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POLICY & RESOURCES COMMITTEE

AGENDA

A meeting of the Policy & Resources Committee will be held at 14:00 hours on Tuesday, 19 February 2019 in the Boardroom, Milton Road.

		Lead Speaker	Paper
1	WELCOME & APOLOGIES	Chair	
2	DECLARATIONS OF INTEREST	Chair	
3	<u>MINUTES OF PREVIOUS MEETING</u> <i>for approval</i>	Chair	A
4	MATTERS ARISING	Chair	B
5	A FUTURE PROOFED COLLEGE - BLUEPRINT 2017-22 REPORT	A Cumberland	C Attached
6	RECRUITMENT & RETENTION DASHBOARD	J Pearson	D Attached
7	FINANCE REPORT		
	7.1 Finance Update	L Towns	E Attached
	7.2 Management Accounts December 2018	L Towns	F Attached
8	HUMAN RESOURCES REPORT	S Clyne	G
<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	INFRASTRUCTURE REPORT		
	9.1 Nursery Update	A Williamson	H
<i>Item 9.1 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.</i>			
10	HORIZON SCANNING REPORT	N Croft	I Attached
11	ANY OTHER COMPETENT BUSINESS		
	11.1 Construction Industry Training Board Update	A Cumberland	Verbal
	11.2 College Governance – Ministerial Announcement	A Cumberland	Verbal
12	DATE OF NEXT MEETING: 21 May 2019		

**POLICY & RESOURCES COMMITTEE
19 FEBRUARY 2019
PAPER C**



FOR DISCUSSION / DECISION			
Meeting	Policy & Resources Committee 19.02.19		
Presented by	Audrey Cumberford		
Author/Contact	Nick Croft	Department / Unit	Executive / Corporate Development
Date Created	01.02.19	Telephone	-
Appendices Attached	None.		
Disclosable under FOISA	Yes.		

‘A FUTURE PROOFED COLLEGE’ - BLUEPRINT 2017/22 UPDATE

1. PURPOSE

This report updates the Committee on the progress achieved to date in the delivery of the next phase of the Blueprint 2017/22, entitled ‘A Future Proofed College’.

2. MAIN REPORT

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

In November 2019, the Committee approved development of the next phase of the Blueprint 2017/22, and agreed the focus will be aligned to three new transformational themes, which would deliver ‘A Future Proofed College’:

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

Indicated below is a summary of progress since November 2019, aligned to the three new transformation themes:

Theme	Progress	Links to strategic plans aims
A College with a curriculum	<ul style="list-style-type: none"> ‘Future Proof 2025’ is the re-titled project designed to deliver meta skills and industry 4.0 skills to college students. Related info can be viewed here: (https://www.sqaacademy.org.uk/course/view.php?id=776). It 	Excellent Curriculum

<p>for the future.</p>	<p>will involve development and roll-out of project based learning in all curriculum courses over the next 5 years. Investment from 'City Region Deal' in this area will be forthcoming to build data skills into delivery.</p> <ul style="list-style-type: none"> • A new schools college partnership curriculum offer has been developed and launched. New marketing materials for the schools college partnership prospectus were agreed by the Executive Team (Portfolio Board). • The STEM curriculum offer continues to expand into schools across the region, as well as building industry partners as part of the regional STEM hub. Further investment in new technology has been supported by 2018/19 capital budget allocations. • Progress continues with the implementation of the College's 'Learning, Teaching and Assessment Strategy'. Additional staff seminars, training and quality enhancement engagement will take place. Currently, Learning and Teaching advisors are focussing work with five teams recently inspected by Education Scotland. <p><i>It should be noted that much of the above also features as actions in the College Quality Enhancement Plan 2018/19, and is reported into the Academic Council.</i></p>	<p>Superb Student Experience</p>
<p>A high performing digital College.</p>	<ul style="list-style-type: none"> • Approval was given by the Executive Team (Portfolio Board) to fund a new commercial 'Moodle' platform. The new commercial Moodle space and resource will translate commercial course offerings into on-line ready learning products. The cost is part of the existing Napier University joint contract. A new Learning Technologist will be employed, and work with https://www.lynda.com/ will also be progressed. • The College has signed up to the JISC learning analytics project (https://www.jisc.ac.uk/rd/projects/effective-learning-analytics). There will be further consideration by Executive Team (Portfolio Board) of the Civitas learning analytics business case. • The new college website business case is due for consideration by the Executive Team (Portfolio Board) in February 2019. There has been initial potential supplier engagement, which has helped inform the business case. Once developed, the site will be maintained by college staff. • The business case for a unified communications system has been approved by the Executive Team (Portfolio Board). The Project Team is leading potential supplier engagement, and project plan development. The project aims to have all staff switched over to 'Skype' from old 'PBX lines' by summer 2019. 	<p>Excellent Curriculum</p> <p>Superb Student Experience</p> <p>Efficient and Effective</p>

A resilient, agile College with reach and potential to grow.	<ul style="list-style-type: none"> Approval was given by the Executive Team (Portfolio Board) to fund a new customer relations management system (The 'Active Informatics Education Customer Relationship Management Application' - https://www.activeinformatics.com/msdynamics365/education/. This will help transform the way the College engages with employers, industry, community planning partners, and other key stakeholders. The Principal has established and will Chair an alternative funding cross college group to progress growth opportunities. A Skills survey of regional businesses will be undertaken, supported and endorsed by Edinburgh Chambers and the Edinburgh Capital City Partnership. 	Inspired People Valued in Partnership and by Communities
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As the a result of the new 'Future Proofed College' transformational themes, and the desire for a more agile and responsive transformation programme at the College, the governance arrangements will evolve to reflect the new phase of Blueprint implementation.

3. **BENEFITS AND OPPORTUNITIES**

The 'Future Proofed College' change programme will provide the essential 'building blocks', clarity of purpose, , improved focus and prioritisation to deliver the ambitions of our College. Specifically, opportunities to enhance the student experience, improve the quality of learning and teaching, inspire staff, increase alternative income, and improve partnership collaboration and collective impact.

4. **STRATEGIC IMPLICATIONS**

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

5. **RISK**

Risk analysis features as part of the agreed college project management cycle, specifically, at the project concept and business case stages. Risks are also managed in the implementation stage.

6. **FINANCIAL IMPLICATIONS**

Financial implications have been identified above for some projects. As other investment decisions and financial implications emerge, they will be reported to Committee where relevant.

7. **LEGAL IMPLICATIONS**

Development and delivery of the projects identified above will enable the College to meet a range of legal duties, including post 16 education, data protection, and community empowerment duties.

8. WORKFORCE IMPLICATIONS

Central to the ambition of the 'Future Proofed College' programme, is the commitment to inspire college staff, make the College a great place to work, and continue with work to improve industrial relations. Realising our ambition to be a **resilient, agile College with reach and potential to grow** will require the development and implementation of a College Workforce Plan, people strategy and change programme focused on culture, communications, leadership and behaviours.

9. REPUTATIONAL IMPLICATIONS

Delivery of the projects above will enhance the College's reputation as a sector leading in Scotland, and the rest of the UK.

10. EQUALITIES IMPLICATIONS

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

RECOMMENDATIONS

It is recommended that the Committee NOTE and ENDORSE the progress achieved to date as part of the 'Future Proofed College' programme.

POLICY & RESOURCES COMMITTEE
19 FEBRUARY 2019
PAPER D



FOR INFORMATION / DISCUSSION			
Meeting	Policy & Resources Committee 19.02.19		
Presented by	Jonny Pearson		
Author/Contact	Jonny Pearson	Department / Unit	Executive
Date Created	29.01.19	Telephone	-
Appendices Attached			
Disclosable under FOISA		No	

2018/19 RECRUITMENT & CREDITS UPDATE

1. PURPOSE

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

The figures in this paper are accurate as of 29 January 2019.

2. BACKGROUND

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

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

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

In addition to this, as part of the SG Early Years 1140 hours commitment, SFC have given us a target of achieving 6,639 Early Years credits as part of the 186,612 core. Due to good curriculum planning and previous year's 'pipeline' we are confident that we will exceed this Early Years target by at least 2,000 credits

3. DETAIL

Current credit position **178,895** credits (58,001 HE Credits)

Semester 2

Planned Credits	Delivered Credits	Balance	Projected Out-turn
18,578	11,131	7,447	186,342

This projected out-turn would leave us 1,627 credits short of our activity target. This shortfall is due to:

- Reduced number of FT FE students - 753 less = 7.6% drop;
- Increased number of PT students - 2,749 more = 29% increase;
- PT FWDF students not being 'credit-bearing' - 1,308 = 7,194 credits.

The Assistant Principals and Heads of Faculty have been working together since October 2018 to mitigate this shortfall. Additional credit-bearing activity has been initialised for delivery in Semester 2 and our current projection is that we will reach 192,373 credits this year.

2019/20 Full-time Recruitment

This is our first year where all applications will be made through our new 'in-house' application portal - ECAS. Full-time courses opened for application on Monday 21st January 2019, our current position is:

Applications	Offers	Accepted Offers
2,368	6	6

At this point last year we had received 2,696 applications. We have had at least three incidents where the system has 'gone down' and applicants have not been able to apply. We have a team of IT specialists (internal and external consultants) monitoring the system to ensure that it is more reliable. I am confident that our IT development team has mitigated any further risk relating to ECAS.

4. BENEFITS AND OPPORTUNITIES

By evaluating last year's retention figures we have implemented changes designed to further improve our performance indicators for 2018/19. 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 Scottish Government and SFC maintain confidence in the direction of travel of Edinburgh College.

11. EQUALITIES IMPLICATIONS

Not applicable.

CONCLUSIONS/RECOMMENDATIONS

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

POLICY & RESOURCES COMMITTEE
19 FEBRUARY 2019
PAPER E



FOR INFORMATION / DISCUSSION			
Meeting	Policy & Resources Committee 19.02.19		
Presented by	Lindsay Towns		
Author/Contact	Lindsay Towns	Department / Unit	Finance
Date Created	01.02.19	Telephone	-
Appendices Attached			
Disclosable under FOISA		Yes	

FINANCE REPORT

1. PURPOSE

To provide the Policy & Resources Committee with an update on matters affecting the Finance function.

2. BACKGROUND

As above.

3. DETAIL

3.1. 2018 Annual accounts Revaluation - Effect on Depreciation

As a result of the required three year valuation of Land and buildings in the 2018 Annual accounts (which resulted in an increase of 15% in the value of Buildings) recurring depreciation has increased by £0.5m from 2018/19. This has been incorporated into the current year Income and Expenditure forecast. This will not affect the Underlying Operating Position the measure introduced by the SFC following recommendations by Audit Scotland.

3.2 Granton Accommodation

Edinburgh College is party to an onerous 25 year contract involving a commitment to let 99 rooms in student residences at Granton campus. The contract includes a clause that increases the room rate each year which has made it increasingly difficult to let all the rooms over the last few years. In the current year 30 of the rooms remain unoccupied resulting in a cost after term 1 of £96k and with a potential full year cost in excess of £200k. There may also be a need to put in place a provision in the current year's accounts for the costs of estimated unfilled rooms over the remainder of the contract (6 years). In order to mitigate the costs the College is working on securing some short term tenants for the remainder of the year as well as negotiating with the owner to sublet some of the rooms to non-college students.

