

**West Lothian College  
Finance & General Purposes Committee  
Thursday 14 June 2018 at 9.30 am**

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### Finance & General Purposes Committee

Minute of Meeting of the Finance & General Purposes Committee held on **Thursday 22 February 2018 at 9.30am** in the Barbour Suite, in the College.

Present: Morag McKelvie (Chair)  
Frank Gribben  
Mhairi Harrington  
Alex Linkston  
Richard Lockhart  
Moira Niven  
Claire Probert

In attendance: Jennifer McLaren – Vice Principal, Finance & Curriculum Services  
Simon Earp – Vice Principal, Curriculum & Enterprise  
George Hotchkiss – Vice Principal, Curriculum & Planning  
Derek O’Sullivan – Senior HR Business Partner (item 18.07)  
Karine McNair – Secretary to the Board

#### 18.01 Welcome/Apologies

Apologies received from Angela Bell.

#### 18.02 Declarations of interest

There were no declarations of interest.

#### 18.03 Minute of Meeting of 20 November 2017

It was noted that the Minute of the meeting of 20 November 2017 required an amendment on page 3 to change '21 July 2018' to '31 July 2018'. The Minute of the meeting of 20 November 2017 was otherwise approved as a correct record.

#### Action 1: Secretary to the Board

#### 18.04 Matters Arising from Minute of Meeting of 17 August 2017

Members noted paper 2 detailing actions duly completed following the meeting of 20 November 2017.  
The Principal mentioned that in respect of Action 1 there has been a

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delay in the SFC publishing the restated statistics due to the reclassification of SCQF level 7 from FEPT to HEPT. The latest publication date was 26 February and the Principal had received the commentary which will be published.

West Lothian College will have a briefing point on the website and West Lothian Council PR team will have a considered response should any enquiries arise.

The Committee noted the actions taken by the College.

### 18.05 Financial Progress

#### (i) January 2018 Management Accounts

Vice Principal, Finance & Curriculum Services presented the January 2018 Management Accounts.

There was a slight improvement in the College's current trading position being approximately £350k ahead of target, which was mainly due to commercial activities and an underspend in lecturers' salaries. Vice Principal, Finance & Curriculum Services confirmed that the current budget takes account of harmonisation but not any additional in year cost of living awards as a result of national bargaining.

After a 2018/19 curriculum review, the College was able to offer permanency to a number of staff and the financial impact of this will be shown in the next set of management accounts.

The Committee commented on the delay in receiving payment from Skills Development Scotland (SDS). Vice Principal, Curriculum & Enterprise confirmed that since the accounts were prepared, the College had received the payment and that the delay is not because the College have missed the payment milestones, rather that SDS are perpetually late payers and this is a similar experience across all Colleges.

There was a general discussion about the Flexible Workforce Development Fund (FWDF) and the need to spend the funds allocated in order to demonstrate the College's commitment to the initiative. Vice Principal, Curriculum & Enterprise confirmed that the December deadline had been moved to February and that to date across the sector only 18% of the fund had been allocated. The problems seem to be a lack of awareness of the FWDF, unavailability of information on eligible employers and the

need to externally market the FWDF. Vice Principal, Curriculum & Enterprise confirmed that the College had worked with the local Chamber of Commerce to find likely levy payers, followed up with a direct email campaign, telephone calls and meetings.

In the experience of the College the effort required to set up the FWDF was considerable and larger employers found it unattractive when the fund was limited to £10k per employer. Since the FWDF funds were not able to be used towards supporting business development, it was necessary to resource this huge additional effort with already limited College resources. Vice Principal, Curriculum & Enterprise confirmed that this feedback had been passed on to the Scottish Funding Council and the College has already started to use the business relationships developed in the process this year to identify prospective employers for next year.

Vice Principal, Finance & Curriculum Services, confirmed that the College had successfully obtained additional SFC funding of £197k in respect of Student Funds which had allowed childcare payments to increase to £30 per child per day.

The Committee noted that the allocation methods of the funds were unhelpful for students who needed guaranteed financial support at the start of their studies rather than an arbitrary part way payment. Vice Principal, Finance & Curriculum confirmed that Student Support payments are currently being completely reviewed.

The Committee agreed to note the papers.

## **(ii) Income Generation Report**

Vice Principal, Curriculum & Enterprise presented the Income Generation Report. Income forecasts are ahead of target.

The College has set up its internal management system to deal with Individual Training Accounts (ITA), which need to follow robust policies since the new ITA places a higher burden on Colleges to be more accountable.

As mentioned at 18.05, the FWDF has posed some challenges and the funding is under review with hopefully some leeway over the regulations to make the FWDF more attractive to employers.

Foundation Apprenticeships (FA) have been reasonably

successful and a new partnership with West Lothian Council will deliver more opportunities.

The Committee noted that sub-contracting is possible, and encouraged, for FA but not FWDF which seemed inconsistent with the best interests of the local business economy. The Principal pointed out that FA are for school pupils which partly explains the difference in regulations. The Committee discussed possible ways of providing extra resources through the College to support FWDF and perhaps using a flexible workforce and Vice Principal, Curriculum & Enterprise assured the Committee that all compliant possibilities had been considered.

The future of Erasmus+ was discussed and it was thought that since other non-EU countries are currently included in the programme, hopefully the College would be able to continue to participate through non-trade partnerships.

The Committee commended the Children's Hearing team for their shortlisting at the forthcoming TES UK FE awards and wished them well at the ceremony.

A bid team is assembled and awaits the issue of the tender for the new Children's Hearing contract which is hoped to be announced in the next 2-3 weeks and the outcome to be known by May/June.

The Committee agreed to note the papers.

### **(iii) Lothian Pension Fund Revaluation 2017**

Vice Principal, Finance & Curriculum Services presented the Lothian Pension Fund Revaluation 2017.

The confirmation of the response to the Lothian Pension Fund Revaluation 2017 had been circulated to the Committee members and approved by email in advance of it being submitted.

It was noted that since the last revaluation the workforce has increased and that the proposed increases to almost 20% by March 2021 mean that pension will soon represent almost one fifth of staff costs. The stability mechanism ends in 2021 when the fund will be revalued again.

The Committee noted that employees need to be made more aware of the huge benefits of the College offering staff a funded pension scheme with employer contributions at almost 20%

compared to employee contributions being between 5-12%.

It was also commented that national bargaining will not only have impact on salary costs but will also increase employer pension contribution costs.

The Committee noted the report.

### **18.06 College Key Performance Indicators (KPIs) 2017-2018**

Vice Principal, Finance & Curriculum Services, introduced Paper 6 showing financial and non-financial performance indicators.

The Principal remarked that non Scottish Funding Council income has increased considerably over the years, which is due to a hugely positive group of staff with a “can do” culture.

The Committee agreed to note the paper.

### **18.07 Organisational Well-being**

#### **(i) Human Resources Management Report**

The Senior HR Business Partner presented the report covering the period to end December 2017.

In respect of Action 2 of Paper 2 (Matters Arising), the Senior HR Business Partner confirmed that the figures had been transposed which explained the discrepancy.

Long term sickness is higher than last year and this is managed on an individual basis. A Pilot is being tested in 2 centres where employees speak with their Manager as well as HR.

The Occupational Health Report was unavailable since the service provider had changed their system in summer 2017 and reports only became available in December 2017. The Committee queried whether there had been financial penalties for the service provider when their service was unavailable. Senior HR Business Partner confirmed that since they had contracted through APUC, they had raised their concerns with APUC.

The Committee recommended that the Senior HR Business Partner find out more about the contract penalties of non-delivery and, if possible, find out if other Colleges use the same provider.

**Action 2: Senior HR Business Partner**

A Committee member with relevant experience offered to review the Framework Agreement and Vice Principal, Finance & Curriculum Services confirmed that they would liaise with the Committee member.

**Action 3: Vice Principal, Finance & Curriculum Services**

The Committee were concerned about the high numbers of “Undisclosed” respondents of the Equality Monitoring and Analysis report and requested that the College generally encourage the candidates, where possible, to see the benefit of providing the information.

The Committee also noted that the workforce profile highlighted a large number of staff aged over 50 years with the resulting potential that there could be a lot of expertise leaving the College at the same time. While it was agreed that retirement age is no longer compulsory, the Principal confirmed that the College are looking at succession planning in view of the age profile of the College staff.

The Committee noted the key points in the report.

**(ii) Employers Association Update**

The Chair of the Board of Governors provided an update to the Committee on the work of the Employers Association and issues associated with national bargaining.

Terms and Conditions for lecturers have almost been concluded with a 96% endorsement by Union members. The Cost of Living Allowance has not yet been agreed from April 2017 with the offer of unconsolidated payments being rejected by the Unions with a significantly different counter offer.

The residential Strategy Days had been very successful.

The Committee commented that the negotiations need to also take account of the valuable pension benefits, generous holidays and other non-cash benefits enjoyed by College staff.

The Committee thanked the Chair of the Board of Governors for the report and noted the impressive work being undertaken on behalf of the Colleges.

**(iii) People Strategy 2017 - 2020**

Vice Principal, Finance & Curriculum Services presented paper 8 on the People Strategy 2017 – 2020.

The main aim of the paper was to provide an engaging document presenting the main HR themes and the role of HR. The Committee praised the document commenting that it was a striking document with many positive elements.

The following amendments were recommended by the Committee;

- Access Checking – are all fonts, layout and colours accessible for all readers.
- Identify background reports for setting, monitoring and scrutinising targets
- Include a statement which shows that background reports will be reported to the Board demonstrating the Strategy Paper as a ‘live’ document.
- A general ‘vision and social purpose’ statement addressing ‘why would someone join and stay at West Lothian College?’ and ‘why would West Lothian College want to keep you?’
- A performance emphasis showing that high performers will be rewarded and the College’s expectations in return.
- Employee Relations – mention that the Employer Association is working on national issues and local issues are dealt with locally.
- Learning & Development – move to page 4 and expand e.g. leadership development of staff
- Learning & Development – explicitly state that staff taking on extra relevant skills will be eligible for promoted roles within the College in line with national objectives.
- Learning & Development – add the onus on staff to take responsibility for maintaining concurrent knowledge but supported by the College.
- Learning & Development – CPD aims to be aligned with aims of the College.
- Reward – mention Market Allowance Payments, job evaluation and harmonisation.
- Reward – highlight the favourable pension terms, working conditions and lifestyle
- Health, Safety & Wellbeing – more positive language about addressing workplace stress.
- Commit to accreditations and other kite-marks to give a more objective measure of success.

The Committee agreed that it would like to see the document again before recommending it to the Board. Vice Principal, Finance &



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Curriculum Services suggested that the amended document be circulated to the Committee before the Board Meeting on 20 March for final review and approval, which the Committee accepted.

### **Action 4: Vice Principal, Finance & Curriculum Services**

#### **18.08 Complaints Report**

Vice Principal, Curriculum & Planning, presented the quarterly complaints report.

Vice Principal, Curriculum & Planning confirmed that following the complaint about car parking for Platinum Salon customers, a note has been put on the website alerting clients to the limited parking at the College to manage expectations.

The Committee agreed to note the report.

#### **18.09 Self-Evaluation of Committee**

Board Secretary presented paper 10 and the Committee discussed the annual Committee self-evaluation questions. The main findings will be compiled into a Self-Evaluation Report to be presented to the Board in June.

The Committee commented on the use of benchmarking in some of the papers and wondered why certain Colleges were used and if other Colleges could be used in future. The Principal confirmed that this was an issue they were keen to examine in more detail and was hoping to introduce this as a topic for the Strategic Away Day.

### **Action 5: Principal / Secretary to the Board**

The Committee considered the inclusion of an 'action heading' at the top of papers so that it was clear whether the paper was for discussion, noting or recommending.

### **Action 6: Secretary to the Board**

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### 17.46 Any Other Business

No other matters of business were raised.

### 17.47 Review of Meeting, Supporting Papers & Development Plan

The Committee were content with the meeting, the information received and supporting papers presented. The Committee noted the updated Development Plan and agreed that no further changes were required.

### 17.48 Date of Next Meeting

The next meeting was scheduled for 14 June 2018 at 9.30am.

**Note:** There were no matters discussed during the meeting, during which Members declared any conflict of interest, or the Secretary to the Board was aware from the Register of Interests that discussion could give rise to such a conflict.

Signed .....  
Chair, Finance & General Purposes Committee

Date .....

## **Finance & General Purposes Committee**

Action update from the Finance & General Purposes Committee of 22 February 2018

### ***Action 1: Secretary to the Board - Minute of Meeting of 20 November 2017***

It was noted that the Minute of the meeting of 20 November 2017 required an amendment on page 3 to change '21 July 2018' to '31 July 2018'. The Minute of the meeting of 20 November 2017 was otherwise approved as a correct record.

Duly completed

### ***Action 2: Senior HR Business Partner - Organisational Well-being, (i) Human Resources Management Report***

The Committee recommended that the Senior HR Business Partner find out more about the contract penalties of non-delivery and, if possible, find out if other Colleges use the same provider.

Duly Completed

### ***Action 3: Vice Principal, Finance & Curriculum Services - Organisational Well-being, (i) Human Resources Management Report***

A Committee member with relevant experience offered to review the Master and Call-Off documents and Vice Principal, Finance & Curriculum Services confirmed that they would liaise with the Committee member.

Duly completed and oral update

### ***Action 4: Vice Principal, Finance & Curriculum Services – Organisational Well-Being, (iii) People Strategy 2017 - 2020***

The Committee agreed that it would like to see the document (People Strategy) again before recommending it to the Board. Vice Principal, Finance & Curriculum Services suggested that the amended document be circulated to the Committee before the Board Meeting on 20 March for final review and approval, which the Committee accepted.

Duly completed

### ***Action 5: Principal / Secretary to the Board - Self-Evaluation of Committee***

The Committee commented on the use of benchmarking in some of the papers and wondered why certain Colleges were used and if other Colleges could be used in future. The Principal confirmed that this was an issue they were keen to

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examine in more detail and was hoping to introduce this as a topic for the Strategic Away Day.

Discussed on 10 May at Strategic Away Day

***Action 6: Secretary to the Board - Self-Evaluation of Committee***

The Committee considered the inclusion of an 'action heading' at the top of papers so that it was clear whether the paper was for discussion, noting or recommending.

Duly completed

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### Finance & General Purposes Committee

#### Annual Budget 2018-19

##### Introduction

The attached package for discussion contains the following schedules:

1. Income and Expenditure Accounts
2. Balance Sheet
3. Cash Flow

##### ONS Reclassification

Following ONS Reclassification colleges are expected to outturn at break-even each fiscal year after taking account of Scottish Funding Council grants. Any surplus or deficit generated in a year will be adjusted against the next years grant allocation so from 1 April 2014 it is no longer be possible to carry forward surpluses for use in subsequent years.

However, the Scottish Government is keen for colleges to continue with their income generating activities and there are two options open to a college with regard to surpluses being generated in-year. The first is to spend the monies within the college on equipment, refurbishment or other but this must be within the financial year concerned and fully invoiced by 31<sup>st</sup> March. The second option is to transfer monies to a Foundation trust. This is treated as a disbursement by the college and so eliminates any surplus that would have shown on the income and expenditure account for the year. The college can then make application for these funds from the Foundation when it has a development it wishes to pursue. However, the Foundation, being an independent charity, may or may not approve an application and could indeed allocate funding transferred from the College to any other applicant organisation which meets its funding criteria.

A further complication has arisen in that Colleges have now reverted back to an academic year for their annual accounts and budget setting purposes. Government and SFC will still require Colleges to adhere to fiscal year reporting and monitoring so basically Colleges now operate two financial years – one fiscal and one academic. For clarity and avoidance of doubt the budget being presented here is for the academic year August 2018 to July 2019.

##### College Target Outturn

Although colleges are now expected to outturn at break-even, West Lothian College has a loan with the Scottish Funding Council and needs to generate sufficient surplus each year to pay the annual loan instalment. Following a significant capital repayment in March 2014 the annual loan repayments are now

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£158k each year and the budget has been set to achieve a target outturn of £158k which meets this obligation.

### Income and Expenditure

The college is budgeting to make a trading surplus of £529k which is 3% of income. However this excludes provision for £101k of Investment Fund expenditure, £38k of Apprenticeship Levy and £325k of net depreciation. The net depreciation charge has arisen as a result of the asset revaluation which took place at end of July 2017. This increased the overall campus value and with it the annual charge for depreciation. This is now higher than the related release from capital grants and although this is compensated by a transfer from the Revaluation Reserve, the net depreciation effectively reduces the operating surplus declared in the annual accounts. Taking these items into account the trading surplus reduces to £65k which is 0.4% of income. Net pension costs, based on the July 2017 actuarial forecast, are budgeted at £1,017k and taking these into account the operating deficit, which is the declared result in the published accounts, is expected to be -£952k (-5.5% of income).

However transfers from the Pension and Revaluation Reserves will add back £1,110k, bringing the surplus expected to be transferred to the income and expenditure reserve to £158k.

### SFC Grants and Fees

The Grant-in-Aid shown is the final allocation as advised to the college by the Scottish Funding Council including ESF allocation. In addition it has been assumed that the College will receive £250k in Flexible Workforce Development Funding (FWDF) during the year. This is based on discussions with the Vice-Principal Curriculum & Enterprise and against this a budget of £200k has been set for salary costs. Release of estates grant funding has been included at £477k which comprises £116k from FY 2017-18 allocation and full release of the £361k allocation for FY 2018-19. These grants are issued on a fiscal year basis and the College is free to release these as it likes provided there is sufficient eligible underlying estates spend. The budget has made no assumption regards other ad-hoc funding that SFC may issue during the year. Fees are based on the Curriculum Plan activity projections for 2018-19 as at 30 May 2018, plus an additional £314k from Napier and Queen Margaret Universities for their articulation students.

The College has been allocated 43,646 Credits for the 2018-19 academic year plus another 786 Credits for ESF activity. For this the College will receive £11.059m in funding for its base Teaching and Fee Waiver allocation and £195k for the ESF allocation.

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### SDS Contracts and Work-based Training

SDS contract income for Modern Apprenticeship activity is based on the 2018-19 year contract with Skills Development Scotland (SDS). This contract runs from 1 April to 31 March and it is assumed a similar level of income (£164k) will be contracted from 1 April 2019. In addition the College is participating in nine Foundation Apprenticeship training frameworks and these will generate £797k of income between them during the budget year. Workforce Development contracts and short course income are based on the Curriculum Plan activity projections.

### Childrens Hearings Scotland

In September 2013, the College won the contract for Childrens Hearings Scotland Panel Member Training. This was a three year contract starting 1<sup>st</sup> October 2013 and had a base value of £2.5m over the contract period. The initial contract period was due to end on 30<sup>th</sup> September 2016 but has now been extended to 30<sup>th</sup> September 2018. The College is one of two organisations bidding for the new contract which starts in January 2019, and for the purposes of this budget it has been assumed that the College will be successful in its bid. In the meantime the College is working with CHS on how the three month period between the old contract ending and the new contract starting will be funded.

### Other Income

The budget for other income includes £295k for refectory and shop sales as well as income for the training restaurant, hairdressing and beauty salons, EMA administration and room hire.

### Staffing

The 2018-19 salaries budget is based on the payroll record of permanent staff at February 2018 with allowance made for any known vacancies. Temporary lecturing staff costs are included and these have been calculated by comparing the FTE staffing required as per the Curriculum Plan and the FTE permanent staffing available within each Centre. Allowance has been made for a pay award in line with National Pay Bargaining negotiations and the planned harmonisation of lecturer pay scales within the sector. Employer pension contributions are included at 17.2% for SPPA members and 18.8% for LPF members. A separate allowance of £767k has been made for the costs expected to arise from the sector support staff job evaluation exercise currently underway and also for converting temporary lecturing staff contracts from hourly pay to equivalent pay arrangements as permanent lecturing staff.

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### Supplies

A zero-based budget approach has been taken for all supplies budgets. Academic centre supplies budgets are based on costs per student as advised by Heads of Centre in their activity projections. Full-time FE course materials are supported through bursary funding although from 2016-17 this has been limited to 6% of funds allocated (15% previously). Additional budgets have also been provided for identified non-course based expenditure such as annual subscriptions, licenses and library costs. Support service budgets are based on detailed costings provided by the managers concerned. In recognition of our move to central government reporting no general contingency has been included. However an amount of £101k has been identified as available for investment on the Budget Summary.

### College Managed Funds

The college has experienced significant pressure on its student support funds in the past and a number of strategies have been implemented over the years to reduce the strain on these funds. However in the last two years the College has received a significant increase in its initial allocations and this has continued into 2018-19.

For 2018-19 the initial allocation of student funding to the College has increased from £3.026M to £3.176M (excludes EMA and HE Hardship funds). Should further funds be required these will be requested through the annual in-year redistribution exercise.

### Capital Expenditure and Capital Grants

Under government spending rules capital expenditure is tightly controlled within the capital allocation budget agreed for the College. These budgets are allocated on a fiscal year basis, April to March, and each College can agree a split of these funds between capital and revenue, with the revenue element available for estates maintenance work. The College has been advised that capital funding allocation for the fiscal year beginning April 2018 will be £361k (before loan deduction) which is £167k less than the previous year. The College intends to request that all of these funds are paid as revenue.

In view of the forecast surplus for year to 31 July 2018, it is planned to carry forward £116k of the FY 2018-19 funding to be released against estates costs August 2018 to March 2019. The budget has assumed a similar allocation and capital / revenue split from April 2019 and that the entire £361k will be released against estates maintenance costs April to July 2019.



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### Loans

The College has a loan with SFC relating to the buy-out of its former PFI contract. In March 2014 the College made a significant upfront payment towards its loan and this allowed the term of the remaining SFC loan to be extended to 2034 and the annual repayment to be reduced to £158k. This requires to be generated as cash each year and so determines the target surplus for this and future years budgets. At 31<sup>st</sup> March 2018 the balance on this loan was £2.685m

### Summary of Key Assumptions

1. The College will meet its targets for enrolments, credits and fee income
2. Napier and QMU articulation funding remains at 2017-18 levels
3. The College will meet its targets for SDS funding
4. The College will be successful in its bid for the new Childrens Hearings Scotland training contract.
5. SG/SFC will provide funding to cover the costs of harmonisation of lecturers pay
6. Costs of support staff job evaluation and temporary lecturer FTE conversion will not exceed the budget provided.
7. An Investment Fund of £101k will be generated and utilised
8. Student support spending will be kept within funding available.
9. The Early Retirement provision and Net Pension Liability will remain unchanged.

**Jennifer McLaren**

Vice Principal Finance & Curriculum Services

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# WEST LOTHIAN COLLEGE

## ANNUAL BUDGET 2018-19

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	2017/18 Forecast ACTUAL £'000	2017/18 BUDGET £'000	Difference £'000	2018/19 BUDGET £'000	Difference 2018/19 v Forecast £'000
<b>SUMMARY</b>	12 Months	12 Months		12 Months	
<b>INCOME</b>					
GRANT IN AID	10,115	10,115		11,254	+1,139
FEES	2,376	2,374	+2	2,642	+266
SDS CONTRACTS	721	800	-79	961	+240
INCOME GENERATION	1,157	1,107	+50	1,076	-81
EUROPEAN FUNDS	233	227	+6	245	+12
OTHER INCOME	535	498	+37	484	-51
OTHER SFC FUNDING	1,355	524	+831	727	-628
<b>TOTAL INCOME</b>	<b>16,492</b>	<b>15,645</b>	<b>+847</b>	<b>17,389</b>	<b>+897</b>
<b>EXPENDITURE</b>					
<b>SALARIES</b>					
Teaching Centres	5,583	5,621	+38	5,820	-237
Teaching Support	1,010	1,000	-10	1,047	-37
Administration	1,620	1,553	-67	1,631	-11
Commercial & Enterprise	2,151	2,147	-4	2,543	-392
Other Activities	115	102	-13	80	+35
Estates	848	791	-57	855	-7
	11,327	11,214	-113	11,976	-649
<b>SUPPLIES &amp; SERVICES</b>					
Teaching Centres	421	470	+49	400	+21
Teaching Support	261	276	+15	232	+29
Administration	1,269	1,275	+6	1,374	-105
Commercial & Enterprise	577	707	+130	756	-179
Other Activities	249	234	-15	231	+18
Estates	1,761	1,118	-643	1,124	+637
	4,538	4,080	-458	4,117	+421
<b>OTHER PAYROLL COSTS</b>				767	-767
<b>TOTAL EXPENDITURE</b>	<b>15,865</b>	<b>15,294</b>	<b>-571</b>	<b>16,860</b>	<b>-995</b>
<b>TRADING SURPLUS/(DEFICIT)</b>	<b>627</b>	<b>351</b>	<b>+276</b>	<b>529</b>	<b>-98</b>
<b>RESTRUCTURING</b>					
Voluntary Severance	-2		-2		+2
Redundancy Act					
Apprenticeship Levy	-30	-24	-6	-38	-8
Holiday Pay Accrual	-8		-8		+8
	-40	-24	-16	-38	+2
<b>INTEREST</b>					
Interest Receivable	1	2	-1		-1
Interest Payable					
	1	2	-1		-1
<b>DEFERRED GRANT &amp; DEPRECIATION</b>					
Release of Deferred Grant	457	590	-133	457	
Depreciation	-795	-780	-15	-782	+13
	-338	-190	-148	-325	+13
<b>STUDENT FUNDS</b>					
Student Funds Income	3,757	3,490	+267	3,658	-99
Student Funds Expenditure	-3,772	-3,490	-282	-3,658	+114
	-15		-15		+15
<b>INVESTMENT FUND</b>					
Investment Fund	-119	-78	-41	-101	+18
<b>COLLEGE SURPLUS/(DEFICIT)</b>	<b>116</b>	<b>61</b>	<b>+55</b>	<b>65</b>	<b>-51</b>
<b>PENSION</b>					
FRS17 LPF	-813	-667	-146	-813	
Early Retirement provision	-104	-93	-11	-204	-100
	-917	-760	-157	-1,017	-100
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>-801</b>	<b>-699</b>	<b>-102</b>	<b>-952</b>	<b>-151</b>
Transfer (To) / From Pension Reserve	813	667	+146	813	
Transfer (To) / From Revaluation Reserve	297	190	+107	297	
<b>NET TRANSFER TO I&amp;E RESERVE</b>	<b>309</b>	<b>158</b>	<b>+151</b>	<b>158</b>	<b>-151</b>

## Differences

A + difference means an increase in surplus  
A - difference means a decrease in surplus

## Explanations

Explanations for the differences are noted in the following papers

	2017/18 Forecast ACTUAL £'000	2017/18 BUDGET £'000	Difference £'000	2018/19 BUDGET £'000	Difference 2018/19 v Forecast £'000	
	12 Months	12 Months		12 Months		
<b>TEACHING CENTRES</b>						
<b>INCOME</b>						
GRANT IN AID	9,023	9,023		10,039	+1,016	Note 1
FEES	1,728	1,668	+60	1,862	+134	Note 2
SDS CONTRACTS						
INCOME GENERATION						
EUROPEAN FUNDS						
OTHER INCOME						
OTHER SFC FUNDING	38		+38		-38	
<b>TOTAL INCOME</b>	<b>10,789</b>	<b>10,691</b>	<b>+98</b>	<b>11,901</b>	<b>+1,112</b>	
<b>EXPENDITURE</b>						
<b>SALARIES</b>						
Business & Creative	710	701	-9	690	+20	Note 3
Beauty Therapy & Hairdressing	484	488	+4	465	+19	"
Computing & Engineering	916	951	+35	1,008	-92	"
Construction & Motor Vehicle	778	740	-38	778		"
Childhood Practice & Sports and Fitness	903	934	+31	927	-24	"
Hospitality & Communities	1,017	1,069	+52	1,101	-84	"
Health & Social Care, SS & Science	775	738	-37	851	-76	"
	5,583	5,621	+38	5,820	-237	
<b>SUPPLIES AND SERVICES</b>						
Business & Creative	47	57	+10	48	-1	Note 4
Beauty Therapy & Hairdressing	68	68		57	+11	"
Computing & Engineering	47	65	+18	58	-11	"
Construction & Motor Vehicle	53	71	+18	65	-12	"
Childhood Practice & Sports and Fitness	46	72	+26	58	-12	"
Hospitality & Communities	148	111	-37	94	+54	"
Health & Social Care, SS & Science	12	26	+14	20	-8	"
	421	470	+49	400	+21	
<b>TOTAL EXPENDITURE</b>	<b>6,004</b>	<b>6,091</b>	<b>+87</b>	<b>6,220</b>	<b>-216</b>	
<b>TRADING SURPLUS/(DEFICIT)</b>	<b>4,785</b>	<b>4,600</b>	<b>+185</b>	<b>5,681</b>	<b>+896</b>	

