

**West Lothian College  
Finance & General Purposes Committee  
Thursday 13 June 2019 at 9.30 am**

| <b>Agenda</b> |  | <b>Paper</b>    |
|---------------|--|-----------------|
| 19.19         | Welcome/Apologies  |                 |
| 19.20         | Declarations of Interest                                   |                 |
| 19.21         | Minute of Meeting of 28 February 2019                      | 1 – To approve  |
| 19.22         | Matters Arising from Minute of Meeting of 28 February 2019 | 2 – To Note     |
| 19.23         | Financial Progress –                                       |                 |
|               | (i) Annual Budget 2019-20                                  | 3 – To Approve  |
|               | (ii) April 2019 Management Accounts                        | 4 – For Info    |
|               | (iii) Income Generation Report                             | 5 – For Info    |
|               | (iv) Asset Valuation                                       | 6 – To Approve  |
|               | (v) Accounting Policies                                    | 7 – To Approve  |
|               | (vi) Infrastructure update                                 | 8 – To Note     |
| 19.24         | College Key Performance Indicators (KPIs) 2018-2019        | 9 – To Discuss  |
| 19.25         | Organisational Well-being –                                |                 |
|               | (i) Human Resources Report                                 | 10 – To Discuss |
|               | (ii) Employers Association Update                          | Verbal          |
| 19.26         | Complaints Report  | 11 – For Info   |
| 19.27         | Audit Scotland Report – Scotland's College 2019            | 12 – To Discuss |
| 19.28         | Committee Remit Review                                     | 13 – To Discuss |
| 19.29         | Any Other Business   |                 |
| 19.30         | Review of Meeting, Supporting Papers and Development Plan  | 14 – To Discuss |
| 19.31         | Date of Next Meeting: 5 September 2019                     |                 |

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### Finance & General Purposes Committee

Minute of Meeting of the Finance & General Purposes Committee held on **Thursday 28 February at 9.30am** in the Barbour Room, in the College.

Present: Moira Niven (Chair)  
Jackie Galbraith (Principal & Chief Executive)  
Richard Lockhart  
Claire Probert  
Frank Gribben  
Julia Simpson

In attendance: Jennifer McLaren (Vice Principal, Finance & Curriculum Services) to item 19.14  
George Hotchkiss (Vice Principal, Curriculum & Planning) to item 19.14  
Simon Earp (Vice Principal, Curriculum & Enterprise) to item 19.14  
Derek O'Sullivan – (Senior HR Business Partner) items 19.05 to 19.07 only  
Karine McNair – Secretary to the Board

#### 19.01 Welcome/Apologies

Apologies were received from Morag McKelvie and Alex Linkston.

#### 19.02 Declarations of interest

There were no declarations of interest.

#### 19.03 Minute of Meeting of 22 November 2019

The Minute of the meeting of 22 November 2019 was approved as a correct record.

#### 19.04 Matters Arising from Minute of Meeting of 22 November 2019

The Committee noted all actions as duly completed.

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### 19.05 Financial Progress

#### (i) January 2019 Management Accounts

Vice Principal, Finance & Curriculum Services, presented the management accounts for the 6 months to January 2019 and the forecast to 31 July 2019.

It was noted that Full Time fee income is down but the curriculum centres have been working hard to fill Part Time courses to make up any deficit in fee income. There is a current underspend in staff costs due partly to some courses which didn't run but mainly due to changes in teaching hours.

Vice Principal, Finance & Curriculum Services has recently met with Napier University to agree terms of a consultancy project for Napier University to implement the recommendations from their report reviewing the College's IT service.

The Committee noted that while immediate security of the IT system is an urgent priority, any future planning needs to take into account the wider ambitions of the College to upgrade their entire IT infrastructure.

The Committee noted the report.

#### (ii) Income Generation Report

Vice Principal, Finance & Curriculum Services, presented paper 4 noting an overall positive position. Foundation Apprenticeships continue to present the biggest challenge however the FDWF now have 100% allocation.

The Committee highlighted that it was important to budget realistically for Foundation Apprenticeships while also having an ambitious target. It was also felt that the College should consider taking smaller but successful steps for delivery to ensure the quality of Foundation Apprenticeships which could more generate future interest.

The Committee were pleased to see that the delivery model used for the Children's Hearing Scotland contract was being used for other external tenders showing a more diverse approach for the College.

The Principal offered to circulate to the Committee members an

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evaluation report on Foundation Apprenticeships which was due to be published shortly.

**Action 1: Principal / Board Secretary****19.06 College Key Performance Indicators (KPIs) 2018-2019**

Vice Principal, Finance & Curriculum Services, presented paper 5 and proposed a recommendation to streamline the presentation of KPI reporting between the Committees and the Board.

The Committee felt that it would be important to see both the financial KPIs and the early withdrawal figures since they have an impact on the financial position. It would also be useful to see the early withdrawal figures as actual number of students as well as the percentage to give a more accurate picture of the impact of the withdrawals.

Vice Principal, Curriculum & Planning, confirmed that courses with higher withdrawal rates are currently being investigated with employment and financial issues appearing to be some of the main reasons for withdrawal at this stage.

The Committee approved the following change to the presentation of KPI reports:

- Finance & General Purposes Committee = Financial KPIs + Early Withdrawal figures (shown as % and actual numbers)
- Learning & Teaching Committee = Non-Financial KPIs
- Board = Financial & Non-Financial KPIs

**Organisational Well-being****19.07 (i) Human Resources Report**

The Senior HR Business Partner presented the report covering the quarter to December noting that there had been a reduction in long term sickness absence.

The Committee requested further information regarding gender pay equality to obtain a more detailed understanding of the structure within the College drawing out management, support and lecturing staff as well as the age profile within each group.

**Action 2 – Senior HR Business Partner / Vice Principal Finance & Curriculum Services**

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The Committee noted the report.

### **(ii) Employers Association Update**

The Principal confirmed that further meetings were taking place regarding the on-going EIS industrial action and the College were discussing contingencies to ensure that students would not be disadvantaged by any industrial action.

### **19.08 Infrastructure Update**

Vice Principal, Finance & Curriculum Services, presented paper 7 outlining the plans for reconfiguring the College buildings and some IT updates.

The Committee felt it was very important that students were learning up to date skills using modern technology which would be relevant and necessary for the workplace and encouraged the College to continue to source funding for a full scale modernisation project.

The Principal confirmed that the College was also looking to modernise the curriculum with a particular focus on engineering. Vice Principal, Curriculum & Planning, offered to present a paper at the September meeting showing the curriculum plan and investment for engineering.

### **Action 3 – Vice Principal, Curriculum & Planning (September)**

The Committee noted the report.

### **19.09 Infrastructure Strategy**

### **19.10 Financial Strategy**

### **19.11 Procurement Strategy**

### **19.12 Employer Engagement Strategy**

### **19.13 Income Generation Strategy**

Items 19.09 to 19.13 were discussed together.

The Committee felt that the documents presented a more internal operational view of what needed to be achieved in the short term rather than a long term strategic goal. It was agreed that learning and teaching should be the driving force behind all the College strategies and the

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Committee felt that it would be difficult to have a cohesive strategy until a college strategic plan had been developed.

The Committee advised that they would be interested to see a short paper outlining a long term strategy which would remain stable for multiple years. The documents presented at this meeting, would be the underlying documents showing the short term steps to achieving the long term goal to give more operational direction to management.

It was suggested that developing the long term strategy could be the agenda for the Board Strategy Day on 23 May.

### **Action 4 – Principal / Chair of the Board**

The Committee felt that papers 8 (Infrastructure Strategy), 9 (Financial Strategy), 11 (Employer Engagement Strategy) and 12 (Income Generation Strategy) were useful internal documents which did not require Committee or Board approval.

Regarding paper 10 (Procurement Strategy), the Committee recommended the paper to the Board for approval subject to an update to the mission statement on page 1.

### **Action 5 – Vice Principal, Finance & Curriculum Services**

#### **19.14 Complaints Report**

Vice Principal, Curriculum & Planning presented paper 13 and the Committee liked the addition of compliments to the complaints. The Principal confirmed that the positive comments are related to staff through her fortnightly newsletter.

#### **19.15 Self-Evaluation of Committee**

Management left the room and the Committee discussed the various prompts for self-evaluation. A separate paper will be produced showing the feedback from this exercise at the next meeting.

### **Action 6 – Board Secretary**

#### **19.16 Any Other Business**

No other matters of business were raised.

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

The Committee were content with the meeting, the information received and the papers presented. The Committee requested a tour of the areas of the College campus which were benefitting from the infrastructure update over the summer.

**Action 7 – Vice Principal, Finance & Curriculum Services (September)**

## 19.18 Date of Next Meeting

The next meeting was scheduled for 13 June 2019 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 .....

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### Finance & General Purposes Committee

Action update from the Finance & General Purposes Committee of 28 February 2019.

#### **Action 1 - Principal**

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

The Principal offered to circulate to the Committee members an evaluation report on Foundation Apprenticeships which was due to be published shortly.

Duly completed

#### **Action 2 – Senior HR Business Partner / Vice Principal Finance & Curriculum Services**

##### **Organisational Well-being (i) Human Resources Report**

The Committee requested further information regarding gender pay equality to obtain a more detailed understanding of the structure within the College drawing out management, support and lecturing staff as well as the age profile within each group.

Duly completed and contained within HRM report

#### **Action 3 – Vice Principal, Curriculum & Planning (September) Infrastructure Update**

The Principal confirmed that the College was also looking to modernise the curriculum with a particular focus on engineering. Vice Principal, Curriculum & Planning, offered to present a paper at the September meeting showing the curriculum plan and investment for engineering.

Arranged for 5 September 2019

#### **Action 4 – Principal / Chair of the Board Strategies**

It was suggested that developing the long term strategy could be the agenda for the Board Strategy Day on 23 May.

Duly completed on 23 May 2019

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### **Action 5 – Vice Principal, Finance & Curriculum Services Procurement Strategy**

Regarding paper 10 (Procurement Strategy), the Committee recommended the paper to the Board for approval subject to an update to the mission statement on page 1.

Duly completed

### **Action 6 – Board Secretary Self-Evaluation of Committee**

Management left the room and the Committee discussed the various prompts for self-evaluation. A separate paper will be produced showing the feedback from this exercise at the next meeting.

Duly completed - Agenda item 19.30

### **Action 7 – Vice Principal, Finance & Curriculum Services (September) Review of Meeting, Supporting Papers & Development Plan**

The Committee requested a tour of the areas of the College campus which were benefitting from the infrastructure update over the summer.

Arranged for 5 September 2019

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### Finance & General Purposes Committee

#### Annual Budget 2019-20

##### 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 (1 April 2014) 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 year's grant allocation so it is not 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.

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 2019 to July 2020.

##### 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

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now £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 £413k which is 2.4% of income. However this excludes provision for £35k of Apprenticeship Levy, £1k of bank interest and £314k 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 2018 actuarial forecast, are budgeted at £936k and taking these into account the operating deficit, which is the declared result in the published accounts, is expected to be -£871k (-5.0% of income).

However transfers from the Pension and Revaluation Reserves will add back £1,029k, 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 £112k in respect of the 5% increase in employers contributions to SPPA pensions effective from August 2019 and £329k of Flexible Workforce Development Funding (FWDF) during the year. The £112k represents 50% of the expected cost of the SPPA increase and is based on latest discussions with SFC. It is understood that in England colleges are to receive the full 100% of these additional costs and should this materialise in Scotland this would be additional funding not assumed in this budget. The £329k budgeted for FWDF is the same as the allocation received for 2018-19 but this is yet to be confirmed by SFC. Release of estates grant funding has been included at £332k which comprises £70k from FY 2018-19 allocation and full release of the £262k allocation for FY 2019-20. It should be noted that the estates grant funding has been cut by £100k FY 2019-20. 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 2019-20 as at 27 May 2019, plus an additional £324k from Napier and Queen Margaret Universities for articulation students.

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The college has been allocated 43,646 Credits for the 2019-20 academic year plus another 773 Credits for ESF activity. For this the college will receive £11.351m in funding for its base Teaching and Fee Waiver allocation and £196k for the ESF allocation.

### **SDS Contracts and Work-based Training**

SDS contract income for Modern Apprenticeship activity is based on the 2019-20 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 (£199k) will be contracted from 1 April 2020. In addition the college is participating in three Foundation Apprenticeship training contracts and these will generate £456k of income between them during the budget year. Workforce Development contracts and short course income are based on the Curriculum Plan activity projections.

### **Children's Hearings Scotland**

In September 2018, the college won a renewal of the contract for Children's Hearings Scotland panel member training. This is a three year contract starting 1 October 2018 and has a base value of £5.3m over the contract period. The contract has an option to be extended by another two years to 30 September 2023.

### **Other Income**

The budget for other income includes £404k for refectory and shop sales as well as income for the training restaurant, hairdressing and beauty salons, EMA administration and room hire.

### **Staffing**

The 2019-20 salaries budget is based on the payroll record of permanent staff at April 2019 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. Employer pension contributions are included at 23.0% for SPPA members and 19.3% for LPF members. A separate allowance of £363k has been made for the costs expected to arise from the sector support staff job evaluation exercise and also for backdated payments to fixed term lecturing staff in respect of the ongoing pay offer discussions.

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### Supplies

A zero-based budget approach has been taken for all supplies budgets. Curriculum 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. It has been decided this year not to include an investment fund expenditure line in the budget. Should surplus funds arise during the year these will be invested in priorities already agreed by the Senior Team.

### 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 2019-20.

For 2019-20 the initial allocation of student funding to the college has increased from £3.176M to £3.604M (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 2019 will be £262k (before loan deduction) which is £100k 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 2019, it is planned to carry forward £70k of the FY 2019-20 funding to be released against estates costs August 2019 to March 2020. The budget has assumed a similar allocation and capital / revenue split from April 2020 and that the entire £262k will be released against estates maintenance costs April to July 2020.

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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 March 2019 the balance on this loan was £2.527m

### 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 2018-19 levels
3. The college will meet its targets for SDS funding
4. Costs of support staff job evaluation will not exceed the budget provided.
5. Student support spending will be kept within funding available.
6. 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 2019-20

|                              |      |   |
|------------------------------|------|---|
| Summary                      | page | 1 |
| (i) Teaching Centres         |      | 2 |
| (ii) Teaching Support        |      | 3 |
| (iii) Administration         |      | 4 |
| (iv) Commercial & Enterprise |      | 5 |
| (v) Other Activities         |      | 6 |
| (vi) Estates                 |      | 7 |
| Balance Sheet                | page | 8 |
| Cash Flow                    | page | 9 |

|  | 2018/19<br>Forecast ACTUAL<br>£'000 | 2018/19<br>BUDGET<br>£'000 | Difference<br>£'000 | 2019/20<br>BUDGET<br>£'000 | Difference<br>2019/20 v Forecast<br>£'000 |
|--|-------------------------------------|----------------------------|---------------------|----------------------------|---|
| <b>SUMMARY</b>                           | 12 Months                           | 12 Months                  |                     | 12 Months                  |   |
| <b>INCOME</b>                            |                                     |                            |                     |                            |   |
| GRANT IN AID                             | 11,161                              | 11,254                     | -93                 | 11,659                     | +498                                      |
| FEES                                     | 2,512                               | 2,641                      | -129                | 2,647                      | +135                                      |
| SDS CONTRACTS                            | 722                                 | 961                        | -239                | 655                        | -67                                       |
| INCOME GENERATION                        | 1,075                               | 1,075                      |                     | 1,112                      | +37                                       |
| EUROPEAN FUNDS                           | 244                                 | 244                        |                     | 13                         | -231                                      |
| OTHER INCOME                             | 562                                 | 485                        | +77                 | 569                        | +7  |
| OTHER SFC FUNDING                        | 1,043                               | 727                        | +316                | 661                        | -382                                      |
| <b>TOTAL INCOME</b>                      | <b>17,319</b>                       | <b>17,387</b>              | <b>-68</b>          | <b>17,316</b>              | <b>-3</b>                                 |
| <b>EXPENDITURE</b>                       |                                     |                            |                     |                            |   |
| <b>SALARIES</b>                          |                                     |                            |                     |                            |   |
| Teaching Centres                         | 6,100                               | 6,296                      | +196                | 6,427                      | -327                                      |
| Teaching Support                         | 1,046                               | 1,047                      | +1                  | 1,057                      | -11                                       |
| Administration                           | 1,690                               | 1,631                      | -59                 | 1,753                      | -63                                       |
| Commercial & Enterprise                  | 2,307                               | 2,557                      | +250                | 2,589                      | -282                                      |
| Other Activities                         | 80                                  | 80                         |                     | 73                         | +7  |
| Estates                                  | 862                                 | 859                        | -3                  | 886                        | -24                                       |
|  | 12,085                              | 12,470                     | +385                | 12,785                     | -700                                      |
| <b>SUPPLIES &amp; SERVICES</b>           |                                     |                            |                     |                            |   |
| Teaching Centres                         | 437                                 | 401                        | -36                 | 398                        | +39                                       |
| Teaching Support                         | 383                                 | 232                        | -151                | 273                        | +110                                      |
| Administration                           | 1,532                               | 1,374                      | -158                | 1,447                      | +85                                       |
| Commercial & Enterprise                  | 545                                 | 752                        | +207                | 586                        | -41                                       |
| Other Activities                         | 258                                 | 233                        | -25                 | 28                         | +230                                      |
| Estates                                  | 1,256                               | 1,121                      | -135                | 1,023                      | +233                                      |
|  | 4,411                               | 4,113                      | -298                | 3,755                      | +656                                      |
| <b>OTHER PAYROLL COSTS</b>               | 70                                  | 276                        | +206                | 363                        | -293                                      |
| <b>TOTAL EXPENDITURE</b>                 | <b>16,566</b>                       | <b>16,859</b>              | <b>+293</b>         | <b>16,903</b>              | <b>-337</b>                               |
| <b>TRADING SURPLUS/(DEFICIT)</b>         | <b>753</b>                          | <b>528</b>                 | <b>+225</b>         | <b>413</b>                 | <b>-340</b>                               |
| <b>RESTRUCTURING</b>                     |                                     |                            |                     |                            |   |
| Voluntary Severance                      | -13                                 |                            | -13                 |                            | +13                                       |
| Pension Transfers                        | -9                                  |                            | -9                  |                            | +9  |
| Apprenticeship Levy                      | -32                                 | -38                        | +6                  | -35                        | -3  |
| Holiday Pay Accrual                      | -30                                 |                            | -30                 |                            | +30                                       |
|  | -84                                 | -38                        | -46                 | -35                        | +49                                       |
| <b>INTEREST</b>                          |                                     |                            |                     |                            |   |
| Interest Receivable                      |                                     |                            |                     | 1                          | +1  |
| Interest Payable                         |                                     |                            |                     |                            |   |
|  |                                     |                            |                     | 1                          | +1  |
| <b>DEFERRED GRANT &amp; DEPRECIATION</b> |                                     |                            |                     |                            |   |
| Release of Deferred Grant                | 457                                 | 457                        |                     | 457                        |   |
| Depreciation                             | -787                                | -782                       | -5                  | -771                       | +16                                       |
|  | -330                                | -325                       | -5                  | -314                       | +16                                       |
| <b>STUDENT FUNDS</b>                     |                                     |                            |                     |                            |   |
| Student Funds Income                     | 3,869                               | 3,658                      | +211                | 4,103                      | +234                                      |
| Student Funds Expenditure                | -3,869                              | -3,658                     | -211                | -4,103                     | -234                                      |
| <b>INVESTMENT FUND</b>                   |                                     |                            |                     |                            |   |
| Investment Fund                          | -309                                | -100                       | -209                |                            | +309                                      |
| <b>COLLEGE SURPLUS/(DEFICIT)</b>         | <b>30</b>                           | <b>65</b>                  | <b>-35</b>          | <b>65</b>                  | <b>+35</b>                                |
| <b>PENSION</b>                           |                                     |                            |                     |                            |   |
| FRS17 LPF                                | -732                                | -813                       | +81                 | -732                       |   |
| Early Retirement provision               | -204                                | -204                       |                     | -204                       |   |
|  | -936                                | -1,017                     | +81                 | -936                       |   |
| <b>OPERATING SURPLUS/(DEFICIT)</b>       | <b>-906</b>                         | <b>-952</b>                | <b>+46</b>          | <b>-871</b>                | <b>+35</b>                                |
| Transfer (To) / From Pension Reserve     | 732                                 | 813                        | -81                 | 732                        |   |
| Transfer (To) / From Revaluation Reserve | 297                                 | 297                        |                     | 297                        |   |
| <b>NET TRANSFER TO I&amp;E RESERVE</b>   | <b>123</b>                          | <b>158</b>                 | <b>-35</b>          | <b>158</b>                 | <b>+35</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