3.3 *Scottish Budget 2019/20*

The Scottish Government published its Draft Budget 2019/20 on 12 December 2018.

The key headlines in relation to the college sector are:

- The Scottish Government has increased current levels of revenue funding for the college sector by 3.1% in cash terms (1.3% in real terms). This represents an additional £18.3m against the Draft Budget for 2017/18. However, the full £18.3m is for funding National Bargaining. The revenue funding has not been adjusted for inflation, therefore this equates to a real terms reduction in funding to cover day-to-day operational costs.
- The Scottish Government has reduced current levels of capital funding for the college sector in the Budget for 2019/20 confirmed as £47.6m. This represents a reduction of £29.1m against the draft budget for 2018/19. It should be noted that £22m of this capital funding is for the Forth Valley College campus build.

3.4 *Capital and ICT Investment*

Edinburgh College has recently provided priority areas of investment for ICT infrastructure to Colleges Scotland who are working with the SFC to identify both estate and digital investment requirements for future budget negotiations.

3.5 *Scottish Teachers' Pension Increase*

There is a proposed increase of 5.2% in employer pension contribution rates from 1 April 2019. The cost of this to Edinburgh College in the current year will be £0.32m and in future years £0.96m. Colleges Scotland is working with Scottish and UK Governments to ensure mitigation against these increases, whilst HM Treasury has made some indication of additional funding in 2019/20 (only) to offset the increases.

3.6 *Procurement Update*

Procuring the College's new catering service is complete and the contract commenced on 1st February 2019. It was a substantial and complex purchase that not only involved issues of cost and service but also maintaining the integrity of the College in relation to its staff and students. An important part of the process was to successfully TUPE the catering staff without any loss of their pay, terms, conditions and pension rights.

Our recent tender for Associate Trainers is now the model for similar purchases used by other institutions across the sector. It is also the basis for our new framework tender for Learning Support Services, intended to support our students with additional learning support needs. This is an area of particularly high spend for us and we are the first institution to lead a tender for this service and are pleased to be joined in this by Abertay University and Edinburgh Napier.

We are also progressing a number of IT procurements and have held a number of supplier meetings to alert the market of our intent and refine our requirement. There are also a number of new contracts being progressed including various Uniforms and Kits tenders on behalf of several departments.

The College's Annual Procurement Report was published in November and is available, along with our Procurement Strategy, on our public facing website. We continue to review our current contracts in light of GDPR and the potential supply chain impact of Brexit.

4. BENEFITS AND OPPORTUNITIES

The Committee is responsible for the financial sustainability of the College. 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

Members are asked to DISCUSS and NOTE the paper.

FOR INFORMATION / DISCUSSION			
Meeting	Policy & Resources Committee 19.02.19		
Presented by	Lindsay Towns		
Author/Contact	Lindsay Towns	Department / Unit	Finance
Date Created	31.01.19	Telephone	-
Appendices Attached	<i>Appendix 1: Management Accounts to December 2018 (with commentary)</i>		
Disclosable under FOISA		Yes	

MANAGEMENT ACCOUNTS TO DECEMBER 2018

- 1. PURPOSE**
To provide the Policy & Resources Committee with an update on the financial performance of the college.
- 2. BACKGROUND**
The Policy & Resources Committee are asked to review the management accounts at each meeting, in order to assess the college's current financial position.
- 3. DETAIL**
Contained within Appendix 1.
- 4. BENEFITS AND OPPORTUNITIES**
The Board is responsible for the financial sustainability of the college, and it is considered good practice to monitor all areas of performance that can impact on the college's viability.
- 5. STRATEGIC IMPLICATIONS**
Content inherent within strategic objectives.
- 6. RISK**
Content assists monitoring college's financial performance.
- 7. FINANCIAL IMPLICATIONS**
Inherent within content.
- 8. LEGAL IMPLICATIONS**
Some content may cover legal issues.
- 9. WORKFORCE IMPLICATIONS**
Some content may cover workforce issues.

10. REPUTATIONAL IMPLICATIONS

None.

11. EQUALITIES IMPLICATIONS

None.

CONCLUSIONS/RECOMMENDATIONS

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



FINANCIAL REPORT

5 MONTHS TO 31 DECEMBER 2018

CONTENTS

Report from Chief Operating Officer

1. Executive Summary
2. Credit Activity
3. Progress with the Transformational Plan and its alignment to the College's 2018/19 Budget
4. Income Analysis
5. Expenditure Analysis
6. Staff Cost Analysis
7. Trading Departments
8. Cash-flow
9. Balance Sheet
10. SFC Reporting
11. Key Performance Data

Appendices:

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

DISTRIBUTION

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

The following report provides an update on the financial position of
Edinburgh College at 31st December 2018

1. EXECUTIVE SUMMARY

Activity

- 1.1 Edinburgh College's core activity target for academic year 2018/19 is **186,612** credits (which includes Childcare credits shown separately in prior years). As the College has exceeded its HE credit total of 54,340, a further **1,356** credits (reduced from 2,000 in 2017/18) should be received through the ESF Developing Scotland's Workforce 2018/19 initiative. However, receiving this funding is dependent on the overall core credit target being achieved. The College's total target is therefore **187,968** credits, although the College is targeting levels above this planned activity. The College has achieved 170,686 credits at 23rd January 2019.

1.2 Underlying Operating Result

As per SFC Measurement basis	<u>Annual Budget</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>
Result (2016/17 after £2.9m adjustment and 2018/19 pre SFC Grant Repayment)	500	452	200	(252)	(237)	(356)
Add:						
Depreciation net of deferred capital grant release	2,024	1,035	1,035	-	861	2,522
Non-cash pension adjustments (not included in deficit 2016/17 and 2017/18)	-	-	-	-	-	-
Deduct:						
Revenue funding allocated to loan repayments	1,130	527	527	-	642	1,130
Underlying operating result	1,394	960	708	(252)	(18)	1,036

The College's underlying operating position is a key measure introduced by the SFC following recommendations by Audit Scotland. It excludes non-cash items included in the income and expenditure account (pension and depreciation net of deferred capital grant release) as well as loan and Lennartz repayments not included in the income and expenditure account. The underlying operating position forecast is £1.0m positive, which is £0.4m unfavourable compared to budget.

1.3 Income and Expenditure

	<u>Annual Budget</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	46,953	16,039	16,053	13	17,788	47,092
Tuition Fees and Commercial & Other Income	17,936	10,766	10,273	(491)	7,167	17,305
Deferred Income	2,931	1,298	1,468	170	1,332	3,338
Total Income	67,820	28,103	27,794	(309)	26,287	67,735
Staff Costs	47,273	19,028	18,837	191	18,090	46,932
Other Costs	15,092	6,289	6,254	35	6,242	15,299
Depreciation	4,955	2,333	2,295	38	2,193	5,362
July 2018 Additional Revaluation	-	-	208	(208)	-	498
Total Expenditure	67,320	27,651	27,594	56	26,525	68,091
Operating Surplus / (Deficit) (pre SFC Grant Repayment)	500	452	200	(252)	(237)	(356)
SFC Grant Repayment	(500)	-	-	-	-	(500)
Operating Surplus / (Deficit) (post SFC Grant Repayment)	-	452	200	(252)	(237)	(856)

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

The December operating position shows a surplus of £0.2m (previous month surplus £0.16m), against a profiled budget surplus of £0.45m. The main variances are:

- Favourable expenditure variance within staff costs (£191k), as a result of unfilled vacancies and vacancy churn across a number of College departments
- Adverse income variance within tuition fees (mainly lower IES (WEACT) pre-employability contract income, SAAS and associate degree revenues – adverse variance of £412k in total to date. In addition, there is an adverse variance of £83k within scheduled short courses.

- 1.5 As part of the December 2018 management accounts review a lot of work was done with Heads of department on their income forecasts and options for mitigating the resultant shortfalls.

Work has also been undertaken on updating the annual depreciation charge following the revaluation of fixed assets at the end of the 2017/18 financial year. This has added £0.5m to the depreciation charge for the year. This is off-set by a release from the revaluation reserve which is shown below the 'operating surplus/ (deficit) line.

The full year forecast operating deficit (pre SFC Grant Repayment) is now £356k (an adverse movement of £776k compared to last month's projection, and a difference of £856k compared to full year budget). The main forecast movements to date are outlined below:

Cash Impact Items - £358k negative full year forecast to budget variance

- Following a reconciliation of additional ESF credits delivered by the College in 2017/18, the SFC will be providing additional funding of £32k which will be paid to the College in March. This figure has been included within the full year forecast.
- Flexible Workforce Development activity is forecast to generate additional revenues of £210k for the year, although this positive movement is wholly offset by weakness within scheduled short courses, which is projected to show an income shortfall for the year of £200k. However, mitigation plans are ongoing.
- The SDS 'Daydream Believers' project is forecast to generate net revenue of £13k, whilst other income generating activities are forecast to bring in £50k of additional revenues for the year (graduation and Solar Meadow income).
- Staff costs are forecast to settle the year £341k below budget (an improvement of £50k from the November 2018 forecast) for the reasons outlined above (para 1.4).
- Agency commission aligned with International income delivery is forecast to settle the year £20k below budget.
- WEACT income is currently projected to be £194k below budget, due to lower activity effecting forecast outcomes. Savings of £30k in total (£10k within partnership costs and £20k within building rentals), have been identified and included in the forecast. Full year projections for the WEACT contract will be finalised next month to reflect the transfer of the contract in April 2019 to a new service provider, confirmed by Edinburgh Council in December 2018. This will result in a TUPE transfer of staff. Early indications suggest that the net outcome to the end of the contract may be slightly more favourable compared to the current £164k unfavourable variance to budget described above. However, for prudence, the forecast remains unchanged at present.
- Nursery income is forecast to be a further £50k below budget (with a total current forecast income shortfall of £150k) due to lower than planned children numbers and staff absence cover.
- Latest reviews of tuition fee income have resulted in the forecasts for associate degree and PT student activity reducing by £140k and £50k respectively. Tuition fees in totality (ex WEACT) are currently showing a full year income shortfall of £360k (which includes a shortfall in SAAS income of £150k).
- Following a review of occupancy levels at our Granton Halls of Residence, the full year forecast for premises costs has increased by £150k due to paying for 30 vacant rooms per contract. Options for mitigating some of this cost exposure will soon be considered, as will the future provision.

Non-Cash Impact Items - £498k negative full year forecast to budget variance

- Following the end of year revaluation of fixed assets, the projected depreciation resulted in a net unbudgeted depreciation charge of £498k. The compensating revaluation reserve release is below the operating position line.

During February, there are scheduled department performance review meetings and a mid-year performance review with the Executive Team and Heads of Department. At these meetings, full year forecasts of latest income and expenditure positions will be discussed, and it is expected that this will result in some improvements to these forecasts.

- 1.6 The support staff cost of living increase will add £0.6m to the paybill in both 2018/19 and 2019/20. An indicative cost of living increase has also been offered to lecturing staff which will cost £0.3m in 2018/19 and £0.65m in 2019/20 (this is still being negotiated with EIS).

The 2018/19 staff budget and forecast includes both cost of living increases which are funded by the College. The start of year 'cost of living' budget gap of £0.25m is included in the forecast underlying position (and I/E Account), which requires savings to be identified. These are likely to be found from vacancy churn and / or reducing budget spend following the mid-year review. In 2019/20, savings/ additional income will be required to meet the recurring costs of £0.95m to cover the pay increases on a recurring basis.