## Notes

- 1 Assumes 2018-19 credit target will be achieved. Includes £195k for ESF activity
- 2 Based on 2018-19 activity projections. Includes £314k for Napier and QMU articulation students.
- 3 Staffing based on activity projections and includes national pay award and harmonisation costs
- 4 Supplies budgets based on activity projections plus other department level costs

	2017/18 Forecast ACTUAL £'000	2017/18 BUDGET £'000	Difference £'000	2018/19 BUDGET £'000	Difference 2018/19 v Forecast £'000
	12 Months	12 Months		12 Months	
<b>TEACHING SUPPORT</b>					
<b>INCOME</b>					
GRANT IN AID					
FEES					
SDS CONTRACTS					
INCOME GENERATION					
EUROPEAN FUNDS					
OTHER INCOME	19		+19		-19
OTHER SFC FUNDING					
<b>TOTAL INCOME</b>	<b>19</b>		<b>+19</b>		<b>-19</b>
<b>EXPENDITURE</b>					
<b>SALARIES</b>					
Quality & Learner Services	690	682	-8	743	-53 Note 1
External Engagement	159	181	+22	156	+3
Student Advice & Admissions	151	127	-24	148	+3
Other Costs	10	10			+10 Note 2
	1,010	1,000	-10	1,047	-37
<b>SUPPLIES AND SERVICES</b>					
Quality & Learner Services	214	229	+15	197	+17 Note 3
External Engagement	27	27		25	+2
Student Advice & Admissions					
Other Costs	20	20		10	+10 Note 2
	261	276	+15	232	+29
<b>TOTAL EXPENDITURE</b>	<b>1,271</b>	<b>1,276</b>	<b>+5</b>	<b>1,279</b>	<b>-8</b>
<b>TRADING SURPLUS/(DEFICIT)</b>	<b>(1,252)</b>	<b>(1,276)</b>	<b>+24</b>	<b>(1,279)</b>	<b>-27</b>

## Notes

- 1 Increase relates to Learning Support and Student Association.
- 2 Reduced course approvals budget.
- 3 No TQFE and reduced budget for minibus training

	2017/18 Forecast ACTUAL £'000	2017/18 BUDGET £'000	Difference £'000	2018/19 BUDGET £'000	Difference 2018/19 v Forecast £'000
	12 Months	12 Months		12 Months	
<b>ADMINISTRATION</b>					
<b>INCOME</b>					
GRANT IN AID					
FEES					
SDS CONTRACTS					
INCOME GENERATION					
EUROPEAN FUNDS					
OTHER INCOME	50	54	-4	50	-9
OTHER SFC FUNDING	9		+9		
<b>TOTAL INCOME</b>	<b>59</b>	<b>54</b>	<b>+5</b>	<b>50</b>	<b>-9</b>
<b>EXPENDITURE</b>					
<b>SALARIES</b>					
Executive Office incl. Senior Management Team	716	718	+2	716	
Finance	220	201	-19	238	-18
HRM	194	177	-17	194	
ICT	111	100	-11	108	+3
Marketing	61	59	-2	64	-3
MIS	216	208	-8	217	-1
Student Funding	102	90	-12	94	+8
	1,620	1,553	-67	1,631	-11
<b>SUPPLIES AND SERVICES</b>					
Executive Office incl. Senior Management Team	90	90		93	-3
Finance	204	210	+6	188	+16
HRM	102	102		96	+6
ICT	168	168		345	-177
Marketing	150	150		99	+51
MIS	554	554		553	+1
Student Funding	1	1			+1
	1,269	1,275	+6	1,374	-105
<b>TOTAL EXPENDITURE</b>	<b>2,889</b>	<b>2,828</b>	<b>-61</b>	<b>3,005</b>	<b>-116</b>
<b>TRADING SURPLUS/(DEFICIT)</b>	<b>(2,830)</b>	<b>(2,774)</b>	<b>-56</b>	<b>(2,955)</b>	<b>-125</b>

## Notes

- 1 Additional finance assistant
- 2 Savings on photocopier contract
- 3 Computer refresh, back-up / data recovery solution, increased consultancy and essential software updates
- 4 Redevelopment of College website last year

	2017/18 Forecast ACTUAL £'000	2017/18 BUDGET £'000	Difference £'000	2018/19 BUDGET £'000	Difference 2018/19 v Forecast £'000	
	12 Months	12 Months		12 Months		
<b>COMMERCIAL &amp; ENTERPRISE</b>						
<b>INCOME</b>						
GRANT IN AID	1,092	1,092		1,215	+123	Note 1
FEES	648	706	-58	780	+132	Note 2
SDS CONTRACTS	721	800	-79	961	+240	Note 3
INCOME GENERATION	1,157	1,107	+50	1,076	-81	Note 4
EUROPEAN FUNDS						
OTHER INCOME	57	38	+19	53	-4	
OTHER SFC FUNDING	141		+141	250	+109	Note 5
<b>TOTAL INCOME</b>	<b>3,816</b>	<b>3,743</b>	<b>+73</b>	<b>4,335</b>	<b>+519</b>	
<b>EXPENDITURE</b>						
<b>SALARIES</b>						
Commercial & Enterprise	226	229	+3	432	-206	Note 5
Childrens Hearings Scotland	568	525	-43	595	-27	Note 6
Workforce Development	1,095	1,007	-88	1,171	-76	Note 7
SDS Contracts	261	386	+125	345	-84	Note 8
Other Centres	1		-1		+1	
	2,151	2,147	-4	2,543	-392	
<b>SUPPLIES AND SERVICES</b>						
Commercial & Enterprise	28	21	-7	32	-4	
Childrens Hearings Scotland	372	380	+8	349	+23	Note 4
Workforce Development	64	41	-23	53	+11	
SDS Contracts	107	260	+153	316	-209	Note 9
Other Centres	6	5	-1	6		
	577	707	+130	756	-179	
<b>TOTAL EXPENDITURE</b>	<b>2,728</b>	<b>2,854</b>	<b>+126</b>	<b>3,299</b>	<b>-571</b>	
<b>TRADING SURPLUS/(DEFICIT)</b>	<b>1,088</b>	<b>889</b>	<b>+199</b>	<b>1,036</b>	<b>-52</b>	

## Notes

- 1 Assumes 2018-19 credit target achieved.
- 2 Based on 2018-19 activity projections.
- 3 Based on 2018-19 MA contract plus Foundation Apprentice contracts.
- 4 Childrens Hearings Scotland cost recovery down by £80k but matched by reduction in costs.
- 5 Flexible Workforce Development Fund - £250k income, £200k salaries
- 6 Based on full complement
- 7 Additional 2.0 FTE assessor posts
- 8 Additional 3.0 FTE Foundation Apprentice related posts
- 9 Additional supplies costs for new FA contracts.

	2017/18 Forecast ACTUAL £'000	2017/18 BUDGET £'000	Difference £'000	2018/19 BUDGET £'000	Difference 2018/19 v Forecast £'000	
	12 Months	12 Months		12 Months		
<b>OTHER ACTIVITIES</b>						
<b>INCOME</b>						
GRANT IN AID						
FEES						
SDS CONTRACTS						
INCOME GENERATION						
EUROPEAN FUNDS	233	227	+6	245	+12	Note 1
OTHER INCOME	117	114	+3	86	-31	Note 2
OTHER SFC FUNDING						
<b>TOTAL INCOME</b>	<b>350</b>	<b>341</b>	<b>+9</b>	<b>331</b>	<b>-19</b>	
<b>EXPENDITURE</b>						
<b>SALARIES</b>						
Terrace Restaurant						
Platinum Salon	81	71	-10	80	+1	
Europe	16		-16		+16	Note 3
Other	18	31	+13		+18	Note 4
	115	102	-13	80	+35	
<b>SUPPLIES AND SERVICES</b>						
Terrace Restaurant	9	9		8	+1	
Platinum Salon	15	15		13	+2	
Europe	205	205		210	-5	
Other	20	5	-15		+20	Note 5
	249	234	-15	231	+18	
<b>TOTAL EXPENDITURE</b>	<b>364</b>	<b>336</b>	<b>-28</b>	<b>311</b>	<b>+53</b>	
<b>TRADING SURPLUS/(DEFICIT)</b>	<b>(14)</b>	<b>5</b>	<b>-19</b>	<b>20</b>	<b>+34</b>	

## Notes

- 1 Based on known Erasmus projects
- 2 Training restaurant, Platinum salon and student trips. No estimate made for student trip / activity income for 2018-19.
- 3 Ad-hoc Erasmus salary costs
- 4 No NHS secondment 2018-19
- 5 Student trips / activities costs



	2017/18 Forecast ACTUAL £'000	2017/18 BUDGET £'000	Difference £'000	2018/19 BUDGET £'000	Difference 2018/19 v Forecast £'000
	12 Months	12 Months		12 Months	
<b>ESTATES</b>					
<b>INCOME</b>					
GRANT IN AID					
FEEs					
SDS CONTRACTS					
INCOME GENERATION					
EUROPEAN FUNDS					
OTHER INCOME	292	292		295	+3
OTHER SFC FUNDING	1,167	524	+643	477	-690
					Note 1
<b>TOTAL INCOME</b>	<b>1,459</b>	<b>816</b>	<b>+643</b>	<b>772</b>	<b>-687</b>
<b>EXPENDITURE</b>					
<b>SALARIES</b>					
Estates	619	586	-33	628	-9
Catering	229	205	-24	227	+2
	848	791	-57	855	-7
<b>SUPLIES AND SERVICES</b>					
Estates	1,617	974	-643	976	+641
Catering	144	144		148	-4
	1,761	1,118	-643	1,124	+637
					Note 1
<b>TOTAL EXPENDITURE</b>	<b>2,609</b>	<b>1,909</b>	<b>-700</b>	<b>1,979</b>	<b>630</b>
<b>TRADING SURPLUS/(DEFICIT)</b>	<b>(1,150)</b>	<b>(1,093)</b>	<b>-57</b>	<b>(1,207)</b>	<b>-57</b>

## Notes

1 College Energy Efficiency Pathfinder (CEEP) grant received last year.

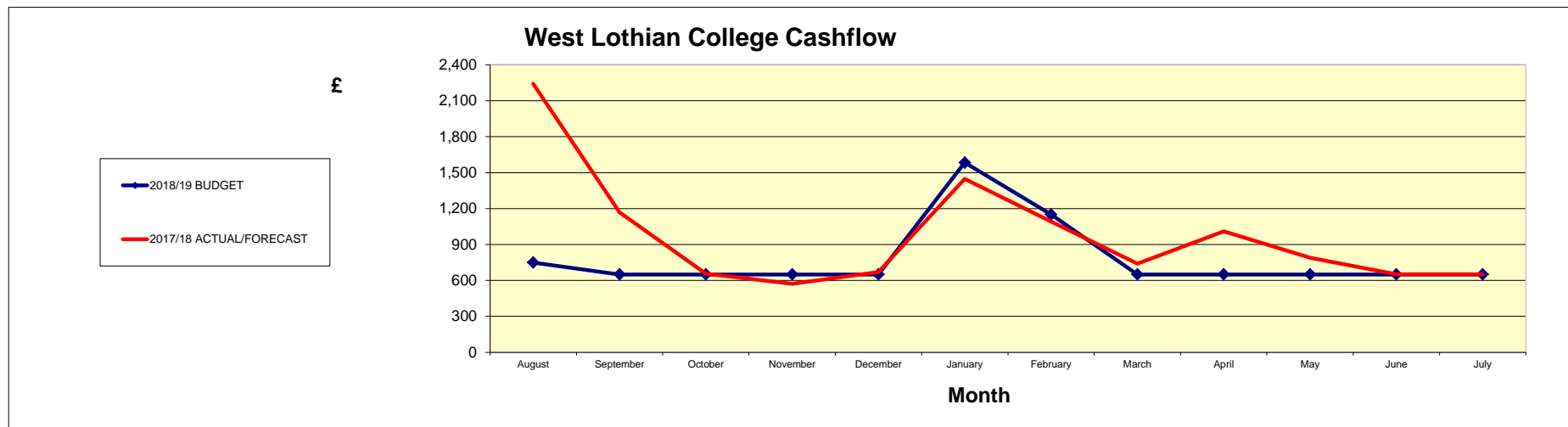
## BALANCE SHEET PROJECTION

	Actual	Actual	Forecast	Forecast	Movement
	31 JUL 2016	31 JUL 2017	31 JUL 2018	31 JUL 2019	
	£'000	£'000	£'000	£'000	£'000
<b>Fixed Assets</b>					
Land & Buildings	18,471	17,815	17,221	16,640	(581)
Equipment	1,589	1,845	1,644	1,443	(201)
	20,060	19,660	18,865	18,083	(782)
<b>Current Assets</b>					
Trade Debtors	418	388	436	438	2
Europe	(2)		56	80	24
Prepayments	267	147	313	313	
Accrued Income	93	24	70	70	
Bank	597	1,530	651	650	(1)
	1,373	2,089	1,526	1,551	25
<b>Current Liabilities</b>					
Trade Creditors	(541)	(437)	(405)	(390)	15
Payroll	(345)	(383)	(394)	(405)	(11)
Loans	(158)	(158)	(157)	(158)	(1)
Accruals	(351)	(246)	(278)	(278)	
Deferred Income	(632)	(1,183)	(476)	(476)	
Deferred Capital Grant	(590)	(457)	(457)	(457)	
Unspent Student Funds	(25)	(59)			
	(2,642)	(2,923)	(2,167)	(2,164)	3
<b>Net Current Assets (Liabilities)</b>	<b>(1,269)</b>	<b>(834)</b>	<b>(641)</b>	<b>(613)</b>	<b>28</b>
<b>Total Assets less current liabilities</b>	<b>18,791</b>	<b>18,826</b>	<b>18,224</b>	<b>17,470</b>	<b>(754)</b>
Creditors: Amounts falling due after more than one year	(2,685)	(2,527)	(2,370)	(2,212)	158
Deferred Capital Grant	(15,052)	(12,763)	(12,306)	(11,849)	457
<b>Provisions</b>					
Defined Benefit Obligations	(4,799)	(4,416)	(4,416)	(4,416)	
Early Retirement	(3,956)	(3,953)	(3,953)	(3,953)	
<b>Total Net Liabilities</b>	<b>(7,701)</b>	<b>(4,833)</b>	<b>(4,821)</b>	<b>(4,960)</b>	<b>(139)</b>
<b>Reserves</b>					
Income and Expenditure Account (Trading)	(341)	(82)	77	77	
Income and Expenditure Account (Holiday Pay)	(170)	(137)	(145)	(145)	
Income and Expenditure Account (PFI Loan)	(2,843)	(2,685)	(2,527)	(2,369)	158
Income and Expenditure Account (Early Retirement)	(3,956)	(3,953)	(3,953)	(3,953)	
Income and Expenditure Account (LPF Pensions)	(4,799)	(4,416)	(4,416)	(4,416)	
Revaluation Reserve	4,408	6,440	6,143	5,846	(297)
<b>Total</b>	<b>(7,701)</b>	<b>(4,833)</b>	<b>(4,821)</b>	<b>(4,960)</b>	<b>(139)</b>

**WEST LoTHIAN COLLEGE**

**2018/19 FORECAST CASHFLOW**

	486	260	215	389	327	1274	611	564	697	259	231	227	5540
	August	September	October	November	December	January	February	March	April	May	June	July	Total
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
<b>Income</b>													
SFC funding (including bursaries and hardship funds)	1,037	1,408	1,524	1,434	1,654	1,080	678	994	1,122	1,504	1,493	1,229	15,157
less loan repayments									-158				-158
Other cash received	517	276	229	414	348	1,354	650	600	741	275	246	240	5,890
<b>Total cash in</b>	<b>1,554</b>	<b>1,684</b>	<b>1,753</b>	<b>1,848</b>	<b>2,002</b>	<b>2,434</b>	<b>1,328</b>	<b>1,594</b>	<b>1,705</b>	<b>1,779</b>	<b>1,739</b>	<b>1,469</b>	<b>20,889</b>
<b>Expenditure</b>													
Payroll	983	990	1,106	1,084	1,062	1,030	1,040	1,083	1,050	1,102	1,131	1,120	12,781
Other payments	398	597	269	461	485	213	396	698	279	465	323	349	4,933
SFC Student support payments	74	197	378	303	455	258	325	313	376	212	285		3,176
Interest payments		0	0	0				0	0	0		0	0
<b>Total cash out</b>	<b>1,455</b>	<b>1,784</b>	<b>1,753</b>	<b>1,848</b>	<b>2,002</b>	<b>1,501</b>	<b>1,761</b>	<b>2,094</b>	<b>1,705</b>	<b>1,779</b>	<b>1,739</b>	<b>1,469</b>	<b>20,890</b>
<b>Net cash inflow/(outflow)</b>	<b>99</b>	<b>(100)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>933</b>	<b>(433)</b>	<b>(500)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1)</b>
Balance b/f (cash and overdraft)	651	750	650	650	650	650	1,583	1,150	650	650	650	650	651
<b>Balance c/f (cash and overdraft)</b>	<b>750</b>	<b>650</b>	<b>650</b>	<b>650</b>	<b>650</b>	<b>1,583</b>	<b>1,150</b>	<b>650</b>	<b>650</b>	<b>650</b>	<b>650</b>	<b>650</b>	<b>650</b>



**West Lothian College**

14 June 2018

**Finance & General Purposes Committee****April 2018 Management Accounts****Introduction**

The April 2018 Management Accounts show comparisons of actual with budget income and expenditure for the nine-month period ended 30 April 2018, and a forecast for the year to 31 July 2018.

**Financial Results**

The net trading position at 30 April 2018 is:

	<b>Actual £'000</b>	<b>Budget £'000</b>	<b>Variance £'000</b>
Income	12,979	12,169	+810
Expenditure	11,920	11,481	-439
Trading Surplus/(Deficit)	1,059	688	+371
Net I&E Transfer Surplus/(Deficit)	603	244	+359
Net I&E Transfer % of Income	4.6%	2.0%	+2.6%

The forecast outturn for the year to 31 July 2018 is:

	<b>Forecast £'000</b>	<b>Budget £'000</b>	<b>Variance £'000</b>
Income	16,492	15,645	+847
Expenditure	15,865	15,294	-571
Trading Surplus /(Deficit)	627	351	+276
Net I&E Transfer Surplus/(Deficit)	309	158	+151
Net I&E Transfer % of Income	1.9%	1.0%	+0.9%

The most significant variances are detailed below:

<b>Analysis of Income Variances</b>	<b>To Date £'000</b>	<b>Forecast £'000</b>
Fees	91	2
Skills Development Scotland (SDS) Contracts	(54)	(79)
Income Generation	25	50
European Funds	64	6
Other income	47	37
Other Scottish Funding Council (SFC) funding	637	831
	810	847

**West Lothian College**

14 June 2018

Analysis of Expenditure Variances	To Date £'000	Forecast £'000
Salary costs	30	(113)
Teaching Centres supplies	92	49
Teaching Support supplies	95	15
Administration supplies	3	6
Commercial & Enterprise supplies	91	130
Other Activity supplies	(31)	(15)
Estates & Catering supplies	(719)	(643)
	(439)	(571)

**Comment on Specific Variances:**

Teaching Centres		To Date £'000	Forecast £'000
		+257	+185
Areas of Concern	Temporary lecturer costs Lecturers salary settlement		

Full-time HE fees are currently £10k worse than budget, part-time FE fees £66k better and part-time HE fees £5k better. Napier and Queen Margaret Universities have now been billed for their articulation students at £342k which is £22k higher than budgeted.

Staff costs are £66k better than budget but this is expected to fall to £38k better than budget by the end of July. This is expected to comprise savings on permanent lecturer salaries of £152k, an overspend of £220k on temporary lecturer costs and a saving of £106k on support staff/managers salaries. The forecast takes into account agreed harmonisation costs for lecturers from 1<sup>st</sup> April 2018 but does not take into account any cost of living or other increase which might arise from current negotiations.

Supplies budgets are currently £92k underspent which includes a credit of £112k from bursary funds. These are expected to outturn £49k underspent by the year-end.

Teaching Support		To Date £'000	Forecast £'000
		+110	+24
Areas of Concern	None		

Savings are currently arising from underspends on supplies budgets but it is expected that most of these will be fully spent by the end of July.

**West Lothian College**

14 June 2018

<b>Administration</b>		To Date £'000	Forecast £'000
		-56	-56
<b>Areas of Concern</b>	Staff costs		

Additional agency and casual staff costs have been incurred in a number of support areas to cover for maternity leave and to cope with early session demand on services but for most areas these have now passed. Also £10k of additional pension contributions have been paid to SPPA for two members of staff who were originally assigned to the Lothian Pension Fund instead of SPPA. The amounts paid cover a number of years.

<b>Commercial &amp; Enterprise</b>		To Date £'000	Forecast £'000
		+437	+199
<b>Areas of Concern</b>	Short course income SDS Foundation Apprentice contract income FWDF Grant and salary costs		

The short course programme has not run as expected this year and fee income is expected to outturn £58k below target.

The College has three SDS Foundation Apprentice contracts running this year, originally covering nine frameworks but of which the College has withdrawn from two. The forecast has been adjusted to take account of revised payment schedules issued for these contracts in March.

CHSTU is incurring additional salary and materials development costs but these have been agreed by Children's Hearings Scotland and will be recovered in due course. CHS venue cost recoveries are lower than expected but these are equally matched by a reduction in venue hire costs.

Since the budget was approved SFC announced details and allocations for the new Flexible Workforce Development Fund. The College has been allocated £329k for AY 2017-18 but take up by employers has been slow and the forecast for grant income for the year is £141k, in line with the latest return to SFC. Following discussions with the Head of the Commercial and Marketing Centre associated staffing costs have been forecast at £92k but it is unclear how and when any additional costs will be incurred.

Lecturing costs for SDS contracts are being absorbed within general teaching centre budgets and as a result the salaries for these are expected to make a saving of £125k. Taking all factors into account salaries in this category are expected to outturn on target.

**West Lothian College**

14 June 2018

Supplies budgets are currently £91k underspent and are expected to outturn £130k lower than budget mostly as a result of savings on SDS contract costs.

<b>Other Activities</b>		To Date £'000	Forecast £'000
		+40	-19
<b>Areas of Concern</b>	Platinum salary costs Europe salary costs		

Additional salary costs are being incurred in respect of sickness cover for Platinum Salon and for staff involved in the Erasmus programme.

<b>Estates</b>		To Date £'000	Forecast £'000
		-417	-57
<b>Areas of Concern</b>	Staff costs		

In July 2017 the College accepted an offer from SFC to participate in the Scottish Government's College Energy Efficiency Pathfinder (CEEP) project. The College was allocated £647k funding under this initiative (includes £5k legal costs) and this has been drawn down in full. To date £578k of contract works and £5k in legal costs have been incurred with a further £64k grant being held under retention arrangements.

The College receives a fiscal year allocation from SFC each year for estates maintenance. In addition to the £235k originally planned to be spent between August and March the College carried forward an extra £65k at its 31 July year-end. The College also requested and was granted a transfer of £50k from capital to revenue which brought the total estates revenue grant available to the end of March to £350k. All monies needed to be spent by 31 March 2018 and this has been achieved although the grant has still to be released to revenue.

Staffing costs are £44k overspent and are expected to outturn £57k above budget by the year-end. This is due to sickness cover, overtime and back-pay.

<b>Restructuring</b>		To Date £'000	Forecast £'000
		-11	-16
<b>Areas of Concern</b>	None		

This category includes the new Apprenticeship Levy charge which is costing an average of £2,500 per month against £2,000 budgeted. Also included is the Holiday Pay accrual which is calculated twice a year - at end of March for government reporting, and at end of July for annual accounts reporting. The

**West Lothian College**

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March calculation has resulted in a variance of £8k against budget and it has been assumed that this will be replicated at the year end.

<b>Deferred Grant and Depreciation</b>		To Date £'000	Forecast £'000
		-112	-148
<b>Areas of Concern</b>	None		

As a result of the revaluation of fixed assets for the 2016-17 annual accounts, the depreciation charge going forward will exceed the amount released from Deferred Capital Grants. The excess depreciation is mostly covered by a release from the Revaluation Reserve but a shortfall of £41k will remain.

<b>Student Funds</b>		To Date £'000	Forecast £'000
		+0	-15
<b>Areas of Concern</b>	None		

The College was allocated £3,026k in student funds for academic year 2017-18 (excluding EMA) with a further £14k from the SFC/ESF project. Although early projections indicated that these allocations would be sufficient to meet commitments already made to students, a further £197k was requested, as part of the annual SFC in-year redistribution exercise, to allow for an increase in childcare payments from £25 per child per day to £30 per child per day. This additional funding was subsequently approved by SFC.

Despite the additional funds granted, and although staying within its overall academic year allocations, the College paid out £290k more in SFC student support by the end of March than it received. This is due to a fiscal year limit on how much funding can be drawn down between August and March and is an issue which affects a number of colleges in the sector.

This shortfall has been mitigated this year, to some extent, by the receipt of two quarters of the Flexible Workforce Development Fund allocation before the end of March. Without this the College cash balance at end of March would have been £164k lower.

In addition to the funds from SFC the College receives an allocation of funds from SAAS for HE Hardship and is given an opportunity to request additional funds during the year. In past years this request has always been met in full but this year the College requested £67k additional and received only £17k. As a result awards to eligible HE students have had to be capped well below the £4,000 maximum permitted, and to avoid severe hardship to a number of students, the Senior Team agreed to an overspend of this fund by £15k.



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<b>Investment Funds</b>	To Date £'000	Forecast £'000
	+32	-41
<b>Areas of Concern</b>	None	

The College set aside £78k in this year's budget for investment bids from centres and services but the bidding process was deferred until after the fiscal year-end in March to avoid any impact on the resource return position reported to Scottish Government. The spend to date includes £41k relating to two bids which overran from last year and which are being funded from last year's surplus.

<b>Pension Funds</b>	To Date £'000	Forecast £'000
	+0	-157
<b>Areas of Concern</b>	None	

Pension figures in the accounts forecast are based on the forecast in the actuarial report for the July 2017 accounts.

**Balance Sheet, Cash Flow and Capital Expenditure**

The Balance Sheet and Cash Flow forecast as at 30 April 2018 are appended. Net current assets are currently £9k positive but are expected to outturn £641k negative at the year-end.

It should be noted that although these accounts forecast a College Surplus which is £151k above target, £100k of this is required to make good the difference between the Early Retirement charge to I&E (£104k) and the cash payments which will be made during the year (£204k). The target surplus next year will be adjusted to take account of this requirement.