|   | 2018/19<br>Forecast ACTUAL<br>£'000 | 2018/19<br>BUDGET<br>£'000 | Difference<br>£'000 | 2019/20<br>BUDGET<br>£'000 | Difference<br>2019/20 v Forecast<br>£'000 |
|---|-------------------------------------|----------------------------|---------------------|----------------------------|---|
|   | 12 Months                           | 12 Months                  |                     | 12 Months                  |   |
| <b>TEACHING CENTRES</b>                 |                                     |                            |                     |                            |   |
| <b>INCOME</b>                           |                                     |                            |                     |                            |   |
| GRANT IN AID                            | 9,881                               | 9,974                      | -93                 | 10,251                     | +370 Note 1                               |
| FEES                                    | 1,794                               | 1,877                      | -83                 | 1,806                      | +12 Note 2                                |
| SDS CONTRACTS                           |                                     |                            |                     |                            |   |
| INCOME GENERATION                       |                                     |                            |                     |                            |   |
| EUROPEAN FUNDS                          |                                     |                            |                     |                            |   |
| OTHER INCOME                            |                                     |                            |                     |                            |   |
| OTHER SFC FUNDING                       |                                     |                            |                     |                            |   |
| <b>TOTAL INCOME</b>                     | <b>11,675</b>                       | <b>11,851</b>              | <b>-176</b>         | <b>12,057</b>              | <b>+382</b>                               |
| <b>EXPENDITURE</b>                      |                                     |                            |                     |                            |   |
| <b>SALARIES</b>                         |                                     |                            |                     |                            |   |
| Business & Creative                     | 757                                 | 706                        | -51                 | 772                        | -15 Note 3                                |
| Beauty Therapy & Hairdressing           | 494                                 | 511                        | +17                 | 537                        | -43 "                                     |
| Computing & Engineering                 | 1,092                               | 1,146                      | +54                 | 1,094                      | -2 "                                      |
| Construction & Motor Vehicle            | 791                                 | 834                        | +43                 | 955                        | -164 "                                    |
| Childhood Practice & Sports and Fitness | 945                                 | 1,007                      | +62                 | 1,065                      | -120 "                                    |
| Hospitality & Communities               | 1,124                               | 1,193                      | +69                 | 1,089                      | +35 "                                     |
| Health & Social Care, SS & Science      | 897                                 | 899                        | +2                  | 915                        | -18 "                                     |
|   | 6,100                               | 6,296                      | +196                | 6,427                      | -327                                      |
| <b>SUPPLIES AND SERVICES</b>            |                                     |                            |                     |                            |   |
| Business & Creative                     | 45                                  | 55                         | +10                 | 49                         | -4 Note 4                                 |
| Beauty Therapy & Hairdressing           | 77                                  | 62                         | -15                 | 50                         | +27 "                                     |
| Computing & Engineering                 | 52                                  | 61                         | +9                  | 64                         | -12 "                                     |
| Construction & Motor Vehicle            | 67                                  | 67                         |                     | 69                         | -2 "                                      |
| Childhood Practice & Sports and Fitness | 70                                  | 62                         | -8                  | 64                         | +6 "                                      |
| Hospitality & Communities               | 105                                 | 73                         | -32                 | 75                         | +30 "                                     |
| Health & Social Care, SS & Science      | 21                                  | 21                         |                     | 27                         | -6 "                                      |
|   | 437                                 | 401                        | -36                 | 398                        | +39                                       |
| <b>TOTAL EXPENDITURE</b>                | <b>6,537</b>                        | <b>6,697</b>               | <b>+160</b>         | <b>6,825</b>               | <b>-288</b>                               |
| <b>TRADING SURPLUS/(DEFICIT)</b>        | <b>5,138</b>                        | <b>5,154</b>               | <b>-16</b>          | <b>5,232</b>               | <b>+94</b>                                |

## Notes

- 1 Assumes 2019/20 credit target will be achieved. Includes £197k for ESF activity
- 2 Based on 2019/20 activity projections. Includes £324k for Napier and QMU articulation students.
- 3 Staffing based on activity projections and includes national pay award and increase to employers SPPA pension contribution of 5%.
- 4 Supplies budgets based on activity projections plus other department level costs and take account of a £139k contribution from bursary funds.

|                                  | 2018/19<br>Forecast ACTUAL<br>£'000 | 2018/19<br>BUDGET<br>£'000 | Difference<br>£'000 | 2019/20<br>BUDGET<br>£'000 | Difference<br>2019/20 v Forecast<br>£'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                     | 55                                  |                            | +55                 | 24                         | -31                                       | Note 1 |
| OTHER SFC FUNDING                | 72                                  |                            | +72                 |                            | -72                                       | Note 2 |
| <b>TOTAL INCOME</b>              | <b>127</b>                          |                            | <b>+127</b>         | <b>24</b>                  | <b>-103</b>                               |        |
| <b>EXPENDITURE</b>               |                                     |                            |                     |                            |   |        |
| <b>SALARIES</b>                  |                                     |                            |                     |                            |   |        |
| Quality & Learner Services       | 741                                 | 743                        | +2                  | 766                        | -25                                       | Note 3 |
| External Engagement              | 141                                 | 156                        | +15                 | 131                        | +10                                       | Note 4 |
| Student Advice & Admissions      | 162                                 | 148                        | -14                 | 160                        | +2  |        |
| Other Costs                      | 2                                   |                            | -2                  |                            | +2  |        |
|                                  | 1,046                               | 1,047                      | +1                  | 1,057                      | -11                                       |        |
| <b>SUPPLIES AND SERVICES</b>     |                                     |                            |                     |                            |   |        |
| Quality & Learner Services       | 278                                 | 196                        | -82                 | 243                        | +35                                       | Note 5 |
| External Engagement              | 25                                  | 25                         |                     | 20                         | +5  |        |
| Student Advice & Admissions      | 1                                   | 1                          |                     |                            | +1  |        |
| Other Costs                      | 79                                  | 10                         | -69                 | 10                         | +69                                       | Note 6 |
|                                  | 383                                 | 232                        | -151                | 273                        | +110                                      |        |
| <b>TOTAL EXPENDITURE</b>         | <b>1,429</b>                        | <b>1,279</b>               | <b>-150</b>         | <b>1,330</b>               | <b>+99</b>                                |        |
| <b>TRADING SURPLUS/(DEFICIT)</b> | <b>(1,302)</b>                      | <b>(1,279)</b>             | <b>-23</b>          | <b>(1,306)</b>             | <b>-4</b>                                 |        |

## Notes

- 1 Expected SAAS contribution to specialist student support costs. Forecast actual for 2018/19 includes sale of library books and staff contributions to CPD not budgeted for.
- 2 Forecast actual for 2018/19 included grant for Access to Free Sanitary Products and Men in Early Learning in Childcare. No grants have as yet been confirmed for next year.
- 3 Additional 0.5 FTE post for Equalities Officer.
- 4 STEM development work to be met from existing staff budgets.
- 5 Additional specialist student support costs budget in line with 2018/19 experience.
- 6 Forecast actual for 2018/19 included set up costs for new HN Cyber Security qualification.

|   | 2018/19<br>Forecast ACTUAL<br>£'000 | 2018/19<br>BUDGET<br>£'000 | Difference<br>£'000 | 2019/20<br>BUDGET<br>£'000 | Difference<br>2019/20 v Forecast<br>£'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                                  | 34                                  | 51                         | -17                 | 36                         | +2  |        |
| OTHER SFC FUNDING                             | 120                                 |                            | +120                |                            | -120                                      | Note 1 |
| <b>TOTAL INCOME</b>                           | <b>154</b>                          | <b>51</b>                  | <b>+103</b>         | <b>36</b>                  | <b>-118</b>                               |        |
| <b>EXPENDITURE</b>                            |                                     |                            |                     |                            |   |        |
| <b>SALARIES</b>                               |                                     |                            |                     |                            |   |        |
| Executive Office incl. Senior Management Team | 719                                 | 716                        | -3                  | 734                        | -15                                       | Note 2 |
| Finance                                       | 235                                 | 238                        | +3                  | 242                        | -7  |        |
| HRM   | 193                                 | 194                        | +1                  | 199                        | -6  |        |
| ICT   | 132                                 | 108                        | -24                 | 138                        | -6  |        |
| Marketing                                     | 67                                  | 64                         | -3                  | 68                         | -1  |        |
| MIS   | 248                                 | 217                        | -31                 | 275                        | -27                                       | Note 3 |
| Student Funding                               | 96                                  | 94                         | -2                  | 97                         | -1  |        |
|   | 1,690                               | 1,631                      | -59                 | 1,753                      | -63                                       |        |
| <b>SUPPLIES AND SERVICES</b>                  |                                     |                            |                     |                            |   |        |
| Executive Office incl. Senior Management Team | 88                                  | 93                         | +5                  | 87                         | +1  |        |
| Finance                                       | 162                                 | 187                        | +25                 | 192                        | -30                                       | Note 4 |
| HRM   | 86                                  | 96                         | +10                 | 74                         | +12                                       | Note 5 |
| ICT   | 465                                 | 345                        | -120                | 364                        | +101                                      | Note 6 |
| Marketing                                     | 147                                 | 99                         | -48                 | 112                        | +35                                       | Note 7 |
| MIS   | 582                                 | 552                        | -30                 | 618                        | -36                                       | Note 8 |
| Student Funding                               | 2                                   | 2                          |                     |                            | +2  |        |
|   | 1,532                               | 1,374                      | -158                | 1,447                      | +85                                       |        |
| <b>TOTAL EXPENDITURE</b>                      | <b>3,222</b>                        | <b>3,005</b>               | <b>-217</b>         | <b>3,200</b>               | <b>+22</b>                                |        |
| <b>TRADING SURPLUS/(DEFICIT)</b>              | <b>(3,068)</b>                      | <b>(2,954)</b>             | <b>-114</b>         | <b>(3,164)</b>             | <b>-96</b>                                |        |

## Notes

- Forecast actual for 2018/19 includes SFC grant for IT network upgrade.
- Additional 0.5 FTE for Communications Officer
- Additional staffing to support Power BI and other MIS reporting initiatives.
- Forecast actual for 2018/19 includes £25k VAT recovery.
- Forecast actual for 2018/19 includes recruitment costs for new Principal
- Forecast actual for 2018/19 includes £120k in respect of IT network grant costs.
- Forecast actual for 2018/19 includes £18k overrun of website development costs and £20k for rollout of new branding concepts.
- Includes £21k for Unite consultancy to upgrade from Oracle to SQL and £11k increase for SQA exam fees.

|                                    | 2018/19<br>Forecast ACTUAL<br>£'000 | 2018/19<br>BUDGET<br>£'000 | Difference<br>£'000 | 2019/20<br>BUDGET<br>£'000 | Difference<br>2019/20 v Forecast<br>£'000 |         |
|------------------------------------|-------------------------------------|----------------------------|---------------------|----------------------------|---|---------|
|                                    | 12 Months                           | 12 Months                  |                     | 12 Months                  |   |         |
| <b>COMMERCIAL &amp; ENTERPRISE</b> |                                     |                            |                     |                            |   |         |
| <b>INCOME</b>                      |                                     |                            |                     |                            |   |         |
| GRANT IN AID                       | 1,280                               | 1,280                      |                     | 1,408                      | +128                                      | Note 1  |
| FEES                               | 718                                 | 764                        | -46                 | 841                        | +123                                      | Note 2  |
| SDS CONTRACTS                      | 722                                 | 961                        | -239                | 655                        | -67                                       | Note 3  |
| INCOME GENERATION                  | 1,075                               | 1,075                      |                     | 1,112                      | +37                                       | Note 4  |
| EUROPEAN FUNDS                     |                                     |                            |                     |                            |   |         |
| OTHER INCOME                       | 42                                  | 53                         | -11                 | 46                         | +4  |         |
| OTHER SFC FUNDING                  | 461                                 | 250                        | +211                | 329                        | -132                                      | Note 5  |
| <b>TOTAL INCOME</b>                | <b>4,298</b>                        | <b>4,383</b>               | <b>-85</b>          | <b>4,391</b>               | <b>+93</b>                                |         |
| <b>EXPENDITURE</b>                 |                                     |                            |                     |                            |   |         |
| <b>SALARIES</b>                    |                                     |                            |                     |                            |   |         |
| Commercial & Enterprise            | 286                                 | 446                        | +160                | 374                        | -88                                       | Note 6  |
| Childrens Hearings Scotland        | 561                                 | 596                        | +35                 | 613                        | -52                                       | Note 7  |
| Workforce Development              | 1,232                               | 1,170                      | -62                 | 1,307                      | -75                                       | Note 8  |
| SDS Contracts                      | 228                                 | 345                        | +117                | 295                        | -67                                       | Note 9  |
| Other Centres                      |                                     |                            |                     |                            |   |         |
|                                    | 2,307                               | 2,557                      | +250                | 2,589                      | -282                                      |         |
| <b>SUPPLIES AND SERVICES</b>       |                                     |                            |                     |                            |   |         |
| Commercial & Enterprise            | 33                                  | 33                         |                     | 14                         | +19                                       | Note 10 |
| Childrens Hearings Scotland        | 349                                 | 349                        |                     | 393                        | -44                                       | Note 11 |
| Workforce Development              | 58                                  | 53                         | -5                  | 57                         | +1  |         |
| SDS Contracts                      | 104                                 | 316                        | +212                | 119                        | -15                                       | Note 12 |
| Other Centres                      | 1                                   | 1                          |                     | 3                          | -2  |         |
|                                    | 545                                 | 752                        | +207                | 586                        | -41                                       |         |
| <b>TOTAL EXPENDITURE</b>           | <b>2,852</b>                        | <b>3,309</b>               | <b>+457</b>         | <b>3,175</b>               | <b>-323</b>                               |         |
| <b>TRADING SURPLUS/(DEFICIT)</b>   | <b>1,446</b>                        | <b>1,074</b>               | <b>+372</b>         | <b>1,216</b>               | <b>-230</b>                               |         |

## Notes

- 1 Assumes 2019/20 credit target achieved.
- 2 Based on 2019/20 activity projections.
- 3 Based on 2019/20 MA contract plus Foundation Apprentice contracts.
- 4 Increase in CHS fees as per contract.
- 5 Forecast actual for 2018/19 includes £132k back payment for previous year.
- 6 Based on FWDF lecturing hours in curriculum plan.
- 7 Forecast actual for 2018/19 includes savings for delays in replacing staff.
- 8 Includes additional 2.0 FTE's for increased credits.
- 9 Includes additional 1.0 FTE's for additional MA places.
- 10 Reduction in British Council overseas work.
- 11 Development of online training modules and the cost of new Totara learning system.
- 12 Reflects reduced Foundation Apprentice contract income.

|                                  | 2018/19<br>Forecast ACTUAL<br>£'000 | 2018/19<br>BUDGET<br>£'000 | Difference<br>£'000 | 2019/20<br>BUDGET<br>£'000 | Difference<br>2019/20 v Forecast<br>£'000 |        |
|----------------------------------|-------------------------------------|----------------------------|---------------------|----------------------------|---|--------|
| <b>OTHER ACTIVITIES</b>          | 12 Months                           | 12 Months                  |                     | 12 Months                  |   |        |
| <b>INCOME</b>                    |                                     |                            |                     |                            |   |        |
| GRANT IN AID                     |                                     |                            |                     |                            |   |        |
| FEES                             |                                     |                            |                     |                            |   |        |
| SDS CONTRACTS                    |                                     |                            |                     |                            |   |        |
| INCOME GENERATION                |                                     |                            |                     |                            |   |        |
| EUROPEAN FUNDS                   | 244                                 | 244                        |                     | 13                         | -231                                      | Note 1 |
| OTHER INCOME                     | 91                                  | 86                         | +5                  | 59                         | -32                                       | Note 2 |
| OTHER SFC FUNDING                |                                     |                            |                     |                            |   |        |
| <b>TOTAL INCOME</b>              | <b>335</b>                          | <b>330</b>                 | <b>+5</b>           | <b>72</b>                  | <b>-263</b>                               |        |
| <b>EXPENDITURE</b>               |                                     |                            |                     |                            |   |        |
| <b>SALARIES</b>                  |                                     |                            |                     |                            |   |        |
| Terrace Restaurant               |                                     |                            |                     |                            |   |        |
| Platinum Salon                   | 80                                  | 80                         |                     | 73                         | +7  |        |
| Europe                           |                                     |                            |                     |                            |   |        |
| Other                            |                                     |                            |                     |                            |   |        |
|                                  | 80                                  | 80                         |                     | 73                         | +7  |        |
| <b>SUPPLIES AND SERVICES</b>     |                                     |                            |                     |                            |   |        |
| Terrace Restaurant               | 9                                   | 9                          |                     | 7                          | +2  |        |
| Platinum Salon                   | 14                                  | 14                         |                     | 9                          | +5  |        |
| Europe                           | 210                                 | 210                        |                     | 12                         | +198                                      | Note 1 |
| Other                            | 25                                  |                            | -25                 |                            | +25                                       | Note 3 |
|                                  | 258                                 | 233                        | -25                 | 28                         | +230                                      |        |
| <b>TOTAL EXPENDITURE</b>         | <b>338</b>                          | <b>313</b>                 | <b>-25</b>          | <b>101</b>                 | <b>+237</b>                               |        |
| <b>TRADING SURPLUS/(DEFICIT)</b> | <b>(3)</b>                          | <b>17</b>                  | <b>-20</b>          | <b>(29)</b>                | <b>-26</b>                                |        |

## Notes

- 1 Based on known European projects
- 2 Reduced Training restaurant and Platinum salon targets. Also 2018/19 actual includes contributions to student trips/activities not budgeted for.
- 3 Student trips / activities costs not budgeted for.

|                                  | 2018/19<br>Forecast ACTUAL<br>£'000 | 2018/19<br>BUDGET<br>£'000 | Difference<br>£'000 | 2019/20<br>BUDGET<br>£'000 | Difference<br>2019/20 v Forecast<br>£'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                     | 340                                 | 295                        | +45                 | 404                        | +64                                       | Note 1 |
| OTHER SFC FUNDING                | 390                                 | 477                        | -87                 | 332                        | -58                                       | Note 2 |
| <b>TOTAL INCOME</b>              | <b>730</b>                          | <b>772</b>                 | <b>-42</b>          | <b>736</b>                 | <b>+6</b>                                 |        |
| <b>EXPENDITURE</b>               |                                     |                            |                     |                            |   |        |
| SALARIES                         |                                     |                            |                     |                            |   |        |
| Estates                          | 655                                 | 632                        | -23                 | 641                        | +14                                       |        |
| Catering                         | 207                                 | 227                        | +20                 | 245                        | -38                                       | Note 3 |
|                                  | 862                                 | 859                        | -3                  | 886                        | -24                                       |        |
| SUPPLIES AND SERVICES            |                                     |                            |                     |                            |   |        |
| Estates                          | 1,086                               | 973                        | -113                | 844                        | +242                                      | Note 4 |
| Catering                         | 170                                 | 148                        | -22                 | 179                        | -9  |        |
|                                  | 1,256                               | 1,121                      | -135                | 1,023                      | +233                                      |        |
| <b>TOTAL EXPENDITURE</b>         | <b>2,118</b>                        | <b>1,980</b>               | <b>-138</b>         | <b>1,909</b>               | <b>209</b>                                |        |
| <b>TRADING SURPLUS/(DEFICIT)</b> | <b>(1,388)</b>                      | <b>(1,208)</b>             | <b>-180</b>         | <b>(1,173)</b>             | <b>+215</b>                               |        |

## Notes

- Increase in refectory income target.
- Includes £70k carry forward from 2018/19.
- Forecast actual 2018/19 includes a saving on Assistant Cook post not being filled until the new session. Also additional 0.4 FTE post for Kitchen Admin Assistant
- Forecast actual 2018/19 includes £200k in respect of the infrastructure moves project due to be completed over the summer.