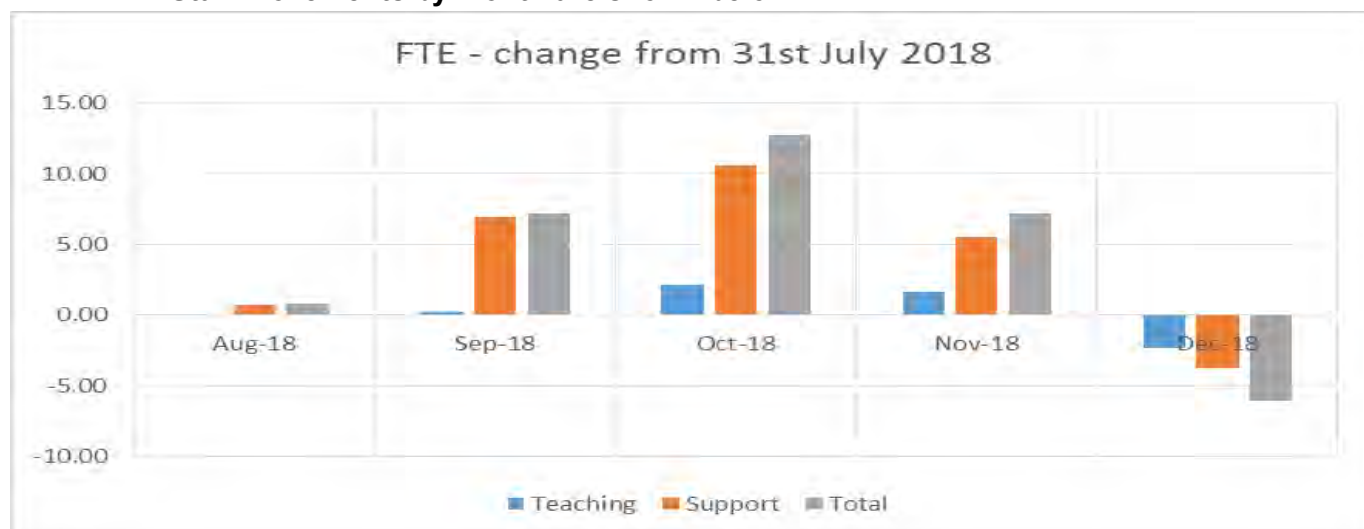
- 1.7 The staff budget forecast does not include a provision for employer pension increases (5.2%) for lecturers, as we await guidance from the SFC/SG. This is due to commence in April 2019.

- 1.8 **Staff (Full Time Equivalent)**

	31/07/18	31/12/18	Other movement	VS reduction (phase 4 scheme)	31/12/17
FTE					
Teaching	488.2	489.9	1.7	-	491.6
Support	559.8	579.9	21.1	(1.0)	552.3
	1,048.0	1,069.8	22.8	(1.0)	1,043.9

Staff numbers have decreased by 6.1 FTE during December, with a decrease of 3.7 FTE for support staff and 2.4 FTE for lecturing staff. The decrease in lecturing FTE was in the ESOL department, with fixed term contracts for commercial evening classes ending before the Christmas break.

FTE Staff movements by month are shown below:



1.09 Cash Position

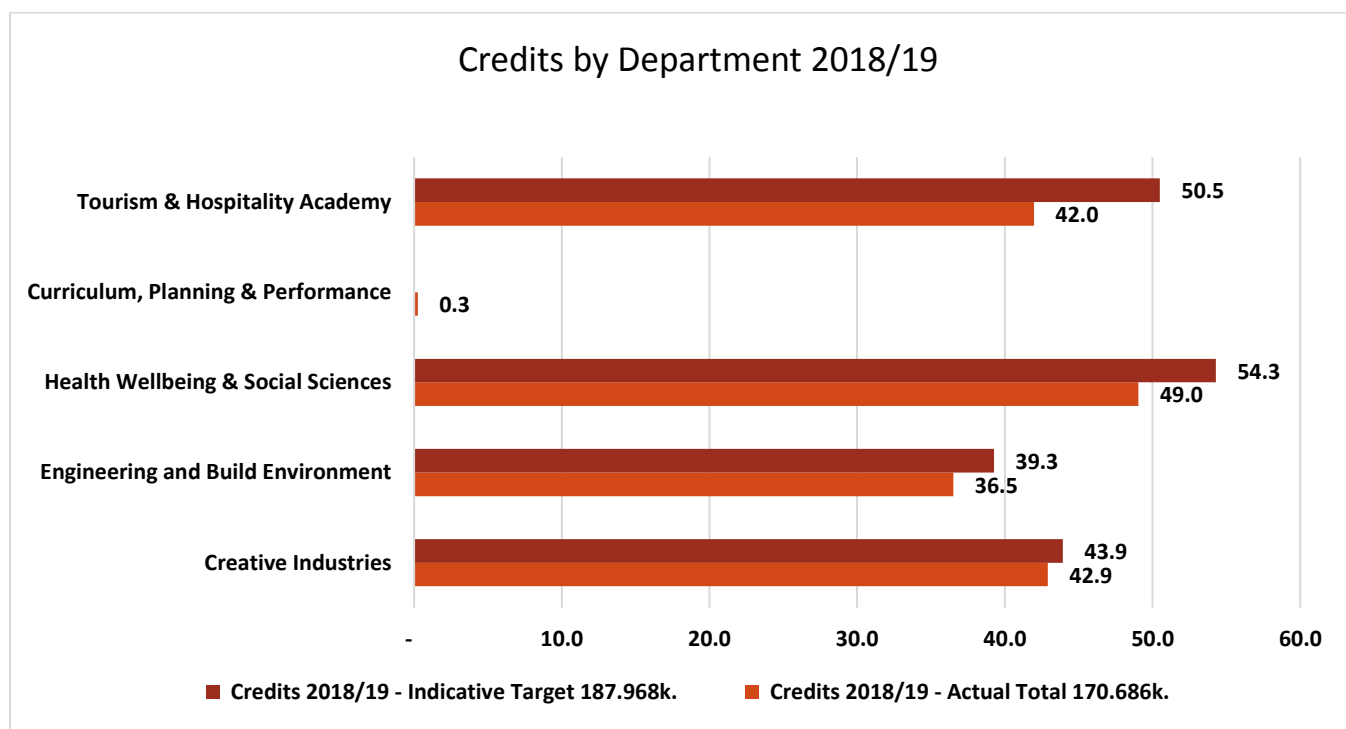
Opening Cash	Month-end cash	Forecast year-end cash	Comments
01/08/2018	31/12/2018	31/07/2019	<p>Opening cash includes £0.3m of 2017/18 underspent student support funds, to be returned to the SFC in the current year. This recovery will have no effect on the allocation of funds for 2018/19. The month-end cash balance includes £0.9m of student support funds.</p> <p>The forecast total cash balance for the year-end is £1.2m, a favourable movement of £0.9m from last month, which is a result of revised student support projections, partly offset by the net adverse impact of changes to the full year forecasts for the College's income and expenditure flows as noted above.</p> <p>The student support forecast year-end balance is shown as £0.5m (an improvement of £1.3m compared to last month's year end projection of £0.8m overdrawn). This movement follows confirmation that a projected overspend of £1.2m on student support funds will be fully addressed by the SFC's in-year redistribution exercise. This includes payment for bursaries for care experience students of £0.7m, which will be fully funded in the in-year redistribution. The projected over spend is partly offset by repayment of the 2017/18 underspend of £0.3m, which is to be repaid to the SFC.</p>
£'m.	£'m.	£'m.	
0.9	3.9	1.2	

1.10 Capital Expenditure

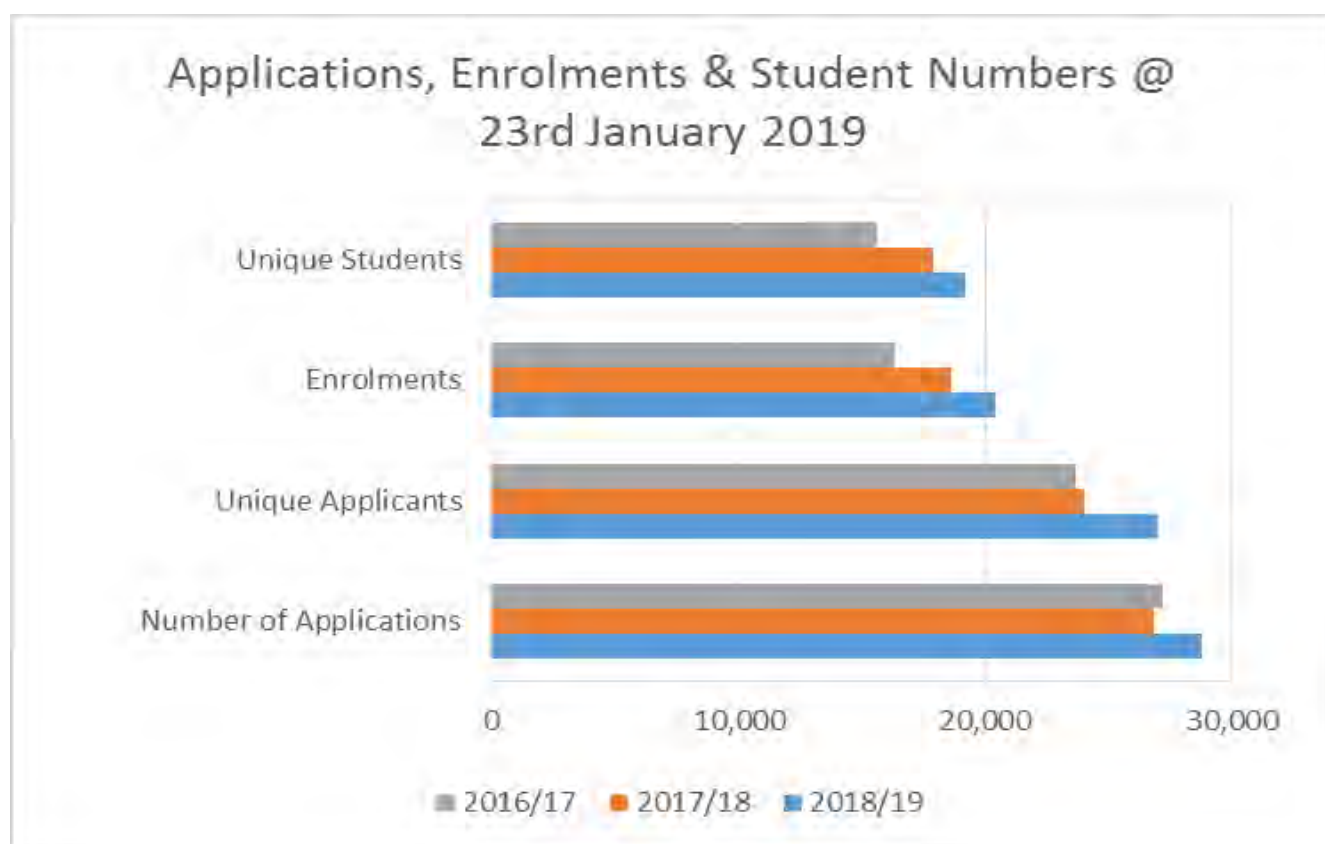
Opening Fixed Assets	Additions YTD	Depreciation	Closing Fixed Assets	Comments
01/08/2018	31/12/2018	31/12/2018	31/12/2018	<p>£0.8m of additions (including £0.6m of work in progress) have been incurred since the beginning of the academic year. This comprises small Estates and ICT project works, CEEP retention payments and high priority backlog maintenance works. (£3.1m of funds in total have been assigned for capital priorities and backlog maintenance works for the 2018/19 financial year).</p>
£'m.	£'m.	£'m	£'m.	
162.6	0.8	(2.5)	160.9	

2. CREDIT AND STUDENT ACTIVITY

- 2.1 The agreed activity target for the 2018/19 academic year is 186,612 core credits, with an additional 1,356 credits available (relating to ESF activity) contingent upon 54,340 HE level credits being achieved in the year. The College's total credit target for Academic Year 2018/19 is therefore **187,968** credits.
- 2.2 Latest enrolment figures remain encouraging, whilst student withdrawal rates remain low. Full time student numbers are less than the previous year but this is offset by an increased number of part time students. Curriculum plans are in place to add further credit activity to both semester 2 to help mitigate any shortfalls.
- 2.3 The College has achieved **170,686 credits** at 23rd January 2019. The "Credits by Department" table (below) shows a comparison of YTD performance by department, against current full year targets.