**Jennifer McLaren**

Vice Principal, Finance &amp; Curriculum Services

14 June 2018

WEST LOTHIAN COLLEGE  
MANAGEMENT ACCOUNTS  
APRIL 2018

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	2017/18 BUDGET £'000	As at 30 April 2018			Forecast to 31 July 2018		
		ACTUAL £'000	BUDGET £'000	VARIANCE £'000	ACTUAL £'000	BUDGET £'000	VARIANCE £'000
<b>SUMMARY</b>							
<b>INCOME</b>							
GRANT IN AID	10,115	7,586	7,586		10,115	10,115	
FEES	2,374	2,311	2,220	+91	2,376	2,374	+2
SDS CONTRACTS	800	657	711	-54	721	800	-79
INCOME GENERATION	1,107	879	854	+25	1,157	1,107	+50
EUROPEAN FUNDS	227	213	149	+64	233	227	+6
OTHER INCOME	498	461	414	+47	535	498	+37
OTHER SFC FUNDING	524	872	235	+637	1,355	524	+831
<b>TOTAL INCOME</b>	<b>15,645</b>	<b>12,979</b>	<b>12,169</b>	<b>+810</b>	<b>16,492</b>	<b>15,645</b>	<b>+847</b>
<b>EXPENDITURE</b>							
<b>SALARIES</b>							
Teaching Centres	5,621	4,172	4,238	+66	5,583	5,621	+38
Teaching Support	1,000	750	746	-4	1,010	1,000	-10
Administration	1,553	1,216	1,159	-57	1,620	1,553	-67
Commercial & Enterprise	2,147	1,527	1,606	+79	2,151	2,147	-4
Other Activities	102	87	77	-10	115	102	-13
Estates	791	635	591	-44	848	791	-57
	11,214	8,387	8,417	+30	11,327	11,214	-113
<b>SUPPLIES &amp; SERVICES</b>							
Teaching Centres	470	289	381	+92	421	470	+49
Teaching Support	276	143	238	+95	261	276	+15
Administration	1,275	957	960	+3	1,269	1,275	+6
Commercial & Enterprise	707	510	601	+91	577	707	+130
Other Activities	234	202	171	-31	249	234	-15
Estates	1,118	1,432	713	-719	1,761	1,118	-643
	4,080	3,533	3,064	-469	4,538	4,080	-458
<b>TOTAL EXPENDITURE</b>	<b>15,294</b>	<b>11,920</b>	<b>11,481</b>	<b>-439</b>	<b>15,865</b>	<b>15,294</b>	<b>-571</b>
<b>TRADING SURPLUS/(DEFICIT)</b>	<b>351</b>	<b>1,059</b>	<b>688</b>	<b>+371</b>	<b>627</b>	<b>351</b>	<b>+276</b>
<b>RESTRUCTURING</b>							
Voluntary Severance		-2		-2	-2		-2
Redundancy Act							
Apprenticeship Levy	-24	-19	-18	-1	-30	-24	-6
Holiday Pay Accrual		-358	-350	-8	-8		-8
	-24	-379	-368	-11	-40	-24	-16
<b>INTEREST</b>							
Interest receivable	2		2	-2	1	2	-1
Interest Payable							
	2		2	-2	1	2	-1
<b>DEFERRED GRANT &amp; DEPRECIATION</b>							
Release of Deferred Grant	590	343	443	-100	457	590	-133
Depreciation	-780	-597	-585	-12	-795	-780	-15
	-190	-254	-142	-112	-338	-190	-148
<b>STUDENT FUNDS</b>							
Student Funds Income	3,490	3,073	2,768	+305	3,757	3,490	+267
Student Funds Expenditure	-3,490	-3,073	-2,768	-305	-3,772	-3,490	-282
					-15		-15
<b>INVESTMENT FUNDS</b>							
College Spend	-78	-46	-78	+32	-119	-78	-41
Transfer to ALF							
	-78	-46	-78	+32	-119	-78	-41
<b>COLLEGE SURPLUS/(DEFICIT)</b>	<b>61</b>	<b>380</b>	<b>102</b>	<b>+278</b>	<b>116</b>	<b>61</b>	<b>+55</b>
<b>PENSION</b>							
FRS17 LPF	-667				-813	-667	-146
Early Retirement provision	-93				-104	-93	-11
	-760				-917	-760	-157
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>-699</b>	<b>380</b>	<b>102</b>	<b>+278</b>	<b>-801</b>	<b>-699</b>	<b>-102</b>
Transfer (To) / From Pension Reserve	667				813	667	+146
Transfer (To) / From Revaluation Reserve	190	223	142	+81	297	190	+107
<b>NET TRANSFER TO I&amp;E RESERVE</b>	<b>158</b>	<b>603</b>	<b>244</b>	<b>+359</b>	<b>309</b>	<b>158</b>	<b>+151</b>

## Variances

A + variance means an increase in surplus  
A - variance means a decrease in surplus

## Explanations

Explanations for variances are noted in the following papers

	2017/18 BUDGET £'000	As at 30 April 2018			Forecast to 31 July 2018			
		ACTUAL £'000	BUDGET £'000	VARIANCE £'000	ACTUAL £'000	BUDGET £'000	VARIANCE £'000	
<b>TEACHING CENTRES</b>								
<b>INCOME</b>								
GRANT IN AID	9,023	6,767	6,767		9,023	9,023		
FEES	1,668	1,728	1,667	+61	1,728	1,668	+60	Note 1
SDS CONTRACTS								
INCOME GENERATION								
EUROPEAN FUNDS								
OTHER INCOME								
OTHER SFC FUNDING		38		+38	38		+38	Note 2
<b>TOTAL INCOME</b>	<b>10,691</b>	<b>8,533</b>	<b>8,434</b>	<b>+99</b>	<b>10,789</b>	<b>10,691</b>	<b>+98</b>	
<b>EXPENDITURE</b>								
<b>SALARIES</b>								
Business & Creative	701	529	524	-5	710	701	-9	Note 3
Beauty Therapy & Hairdressing	488	367	372	+5	484	488	+4	"
Computing & Engineering	951	718	716	-2	916	951	+35	"
Construction & Motor Vehicle	740	573	560	-13	778	740	-38	"
Childhood Practice & Sports and Fitness	934	666	705	+39	903	934	+31	"
Hospitality & Communities	1,069	761	807	+46	1,017	1,069	+52	"
Health & Social Care, SS & Science	738	558	554	-4	775	738	-37	"
	5,621	4,172	4,238	+66	5,583	5,621	+38	
<b>SUPPLIES AND SERVICES</b>								
Business & Creative	57	27	52	+25	47	57	+10	
Beauty Therapy & Hairdressing	68	49	55	+6	68	68		
Computing & Engineering	65	27	56	+29	47	65	+18	
Construction & Motor Vehicle	71	33	59	+26	53	71	+18	
Childhood Practice & Sports and Fitness	72	26	50	+24	46	72	+26	
Hospitality & Communities	111	128	95	-33	148	111	-37	Note 4
Health & Social Care, SS & Science	26	-1	14	+15	12	26	+14	
	470	289	381	+92	421	470	+49	
<b>TOTAL EXPENDITURE</b>	<b>6,091</b>	<b>4,461</b>	<b>4,619</b>	<b>+158</b>	<b>6,004</b>	<b>6,091</b>	<b>+87</b>	
<b>TRADING SURPLUS/(DEFICIT)</b>	<b>4,600</b>	<b>4,072</b>	<b>3,815</b>	<b>+257</b>	<b>4,785</b>	<b>4,600</b>	<b>+185</b>	

## Notes

- 1 Current breakdown is full-time HE -£10k, part-time FE +£66k, part-time HE +£5k. Napier / QMU articulation students have now been billed at £22k above budget.
- 2 Funding for ESOL activities.
- 3 Current breakdown is permanent lecturers +£170k, temporary lecturers -£187k, support staff including managers +£83k. Forecast is permanent lecturers +£152k, temporary lecturers -£220k and support staff including managers +£106k.
- 4 Includes £17k transfer of ESOL funding to West Lothian Council

	2017/18 BUDGET £'000	As at 30 April 2018			Forecast to 31 July 2018		
		ACTUAL £'000	BUDGET £'000	VARIANCE £'000	ACTUAL £'000	BUDGET £'000	VARIANCE £'000
<b>TEACHING SUPPORT</b>							
<b>INCOME</b>							
GRANT IN AID							
FEES							
SDS CONTRACTS							
INCOME GENERATION							
EUROPEAN FUNDS							
OTHER INCOME		19		+19	19		+19
OTHER SFC FUNDING							
<b>TOTAL INCOME</b>		<b>19</b>		<b>+19</b>	<b>19</b>		<b>+19</b>
<b>EXPENDITURE</b>							
<b>SALARIES</b>							
Quality & Learner services	682	519	509	-10	690	682	-8
External Engagement	181	117	135	+18	159	181	+22
Student Advice & Admissions	127	114	95	-19	151	127	-24
Course Approvals / Other	10		7	+7	10	10	
	1,000	750	746	-4	1,010	1,000	-10
<b>SUPPLIES AND SERVICES</b>							
Quality & Learner services	229	130	200	+70	214	229	+15
External Engagement	27	12	20	+8	27	27	
Student Advice & Admissions		1		-1			
Course Approvals / Other	20		18	+18	20	20	
	276	143	238	+95	261	276	+15
<b>TOTAL EXPENDITURE</b>	<b>1,276</b>	<b>893</b>	<b>984</b>	<b>+91</b>	<b>1,271</b>	<b>1,276</b>	<b>+5</b>
<b>TRADING SURPLUS/(DEFICIT)</b>	<b>(1,276)</b>	<b>(874)</b>	<b>(984)</b>	<b>+110</b>	<b>(1,252)</b>	<b>(1,276)</b>	<b>+24</b>

## Notes

- 1 Includes £2k grant for breakfast club, £1k for Greenpower Challenge, £4k staff contributions to CPD, £4k for overdue library books
- 2 Includes £5k for Student Association president and reps
- 3 Permanent Employer Engagement position replaced with fixed contract position being charged to SDS contracts
- 4 Agency staff cover including reception desk

	2017/18 BUDGET £'000	As at 30 April 2018			Forecast to 31 July 2018			
		ACTUAL £'000	BUDGET £'000	VARIANCE £'000	ACTUAL £'000	BUDGET £'000	VARIANCE £'000	
<b>ADMINISTRATION</b>								
<b>INCOME</b>								
GRANT IN AID								
FEEs								
SDS CONTRACTS								
INCOME GENERATION								
EUROPEAN FUNDS								
OTHER INCOME	54	36	47	-11	50	54	-4	
OTHER SFC FUNDING		9		+9	9		+9	Note 1
<b>TOTAL INCOME</b>	<b>54</b>	<b>45</b>	<b>47</b>	<b>-2</b>	<b>59</b>	<b>54</b>	<b>+5</b>	
<b>EXPENDITURE</b>								
<b>SALARIES</b>								
Executive Office incl. Senior Management Team	718	535	536	+1	716	718	+2	
Finance	201	169	150	-19	220	201	-19	Note 2
HRM	177	146	132	-14	194	177	-17	"
ICT	100	84	75	-9	111	100	-11	"
Marketing	59	46	44	-2	61	59	-2	
MIS	208	157	155	-2	216	208	-8	
Student Funding	90	79	67	-12	102	90	-12	Note 3
	1,553	1,216	1,159	-57	1,620	1,553	-67	
<b>SUPPLIES AND SERVICES</b>								
Executive Office incl. Senior Management Team	90	60	68	+8	90	90		
Finance	210	132	156	+24	204	210	+6	
HRM	102	62	79	+17	102	102		
ICT	168	139	112	-27	168	168		
Marketing	150	86	78	-8	150	150		
MIS	554	478	466	-12	554	554		
Student Funding	1		1	+1	1	1		
	1,275	957	960	+3	1,269	1,275	+6	
<b>TOTAL EXPENDITURE</b>	<b>2,828</b>	<b>2,173</b>	<b>2,119</b>	<b>-54</b>	<b>2,889</b>	<b>2,828</b>	<b>-61</b>	
<b>TRADING SURPLUS/(DEFICIT)</b>	<b>(2,774)</b>	<b>(2,128)</b>	<b>(2,072)</b>	<b>-56</b>	<b>(2,830)</b>	<b>(2,774)</b>	<b>-56</b>	

## Notes

- Grant towards CEEP legal costs
- Agency and IT casual staff.  
Finance figure includes £10k additional contributions to SPPA for two lecturers incorrectly assigned to LGPS.
- Maternity cover

	2017/18 BUDGET £'000	As at 30 April 2018			Forecast to 31 July 2018			
		ACTUAL £'000	BUDGET £'000	VARIANCE £'000	ACTUAL £'000	BUDGET £'000	VARIANCE £'000	
<b>COMMERCIAL &amp; ENTERPRISE</b>								
<b>INCOME</b>								
GRANT IN AID	1,092	819	819		1,092	1,092		
FEES	706	583	553	+30	648	706	-58	Note 1
SDS CONTRACTS	800	657	711	-54	721	800	-79	Note 2
INCOME GENERATION	1,107	879	854	+25	1,157	1,107	+50	Note 3
EUROPEAN FUNDS								
OTHER INCOME	38	50	31	+19	57	38	+19	Note 4
OTHER SFC FUNDING		247		+247	141		+141	Note 5
<b>TOTAL INCOME</b>	<b>3,743</b>	<b>3,235</b>	<b>2,968</b>	<b>+267</b>	<b>3,816</b>	<b>3,743</b>	<b>+73</b>	
<b>EXPENDITURE</b>								
<b>SALARIES</b>								
Commercial & Enterprise	229	162	167	+5	226	229	+3	
Childrens Hearings Scotland	525	423	392	-31	568	525	-43	Note 3
Workforce Development	1,007	747	753	+6	1,095	1,007	-88	Note 5
SDS Contracts	386	194	294	+100	261	386	+125	Note 6
Other Centres		1		-1	1		-1	
	2,147	1,527	1,606	+79	2,151	2,147	-4	
<b>SUPPLIES AND SERVICES</b>								
Commercial & Enterprise	21	26	17	-9	28	21	-7	
Childrens Hearings Scotland	380	356	314	-42	372	380	+8	Note 3
Workforce Development	41	60	32	-28	64	41	-23	Note 7
SDS Contracts	260	68	232	+164	107	260	+153	Note 6
Other Centres	5		6	+6	6	5	-1	
	707	510	601	+91	577	707	+130	
<b>TOTAL EXPENDITURE</b>	<b>2,854</b>	<b>2,037</b>	<b>2,207</b>	<b>+170</b>	<b>2,728</b>	<b>2,854</b>	<b>+126</b>	
<b>TRADING SURPLUS/(DEFICIT)</b>	<b>889</b>	<b>1,198</b>	<b>761</b>	<b>+437</b>	<b>1,088</b>	<b>889</b>	<b>+199</b>	

## Notes

- 1 Shortfall expected in short course income
- 2 Forecast based on estimates for MA and EF programmes and revised Foundation Apprentice contract schedules issued March. Also takes into account the effects of withdrawal from two FA frameworks
- 3 Additional Childrens Hearings Scotland recovery monies covering agreed additional staffing and training materials development costs. However venue hire costs are less than expected.
- 4 Better than expected room and hall hire income.
- 5 Flexible Workforce Development Fund allocation for AY 2017-18 is £329k being paid in four quarterly instalments. From April the drawdown from SFC is to be based on actual contracted training and the forecast reflects the value of training reported to SFC at end of April. Additional staffing costs of £92k have been provided in this forecast as per discussions with Head of Commercial & Marketing Centre.
- 6 Lecturing costs for SDS contracts are being absorbed within the Teaching Centres category. Savings expected on other costs also.
- 7 Late invoiced ePortfolio costs

	2017/18 BUDGET £'000	As at 30 April 2018			Forecast to 31 July 2018			
		ACTUAL £'000	BUDGET £'000	VARIANCE £'000	ACTUAL £'000	BUDGET £'000	VARIANCE £'000	
<b>OTHER ACTIVITIES</b>								
<b>INCOME</b>								
GRANT IN AID								
FEES								
SDS CONTRACTS								
INCOME GENERATION								
EUROPEAN FUNDS	227	213	149	+64	233	227	+6	
OTHER INCOME	114	112	95	+17	117	114	+3	Note 1
OTHER SFC FUNDING								
<b>TOTAL INCOME</b>	<b>341</b>	<b>325</b>	<b>244</b>	<b>+81</b>	<b>350</b>	<b>341</b>	<b>+9</b>	
<b>EXPENDITURE</b>								
<b>SALARIES</b>								
Terrace Restaurant								
Platinum Salon	71	63	53	-10	81	71	-10	Note 2
Europe		12		-12	16		-16	Note 3
Other Activities	31	12	24	+12	18	31	+13	Note 1
	102	87	77	-10	115	102	-13	
<b>SUPPLIES AND SERVICES</b>								
Terrace Restaurant	9	4	7	+3	9	9		
Platinum Salon	15	11	15	+4	15	15		
Europe	205	167	144	-23	205	205		
Other Activities	5	20	5	-15	20	5	-15	Note 4
	234	202	171	-31	249	234	-15	
<b>TOTAL EXPENDITURE</b>	<b>336</b>	<b>289</b>	<b>248</b>	<b>-41</b>	<b>364</b>	<b>336</b>	<b>-28</b>	
<b>TRADING SURPLUS/(DEFICIT)</b>	<b>5</b>	<b>36</b>	<b>(4)</b>	<b>+40</b>	<b>(14)</b>	<b>5</b>	<b>-19</b>	

## Notes

- 1 Includes £16k shortfall for NHS secondment ended December 2017
- 2 Sickness cover
- 3 Special Project Co-ordinator and ad-hoc payments for Erasmus projects.
- 4 Costs of student trips. Contributions included in Other Income above.



	2017/18 BUDGET £'000	As at 30 April 2018			Forecast to 31 July 2018		
		ACTUAL £'000	BUDGET £'000	VARIANCE £'000	ACTUAL £'000	BUDGET £'000	VARIANCE £'000
<b>ESTATES</b>							
<b>INCOME</b>							
GRANT IN AID							
FEES							
SDS CONTRACTS							
INCOME GENERATION							
EUROPEAN FUNDS							
OTHER INCOME	292	244	241	+3	292	292	
OTHER SFC FUNDING	524	578	235	+343	1,167	524	+643 Note 1
<b>TOTAL INCOME</b>	<b>816</b>	<b>822</b>	<b>476</b>	<b>+346</b>	<b>1,459</b>	<b>816</b>	<b>+643</b>
<b>EXPENDITURE</b>							
<b>SALARIES</b>							
Estates	586	461	438	-23	619	586	-33 Note 2
Catering	205	174	153	-21	229	205	-24 "
	791	635	591	-44	848	791	-57
<b>SUPPLIES AND SERVICES</b>							
Estates	974	1,305	595	-710	1,617	974	-643 Note 1
Catering	144	127	118	-9	144	144	
	1,118	1,432	713	-719	1,761	1,118	-643
<b>TOTAL EXPENDITURE</b>	<b>1,909</b>	<b>2,067</b>	<b>1,304</b>	<b>-763</b>	<b>2,609</b>	<b>1,909</b>	<b>-700</b>
<b>TRADING SURPLUS/(DEFICIT)</b>	<b>(1,093)</b>	<b>(1,245)</b>	<b>(828)</b>	<b>-417</b>	<b>(1,150)</b>	<b>(1,093)</b>	<b>-57</b>

## Notes

1 CEEP project +£578, additional SFC grant C/F at July 2017 +£65k

2 Sickness cover, overtime and backpay

## BALANCE SHEET PROJECTION

	Actual 31 JUL 2016 £'000	Actual 31 JUL 2017 £'000	Actual 30 APR 2018 £'000	Forecast 31 JUL 2018 £'000
<b>Fixed Assets</b>				
Land & Buildings	18,471	17,815	17,218	17,221
Equipment	1,589	1,845	1,845	1,644
New additions				
	20,060	19,660	19,063	18,865
<b>Current Assets</b>				
Trade Debtors	418	388	619	436
Europe	(2)		2	56
Prepayments	267	147	162	313
Accrued Income	93	24		70
Bank	597	1,530	1,009	651
	1,373	2,089	1,792	1,526
<b>Current Liabilities</b>				
Trade Creditors	(541)	(437)	(379)	(405)
Payroll	(345)	(383)	(441)	(394)
Loans	(158)	(158)	(158)	(157)
Accruals	(351)	(246)	(664)	(278)
Deferred Income	(632)	(1,183)	(23)	(476)
Deferred Capital Grant	(590)	(457)	(114)	(457)
Unspent Student Funds	(25)	(59)	(4)	
	(2,642)	(2,923)	(1,783)	(2,167)
<b>Net Current Assets (Liabilities)</b>	<b>(1,269)</b>	<b>(834)</b>	<b>9</b>	<b>(641)</b>
<b>Total Assets less current liabilities</b>	<b>18,791</b>	<b>18,826</b>	<b>19,072</b>	<b>18,224</b>
Creditors: Amounts falling due after more than one year	(2,685)	(2,527)	(2,527)	(2,370)
Deferred Capital Grant	(15,052)	(12,763)	(12,763)	(12,306)
<b>Provisions</b>				
LPF Pension Liability	(4,799)	(4,416)	(4,416)	(4,416)
Early Retirement Provision	(3,956)	(3,953)	(3,819)	(3,953)
<b>Total Net Liabilities</b>	<b>(7,701)</b>	<b>(4,833)</b>	<b>(4,453)</b>	<b>(4,821)</b>
<b>Reserves</b>				
Income and Expenditure Account (Trading)	(341)	(82)	879	77
Income and Expenditure Account (Holiday Pay)	(170)	(137)	(495)	(145)
Income and Expenditure Account (PFI Loan)	(2,843)	(2,685)	(2,685)	(2,527)
Income and Expenditure Account (Early Retirement)	(3,956)	(3,953)	(3,953)	(3,953)
Income and Expenditure Account (LPF Pensions)	(4,799)	(4,416)	(4,416)	(4,416)
Revaluation Reserve	4,408	6,440	6,217	6,143
<b>Total Reserves</b>	<b>(7,701)</b>	<b>(4,833)</b>	<b>(4,453)</b>	<b>(4,821)</b>

2017/18 FORECAST CASHFLOW

**Income**

SFC funding (including bursaries and hardship funds)  
*less loan repayments*  
 Other cash received  
**Total cash in**

**Expenditure**

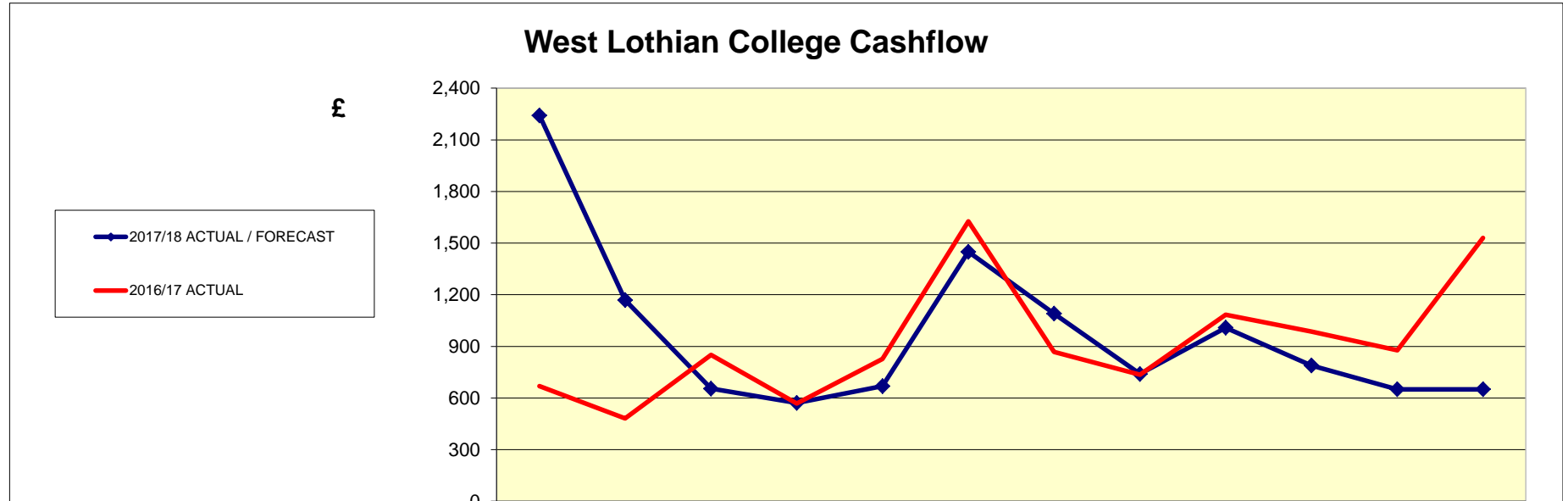
Payroll  
 Other payments  
 SFC Student support payments  
 Interest payments  
**Total cash out**

**Net cash inflow/(outflow)**

Balance b/f (cash and overdraft)

**Balance c/f (cash and overdraft)**

	August <i>Actual</i>	September <i>Actual</i>	October <i>Actual</i>	November <i>Actual</i>	December <i>Actual</i>	January <i>Actual</i>	February <i>Actual</i>	March <i>Actual</i>	April <i>Actual</i>	May <i>Forecast</i>	June <i>Forecast</i>	July <i>Forecast</i>	Total
SFC funding (including bursaries and hardship funds)	1271	344	1,484	1,269	1,664	979	709	1,081	1,334	1,325	1,190	1,092	13,742
<i>less loan repayments</i>									-158				-158
Other cash received	773	241	198	360	302	1,178	565	522	644	240	213	210	5,446
<b>Total cash in</b>	<b>2,044</b>	<b>585</b>	<b>1,682</b>	<b>1,629</b>	<b>1,966</b>	<b>2,157</b>	<b>1,274</b>	<b>1,603</b>	<b>1,820</b>	<b>1,565</b>	<b>1,403</b>	<b>1,302</b>	<b>19,030</b>
Payroll	866	873	975	955	936	908	917	954	925	971	997	987	11,264
Other payments	392	588	843	454	478	210	390	687	275	458	318	315	5,408
SFC Student support payments	74	197	378	303	455	259	325	313	351	356	226		3,237
Interest payments													
<b>Total cash out</b>	<b>1,332</b>	<b>1,658</b>	<b>2,196</b>	<b>1,712</b>	<b>1,869</b>	<b>1,377</b>	<b>1,632</b>	<b>1,954</b>	<b>1,551</b>	<b>1,785</b>	<b>1,541</b>	<b>1,302</b>	<b>19,909</b>
<b>Net cash inflow/(outflow)</b>	<b>712</b>	<b>(1,073)</b>	<b>(514)</b>	<b>(83)</b>	<b>97</b>	<b>780</b>	<b>(358)</b>	<b>(351)</b>	<b>269</b>	<b>(220)</b>	<b>(138)</b>		<b>(879)</b>
Balance b/f (cash and overdraft)	<b>1,530</b>	<b>2,242</b>	<b>1,169</b>	<b>655</b>	<b>572</b>	<b>669</b>	<b>1,449</b>	<b>1,091</b>	<b>740</b>	<b>1,009</b>	<b>789</b>	<b>651</b>	<b>1,530</b>
<b>Balance c/f (cash and overdraft)</b>	<b>2,242</b>	<b>1,169</b>	<b>655</b>	<b>572</b>	<b>669</b>	<b>1,449</b>	<b>1,091</b>	<b>740</b>	<b>1,009</b>	<b>789</b>	<b>651</b>	<b>651</b>	<b>651</b>