## BALANCE SHEET PROJECTION

|   | Actual<br>31 JUL 2017<br>£'000 | Actual<br>31 JUL 2018<br>£'000 | Forecast<br>31 JUL 2019<br>£'000 | Forecast<br>31 JUL 2020<br>£'000 | Movement<br>£'000 |
|---|--------------------------------|--------------------------------|----------------------------------|----------------------------------|-------------------|
| <b>Fixed Assets</b>                                     |                                |                                |                                  |                                  |                   |
| Land & Buildings  | 17,815                         | 17,221                         | 16,640                           | 16,070                           | (570)             |
| Equipment   | 1,845                          | 1,639                          | 1,438                            | 1,237                            | (201)             |
|   | 19,660                         | 18,860                         | 18,078                           | 17,307                           | (771)             |
| <b>Current Assets</b>                                   |                                |                                |                                  |                                  |                   |
| Trade Debtors   | 388                            | 620                            | 454                              | 438                              | (16)              |
| Europe  |                                | 7                              | 31                               |                                  | (31)              |
| Prepayments   | 147                            | 177                            | 177                              | 177                              |                   |
| Accrued Income  | 24                             | 60                             | 119                              | 119                              |                   |
| Bank  | 1,530                          | 729                            | 751                              | 751                              |                   |
|   | 2,089                          | 1,593                          | 1,532                            | 1,485                            | (47)              |
| <b>Current Liabilities</b>                              |                                |                                |                                  |                                  |                   |
| Trade Creditors   | (437)                          | (526)                          | (648)                            | (575)                            | 73                |
| Payroll   | (383)                          | (399)                          | (410)                            | (420)                            | (10)              |
| Loans   | (158)                          | (158)                          | (159)                            | (158)                            | 1                 |
| Accruals  | (246)                          | (307)                          | (279)                            | (279)                            |                   |
| Deferred Income   | (1,183)                        | (568)                          | (421)                            | (421)                            |                   |
| Deferred Capital Grant                                  | (457)                          | (457)                          | (457)                            | (438)                            | 19                |
| Unspent Student Funds                                   | (59)                           | (13)                           |                                  |                                  |                   |
|   | (2,923)                        | (2,428)                        | (2,374)                          | (2,291)                          | 83                |
| <b>Net Current Assets (Liabilities)</b>                 | <b>(834)</b>                   | <b>(835)</b>                   | <b>(842)</b>                     | <b>(806)</b>                     | <b>36</b>         |
| <b>Total Assets less current liabilities</b>            | <b>18,826</b>                  | <b>18,025</b>                  | <b>17,236</b>                    | <b>16,501</b>                    | <b>(735)</b>      |
| Creditors: Amounts falling due after more than one year | (2,527)                        | (2,369)                        | (2,211)                          | (2,053)                          | 158               |
| Deferred Capital Grant                                  | (12,763)                       | (12,306)                       | (11,849)                         | (11,411)                         | 438               |
| <b>Provisions</b>                                       |                                |                                |                                  |                                  |                   |
| Defined Benefit Obligations                             | (4,416)                        | (2,783)                        | (2,783)                          | (2,783)                          |                   |
| Early Retirement  | (3,953)                        | (3,688)                        | (3,688)                          | (3,688)                          |                   |
| <b>Total Net Liabilities</b>                            | <b>(4,833)</b>                 | <b>(3,121)</b>                 | <b>(3,295)</b>                   | <b>(3,434)</b>                   | <b>(139)</b>      |
| <b>Reserves</b>   |                                |                                |                                  |                                  |                   |
| Income and Expenditure Account (Trading)                | (82)                           | (111)                          | (116)                            | (116)                            |                   |
| Income and Expenditure Account (Holiday Pay)            | (137)                          | (153)                          | (183)                            | (183)                            |                   |
| Income and Expenditure Account (PFI Loan)               | (2,685)                        | (2,527)                        | (2,369)                          | (2,211)                          | 158               |
| Income and Expenditure Account (Early Retirement)       | (3,953)                        | (3,688)                        | (3,688)                          | (3,688)                          |                   |
| Income and Expenditure Account (LPF Pensions)           | (4,416)                        | (2,783)                        | (2,783)                          | (2,783)                          |                   |
| Revaluation Reserve                                     | 6,440                          | 6,141                          | 5,844                            | 5,547                            | (297)             |
| <b>Total</b>  | <b>(4,833)</b>                 | <b>(3,121)</b>                 | <b>(3,295)</b>                   | <b>(3,434)</b>                   | <b>(139)</b>      |

**WEST LOTHIAN COLLEGE**

**2019/20 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

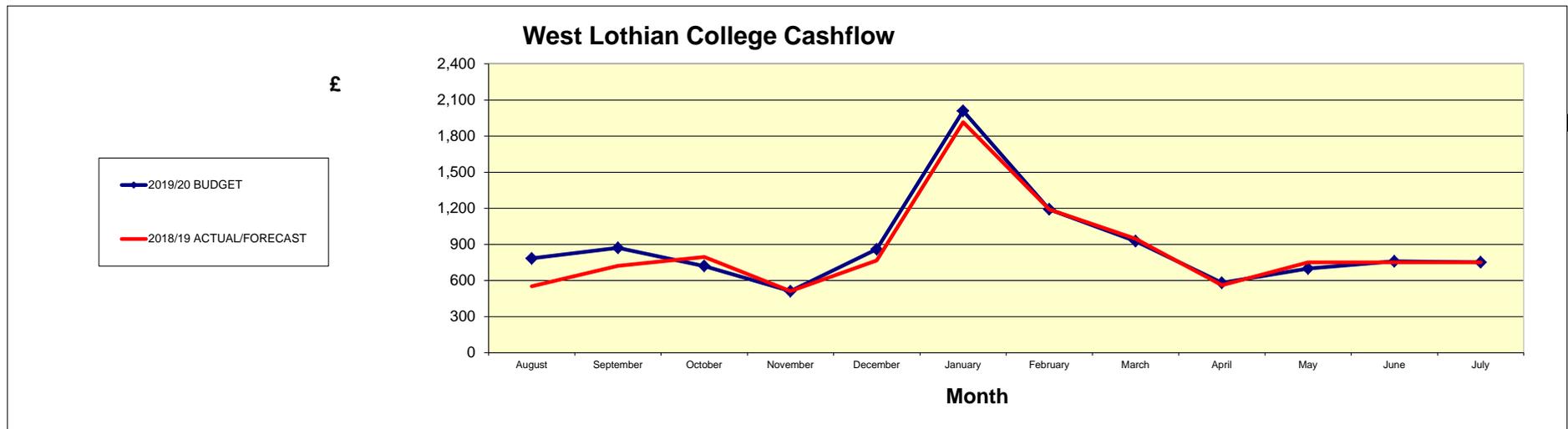
**Total cash out**

**Net cash inflow/(outflow)**

Balance b/f (cash and overdraft)

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

|  | August<br><i>Forecast</i> | September<br><i>Forecast</i> | October<br><i>Forecast</i> | November<br><i>Forecast</i> | December<br><i>Forecast</i> | January<br><i>Forecast</i> | February<br><i>Forecast</i> | March<br><i>Forecast</i> | April<br><i>Forecast</i> | May<br><i>Forecast</i> | June<br><i>Forecast</i> | July<br><i>Forecast</i> | Total         |
|--|---------------------------|------------------------------|----------------------------|-----------------------------|-----------------------------|----------------------------|-----------------------------|--------------------------|--------------------------|------------------------|-------------------------|-------------------------|---------------|
| SFC funding (including bursaries and hardship funds) | 1,072                     | 1,342                        | 1,289                      | 1,726                       | 1,814                       | 1,241                      | 565                         | 1,078                    | 1,366                    | 1,534                  | 1,466                   | 1,431                   | 15,924        |
| <i>less loan repayments</i>                          |                           |                              |                            |                             |                             |                            |                             |                          | -158                     |                        |                         |                         | -158          |
| Other cash received                                  | 530                       | 250                          | 251                        | 303                         | 338                         | 1,312                      | 317                         | 896                      | 395                      | 438                    | 260                     | 207                     | 5,497         |
| <b>Total cash in</b>                                 | <b>1,602</b>              | <b>1,592</b>                 | <b>1,540</b>               | <b>2,029</b>                | <b>2,152</b>                | <b>2,553</b>               | <b>882</b>                  | <b>1,974</b>             | <b>1,603</b>             | <b>1,972</b>           | <b>1,726</b>            | <b>1,638</b>            | <b>21,263</b> |
| Payroll  | 1,019                     | 1,022                        | 1,055                      | 1,090                       | 1,102                       | 1,045                      | 1,094                       | 1,124                    | 1,133                    | 1,133                  | 1,133                   | 1,198                   | 13,148        |
| Other payments                                       | 483                       | 290                          | 320                        | 516                         | 380                         | 60                         | 247                         | 782                      | 473                      | 211                    | 301                     | 448                     | 4,511         |
| SFC Student support payments                         | 68                        | 193                          | 315                        | 632                         | 322                         | 298                        | 359                         | 333                      | 343                      | 509                    | 232                     |                         | 3,604         |
| Interest payments                                    |                           | 0                            | 0                          | 0                           |                             |                            |                             | 0                        | 0                        | 0                      |                         | 0                       | 0             |
| <b>Total cash out</b>                                | <b>1,570</b>              | <b>1,505</b>                 | <b>1,690</b>               | <b>2,238</b>                | <b>1,804</b>                | <b>1,403</b>               | <b>1,700</b>                | <b>2,239</b>             | <b>1,949</b>             | <b>1,853</b>           | <b>1,666</b>            | <b>1,646</b>            | <b>21,263</b> |
| <b>Net cash inflow/(outflow)</b>                     | <b>32</b>                 | <b>87</b>                    | <b>(150)</b>               | <b>(209)</b>                | <b>348</b>                  | <b>1,150</b>               | <b>(818)</b>                | <b>(265)</b>             | <b>(346)</b>             | <b>119</b>             | <b>60</b>               | <b>(8)</b>              | <b>0</b>      |
| Balance b/f (cash and overdraft)                     | <b>751</b>                | <b>783</b>                   | <b>870</b>                 | <b>720</b>                  | <b>511</b>                  | <b>859</b>                 | <b>2,009</b>                | <b>1,191</b>             | <b>926</b>               | <b>580</b>             | <b>699</b>              | <b>759</b>              | <b>751</b>    |
| <b>Balance c/f (cash and overdraft)</b>              | <b>783</b>                | <b>870</b>                   | <b>720</b>                 | <b>511</b>                  | <b>859</b>                  | <b>2,009</b>               | <b>1,191</b>                | <b>926</b>               | <b>580</b>               | <b>699</b>             | <b>759</b>              | <b>751</b>              | <b>751</b>    |



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**Finance & General Purposes Committee****April 2019 Management Accounts****Introduction**

The April 2019 Management Accounts show comparisons of actual with budget income and expenditure for the nine-month period ended 30 April 2019, and a forecast for the year to 31 July 2019.

**Financial Results**

The net trading position at 30 April 2019 is:

|                                    | <b>Actual<br/>£'000</b> | <b>Budget<br/>£'000</b> | <b>Variance<br/>£'000</b> |
|------------------------------------|-------------------------|-------------------------|---------------------------|
| Income                             | 13,517                  | 13,639                  | -122                      |
| Expenditure                        | 11,945                  | 12,800                  | +855                      |
| Trading Surplus/(Deficit)          | 1,572                   | 839                     | +733                      |
| Net I&E Transfer Surplus/(Deficit) | 1,261                   | 790                     | +471                      |
| Net I&E Transfer % of Income       | 9.3%                    | 5.8%                    | +3.5%                     |

The forecast outturn for the year to 31 July 2019 is:

|                                    | <b>Forecast<br/>£'000</b> | <b>Budget<br/>£'000</b> | <b>Variance<br/>£'000</b> |
|------------------------------------|---------------------------|-------------------------|---------------------------|
| Income                             | 17,319                    | 17,387                  | -68                       |
| Expenditure                        | 16,566                    | 16,859                  | +293                      |
| Trading Surplus /(Deficit)         | 753                       | 528                     | +225                      |
| Net I&E Transfer Surplus/(Deficit) | 123                       | 158                     | -35                       |
| Net I&E Transfer % of Income       | 0.7%                      | 0.9%                    | -0.2%                     |

The most significant variances are detailed below:

| <b>Analysis of Income Variances</b>          | <b>To Date<br/>£'000</b> | <b>Forecast<br/>£'000</b> |
|--|--------------------------|---------------------------|
| Grant in Aid                                 | -                        | (93)                      |
| Fees   | (206)                    | (129)                     |
| Skills Development Scotland (SDS) Contracts  | (295)                    | (239)                     |
| Income Generation                            | 7                        | -                         |
| European Funds                               | (14)                     | -                         |
| Other income                                 | 92                       | 77                        |
| Other Scottish Funding Council (SFC) funding | 294                      | 316                       |
|  | (122)                    | (68)                      |

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| Analysis of Expenditure Variances | To Date<br>£'000 | Forecast<br>£'000 |
|-----------------------------------|------------------|-------------------|
| Salary costs                      | 343              | 385               |
| Teaching Centres supplies         | (15)             | (36)              |
| Teaching Support supplies         | (73)             | (151)             |
| Administration supplies           | 42               | (158)             |
| Commercial & Enterprise supplies  | 214              | 207               |
| Other Activity supplies           | 55               | (25)              |
| Estates & Catering supplies       | 83               | (135)             |
| Other Payroll Costs               | 206              | 206               |
|                                   | 855              | 293               |

**Comment on Specific Variances:**

| Teaching Centres |   | To Date<br>£'000 | Forecast<br>£'000 |
|------------------|---|------------------|-------------------|
|                  |   | -121             | -16               |
| Areas of Concern | Grant in aid<br>Full-time HE Fees<br>Hospitality supplies costs |                  |                   |

The original Grant in aid allocation included £276k for the effects of National Pay Bargaining for support staff. It now seems likely that this will not take effect until 2019/20 so Grant in aid and corresponding costs, which sit in the Other Payroll Costs category, have been reduced accordingly.

Full-time HE fees are currently £108k worse than budget, part-time FE fees £146k worse, part-time HE fees £16k better and Napier/QMU articulation £29k worse. The part-time variances include £116k of fees yet to be agreed with CITB and £53k for the Fife Council contract. The forecast assumes that all fees except full time HE will outturn on target or better.

Staff costs are £161k better than budget and are expected to outturn £196k better than budget due underspends on the temporary lecturer budgets. The additional backdated costs for TQFE arising from the implementation of the June 2018 circular have now been actioned in the February 2019 payroll and the forecast includes the ongoing increase in costs.

Supplies budgets are currently £15k overspent overall although Hospitality department is currently showing an over spend of £33k. Supplies budgets are expected to outturn £36k overspent of which Hospitality represents £32k.

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|                         |  |                  |                   |
|-------------------------|--|------------------|-------------------|
| <b>Teaching Support</b> |  | To Date<br>£'000 | Forecast<br>£'000 |
|                         |  | +52              | -23               |
| <b>Areas of Concern</b> | Student Advice salary costs<br>Specialist Student Support costs<br>Course approval costs |                  |                   |

Additional income is being received from the FUTUREquipped project, SAAS contribution to specialist student support costs, sale of library books and staff contributions to CPD courses. Extra SFC grant is also being received in respect of the Scottish Governments Access to Free Sanitary Products and Men in Early Learning in Childcare initiatives.

Savings on STEM development salary costs are being offset by additional staff costs for the Student Advice team. Extra supplies costs are being incurred in respect of the SG initiatives above, specialist student support and for the new HN cyber security course approved.

|                         |   |                  |                   |
|-------------------------|---|------------------|-------------------|
| <b>Administration</b>   |   | To Date<br>£'000 | Forecast<br>£'000 |
|                         |   | -14              | -114              |
| <b>Areas of Concern</b> | Additional staffing in ICT & MIS<br>Marketing supplies costs<br>SQA exam fees |                  |                   |

Additional SFC grant is being received in respect of an upgrade to the College IT infrastructure but this is expected to be fully spent by the year-end.

Additional staffing resource has been approved in the ICT and MIS teams until the end of July 2019 which will increase costs above budget for these areas.

Marketing supplies costs are expected to outturn £48k above budget mainly as a result of overrun costs for website development and rollout of the new branding concepts. SQA exam fee costs are also expected to outturn £30k more than budget.

|                                    |  |                  |                   |
|------------------------------------|--|------------------|-------------------|
| <b>Commercial &amp; Enterprise</b> |  | To Date<br>£'000 | Forecast<br>£'000 |
|                                    |  | +409             | +372              |
| <b>Areas of Concern</b>            | Commercial Short courses<br>SDS Foundation Apprentice income<br>Final FWDF Grant for 2017-18 |                  |                   |

Commercial short course fees are currently £58k below budget and are expected to outturn £85k below by the end of July. Workforce development

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courses are expected to meet target by the year-end. The BA in Business Management course is expected to outturn £29k above budget due to extra students (£15k) and the part time course having being budgeted at £1,830 per person instead of £2,628 (£14k).

The College has three SDS Foundation Apprentice contracts running this year, originally covering nine frameworks but of which the College has withdrawn from two. Revised payment schedules have now been received and these have identified a reduction of £306k in expected income including £118k relating to the two withdrawn frameworks. Against this the MA contract is expected to outturn £42k better than budget and SDS have paid an extra £25k in respect of the 2016-18 FA contract. However against this reduced income £212k of savings are expected on the FA framework costs, including the two which were cancelled.

The College has been allocated £329k FWDF funding for AY 2018-19. The budget was based on £250k income with £200k salary costs but the Head of Commercial and Marketing has expressed confidence that the £329k allocated funding will be achieved so the forecast for income has been increased accordingly. Much of the lecturing costs for FWDF contracts are being absorbed within general teaching centre budgets and at a lower level than expected so the forecast for these has been reduced by £167k.

Supplies budgets are currently £214k lower than budget and are expected to outturn £207k lower than budget as a result of savings on SDS FA contract.

Overall the commercial area is forecast to be £372k ahead of target. However the position is overstated because of the positive variances relating to FWDF. Excluding these the commercial area is currently forecasting to be £6k below target.

| <b>Other Activities</b> | To Date                    | Forecast |
|-------------------------|----------------------------|----------|
|                         | £'000                      | £'000    |
|                         | +56                        | -20      |
| <b>Areas of Concern</b> | Training restaurant income |          |

Training restaurant income is currently £13k below target and is expected to outturn £21k below. A number of Erasmus trips are in progress and costs are still to be recognised in the accounts.

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| <b>Estates</b>          | To Date   | Forecast |
|-------------------------|---|----------|
|                         | £'000   | £'000    |
|                         | +145  | -180     |
| <b>Areas of Concern</b> | Estates maintenance grant<br>Infrastructure costs |          |

Final funding allocations for 2019/20 have confirmed that the estates maintenance grant for FY 2019/20 will be £100k lower than for FY 2018/19. The budget had assumed that the higher level of funding would be available and released before end of July 2019 but as this is no longer the case both the grant and related planned expenditure have been reduced to reflect the lower value. Against this the Senior team, following extensive consultation of staff and students, has agreed to a significant refurbishment and reconfiguration of the Street Building over this summer. The cost of this is estimated at £200k and these costs are included in the latest forecast.

The Refectory income includes the effect of the free soup and roll initiative being offered to students from November. Variances in staff and non-staff costs are cancelling themselves out and it is forecast that as a whole the Refectory will outturn £43k ahead of target by the year-end

| <b>Other Payroll Costs</b> | To Date  | Forecast |
|----------------------------|--|----------|
|                            | £'000  | £'000    |
|                            | +206   | +206     |
| <b>Areas of Concern</b>    | Lecturers pay dispute<br>Support Staff Working Time & Allowances |          |

This category initially represented the expected cost of the job evaluation exercise being carried out for support staff in the sector. The budget of £276k mirrors the amount which was being provided by SFC in additional teaching and fee waiver grant. Latest expectations are that this exercise will not be completed until May 2020 and therefore the forecast has been adjusted to take out both the grant and expected costs for this year.

The forecast cost of implementing the agreement on TQFE as per the June 2018 circular previously provided for under this heading has been taken out as this has now been actioned in the February 2019 payroll. Similarly £72k previously provided in respect of the 5.2% increase in employers SPPA contributions has also been taken out as this will now take effect from 1<sup>st</sup> August 2019 and not 1<sup>st</sup> April.

However additional costs have been included in the forecast for the possible outcome of the current lecturers pay dispute (£50k) and for the implementation of the support staff working time and allowances agreement. Under this agreement a new national scale of allowances will be payable to relevant staff for unsocial hours, standby, call-out, shift working, overtime,

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work on a closure day or public holiday and for first aid duties. It is estimated that these new allowances will cost £20k this year.

|                         |                     |                   |
|-------------------------|---------------------|-------------------|
| <b>Restructuring</b>    | To Date<br>£'000    | Forecast<br>£'000 |
|                         | -17                 | -48               |
| <b>Areas of Concern</b> | Holiday pay accrual |                   |

In recognition of the increase in lecturer's holiday entitlement, increase in lecturer pay scales and the change to the support staff holiday year (moved from end of July to end of August), it has been assumed the holiday pay accrual will increase by £30k to £183k.

|  |                  |                   |
|--|------------------|-------------------|
| <b>Deferred Grant and Depreciation</b> | To Date<br>£'000 | Forecast<br>£'000 |
|  | -4               | -5                |
| <b>Areas of Concern</b>                | None             |                   |

There are no concerns in this category at this time.