- 2.4 The following table shows a comparison of Applications, Enrolments and Unique Student numbers over the years 2016/17 to 2018/19 (to date).




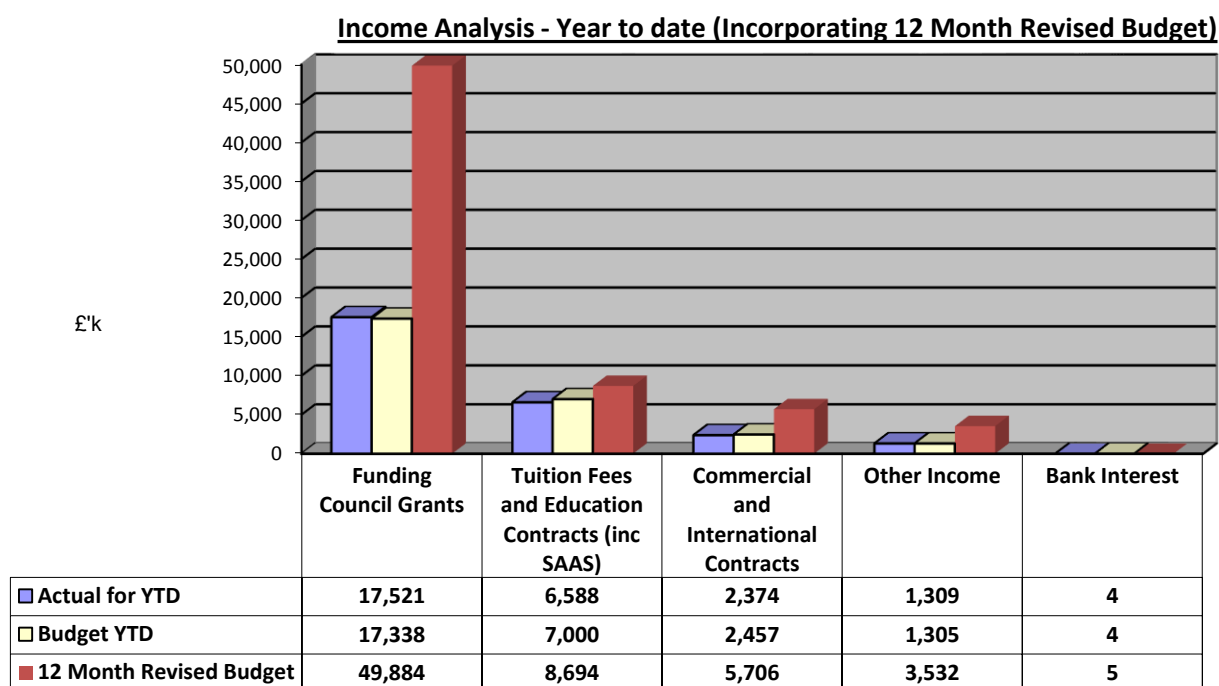
3. CLOSURE OF THE TRANSFORMATION PLAN AND ITS ALIGNMENT TO THE COLLEGE'S 2018/19 BUDGET

- 3.1 In April 2016, a 3 year Business Transformation Plan (BTP), which outlined a sustainable business model for the future, was implemented and the College set a break-even budget for 2018/19 in line with the plan. This is after repayment of £0.5m (tranche 1) in relation to the 2016/17 £2.9m SFC advance, which was not part of the break-even position when writing the BTP in 2016.

- 3.2 Total BTP savings achieved for all periods were **£6.83m** against a target of **£5.43m** (an increase of **£1.4m**) which comprised £1.86m of non-pay savings and £4.97m of staff cost savings.

4. INCOME ANALYSIS

Income Expanded Account Detail for the 5 Months to 31st December 2018 (Ex Core SFC Grants)							
 For the future you want	Original Annual Budget	Revised Annual Budget	YTD Budget	YTD Actuals	YTD Variance	Previous YTD	Year End Projection
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
4. Income Analysis							
<u>Tuition Fees & Education Contracts</u>							
FE - UK & EU	130	130	54	38	(16)	49	65
HE - UK & EU	371	371	371	344	(27)	414	379
PT Self Payers	530	530	382	357	(25)	617	517
Examination Fee Income	20	20	12	12	0	8	20
SAAS	4,162	4,136	4,136	3,952	(184)	1,613	3,986
SAAS - Commercial		27	27	27			27
Associate Degree Fees	990	990	890	810	(79)	352	850
Managing Agents	1,412	1,412	663	663		536	1,412
Edinburgh Council - Pre Emp Contract	1,078	1,078	466	385	(81)	557	884
	8,694	8,694	7,000	6,588	(412)	4,145	8,140
<u>Commercial & International</u>							
International	1,485	1,485	519	519		586	1,485
SDS	578	578	322	322		295	578
EH15 and The Apprentice Restaurants	48	48	20	20	0	42	48
Bliss SPA and Employability Salons	120	120	43	43		57	120
Gym	313	313	148	148		131	313
Residences	541	541	174	174		192	541
Flexible Workforce Development Fund		1,390	716	716			1,600
Bespoke Contracts for Employers	1,803	455	154	154		153	455
Scheduled Short Courses	818	776	362	278	(83)	261	576
	5,706	5,706	2,457	2,374	(83)	1,717	5,716
<u>Other Income</u>							
Catering	1,753	1,752	653	653		718	1,752
Nursery	1,150	1,150	379	337	(42)	321	1,000
Access Centre Provision	143	143	46	46		49	143
Other Income Generating Activities	486	486	228	273	45	217	549
	3,532	3,532	1,305	1,309	3	1,305	3,445
<u>Endowment & Investment</u>							
Bank Interest	5	5	4	4		1	5
	5	5	4	4			5
TOTAL INCOME (EX CORE SFC GRANTS)	17,937	17,937	10,766	10,274	(492)	7,167	17,305



4.1 The total income budget for the year stands at £67.8m (unchanged from last month). Total income for the year to date is £27.8m, which is £0.3m lower compared to the profiled budget of £28.1m.

4.2 Grant in Aid income is in line with budget on the assumption that credit targets will be met. Total tuition fees to date (excluding the WEA CT contract) are currently £0.36m behind their profiled budgets, with lower numbers of SAAS funded and FE/HE FT students, as well as associate degree students, 66 students lower than planned.

Following a review of forecast fees for the remainder of the year, tuition fees have been reduced by a further £190k in total (associate degree income (£140k), and FT self-payer fees (£50k)). Total income in this category is forecast to settle the year (ex WEA CT) at £7.3m, a total of £360k below budget. However, there is optimism that movements in other operating costs will identify opportunities to mitigate the current income gap.

4.3 Latest reviews of forecast students (including projected outcomes) from the WEA CT contract point towards an income shortfall for the year of £194k (unchanged from last month). The current WEA CT income budget (£1.1m) is based upon a full year contract on an academic year basis. However, achieving this figure was partially dependent upon a successful tender bid to secure a contract with WEA CT after March 2019. Disappointingly, a new contract has been secured by a different provider and, at this stage, the forecast out-turn for 2018/19 has only been adjusted for the current shortfall (full year income forecast now £0.9m). The current adverse position has been partly offset by savings in related partnership payments of £10k and building rentals of £20k (both unchanged from last month). Full year projections for the WEA CT contract will be finalised next month, for January reporting. Early indications suggest that on a full year basis there will be an income shortfall of £479k in total, together with savings in expenditure (both staffing and other operational expenditure) totaling £354k, producing an indicative net shortfall of £125k adverse overall (compared to the current net position of £164k adverse overall). However, for prudence, the forecast remains unchanged at present.

4.4 International development activity to date is in line with expectations. International ESOL consultancy work in Uzbekistan continues, whilst development trips are being planned in the current year for Central America, Ghana, Dubai and China.

December 2018 was a quieter month for the UK Commercial Development team (due to Christmas and new year festivities), although the team attended 27 meetings and 3 networking events. The primary focus for the team now lies with semester 2 recruitment and preparing, in tangent with the International

Development team, for upcoming confirmed groups in January / February from Panama, Italy and Uzbekistan.

The Foundation Apprenticeship (FA) programme will run with 54 participants for 2019/20, with a new tender out for 2019/21 delivery. The Commercial team continue to work closely with schools teams on different models of delivery to expand this programme, whilst improving links with Midlothian Council and various Careers Advisors. A national FA advertising campaign was also recently launched to promote the programme. The Modern Apprenticeship (MA) contract remains steady, whilst discussions with the NHS on Supervision and Leadership courses remain ongoing. The commercial team are now preparing the MA bid for 2019, which is due in February 2019. The main issue for our SDS contracts lies with late payment from SDS for November milestones, and is being taken forward.


The commercial development team has secured a 3-year contract for a summer school at our Granton campus, worth in the region of a £100k per year (included in budget). Halls of Residences (Milton Road) room lets is performing slightly below target at present. However, the summer school contracts are likely to offset current weakness, as they are higher value than in previous years.

The Flexible Workforce Development programme remains ongoing, with a total of £716k secured and a further £0.4m in the pipeline / under discussion, and this puts the team in a strong position to push towards the maximum value of the fund allocated to the College (£1.6m - current full year income budget £1.4m) by the end of July 2019. The team are currently in active discussion with 48 clients with regards to this programme and as a consequence of this excellent performance, the full year forecast for this activity has now been lifted by £0.21m to £1.6m.