	2017/18 BUDGET £'000	History of Quarterly Forecasts for Year Ending 31 July 2018							
		October £'000	VARIANCE £'000	January £'000	VARIANCE £'000	April £'000	VARIANCE £'000	June £'000	VARIANCE £'000
<b>SUMMARY</b>									
<b>INCOME</b>									
GRANT IN AID	10,115	10,115		10,115		10,115			
FEES	2,374	2,374		2,419	+45	2,376	+2		
SDS CONTRACTS	800	800		691	-109	721	-79		
INCOME GENERATION	1,107	1,057	-50	1,157	+50	1,157	+50		
EUROPEAN FUNDS	227	227		227		233	+6		
OTHER INCOME	498	503	+5	500	+2	535	+37		
OTHER SFC FUNDING	524	1,592	+1,068	1,407	+883	1,355	+831		
<b>TOTAL INCOME</b>	<b>15,645</b>	<b>16,668</b>	<b>+1,023</b>	<b>16,516</b>	<b>+871</b>	<b>16,492</b>	<b>+847</b>		
<b>EXPENDITURE</b>									
<b>SALARIES</b>									
Teaching Centres	5,621	5,601	+20	5,529	+92	5,583	+38		
Teaching Support	1,000	1,014	-14	1,006	-6	1,010	-10		
Administration	1,553	1,581	-28	1,598	-45	1,620	-67		
Commercial & Enterprise	2,147	2,451	-304	2,151	-4	2,151	-4		
Other Activities	102	110	-8	105	-3	115	-13		
Estates	791	807	-16	849	-58	848	-57		
	11,214	11,564	-350	11,238	-24	11,327	-113		
<b>SUPPLIES &amp; SERVICES</b>									
Teaching Centres	470	492	-22	508	-38	421	+49		
Teaching Support	276	276		276		261	+15		
Administration	1,275	1,275		1,275		1,269	+6		
Commercial & Enterprise	707	646	+61	661	+46	577	+130		
Other Activities	234	234		234		249	-15		
Estates	1,118	1,830	-712	1,830	-712	1,761	-643		
	4,080	4,753	-673	4,784	-704	4,538	-458		
<b>TOTAL EXPENDITURE</b>	<b>15,294</b>	<b>16,317</b>	<b>-1,023</b>	<b>16,022</b>	<b>-728</b>	<b>15,865</b>	<b>-571</b>		
<b>TRADING SURPLUS/(DEFICIT)</b>	<b>351</b>	<b>351</b>		<b>494</b>	<b>+143</b>	<b>627</b>	<b>+276</b>		
<b>RESTRUCTURING</b>									
Voluntary Severance				-2	-2	-2	-2		
Redundancy Act									
Apprenticeship Levy	-24	-24		-30	-6	-30	-6		
Holiday Pay Accrual						-8	-8		
	-24	-24		-32	-8	-40	-16		
<b>INTEREST</b>									
Interest receivable	2	2		2		1	-1		
Interest Payable									
	2	2		2		1	-1		
<b>DEFERRED GRANT &amp; DEPRECIATION</b>									
Release of Deferred Grant	590	457	-133	457	-133	457	-133		
Depreciation	-780	-795	-15	-795	-15	-795	-15		
	-190	-338	-148	-338	-148	-338	-148		
<b>STUDENT FUNDS</b>									
Student Funds Income	3,490	3,490		3,712	+222	3,757	+267		
Student Funds Expenditure	-3,490	-3,490		-3,712	-222	-3,772	-282		
						-15	-15		
<b>INVESTMENT FUNDS</b>									
College Spend	-78	-78		-119	-41	-119	-41		
Transfer to ALF									
	-78	-78		-119	-41	-119	-41		
<b>COLLEGE SURPLUS/(DEFICIT)</b>	<b>61</b>	<b>-87</b>	<b>-148</b>	<b>7</b>	<b>-54</b>	<b>116</b>	<b>+55</b>		
<b>PENSION</b>									
FRS17 LPF	-667	-813	-146	-813	-146	-813	-146		
Early Retirement provision	-93	-104	-11	-104	-11	-104	-11		
	-760	-917	-157	-917	-157	-917	-157		
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>-699</b>	<b>-1,004</b>	<b>-305</b>	<b>-910</b>	<b>-211</b>	<b>-801</b>	<b>-102</b>		
Transfer (To) / From Pension Reserve	667	813	+146	813	+146	813	+146		
Transfer (To) / From Revaluation Reserve	190	297	+107	297	+107	297	+107		
<b>NET TRANSFER TO I&amp;E RESERVE</b>	<b>158</b>	<b>106</b>	<b>-52</b>	<b>200</b>	<b>+42</b>	<b>309</b>	<b>+151</b>		

## Differences

A + variance means an increase in surplus

A - variance means a decrease in surplus

## West Lothian College

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### Finance & General Purposes Committee

#### Resource Return 1 April 2017-31 March 2018

##### Purpose

The purpose of this paper is to advise the Committee that the College is forecasting a small overspend (£79k) on a resource basis for the fiscal year 2017-18 after payment of the loan to the Scottish Funding Council (SFC). This nets off against an underspend of £79k in Fiscal Year 2016-17.

##### Background

As a result of the Office for National Statistics (ONS) reclassification colleges are required to control their expenditure for the government budgeting period 1 April to 31 March each year. This process is reported through the Resource Return which is sent to SFC. SFC consolidates these returns for the sector and submits them to Scottish Government who uses them, along with returns from other public bodies, to manage the overall Scottish Budget.

This effectively means that the College has to break-even on a resource basis at the end of March each year. This is different from breaking even on Income & Expenditure Account basis as SFC Grants are recorded on a cash basis (all other areas of income & expenditure are recorded on an accruals basis). It also effectively means that the College has two year-ends as a full year-end exercise has to be carried out in order to calculate the March position.

A final submission for the Fiscal Year is made in September once the financial statements have been prepared and the actuarial reports received.

##### Assurance Statement

The return is not audited. Instead Finance Directors are required to provide an annual review certificate to SFC which enables SFC to provide assurance for the sector to the sponsor department of the Scottish Government that the Resource Returns are as accurate as possible.

##### Action

The committee is asked to note the forecast resource position for the fiscal year ended 31 March 2018.

##### Jennifer McLaren

Vice Principal, Finance & Curriculum Services  
14 June 2018

## West Lothian College

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### Finance & General Purposes Committee

#### Accounting Policies

##### Introduction

The purpose of this paper is to ask the Finance & General Purposes Committee to approve the accounting policies for the year ended 31 July 2018.

The policies are unchanged from 2016-17 and comply with both the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and the Scottish Government Financial Reporting Manual (FReM).

##### Recommendation

The Finance & General Purposes Committee is asked to approve the accounting policies for the year ended 31 July 2018 as set out in the attached paper.

##### Jennifer McLaren

Vice Principal, Finance & Curriculum Services

14 June 2017

## **Finance & General Purposes Committee**

### 1. STATEMENT OF ACCOUNTING POLICIES

#### a) Basis of Preparation

The financial statements will be prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015, and in accordance with Financial Reporting Standards FRS 102 and the 2017-18 Government Financial Reporting Manual (FReM) issued by the Scottish Government. They will conform to the Accounts Direction and other guidance published by the Scottish Funding Council (FReM 2.2.6).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

#### b) Basis of Accounting

The financial statements will be prepared under the historical cost convention as modified by the revaluation of surplus land and certain fixed assets.

The accounting policies contained in the FReM apply International Reporting Standards as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the College for the purposes of giving a true and fair view will be selected. The particular policies adopted by the College in dealing with items that are considered material to the financial statements are set out. (FReM 2.2.6).

#### c) Going Concern

The activities of the College, together with the factors likely to affect its future development and performance will be set out in the Performance Report. The financial position of the College, its cash flow and liquidity will be presented in the Financial Statements and accompanying Notes. The net liabilities are due to the reclassification of deferred Government grants as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate

The College's forecasts and financial projections indicate that the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

## West Lothian College

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### d) Recognition of Income

Income from the sale of goods or services is credited to the Statement of Comprehensive Income when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure which is not a discount and credited to the Statement of Comprehensive Income over the period in which students are studying.

Income received in advance is recognised as deferred income within creditors on the balance sheet and then released to the Statement of Comprehensive Income in the period it is earned.

All income from short-term deposits and Investment income is credited to the Statement of Comprehensive Income on a receivable basis.

Funds the College receives and disburses as paying agent on behalf of a funding body will be excluded from the Statement of Comprehensive Income.

### e) Grant Funding

Government revenue grants including the recurrent grants from the Scottish Funding Council are recognised in income over the periods in which the College recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants from non-governmental sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

### f) Capital Grants

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met,

### g) Short Term Employment Benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the



## West Lothian College

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college. Any unused benefits are accrued and measured as the additional amount the college expects to pay as a result of the unused entitlement.

### h) Pension Schemes

Retirement benefits to employees of the College are provided by the Teachers' Superannuation Scheme (Scotland) (STSS) and the Lothian Pension Fund (LPF). These are defined benefit schemes which are externally funded and were contracted out of the State Earnings Related Pension Scheme until March 2016.

#### i) STSS

The College is unable to identify its share of the underlying assets and liabilities of the STSS on a consistent and reasonable basis and therefore, as required by FRS 102, accounts for the scheme as if it were a defined contribution scheme. The amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme in respect of the year. The contributions are determined by qualified actuaries on the basis of periodic valuations using the projected unit method.

#### ii) LPF

The College's share of LPF scheme assets and liabilities are valued by the LPF actuary, Hymans Robertson. Contributions to the schemes are charged to the Statement of Comprehensive Income so as to spread the cost of pensions over employees working lives with the College. The contributions are determined by an actuary on the basis of triennial valuations. In accordance with FRS 102, the amount charged to the Statement of Comprehensive Income represents the service cost expected to arise from employee service in the current year.

The costs of enhanced early retirement benefits are borne directly by the College.

#### i) Tangible Fixed Assets

In line with the FReM all tangible assets must be carried at fair value.

#### i) Land and Buildings

Land and Buildings are measured using the revaluation model. Under the revaluation model assets are revalued to fair value. Where appropriate Depreciated Replacement cost has been used as a measure of fair value for land and buildings otherwise Market Value will be used. The College has a policy of ensuring a full revaluation takes place at least every 5 years such that the fair value is not materially different to the current value. Depreciation and impairment losses are subsequently charged on the revalued amount.

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Freehold land is not depreciated as it is considered to have an indefinite useful life.

College buildings are depreciated over 30 years and transferred car parking areas are depreciated over 25 years, both commencing in the first full financial year after the date of transfer of the estate to public ownership (2 April 2007). Other additions to the estate are depreciated over 10 years from the date they are brought into use.

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent they increase the expected future benefits to the College.

If a building is brought into use mid-way through a year the depreciation charge in the first year will be pro-rated to reflect the number of months the asset was in use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July. They are not depreciated until they are brought into use.

## ii) Equipment

Equipment is capitalised at cost and carried at depreciated historical cost, which is used as a proxy for fair value when it is expected to be in use within the business on a continuing basis for at least 3 years. Depreciated historical cost is deemed to be more appropriate than revaluing for equipment as it is common for such assets to reduce in value rather than to increase as they are utilised by the College (FR&M 6.2). Capitalised equipment is depreciated over its useful economic life from the date it is brought into use as follows: -

Fixed Plant	5-29 years
Furniture	4 years
Equipment	4 years
Computer equipment	4 years

Where equipment is brought into use mid-way through a year the depreciation charge in the first year will be pro-rated to reflect the number of months that the asset was in use.

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

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### iii) Operating Leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

### iv) Finance Leases

Leases in which the College assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

### j) Maintenance of Premises

The cost of maintenance is charged to the Statement of Comprehensive Income in the period in which it is incurred.

### k) Stocks

The Board of Governors agree that stocks be written off in the year of acquisition on the basis of non-materiality.

### l) Cash

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

### m) Taxation

The College is an exempt charity within the meaning of the Trustee Investment and Charities (Scotland) Act 2005 and, as such is a charity within the meaning of section 506 (1) of the Income and Corporation Taxes Act (ICTA) 1988. The College is recognised as a charity by HM Revenue & Customs and is recorded on

## West Lothian College

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the index of charities maintained by the Office of Scottish Charity Regulator and therefore not liable for corporation tax.

Non-recoverable Value Added Tax arising from expenditure on non-trading activities is charged to the Statement of Comprehensive Income.

The College benefits by being exempt from corporation tax on income it receives from tuition fees, interest and rents.

### n) Provisions

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### o) Agency Arrangements

The College acts as an agent in the collection and payment of certain Student Support Funds. These funds are excluded from the College Statement of Comprehensive Income; movements have been disclosed in the notes. Where the College has more discretion in the manner in which specific funds are disbursed, and these funds do not meet the definition of agency funds, the income and expenditure relating to those funds is shown in the College Statement of Comprehensive Income.

### p) Financial Instruments

The College only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and other loans to related parties.

Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

### q) Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, management will make the following judgements:

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment

## West Lothian College

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of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

- Determine whether there are indicators of impairment of the College's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Other key sources of estimation uncertainty

- Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account.

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, will impact the carrying amount of the pension liability.

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### Finance & General Purposes Committee

#### Asset Valuation

##### Introduction

Under FRS102 the Board is required to give annual consideration to assessing the value of buildings and equipment to be included in the annual accounts. This paper has been introduced as an annual measure to satisfy this requirement. This is to ensure:

- a) fixed assets and goodwill are recorded in the financial statements at no more than their recoverable amount;
- b) any resulting impairment loss is measured and recognised on a consistent basis; and
- c) sufficient information is disclosed in the financial statements to enable users to understand the impact of the impairment on the financial position and performance of the reporting entity.

The recoverable amount of an asset or a cash-generating unit is defined as the higher of its fair value less costs to sell and its value in use.

Value in use is defined as the present value of the future cash flows expected to be derived from an asset.

FRS 102 states that if, and only if, the recoverable amount of an asset is less than its carrying amount, the entity shall reduce the carrying amount of the asset to its recoverable amount.

##### Annual Review

To assist the Board to fulfil the requirements of FRS 102, the attached paper (Annex A) has been prepared, which shows the proposed carrying value (Net) at 31 July 2018 of fixed assets which were recorded in the annual accounts at 31 July 2017.

The paper analyses assets between those included in the revaluation exercise at 31 July 2017 and those which were not and shows the original cost or valuation, the number of years the asset is being depreciated over, the depreciation charge for 2017-18, the Net value of each asset at 31 July 2017 and the proposed Net value at 31 July 2018.

Assets which had a Net value of £Nil at 31 July 2017 (marked in pink) will be written out of the asset register at the end of July 2018. This will reduce the

## **West Lothian College**

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cost of assets and accumulated depreciation as reported in the year-end assets note by £327,021.

### **Action**

It is recommended that Committee review the proposed carrying values of the assets listed in Annex A and endorse these values for inclusion in the 2017-18 accounts.

**Jennifer McLaren**

Vice Principal Finance & Curriculum Services

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Fixed Assets Schedule July 2018  
Summary

	Cost / Valuation	<u>Life Years</u>	This Year <u>Depn</u>	31/07/2017 <u>Net</u>	31/07/2018 <u>Net</u>
Revalued Assets	19,429,999.00		-708,909.41	19,429,999.00	18,721,089.59
Non-Revalued Assets	1,089,388.66		-86,118.27	229,898.19	143,779.92
	20,519,387.66		-795,027.68	19,659,897.19	18,864,869.51
Land & Buildings	18,655,990.12		-593,485.77	17,814,818.40	17,221,332.63
Fixed Plant	1,797,523.78		-185,073.47	1,786,490.92	1,601,417.45
Equipment	65,873.76		-16,468.44	58,587.87	42,119.43
	20,519,387.66		-795,027.68	19,659,897.19	18,864,869.51



Fixed Assets Schedule July 2018  
Revalued Assets

Location	July 2017 Valuation	Life Years	This Year Deprn	31/07/2017 Net	31/07/2018 Net
Surplus Land	480,000.00		0.00	480,000.00	480,000.00
The Street	4,324,537.00		-165,374.19	4,324,537.00	4,159,162.81
Gymnasium	935,720.00		-34,006.73	935,720.00	901,713.27
Terrace 1	1,544,020.00		-62,960.24	1,544,020.00	1,481,059.76
Terrace 2	2,665,328.00		-95,988.70	2,665,328.00	2,569,339.30
Terrace 3	2,258,261.00		-85,759.17	2,258,261.00	2,172,501.83
Terrace 4	2,258,261.00		-81,512.74	2,258,261.00	2,176,748.26
Pavillion A	1,240,968.00		-45,826.91	1,240,968.00	1,195,141.09
Pavillion B	1,240,968.00		-45,826.91	1,240,968.00	1,195,141.09
Pavillion C	1,240,968.00		-45,826.91	1,240,968.00	1,195,141.09
Pavillion D	1,240,968.00		-45,826.91	1,240,968.00	1,195,141.09
	19,429,999.00	0.00	-708,909.41	19,429,999.00	18,721,089.59

Asset Type	July 2017 Valuation	Life Years	This Year Deprn	July 2017 Valuation	31/07/2018 Net
Land	2,760,000.00	1	0.00	2,760,000.00	2,760,000.00
Surplus Land	480,000.00	2	0.00	480,000.00	480,000.00
Car Parking	494,999.00	3	-28,285.63	494,999.00	466,713.37
Building Structure	13,909,735.00	4	-496,776.23	13,909,735.00	13,412,958.77
Heating System	163,901.00	5	-7,284.50	163,901.00	156,616.50
Boiler	157,950.00	6	-12,150.00	157,950.00	145,800.00
Lighting Installations	389,841.00	7	-31,187.28	389,841.00	358,653.72
Power Installations	414,933.00	8	-31,917.94	414,933.00	383,015.06
Lifts	174,150.00	9	-14,512.50	174,150.00	159,637.50
Air Handling Units	232,294.00	10	-33,184.86	232,294.00	199,109.14
Cooling system	1,423.00	11	-203.29	1,423.00	1,219.71
Security system	43,707.00	12	-10,926.75	43,707.00	32,780.25
Fire Alarm	65,560.00	13	-16,390.00	65,560.00	49,170.00
Water Tanks	53,653.00	14	-4,127.18	53,653.00	49,525.82
Kitchen equipment	44,253.00	15	-11,063.25	44,253.00	33,189.75
Automated Partitioning	12,179.00	16	-3,044.75	12,179.00	9,134.25
Vehicle Lifts	7,855.00	17	-1,963.75	7,855.00	5,891.25
Dust Extraction	15,711.00	18	-3,927.75	15,711.00	11,783.25
Exhaust Extraction	7,855.00	19	-1,963.75	7,855.00	5,891.25
	19,429,999.00	0.00	-708,909.41	19,429,999.00	18,721,089.59

Fixed Assets Schedule July 2018  
Non-Revalued Assets

		Cost	Life Years	This Year Depn	31/07/2017 Net	31/07/2018 Net
A000000013	Raised Garden	37,635.32	10.00	-3,763.53	7,527.18	3,763.65
20	Surface Works	37,635.32		-3,763.53	7,527.18	3,763.65
A000000025	Spectrum	264,585.87	10.00	0.00	0.00	0.00
A000000026	Staff Room	10,933.51	10.00	0.00	0.00	0.00
A000000027	Terrace 2 / Pavillion D	43,359.00	10.00	0.00	0.00	0.00
A000000028	Terrace 2 Soft Services	8,143.00	10.00	0.00	0.00	0.00
A000000029	SDC Development	5,123.44	10.00	-512.38	512.38	0.00
A000000030	Terrace 2 / Pv D	30,084.23	10.00	-3,008.54	3,008.54	0.00
A000000031	Terr 2 Soft Serv	58,596.97	10.00	-5,859.88	5,859.88	0.00
A000000032	Terr 1/2 Core Sk	7,603.34	10.00	-760.39	760.39	0.00
A000000033	Pav C/D Care	1,695.53	10.00	-169.57	169.57	0.00
A000000034	Terr 4 BCCI	7,511.77	10.00	-751.19	751.19	0.00
A000000035	Terr 3 IBF (Per)	9,884.26	10.00	-988.43	988.43	0.00
A000000036	BPC Reception	23,793.79	10.00	-2,379.38	4,758.83	2,379.45
A000000037	Adaptations in Wellbeing Centre	1,404.15	10.00	-140.42	280.84	140.42
A000000038	Coffee Bar in Students Area	26,099.39	10.00	-2,609.94	5,219.96	2,610.02
A000000039	Skills Centre Refurbishment	7,976.39	10.00	-797.64	1,595.30	797.66
A000000040	Creative Centre Refurbishment	13,975.10	10.00	-1,397.51	2,795.07	1,397.56
A000000041	Terrace 4 Major Refurbishment	155,684.68	10.00	-15,568.47	46,705.93	31,137.46
A000000042	Enlarge T2 / G21	1,060.00	10.00	-106.00	318.01	212.01
A000000228	Terrace 4 Major Refurbishment	296,106.38	10.00	-29,610.64	88,832.90	59,222.26
30	Buildings	973,620.80		-64,660.38	162,557.22	97,896.84
A000000136	Str Heating Valv	12,258.78	10.00	-1,225.92	1,225.92	0.00
40	Fixed Plant	12,258.78		-1,225.92	1,225.92	0.00
A000000XXX	IT Computer-Servers - Additions 2015-16	10,778.45	4.00	-2,694.61	8,083.84	5,389.23
A000000XXX	IT Computer-Servers - Additions 2016-17	55,095.31	4.00	-13,773.83	50,504.03	36,730.20
60	Computers	65,873.76		-16,468.44	58,587.87	42,119.43
		1,089,388.66		-86,118.27	229,898.19	143,779.92

## West Lothian College

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### Finance & General Purposes Committee

#### Income Generation Report

##### Introduction

We are approaching the end of another successful year. Income generation has continued its positive trajectory since the last report and as at 31 May 2018 Commercial is ahead of target by £188k. Part-Time fee income is very positive and currently has already exceeded the annual target by £101,207.

The tender for the new CHS contract was submitted ahead of time and we are in the process of submitting costings for the interim Oct-Jan contract.

##### Commercial and Enterprise

Further to the overview of Individual Training Accounts (ITAs) provided in the last report, work continues to adjust internal processes to the SDS ITA requirements. Progress on key indicators are shown below;

1. Number of courses approved – 87 courses currently approved for ITA funding (10 awaiting approval, 13 currently rejected)
2. Applications – 144 Active (24 are Commercial's)
3. Number of people who have used an ITA (Assignments) – 156 Assignments overall (66 Assignments for Commercial)
4. Confirmed Assignments (attended course) – 76 (25 of Commercial's)
5. Unconfirmed Assignments (not attended courses yet) – 80 (41 of Commercial's)
6. Total ITA funding paid from 18 January 2018 to 4 May 2018 = £30,870

We continue to experience frustrations and challenges with the bureaucracy surrounding ITAs, in common with the sector more generally, in particular the Workforce Development Team have been significantly impacted by the new system. The first Part-Time enrolment evening held on 17 May 2018 also revealed further challenges brought about by the introduction of ITAs and solutions are being identified to address a number of these in time for the next enrolment evening on 5 June 2018.

Work funded through the Flexible Workforce Development Fund (FWDF) is well underway with provision now been started on all ILM delivery and PDA's. We are continuing to work with the employers to arrange start dates and inductions where appropriate, and discussions are continuing with two additional employers.

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Following feedback from the sector the key FWDF deadline has been revised again with all training now required to be contractually committed by the end of June 2018 (it had previously been October, December and then February). In light of this we are exploring ways by which we can generate more activity before the end of June 2018. Early indications suggest that FWDF will continue for the next financial year utilizing similar conditions and procedures as the current ones

We have been awarded £4,000 as part of the College Innovation Fund initiative to be used to help facilitate engagement with SMEs on the broad theme of Innovation with a focus where appropriate on Innovation Vouchers and engagement with the 8 Innovation Centres. We are currently reviewing the best way to deploy this funding.

### Foundation Apprenticeships (FA)

The retention rate for the current FA cohort remains solid at 81%. We will be starting our new cohort on 5 June this year alongside all the Schools' programmes. This early start date brings us into alignment with West Lothian Schools and has been positively received. We will be delivering two weeks of induction to the new FA cohort before the summer break informed by last year's induction feedback, a further induction is planned for the additional students who are recruited over the summer period.

We had intended to deliver a limited number of framework cohorts via sub-contracted third parties but recruitment patterns do not justify utilising this route with one potential exception. Further discussions are planned and a final decision will be taken in light of recruitment numbers. The 2018-19 FA contract was jointly made with the Council included in which was the appointment of an additional FA advisor. Whilst technically a Council employee they will be located here in College alongside the existing FA delivery team.

### Marketing and Recruitment

A detailed overview of the recruitment position has been prepared for Learning and Teaching Committee but key headlines are provided below (figures as at 6 June 2018):

- Full-Time (FT) applications stand at 3780 a 14.1% decrease compared to 2017-18.
- FT offers made stand at 2094 for a target number of enrolments of 2059. This compares to 2107 offers made at the same point in 2017-18, so whilst applications are down 14.1%, offers made are down only 0.6%.
- Schools applications stand at 682 a 15% increase compared to 2017-18.

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- Schools offers stand at 368 as at 18 May, a 121% increase compared to 2017-18. This significant increase is largely attributable to improvements in capturing data with the move to on-line applications, but the absolute increase in applications is also a contributing factor.
- A generic marketing campaign was launched on 15 April to help address under recruitment with a specific campaign running for Computing and Engineering. Results would suggest the campaign to date has helped increase FT applications by 13.3% compared to the same period last year. Web site traffic has increased by over 30% and Facebook traffic has increased from circa 5k per day to circa 12k per day. Examples of the campaign are shown in Appendix A.
- Detailed weekly monitoring and tracking of application and recruitment has been put in place, with corrective action being taken to address any emerging concerns.

Innovation Digital (ID) were awarded the contract to develop the new College web site and good progress has been made on the project plan with initial stakeholder consultations undertaken, cat testing completed and wireframe mock-ups presented on 6 June. After detailed discussions between ID, College marketing and IT and Capita, a decision has been taken to postpone the launch of the new site from August to middle September 2018 to minimise any potential disruption to recruitment.

We have also commenced a brand articulation project which follows on from the Staff Engagement findings and the staff survey and will also help inform the web site re-design. The overall aim of the project is the creation of a College brand strategy/guidelines including positioning, messaging, implications for brand architecture, implications for visual/verbal identity and external communication planning.

The project will deliver brand guidelines that:

- Enable the College to communicate with its key stakeholders in a compelling, consistent and authentic manner.
- Are readily understood and easily used by College staff.
- Provide a consistent approach to how the brand and any sub-brands are developed into the future.
- Facilitate consistent briefing of external marketing, design and communication agencies.

The initial research for this project will be undertaken over the next couple of weeks with the delivery of key milestones delivered over the coming four months.

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As noted in the last report the team were shortlisted for the Team of Year as part of the CIM Annual Awards. They sadly did not win but a look at the competition they faced shows how proud the team should be in getting as far as they did:-

B&Q (winners)  
Keele University  
Legal & General  
The Times and The Sunday Times  
Translink  
University of Salford  
Wienerberger

### Workforce Development

The team have hit their activity and income targets for the year which is good news. As mentioned previously in November 2017 we gained two new contracts with Greggs and SDS and I'm pleased to provide a quick update. Feedback from SDS on the assessor/verifier training has been very positive;

*"Peter's ongoing assessor support and aftercare is excellent - we appreciate all his support" SDS L & D Partner*

Greggs have indicated that following the success of this year's MA programme they are looking to start up to 20 new candidates from August 2018.

Equate have asked the team to deliver a train the trainer programme to support mentoring female MAs in STEM industry. The pilot group includes Arnold Clark, Company Net, City Building and Dooson Babcock. Whilst this is not an immediate income generating activity it does give opportunity to expand on our apprenticeship offer.

We were disappointed to hear that our bid for the 2018-19 Employability Fund was unsuccessful, despite having the best performance figures in West Lothian for two of the three categories for 2017-18 contract. Our bid for MA provision was successful and we have been granted an initial £163k contract for 53 places.

Discussions are underway with Herriot Watt in relation to articulation routes for F/T students and MAs to progress to Graduate Apprenticeships. This is still in the early stages but a partnership approach is being welcomed by all.

The team has recently completed a survey amongst their user community which provided some very positive feedback. The key headlines being:

## West Lothian College

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- MA survey - 100% of MAs stated that they would recommend a Modern Apprenticeship route with West Lothian College to others.
- Employer Survey – 97% of employers would recommend West Lothian College as an SVQ training Provider.
- Candidate survey - 97% of candidates would recommend West Lothian College SVQ programme to a friend or colleague.