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

The College has been allocated an initial allocation of £3,176k in student funds for academic year 2018-19 (excludes EMA). However this allocation did not include any adjustment for the additional costs involved in implementing the Scottish Government policy changes to funding for care experienced students, whose entitlement has changed from EMA funding of £30 per week to Bursary funding of £202.50 per week. The College has estimated that this will cost £292k in additional payments this year and SFC has confirmed it will meet the cost of implementing this policy within the sector. The £292k was included in £428k of additional funding requested by the College in its in-year redistribution request to SFC and the College has now received confirmation that this will be met in full.

As in previous years the College had been forecasting that, although staying within its overall academic year allocations, the College would pay out more in SFC student support by the end of March than it had 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.

Until the recent confirmation of additional funds the College had been forecasting a shortfall of £424k at the end of March 2019. However as the

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additional funds were all paid in March the actual shortfall at March was only £97k.

| <b>Investment Funds</b> | To Date                              | Forecast |
|-------------------------|--------------------------------------|----------|
|                         | £'000                                | £'000    |
|                         | -243                                 | -309     |
| <b>Areas of Concern</b> | Spend to be invoiced by end of March |          |

The College set aside £100k in this year's budget for investment bids from centres and services. As a result of an underspend being projected for the fiscal year to end of March and the academic year surplus being forecast in the December management accounts an additional £194k was approved by Senior Team.

| <b>Pension Funds</b>    | To Date | Forecast |
|-------------------------|---------|----------|
|                         | £'000   | £'000    |
|                         | +0      | +81      |
| <b>Areas of Concern</b> | None    |          |

Pension figures in the accounts forecast are based on the forecast in the actuarial report for the July 2018 accounts.

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

The Balance Sheet and Cash Flow forecast as at 30 April 2019 are appended. Net current assets are currently £302k positive but are expected to outturn £842k negative at the year-end.

**Jennifer McLaren**

Vice Principal, Finance &amp; Curriculum Services

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WEST LOTHIAN COLLEGE  
MANAGEMENT ACCOUNTS  
APRIL 2019

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|  | 2018/19<br>BUDGET<br>£'000 | As at 30 April 2019 |                 |                   | Forecast to 31 July 2019 |                 |                   |
|--|----------------------------|---------------------|-----------------|-------------------|--------------------------|-----------------|-------------------|
|  |                            | ACTUAL<br>£'000     | BUDGET<br>£'000 | VARIANCE<br>£'000 | ACTUAL<br>£'000          | BUDGET<br>£'000 | VARIANCE<br>£'000 |
| <b>SUMMARY</b>                           |                            |                     |                 |                   |                          |                 |                   |
| <b>INCOME</b>                            |                            |                     |                 |                   |                          |                 |                   |
| GRANT IN AID                             | 11,254                     | 8,440               | 8,440           |                   | 11,161                   | 11,254          | -93               |
| FEES                                     | 2,641                      | 2,264               | 2,470           | -206              | 2,512                    | 2,641           | -129              |
| SDS CONTRACTS                            | 961                        | 621                 | 916             | -295              | 722                      | 961             | -239              |
| INCOME GENERATION                        | 1,075                      | 829                 | 822             | +7                | 1,075                    | 1,075           |                   |
| EUROPEAN FUNDS                           | 244                        | 210                 | 224             | -14               | 244                      | 244             |                   |
| OTHER INCOME                             | 485                        | 493                 | 401             | +92               | 562                      | 485             | +77               |
| OTHER SFC FUNDING                        | 727                        | 660                 | 366             | +294              | 1,043                    | 727             | +316              |
| <b>TOTAL INCOME</b>                      | <b>17,387</b>              | <b>13,517</b>       | <b>13,639</b>   | <b>-122</b>       | <b>17,319</b>            | <b>17,387</b>   | <b>-68</b>        |
| <b>EXPENDITURE</b>                       |                            |                     |                 |                   |                          |                 |                   |
| <b>SALARIES</b>                          |                            |                     |                 |                   |                          |                 |                   |
| Teaching Centres                         | 6,296                      | 4,506               | 4,667           | +161              | 6,100                    | 6,296           | +196              |
| Teaching Support                         | 1,047                      | 780                 | 778             | -2                | 1,046                    | 1,047           | +1                |
| Administration                           | 1,631                      | 1,253               | 1,214           | -39               | 1,690                    | 1,631           | -59               |
| Commercial & Enterprise                  | 2,557                      | 1,702               | 1,929           | +227              | 2,307                    | 2,557           | +250              |
| Other Activities                         | 80                         | 60                  | 60              |                   | 80                       | 80              |                   |
| Estates                                  | 859                        | 643                 | 639             | -4                | 862                      | 859             | -3                |
|  | 12,470                     | 8,944               | 9,287           | +343              | 12,085                   | 12,470          | +385              |
| <b>SUPPLIES &amp; SERVICES</b>           |                            |                     |                 |                   |                          |                 |                   |
| Teaching Centres                         | 401                        | 351                 | 336             | -15               | 437                      | 401             | -36               |
| Teaching Support                         | 232                        | 266                 | 193             | -73               | 383                      | 232             | -151              |
| Administration                           | 1,374                      | 1,098               | 1,140           | +42               | 1,532                    | 1,374           | -158              |
| Commercial & Enterprise                  | 752                        | 412                 | 626             | +214              | 545                      | 752             | +207              |
| Other Activities                         | 233                        | 175                 | 230             | +55               | 258                      | 233             | -25               |
| Estates                                  | 1,121                      | 698                 | 781             | +83               | 1,256                    | 1,121           | -135              |
|  | 4,113                      | 3,000               | 3,306           | +306              | 4,411                    | 4,113           | -298              |
| <b>OTHER PAYROLL COSTS</b>               | 276                        | 1                   | 207             | +206              | 70                       | 276             | +206              |
| <b>TOTAL EXPENDITURE</b>                 | <b>16,859</b>              | <b>11,945</b>       | <b>12,800</b>   | <b>+855</b>       | <b>16,566</b>            | <b>16,859</b>   | <b>+293</b>       |
| <b>TRADING SURPLUS/(DEFICIT)</b>         | <b>528</b>                 | <b>1,572</b>        | <b>839</b>      | <b>+733</b>       | <b>753</b>               | <b>528</b>      | <b>+225</b>       |
| <b>RESTRUCTURING</b>                     |                            |                     |                 |                   |                          |                 |                   |
| Voluntary Severance / Redundancy         |                            | -13                 |                 | -13               | -13                      |                 | -13               |
| Pension Transfers                        |                            | -9                  |                 | -9                | -9                       |                 | -9                |
| Apprenticeship Levy                      | -38                        | -24                 | -29             | +5                | -32                      | -38             | +6                |
| Holiday Pay Accrual                      |                            |                     |                 |                   | -30                      |                 | -30               |
|  | -38                        | -46                 | -29             | -17               | -84                      | -38             | -46               |
| <b>INTEREST</b>                          |                            |                     |                 |                   |                          |                 |                   |
| Interest receivable                      |                            | 1                   |                 | +1                |                          |                 |                   |
| Interest Payable                         |                            |                     |                 |                   |                          |                 |                   |
|  |                            | 1                   |                 | +1                |                          |                 |                   |
| <b>DEFERRED GRANT &amp; DEPRECIATION</b> |                            |                     |                 |                   |                          |                 |                   |
| Release of Deferred Grant                | 457                        | 343                 | 343             |                   | 457                      | 457             |                   |
| Depreciation                             | -782                       | -590                | -586            | -4                | -787                     | -782            | -5                |
|  | -325                       | -247                | -243            | -4                | -330                     | -325            | -5                |
| <b>STUDENT FUNDS</b>                     |                            |                     |                 |                   |                          |                 |                   |
| Student Funds Income                     | 3,658                      | 3,287               | 3,098           | +189              | 3,869                    | 3,658           | +211              |
| Student Funds Expenditure                | -3,658                     | -3,287              | -3,098          | -189              | -3,869                   | -3,658          | -211              |
| <b>INVESTMENT FUNDS</b>                  |                            |                     |                 |                   |                          |                 |                   |
| College Spend                            | -100                       | -243                |                 | -243              | -309                     | -100            | -209              |
| Transfer to ALF                          |                            |                     |                 |                   |                          |                 |                   |
|  | -100                       | -243                |                 | -243              | -309                     | -100            | -209              |
| <b>COLLEGE SURPLUS/(DEFICIT)</b>         | <b>65</b>                  | <b>1,037</b>        | <b>567</b>      | <b>+470</b>       | <b>30</b>                | <b>65</b>       | <b>-35</b>        |
| <b>PENSION</b>                           |                            |                     |                 |                   |                          |                 |                   |
| FRS17 LPF                                | -813                       |                     |                 |                   | -732                     | -813            | +81               |
| Early Retirement provision               | -204                       |                     |                 |                   | -204                     | -204            |                   |
|  | -1,017                     |                     |                 |                   | -936                     | -1,017          | +81               |
| <b>OPERATING SURPLUS/(DEFICIT)</b>       | <b>-952</b>                | <b>1,037</b>        | <b>567</b>      | <b>+470</b>       | <b>-906</b>              | <b>-952</b>     | <b>+46</b>        |
| Transfer (To) / From Pension Reserve     | 813                        |                     |                 |                   | 732                      | 813             | -81               |
| Transfer (To) / From Revaluation Reserve | 297                        | 224                 | 223             | +1                | 297                      | 297             |                   |
| <b>NET TRANSFER TO I&amp;E RESERVE</b>   | <b>158</b>                 | <b>1,261</b>        | <b>790</b>      | <b>+471</b>       | <b>123</b>               | <b>158</b>      | <b>-35</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

|   | 2018/19<br>BUDGET<br>£'000 | As at 30 April 2019 |                 |                   | Forecast to 31 July 2019 |                 |                   |        |
|---|----------------------------|---------------------|-----------------|-------------------|--------------------------|-----------------|-------------------|--------|
|   |                            | ACTUAL<br>£'000     | BUDGET<br>£'000 | VARIANCE<br>£'000 | ACTUAL<br>£'000          | BUDGET<br>£'000 | VARIANCE<br>£'000 |        |
| <b>TEACHING CENTRES</b>                 |                            |                     |                 |                   |                          |                 |                   |        |
| <b>INCOME</b>                           |                            |                     |                 |                   |                          |                 |                   |        |
| GRANT IN AID                            | 9,974                      | 7,480               | 7,480           |                   | 9,881                    | 9,974           | -93               | Note 1 |
| FEES                                    | 1,877                      | 1,610               | 1,877           | -267              | 1,794                    | 1,877           | -83               | Note 2 |
| SDS CONTRACTS                           |                            |                     |                 |                   |                          |                 |                   |        |
| INCOME GENERATION                       |                            |                     |                 |                   |                          |                 |                   |        |
| EUROPEAN FUNDS                          |                            |                     |                 |                   |                          |                 |                   |        |
| OTHER INCOME                            |                            |                     |                 |                   |                          |                 |                   |        |
| OTHER SFC FUNDING                       |                            |                     |                 |                   |                          |                 |                   |        |
| <b>TOTAL INCOME</b>                     | <b>11,851</b>              | <b>9,090</b>        | <b>9,357</b>    | <b>-267</b>       | <b>11,675</b>            | <b>11,851</b>   | <b>-176</b>       |        |
| <b>EXPENDITURE</b>                      |                            |                     |                 |                   |                          |                 |                   |        |
| <b>SALARIES</b>                         |                            |                     |                 |                   |                          |                 |                   |        |
| Business & Creative                     | 706                        | 568                 | 523             | -45               | 757                      | 706             | -51               | Note 3 |
| Beauty Therapy & Hairdressing           | 511                        | 362                 | 379             | +17               | 494                      | 511             | +17               | "      |
| Computing & Engineering                 | 1,146                      | 810                 | 849             | +39               | 1,092                    | 1,146           | +54               | "      |
| Construction & Motor Vehicle            | 834                        | 587                 | 618             | +31               | 791                      | 834             | +43               | "      |
| Childhood Practice & Sports and Fitness | 1,007                      | 699                 | 747             | +48               | 945                      | 1,007           | +62               | "      |
| Hospitality & Communities               | 1,193                      | 826                 | 885             | +59               | 1,124                    | 1,193           | +69               | "      |
| Health & Social Care, SS & Science      | 899                        | 654                 | 666             | +12               | 897                      | 899             | +2                | "      |
|   | 6,296                      | 4,506               | 4,667           | +161              | 6,100                    | 6,296           | +196              |        |
| <b>SUPPLIES AND SERVICES</b>            |                            |                     |                 |                   |                          |                 |                   |        |
| Business & Creative                     | 55                         | 27                  | 47              | +20               | 45                       | 55              | +10               |        |
| Beauty Therapy & Hairdressing           | 62                         | 69                  | 52              | -17               | 77                       | 62              | -15               |        |
| Computing & Engineering                 | 61                         | 39                  | 58              | +19               | 52                       | 61              | +9                |        |
| Construction & Motor Vehicle            | 67                         | 51                  | 59              | +8                | 67                       | 67              |                   |        |
| Childhood Practice & Sports and Fitness | 62                         | 58                  | 45              | -13               | 70                       | 62              | -8                |        |
| Hospitality & Communities               | 73                         | 94                  | 61              | -33               | 105                      | 73              | -32               | Note 4 |
| Health & Social Care, SS & Science      | 21                         | 13                  | 14              | +1                | 21                       | 21              |                   |        |
|   | 401                        | 351                 | 336             | -15               | 437                      | 401             | -36               |        |
| <b>TOTAL EXPENDITURE</b>                | <b>6,697</b>               | <b>4,857</b>        | <b>5,003</b>    | <b>+146</b>       | <b>6,537</b>             | <b>6,697</b>    | <b>+160</b>       |        |
| <b>TRADING SURPLUS/(DEFICIT)</b>        | <b>5,154</b>               | <b>4,233</b>        | <b>4,354</b>    | <b>-121</b>       | <b>5,138</b>             | <b>5,154</b>    | <b>-16</b>        |        |

## Notes

- 1 Consists of extra grant for 2017/18 ESF activity +£51k, additional National Pay Bargaining grant for Lecturers +£24k and reduction of £276k in relation to National Pay Bargaining grant for Support Staff which is now not expected to be released until 2019/20. Also Job Analysis Process monies +£23k and Additional Credits +£85k.
- 2 Full-time HE fees are currently £108k worse than budget, part-time FE fees £146k worse, part-time HE fees £16k better and Napier / QMU articulation £29k worse. The part time FE variance includes £116k of fees yet to be agreed with CITB and £53k for the Fife FA contract. It is assumed that all fees except HE full time will outturn on target or better by the year end.
- 3 Most temporary lecturer budgets are underspending except Business & Creative which is incurring additional costs in respect of FWDF activity.
- 4 Relates to overspend on food items in Hospitality section.

|                                  | 2018/19<br>BUDGET<br>£'000 | As at 30 April 2019 |                 |                   | Forecast to 31 July 2019 |                 |                   |
|----------------------------------|----------------------------|---------------------|-----------------|-------------------|--------------------------|-----------------|-------------------|
|                                  |                            | ACTUAL<br>£'000     | BUDGET<br>£'000 | VARIANCE<br>£'000 | ACTUAL<br>£'000          | BUDGET<br>£'000 | VARIANCE<br>£'000 |
| <b>TEACHING SUPPORT</b>          |                            |                     |                 |                   |                          |                 |                   |
| <b>INCOME</b>                    |                            |                     |                 |                   |                          |                 |                   |
| GRANT IN AID                     |                            |                     |                 |                   |                          |                 |                   |
| FEES                             |                            |                     |                 |                   |                          |                 |                   |
| SDS CONTRACTS                    |                            |                     |                 |                   |                          |                 |                   |
| INCOME GENERATION                |                            |                     |                 |                   |                          |                 |                   |
| EUROPEAN FUNDS                   |                            |                     |                 |                   |                          |                 |                   |
| OTHER INCOME                     |                            | 55                  |                 | +55               | 55                       |                 | +55               |
| OTHER SFC FUNDING                |                            | 72                  |                 | +72               | 72                       |                 | +72               |
|                                  |                            |                     |                 |                   |                          |                 |                   |
| <b>TOTAL INCOME</b>              |                            | <b>127</b>          |                 | <b>+127</b>       | <b>127</b>               |                 | <b>+127</b>       |
| <b>EXPENDITURE</b>               |                            |                     |                 |                   |                          |                 |                   |
| <b>SALARIES</b>                  |                            |                     |                 |                   |                          |                 |                   |
| Quality & Learner services       | 743                        | 552                 | 552             |                   | 741                      | 743             | +2                |
| External Engagement              | 156                        | 105                 | 116             | +11               | 141                      | 156             | +15               |
| Student Advice & Admissions      | 148                        | 121                 | 110             | -11               | 162                      | 148             | -14               |
| Course Approvals / Other         |                            | 2                   |                 | -2                | 2                        |                 | -2                |
|                                  | 1,047                      | 780                 | 778             | -2                | 1,046                    | 1,047           | +1                |
| <b>SUPPLIES AND SERVICES</b>     |                            |                     |                 |                   |                          |                 |                   |
| Quality & Learner services       | 196                        | 182                 | 165             | -17               | 278                      | 196             | -82               |
| External Engagement              | 25                         | 14                  | 18              | +4                | 25                       | 25              |                   |
| Student Advice & Admissions      | 1                          | 1                   | 1               |                   | 1                        | 1               |                   |
| Course Approvals / Other         | 10                         | 69                  | 9               | -60               | 79                       | 10              | -69               |
|                                  | 232                        | 266                 | 193             | -73               | 383                      | 232             | -151              |
|                                  |                            |                     |                 |                   |                          |                 |                   |
| <b>TOTAL EXPENDITURE</b>         | <b>1,279</b>               | <b>1,046</b>        | <b>971</b>      | <b>-75</b>        | <b>1,429</b>             | <b>1,279</b>    | <b>-150</b>       |
|                                  |                            |                     |                 |                   |                          |                 |                   |
| <b>TRADING SURPLUS/(DEFICIT)</b> | <b>(1,279)</b>             | <b>(919)</b>        | <b>(971)</b>    | <b>+52</b>        | <b>(1,302)</b>           | <b>(1,279)</b>  | <b>-23</b>        |

## Notes

- 1 FUTUREquipped grant £18k, SAAS contribution to specialist student support costs £30k, sale of library books, staff contributions to CPD courses
- 2 Access to Free Sanitary Products £49k, Men in Early Learning in Childcare £23k
- 3 Savings on STEM Development
- 4 Additional staff for Student Advice team
- 5 Costs towards Access to Free Sanitary Products initiative +£37k, specialist student support services +£38k.
- 6 Senior Team approved a budget of £50k for development of an HN Cyber Security qualification - as a result the course approvals budget will be overspent by £46k. In addition the £23k for Men in Early Learning in Childcare funding is expected to be fully spent.