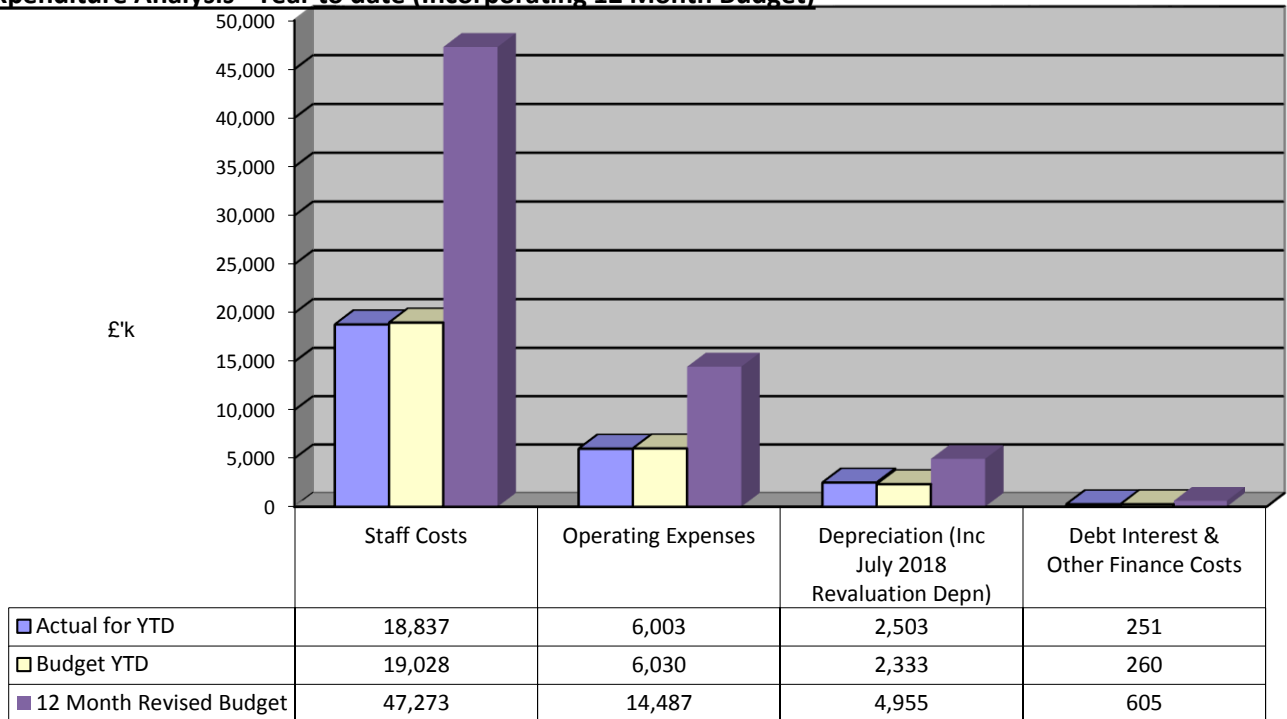
New bespoke contracts have recently been signed with Police Scotland and Edinburgh's Napier University, whilst tender submissions for 3 STUC opportunities have also been secured. However, following a review of scheduled income, full year forecast scheduled income has been reduced by £200k. Meetings with faculties are planned to discuss options for closing this financial gap.

- 4.5 The trading positions for both the catering and nursery facilities are shown in paragraph 7.
- 4.6 During the month, our deferred income release was £293k (cumulative £1,468k), which is slightly ahead of expectations and is matched against associated depreciation charge increases. During the month the effect of fixed asset additions, and the effect of the 2018 annual accounts revaluation of land and buildings has been incorporated into these forecasts.
- 4.7 Following the above changes to forecast income, coupled with the changes to forecast Nursery income as referenced in paragraph 7 below, the full year forecast for total income now stands at £67.7m, £85k lower than full year budget (largely due to an increase in the deferred income grant of £407k wholly offset by the total shortfall in tuition fees and the shortfall in scheduled income), and a net favourable movement of £209k compared to last month's projection.

5. EXPENDITURE ANALYSIS

Total Expenditure (Non-Staffing) Account Detail for the 5 Months to 31st December 2018							
 For the future you want							
	<u>Original</u>	<u>Revised</u>					
	<u>Annual</u>	<u>Annual</u>					
	<u>Budget</u>	<u>Budget</u>	<u>YTD Budget</u>	<u>YTD Actuals</u>	<u>YTD</u>	<u>Previous</u>	<u>Year End</u>
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>Variance</u>	<u>YTD</u>	<u>Projection</u>
					<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Other Operating Expenses							
Premises	4,533	4,533	1,934	1,923	11	1,937	4,770
Teaching Activity & Support	937	1,283	520	515	5	477	1,283
Childcare Costs	1,500	1,500	690	690		651	1,500
Transport Costs	72	72	26	28	(2)	22	72
IT Costs	970	951	373	373	0	376	951
Telecomms Costs	134	134	60	60		66	134
Equipment	79	79	30	28	2	22	79
Health & Safety	37	37	15	18	(3)	13	37
Travel & Subsistence	493	499	142	144	(2)	167	499
Admin Costs	180	180	77	77	0	69	180
Corporate, Consultancy, Professional	1,207	880	330	318	13	283	880
Staff Welfare	16	16	5	5		9	16
Catering	1,215	1,206	408	411	(3)	466	1,206
Training & Development	102	102	52	52	0	35	102
VAT	1,222	1,222	617	617	(0)	664	1,222
Marketing & PR	167	167	57	57	0	73	167
Partnership Costs	481	481	202	198	4	241	471
Overseas Agents Commission	118	118	15	15	1	25	98
Registration & Exam Fees	1,238	1,238	467	466	1	375	1,238
Bad Debts	40	40	8	8			40
Cost of Living Gap	(250)	(250)					(250)
	14,487	14,487	6,030	6,003	27	5,970	14,694
Depreciation for the year	4,955	4,955	2,333	2,295	38	2,193	5,362
July 2018 Additional Revaluation Depreciation				208	(208)		498
Debt Interest & Other Finance Costs							
Interest On Bank Loans	575	575	240	240		248	575
Other Finance Charges	30	30	20	12	8	23	30
	605	605	260	251	8	272	605
TOTAL EXPENDITURE (NON-STAFFING)	20,047	20,047	8,623	8,758	(135)	8,435	21,159

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



- 5.1 The total expenditure budget for the year stands at £67.3m (unchanged from last month). Total expenditure for the year to date is £27.6m, which is £0.1m lower than the profiled budget of £27.7m. Within other operating expenditure, we are currently showing a small favourable variance of £27k on the profiled year to date budget, which is largely comprised of underspends to date within professional fees of £13k; premises costs (largely WEA CT building rentals) of £11k and teaching activities of £5k. Most other expenditure areas remain broadly in line with budget.
- 5.2 In the year to date, depreciation charges of £2.5m in total have been released from our fixed assets to reflect their economic use. Following a review of projected depreciation for the remainder of the academic year, the full year forecast for depreciation has been increased by £407k (aligned to a corresponding increase in deferred grant releases), whilst additional depreciation from the 2018 year-end revaluation exercise has increased the full year expenditure forecast by a further £498k. There is a compensating release from the revaluation reserve, which is shown below the operating position line.
- 5.3 Latest reviews of WEA CT partnership costs show full year savings of £10k on budget, due to lower forecast activity (in line with last month's projection), whilst building rentals associated with the WEA CT contract (and shown with premises costs) are forecast to settle the year £20k below budget (unchanged from last month). Full year projections for the WEA CT contract will be finalised next month, for January reporting. Early indications suggest there will be savings within expenditure (both staffing and other operational expenditure) totaling £354k (a favourable movement of £324k compared to current projections).

Following a review of occupancy levels at our Granton Halls of Residences, the full year cost forecast for room lets has increased by £150k. This is being reviewed to establish mitigating actions.

On a positive note, agency commission aligned with International income delivery is forecast to settle the year £20k below budget.

Following these changes, the full year forecast for total expenditure now stands at £68.1m, £771k higher than full year budget (£905k related to depreciation adjustments), and an increase of £985k from last month's projection (reflecting the above forecast movements in accommodation costs (shown within premises costs),

international agency commission and depreciation (including revaluation depreciation), coupled with a movement of £50k within staffing, referenced in section 6 below).

6. STAFF COST ANALYSIS

Staffing Expenditure Account Detail for the 5 Months to 31st December 2018							
Edinburgh College For the future you want	Original Annual Budget	Revised Annual Budget	YTD Budget	YTD Actuals	YTD Variance	Previous YTD	Year End Projection
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Staff Costs							
Senior Management	1,545	1,545	627	601	26	654	1,545
Academic Departments	23,190	23,190	9,434	9,261	173	9,365	22,940
Academic Services	4,435	4,476	1,891	1,891	(0)	1,760	4,476
Admin & Central Services	12,177	12,159	4,958	4,954	5	4,613	12,068
Premises	1,381	1,381	588	587	1	483	1,381
Catering & Residences	1,073	1,073	446	410	37	470	1,073
Temporary, Agency & Staff Bank Costs	1,766	1,734	699	716	(17)	496	1,734
Other Staffing Expenditure	1,707	1,716	384	416	(32)	249	1,716
	47,273	47,273	19,028	18,837	191	18,090	46,932

6.1 Staff costs are currently £0.2m lower than the profiled budget, as a result of unfilled vacant posts, and vacancy churn across many functions. The current positive variance may not continue at this pace once vacant posts are filled. However, forecast full year staffing costs have been reduced this month by a further £50k compared to budget and are projected to settle the year at £46.9m, £341k below full year budget. The forecast does not include any amounts for a projected increase in lecturers pension contribution from April 2019 onwards (awaiting guidance from SFC and Scot Gov). Nor does it include cost of living pay increases above the amount being negotiated with EIS.

6.2 Staff numbers have increased by net 21.8 FTE in total since July 2018, largely due to an increase in staffing within the Facilities Team, with additional security staff being recruited (TUPE transferred from ISS), coupled with vacancies being filled within the Student Experience (4.6 FTE) and Commercial Development (3 FTE) departments.

7. TRADING DEPARTMENTS

	Catering				Nursery				
	YTD Dec 2018				YTD Dec 2018				
	Full Year Budget (£000)	YTD Revised Budget (£000)	Actuals (£000)	Full Year Forecast (£000)	Full Year Budget (£000)	YTD Revised Budget (£000)	Actuals (£000)	Full Year Forecast (£000)	
	Income	1,753	653	653	1,753	1,150	379	337	1,000
	Staffing Expenditure	(972)	(411)	(381)	(972)	(1,041)	(416)	(404)	(1,041)
Non Staffing Expenditure	(707)	(296)	(299)	(707)	(82)	(12)	(12)	(82)	
Net (Deficit) Contribution Towards Associated Costs	73	(55)	(27)	73	27	(50)	(79)	(123)	

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

7.2 Following the latest review of the projected intake for the Nursery to July 2019, the full year income forecast has been reduced by a further £50k. Mitigating savings continue to be sought to bridge the income gap.

The forecast net deficit for the Catering function until the commencement of the outsourcing contract on 1st February is approximately £50k. The annual outturn for this activity, to reflect the effects of the outsourcing will be finalised for January 2019 reporting.