The detailed information from the survey will be used as part of the team's self-evaluation and future developments.

### International

The last couple of months have been very busy as the majority of this year's mobilities were undertaken. These included:

- **Hospitality** students to Calais, France
- **Travel and Tourism** – Annecy France
- **Access to Nursing/Health & Social care** – Annecy France
- **Childhood Practice and Sport & Fitness**, Celano, Italy
- **Motor Vehicle** - Kalmar, Sweden
- **Hospitality** - Prosecco tour, Italy
- **Voice of Young Europe concluding Visit and presentation of final report** - The Netherlands. This involved our students presenting alongside their peers to ministers at the European Parliament.

[https://www.youtube.com/watch?v=aGh2p\\_LI4tQ](https://www.youtube.com/watch?v=aGh2p_LI4tQ)

Unfortunately our submission for mobility funding for 2019- 2021 was rejected. This is not uncommon and does not halt any of the work that we are currently doing and gives us the opportunity to apply again next year. The feedback from the application was good and will help feed into next year's application.

### Children's Hearing Scotland

Significant team effort went into the development and submission of the new CHS tender. Notice of the new tender was issued on 23 April 2018 with a deadline of 12 noon 31 May 2018. I'm pleased to report that our tender was submitted on 30 May at 14.39.

The new Contract is for three years commencing 7 January 2019 extendable for up to two years. It will be awarded based on an evaluation weighted 70% on quality and 30% on price, with an indicative budget of £5.5m over the five year period. We expect to hear the outcome by the second week in September.

## West Lothian College

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We received a request for CHS TUPE information from three organisations which could be seen as an indicator of the number of competitive bids which might be submitted in addition to our own.

As expected there was an increased emphasis on digital provision however there was no reduction in face-face delivery as one might have anticipated. We have formally partnered in the new proposal with two organisations we currently work with on the existing contract, and have proposed working on a sub-contract basis with a further organisation, with whom the College works extensively with.

We believe our proposal is technically very strong however we can but await the outcome. Meanwhile on 24 May 2018 we received a request to submit a proposal to operate the CHSTU during the period 1 Oct 2018 to 6 January 2019 with a submission deadline of 8 June 2018. At this point in time it appears we might be the only recipient of the request. Work is well under way to submit the proposal, however there are a number of clarifications coming to light which are required to be addressed before the submission is made. We should hear the outcome following our submission on 20 June 2018.

Meanwhile the team have been working hard to continue to deliver the existing contract to their normal exemplary standards, this has included hosting a SQA external verifier visit the week of the new contract submission. The assessor reviewed the PDA assessment decisions, candidate feedback and the quality processes around delivering the PDA as well as the support given to learners before, during and after training.

The verbal EV feedback was fantastic and encouraging with no recommendations except - 'do more of the same'. They were particularly impressed by the quality of the feedback to the trainees that led them through their training journey and the inclusive way we encourage those learners that lack confidence.

The use of Moodle as an assessment vehicle was also seen as good practice and they particularly commented on the enthusiasm of the staff that comes through in the marking and feedback.

Against this very positive backdrop there is a growing concern emerging over staff retention and contractual issues in relation to TUPE should the College not be awarded the interim contract. College HR are fully engaged with this issue and external legal advice is being taken.

**Simon Earp**

Vice Principal, Curriculum and Enterprise

14 June 2018



# West Lothian College

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## Appendix A- Recent Marketing Campaign



## West Lothian College

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### Finance & General Purposes Committee

#### Key Performance Indicators (KPIs) 2017-2018

The attached paper shows the College's Key Financial and Non-Financial Performance Indicators for the period 2014-2015 to 2017-2018. The Key Financial Performance Indicators provide a forecast for the year ended 31 July 2018 and for the 9 month period ended 30 April 2018.

The Committee is reminded that the 2014-2015 Financial KPIs cover a 16 month period.

In addition, and for benchmarking purposes, Financial KPIs have been obtained from Borders College, Dumfries & Galloway College and Forth Valley College for 2015-2016 and 2016-2017.

The Learner Performance KPIs have been updated where possible. The point of concern is in relation to Further Withdrawal of Students, this is being monitored and support provided to students 'at risk'.

#### Action

For information

**Jennifer McLaren**

Vice Principal, Finance & Curriculum Services

14 June 2018

**West Lothian College -Key Financial Performance Indicators 2017-18**

	Target 2017-18	Forecast outturn For the year ended 31 July 2018	Forecast For the 9 months ended 30 April 2018	Actual For the year ended 31 July 2017**	Actual For the year ended 31 July 2016	Actual 16 month period ended 31 July 2015
College Surplus (£'000)	61	116	380	453	41	492
Operating Surplus (£'000)	(699)	(801)	380	647	(1,891)	76
Non SFC Income as % of total income	30%	28%	32%	30%	31%	29%
Trading Surplus on commercial activities as % of income from commercial activities***	27%	29%	37%	35.0%	28.0%	29.0%
Staff costs as % of total income (excludes exceptional costs)	67%	64%	60%	65%	67%	61%*
Ratio of Current Assets to Current Liabilities*	0.8 :1	0.7:1	1.0:1	0.8:1	0.5 :1	0.7: 1
Days Cash to Total Expenditure*	17	15	31	35	14	8

Comments	Actions
Above budget as a result of improved trading surplus from Commercial activities	Continue to monitor through monthly management accounts
Lower than budget largely as a result of an increase in depreciation charge not matched by deferred capital grant following an interim revaluation of assets and revised pension forecasts following the actuarial report for the 2016-17 financial statements. These additional costs are mostly covered by a release from the Revaluation and Pension Reserves.	None
Slightly below as SFC Income has increased as a result of receiving additional childcare funds and the grant for the Carbon Efficiency Energy Pathfinder Project (CEEP)	Continue to monitor through Corporate Engagement Committee
On target to exceed budgeted trading surplus largely as a result of Flexible Workforce Development Fund	Continue to monitor through Corporate Engagement Committee
Although Staff costs are above budget total income has increased as a result of the receipt of additional SFC Income.	Continue to monitor through monthly management accounts
	Continue to monitor through Management Accounts and SFC monthly cash flow returns
	Continue to monitor through Management Accounts and SFC monthly cash flow requests

	2016-17			
	Borders	Forth Valley	West Lothian	Dumfries & Galloway
Non SFC Income as % of total income	27%	32%	30%	19%
Staff costs as % of total income (excludes exceptional costs)	70%	68%	65%	65%
Ratio of Current Assets to Current Liabilities	1.23:1	0.76:1	0.7:1	0.73:1
Days Cash to Total Expenditure	76	29	35	49

	2015-16			
	Borders	Forth Valley	West Lothian	Dumfries & Galloway
Non SFC Income as % of total income	26%	31%	31%	20%
Staff costs as % of total income (excludes exceptional costs)	68%	70%	67%	64%
Ratio of Current Assets to Current Liabilities	1.5:1	0.65:1	0.5:1	0.82:1
Days Cash to Total Expenditure	76	11	14	59

\*as per Financial Strategy 2015-2018

\*\*Total income excludes £1.9m release of Deferred Grant on revaluation and total expenditure excludes exceptional impairment loss of £1.9m

\*\*\*Target as per Regional Plan & Outcome Agreement

Key Performance Indicators 2014-2017  
Learner Performance

West Lothian College	2014-15 Actual		2015-16 Actual	Sector Averages 15-16	2016-17 Target	2016-17 Actual	2017-18 Target	2017-18 Actual
Activity WSUMS	53,665	Activity Credits	44,390		43,499	44,085	43,988	43,005
<b>Full Time FE Programmes</b>		<b>Full Time FE Programmes</b>						
Early Withdrawal	8%	Early Withdrawal	8%	9%	below 8%	9%	<8%	9%
Further Withdrawal	18%	Further Withdrawal	19%	17%	below 18%	17%	below 10%	16%
Partial Success	10%	Partial Success	9%	9%	below 10%	12%	below 10%	N/A
Completed Successfully	64%	Completed Successfully	64%	66%	68%	62%	66%	N/A
<b>Full Time HE Programmes</b>		<b>Full Time HE Programmes</b>						
Early Withdrawal	8%	Early Withdrawal	5%	5%	below 8%	5%	<8%	5%
Further Withdrawal	10%	Further Withdrawal	12%	13%	below 10%	11%	combined below	11%
Partial Success	11%	Partial Success	14%	11%	below 11%	11%		19%
Completed Successfully	69%	Completed Successfully	66%	72%	75%	73%	73%	N/A
<b>Part Time FE Programmes</b>		<b>Part Time FE Programmes</b>						
Early Withdrawal	1%	Early Withdrawal	2%	3%	below 1%	2%	<5%	2%
Further Withdrawal	3%	Further Withdrawal	4%	6%	below 4%	7%	combined below	6%
Partial Success	22%	Partial Success	24%	16%	below 20%	13%		20%
Completed Successfully	75%	Completed Successfully	71%	74%	78%	78%	75%	N/A
<b>Part Time HE Programmes</b>		<b>Part Time HE Programmes</b>						
Early Withdrawal	4%	Early Withdrawal	2%	3%	below 3%	1%	<5%	2%
Further Withdrawal	2%	Further Withdrawal	4%	6%	below 2%	8%	below 2%	6%
Partial Success	21%	Partial Success	28%	12%	below 21%	16%	below 2%	N/A
Completed Successfully	74%	Completed Successfully	66%	79%	78%	75%	75%	N/A

## West Lothian College

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### Finance and General Purposes Committee

#### Human Resources Report

The Human Resources Report and Equality Monitoring Statistics for the quarter 1 January 2018 to 31 March 2018 are attached to this paper.

The key points from the report are:

#### Recruitment

All vacancies except three were filled (one filled via Agency and two to be re-advertised).

#### Applicant: Vacancy Ratio

The applicant to vacancy ratio for lecturing posts is 7:1 (a slight increase from the previous quarter which was 6:1) and for support posts is 17:1 (a slight increase from the previous quarter which was 16:1).

#### Employee Turnover

Employee turnover was slightly above the national average at 17.43% for this quarter.

#### Sickness Absence

The sickness absence rate of 5.60% for this quarter is marginally higher compared to the same quarter for 2016-2017 which was 5.54%. The final Fiscal YTD figure is 5.41%, above the College's target of 4% or lower. The main factor for this figure is due to ongoing high levels of long term sickness absence (3.14% compared against 2.25% for 2016-2017).

#### Staff Experience Survey

A Staff Experience Survey was undertaken with results indicating an improving picture across many areas of staff experience.

#### Action

For discussion.

#### Jennifer McLaren

Vice Principal, Finance & Curriculum Services  
14 June 2018

## Human Resources Report – 01 January to 31 March 2018

### Recruitment

For the period 01 January to 31 March 2018, 17 vacancies were dealt with and a total of 215 applications reviewed.

Recruitment for the following staff vacancies was underway or completed:

#### Lecturing:

Job Status	Job Title	Centre	Total Number of Applicants	Number of applicants - Hired
Closed/Filled	Temp Lecturer - Business	Business and Creative	16	1
	Temp Lecturer - Electrical Installation	Computing and Engineering	3	N/A
Vacancy was live at time of report. There were 3 applicants to date.				
Closed/Filled	Temporary Lecturer - Business (ILM)	Business and Creative	14	1
Closed/Filled	Temporary Lecturer - ECDL	Hospitality and Communities	8	1
Unfilled	Temporary Lecturer - Fashion Make-Up	Beauty Therapy and Hairdressing	12	0
Candidates were identified, however, all candidates withdrew at short notice for various reasons. This position will be re-advertised over the summer.				
Closed/Filled	Temporary Lecturer - Health and Safety (IOSH)	Commercial and Marketing	2	1
Closed/Filled	Temporary Lecturer - Interviewing Skills	Commercial and Marketing	3	1
Unfilled	Temporary Lecturer – Plumbing	Construction and Motor Vehicle	1	0
No suitable candidates applied.				

Support:

<b>Job Status</b>	<b>Job Title</b>	<b>Centre</b>	<b>Total Number of Applicants</b>	<b>Number of applicants - Hired</b>
Closed/Filled	Clerical Assistant (Maternity Cover)	Workforce Development	16	1
Closed/Filled	Engineering Technician	Computing and Engineering	1	1
Unfilled	ICT Technician	Facilities Management	13	0
A candidate was identified but subsequently withdrew. Temporary cover is now in place from an agency.				
Closed/Filled	Platinum Assistant	Beauty Therapy and Hairdressing	10	1
Closed/Filled	Receptionist/Administrative Assistant	MIS and Admissions	85	1
Closed/Filled	Technician - Part Time	Business and Creative	2	1
Closed/Filled	Work Based Assessor - Business	Workforce Development	3	1
Closed/Filled	Work Based Assessor - Early Years and Childcare	Workforce Development	15	1
Closed/Filled	Work Based Assessor - Engineering	Workforce Development	11	1

## New Starts

15 new members of staff joined the College between 01 January and 31 March 2018.

Centre	Position	Date Joined
Beauty Therapy & Hair	Temporary Lecturer - CS	08-Jan-18
Commercial & Marketing	Marketing Assistant	08-Jan-18
Commercial & Marketing	Temp Lecturer Commercial & Marketing	08-Jan-18
Commercial & Marketing	Temp Lecturer Commercial & Marketing	08-Jan-18
Finance & Bursaries	Finance Assistant	09-Jan-18
Computing & Engineering	Temporary Lecturer Computing	09-Jan-18
Computing & Engineering	Temporary Lecturer Computing	10-Jan-18
Childhood Practice S & F	Temp Lecturer Childhood Practice	16-Jan-18
Beauty Therapy & Hair	Temporary Lecturer - CS	22-Jan-18
Hospitality & Communities	Temp Lecturer Communities	29-Jan-18
Business & Creative	Technician Creative	12-Feb-18
Commercial & Marketing	Temp Lecturer Comm & Mar	05-Mar-18
Childrens Hearings Scotland	Administrator	19-Mar-18
Beauty Therapy & Hair	Platinum Assistant	20-Mar-18
MIS & Admissions	Student Systems Co-ordinator	26-Mar-18



## Leavers

There were 15 leavers between 01 January and 31 March 2018.

<b>Date of Leaving</b>	<b>Position</b>	<b>Centre</b>	<b>Due to expiry of Fixed Term Contract?</b>
07-Jan-18	Student Systems Manager	MIS & Admissions	No
14-Jan-18	Temporary Lecturer - CS	Beauty Therapy & Hair	No
21-Jan-18	Technician Creative	Business & Creative	No
30-Jan-18	Temp Lecturer Beauty Therapy	Beauty Therapy & Hair	No
01-Feb-18	Temp Lecturer Assisted Program	Hospitality & Communities	No
05-Feb-18	Marketing Assistant	Commercial & Marketing	Yes
18-Feb-18	Dep Head of Centre Comp & Eng	Computing & Engineering	No
28-Feb-18	Temp Work Based Assessor	Workforce Development	No
08-Mar-18	Administrative Secretary	Childrens Hearings Scot	No
13-Mar-18	HR Administrator	Human Resources	No
16-Mar-18	Temp Lecturer Engineering	Computing & Engineering	No
23-Mar-18	Lecturer Business	Business & Creative	No
31-Mar-18	Depute Manager CHSTU	Childrens Hearings Scot	No
31-Mar-18	Lecturer Engineering	Computing & Engineering	No
31-Mar-18	Trainer CHSTU	Childrens Hearings Scot	No

## Employee Turnover

The employee turnover for this period was 17.43%. This is an increase on the turnover during the same period last year which was 13.48%. For comparison the median annual employee turnover rate for the CIPD's most recent UK survey was 16.5% (Source: CIPD's Resourcing and Talent Planning Survey 2017). The employee turnover for the full year was 14.26%

Comparative employee turnover for the previous full academic years are shown below:

Year	Employee Turnover
2015/16	10.44%
2016/17	13.16%
2017/18	14.26%

## Staff Absence

The absence figures for 01 January to 31 March 2018 are as follows:

Month	Long Term Sickness		Short Term Sickness		Total	
	%	Days	%	Days	%	Days
Jan 18	3.27	199	3.93	239	7.20	438
Feb 18	3.04	185	2.5	152	5.54	337
Mar 18	2.32	141	1.74	105.5	4.05	246.5

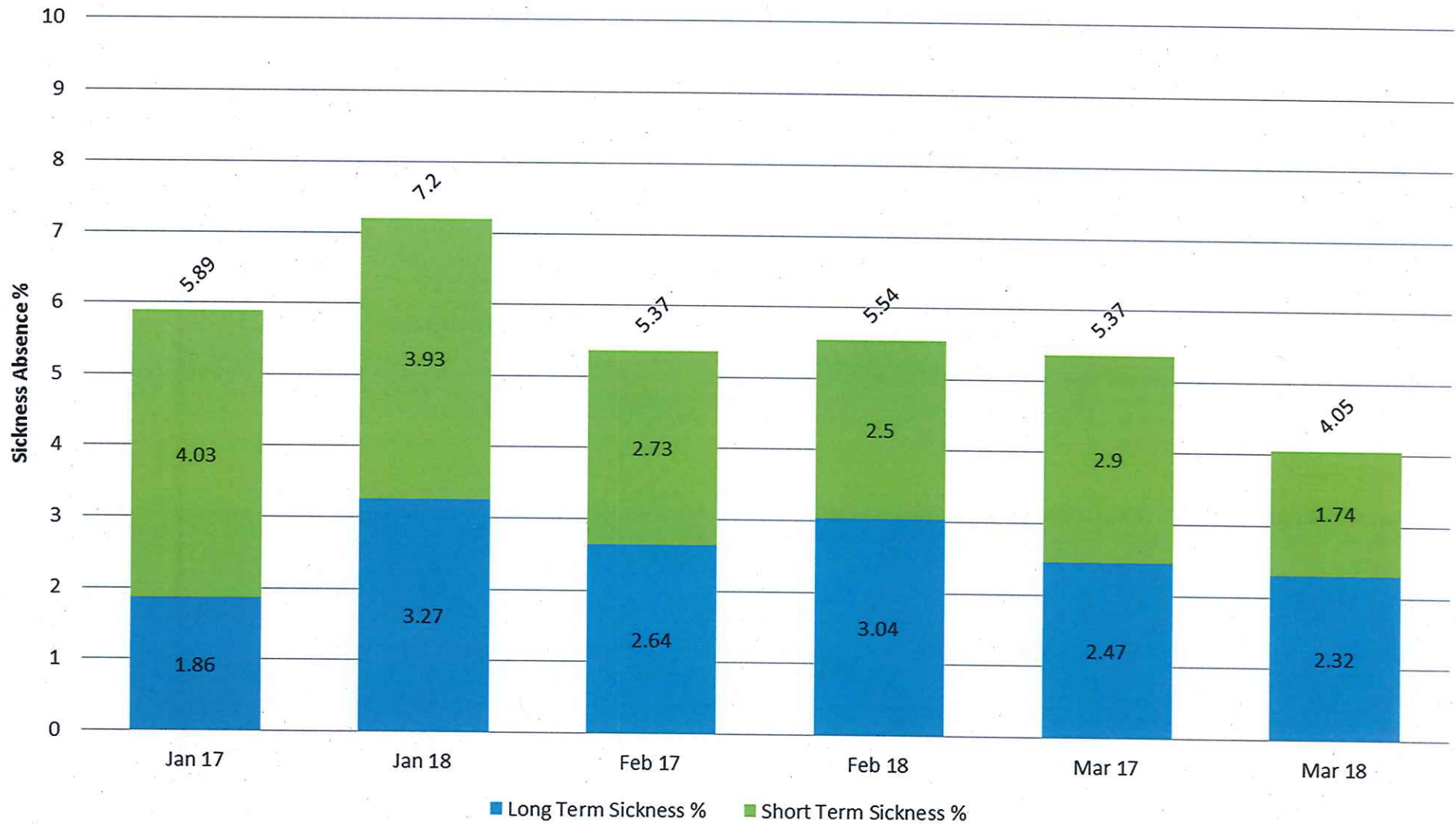
The following charts show absence trends in further detail:

**Sickness Absence – 01 January to 31 March 2018** chart: Shows month on month absence trend compared to previous year.

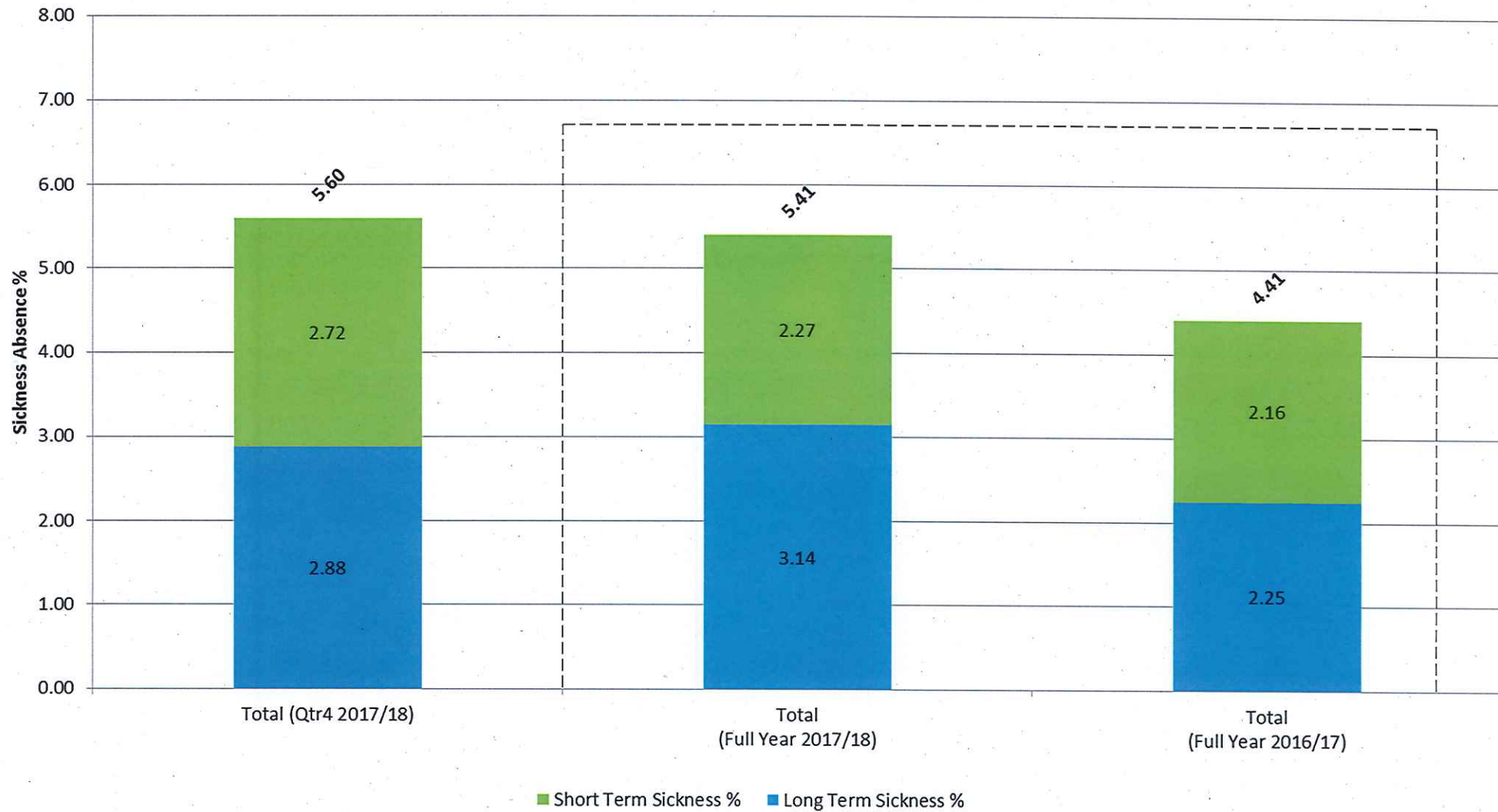
**West Lothian College – Sickness Absence** chart: The first bar shows absence for current Quarter (January to March 2018), the second and third bar shows absence for the current Fiscal Financial Year 2017-2018 and the previous Year 2016-2017 respectively. This allows a year-on-year comparison to be made.

**Absence Costs:** An indicative figure for the cost of long term absence (hours lost multiplied by average salary of £22,500) is £45,432.69

## Sickness Absence - Jan - Mar



## West Lothian College - Sickness Absence



The total absence percentage for the three month period 01 January to 31 March 2018 was 5.60% which is an increase of 0.06% compared to last year's figure of 5.54% for the same period.

HR Business Partners meet Centres'/Departments' management bi-monthly to review sickness absence to ensure appropriate management action is taken, as well as providing advice and guidance on an on-going basis.

Any employees who reach the short-term sickness absence Policy 'trigger' are managed appropriately under the Policy. Any employees on long-term sickness absence are supported and a return to work, where appropriate, is facilitated through relevant advice from Occupational Health and on-going communication between the employee and their line manager.

In this quarter the contracts of two employees were terminated on ill health grounds. One employee was met with under the Absence Management Policy having incurred episodes in excess of the short term sickness absence trigger level.

An Absence Management pilot had been undertaken within Facilities and the Hairdressing & Beauty Therapy Centre so that employees on sickness absence are contacted by their line manager upon notifying of their absence. This ran until the end of February. As sickness absence levels increased in both areas it was decided that the pilot be discontinued and that it will not be introduced College-wide.

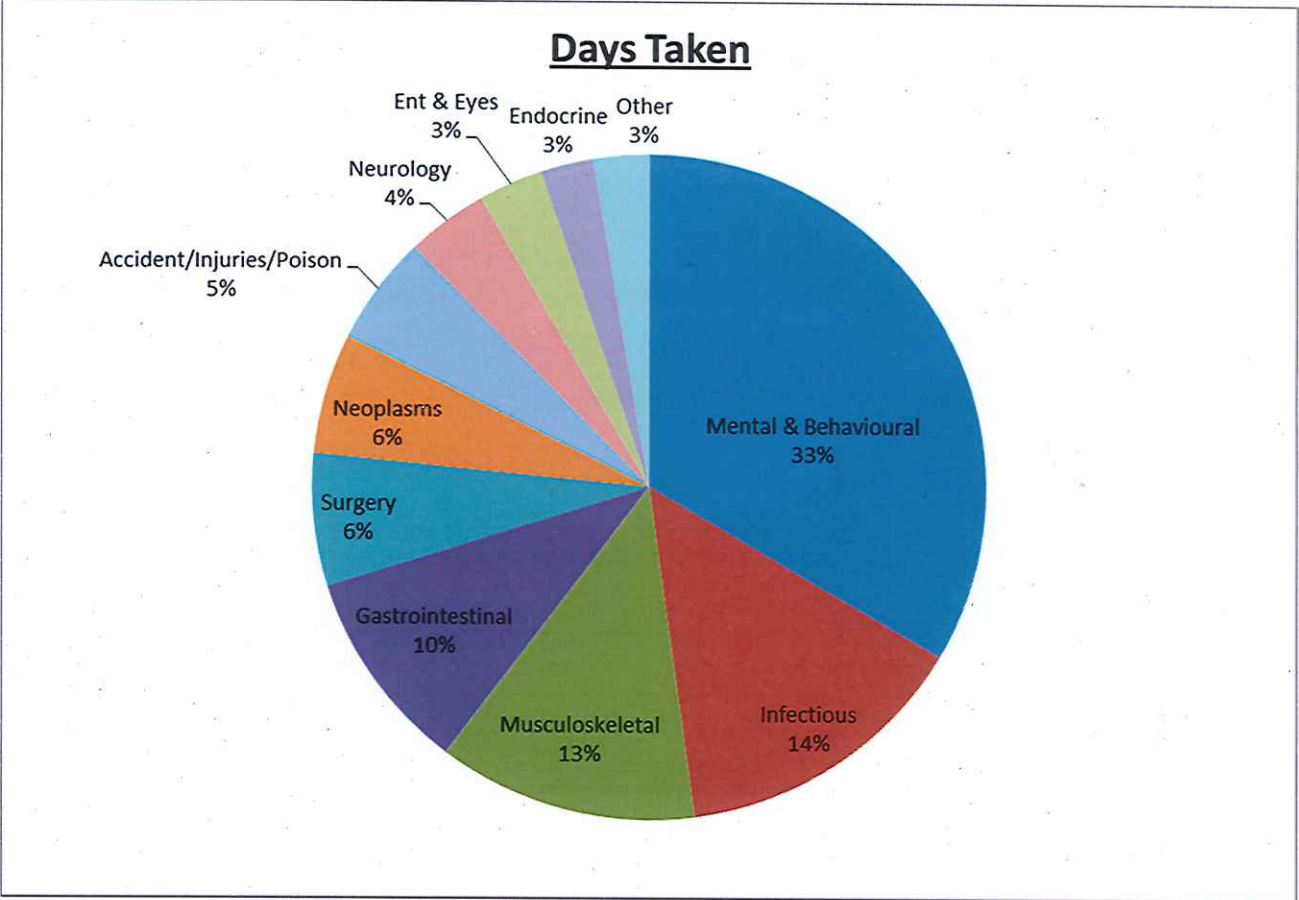
Absence reports are sent out to the Centre Heads/Deputes monthly. The reports show absence episodes for the previous 6 months for all staff in the Centre, assisting in appropriate management action being taken, in line with the College's Absence Management Policy.