|   | 2018/19<br>BUDGET<br>£'000 | As at 30 April 2019 |                 |                   | Forecast to 31 July 2019 |                 |                   |        |
|---|----------------------------|---------------------|-----------------|-------------------|--------------------------|-----------------|-------------------|--------|
|   |                            | ACTUAL<br>£'000     | BUDGET<br>£'000 | VARIANCE<br>£'000 | ACTUAL<br>£'000          | BUDGET<br>£'000 | VARIANCE<br>£'000 |        |
| <b>ADMINISTRATION</b>                         |                            |                     |                 |                   |                          |                 |                   |        |
| <b>INCOME</b>                                 |                            |                     |                 |                   |                          |                 |                   |        |
| GRANT IN AID                                  |                            |                     |                 |                   |                          |                 |                   |        |
| FEEES   |                            |                     |                 |                   |                          |                 |                   |        |
| SDS CONTRACTS                                 |                            |                     |                 |                   |                          |                 |                   |        |
| INCOME GENERATION                             |                            |                     |                 |                   |                          |                 |                   |        |
| EUROPEAN FUNDS                                |                            |                     |                 |                   |                          |                 |                   |        |
| OTHER INCOME                                  | 51                         | 27                  | 44              | -17               | 34                       | 51              | -17               | Note 1 |
| OTHER SFC FUNDING                             |                            |                     |                 |                   | 120                      |                 | +120              | Note 2 |
| <b>TOTAL INCOME</b>                           | <b>51</b>                  | <b>27</b>           | <b>44</b>       | <b>-17</b>        | <b>154</b>               | <b>51</b>       | <b>+103</b>       |        |
| <b>EXPENDITURE</b>                            |                            |                     |                 |                   |                          |                 |                   |        |
| <b>SALARIES</b>                               |                            |                     |                 |                   |                          |                 |                   |        |
| Executive Office incl. Senior Management Team | 716                        | 534                 | 533             | -1                | 719                      | 716             | -3                |        |
| Finance                                       | 238                        | 174                 | 176             | +2                | 235                      | 238             | +3                |        |
| HRM   | 194                        | 145                 | 144             | -1                | 193                      | 194             | +1                |        |
| ICT   | 108                        | 96                  | 80              | -16               | 132                      | 108             | -24               | Note 3 |
| Marketing                                     | 64                         | 50                  | 47              | -3                | 67                       | 64              | -3                |        |
| MIS   | 217                        | 182                 | 164             | -18               | 248                      | 217             | -31               | Note 4 |
| Student Funding                               | 94                         | 72                  | 70              | -2                | 96                       | 94              | -2                |        |
|   | 1,631                      | 1,253               | 1,214           | -39               | 1,690                    | 1,631           | -59               |        |
| <b>SUPPLIES AND SERVICES</b>                  |                            |                     |                 |                   |                          |                 |                   |        |
| Executive Office incl. Senior Management Team | 93                         | 63                  | 71              | +8                | 88                       | 93              | +5                |        |
| Finance                                       | 187                        | 110                 | 140             | +30               | 162                      | 187             | +25               | Note 5 |
| HRM   | 96                         | 63                  | 75              | +12               | 86                       | 96              | +10               |        |
| ICT   | 345                        | 248                 | 307             | +59               | 465                      | 345             | -120              | Note 6 |
| Marketing                                     | 99                         | 120                 | 78              | -42               | 147                      | 99              | -48               | Note 7 |
| MIS   | 552                        | 493                 | 467             | -26               | 582                      | 552             | -30               | Note 8 |
| Student Funding                               | 2                          | 1                   | 2               | +1                | 2                        | 2               |                   |        |
|   | 1,374                      | 1,098               | 1,140           | +42               | 1,532                    | 1,374           | -158              |        |
| <b>TOTAL EXPENDITURE</b>                      | <b>3,005</b>               | <b>2,351</b>        | <b>2,354</b>    | <b>+3</b>         | <b>3,222</b>             | <b>3,005</b>    | <b>-217</b>       |        |
| <b>TRADING SURPLUS/(DEFICIT)</b>              | <b>(2,954)</b>             | <b>(2,324)</b>      | <b>(2,310)</b>  | <b>-14</b>        | <b>(3,068)</b>           | <b>(2,954)</b>  | <b>-114</b>       |        |

## Notes

- 1 Sodexo childcare voucher scheme has now closed with corresponding reduction in staff contributions
- 2 Additional grant for IT infrastructure +£120k
- 3 Additional staffing for ICT team
- 4 Additional staffing for MIS team to support BI development
- 4 Recovery of VAT on partial exemption calculation (covers last 3 years)
- 6 Additional cost for IT infrastructure +£120k
- 7 Includes £18k overrun of website development costs from last year and £20k for rollout of new branding concepts.
- 8 SQA exam fees +£25k

|                                    | 2018/19<br>BUDGET<br>£'000 | As at 30 April 2019 |                 |                   | Forecast to 31 July 2019 |                 |                   |        |
|------------------------------------|----------------------------|---------------------|-----------------|-------------------|--------------------------|-----------------|-------------------|--------|
|                                    |                            | ACTUAL<br>£'000     | BUDGET<br>£'000 | VARIANCE<br>£'000 | ACTUAL<br>£'000          | BUDGET<br>£'000 | VARIANCE<br>£'000 |        |
| <b>COMMERCIAL &amp; ENTERPRISE</b> |                            |                     |                 |                   |                          |                 |                   |        |
| <b>INCOME</b>                      |                            |                     |                 |                   |                          |                 |                   |        |
| GRANT IN AID                       | 1,280                      | 960                 | 960             |                   | 1,280                    | 1,280           |                   |        |
| FEES                               | 764                        | 654                 | 593             | +61               | 718                      | 764             | -46               | Note 1 |
| SDS CONTRACTS                      | 961                        | 621                 | 916             | -295              | 722                      | 961             | -239              | Note 2 |
| INCOME GENERATION                  | 1,075                      | 829                 | 822             | +7                | 1,075                    | 1,075           |                   |        |
| EUROPEAN FUNDS                     |                            |                     |                 |                   |                          |                 |                   |        |
| OTHER INCOME                       | 53                         | 30                  | 45              | -15               | 42                       | 53              | -11               | Note 3 |
| OTHER SFC FUNDING                  | 250                        | 460                 | 250             | +210              | 461                      | 250             | +211              | Note 4 |
| <b>TOTAL INCOME</b>                | <b>4,383</b>               | <b>3,554</b>        | <b>3,586</b>    | <b>-32</b>        | <b>4,298</b>             | <b>4,383</b>    | <b>-85</b>        |        |
| <b>EXPENDITURE</b>                 |                            |                     |                 |                   |                          |                 |                   |        |
| <b>SALARIES</b>                    |                            |                     |                 |                   |                          |                 |                   |        |
| Commercial & Enterprise            | 446                        | 202                 | 363             | +161              | 286                      | 446             | +160              | Note 5 |
| Childrens Hearings Scotland        | 596                        | 408                 | 440             | +32               | 561                      | 596             | +35               | Note 6 |
| Workforce Development              | 1,170                      | 917                 | 870             | -47               | 1,232                    | 1,170           | -62               | Note 7 |
| SDS Contracts                      | 345                        | 175                 | 256             | +81               | 228                      | 345             | +117              | Note 8 |
| Other Centres                      |                            |                     |                 |                   |                          |                 |                   |        |
|                                    | 2,557                      | 1,702               | 1,929           | +227              | 2,307                    | 2,557           | +250              |        |
| <b>SUPPLIES AND SERVICES</b>       |                            |                     |                 |                   |                          |                 |                   |        |
| Commercial & Enterprise            | 33                         | 21                  | 28              | +7                | 33                       | 33              |                   |        |
| Childrens Hearings Scotland        | 349                        | 294                 | 282             | -12               | 349                      | 349             |                   |        |
| Workforce Development              | 53                         | 49                  | 40              | -9                | 58                       | 53              | -5                |        |
| SDS Contracts                      | 316                        | 48                  | 274             | +226              | 104                      | 316             | +212              | Note 9 |
| Other Centres                      | 1                          |                     | 2               | +2                | 1                        | 1               |                   |        |
|                                    | 752                        | 412                 | 626             | +214              | 545                      | 752             | +207              |        |
| <b>TOTAL EXPENDITURE</b>           | <b>3,309</b>               | <b>2,114</b>        | <b>2,555</b>    | <b>+441</b>       | <b>2,852</b>             | <b>3,309</b>    | <b>+457</b>       |        |
| <b>TRADING SURPLUS/(DEFICIT)</b>   | <b>1,074</b>               | <b>1,440</b>        | <b>1,031</b>    | <b>+409</b>       | <b>1,446</b>             | <b>1,074</b>    | <b>+372</b>       |        |

## Notes

- Expected shortfall in short course programme
- Two FA frameworks not running -£118k, latest revision of FA schedules -£188k, additional MA contract income +£42k, additional income for 2016/18 FA framework + £25k
- Shortfall in facilities letting income
- Assumes full FWDF grant achieved for this year +£79k plus additional grant for final FWDF 2017/18 activity +£132k
- FWDF activity salary costs being met from existing budgets - forecast reduced from £200k to £33k.
- Delay in replacing out-going staff
- Additional assessor staffing in line with additional activity
- FA Employer Engagement Officer not expected to be recruited until April. SDS Project Administrator no longer expected to be recruited this year.
- Savings on FA framework capacity building and travel costs.

|                                  | 2018/19<br>BUDGET<br>£'000 | As at 30 April 2019 |                 |                   | Forecast to 31 July 2019 |                 |                   |
|----------------------------------|----------------------------|---------------------|-----------------|-------------------|--------------------------|-----------------|-------------------|
|                                  |                            | ACTUAL<br>£'000     | BUDGET<br>£'000 | VARIANCE<br>£'000 | ACTUAL<br>£'000          | BUDGET<br>£'000 | VARIANCE<br>£'000 |
| <b>OTHER ACTIVITIES</b>          |                            |                     |                 |                   |                          |                 |                   |
| <b>INCOME</b>                    |                            |                     |                 |                   |                          |                 |                   |
| GRANT IN AID                     |                            |                     |                 |                   |                          |                 |                   |
| FEES                             |                            |                     |                 |                   |                          |                 |                   |
| SDS CONTRACTS                    |                            |                     |                 |                   |                          |                 |                   |
| INCOME GENERATION                |                            |                     |                 |                   |                          |                 |                   |
| EUROPEAN FUNDS                   | 244                        | 210                 | 224             | -14               | 244                      | 244             |                   |
| OTHER INCOME                     | 86                         | 87                  | 72              | +15               | 91                       | 86              | +5                |
| OTHER SFC FUNDING                |                            |                     |                 |                   |                          |                 |                   |
| <b>TOTAL INCOME</b>              | <b>330</b>                 | <b>297</b>          | <b>296</b>      | <b>+1</b>         | <b>335</b>               | <b>330</b>      | <b>+5</b>         |
| <b>EXPENDITURE</b>               |                            |                     |                 |                   |                          |                 |                   |
| <b>SALARIES</b>                  |                            |                     |                 |                   |                          |                 |                   |
| Terrace Restaurant               |                            |                     |                 |                   |                          |                 |                   |
| Platinum Salon                   | 80                         | 60                  | 60              |                   | 80                       | 80              |                   |
| Europe                           |                            |                     |                 |                   |                          |                 |                   |
| Other Activities                 |                            |                     |                 |                   |                          |                 |                   |
|                                  | 80                         | 60                  | 60              |                   | 80                       | 80              |                   |
| <b>SUPPLIES AND SERVICES</b>     |                            |                     |                 |                   |                          |                 |                   |
| Terrace Restaurant               | 9                          | 6                   | 7               | +1                | 9                        | 9               |                   |
| Platinum Salon                   | 14                         | 10                  | 13              | +3                | 14                       | 14              |                   |
| Europe                           | 210                        | 146                 | 210             | +64               | 210                      | 210             |                   |
| Other Activities                 |                            | 13                  |                 | -13               | 25                       |                 | -25               |
|                                  | 233                        | 175                 | 230             | +55               | 258                      | 233             | -25               |
| <b>TOTAL EXPENDITURE</b>         | <b>313</b>                 | <b>235</b>          | <b>290</b>      | <b>+55</b>        | <b>338</b>               | <b>313</b>      | <b>-25</b>        |
| <b>TRADING SURPLUS/(DEFICIT)</b> | <b>17</b>                  | <b>62</b>           | <b>6</b>        | <b>+56</b>        | <b>(3)</b>               | <b>17</b>       | <b>-20</b>        |

Note 1

Note 2

## Notes

- 1 Training restaurant income currently £13k below budget and expected to outturn £21k below budget. This is being offset by contributions to student trips and other activities.
- 2 Cost of student trips and other activities.

|                                  | 2018/19<br>BUDGET<br>£'000 | As at 30 April 2019 |                 |                   | Forecast to 31 July 2019 |                 |                   |        |
|----------------------------------|----------------------------|---------------------|-----------------|-------------------|--------------------------|-----------------|-------------------|--------|
|                                  |                            | ACTUAL<br>£'000     | BUDGET<br>£'000 | VARIANCE<br>£'000 | ACTUAL<br>£'000          | BUDGET<br>£'000 | VARIANCE<br>£'000 |        |
| <b>ESTATES</b>                   |                            |                     |                 |                   |                          |                 |                   |        |
| <b>INCOME</b>                    |                            |                     |                 |                   |                          |                 |                   |        |
| GRANT IN AID                     |                            |                     |                 |                   |                          |                 |                   |        |
| FEES                             |                            |                     |                 |                   |                          |                 |                   |        |
| SDS CONTRACTS                    |                            |                     |                 |                   |                          |                 |                   |        |
| INCOME GENERATION                |                            |                     |                 |                   |                          |                 |                   |        |
| EUROPEAN FUNDS                   |                            |                     |                 |                   |                          |                 |                   |        |
| OTHER INCOME                     | 295                        | 294                 | 240             | +54               | 340                      | 295             | +45               | Note 1 |
| OTHER SFC FUNDING                | 477                        | 128                 | 116             | +12               | 390                      | 477             | -87               | Note 2 |
| <b>TOTAL INCOME</b>              | <b>772</b>                 | <b>422</b>          | <b>356</b>      | <b>+66</b>        | <b>730</b>               | <b>772</b>      | <b>-42</b>        |        |
| <b>EXPENDITURE</b>               |                            |                     |                 |                   |                          |                 |                   |        |
| <b>SALARIES</b>                  |                            |                     |                 |                   |                          |                 |                   |        |
| Estates                          | 632                        | 490                 | 470             | -20               | 655                      | 632             | -23               | Note 3 |
| Catering                         | 227                        | 153                 | 169             | +16               | 207                      | 227             | +20               |        |
|                                  | 859                        | 643                 | 639             | -4                | 862                      | 859             | -3                |        |
| <b>SUPPLIES AND SERVICES</b>     |                            |                     |                 |                   |                          |                 |                   |        |
| Estates                          | 973                        | 549                 | 654             | +105              | 1,086                    | 973             | -113              | Note 4 |
| Catering                         | 148                        | 149                 | 127             | -22               | 170                      | 148             | -22               |        |
|                                  | 1,121                      | 698                 | 781             | +83               | 1,256                    | 1,121           | -135              |        |
| <b>TOTAL EXPENDITURE</b>         | <b>1,980</b>               | <b>1,341</b>        | <b>1,420</b>    | <b>+79</b>        | <b>2,118</b>             | <b>1,980</b>    | <b>-138</b>       |        |
| <b>TRADING SURPLUS/(DEFICIT)</b> | <b>(1,208)</b>             | <b>(919)</b>        | <b>(1,064)</b>  | <b>+145</b>       | <b>(1,388)</b>           | <b>(1,208)</b>  | <b>-180</b>       |        |

## Notes

- 1 Refectory prices were increased from August and income is expected to outturn £45k above budget.
- 2 Estates funding for 2019/20 FY reduced by £100k compared with previous year. Funding brought forward £12k higher than budgeted
- 3 Includes costs of weekend / events staffing to be transferred to Commercial category.
- 4 Infrastructure works +£200k, SFC grant funded works -£87k.

|                                  | 2018/19<br>BUDGET<br>£'000 | As at 30 April 2019 |                 |                   | Forecast to 31 July 2019 |                 |                   |
|----------------------------------|----------------------------|---------------------|-----------------|-------------------|--------------------------|-----------------|-------------------|
|                                  |                            | ACTUAL<br>£'000     | BUDGET<br>£'000 | VARIANCE<br>£'000 | ACTUAL<br>£'000          | BUDGET<br>£'000 | VARIANCE<br>£'000 |
| <b><u>TERRACE RESTAURANT</u></b> |                            |                     |                 |                   |                          |                 |                   |
| Income                           | 61                         | 34                  | 53              | -19               | 40                       | 61              | -21               |
| Salaries                         |                            |                     |                 |                   |                          |                 |                   |
| Other Costs                      | -9                         | -6                  | -7              | 1                 | -9                       | -9              |                   |
| <b>NET</b>                       | <b>52</b>                  | <b>28</b>           | <b>46</b>       | <b>-18</b>        | <b>31</b>                | <b>52</b>       | <b>-21</b>        |
| <b><u>PLATINUM SALON</u></b>     |                            |                     |                 |                   |                          |                 |                   |
| Income                           | 24                         | 16                  | 19              | -3                | 20                       | 24              | -4                |
| Salaries                         | -80                        | -60                 | -60             |                   | -80                      | -80             |                   |
| Other Costs                      | -14                        | -10                 | -13             | 3                 | -14                      | -14             |                   |
| <b>NET</b>                       | <b>-70</b>                 | <b>-54</b>          | <b>-54</b>      |                   | <b>-74</b>               | <b>-70</b>      | <b>-4</b>         |
| <b><u>REFECTORY</u></b>          |                            |                     |                 |                   |                          |                 |                   |
| Income                           | 295                        | 294                 | 240             | 54                | 340                      | 295             | 45                |
| Salaries                         | -227                       | -153                | -169            | 16                | -207                     | -227            | 20                |
| Other Costs                      | -148                       | -149                | -127            | -22               | -170                     | -148            | -22               |
| <b>NET</b>                       | <b>-80</b>                 | <b>-8</b>           | <b>-56</b>      | <b>48</b>         | <b>-37</b>               | <b>-80</b>      | <b>43</b>         |

Notes

## BALANCE SHEET PROJECTION

|   | Actual<br>31 JUL 2017<br>£'000 | Actual<br>31 JUL 2018<br>£'000 | Actual<br>30 APR 2019<br>£'000 | Forecast<br>31 JUL 2019<br>£'000 |
|---|--------------------------------|--------------------------------|--------------------------------|----------------------------------|
| <b>Fixed Assets</b>                                     |                                |                                |                                |                                  |
| Land & Buildings  | 17,815                         | 17,221                         | 16,784                         | 16,640                           |
| Equipment   | 1,845                          | 1,639                          | 1,485                          | 1,438                            |
| New additions   |                                |                                |                                |                                  |
|   | 19,660                         | 18,860                         | 18,269                         | 18,078                           |
| <b>Current Assets</b>                                   |                                |                                |                                |                                  |
| Trade Debtors   | 388                            | 620                            | 584                            | 454                              |
| Europe  |                                | 7                              |                                | 31                               |
| Prepayments   | 147                            | 177                            | 188                            | 177                              |
| Accrued Income  | 24                             | 60                             | 71                             | 119                              |
| Bank  | 1,530                          | 729                            | 563                            | 751                              |
|   | 2,089                          | 1,593                          | 1,406                          | 1,532                            |
| <b>Current Liabilities</b>                              |                                |                                |                                |                                  |
| Trade Creditors   | (437)                          | (526)                          | (495)                          | (648)                            |
| Payroll   | (383)                          | (399)                          | (450)                          | (410)                            |
| Loans   | (158)                          | (158)                          |                                | (159)                            |
| Accruals  | (246)                          | (307)                          | (267)                          | (279)                            |
| Deferred Income   | (1,183)                        | (568)                          | 629                            | (421)                            |
| Deferred Capital Grant                                  | (457)                          | (457)                          | (457)                          | (457)                            |
| Unspent Student Funds                                   | (59)                           | (13)                           | (64)                           |                                  |
|   | (2,923)                        | (2,428)                        | (1,104)                        | (2,374)                          |
| <b>Net Current Assets (Liabilities)</b>                 | <b>(834)</b>                   | <b>(835)</b>                   | <b>302</b>                     | <b>(842)</b>                     |
| <b>Total Assets less current liabilities</b>            | <b>18,826</b>                  | <b>18,025</b>                  | <b>18,571</b>                  | <b>17,236</b>                    |
| Creditors: Amounts falling due after more than one year | (2,527)                        | (2,369)                        | (2,369)                        | (2,211)                          |
| Deferred Capital Grant                                  | (12,763)                       | (12,306)                       | (11,964)                       | (11,849)                         |
| <b>Provisions</b>                                       |                                |                                |                                |                                  |
| LPF Pension Liability                                   | (4,416)                        | (2,783)                        | (2,783)                        | (2,783)                          |
| Early Retirement Provision                              | (3,953)                        | (3,688)                        | (3,538)                        | (3,688)                          |
| <b>Total Net Liabilities</b>                            | <b>(4,833)</b>                 | <b>(3,121)</b>                 | <b>(2,083)</b>                 | <b>(3,295)</b>                   |
| <b>Reserves</b>   |                                |                                |                                |                                  |
| Income and Expenditure Account (Trading)                | (82)                           | (111)                          | 1,180                          | (116)                            |
| Income and Expenditure Account (Holiday Pay)            | (137)                          | (153)                          | (183)                          | (183)                            |
| Income and Expenditure Account (PFI Loan)               | (2,685)                        | (2,527)                        | (2,527)                        | (2,369)                          |
| Income and Expenditure Account (Early Retirement)       | (3,953)                        | (3,688)                        | (3,688)                        | (3,688)                          |
| Income and Expenditure Account (LPF Pensions)           | (4,416)                        | (2,783)                        | (2,783)                        | (2,783)                          |
| Revaluation Reserve                                     | 6,440                          | 6,141                          | 5,918                          | 5,844                            |
| <b>Total Reserves</b>                                   | <b>(4,833)</b>                 | <b>(3,121)</b>                 | <b>(2,083)</b>                 | <b>(3,295)</b>                   |