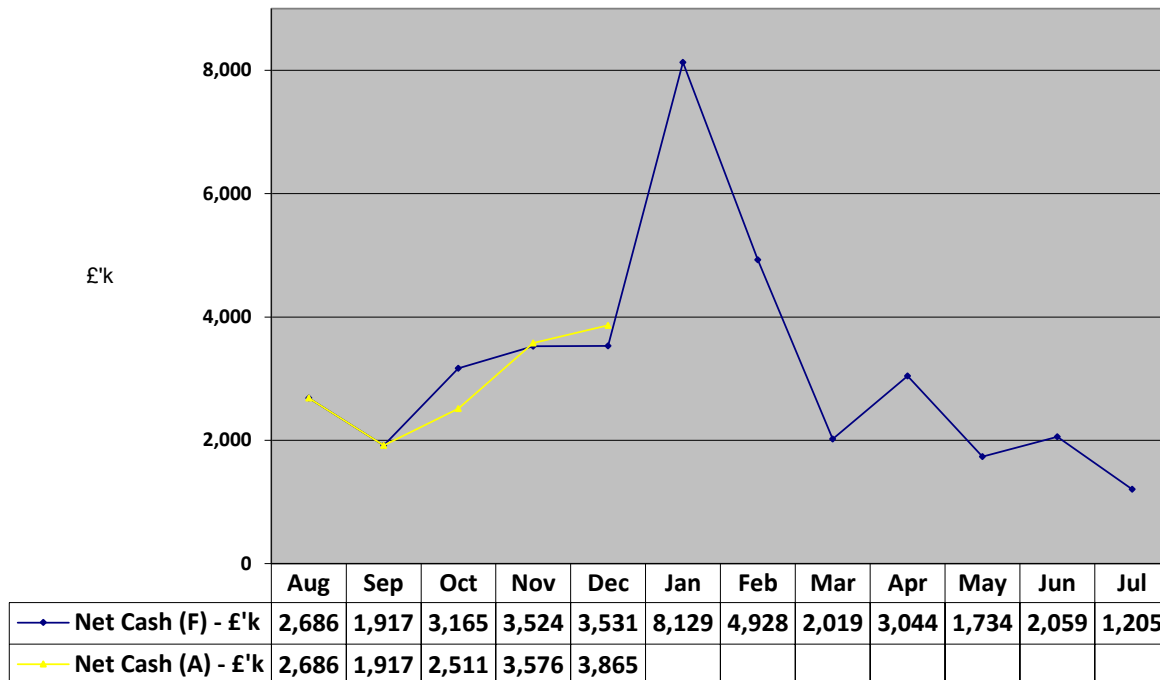
8. CASH-FLOW

- 8.1 The cash balance at the end of December is £3.9m, which includes £0.9m of student support funds. Opening cash includes £0.3m of 2017/18 underspent student support funds, to be returned to the SFC in the current year. The forecast total cash balance for the year-end is £1.2m, a favourable movement of £0.9m from last month which is a result of revised student support projections, partly offset by the net adverse impact of changes to the full year forecasts for the College's income and expenditure flows as noted above.

The student support forecast year-end balance is shown as £0.5m (an improvement of £1.3m compared to last month's year end projection of £0.8m overdrawn). This movement follows confirmation that a projected overspend of £1.2m on student support funds will be fully addressed by the SFC's in-year redistribution exercise (with expectations that funds will be received shortly after the SFC's financial year-end (March 2019)). This includes payment for bursaries for care experience students of £0.7m which will be fully funded in the in-year redistribution. The projected over spend is partly offset by repayment of the 2017/18 underspend of £0.3m which is to be repaid to the SFC.

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

Cash Position - Forecast versus Actuals to December 2018



9. BALANCE SHEET

<u>Balance Sheet as at 31 December 2018</u>		<u>At 31 Dec</u> <u>18</u>	<u>At 31 Jul</u> <u>18</u>	YTD Mvmt
		<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Fixed Assets	Land and Buildings	152,937	154,511	(1,574)
	Fixtures, fittings and Equipment	7,952	8,096	(144)
		160,889	162,607	(1,718)
Current Assets	Stock	89	89	-
	Debtors	7,774	2,244	5,530
	Cash - Main	2,924	350	2,574
	Cash - Student Support	941	595	346
Total		11,728	3,278	8,450
Creditors		(71,449)	(64,535)	(6,914)
Bank Loans		(9,996)	(10,149)	153
Lennartz		(153)	(262)	109
Provisions		(14,365)	(14,485)	120
		76,654	76,454	200
Funded by:				
Reserves		76,654	76,454	200
		76,654	76,454	200

- 9.1 The movements in Cash and Fixed Assets are detailed in the sections above. The increase in debtors relates to the invoicing of fees and commercial contracts and the accrual of income (SAAS fees of £3.8m will be paid in January, other tuition fees (including associate degrees and managing agents) mainly payable in January / February, and ESF grants payable once our FE / HE credits achievement has been verified). The increase in creditors largely relates to Grant-in-Aid receipts which have not yet been recognized within the Income Statement.

10. SFC REPORTING

- 10.1 There has been no Cash Flow return submitted to the SFC since December as there was no requirement to submit one for January. The February Cash Flow to be submitted at the beginning of February will be in line with the month end cash flow included as part of this commentary with the exception of not yet including the proposed £500k SFC grant repayment. This difference is in line with SFC requirements.

11. KEY PERFORMANCE DATA

Financial Performance Monitoring Template							
	2017/18 Annual Target			2018/19 Annual Target	2018/19 YTD Actuals		2017/18 Annual Out-turn
Credits	184,028			186,612	170,686		189,268
Credits Additional Childcare	1,714			-	-		1,714
Credits ESF	2,000			1,356	-		2,000
	2017/18 Annual Budget	2018/19 Annual Budget	Revised Annual Budget	2018/19 YTD Budget	2018/19 YTD Actuals	YTD Variance	Previous YTD
	£k	£k	£k	£k	£k	£k	£k
Underlying Operating Result		1,394	1,394	960	708	(252)	(18)
Commercial & International Contracts	5,921	5,706	5,706	2,457	2,374	(83)	1,717
Refer sections 2 to 5							
Income	66,040	67,820	67,820	28,103	27,794	(309)	26,287
Expenditure	66,553	67,320	67,320	27,651	27,594	56	26,525
Operating Surplus / (Deficit) pre SFC Grant Repayment	(514)	500	500	452	200	(252)	(237)
Refer sections 6 to 7							
Net Cash Inflow / (Outflow)	(1,245)	(263)	(263)	2,921	2,921	-	(640)
Bank Balance	3,554	681	681	3,865	3,865	-	4,159
Fixed Assets	142,335	158,032	158,032	160,889	160,889	-	146,335
Net Current assets / (liabilities)	(7,414)	(5,702)	(5,702)	(5,364)	(5,364)	-	(6,645)
Creditors and Provisions	(89,898)	(75,876)	(75,876)	(78,871)	(78,871)	-	(93,968)
Net Assets	45,023	76,454	76,454	76,654	76,654	-	45,722
Pay costs % of Income	% 69.0	69.7	69.7	67.7	67.8	0.1	68.8
Current Ratio	0.35	0.33	0.33	0.69	0.69	-	0.57
Cash Days in Hand	(44)	(29)	(29)	(33)	(33)	-	(42)
Borrowings as % of reserves	% 10.4	7.7	7.7	7.6	7.6	-	10.2

I&E Account for the 5 Months to 31st December 2018

	<u>Original Annual Budget £000s</u>	<u>Revised Annual Budget £000s</u>	<u>YTD Budget £000s</u>	<u>YTD Actuals £000s</u>	<u>YTD Variance £000s</u>	<u>Previous YTD £000s</u>	<u>Year End Projection £000s</u>
Funding Council Grants	46,153	46,153	15,706	15,719	13	17,332	46,292
Deferred Capital Grant Releases	2,931	2,931	1,298	1,468	170	1,332	3,338
Debt Support Grant	800	800	333	333	0	456	800
Tuition Fees and Education Contracts (inc SAAS)	8,694	8,694	7,000	6,588	(412)	4,145	8,140
Commercial and International Contracts	5,706	5,706	2,457	2,374	(83)	1,717	5,716
Other Income	3,537	3,537	1,309	1,312	3	1,305	3,450
Total Income	67,820	67,820	28,103	27,794	(309)	26,287	67,735
Staff Costs	47,273	47,273	19,028	18,837	191	18,090	46,932
Other Operating Expenses	14,487	14,487	6,030	6,003	27	5,970	14,694
Depreciation	4,955	4,955	2,333	2,295	38	2,193	5,362
July 2018 Additional Revaluation Depreciation	0	0	0	208	(208)	0	498
Debt Interest & Other Finance Costs	605	605	260	251	8	272	605
Total Expenditure	67,320	67,320	27,651	27,594	56	26,525	68,091
Operating Surplus / (Deficit) pre SFC Grant Repayment	500	500	452	200	(252)	(237)	(356)
SFC Grant Repayment	(500)	(500)					(500)
Operating Surplus / (Deficit) post SFC Grant Repayment	0	(0)	452	200	(252)	(237)	(856)
Underlying Operating Result:							
Operating Surplus / (Deficit) pre SFC Grant Repayment	500	500	452	200	(252)	(237)	(356)
Add:							
Depreciation net of deferred capital grant release	2,024	2,024	1,035	1,035		861	2,522
Non-cash pension adjustments (not included in deficit 2016/17 and 2017/18)							
Deduct:							
Revenue funding allocated to loan repayments	1,130	1,130	527	527		642	1,130
Underlying Operating Result	1,394	1,394	960	708	(252)	(18)	1,036

INCOME

Funding Council Grants

Recurrent Grant Inc Fee Waiver	43,120	43,120	14,392	14,392	(0)	15,918	43,120
Childcare Funds	1,500	1,500	690	690		651	1,500
Deferred Capital Grants	2,931	2,931	1,298	1,468	170	1,332	3,338
Debt Support Grants	800	800	333	333		456	800
Other SFC Grants	1,532	1,532	624	637	14	763	1,671
	49,884	49,884	17,338	17,521	183	19,120	50,430

Tuition Fees & Education Contracts

FE - UK & EU	130	130	54	38	(16)	49	65
HE - UK & EU	371	371	371	344	(27)	414	379
PT Self Payers	530	530	382	357	(25)	617	517
Examination Fee Income	20	20	12	12	0	8	20
SAAS	4,162	4,136	4,136	3,952	(184)	1,613	3,986
SAAS - Commercial		27	27	27			27
Associate Degree Fees	990	990	890	810	(79)	352	850
Managing Agents	1,412	1,412	663	663		536	1,412
Edinburgh Council - Pre Emp Contract	1,078	1,078	466	385	(81)	557	884
	8,694	8,694	7,000	6,588	(412)	4,145	8,140

Commercial & International

International	1,485	1,485	519	519		586	1,485
SDS	578	578	322	322		295	578
EH15 and The Apprentice Restaurants	48	48	20	20	0	42	48
Bliss SPA and Employability Salons	120	120	43	43		57	120
Gym	313	313	148	148		131	313
Residences	541	541	174	174		192	541
Flexible Workforce Development Fund		1,390	716	716			1,600
Bespoke Contracts for Employers	1,803	455	154	154		153	455
Scheduled Short Courses	818	776	362	278	(83)	261	576
	5,706	5,706	2,457	2,374	(83)	1,717	5,716

Other Income

Catering	1,753	1,752	653	653		718	1,752
Nursery	1,150	1,150	379	337	(42)	321	1,000
Access Centre Provision	143	143	46	46		49	143
Other Income Generating Activities	486	486	228	273	45	217	549
	3,532	3,532	1,305	1,309	3	1,305	3,445

Endowment & Investment

Bank Interest	5	5	4	4		1	5
	5	5	4	4			5

TOTAL INCOME

	67,820	67,820	28,103	27,794	(309)	26,287	67,735
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EXPENDITURE