As the end of this quarter marked the end of a Fiscal year, further sickness absence analysis was undertaken as follows:

The final YTD figure of 5.41% is in excess of the College's target of sickness absence of 4% (or lower). Sickness absence YTD has increased by 1% against the previous year. This was primarily due to an increase in long term sickness absence (increased by 0.89%). As a benchmark, nationally average sickness absence for 2017-2018 was 2.9% (albeit within the public sector the rate of sickness absence is higher) (Source: CIPD's Health & Wellbeing at Work Survey Report 2018).

The reasons for sickness absence across the College during 2017-2018 are detailed in the table and graph below. Reason classification is based on the Payroll's system's available categorisation.

Reason	Days Taken
Mental & Behavioural	1319
Infectious	567
Musculoskeletal	492
Gastrointestinal	390
Surgery	251
Neoplasms	231
Accident/Injuries/Poison	210
Neurology	156
ENT & Eyes	122
Endocrine	101
Other	105.5



## Leave of Absence

The main reasons for Leave of Absence (in terms of the number of instances rather than the number of days) over the three month period are:

- Bereavement
- Family Care
- Hospital and other medical Appointments
- Attending a Funeral
- Jury Duty

The total numbers of days granted this period were:

Month	Leave of Absence	
	%	Days
Jan 18	0.45	27.5
Feb 18	0.49	29.5
Mar 18	0.41	25



## Occupational Health

Activity and performance information is shown in the table below (activity and performance information resumed being provided by OH Assist from February 2018 onwards following a period of technical difficulties):

	KPI Target	January 2018	February 2018	March 2018
Pre-employment screening		N/A	2	8
Consultations		N/A	8	4
KPI performance (number of working days for completion of consultation)	5.0	N/A	3.1	2.6

### **Disciplinary & Grievance**

Two hearings under the Disciplinary Procedure took place.

One investigation under the Harassment Procedure commenced.

### **Employee Relations**

An EIS JNCC meeting and a UNISON JNCC meeting took place.

Discussions are ongoing around the review of the local Recognition and Procedure agreements.

### **Policies and Procedures**

During this quarter, the Travel & Subsistence Policy and the Smoking Policy were both revised and approved.

### **Operational Matters**

An exercise was undertaken to convert Temporary Lecturers to permanent employees where they had reached 4 years' service (and where no objective justification existed to maintain a Fixed Term arrangement).

The updating of the Staff Induction process was completed and is now live.

A College Staff Experience Survey was undertaken in March.

The Survey response rate was 71%.

The Survey focussed on the following areas:

- Staff experience
- Perception of line manager
- Perception of the Principal
- Perception of the College's Senior Management Team

- Health & wellbeing
- Discrimination, bullying & harassment
- College as a whole and College values

Selected survey results are shown in the following pages. Figures in brackets show the change against 2017. Results shown indicate the survey key positives, possible areas for focus, breakdown by staff group and areas of most improvement on 2017's Staff Experience Survey results. It shows an improving picture across many areas of College Staff Experience.

## Staff Experience

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91% are satisfied with the support they receive from colleagues (+1%)

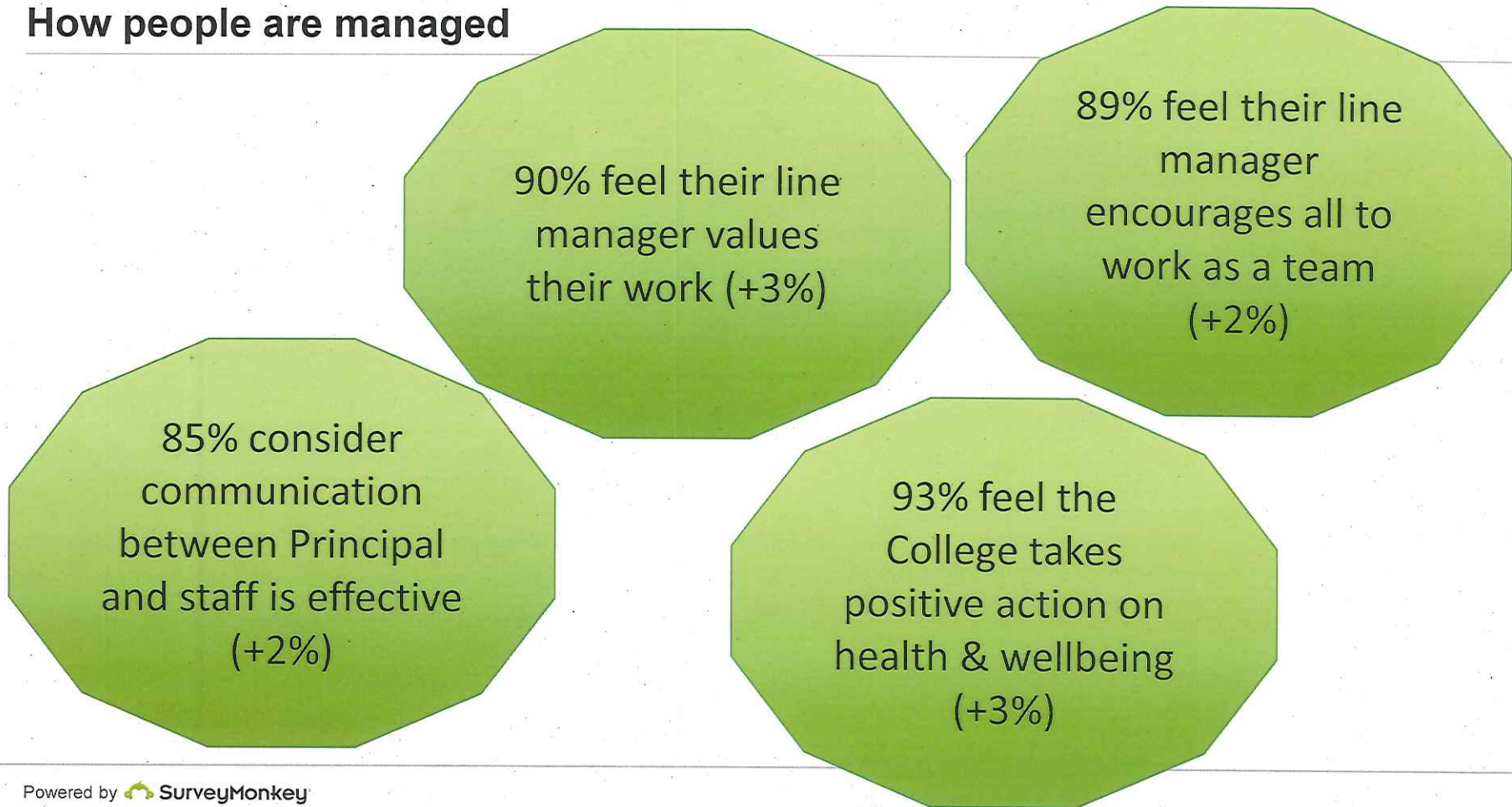
92% feel their role makes a difference to students (+1%)

86% 'always' or 'often' feel enthusiasm for their job (+2%)

84% feel they can do their job to a standard they are pleased with (no change)

## How people are managed

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## College as a whole

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86% are aware of the College values (+3%)

92% have a clear understanding of the goals of the College (+3%)

91% would recommend the College as a place to work (+7%)

## Areas for focus

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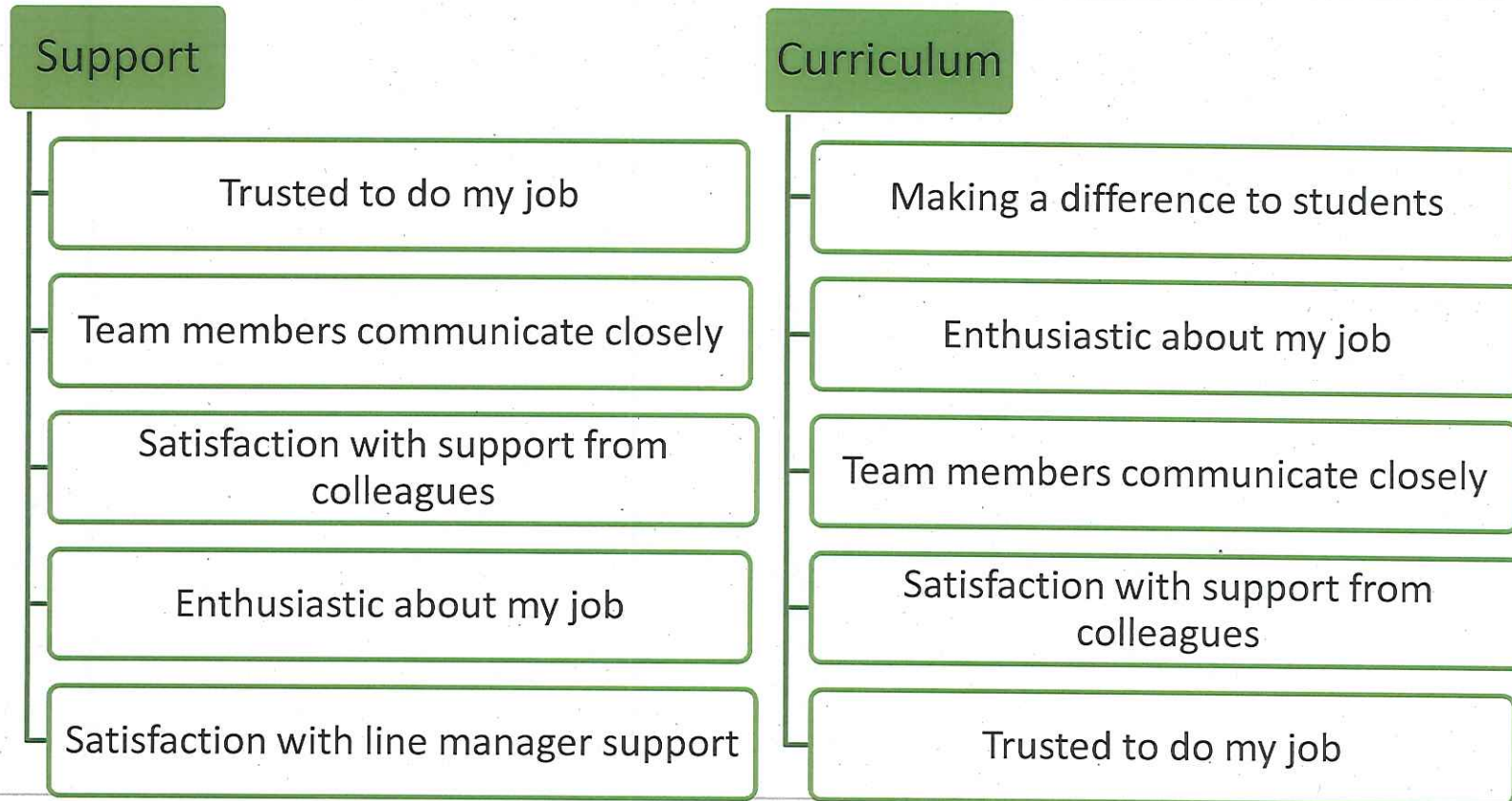
38% feel unable to meet all the demands on their time at work (7% improvement on 2017)

38% feel that communication between the Senior Management Team and staff is not effective (4% improvement on 2017)

29% feel dissatisfied with the extent to which the College values their work (6% improvement on 2017)

38% felt unwell as a result of work stress in previous 12 months (2% increase on 2017)

## Top 5 most positive responses - by staff group





## Top 5 most positive responses - by staff group

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### Managers

Enthusiastic about my job

Able to make suggestions to improve

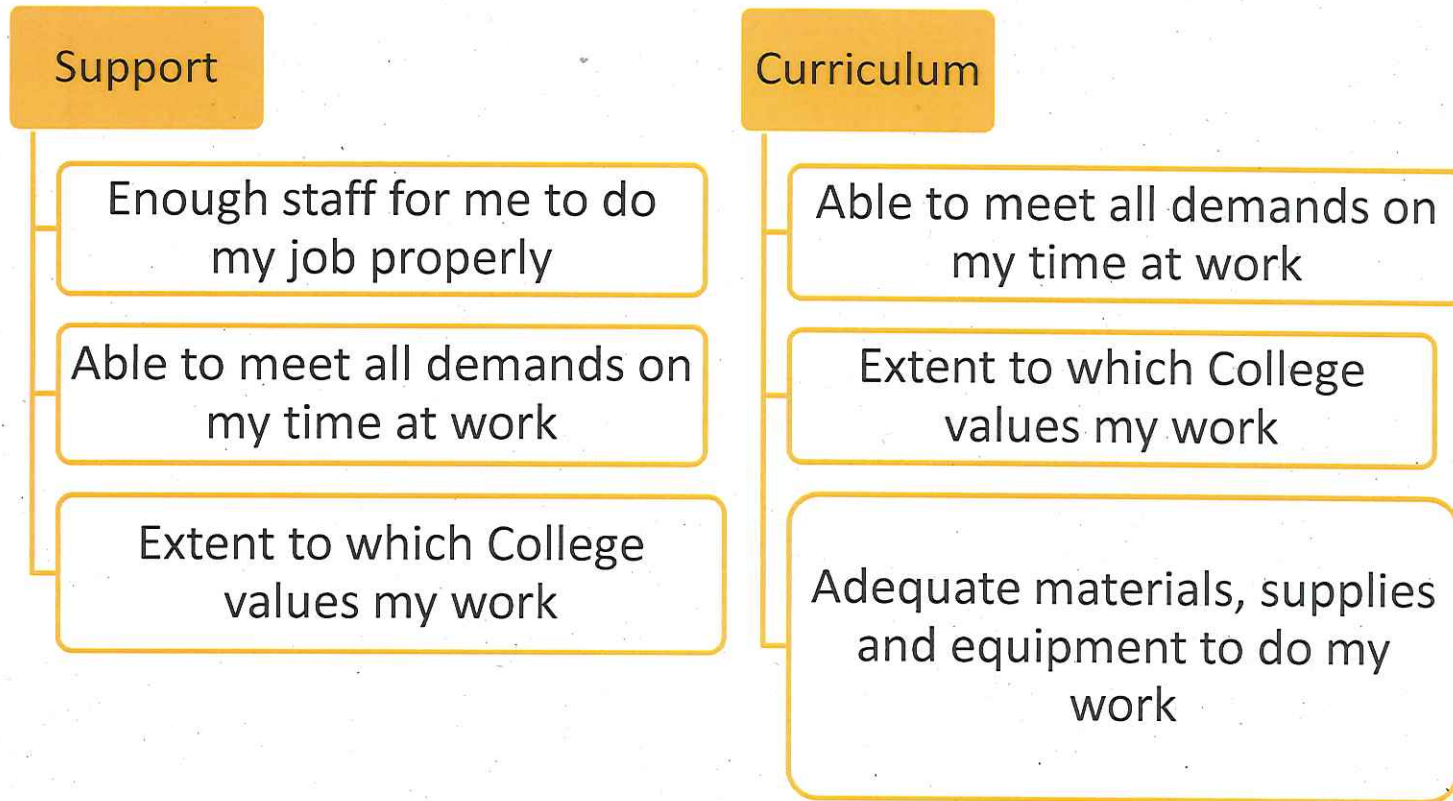
Making a difference to students

Support of manager in a personal crisis

Trusted to do my job

## The 3 least favourable responses – by staff group

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## The 3 least favourable responses – by staff group

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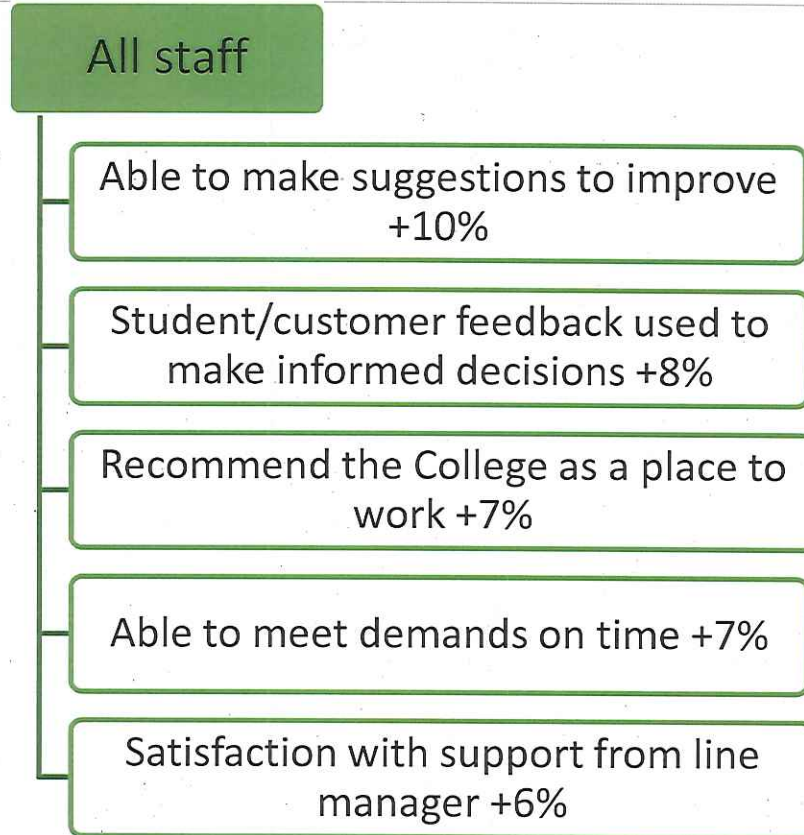
### Managers

Enough staff for me to do my job properly

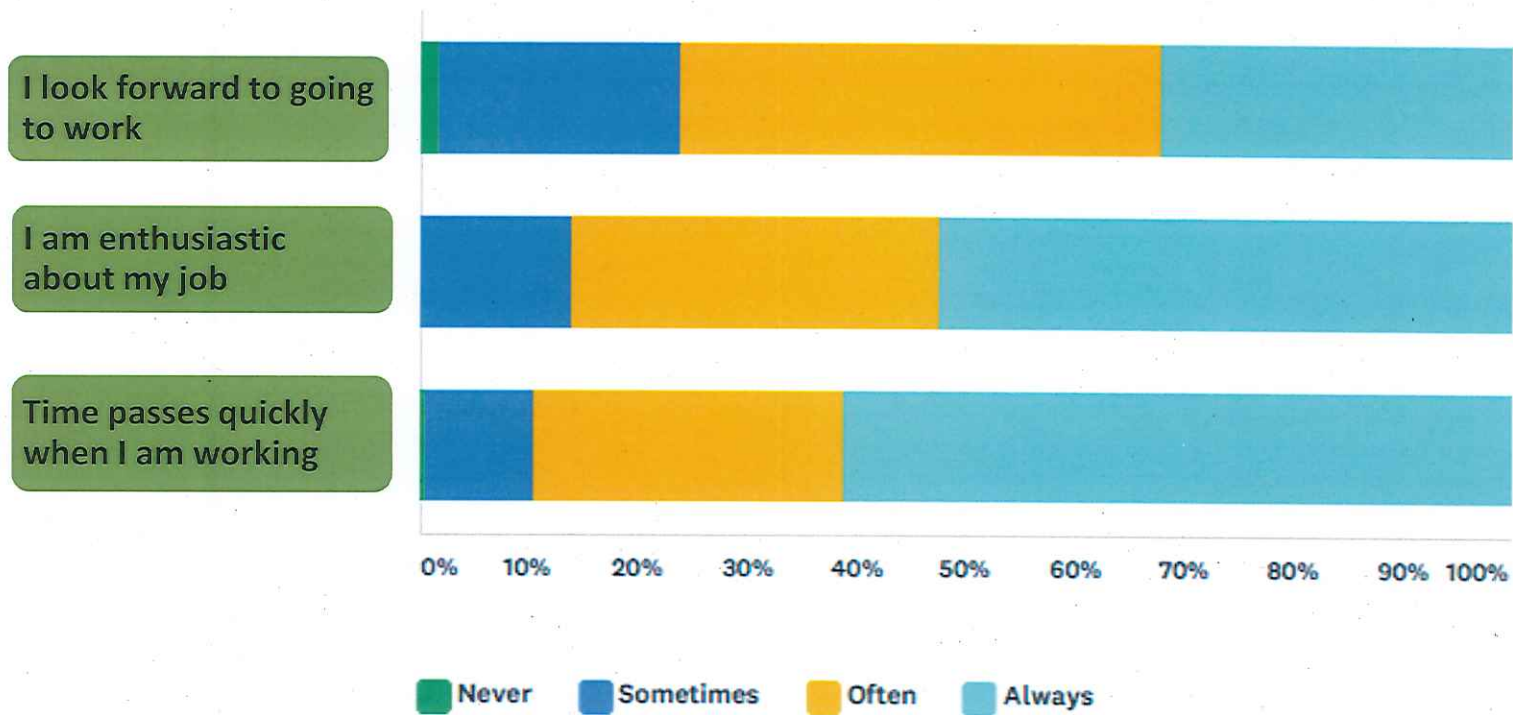
Senior managers act on feedback

Able to meet all demands on my time at work

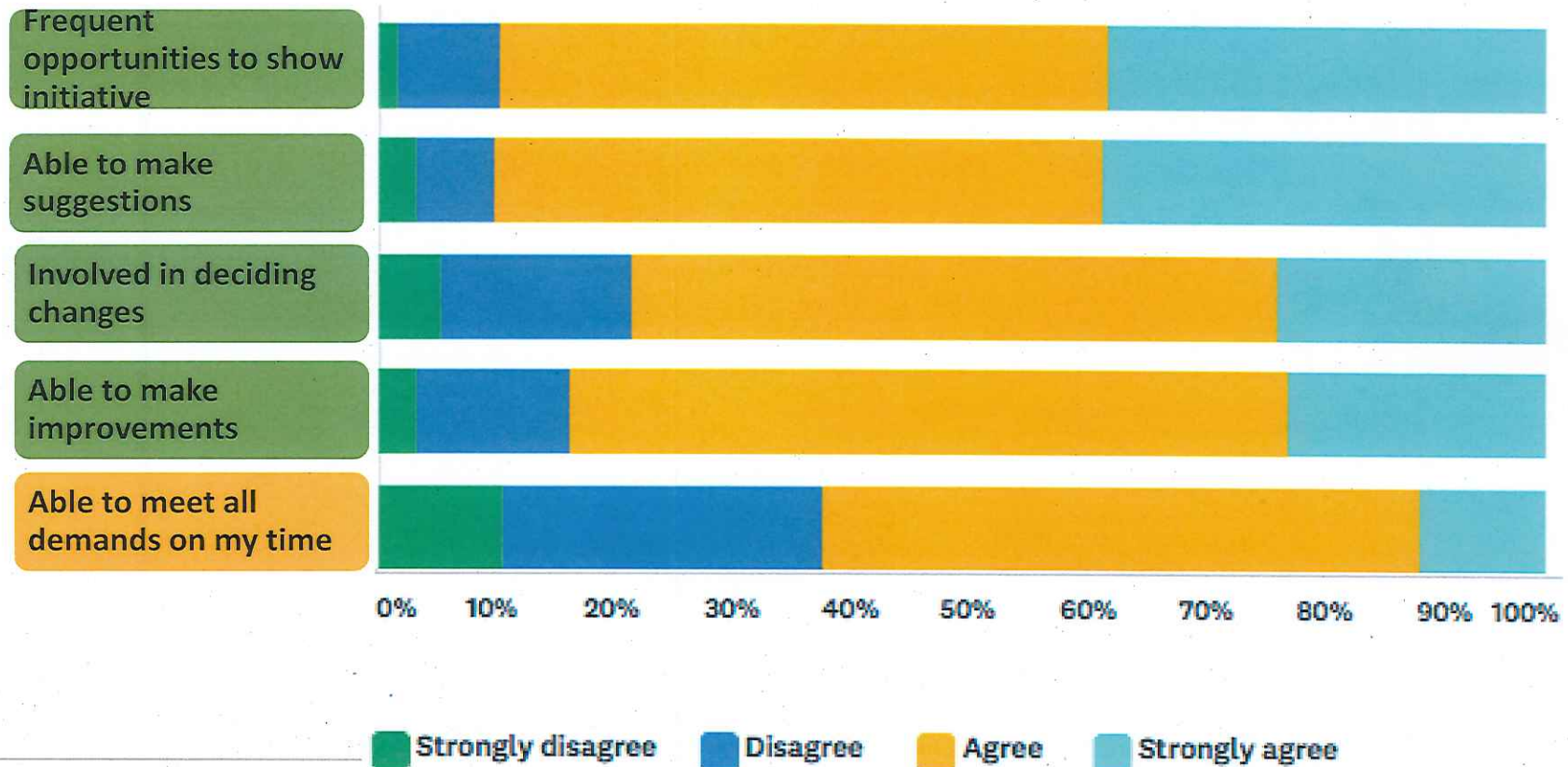
## Lots of areas of improvement – the top 5 most improved responses



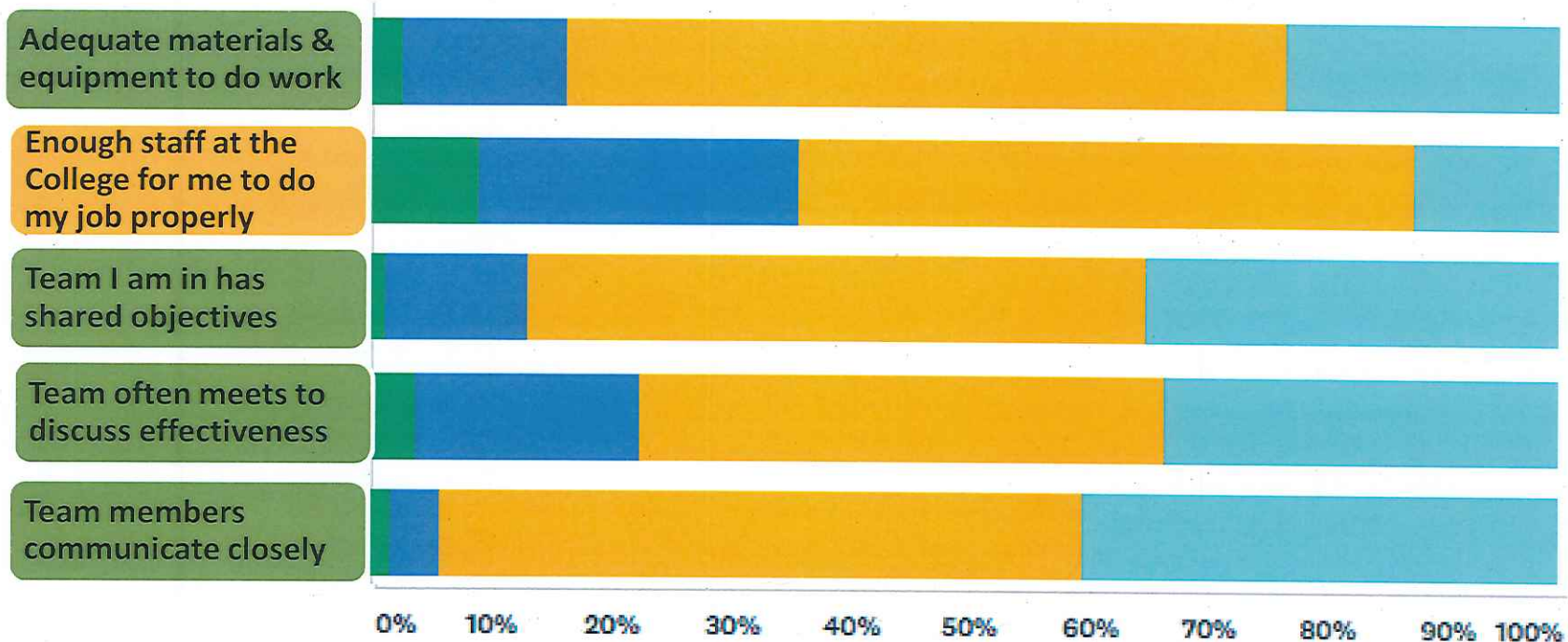
## For each of the statements below, how often do you feel this way about your job?