2018/19 FORECAST CASHFLOW

**Income**

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

**Expenditure**

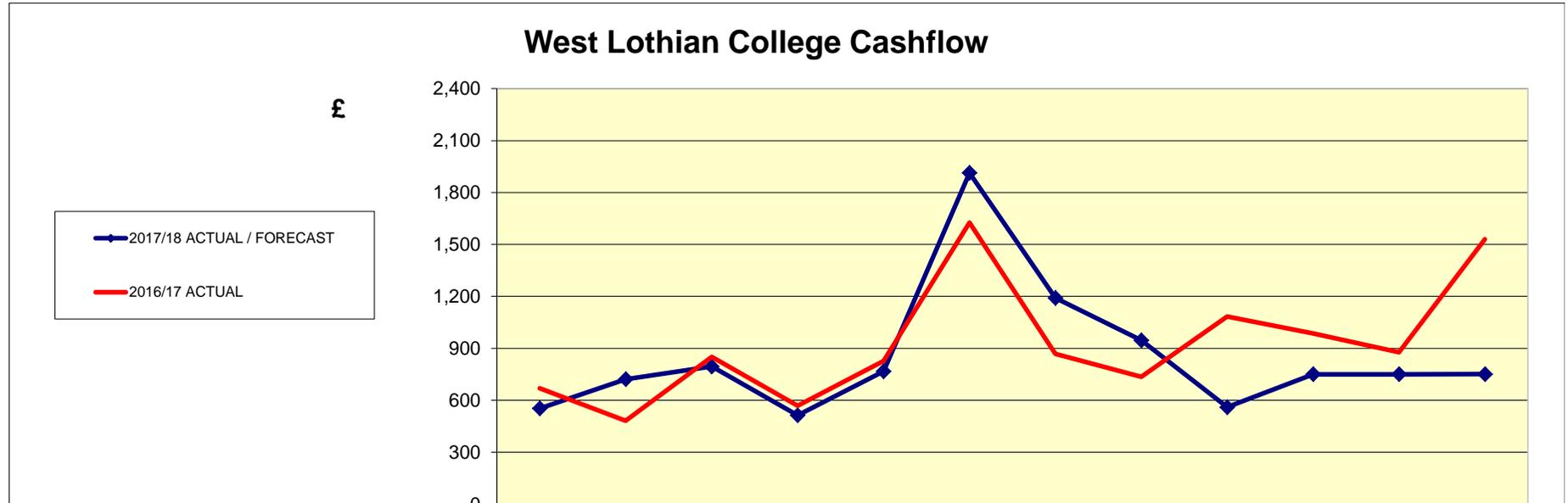
Payroll  
 Other payments  
 SFC Student support payments  
 Interest payments  
**Total cash out**

**Net cash inflow/(outflow)**

Balance b/f (cash and overdraft)

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

|  | August<br><i>Actual</i> | September<br><i>Actual</i> | October<br><i>Actual</i> | November<br><i>Actual</i> | December<br><i>Actual</i> | January<br><i>Actual</i> | February<br><i>Actual</i> | March<br><i>Actual</i> | April<br><i>Actual</i> | May<br><i>Forecast</i> | June<br><i>Forecast</i> | July<br><i>Forecast</i> | Total         |
|--|-------------------------|----------------------------|--------------------------|---------------------------|---------------------------|--------------------------|---------------------------|------------------------|------------------------|------------------------|-------------------------|-------------------------|---------------|
| SFC funding (including bursaries and hardship funds) | 912                     | 1395                       | 1,461                    | 1,645                     | 1,699                     | 1,216                    | 602                       | 1,207                  | 1,323                  | 1,548                  | 1,358                   | 1,432                   | 15,798        |
| <i>less loan repayments</i>                          |                         |                            |                          |                           |                           |                          |                           |                        | -158                   |                        |                         |                         | -158          |
| Other cash received                                  | 496                     | 240                        | 235                      | 281                       | 296                       | 1,240                    | 297                       | 825                    | 379                    | 411                    | 239                     | 186                     | 5,125         |
| <b>Total cash in</b>                                 | <b>1,408</b>            | <b>1,635</b>               | <b>1,696</b>             | <b>1,926</b>              | <b>1,995</b>              | <b>2,456</b>             | <b>899</b>                | <b>2,032</b>           | <b>1,544</b>           | <b>1,959</b>           | <b>1,597</b>            | <b>1,618</b>            | <b>20,765</b> |
| Payroll  | 935                     | 938                        | 968                      | 1,000                     | 1,011                     | 959                      | 1,004                     | 1,031                  | 1,040                  | 1,040                  | 1,040                   | 1,099                   | 12,065        |
| Other payments                                       | 581                     | 337                        | 344                      | 586                       | 412                       | 52                       | 262                       | 917                    | 551                    | 226                    | 328                     | 518                     | 5,114         |
| SFC Student support payments                         | 68                      | 191                        | 311                      | 622                       | 318                       | 298                      | 356                       | 329                    | 339                    | 503                    | 229                     |                         | 3,564         |
| Interest payments                                    |                         |                            |                          |                           |                           |                          |                           |                        |                        |                        |                         |                         |               |
| <b>Total cash out</b>                                | <b>1,584</b>            | <b>1,466</b>               | <b>1,623</b>             | <b>2,208</b>              | <b>1,741</b>              | <b>1,309</b>             | <b>1,622</b>              | <b>2,277</b>           | <b>1,930</b>           | <b>1,769</b>           | <b>1,597</b>            | <b>1,617</b>            | <b>20,743</b> |
| <b>Net cash inflow/(outflow)</b>                     | <b>(176)</b>            | <b>169</b>                 | <b>73</b>                | <b>(282)</b>              | <b>254</b>                | <b>1,147</b>             | <b>(723)</b>              | <b>(245)</b>           | <b>(386)</b>           | <b>190</b>             |                         | <b>1</b>                | <b>22</b>     |
| Balance b/f (cash and overdraft)                     | <b>729</b>              | <b>553</b>                 | <b>722</b>               | <b>795</b>                | <b>513</b>                | <b>767</b>               | <b>1,914</b>              | <b>1,191</b>           | <b>946</b>             | <b>560</b>             | <b>750</b>              | <b>750</b>              | <b>729</b>    |
| <b>Balance c/f (cash and overdraft)</b>              | <b>553</b>              | <b>722</b>                 | <b>795</b>               | <b>513</b>                | <b>767</b>                | <b>1,914</b>             | <b>1,191</b>              | <b>946</b>             | <b>560</b>             | <b>750</b>             | <b>750</b>              | <b>751</b>              | <b>751</b>    |



| 2018/19<br>BUDGET<br>£'000               | History of Quarterly Forecasts for Year Ending 31 July 2019 |                   |                  |                   |                |                   |              |                   |
|--|---|-------------------|------------------|-------------------|----------------|-------------------|--------------|-------------------|
|  | October<br>£'000  | VARIANCE<br>£'000 | January<br>£'000 | VARIANCE<br>£'000 | April<br>£'000 | VARIANCE<br>£'000 | Jun<br>£'000 | VARIANCE<br>£'000 |
| <b>SUMMARY</b>                           |   |                   |                  |                   |                |                   |              |                   |
| <b>INCOME</b>                            |   |                   |                  |                   |                |                   |              |                   |
| GRANT IN AID                             | 11,254  |                   | 11,254           |                   | 11,161         | -93               |              |                   |
| FEES                                     | 2,641   | -79               | 2,511            | -130              | 2,512          | -129              |              |                   |
| SDS CONTRACTS                            | 961   | -118              | 722              | -239              | 722            | -239              |              |                   |
| INCOME GENERATION                        | 1,075   |                   | 1,023            | -52               | 1,075          |                   |              |                   |
| EUROPEAN FUNDS                           | 244   |                   | 244              |                   | 244            |                   |              |                   |
| OTHER INCOME                             | 485   | +9                | 527              | +42               | 562            | +77               |              |                   |
| OTHER SFC FUNDING                        | 727   | +132              | 987              | +260              | 1,043          | +316              |              |                   |
| <b>TOTAL INCOME</b>                      | <b>17,387</b>   |                   | <b>17,268</b>    | <b>-119</b>       | <b>17,319</b>  | <b>-68</b>        |              |                   |
| <b>EXPENDITURE</b>                       |   |                   |                  |                   |                |                   |              |                   |
| <b>SALARIES</b>                          |   |                   |                  |                   |                |                   |              |                   |
| Teaching Centres                         | 6,296   | -70               | 6,099            | +197              | 6,100          | +196              |              |                   |
| Teaching Support                         | 1,047   |                   | 1,041            | +6                | 1,046          | +1                |              |                   |
| Administration                           | 1,631   |                   | 1,665            | -34               | 1,690          | -59               |              |                   |
| Commercial & Enterprise                  | 2,557   | +139              | 2,294            | +263              | 2,307          | +250              |              |                   |
| Other Activities                         | 80  |                   | 81               | -1                | 80             |                   |              |                   |
| Estates                                  | 859   |                   | 870              | -11               | 862            | -3                |              |                   |
|  | 12,470  | +69               | 12,050           | +420              | 12,085         | +385              |              |                   |
| <b>SUPPLIES &amp; SERVICES</b>           |   |                   |                  |                   |                |                   |              |                   |
| Teaching Centres                         | 397   |                   | 423              | -26               | 437            | -40               |              |                   |
| Teaching Support                         | 232   | -19               | 309              | -77               | 383            | -151              |              |                   |
| Administration                           | 1,374   | +5                | 1,417            | -43               | 1,532          | -158              |              |                   |
| Commercial & Enterprise                  | 756   | +47               | 488              | +268              | 545            | +211              |              |                   |
| Other Activities                         | 233   | -2                | 253              | -20               | 258            | -25               |              |                   |
| Estates                                  | 1,121   |                   | 1,121            |                   | 1,256          | -135              |              |                   |
|  | 4,113   | +31               | 4,011            | +102              | 4,411          | -298              |              |                   |
| OTHER PAYROLL COSTS                      | 276   | -135              | 476              | -200              | 70             | +206              |              |                   |
| <b>TOTAL EXPENDITURE</b>                 | <b>16,859</b>   | <b>-35</b>        | <b>16,537</b>    | <b>+322</b>       | <b>16,566</b>  | <b>+293</b>       |              |                   |
| <b>TRADING SURPLUS/(DEFICIT)</b>         | <b>528</b>  | <b>-91</b>        | <b>731</b>       | <b>+203</b>       | <b>753</b>     | <b>+225</b>       |              |                   |
| <b>RESTRUCTURING</b>                     |   |                   |                  |                   |                |                   |              |                   |
| Voluntary Severance / Redundancy         |   |                   |                  |                   | -13            | -13               |              |                   |
| Pension transfers                        |   |                   | -2               | -2                | -9             | -9                |              |                   |
| Apprenticeship Levy                      | -38   | -38               | -35              | +3                | -32            | +6                |              |                   |
| Holiday Pay Accrual                      |   |                   |                  |                   | -30            | -30               |              |                   |
|  | -38   | -38               | -37              | 1                 | -84            | -46               |              |                   |
| <b>INTEREST</b>                          |   |                   |                  |                   |                |                   |              |                   |
| Interest receivable                      |   |                   |                  |                   |                |                   |              |                   |
| Interest Payable                         |   |                   |                  |                   |                |                   |              |                   |
| <b>DEFERRED GRANT &amp; DEPRECIATION</b> |   |                   |                  |                   |                |                   |              |                   |
| Release of Deferred Grant                | 457   |                   | 457              |                   | 457            |                   |              |                   |
| Depreciation                             | -782  |                   | -787             | -5                | -787           | -5                |              |                   |
|  | -325  |                   | -330             | -5                | -330           | -5                |              |                   |
| <b>STUDENT FUNDS</b>                     |   |                   |                  |                   |                |                   |              |                   |
| Student Funds Income                     | 3,658   |                   | 3,658            |                   | 3,869          | +211              |              |                   |
| Student Funds Expenditure                | -3,658  |                   | -3,658           |                   | -3,869         | -211              |              |                   |
| <b>INVESTMENT FUNDS</b>                  |   |                   |                  |                   |                |                   |              |                   |
| College Spend                            | -100  |                   | -302             | -202              | -309           | -209              |              |                   |
| Transfer to ALF                          |   |                   |                  |                   |                |                   |              |                   |
|  | -100  |                   | -302             | -202              | -309           | -209              |              |                   |
| <b>COLLEGE SURPLUS/(DEFICIT)</b>         | <b>65</b>   | <b>-26</b>        | <b>62</b>        | <b>-3</b>         | <b>30</b>      | <b>-35</b>        |              |                   |
| <b>PENSION</b>                           |   |                   |                  |                   |                |                   |              |                   |
| FRS17 LPF                                | -813  |                   | -732             | +81               | -732           | +81               |              |                   |
| Early Retirement provision               | -204  |                   | -204             |                   | -204           |                   |              |                   |
|  | -1,017  |                   | -936             | +81               | -936           | +81               |              |                   |
| <b>OPERATING SURPLUS/(DEFICIT)</b>       | <b>-952</b>   | <b>-1,043</b>     | <b>-874</b>      | <b>+78</b>        | <b>-906</b>    | <b>+46</b>        |              |                   |
| Transfer (To) / From Pension Reserve     | 813   |                   | 732              | -81               | 732            | -81               |              |                   |
| Transfer (To) / From Revaluation Reserve | 297   |                   | 297              |                   | 297            |                   |              |                   |
| <b>NET TRANSFER TO I&amp;E RESERVE</b>   | <b>158</b>  | <b>67</b>         | <b>155</b>       | <b>-3</b>         | <b>123</b>     | <b>-35</b>        |              |                   |

## Differences

A + variance means an increase in surplus

A - variance means a decrease in surplus

## West Lothian College

13 June 2019

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### Finance & General Purposes Committee

#### Income Generation Report

##### Financials

Positive progress continues to be made and overall the commercial area is forecast to be £372k ahead of target. The major contributor to this are positive variances relating to Flexible Workforce Development Fund (FWDF) income and expenditure. Cost savings continue to be sought to off-set the reduction in funding associated with the reduction in the number of Foundation Apprenticeship frameworks running.

##### Commercial and International

We have fully allocated our FWDF funding and we are mid-way through delivery to a projected 1,700 individuals. Initial indications for 2019-20 are that FWDF funding will continue with individual allocations in line with this year. One negative consequence is beginning to appear with the introduction of FWDF. With companies now receiving this funding for staff development it reduces the need for them to fund staff to attend the college's short courses. These are forecast to outturn £85K below. This pattern is being reported by several other colleges.

In February we reported on two bids which had been, or were in the process of being, submitted. Unfortunately we were unsuccessful in both cases.

The Scottish Government contract for online childcare courses was awarded to University of West of Scotland. Price would appear to be the main contributing factor in this decision with the winning bid being 40% lower than the one submitted by the consortium which we were part of.

We were notified by Scotrail that they had decided to cancel the management development project that we had been shortlisted and interviewed for.

In relation to the ERASMUS+ application we submitted in February the UK National Agency have notified us that there will be a delay in an announcement until programme funding has been confirmed. No indication of timescales have been given. Meanwhile, we have had over 100 students and staff undertake international mobility from April onwards which has seen students working towards the SQA work experience qualification. Our International Activity was shortlisted for the Herald HE Awards in the Widening Access category which takes place on 5 June.

**West Lothian College**

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Following protracted discussions between Colleges Scotland and CITB we will be signing both the 2018-19 and 2019-20 contracts. A paper is under development outlining our options to transition away from CITB and to have our own construction MAs as mentioned in February's report.

We were successfully awarded a contract by Fife Council to deliver SVQ L4 Management, L4 Social Services and Healthcare, L4 Social Services Children and Young People. Expected contract value £36,450 per year for 3 years. The bid for us to act as sub-contractor for West Lothian Council to deliver MAs in customer Service and Business Admin was also successful.

After considerable delay the payment for the college's work in Fife acting as sub-subcontractor to deliver FA activity has been finalised. The settlement will exceed the budgeted amount by £70k.

**Foundation Apprenticeships (FAs)**

The original FA plan was to offer 12 frameworks with seven of these to be delivered in schools. During March and April it became apparent that the demand for some of these frameworks would not be sufficient to make them viable. Following discussion with the Council it was agreed that the plan would be adjusted as follows:

| Framework                                   | Delivery location                  | Adjusted Plan   |
|---|------------------------------------|---|
| Food and Drink Technology                   | St Kentigern's Academy             | Cancelled   |
| Business Skills with Hospitality Management | West Calder High School            | Cancelled but applicants offered Business Skills delivered in College |
| Scientific Technologies                     | James Young Academy                | Cancelled   |
| Creative and Digital Media                  | St Margaret's Academy              | Running   |
| Social Services: Healthcare                 | Linlithgow Academy                 | Running   |
| Social Services: Healthcare                 | College                            | Running   |
| Business Skills                             | Armadale Academy                   | Delivery switched to College  |
| Engineering                                 | College                            | Running   |
| Business Skills with Sports Management      | Inveralmond Community High         | Running   |
| ICT Software                                | College                            | Running   |
| Social Services: Children and Young People  | College and Broxburn Family Centre | One cohort only delivered in College                                  |
| Civil Engineering                           | College                            | Running   |

**West Lothian College**

13 June 2019

As at 3 June we had received 266 applications and made 182 offers with additional promotional activity underway. The changes in the FA plan has been reflected in the setting of the budget for 2019-20.

**Workforce Development**

The outcome of our 2019-20 Skills Development Scotland submission for Modern Apprenticeship (MA) starts was positive. We bid for 89 starts and were awarded 80. An analysis of the scores awarded for bidders is shown below. It is good to see the college coming first and third for two of the occupational groupings, however, our performance for retail and engineering is disappointing and is reflected in the starts we were awarded.

| <b>Occupational Group</b>         | <b>Number of providers bidding</b> | <b>College rank based on tender score</b> | <b>Number of starts bid for 2019-20</b> | <b>Starts awarded for 2019-20</b> | <b>Starts awarded in 2018-19</b> |
|-----------------------------------|------------------------------------|---|---|-----------------------------------|----------------------------------|
| Automotive                        | 34                                 | 3   | 15                                      | 15                                | 13                               |
| Business Admin                    | 81                                 | 1   | 10                                      | 10                                | 4                                |
| Childcare, Health and Social Care | 98                                 | 15  | 33                                      | 33                                | 12                               |
| Engineering                       | 31                                 | 27  | 21                                      | 15                                | 15                               |
| Management                        | 64                                 | 14  | 4                                       | 4                                 | 2                                |
| Other (Procurement)               | 53                                 | 31  | 1                                       | 1                                 | 1                                |
| Retail and Customer Service       | 55                                 | 52  | 5                                       | 2                                 | 6                                |
| <b>Total</b>                      |                                    |   | <b>89</b>                               | <b>80</b>                         | <b>53</b>                        |

The initial contract award value is shown below with the equivalent figures for the previous three years.

| <b>Year</b>    | <b>Initial contract value</b> |
|----------------|-------------------------------|
| 2016-17        | £154,990                      |
| 2017-18        | £163,168                      |
| 2018-19        | £163,618                      |
| <b>2019-20</b> | <b>£184,011</b>               |

The SDS contract allows for in-year bids for additional starts which means that the contract value and number of starts can change. For example, the 2018-19

## West Lothian College

13 June 2019

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contract value is forecast to outturn at £203k, £40k above the initial contract award.

In addition to the improvement steps that were outlined in February's report, a further range of quality improvement measures have been drawn up for the Engineering MA to boost performance and help with future recruitment which includes:

- A lead lecturer being assigned for MA delivery
- All learning materials to be reviewed ready for 2019-20
- An induction programme being introduced which will include employees being invited to a welcome session
- Monthly report to Workforce Development from lead lecturer
- Quarterly feedback meetings between the assessor, the student and their employer

### Children's Hearing Scotland

In April the team completed delivery of the pre-service programme to the 480 new panel members in 12 locations across Scotland. The programme had a 92% retention and achievement performance indicator, with 94% of students reporting that the programme was good or very good across 70 indicators. These PIs are comfortably above the contract requirements.