Staff Costs

Senior Management	1,545	1,545	627	601	26	654	1,545
Academic Departments	23,190	23,190	9,434	9,261	173	9,365	22,940
Academic Services	4,435	4,476	1,891	1,891	(0)	1,760	4,476
Admin & Central Services	12,177	12,159	4,958	4,954	5	4,613	12,068
Premises	1,381	1,381	588	587	1	483	1,381
Catering & Residences	1,073	1,073	446	410	37	470	1,073
Temporary, Agency & Staff Bank Costs	1,766	1,734	699	716	(17)	496	1,734
Other Staffing Expenditure	1,707	1,716	384	416	(32)	249	1,716
	47,273	47,273	19,028	18,837	191	18,090	46,932

Other Operating Expenses

Premises	4,533	4,533	1,934	1,923	11	1,937	4,770
Teaching Activity & Support	937	1,283	520	515	5	477	1,283
Childcare Costs	1,500	1,500	690	690		651	1,500
Transport Costs	72	72	26	28	(2)	22	72
IT Costs	970	951	373	373	0	376	951
Telecomms Costs	134	134	60	60		66	134
Equipment	79	79	30	28	2	22	79
Health & Safety	37	37	15	18	(3)	13	37
Travel & Subsistence	493	499	142	144	(2)	167	499
Admin Costs	180	180	77	77	0	69	180
Corporate, Consultancy, Professional	1,207	880	330	318	13	283	880
Staff Welfare	16	16	5	5		9	16
Catering	1,215	1,206	408	411	(3)	466	1,206
Training & Development	102	102	52	52	0	35	102
VAT	1,222	1,222	617	617	(0)	664	1,222
Marketing & PR	167	167	57	57	0	73	167
Partnership Costs	481	481	202	198	4	241	471
Overseas Agents Commission	118	118	15	15	1	25	98
Registration & Exam Fees	1,238	1,238	467	466	1	375	1,238
Bad Debts	40	40	8	8			40
Cost of Living Gap	(250)	(250)					(250)
	14,487	14,487	6,030	6,003	27	5,970	14,694

Depreciation for the year

	4,955	4,955	2,333	2,295	38	2,193	5,362
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July 2018 Additional Revaluation Depreciation

				208	(208)		498
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Debt Interest & Other Finance Costs

Interest On Bank Loans	575	575	240	240		248	575
Other Finance Charges	30	30	20	12	8	23	30
	605	605	260	251	8	272	605

TOTAL EXPENDITURE

	67,320	67,320	27,651	27,594	56	26,525	68,091
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Operating Surplus / (Deficit) pre SFC Grant Repayment

	500	500	452	200	(252)	(237)	(356)
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SFC Grant Repayment

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

	0	(0)	452	200	(252)	(237)	(856)
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Underlying Operating Result:

Operating Surplus / (Deficit) pre SFC Grant Repayment

	500	500	452	200	(252)	(237)	(356)
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Add: Depreciation net of deferred capital grant release

	2,024	2,024	1,035	1,035		861	2,522
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Non-cash pension adjustments (not included in deficit 2016/17 and 2017/18)

Deduct:

Revenue funding allocated to loan repayments

	1,130	1,130	527	527		642	1,130
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Underlying Operating Result	1,394	1,394	960	708	(252)	(18)	1,036
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Balance Sheet

For the 5 Months to 31st December 2018

	<u>2018/2019</u> <u>YTD Actuals</u> <u>£000s</u>	<u>2017/18</u> <u>Year End</u> <u>£000s</u>	<u>2017/2018</u> <u>Previous YTD</u> <u>£000s</u>
Fixed Assets			
L&B	152,937	154,511	137,905
FFE	7,952	8,096	8,430
	160,889	162,607	146,335
Current Assets			
Stock	89	89	105
Debtors	7,774	2,244	4,406
Cash	3,865	945	4,159
	11,728	3,278	8,671
Creditors < 1yr			
Loans	(449)	(449)	(436)
Payments received in advance	(87)	(234)	(59)
Trade creditors	(801)	(1,259)	(664)
Taxes & social sec	(1,146)	(1,178)	(978)
Accruals, Def Inc & Other Creditors	(2,408)	(2,262)	(2,814)
Amounts owed to SFC	(9,270)	(260)	(7,176)
Deferred Capital Grants - Government	(2,931)	(3,338)	(3,189)
	(17,092)	(8,980)	(15,316)
Net current assets / (liabilities)	(5,364)	(5,702)	(6,645)
Total assets less current liabilities	155,525	156,905	139,690
Creditors > 1yr			
Bank loans	(9,546)	(9,700)	(10,000)
Lennartz VAT	0	(262)	(153)
Deferred Capital Grants - Government	(54,959)	(56,004)	(57,073)
	(64,506)	(65,966)	(67,226)
Provisions			
Early retirement	(4,460)	(4,580)	(4,723)
	(4,460)	(4,580)	(4,723)
Net pension asset / (liability)	(9,905)	(9,905)	(22,019)
NET ASSETS	76,654	76,454	45,722
Reserves			
I&E account	44,038	40,940	40,483
Pension reserve	(9,905)	(9,905)	(22,019)
Revaluation reserve	42,521	45,419	27,258
RESERVES	76,654	76,454	45,722

Cumulative Cashflows (2018/19)

	<u>Original Budget £000s Total</u>	<u>Revised Budget £000s Total</u>	<u>Aug 18 £000s Actuals</u>	<u>Sep 18 £000s Actuals</u>	<u>Oct 18 £000s Actuals</u>	<u>Nov 18 £000s Actuals</u>	<u>Dec 18 £000s Actuals</u>	<u>Jan 19 £000s Forecast</u>	<u>Feb 19 £000s Forecast</u>	<u>Mar 19 £000s Forecast</u>	<u>Apr 19 £000s Forecast</u>	<u>May 19 £000s Forecast</u>	<u>Jun 19 £000s Forecast</u>	<u>Jul 19 £000s Actuals</u>	<u>YTD Cumulative £000s Total</u>	<u>Annual Forecast £000s Total</u>	<u>Var From Budget - Fav / (Adv) £000s Total</u>
SFC Grants - Core	42,775	42,775	5,095	3,525	4,725	4,825	4,025	4,025	117	1,225	3,513	4,013	5,313	2,713	22,196	43,115	340
SFC Grants - ESF	348	348	22	22	148	22	22	22	22	22	22	22	22	22	235	388	40
SFC Grants - FWDF	1,390	1,390	55	0	307	0	0	406	289	289	197	0	0	0	362	1,543	153
SFC Grants - Other	6,399	6,399	83	208	295	690	1,002	1,373	1,164	1,160	192	436	83	94	2,279	6,782	383
SFC Grants - VS Scheme	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SAAS Funds	4,162	4,162	0	0	0	0	0	3,802	0	0	210	0	0	0	0	4,012	(150)
Tuition Fees / Education Contracts	4,532	4,532	211	248	415	351	784	571	122	277	577	376	153	43	2,009	4,128	(404)
Commercial / International	4,316	4,316	377	388	311	356	226	187	346	631	345	214	313	423	1,658	4,116	(200)
Other Income	3,537	3,537	187	203	313	378	231	192	383	337	187	175	159	656	1,312	3,400	(137)
Operational Income	67,459	67,459	6,030	4,594	6,514	6,622	6,290	10,578	2,443	3,941	5,243	5,236	6,043	3,951	30,051	67,484	25
Staff Costs	47,023	47,023	3,721	3,714	3,675	3,880	4,037	3,961	3,912	3,925	3,983	4,094	4,068	3,963	19,027	46,932	91
Purchase Ledger / Other Expenditure	9,309	9,309	740	1,018	1,257	1,024	885	377	456	309	1,056	997	452	457	4,924	9,029	280
Childcare Expenditure	1,500	1,500	0	124	176	189	201	153	204	252	109	173	170	11	690	1,762	(262)
Premises Costs	4,533	4,533	378	339	418	388	355	442	407	446	371	441	453	333	1,878	4,770	(237)
Pension Strain Costs	0	0	0	0	0	9	6	0	0	0	0	0	0	0	15	15	(15)
Staff VS & Restructuring Costs	0	0	30	0	0	0	0	0	0	0	0	0	0	0	30	30	(30)
Operational Expenditure	62,365	62,365	4,869	5,195	5,526	5,490	5,484	4,933	4,979	4,932	5,519	5,705	5,143	4,764	26,564	62,538	(173)
Net Income Generated From Operations	5,094	5,094	1,161	(601)	988	1,132	806	5,645	(2,536)	(991)	(276)	(469)	900	(813)	3,487	4,946	(148)
Capital Expenditure	3,301	3,301	19	0	129	84	41	574	415	415	446	393	393	393	273	3,302	(1)
Pensioners (against enhanced provision)	288	288	24	24	24	24	24	24	24	24	24	24	24	24	120	288	0
Capital Loan Repayments	450	450	0	37	74	0	37	75	0	38	76	0	38	77	148	452	(2)
VAT Repaid - Lennartz	389	389	0	194	0	0	65	0	0	65	0	0	65	0	259	389	0
Non-Operational Expenditure	4,428	4,428	43	255	227	108	167	673	439	542	546	417	520	494	800	4,431	(3)
Net Income Generated From Op and Non-Op Activities	666	666	1,118	(856)	761	1,024	639	4,972	(2,975)	(1,533)	(822)	(886)	380	(1,307)	2,687	515	(151)
Student Funds Inflow	8,799	8,799	632	835	1,079	1,034	670	289	757	69	2,703	485	853	537	4,250	9,943	1,144
Student Funds Outflow	9,728	9,728	8	748	1,247	993	1,020	997	983	1,445	856	908	908	84	4,016	10,197	(469)
	(929)	(929)	624	87	(168)	41	(350)	(708)	(226)	(1,376)	1,847	(423)	(55)	453	234	(254)	675
Total Cash In	76,258	76,258	6,662	5,429	7,593	7,656	6,960	10,867	3,200	4,010	7,946	5,721	6,896	4,488	34,301	77,427	1,169
Total Cash Out	76,521	76,521	4,920	6,198	7,000	6,591	6,671	6,603	6,401	6,919	6,921	7,030	6,571	5,342	31,380	77,166	645
Net Inflow / (Outflow)	(263)	(263)	1,742	(769)	593	1,065	289	4,264	(3,201)	(2,909)	1,025	(1,309)	325	(854)	2,921	261	524
Opening bank balance	944	944	944	2,686	1,917	2,511	3,576	3,865	8,129	4,928	2,019	3,044	1,734	2,059	944	944	0
Closing bank balance	681	681	2,686	1,917	2,511	3,576	3,865	8,129	4,928	2,019	3,044	1,734	2,059	1,205	3,865	1,205	524
Ledger balances																	
Main accounts	0	0	1,649	791	1,343	2,285	2,924	7,440	4,669	3,388	2,566	1,509	2,059	752	2,924	752	752
Term Deposit accounts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Student Funds accounts	0	0	1,037	1,126	1,168	1,291	941	689	259	(1,369)	478	225	0	453	941	453	453
Subsidiary accounts																	
	0	0	2,686	1,917	2,511	3,576	3,865	8,129	4,928	2,019	3,044	1,734	2,059	1,205	3,865	1,205	1,205
Loan balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

NOTE 1

Regarding the student funds accounts, we are currently budgeting to spend more than the 2018/19 SFC allocation as this was based on our lower 2016/17 spend. We have been notified that we will receive additional funding within the in-year distribution. The SFC have been made aware of this shortfall and have noted that the in-year distribution may happen earlier within 2018/19 than it has in previous years. This should then rectify the March overdraft that we are showing above. Currently we have included the cash after March per prior years as there has been no confirmation that any payments will be made prior to their March year end.