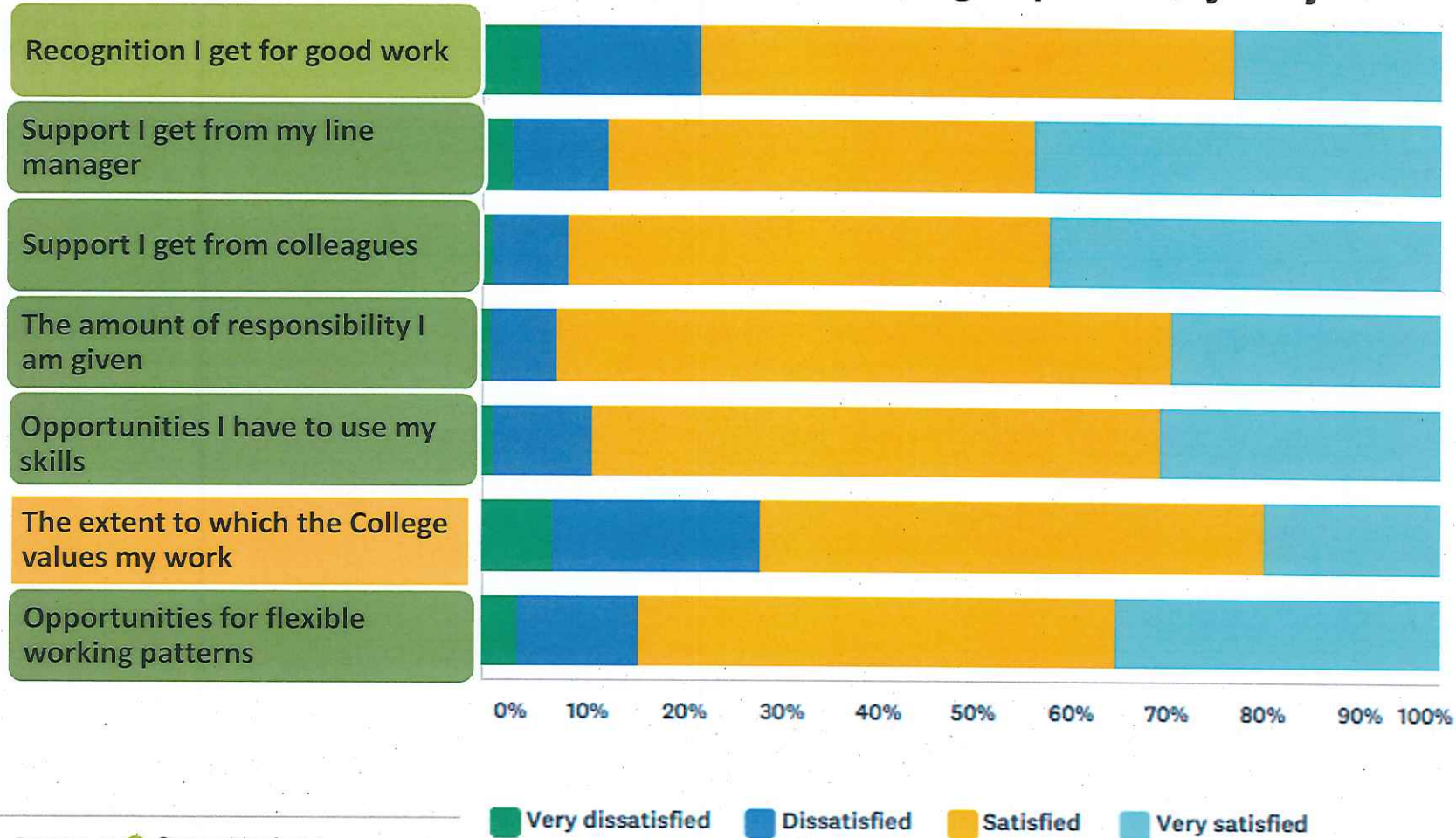
## To what extent do you agree or disagree with the following statements about your work?



## To what extent do you agree or disagree with the following statements about your work?



## How satisfied are you with each of the following aspects of your job?





## The best things about working at West Lothian College

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Friendly Staff Community People Work Inspiring Role  
Good Staff Enjoy Friendly Atmosphere  
Working Hours Lives Flexible  
Colleagues Experience Students  
Team Teaching Supportive Friendly Place to Work  
Opportunities Variety of Work Environment Nice  
Holidays Local Job Learners

## **Equalities Monitoring**

A set of reports for the three months 01 January to 31 March 2018 is attached.

**Derek O'Sullivan**  
**Senior HR Business Partner**  
18 May 2018

**by Gender, Disability, Ethnicity, Nationality and Age  
Equality Monitoring and Analysis - 01 January to 31 March 2018**

**by Gender, Disability, Ethnicity, Nationality and Age**

1. Local population:	175,100
2. Number of Posts Advertised:	17
3. Number of Applications:	215
4. Number of Applications Interviewed:	40
5. Number of Appointments:	13
6. Workforce:	377
7. Leavers (retiral, resignation, severance)	15

	Local population (% of Total)		Applicants (% of Total)		Interviewed (% of Total)		Appointed (% of Total)		Staff Turnover (% of Leavers) Retiral/Resignation/ Severance		Workforce Profile (% of Total)	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
<b>Gender*</b>												
Male	85550	48.86	59	27.44	15	37.50	5	38.46	6	40.00	122	32.36
Female	89550	51.14	149	69.30	22	55.00	7	53.85	9	60.00	255	67.64
Other	-	-	1	0.47	0	0.00	0	0.00	0	0.00	0	0.00
Not Disclosed	-	-	6	2.79	3	7.50	1	7.69	0	0.00	0	0.00
<b>Disability*</b>												
Yes	32448	18.53	18	8.37	4	10.00	0	0.00	0	0.00	16	4.24
No	-	44.51	169	78.60	33	82.50	12	92.31	10	66.67	234	62.07
Not Disclosed	-	-	28	13.02	3	7.50	1	7.69	5	33.33	127	33.69

\*Source: 2011 Census

The 2011 Census disabled figures are not a direct comparison with the College's disabled employees, as the census records people with 'limiting long term illness'

	Local population (% of Total)		Applicants (% of Total)		Interviewed (% of Total)		Appointed (% of Total)		Staff Turnover (% of Leavers)		Workforce Profile (% of Total)	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
<b>Ethnicity</b>												
White	170850	97.57	196	91.16	34	85.00	12	92.31	13	86.67	257	68.17
Indian	641	0.37	0	0.00	0	0.00	0	0.00	0	0.00	1	0.27
Pakistani	1402	0.81	4	1.86	2	5.00	0	0.00	1	6.67	0	0.00
Bangladeshi	11	0.01	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
South Asian Other	371	0.21	1	0.47	0	0.00	0	0.00	0	0.00	0	0.00
Chinese	498	0.28	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Black Caribbean	118	0.07	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Black African	445	0.25	0	0.00	0	0.00	0	0.00	0	0.00	1	0.27
Black Other	12	0.01	5	2.33	1	2.50	0	0.00	0	0.00	0	0.00
Mixed	534	0.3	2	0.93	0	0.00	0	0.00	0	0.00	0	0.00
Other	218	0.12	3	1.40	2	5.00	1	7.69	0	0.00	10	2.65
Not Disclosed	-	-	4	1.86	1	2.50	0	0.00	1	6.67	108	28.65

	Local population (% of Total)		Applicants (% of Total)		Interviewed (% of Total)		Appointed (% of Total)		Staff Turnover (% of Leavers)		Workforce Profile (% of Total)	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
<b>Nationality*</b>												
British	165284	94.4	178	82.79	32	80.00	11	84.62	14	93.33	254	67.37
Irish	510	0.29	1	0.47	0	0.00	0	0.00	0	0.00	0	0.00
Rest of Europe	5112	2.92	3	1.40	1	2.50	0	0.00	0	0.00	12	3.18
Elsewhere **	3646	2.08	29	13.49	6	15.00	2	15.38	0	0.00	4	1.06
Not Disclosed	548	0.31	4	1.86	1	2.50	0	0.00	1	6.67	107	28.38

\*Source: 2011 Census

\*\* Includes dual nationality in addition to elsewhere

1 November 2013 - 31 January 2014

	Local population (% of Total)		Applicants (% of Total)		Interviewed (% of Total)		Appointed (% of Total)		Staff Turnover (% of Leavers)		Workforce Profile (% of Total)	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
<b>Age</b>												
16-29	29924	17.09	37	17.21	7	17.50	2	15.38	2	13.33	27	7.16
30-49	52973	30.25	107	49.77	20	50.00	7	53.85	8	53.33	186	49.34
50-64	32881	18.79	64	29.77	12	30.00	4	30.77	4	26.67	140	37.14
65-74	14373	8.21	1	0.47	0	0.00	0	0.00	1	6.67	19	5.04
74+	9514	5.43	0	0.00	0	0.00	0	0.00	0	0.00	5	1.33
Not Disclosed	35435	20.23	6	2.79	1	2.50	0	0.00	0	0.00	0	0.00

	Local population (% of Total)		Applicants (% of Total)		Interviewed (% of Total)		Appointed (% of Total)		Staff Turnover (% of Leavers)		Workforce Profile (% of Total)	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
<b>Religion</b>												
Buddhist			0	0.00	0	0.00	0	0.00	0	0.00	1	0.27
Christian			91	42.33	14	35.00	4	30.77	5	33.33	117	31.03
Hindu			0	0.00	0	0.00	0	0.00	0	0.00	2	0.53
Jewish			1	0.47	0	0.00	0	0.00	0	0.00	0	0.00
Muslim			6	2.79	3	7.50	0	0.00	1	6.67	1	0.27
Sikh			0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
No Religion			101	46.98	20	50.00	7	53.85	6	40.00	108	28.65
Not Disclosed			16	7.44	3	7.50	2	15.38	3	20.00	148	39.26

1 November 2013 - 31 January 2014

	Local population (% of Total)		Applicants (% of Total)		Interviewed (% of Total)		Appointed (% of Total)		Staff Turnover (% of Leavers)		Workforce Profile (% of Total)	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
<b>Sexual Orientation</b>												
Bi-Sexual			1	0.47	0	0.00	0	0.00	0	0.00	2	0.53
Gay Man			3	1.40	0	0.00	0	0.00	0	0.00	2	0.53
Gay Woman/Lesbian			0	0.00	0	0.00	0	0.00	0	0.00	1	0.27
Heterosexual/Straight			199	92.56	38	95.00	12	92.31	12	80.00	237	62.86
Other			0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Not Disclosed			12	5.58	2	5.00	1	7.69	3	20.00	135	35.81

1 November 2013 - 31 January 2014

## **Finance & General Purposes Committee**

### **Colleges Development Network – Board Members Financial Training Workshop, 23 April 2018**

The Workshop was open to all Board Members and a copy of the presentation slide was attached to the Committee papers email for information.

The following notes and slides were also presented at the Workshop and Moira Niven, who attended, has kindly agreed to share her experience of the day for the benefit of other Committee Members.

#### **Action**

For information.

**Karine McNair**

Secretary to the Board of Governors

14 June 2018

## Annual Report and Accounts Presentation

31 January 2018

Over the last twenty years, there have been a number of initiatives to reform Government Accounts.

- a) “**Resource Accounting**” was introduced by the **Treasury in the late 1990s**. It required all Departments (for the purposes of this paper this term includes Scottish Government, Agencies, and NDPB’s) to produce **commercial style accruals based accounts** from 1999–2000.<sup>1</sup> Until this point, the UK had used cash accounting. This change meant that, rather than solely measuring cash movements, Departments began to measure and record expenditure incurred and income generated, as well as assessing the levels of assets and liabilities - often built up over many years past.
- b) **International Financial Reporting Standards (IFRS)** were implemented for the public sector in the UK from 2009–10.<sup>3</sup> IFRS had consequences for the way that the Government reported the **value of assets**, encouraging Government to value assets at ‘**fair value**’ and to adopt the concept of ‘substance over form’. This had impacts upon which assets were included and how they were valued within Government including financial assets, obligations under the Private Finance Initiative, assets held for sale, infrastructure assets and intangible assets.<sup>4</sup>
- c) “**Clear Line of Sight**” was announced in 2007 and implemented from 2011–12. It aimed to **align the way spending was reported in Budgets, Estimates and Accounts**. As part of the Clear Line of Sight reforms, Departmental Annual Reports were combined with the previously separate statutory Accounts to form a single document for each Department, known as the Annual Report and Accounts. Departments were required for the first time to consolidate spending of their own with that of all of their arm’s length bodies, in order to give a clearer picture of all of the spending and activities for which they have ultimate responsibility.
- d) **Simplifying and Streamlining the Statutory Annual Report and Accounts** changes were introduced in 2014, which set out a new format for Annual Reports and Accounts, to be initially implemented in 2015–16. The purpose of this would make the document shorter and easier to use.

### The current format of Public Sector Accounts

The accounting guidance issued to those bodies that are subject to reporting requirements set by the Scottish Ministers will set out the applicable accounting policies and principles and disclosure requirements.

The accounting requirements for a public body will normally be set out in its founding legislation and/or its Framework Document.

The changes in 2014 resulted in reorganising the Annual Reports and Accounts into three sections, focussing on **performance, accountability and the core financial statements**.



# The annual report and accounts comprises:



Slide1 above.

The general impact has been to make public sector (PuS) accounts 'quite comparable' to private sector accounts.

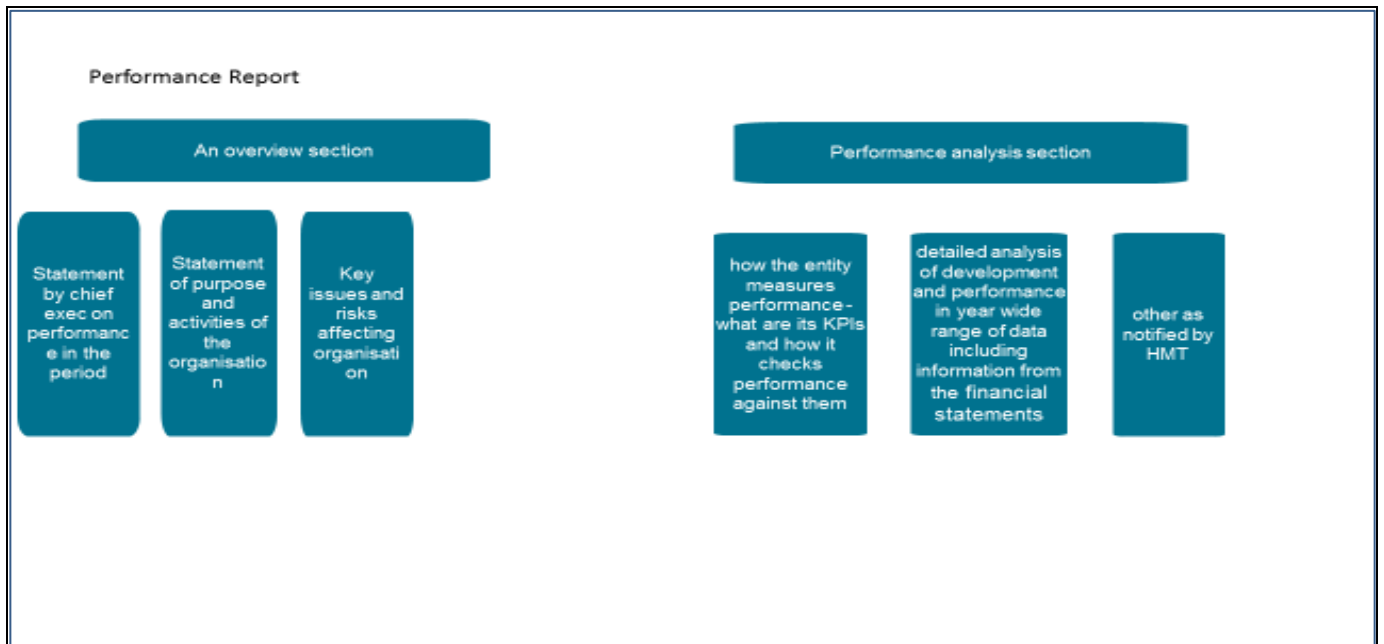
The key areas to understand are:

- 1) Non-current assets – like private sector these should be on fair value – where there is a market for the asset: most public sector bodies hold some form of specialised or heritage assets which have particular accounting requirements set out in Government Financial Reporting Manual (FReM).
- 2) Private Finance Initiatives'/ Public Private Partnerships - again requirements set out in FReM.
- 3) Statement Net Comprehensive Expenditure – shows a large deficit where in the commercial sector you would expect it to show a surplus. Grant in Aid (GiA) is not shown as funding, it is reflected as financing and goes straight to SNCE.
- 4) Additional disclosures required, for example, losses, gifts etc.

Your accounts should make your organisations accounting policies clear in all areas.

The **performance reporting** requirement includes:

- a clear statement of the purpose and activities of the organisation;
- high level financial information with cross references to the audited Accounts; and
- trend information with commentary against trends and performance against policy.

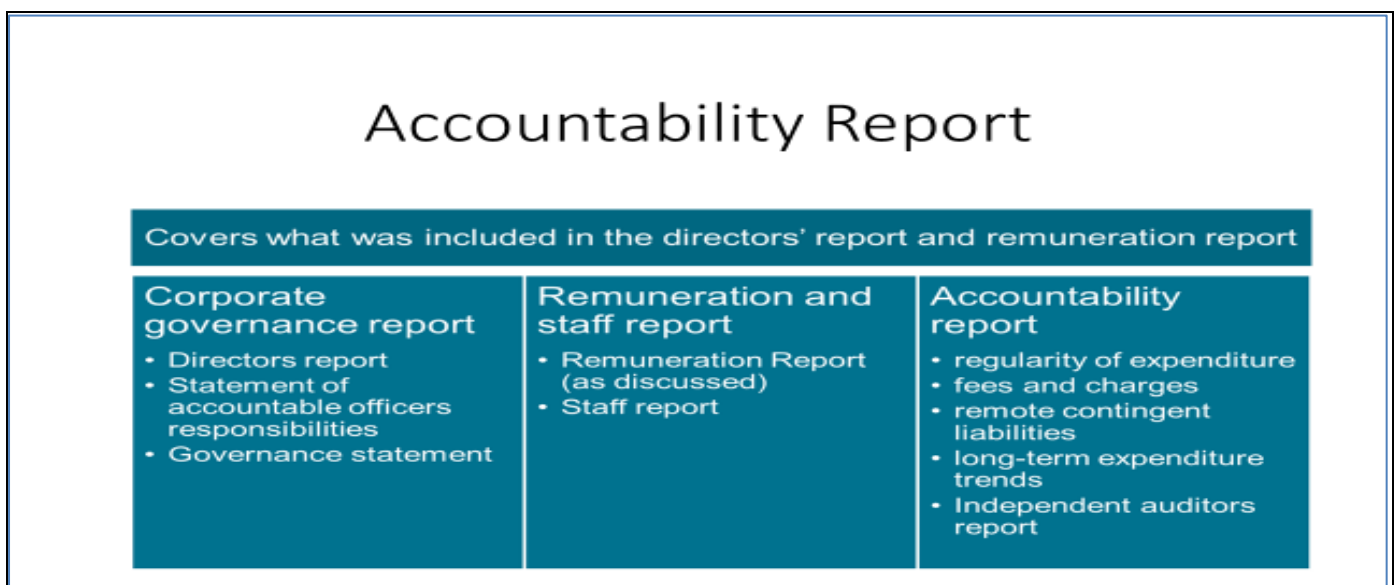


**Slide 2**

Key targets for efficiency and effectiveness of operations and quality of service provided will be agreed as part of the planning process. The Board should ensure that robust systems are in place to monitor performance against these targets. A report on the extent to which performance targets have been achieved should be incorporated in the Annual Report, where appropriate, giving a summary of trends over a five-year period.

The **accountability requirement** contains:

- Governance Statement.
- Information on strategic risks to the entity.
- Remuneration Report.
- Information on parliamentary accountability, including the Statement of Parliamentary Supply.



### Slide 3

The Board must ensure that there is a system in place for continuous risk management which extends from the front-line services through to the Board. This involves having a framework of prudent and effective controls in place to enable risks to be identified, assessed and managed. The Board itself should regularly review key business risks affecting the organisation.

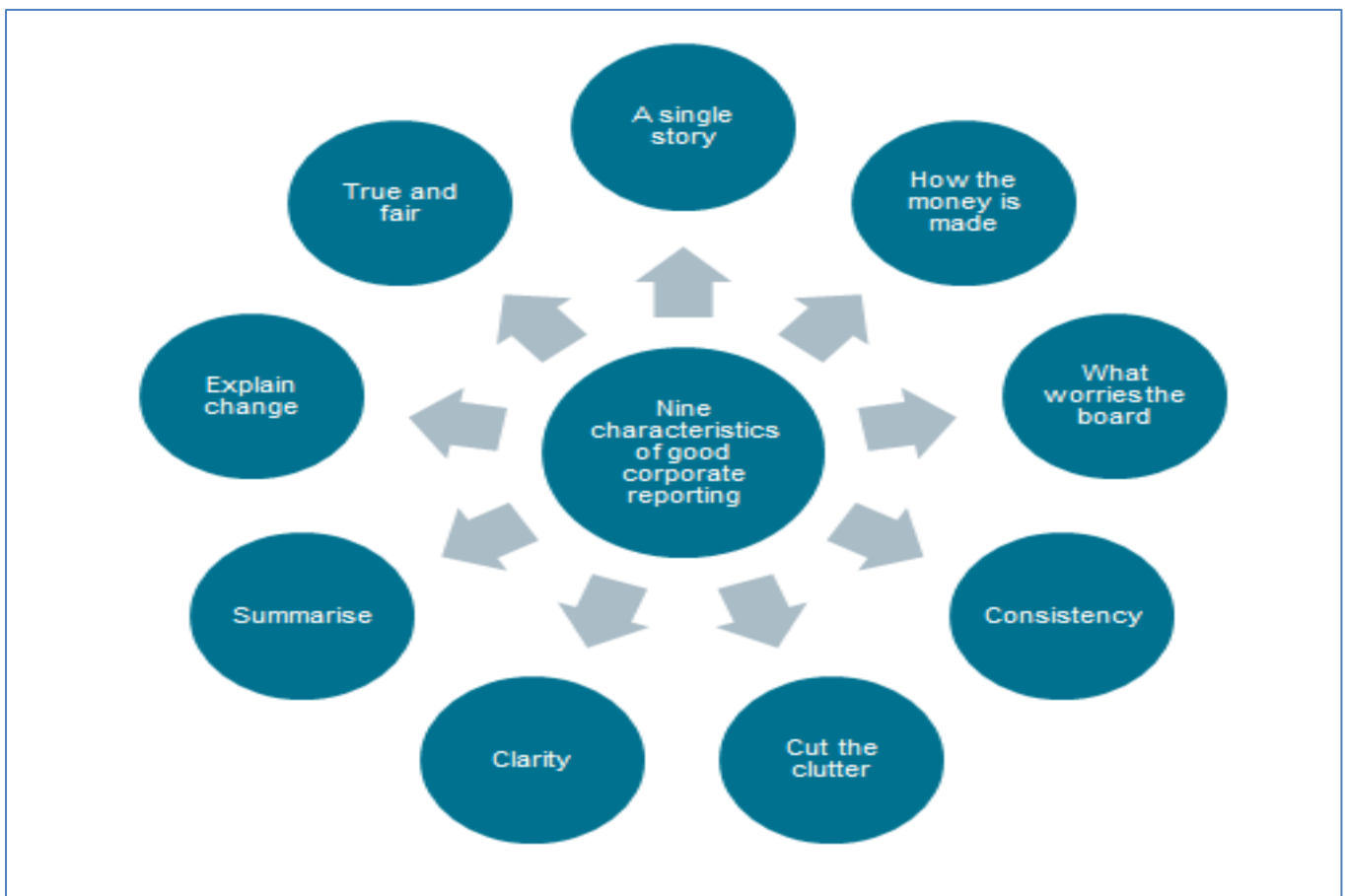
The financial **statements and disclosure notes** should have all “non-material balances/ and or information” removed from them. The current form of Annual Reports and Accounts is intended to focus on the needs of users, removing unnecessary material and improving structure and clarity

These are audited by an independent auditor, to give confidence that the information which they include can be relied upon.

Your organisations finance team should prepare timely accurate draft accounts that are compliant with Scottish Public Finance Manual (SPFM) and Government Financial Reporting Manual (FReM) for audit.

There is a consensus amongst professionals that current UK public sector accounting practice is considered as an exemplar of best practice internationally. The International Federation of Accountants (IFAC) said that the UK “is a model to which other countries might well aspire. The Chartered Institute of Public Finance and Accountancy (CIPFA) said “the quality and timeliness of Government Departmental Annual Accounts has improved over the last two decades”. Both the Institute of Chartered Accountants in Scotland and the Institute of Chartered Accountants in England and Wales agreed with these views.

