Edinburgh Data Lab, funded in part by the ECRD, produced the following report on new opportunities for data skills for work. Again, the College's new digital course offer is well aligned to the report's recommendations: <https://www.thedatalab.com/skills-talent/data-skills-for-work/>

Federation of Small Businesses – From Recovery to Prosperity

Published to encourage a SME led recovery in Scotland, this report proposes new legislation entitled the 'Small Business Recovery Act', which would place SMEs at the heart of the government's proposed green recovery, whilst keeping SME overheads down, upskilling SME staff, specifically with regard to digital skills. The College's new on-line commercial offer is well aligned to report recommendations: <https://www.fsb.org.uk/resource-report/recovery.html>

2.2 A college with a curriculum for the future

SDS Regional Skills Assessment – December 2020

SDS has produced a new regional skills assessment, which will inform the college curriculum and commercial offer going forward, and includes a new regional vulnerability index based on Oxford Economics: <https://www.skillsdevelopmentscotland.co.uk/media/47094/rsa-infographic-edinburgh-east-and-midlothian.pdf>.

In summary, projected GVE 2020-2030 growth in the region is at 2.6%; unemployment is rising and universal credit applications have increased over the last six months; business turnover rates have degraded in every sector except food retail; the furlough scheme is masking potential increases in redundancies and MA apprenticeship redundancies post March 2021; vacancy shortages continue to exist in the health and social care sector; continued projected growth in the digital sector is predicted; and the top skill requested by all recorded job postings was teamwork / collaboration.

Scottish Funding Council - Key Facts Publication 2019/20

Updated statistics for the Scottish college sector can be found at: [College Statistics 2019-20 Executive Summary \(sfc.ac.uk\)](#).

Scottish Qualifications Authority SQA Assessment Plans

Colleges Scotland and college sector representatives met with SQA representatives in December 2020 to continue ongoing discussions regarding assessment plans for the 2020-21 academic year. SQA published a [joint statement](#) with Colleges Scotland on the proposed arrangements.

Scottish Government – Commission for Fair Access – Covid 19 Impacts on Fair Access - Report

The College contributed a detailed submission to the above report, which can be found at: <https://www.gov.scot/about/how-government-is-run/directorates/advanced-learning-and-science/commissioner-fair-access/>. The report requires to college to prioritise (i) outreach and access; (ii) digital poverty and delivery of online learning; (ii) maintaining a good and supportive student experience; (iv) addressing student mental health and financial hardship concerns; (v) resolving challenges regarding examinations, grades, admissions, articulation and related targets; and supporting staff to meet such challenges.

Community Learning and Development (CLD) Guidance

The Scottish Government has published a [guidance document](#) setting out its expectations for education authorities and their partners (including colleges) when meeting duties in CLD planning for 2021 to 2024 as per *The Requirements for Community Learning and Development (Scotland) Regulations 2013*.

Scottish Government Support for Tourism and Hospitality

The Scottish Government announced a new support package for the tourism and hospitality sector of £104M: <https://www.gov.scot/news/gbp-104-million-tourism-and-hospitality-lifeline/>

New Investment in Hydrogen Sector

The hydrogen sector will receive £100 million over the next five years to support a green recovery and Scotland's just transition to net zero. Scotland is set to become a leading hydrogen nation, with an ambition to generate 5GW of renewable and low-carbon hydrogen by 2030 - enough to power the equivalent of 1.8 million homes. Economic impact research suggests the industry has the potential to be worth up to £25 billion a year to the Scottish economy by 2045. <https://www.gov.scot/news/building-a-new-energy-sector/>

2.3 A lean and agile college with reach and potential to grow

Commission on the College of the Future – Scotland Nations-Specific Report Launch

The [Scottish College of the Future report](#) was launched by the independent Commission on the College of the Future on Monday, 14 December 2020. Following on from the publication of the College of the Future UK-Wide Final Report in October, the Scotland-specific final report encompasses a number of recommendations for the college sector in Scotland.

Brexit - Scottish Government Scholarships + UK Shared Prosperity Fund

The Scottish Government has advised that colleges are unlikely to be included within the first tranche and pilot scheme for this programme, due to current funding complexities and current use. This position was queried by Colleges Scotland, and a request was made of the Scottish Government to reconsider this situation and to liaise with SFC on how the funding mechanism may operate. Details of the new UK Shared Prosperity Fund can be found at: [The UK Shared Prosperity Fund - House of Commons Library \(parliament.uk\)](#). The fund will be administered by the UK Government.

UN Climate Change Conference of the Parties (COP26) and Net Zero Nation

Work is progressing in Scotland to host COP26. The College will be organising a mini COP26 on line event for staff and students, and is working with college sector to organise a bigger event as part of the COP26 programme. The College will also be responding to this government consultation regarding public engagement in climate change action: [Climate Change - Net Zero Nation: draft public engagement strategy - consultation - gov.scot \(www.gov.scot\)](#)

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

- [Articulation from Scottish Colleges to Scottish Universities 2018-19](#)
- [Funding for Student Mental Health and Wellbeing 2020-21](#)
- [College Statistics 2019-20 \(sfc.ac.uk\)](#)

3. BENEFITS AND OPPORTUNITIES

This report will enable the Board of Management and its committees to improve awareness of, and better respond to, a range of social, economic and economic impacts on the college sector.

4. STRATEGIC IMPLICATIONS

All identified horizon scanning impacts are well aligned to the five strategic aims of the Edinburgh College Strategic Plan 2017/22, and transformational themes of the 'Future Proof College' programme.

5. RISK

This report will enable the College to better identify the economic, social and environmental risks impacting on college business, the most significant of which will be managed through the College's 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 identify and respond to a range of potential social, economic and environmental impacts.

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.