FOR INFORMATION / DISCUSSION / DECISION			
Policy & Resources Committee 19.02.19			
Presented by	Nick Croft		
Author/Contact	Nick Croft	Department / Unit	Corporate Development
Date Created		Telephone	-
Appendices Attached	Appendix 1: Edinburgh College Horizon Scanning Report – December 2018 Board of Management (Edition 3)		
Disclosable under FOISA		Yes.	

EDINBURGH COLLEGE HORIZON SCANNING REPORT – MARCH 2019 BOARD OF MANAGEMENT CYCLE – EDITION 3

1. PURPOSE

This report seeks discussion on the College's third edition of a horizon scanning report. The Committee is also asked to consider any additions it may wish to add to the report, prior to discussion and approval at the Board of Management on 19 March 2018.

2. MAIN REPORT

The third edition of the Board of Management's Horizon Scanning Report has been co-produced by the Senior Management Team and Executive Team, and this is attached at Appendix 1.

The report describes major political, economic, social, technological, legal or environmental developments (PESTLE) that could impact on the five aims of the Edinburgh College strategic plan, summarises what those impacts might be, and proposes a suggested course of action to respond to identified impacts.

Relevant horizon scanning material can be sent to:
horizon.scanning@edinburghcollege.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, key strategic developments. By co-producing this document across the College, it will lead to more opportunities for staff, students, board members, and key partners, to engage in horizon scanning activity.

4. STRATEGIC IMPLICATIONS

All identified horizon scanning results are aligned to the five strategic aims of the Edinburgh College Strategic Plan 2017/22. Therefore, any required college action in response to horizon

scanning results will be aligned to strategic plan aims, blueprint project delivery, or operational plan objectives.

5. RISK

The horizon scanning report will enable the College to better identify risks arising from strategic developments. Significant risks to the College as a result of strategic developments identified in the horizon scanning report will be managed through operational risk registers, or the Top Level Risk Register.

6. FINANCIAL IMPLICATIONS

Any financial implications identified through the horizon scanning 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 Group 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. By co-producing this report, more staff will have an opportunity to engage in horizon scanning activity and analysis.

9. REPUTATIONAL IMPLICATIONS

Any reputational implications arising as a result of this report will be managed by the Senior Management Team and Executive Team. The development of this report will enable the College to better identify potential reputational risks or opportunities.

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 DISCUSS, and AGREE any additions to, Edition 3 of the Horizon Scanning Report.



Appendix 1

Edinburgh College Horizon Scanning Report

Edition 3

March 2019 Board of Management Cycle

Strategic Plan Aim	Horizon Scan Results	College Response
1 – Delivering a superb student experience	<u>SFC Publishes Student Satisfaction Data</u> The annual report on student satisfaction data can be found at: Student Satisfaction and Engagement 2017-18 . The report acknowledges poor response rates, but indicates that 93.1% of FT FE respondents were satisfied with their college experience, compared to 86.3% for FT HE.	The Quality Enhancement Team, ECSA and other college staff will analyse the data as part of the Student Communications Group, which reports into the Academic Council.
	<u>#ChooseCollege TV Campaign</u> For further information on this national campaign, encouraging potential students to go to college, visit the Colleges Scotland website .	The College's Marketing Team are engaged in the national campaign through CDN.
	<u>Mental Health Strategy - Review into PSE in Schools</u> The completed review is part of the national Mental Health Strategy 2017/27 https://www.gov.scot/publications/mental-health-strategy-2017-2027/ , and is linked to the College's work on supporting students with mental health issues. It examined the role of school counselling services, pastoral care and guidance and teaching resources: https://www.gov.scot/publications/schools-personal-and-social-education-review/	The Student Experience Team has appointed a staff member to lead on the college's approach to tackling mental health. The work involves engagement with various mental health partnership initiatives, and joint initiatives with ECSA.
	<u>Review of Employability Services</u> The Scottish Government's review of employability services can be found at: https://www.gov.scot/publications/one-left-behind-review-employability-services/ . A new plan arising as a result of the review identifies actions to ensure services are joined up, flexible and responsive.	The Executive Team and Senior Management Team are considering the impacts on students looking for work or other training opportunities.
	<u>Decreasing the Disability Participation Gap: A call to action for effective industry and education partnerships.</u> This study, commissioned by Developing the Young Workforce Edinburgh, Midlothian and East Lothian, highlights current best practice and identifies potential gaps in provisions.	The College DYW Strategic Group will progress identified actions for the College.
2 – Providing an excellent curriculum	<u>The Learner Journey Review 15-24</u> The College Principals' Group (CPG) Policy Forum is leading on work to implement the recommendations of the 15-24 Learner Journey Review (2018). An Implementation Team has now been established consisting of five principals and five technical specialists from across the sector.	The Executive and Senior Management Teams continue to monitor impacts on the college.
	<u>The 2018 Edu Tech – Scotland Conference</u> The programme provides a good insight into future issues likely to affect the college curriculum http://futurescotevents.com/edutech-scotland . Prominent topics included: widening access, skills and the 4 th Industrial revolution; digital strategies and city region deals; mindful education; sticky campuses; the gig economy and effects of automation - opportunities for FE/HE.	As part of the 'Future Proofed College – Blueprint 2017/22' programme, the College is undertaking further developments as part of the 'College with a curriculum for the future' theme.
	<u>DYW Regional Groups – Formative Evaluation</u> This external evaluation of four regional groups is now published at: https://www2.gov.scot/Publications/2018/11/3086 .	The College DYW Strategic Group will progress identified actions for the College.

	<p><u>Economy, Energy and Fair Work Committee</u></p> <p>The committee is seeking views on the construction sector in Scotland. The inquiry aims to understand the characteristics and challenges of Scotland's construction sector to ensure the sector realises its full potential in contributing to a productive and inclusive Scottish economy. Specific areas of focus will include: economic impact; access to finance; skills; procurement; infrastructure investment; and innovation.</p>	The College will submit a response to the consultation and monitor developments and any consequent impacts for the curriculum.
	<p><u>Delivering 21st Century Skills</u></p> <p>SCQF and the Institute for Public Policy Research (IPPR) have completed a piece of work - The future is coming: ready or not? Delivering a successful 21st century skills system for Scotland and Northern Ireland</p>	The Executive and Senior Management Teams are considering the impact of this report on curriculum design.
3 – Supporting and inspiring our people	<p><u>Professional Standards for Lecturers</u></p> <p>The College Development Network (CDN) launched the newly revised standards, which can be found at: https://www.cdn.ac.uk/professional-standards/</p>	This report is being considered by the Executive and Senior Management Teams and will influence the College's approach to curriculum development and student support.
	<p><u>Scottish Teachers' Pension Scheme (STPS)</u></p> <p>Discussions between the UK Government Actuary's Department (GAD) and the Scottish Public Pensions Agency has led to provisionally calculations by GAD (as the HM Treasury Directions are still draft) of an increase in the employer contribution rate of 5.2% for the STPS. At a college sector level, based on a 90% membership rate of lecturers in the STPS, this would increase employer costs by approximately £10m p.a. Colleges Scotland is seeking information on the likely costs of the increase in the employer contribution rate from individual colleges.</p>	This matter is referenced in the Top Level Risk Register, and managed through the Finance Department.
	<p><u>Colleges Scotland / Employers Association + EIS/FELA National Bargaining</u></p> <p>Negotiations on cost of living increases continue between the two organisations, with proposed strike action planned for the 5 February, 6 March and 21 March 2019. https://collegesscotland.ac.uk/National-Bargaining/nb-our-work.html.</p>	The College continues to closely monitor the outcomes from negotiations, and has well developed business continuity management plans for dealing with strike action.
4 – Valued in partnership and by communities	<p><u>Launch of Four Nations Blueprint</u></p> <p>Colleges Scotland has been working with counterparts across the UK to develop a 'Four Nations Blueprint for Technical Education, Skills and Lifelong Learning'. For more information go to: https://collegesscotland.ac.uk/Latest-News/launch-of-four-national-blueprint.html.</p>	The Principal attended the launch of the Blueprint in London in January.
	<p><u>New Chief Executive of the Scottish Funding Council</u></p> <p>Karen Watt joined the SFC from the Scottish Government where, as Director of External Affairs, she has been leading the Scottish Government's response to the EU Referendum.</p>	The Principal has met with Ms Watt and will continue to build on the excellent relationship the College has with SFC.
	<p><u>Council Budget Setting</u></p> <p>The College's three local authority partners are considering their budget options following the local authority settlement announced in the Scottish Government's budget for 2019/20. Whilst there is some investment in school counselling services, early years capital</p>	Detailed impacts will be monitored closely by the Executive and Senior Management Teams.

	budgets and health and social care services, extensive savings are proposed across a number of services that may impact on college business e.g. economic development and employability services, CLD, libraries and community centres, and adult learning.	
	<p><u>Draft Culture Strategy for Scotland</u></p> <p>Submissions have now been published on the Scottish Government's Consultation Hub, Citizen Space: https://consult.gov.scot/culture-tourism-and-major-events/culture-strategy/consultation/published_select_respondent</p>	The College responded to this consultation. The Creative Industries Faculty will monitor future developments, and identify any consequences for the curriculum and / or labour market changes.
5 – An efficient and effective College	<p><u>College's Scotland Statement of Ambition</u></p> <p>The statement of ambition was launched in December 2018 https://collegesscotland.ac.uk/Policy/college-sector-statement-of-ambition.html.</p>	College's Scotland are discussing the statement with Board members at their March 2019 meeting.
	<p><u>Scottish Government Budget 2019/20</u></p> <p>Details of the agreed 2019/20 budget can be found at: https://digitalpublications.parliament.scot/ResearchBriefings/Report/2018/12/14/Scottish-Budget-2019-20. The key items for the college sector are:</p> <ul style="list-style-type: none"> - Increased current levels of revenue funding by 3.1% in cash terms (1.3% in real terms), with the budget for 2019/20 confirmed as £606.5m. - This represents an additional £18.3m on the previous year. However, the full £18.3m is for funding national bargaining. The revenue funding has not been adjusted for inflation, therefore this equates to a real terms reduction in funding to cover day-to-day operational costs. - Reductions in the levels of capital funding with the budget for 2019/20 confirmed as £47.6m. This represents a reduction of £29.1m against the previous year. It should be noted that £22m of this capital funding is for the Forth Valley College campus build. Therefore, there is a capital budget of £25.6m available for backlog maintenance and lifecycle costs. 	<p>The Executive Team and Senior Management Team have discussed the impact of the budget on the College.</p> <p>Financial planning and forecasts will be altered accordingly.</p>
	<p><u>Commission on the Future of Colleges</u></p> <p>Professor Sir Ian Diamond is to chair a new commission - https://www.tes.com/news/what-will-colleges-look-future. The College Principal will represent the Scottish Principal's Group.</p>	The Chair of the Board will discuss outcomes with the Principal as the Commission progresses.
	<p><u>Brexit Partnership Pack</u></p> <p>The UK Government has produced a Brexit partnership pack, a high-level guide to processes and procedures that are likely to apply to activity between the UK and the EU if there is a no-deal Brexit scenario.</p>	The College Brexit Working Group continues to meet to assess and respond to the impacts of Brexit on the College.