The concerns raised by CHS as outlined in the February report have all been satisfactorily addressed, and CHS have notified us that they will not seek financial redress in relation to these concerns.

Following a series of meetings with CHS, we now have an agreed timeline for the detailed planning for year two of the contract which is a very welcome development.

### Simon Earp

Vice Principal, Curriculum and Enterprise  
13 June 2019

## **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 2019 of fixed assets which were recorded in the annual accounts at 31 July 2018.

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 Net value of each asset at 31 July 2017, the Net value of each asset at 31 July 2019 and the depreciation charges over that period.

Assets which had a Net value of £Nil at 31/07/18 (marked in pink) will be written out of the asset register at the end of July 2019. 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 £132,758.

### **Recommendation**

It is recommended that Members review the proposed carrying values of the assets listed in Annex A and endorse these values for inclusion in the 2018-19 accounts.

**Jennifer McLaren**

Vice Principal, Finance & Curriculum Services

5 June 2019

Fixed Assets Schedule July 2019  
Summary

|                     | Cost / Valuation | <u>Life Years</u> | 31/07/2017<br><u>Net</u> | 2017-18<br><u>Depn</u> | 31/07/2018<br><u>Net</u> | 2018-19<br><u>Depn</u> | 31/07/2019<br><u>Net</u> |
|---------------------|------------------|-------------------|--------------------------|------------------------|--------------------------|------------------------|--------------------------|
| Revalued Assets     | 19,429,999.00    |                   | 19,429,999.00            | -711,181.02            | 18,718,817.98            | -711,181.02            | 18,007,636.96            |
| Non-Revalued Assets | 762,367.28       |                   | 229,898.19               | -89,179.12             | 140,719.07               | -72,842.31             | 67,876.76                |
|                     | 20,192,366.28    |                   | 19,659,897.19            | -800,360.14            | 18,859,537.05            | -784,023.33            | 18,075,513.72            |
| Land & Buildings    | 18,328,968.74    |                   | 17,814,818.40            | -594,317.80            | 17,220,500.60            | -582,267.76            | 16,638,232.84            |
| Fixed Plant         | 1,797,523.78     |                   | 1,786,490.92             | -186,513.05            | 1,599,977.87             | -185,287.13            | 1,414,690.74             |
| Equipment           | 65,873.76        |                   | 58,587.87                | -19,529.29             | 39,058.58                | -16,468.44             | 22,590.14                |
|                     | 20,192,366.28    |                   | 19,659,897.19            | -800,360.14            | 18,859,537.05            | -784,023.33            | 18,075,513.72            |

Fixed Assets Schedule July 2019  
Revalued Assets

| Location     | July 2017<br>Valuation | Life Years | Annual<br>Depn | 31/07/2017<br>Net | 31/07/2018<br>Net | 31/07/2019<br>Net |
|--------------|------------------------|------------|----------------|-------------------|-------------------|-------------------|
| Surplus Land | 480,000.00             |            | 0.00           | 480,000.00        | 480,000.00        | 480,000.00        |
| The Street   | 4,324,537.00           |            | -165,894.57    | 4,324,537.00      | 4,158,642.43      | 3,992,747.86      |
| Gymnasium    | 935,720.00             |            | -34,122.05     | 935,720.00        | 901,597.95        | 867,475.90        |
| Terrace 1    | 1,544,020.00           |            | -63,141.60     | 1,544,020.00      | 1,480,878.40      | 1,417,736.80      |
| Terrace 2    | 2,665,328.00           |            | -96,307.40     | 2,665,328.00      | 2,569,020.60      | 2,472,713.20      |
| Terrace 3    | 2,258,261.00           |            | -86,030.58     | 2,258,261.00      | 2,172,230.42      | 2,086,199.84      |
| Terrace 4    | 2,258,261.00           |            | -81,782.34     | 2,258,261.00      | 2,176,478.66      | 2,094,696.32      |
| Pavillion A  | 1,240,968.00           |            | -45,975.62     | 1,240,968.00      | 1,194,992.38      | 1,149,016.76      |
| Pavillion B  | 1,240,968.00           |            | -45,975.62     | 1,240,968.00      | 1,194,992.38      | 1,149,016.76      |
| Pavillion C  | 1,240,968.00           |            | -45,975.62     | 1,240,968.00      | 1,194,992.38      | 1,149,016.76      |
| Pavillion D  | 1,240,968.00           |            | -45,975.62     | 1,240,968.00      | 1,194,992.38      | 1,149,016.76      |
|              | 19,429,999.00          | 0.00       | -711,181.02    | 19,429,999.00     | 18,718,817.98     | 18,007,636.96     |

| Asset Type             | July 2017<br>Valuation | Life Years | This Year<br>Depn | July 2017<br>Valuation | 31/07/2018<br>Net | 31/07/2019<br>Net |
|------------------------|------------------------|------------|-------------------|------------------------|-------------------|-------------------|
| Land                   | 2,760,000.00           |            | 0.00              | 2,760,000.00           | 2,760,000.00      | 2,760,000.00      |
| Surplus Land           | 480,000.00             |            | 0.00              | 480,000.00             | 480,000.00        | 480,000.00        |
| Car Parking            | 494,999.00             |            | -29,117.65        | 494,999.00             | 465,881.35        | 436,763.70        |
| Building Structure     | 13,909,735.00          |            | -496,776.24       | 13,909,735.00          | 13,412,958.76     | 12,916,182.52     |
| Heating System         | 163,901.00             |            | -7,450.02         | 163,901.00             | 156,450.98        | 149,000.96        |
| Boiler                 | 157,950.00             |            | -12,150.00        | 157,950.00             | 145,800.00        | 133,650.00        |
| Lighting Installations | 389,841.00             |            | -32,486.73        | 389,841.00             | 357,354.27        | 324,867.54        |
| Power Installations    | 414,933.00             |            | -31,917.95        | 414,933.00             | 383,015.05        | 351,097.10        |
| Lifts                  | 174,150.00             |            | -14,512.50        | 174,150.00             | 159,637.50        | 145,125.00        |
| Air Handling Units     | 232,294.00             |            | -33,184.87        | 232,294.00             | 199,109.13        | 165,924.26        |
| Cooling system         | 1,423.00               |            | -177.88           | 1,423.00               | 1,245.12          | 1,067.24          |
| Security system        | 43,707.00              |            | -10,926.75        | 43,707.00              | 32,780.25         | 21,853.50         |
| Fire Alarm             | 65,560.00              |            | -16,390.00        | 65,560.00              | 49,170.00         | 32,780.00         |
| Water Tanks            | 53,653.00              |            | -4,127.18         | 53,653.00              | 49,525.82         | 45,398.64         |
| Kitchen equipment      | 44,253.00              |            | -11,063.25        | 44,253.00              | 33,189.75         | 22,126.50         |
| Automated Partitioning | 12,179.00              |            | -3,044.75         | 12,179.00              | 9,134.25          | 6,089.50          |
| Vehicle Lifts          | 7,855.00               |            | -1,963.75         | 7,855.00               | 5,891.25          | 3,927.50          |
| Dust Extraction        | 15,711.00              |            | -3,927.75         | 15,711.00              | 11,783.25         | 7,855.50          |
| Exhaust Extraction     | 7,855.00               |            | -1,963.75         | 7,855.00               | 5,891.25          | 3,927.50          |
|                        | 19,429,999.00          | 0.00       | -711,181.02       | 19,429,999.00          | 18,718,817.98     | 18,007,636.96     |

Fixed Assets Schedule July 2019  
Non-Revalued Assets

|            |   |            |       | 31/07/2017 | 2017-18     | 31/07/2018 | 2018-19    | 31/07/2019 |
|------------|---|------------|-------|------------|-------------|------------|------------|------------|
|            | Cost                                    | Life Years |       | Net        | Depn        | Net        | Depn       | Net        |
| A000000013 | Raised Garden                           |            | 10.00 | 7,527.18   | -3,763.53   | 3,763.65   | -3,763.65  | 0.00       |
| 20         | Surface Works                           |            |       | 7,527.18   | -3,763.53   | 3,763.65   | -3,763.65  | 0.00       |
| A000000029 | SDC Development                         |            | 10.00 | 512.38     | -512.38     | 0.00       | 0.00       | 0.00       |
| A000000030 | Tterrace 2 / Pv D                       |            | 10.00 | 3,008.54   | -3,008.54   | 0.00       | 0.00       | 0.00       |
| A000000031 | Terr 2 Soft Serv                        |            | 10.00 | 5,859.88   | -5,859.88   | 0.00       | 0.00       | 0.00       |
| A000000032 | Terr 1/2 Core Sk                        |            | 10.00 | 760.39     | -760.39     | 0.00       | 0.00       | 0.00       |
| A000000033 | Pav C/D Care                            |            | 10.00 | 169.57     | -169.57     | 0.00       | 0.00       | 0.00       |
| A000000034 | Terr 4 BCCI                             |            | 10.00 | 751.19     | -751.19     | 0.00       | 0.00       | 0.00       |
| A000000035 | Terr 3 IBF (Per)                        |            | 10.00 | 988.43     | -988.43     | 0.00       | 0.00       | 0.00       |
| A000000036 | BPC Reception                           |            | 10.00 | 4,758.83   | -2,379.38   | 2,379.45   | -2,379.45  | 0.00       |
| A000000037 | Adaptations in Wellbeing Centre         |            | 10.00 | 280.84     | -140.42     | 140.42     | -140.42    | 0.00       |
| A000000038 | Coffee Bar in Students Area             |            | 10.00 | 5,219.96   | -2,609.94   | 2,610.02   | -2,610.02  | 0.00       |
| A000000039 | Skills Centre Refurbishment             |            | 10.00 | 1,595.30   | -797.64     | 797.66     | -797.66    | 0.00       |
| A000000040 | Creative Centre Refurbishment           |            | 10.00 | 2,795.07   | -1,397.51   | 1,397.56   | -1,397.56  | 0.00       |
| A000000041 | Terrace 4 Major Refurbishment           |            | 10.00 | 46,705.93  | -15,568.47  | 31,137.46  | -15,568.47 | 15,568.99  |
| A000000042 | Enlarge T2 / G21                        |            | 10.00 | 318.01     | -106.00     | 212.01     | -106.00    | 106.01     |
| A000000228 | Terrace 4 Major Refurbishment           |            | 10.00 | 88,832.90  | -29,610.64  | 59,222.26  | -29,610.64 | 29,611.62  |
| 30         | Buildings                               |            |       | 162,557.22 | -64,660.38  | 97,896.84  | -52,610.22 | 45,286.62  |
| A000000136 | Str Heating Valv                        |            | 10.00 | 1,225.92   | -1,225.92   | 0.00       | 0.00       | 0.00       |
| 40         | Fixed Plant                             |            |       | 1,225.92   | -1,225.92   | 0.00       | 0.00       | 0.00       |
| A000000XXX | IT Computer-Servers - Additions 2015-16 |            | 4.00  | 8,083.84   | -2,694.61   | 5,389.23   | -2,694.61  | 2,694.62   |
| A000000XXX | IT Computer-Servers - Additions 2016-17 |            | 4.00  | 50,504.03  | -16,834.68  | 33,669.35  | -13,773.83 | 19,895.52  |
| 60         | Computers                               |            |       | 58,587.87  | -19,529.29  | 39,058.58  | -16,468.44 | 22,590.14  |
|            |   |            |       | 762,367.28 | -229,898.19 | 140,719.07 | -72,842.31 | 67,876.76  |

## West Lothian College

13 June 2019

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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 2019.

The policies are unchanged from 2017-18 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 2019 as set out in the attached paper.

**Jennifer McLaren**

Vice Principal, Finance & Curriculum Services

13 June 2019

**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 2018-19 Government Financial Reporting Manual (FReM) issued by the Scottish Government. They conform to the Accounts Direction and other guidance published by the Scottish Funding Council (FReM 2.2.8).

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 2.2.8).

**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 will 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 will be 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 will be 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 will be 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 will be 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 will be 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 will be 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 will be 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 will be 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 will be recognised in income over the expected useful life of the asset. Other capital grants will be 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 will be recognised as an expense in the year in which the employees render service to the college. Any unused benefits will be accrued and measured as the additional amount the college expects to pay as a result of the unused entitlement.

**West Lothian College**13 June 2019

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**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 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, will account for the scheme as if it were a defined contribution scheme. The amount charged to the Statement of Comprehensive Income will represent the contributions payable to the scheme in respect of the year. The contributions will be 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 will be charged to the Statement of Comprehensive Income so as to spread the cost of pensions over employees working lives with the College. The contributions will be determined by an actuary on the basis of triennial valuations. In accordance with FRS 102, the amount charged to the Statement of Comprehensive Income will represent 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 will be measured using the revaluation model. Under the revaluation model assets are revalued to fair value. Where appropriate Depreciated Replacement cost will be 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 will be subsequently charged on the revalued amount.

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

College buildings will be depreciated over 30 years and transferred car parking areas will be depreciated over 25 years, both commencing in the first full financial year after the

## West Lothian College

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date of transfer of the estate to public ownership (2 April 2007). Other additions to the estate will be 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, will be 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 will be carried out if events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

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

### ii) Fixed Plant and Equipment

Equipment will be 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 (FReM 6.2). Capitalised equipment will be depreciated over its useful economic life from the date it is brought into use as follows: -

|             |            |
|-------------|------------|
| Fixed Plant | 5-29 years |
| 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 will be reviewed at the date of preparation of each Balance Sheet.

### iii) Operating Leases

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

## West Lothian College

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### iv) Finance Leases

Leases in which the College assumes substantially all the risks and rewards of ownership of the leased asset will be classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities will be 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 will be apportioned between the finance charge and the reduction of the outstanding liability. The finance charge will be 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 will be 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 will be charged to the Statement of Comprehensive Income in the period in which it is incurred.

### k) Stocks

Stocks will 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 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.

**West Lothian College**13 June 2019

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**n) Provisions**

Provisions will be 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 will be excluded from the College Statement of Comprehensive Income; movements will be 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 will be 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, will be 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 these 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 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

## West Lothian College

13 June 2019

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- Tangible fixed assets

Tangible fixed assets will be 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 will be 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 will impact the carrying amount of the pension liability.

**West Lothian College**

13 June 2019

**Finance & General Purposes Committee****Infrastructure Update****Purpose**

The purpose of this paper is to provide the Committee with an infrastructure update.

**Reconfiguration of Street Building and Pavilion A**

The committee was informed at the February 2019 meeting that work was to take place during summer 2019 to reconfigure space within the Street Building and create improved classroom space within Pavilion A in order to address urgent accommodation needs. A budget of £100k was approved.

Subsequent to that meeting taking place the committee approved an increase to the budget bringing total spend to no more than £200k. A breakdown of how the budget is being allocated is provided in the table below.

|  | £'000 |
|--|-------|
| Renovation works (down takings/electrics/painting/flooring/bi-fold doors/formation of offices) | 169   |
| Replacement furniture  | 31    |
| Total  | 200   |

As the tender limit for works is £500k it is not necessary to go out to tender and quotes are currently being obtained. Quotes are also being obtained for the replacement furniture. The HR department has been moved to its new accommodation and the plan is to decant staff located in the street building at the start of June 2019. It is anticipated that the renovation works will start in the middle of June 2019 and be completed by early August 2019.

**Sports Hall**

In March 2015 the college became aware of damage to the sports hall walls and appointed engineering consultants to undertake a structural survey. The findings from the survey were that the walls fell below British standards due to a lack of wall ties. The corrective work was completed in July 2015.

At the beginning of February 2019 further cracks appeared and a structural survey was carried out to establish the cause. The finding of the consultant was that the damage was caused by construction defects.

## West Lothian College

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Three possible remedies were put forward:

- Undertake additional repairs to the defects and protect the wall;
- Repair the defects and install wind posts to strengthen the walls; or
- Take down and rebuild the blockwork walls to the north, east and west elevations.

Of the three options, option 3 was the recommended approach as, in the view of the engineer, options 1 and 2 would not preclude having to undertake future repairs. The estimated cost of carrying out option 3 is £75k (£90k including VAT).

As the estates maintenance grant for 2019-20 has been reduced by 49% to £104,000 (after deduction of the capital loan repayment), having been cut by 46% in 2018-19, the college made a request to the Scottish Funding Council for funding of £98k to undertake option 3 and appoint consultants to project manage the works. The college was offered the full amount requested on 29 April 2019.

Consultants have been appointed and a tender to undertake the walls has been issued. It is expected that contractors will be appointed in mid June 2019 and the work will commence as soon as the building warrant is issued. It is hoped that the work will be completed for the start of the new academic year.

### Action

The Committee is asked to note the position with regard to the summer project and remedial work to the sports hall.

**Jennifer McLaren**

Vice Principal, Finance & Curriculum Services

13 June 2019

## **West Lothian College**

13 June 2019

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### **Finance & General Purposes Committee**

#### **Key Financial Performance Indicators 2018-19**

The attached table show the college's key financial performance indicators for 2016-17 and 2017-18 with a forecast for 2018-19. Explanations for variances from target are provided.

In addition, and for benchmarking purposes, financial KPIs have been obtained from Borders College, Dumfries & Galloway College and Forth Valley College for 2016-17 and 2017-18.

At the request of the committee the latest early withdrawal statistics for 2018-19 are also provided. The college is predicting to exceed its credit target for 2018-19, no financial clawback is therefore expected.

#### **Action**

The committee is asked to discuss the financial KPIs and note the latest early withdrawal statistics for 2018-19.

**Jennifer McLaren**

Vice Principal, Finance & Curriculum Services

13 June 2019

West Lothian College -Key Financial Performance Indicators 2018-19

|  | Target<br>2018-19 | Actual<br>For the six<br>month period<br>ended 30 April<br>2019 | Forecast<br>For the year<br>ended 31 July<br>2019 | Actual<br>For the year<br>ended 31 July<br>2018 | Actual<br>For the year<br>ended 31 July<br>2017* |
|--|-------------------|---|---|---|--|
| College Surplus (£'000)  | 65                | 1,037   | 30  | 70  | 453  |
| Operating Surplus (£'000)  | (952)             | 1,037   | (906)   | 1,765   | 647  |
| Non SFC Income as % of total income  | 30%               | 31%   | 28%   | 29%   | 30%  |
| Trading Surplus on commercial activities as % of income from commercial activities | 25%               | 41%   | 34%   | 32%   | 35.0%  |
| Staff costs as % of total income (excludes exceptional costs)                      | 68%               | 62%   | 65%   | 67%   | 65%  |
| Ratio of Current Assets to Current Liabilities                                     | 0.7 :1            | 1.3:1   | 0.6: 1  | 0.7:1   | 0.8:1  |
| Days Cash to Total Expenditure   | 14                | 17  | 17  | 15  | 35   |

| Comments  | Actions   |
|---|---|
| Slightly below target as a result of allocation of budget to reconfigure space within the Stret Building and Pavilion A partly offset by additional SFC income and salary underspends | Continue to monitor monthly   |
| Slightly below target as a result of allocation of budget to reconfigure space within the Stret Building and Pavilion A partly offset by additional SFC income and salary underspends | Continue to monitor monthly   |
| Slightly below as a result of reduced SDS income  | Monitor through Corporate Engagement Committee                            |
| Above target as a result of FWDF. Salary costs have been reduced as costs are being absorbed within the academic centres.   | Future income generation targets being reviewed in line with new strategy |
| Below target as a result of underspends in curriculum areas and salary costs savings from FWDF  | Continue to monitor monthly   |
|   |   |
|   |   |

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

|   | 2017-18 |                     |              |              |
|---|---------|---------------------|--------------|--------------|
|   | Borders | Dumfries & Galloway | Forth Valley | West Lothian |
| Non SFC Income as % of total income                           | 29%     | 16%                 | 27%          | 29%          |
| Staff costs as % of total income (excludes exceptional costs) | 66%     | 68%                 | 74%          | 67%          |
| Ratio of Current Assets to Current Liabilities                | 1.5:1   | 0.5:1               | 1.1:1        | 0.7:1        |
| Days Cash to Total Expenditure                                | 72      | 22                  | 60           | 15           |

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

| Early Withdrawals |                                       |  |  |                                       |  |   |
|-------------------|---------------------------------------|--|--|---------------------------------------|--|---|
|                   | 2018-19<br>Early<br>Withdrawal<br>(%) | 2018-19<br>Early<br>Withdrawal<br>Actual Number<br>of Enrolments | 2018-19<br>Total Number<br>of Enrolments | 2017-18<br>Early<br>Withdrawal<br>(%) | 2017-18<br>Early<br>Withdrawal<br>Actual Number<br>of Enrolments | 2017-18<br>Total<br>Number of<br>Enrolments |
| FEFT              | 7.89%                                 | 99   | 1,254                                    | 8.80%                                 | 118  | 1,337                                       |
| HEFT              | 6.13%                                 | 49   | 799                                      | 5.50%                                 | 42   | 761   |
| FEPT              | 2.21%                                 | 63   | 2,847                                    | 2.30%                                 | 77   | 3,312                                       |
| HEPT              | 1.86%                                 | 19   | 1,023                                    | 2.00%                                 | 13   | 660   |
| Total             |                                       | 230  | 5,923                                    |                                       | 250  | 6,070                                       |

**West Lothian College**

13 June 2019

**Finance and General Purposes Committee****Human Resources Report**

The Human Resources Report for the quarter 01 January to 31 March 2019 is attached to this paper.