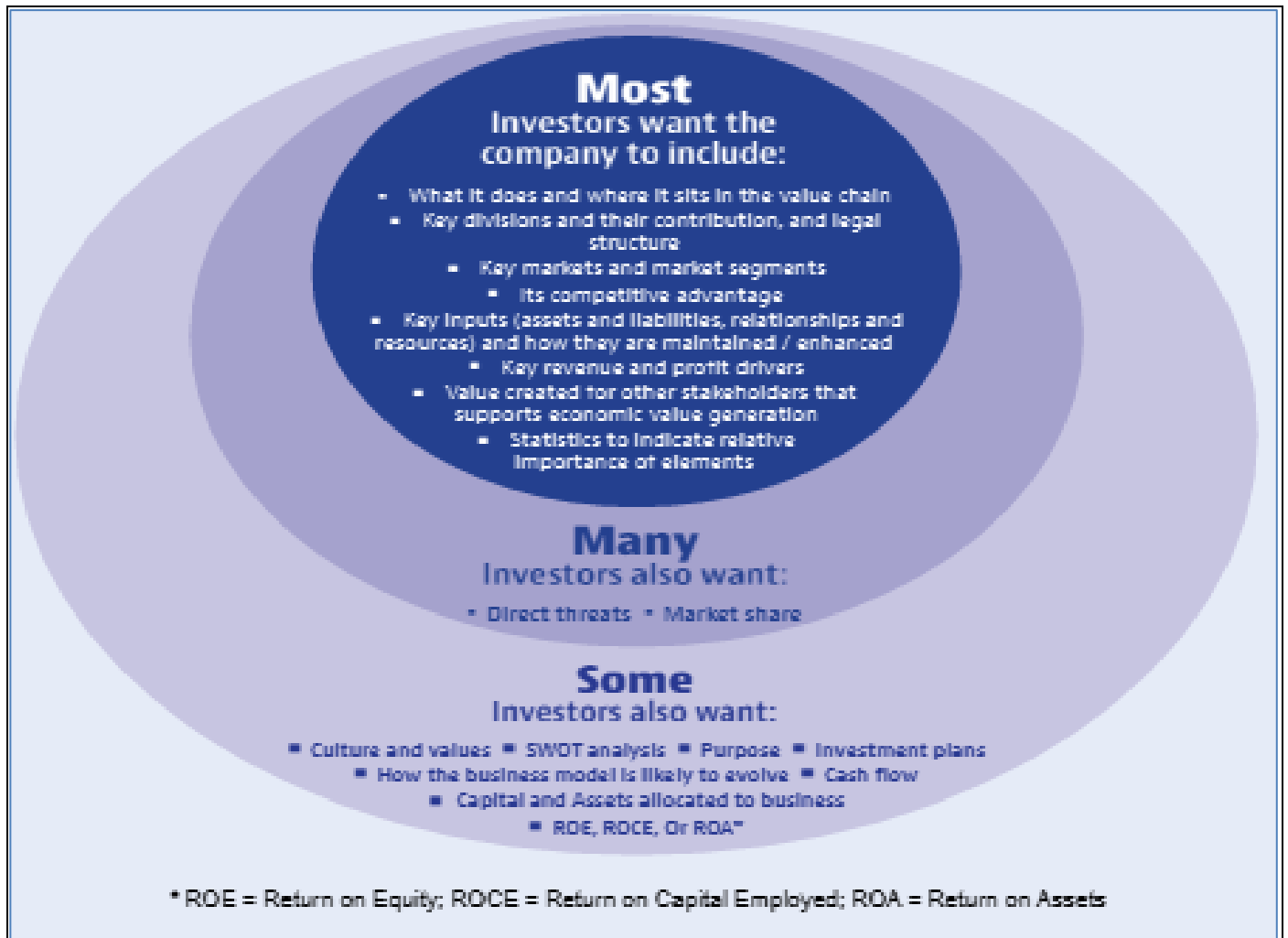
Boards can learn from recognised best practice elsewhere. For example, the Financial Reporting Council's (FRC) Annual review of corporate reporting 2015/16 includes a useful checklist which highlights the following nine characteristics of good corporate reporting



Slide 4

Do your accounts reflect best practice?

From Financial Reporting Council

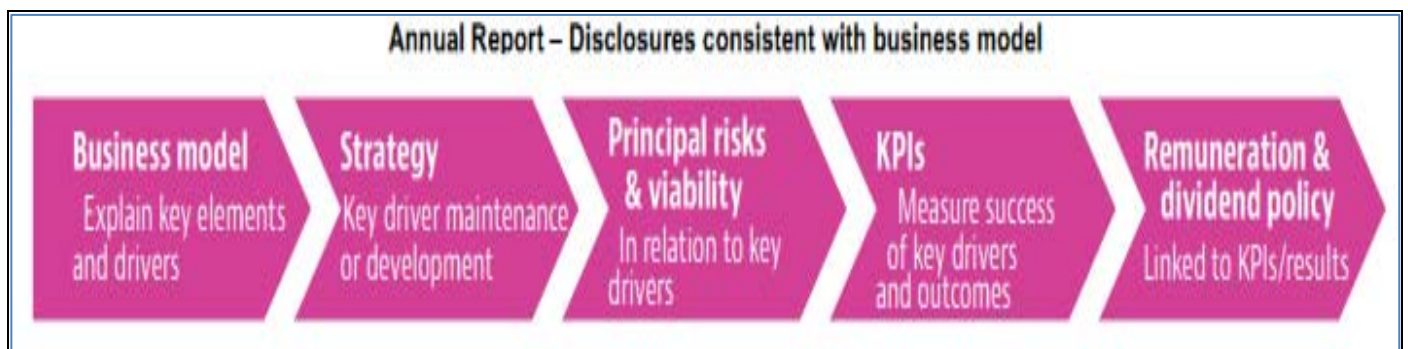


Slide 5

Some of the business terminology is not directly applicable to PuS, but the overall message is:

**Are you clear who your investors are?**

This diagram underlines the need to ensure that Annual Report and Accounts are considered holistically.



## Slide 6

You need to replace remuneration and dividend policy section with text regarding your organisation delivery for Scotland – National Performance Framework, your local community and environmental impact.

### Are your annual report and accounts:

- In easy to read and understand language (avoid technical jargon)?
- Are they concise / comprehensive (use info graphics and cross referencing effectively; provide balance between overview and analysis)?
- Tell a consistent story? I.e. a high level balanced picture of performance?

### Simple things to do/ consider:

- Removing irrelevant columns.
- Removing rows containing zeros.
- Does the disclosure material add something for the users understanding, is it clear and to the point?
- Provide links to detailed documents.

### What's your role as Non-Executives?

Your high level functions are:

1. To ensure that the body delivers its functions in accordance with Ministers' policies and priorities.
2. To provide strategic leadership.
3. To ensure financial stewardship.
4. To hold the Chief Executive and senior management team to account.

### The Board is responsible for approving the annual accounts

The Board of a sponsored body is responsible for ensuring the Minister is provided with the Annual Report and Accounts to be laid before the Scottish Parliament. (In the case of a Non-Ministerial body, the Board is responsible for ensuring the Annual Report and Accounts are laid before Parliament).

On completion of the external audit of the annual accounts, the appointed auditor sends a copy of the accounts and the audit opinion to the Auditor General, who may add a report of their own, before the accounts and reports are laid before the Parliament.

The Accountable Officer is responsible for signing the accounts on behalf of the Board and ultimately responsible to the Scottish Parliament for their actions.

## How you inform the content of the Annual Report and Accounts and the process of your Board approving the Annual Report and Accounts will be unique to your organisations

### The purposes of Annual Report and Accounts in PuS

*PuS bodies perform a somewhat different function to those of private sector companies.*

People using PuS Accounts have different requirements to the investors who use Corporate Accounts: While investors will often want to analyse the profitability of a company, readers of PuS Annual Reports and Accounts are interested in:

- Management and account for the spending of the body concerned.
- For the taxpayer to see and have confidence in the records which it keeps.
- Interested in what services have been provided at what cost and how effective the services provided have been.

Published Annual Reports and Accounts should enable Ministers, MPs and the public to understand how public money is spent and question whether it was spent wisely.

Good quality PuS Accounts and financial information has four main purposes:

- a) To help maintain and ensure the Scottish Parliament's control of Government spending, holding the Government accountable for its spending.
- b) To enable the public and researchers (both in civil society and Parliament) to understand and consider the value for money offered by public spending, so that they can make decisions about the effectiveness, efficiency and economy of particular policies or programmes.
- c) To provide a credible and accurate record which can be relied upon.
- d) To provide managers inside Departments (including both Ministers and civil servants) with the information that they require to run the Departments and its agencies efficiently and effectively.

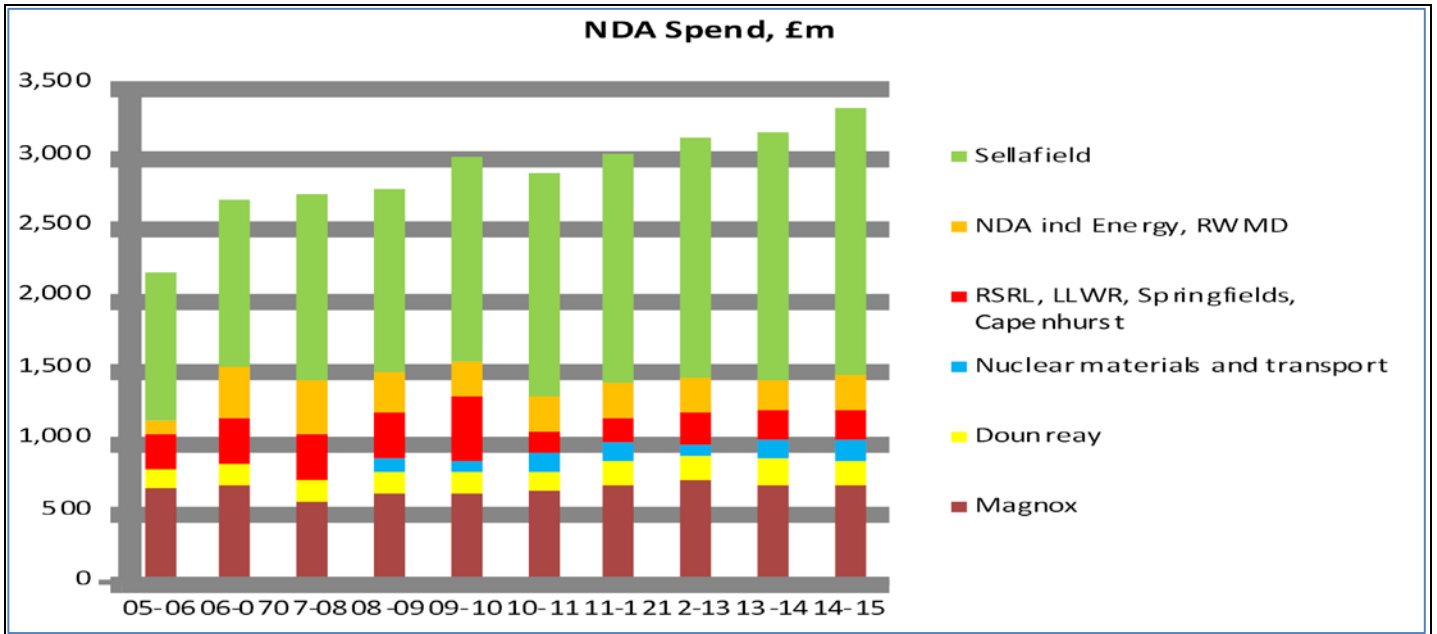
There are some conflicts in doing this:

- Good management information generally requires information to be captured and tracked according to lines of management responsibility, so a Department and the Treasury can tell who to hold to account for any overspends. Versus
- Transparency on the other hand requires that the public can see how money is spent on particular services and achieves results. Often services are split between departments or agencies and or public bodies with each different body responsible for a different portion of the service: for example, victim's services are both commissioned by central government and by police and crime authorities. Accounts could either split the spending for such services between each body or they could show the expenditure by service.

**To recap:** to be meaningful and useful, Annual Reports and Accounts need to:

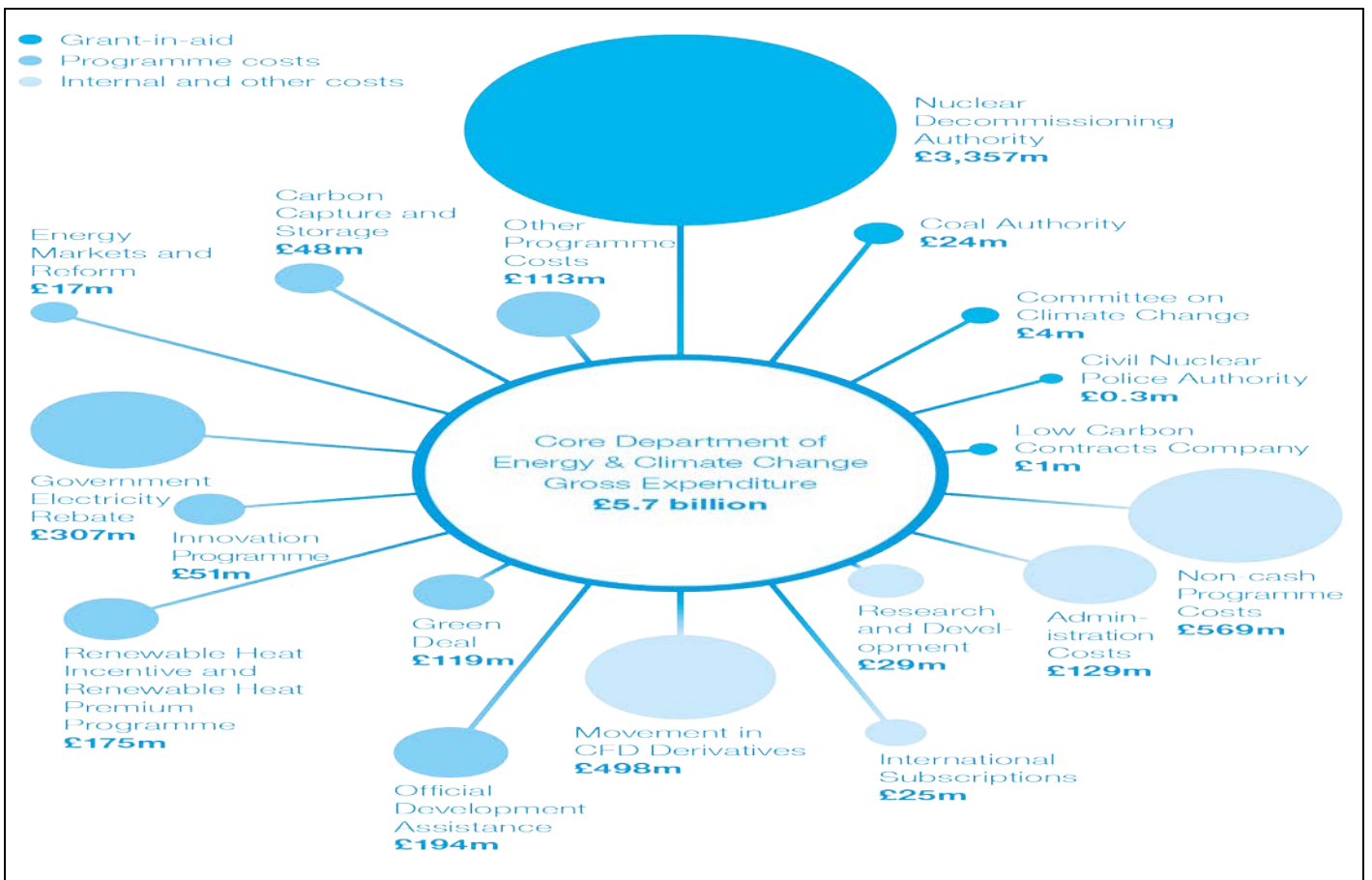
- Be easy to read.
- Contain meaningful performance measures.
- Contain material to enable the user to scrutinise value for money.
- Comparable year on year / across bodies.
- Focusing on key public sector issues.

**There is some good practice within the public sector.** The National Audit Office (NAO) every year co-sponsors the Building Public Trust Awards: these awards include categories such as good reporting about strategy, risks and outcomes and a separate category for "understandability". For example, for the year 2014–15, the NAO singled out this chart from the Nuclear Decommissioning Authority Accounts which shows how much NDA spends at its sites.



**Slide 7**

In the same year the NAO pointed to the way that the Department of Energy and Climate Change displayed how it spent its money.



## Slide 8

I have attached some of the 2017 winners' annual reports and accounts.

Winner of the Charities section, RNLI

Winner of Innovation in reporting, Crown Estates

Winner of Public Sector reporting, Network Rail.

I think most of us would agree that PuS Annual Reports and Accounts need to continue to be improved.

A quick perusal of some of Scotland Parliamentary committee papers revealed their need for additional financial information. I have selected a few of their comments, which could be addressed through information PuS provide in their Annual Report and Accounts.

### 1. Public Audit and Post legislative Scrutiny Committee

Cross-cutting or recurring themes from audits suggest wider challenges for the public sector as a whole. More information is required on:

- Shared services, joint working, and collaboration.
- Monitoring productivity/ staff morale/ service-user satisfaction, etc., across public bodies.

### 2. Finance and Constitution Committee

Committee recommends that **examining prioritisation and value for money** should be an ongoing aspect of budget and financial scrutiny. Committee recommends that subject Committees focus on:

- The extent to which public bodies have moved towards a priority-based budgeting approach.
- Whether spending priorities support outcomes.
- Whether current performance informs the choices about where to allocate resource.
- The extent to which the National Performance Framework influences the budget-setting process of public bodies.
- The extent to which public bodies are **spending their allocations well and achieving outcomes**.
- The extent to which an **open and rigorous performance culture** has been embedded within the public services.
- The extent to which the public services are using **performance data to ensure value for money**.
- The **progress** of public bodies in moving towards a **more outcomes-based** approach to public service management.
- The **contribution** which public bodies are making towards the **NPF**

Scrutinise the extent to which public bodies have adopted a **more preventative approach** including:

- Evidence of disinvestment.
- The impact of the Change Funds.
- Cultural change.
- Measurement and evaluation including interim targets and benchmarking.
- Joint-working and public sector collaboration.
- Engagement with the Third Sector.
- Innovation and the role of digital technology.
- The role of community planning.



## **Some thoughts to leave you with.**

- a)** SPFM / FReM sets out the minimum information that you must provide. You can provide more if it is needed to understand your organisations performance.
- b)** Have you sought stakeholder feedback on your Annual Report and Accounts: are they meeting their needs?
- c)** Open data

Most Annual Reports and Accounts are currently published as pdf documents. None of the tables are provided in Excel or other easily useable formats, which does not lend itself to secondary analysis or use as a dataset.

This format and presentation may also send a signal to outsiders that PuS is not encouraging or perhaps even expecting anyone to use this data.

## **3. Digital Publication**

Government Accounts and Annual Reports by their nature are long documents.

We should use modern technology to make the Accounts useful to outsiders, for example making them touchscreen friendly so that the data can be organised in different ways. The accompanying narrative should be shorter, written in plain English and accompanied by summary data and insightful graphics.

## **4. Sustainability**

We should be reporting more on the impact of our organisations. To date most of us meet our statutory information requirements on climate change. This is one aspect of sustainability. We can do more to show our organisations impact on our local and Scotland's economy. We can do more to show what we are doing to enhance our local communities. There may be merit in the Scottish public sector adopting sustainable development goals (internationally agreed reporting icons) that readers will be able to recognise across organisational boundaries.

### **To sum up:**

More work is needed across PuS on our Annual Report and Accounts:

- Continuing to streamline.
- Removing immaterial disclosures to enable.
- Putting more focus on the material issues - helping readers see the wood from the trees.

Hopefully this paper has provided you with:

- Some insight into what you are looking for in your Annual Report and Accounts.
- Clarity regarding your role in the Annual Report and Accounts process.
- A framework to consider the content of your organisations Annual Report and Accounts.

**West Lothian College**

14 June 2018

**Finance & General Purposes Committee****Complaints Report – 1 February 2018 – 31 May 2018**

In keeping with the Scottish Public Services Ombudsman (SPSO) requirements, the College had adopted the National Complaints Handling procedure. Henceforth complaints will be reported to the Finance & General Purposes meeting, in terms of number of complaints and comment as to whether complaints were upheld or not.

A complaint is now defined as:

‘An expression of dissatisfaction, by one or more customers, about the College’s actions or lack of action, or about the standard of service provided by the College or on its behalf’ (SPSO).

This definition excludes matters which are subject to an appeals process such as an academic award/decision.

From 1 February 2018 to 31 May 2018 twelve matters were raised as complaints compared with nine complaints at this time last year.

The complaints are listed below:

<b>Name of Course</b>	<b>Nature of Complaint</b>	<b>Date Received</b>	<b>Date Acknowledged</b>	<b>Action Taken</b>	<b>Completed</b>
HNC Social Services	Student receiving reduced teaching due to lecturer being ill.	19/02/18	20/02/18 Various communications by email.	Letter sent stating complaint had been resolved.	<b>Upheld</b>
CHS	Student complaining regarding bully, racial and disability discrimination.	20/02/18	20/02/18 Various communications by email/letter.	Letter sent 16/05/18 confirming the complaint was not upheld.	<b>Not Upheld</b>
HND Childhood Practice	Student alleges Estates staff were rude regarding car parking.	21/02/18	21/02/18 Various communications by email.	Letter sent regarding matter not being progressed.	<b>Not Upheld</b>
Bridal Hair	Student not happy with the lecturer.	26/02/18	26/02/18 Various communications by email/letter.	Letter sent stating complaint had been resolved.	<b>Upheld</b>

**West Lothian College**

14 June 2018

HNC Electrical Engineering	Student not happy regarding course fees, as now left College.	6/03/18	6/03/18 Various communications by letter.	Letter sent with refund of fees, as a gesture of good will.	<b>Not upheld</b>
Bridal Hair	Student not happy with the lecturer.	5/04/18	5/04/18	Letter sent stating complaint had been resolved.	<b>Upheld</b>
NC Mechanical Engineering	Student not happy that placement had been refused.	4/05/18	23/05/18 Various communications	Letter sent stating complaint had been resolved.	<b>Upheld</b>
Visitor	Visitor not happy with outcome of hair	7/05/18	11/05/18	Ack letter sent – under investigation	<b>Ongoing</b>
Preparation for Health & Social Care	Student not happy with cancelled class.	11/05/18	11/05/18	Letter sent – apology for miscommunication	<b>Upheld</b>
Higher English	Student not happy with lecturer's support	9/05/18	9/05/18	Letter sent to student requesting more information	<b>Ongoing</b>
NC Level 6A Hairdressing	Unhappy with learning experience	18/05/18	22/05/18	Ack letter sent – under investigation	<b>Ongoing</b>
HND Software Development	Unhappy with teaching delivered by lecturer	16/05/18	22/05/18	Ack letter sent – under investigation	<b>Ongoing</b>

Discussion regularly takes place with staff on how to improve communication to prevent some of the complaints.

**Action**

The Committee is asked to note this paper.

**George Hotchkiss**

Vice Principal, Curriculum & Planning  
14 June 2018

**West Lothian College**

14 June 2018

**Finance & General Purposes Committee****Buildings and Contents Insurance Renewal****Background**

The College's buildings and contents insurance ends on 31 July 2018. On 2 March 2018 Colleges Scotland was informed that the Scottish Government had agreed that the derogation for colleges to procure business insurance could continue for a further three years (2018-19 to 2020-21). A mini competition was undertaken using the APUC Framework Agreement.

**Evaluation Criteria**

Tenders were assessed based on the Most Economically Advantageous Tender (MEAT) with a Commercial: Technical Ratio of 40:60. Tenderers were asked to provide a total cost for a three year agreement. Only Zurich Municipal tendered and the tender was assessed and scored on 31 May 2018.

The table below show the results of the Commercial and Technical evaluation:

<b>Commercial Evaluation</b>	<b>40.00%</b>
<b>Zurich Municipal</b>	<b>40.00%</b>

<b>Technical Evaluation</b>	<b>60.00%</b>
<b>Zurich Municipal</b>	<b>55.00%</b>

Based on the results of the Commercial and Technical Assessment, the recommendation is to award the Contract to Zurich Municipal at the following costs:

Annual Cost excluding IPT and Tax:	Year 1 £44,552.78
	Year 2 £44,552.78
	Year 3 £44,552.78
Three Year Cost excluding IPT and Tax:	£133,658.34

## **West Lothian College**

14 June 2018

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### **Action**

The Committee is asked to recommend approval to award the three year insurance contract to Zurich Municipal at a cost of £50,059.09 per annum (including IPT and VAT).

**Jennifer McLaren**

Vice Principal, Finance & Curriculum Services

14 June 2018

## **Finance & General Purposes Committee**

### **Committee Remit Review**

The remit of the Committee is scheduled for review at this meeting.

The remit was last reviewed in June 2017 and it has been agreed that the remit should be reviewed on an annual basis.

One minor amendment is recommended to update the job titles of the Vice Principals. This is shown as a tracked change against the current remit for ease of reference.

### **Action**

The Committee is invited to consider and recommend the revised remit to the Board.

**Karine McNair**

Secretary to the Board of Governors

14 June 2018

## **Finance and General Purposes Committee**

### **Terms of Reference**

#### **Constitution and Membership**

- 1 The Board shall establish a Committee of the Board to be known as the Finance and General Purposes Committee.
- 2 The Committee and its Chair shall be appointed by the Board. Membership shall comprise six members, plus the Principal (Accountable Officer).
- 3 At least two members shall have a background in finance, accounting or auditing, but membership shall not be drawn exclusively from people with such a background.
- 4 A quorum shall be one half of the members entitled to vote upon the question before the meeting.
- 5 The Committee may, if it considers it necessary or desirable, co-opt members with particular expertise and/or form sub-committees, if required.

#### **Authority**

- 6 The Committee is authorised by the Board to investigate any activity within its Terms of Reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
- 7 The Committee is authorised by the Board to obtain independent professional advice, with any costs of such advice to be paid for by the College, and to secure the attendance of non-members with relevant experience and expertise if it considers this necessary.

#### **Proceedings**

- 8 The Committee shall meet at least four times per year. The ~~Assistant Vice~~ Principal (~~Curriculum Support & Finance~~ Finance & Curriculum Services), ~~Assistant Vice~~ Principal (Curriculum ~~& Planning~~) and ~~Assistant Vice~~ Principal (Curriculum ~~& Innovation~~ Enterprise) shall normally attend, together with any other staff invited to attend.

**Duties**

- 9 The duties of the Committee shall include –
- a monitoring the college's financial position;
  - b considering the proposed college budget for the following financial year and making its recommendation to the Board;
  - c considering the proposed three-year financial forecast and making recommendations to the Board;
  - d making appropriate provision for salary awards as part of its consideration of the college budget, and implementing the agreed outcomes of national pay bargaining;
  - e overseeing cash management and the college's banking arrangements;
  - f agreeing and monitoring the college's insurance arrangements;
  - g agreeing and monitoring the college's key financial performance indicators;
  - h approving, reviewing and monitoring major capital works;
  - i reviewing the college's Estates, Financial, Procurement and Organisational Development Strategies and making recommendations to the Board;
  - j having overall responsibility for ensuring that staff recruitment and development policies are in line with equal opportunities;
  - k reviewing and monitoring matters relating to Human Resources Management; and
  - l any other matters as directed by the Board.

**Reporting Procedures**

- 10 The Committee shall provide the Minutes of its meetings to the Board.
- 11 The Committee shall highlight any matter which it feels is of particular importance to the Board.
- 12 The Committee shall, at all times, take account of the SFC's Financial Memorandum and any other relevant guidelines.



Last reviewed by Committee: June 2017  
Last approved by the Board: June 2017  
Date for next review: June 2019

## **Finance & General Purposes Committee**

### **Development Plan 2018**

June 2017 – May 2018

#### **Membership**

No current issues. Board member who is an accountant has been recruited to join the Committee.

#### **Remit**

Annual review of remit – reviewed June 2017, next review June 2018

#### **Visits to Parts of the Campus**

Campus visit (to gym) took place August 2017.

#### **Opportunities for Strategic Discussion**

No current issues

#### **Development Issues Identified in Meetings**

Briefing session took place August 2017; now included in induction pack for new Committee members.

#### **Self-Evaluation**

Annual self-evaluation of Committee – 22 February 2018

Include opportunity for reflection on new approaches (campus visits, briefing session) - completed

Final Update 5: June 2018

## **Finance & General Purposes Committee**

### **Development Plan 2019**

June 2018 – May 2019

### **Membership**

No current issues.

### **Remit**

Annual review of remit – reviewed June 2018, next review June 2019

### **Visits to Parts of the Campus**

Preferences to be discussed.

### **Opportunities for Strategic Discussion**

No current issues

### **Development Issues Identified in Meetings**

No current issues

### **Self-Evaluation**

Annual self-evaluation of Committee – scheduled for February 2019

Final Update 1: June 2018