The key points from the report are:

| <b>THEME</b>                          | <b>SUCCESS INDICATOR</b>  | <b>CURRENT POSITION</b>   |
|---------------------------------------|---|---|
| <b>Recruitment &amp; Retention</b>    | Zero unfilled vacancy rate  | Zero unfilled vacancy rate  |
|                                       | Stable employee turnover  | 12.08% (previous 3 years' average is 13.29%)  |
|                                       | Favourable exit interview feedback  | No significant issues reported  |
| <b>Health, Safety &amp; Wellbeing</b> | Sickness absence at or below 4%   | 4.48% YTD (previous YTD was 5.41%)  |
|                                       | Healthy Working Lives accreditation   | Bronze Award achieved Q4 2018-2019  |
|                                       | Favourable Staff Experience Survey feedback in areas associated with health & wellbeing | 99% of respondents agree that the College takes positive action on health & wellbeing (+3% on 2018) |
|                                       | Zero reportable Health & Safety incidents   | Reported on separately at Audit Committee   |
| <b>Reward</b>                         | Zero unfilled vacancy rate  | Zero unfilled vacancy rate  |
|                                       | Stable employee turnover  | See 'Engagement' section  |
|                                       | Favourable Staff Experience Survey feedback in areas associated with reward             | 77% of respondents satisfied with the extent to which the College values their work (+6% on 2018)   |
| <b>Engagement</b>                     | Stable employee turnover  | 12.08% (previous 3 years' average is 13.29%)  |
|                                       | Favourable Staff Experience Survey feedback in areas associated with engagement         | 84% of respondents enthusiastic about their job (-2% on 2018)                                       |

**West Lothian College**

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|                                 |   |   |
|---------------------------------|---|---|
| <b>Employee Relations</b>       | Constructive climate of management-Trade Union partnership working<br><br>Favourable Staff Experience Survey feedback in areas associated with decision-making and communication<br><br>Grievance processes | On-going constructive JNCC communication<br><br>75% of respondents feel involved in deciding changes (-3% on 2018)<br><br>No grievances |
| <b>Equality &amp; Diversity</b> | Candidate attraction and recruitment reflecting the diversity of the community<br><br>Favourable Staff Experience Survey feedback in areas associated with equality and diversity                           | 2018-2019 annual report now available<br><br>3% of respondents perceive experiencing discrimination at work (no change on 2018)         |

**Action**

For discussion.

**Jennifer McLaren**

Vice Principal, Finance & Curriculum Services

13 June 2019

## Human Resources Report – 01 January to 31 March 2019

### Recruitment & Retention

For the period 01 January to 31 March 2019, 21 vacancies were dealt with and a total of 273 applications reviewed.

#### **Unfilled Vacancy Rate**

All substantive vacancies were filled during this period. There was a Bank recruitment undertaken for one post for which no suitable candidates were identified. There are no plans to re-advertise this Bank opportunity.

#### **Applicant: Vacancy Ratio**

The applicant to vacancy ratio for lecturing posts is 9:1 (unchanged from the previous quarter) and for support posts is 13:1 (an increase from the previous quarter which was 11:1).

#### **Recruitment Activity**

Recruitment for the following staff vacancies was underway or completed:

##### Lecturing:

| <b>Job Status</b> | <b>Job Title</b>                        | <b>Centre</b>                                      | <b>Total Number of Applicants</b> | <b>Number of applicants – Hired</b> |
|-------------------|---|--|-----------------------------------|-------------------------------------|
| Filled            | Bank Lecturers - Health and Social Care | Health and Social Care, Social Science and Science | 16                                | 1                                   |
| Filled            | Bank Lecturers - Mechanical Engineering | Computing and Engineering                          | 3                                 | 1                                   |

|          |   |  |    |   |
|----------|---|--|----|---|
| Filled   | Bank Lecturers - Science                              | Health and Social Care, Social Science and Science | 20 | 1 |
| Filled   | Lecturer - First Aid at Work                          | Commercial and Marketing                           | 5  | 1 |
| Filled   | Lecturer - Food Science                               | Health and Social Care, Social Science and Science | 7  | 2 |
| Filled   | Lecturer - General Data Protection Regulations (GDPR) | Commercial and Marketing                           | 4  | 2 |
| Filled   | Lecturer - Management Development                     | Commercial and Marketing                           | 16 | 1 |
| Unfilled | Bank Lecturers - Construction                         | Construction and Motor Vehicle                     | 1  | 0 |

Support:

| <b>Job Status</b> | <b>Job Title</b>  | <b>Centre</b>                                      | <b>Total Number of Applicants</b> | <b>Number of applicants - Hired</b> |
|-------------------|---|--|-----------------------------------|-------------------------------------|
| Filled            | Catering Assistant  | Facilities Management                              | 23                                | 1                                   |
| Filled            | CHSLA Contract Manager  | CHS Learning Academy                               | 6                                 | 1                                   |
| Filled            | CHSLA Information Officer   | CHS Learning Academy                               | 18                                | 1                                   |
| Filled            | Cleaning Operative (Advertised twice)                             | Facilities Management                              | 79                                | 2                                   |
| Filled            | Deputy Centre Head (Part Time x 2) - Workforce Development        | Workforce Development                              | 2                                 | 2                                   |
| Filled            | Executive PA  | Executive  | 38                                | 1                                   |
| Filled            | Kitchen Administration Assistant                                  | Facilities Management                              | 1                                 | 1                                   |
| Filled            | SVQ Assessor - Health and Social Care, Social Science and Science | Health and Social Care, Social Science and Science | 1                                 | 1                                   |
| Filled            | Work Based Assessor - Business                                    | Workforce Development                              | 2                                 | 1                                   |
| Filled            | Work Based Assessor - Engineering                                 | Workforce Development                              | 7                                 | 1                                   |
| Filled            | Work Based Assessor –Children and Young People                    | Workforce Development                              | 1                                 | 1                                   |
| Open              | Part Time Trainer - Children's Hearings Scotland Learning Academy | CHS Learning Academy                               | 14                                | N/A                                 |
| Filled            | SVQ Assessor - Health and Social Care, Social Science and Science | Health and Social Care, Social Science and Science | 9                                 | 1                                   |

## New Starts

16 new members of staff joined the College between 01 January to 31 March 2019.

| Centre  | Position                     | Date Joined |
|---|------------------------------|-------------|
| Commercial & Marketing                        | Project Administrator - SDS  | 07/01/2019  |
| Hospitality & Communities                     | Temp Lecturer Communities    | 07/01/2019  |
| Computing & Engineering                       | Temp Lecturer Engineering    | 14/01/2019  |
| Children's Hearings Scotland                  | Temp Trainer CHSTU           | 14/01/2019  |
| MIS & Admissions                              | Receptionist/Admin Assistant | 28/01/2019  |
| Workforce Development                         | Work Based Assessor          | 05/02/2019  |
| MIS & Admissions                              | Invigilator                  | 08/02/2019  |
| MIS & Admissions                              | Invigilator                  | 08/02/2019  |
| Workforce Development                         | Work Based Assessor          | 11/02/2019  |
| Facilities Management                         | Catering Assistant           | 11/02/2019  |
| Hospitality & Communities                     | Temp Lecturer Communities    | 11/02/2019  |
| Childhood Practice S & F                      | Lecturer Childhood Practice  | 25/02/2019  |
| Health & Social Care Social Science & Science | SVQ Assessor                 | 11/03/2019  |
| Health & Social Care Social Science & Science | Lecturer Science             | 25/03/2019  |
| Children's Hearings Scotland                  | Contracts Manager            | 25/03/2019  |
| Health & Social Care Social Science & Science | Lecturer Science             | 25/03/2019  |

## Leavers

There were 11 leavers between 01 January to 31 March 2019.

| <b>Centre</b>                                 | <b>Position</b>                      | <b>Termination Date</b> | <b>Due to expiry of Fixed Term Contract?</b> |
|---|--------------------------------------|-------------------------|--|
| Children's Hearings Scotland                  | Trainer CHSTU                        | 07/01/2019              | No   |
| Childhood Practice Sports & Fitness           | Lecturer Childhood Practice          | 14/01/2019              | No   |
| Facilities Management                         | Catering Assistant - Sessional       | 20/01/2019              | No   |
| Commercial & Marketing                        | Temp Lecturer Commercial & Marketing | 03/02/2019              | Yes  |
| Children's Hearings Scotland                  | Administrative Secretary             | 21/02/2019              | No   |
| Health & Social Care Social Science & Science | Lecturer Science                     | 27/02/2019              | No   |
| Hospitality & Communities                     | Lecturer Hospitality                 | 08/03/2019              | No   |
| Business & Creative                           | Life Model                           | 08/03/2019              | No   |
| Commercial & Marketing                        | Lecturer - Commercial & Market       | 08/03/2019              | No   |
| Commercial & Marketing                        | Lecturer - Commercial & Market       | 17/03/2019              | No   |
| Facilities Management                         | Cleaning Operative - Sessional       | 19/03/2019              | No   |

## Employee Turnover

The employee turnover for this period was 12.08%. This is a decrease on the turnover during the same period last year which was 17.43%. 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 full year total from 01 April 18 to 31 March 19 was 12.46% which is a decrease compared to last year's overall turnover figure of 14.26%

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

| <b>Year</b> | <b>Employee Turnover</b> |
|-------------|--------------------------|
| 2015/16     | 10.44%                   |
| 2016/17     | 13.16%                   |
| 2017/18     | 14.26%                   |
| 2018/19     | 12.46%                   |

## **Health, Safety & Wellbeing**

The sickness absence figures for 01 January to 31 March 2019 are as follows:

|        | Long Term Sickness |      | Short Term Sickness |      | Total |      |
|--------|--------------------|------|---------------------|------|-------|------|
|        | %                  | Days | %                   | Days | %     | Days |
| Jan 19 | 2.36               | 144  | 2.47                | 151  | 4.83  | 295  |
| Feb 19 | 2.03               | 124  | 2.90                | 177  | 4.93  | 301  |
| Mar 19 | 3.91               | 239  | 2.13                | 130  | 6.04  | 369  |

The following charts show absence trends in further detail:

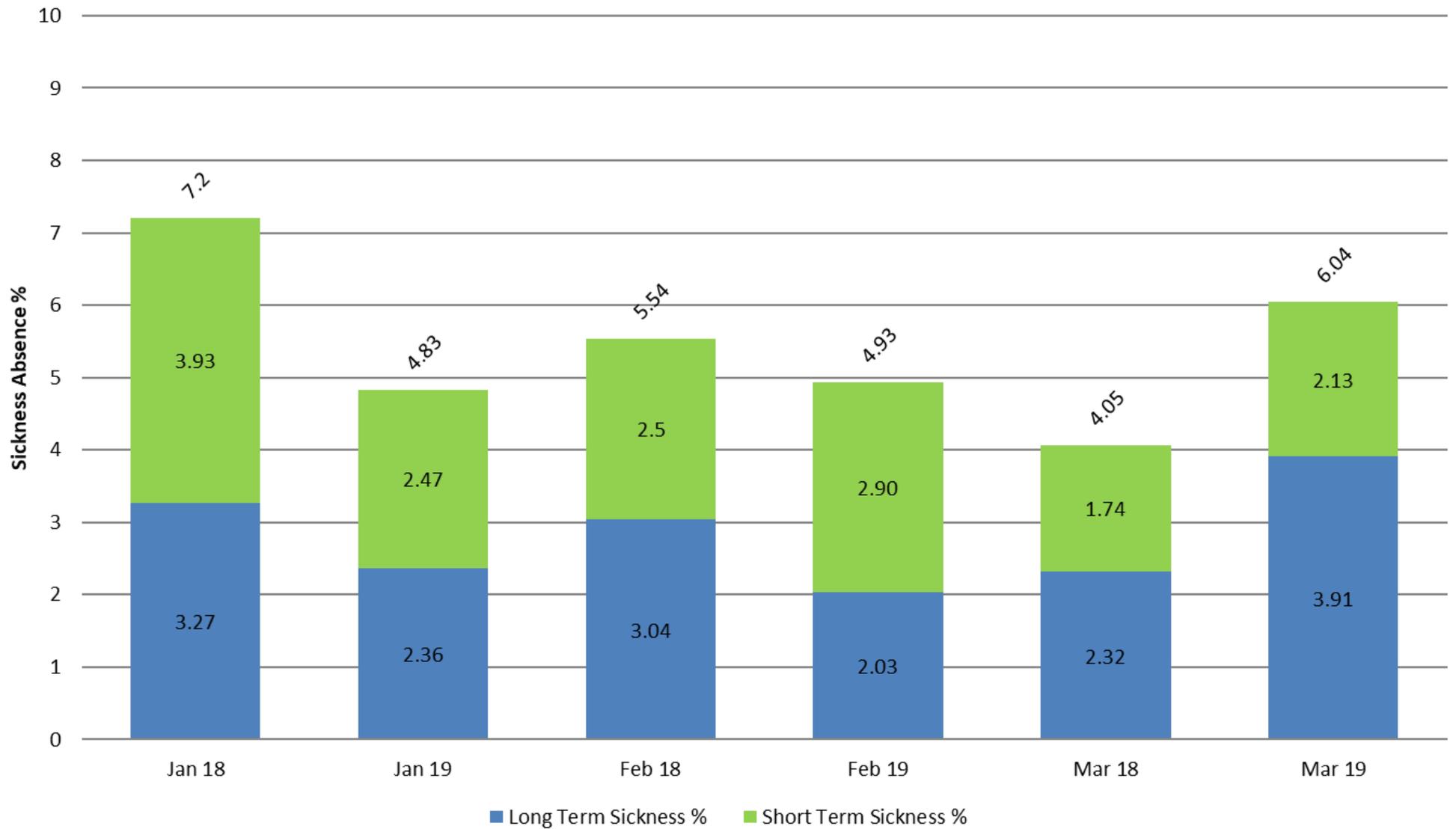
**Sickness Absence – Jan to Mar 19** chart: Shows month on month absence trend compared to previous year.

**West Lothian College – Sickness Absence** chart: The first bar shows absence for current Quarter (January to March 19), the second and third bar shows absence for the current Fiscal Financial Year 2018-2019 and the previous Year to Date figure for 2017-2018 respectively.

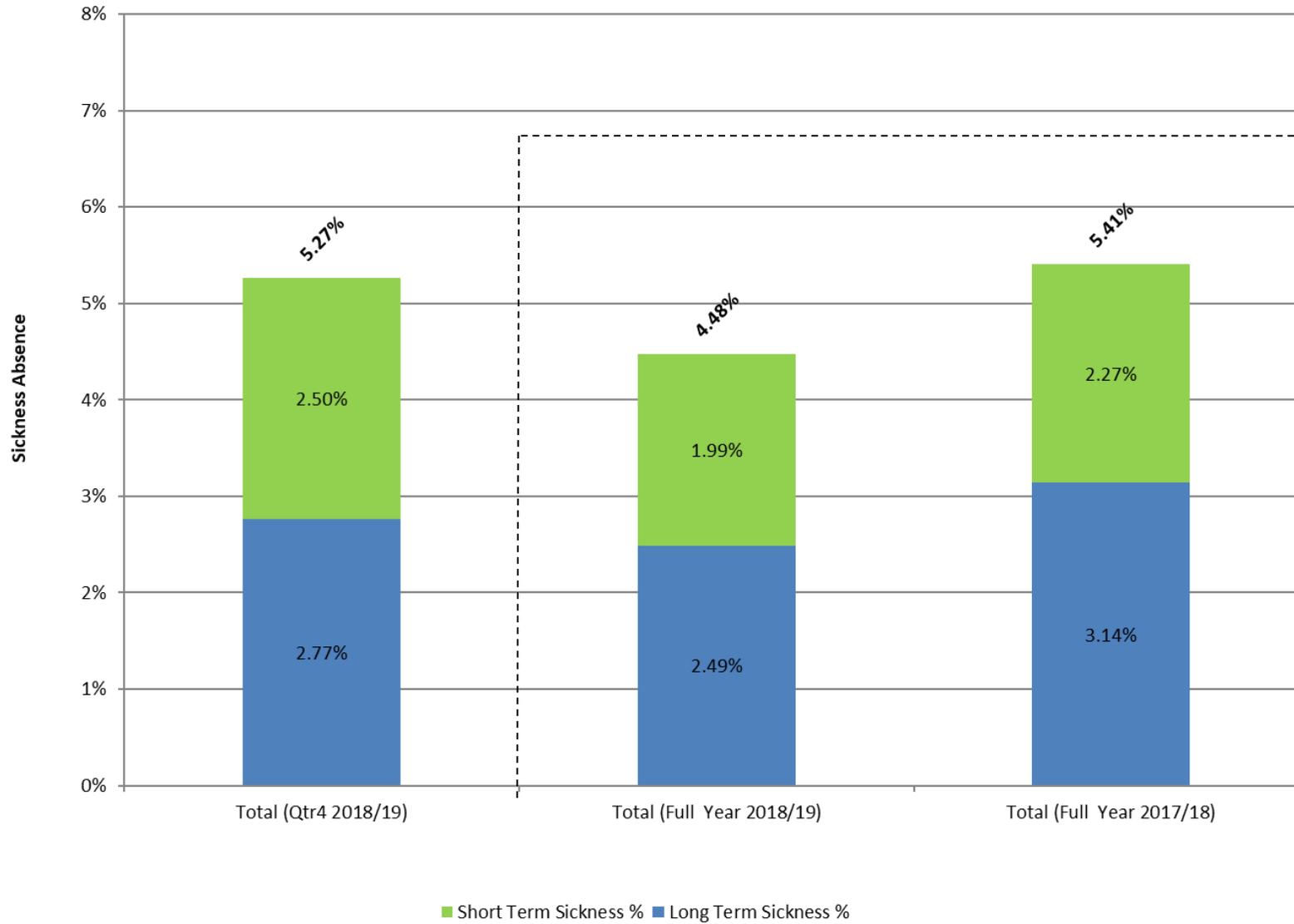
**Absence Costs:** An indicative figure for the cost of long-term absence (hours lost multiplied by average salary of £22,500) is £31,251.48.



## Sickness Absence - Jan to Mar



## West Lothian College - Sickness Absence



The total absence percentage for the three-month period 01 January to 31 March 2019 was 5.27%, which is a decrease of 0.33% compared to last year's figure of 5.60% for the same period. This exceeds the College's sickness absence target of 4% or lower.

The College's total sickness absence figure for the fiscal year 2018-2019 is 4.48%, an improvement of 0.93% on 2017-2018 and slightly below the sector average of 4.5% with other Scottish Colleges reporting a range of sickness absence from 2.80% to 6%.

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. During this period four employees were formally managed under the Absence Management Policy with a Stage 1 meeting being conducted. One employee was dismissed due to persistent sickness absence.

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.

A revised Absence Management Policy is currently being developed in conjunction with Trade Unions.

As of 1<sup>st</sup> June 2019 the College will benefit from a new support service for employees of Physiotherapy. Connect Health will deliver physiotherapy to relevant employees to support them returning to work and/or maintaining and improving their musculoskeletal health.

The Occupational Health provider appointed via the joint tender process with West Lothian Council is Optima Health.

In this quarter the College was awarded the Bronze Award for 'Healthy Working Lives', an NHS award programme to promote health in the workplace via the employer undertaking health-promoting activities.

## 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 19 | 0.46             | 28   |
| Feb 19 | 0.70             | 43   |
| Mar 19 | 0.10             | 6    |

## Occupational Health

Activity and performance information is shown in the table below:

|  | <b>KPI Target</b> | <b>January 2019</b> | <b>February 2019</b> | <b>March 2019</b> |
|--|-------------------|---------------------|----------------------|-------------------|
| <b>Pre-employment screening</b>  |                   | 9                   | 8                    | 10                |
| <b>Consultations</b>   |                   | 1                   | 2                    | 2                 |
| <b>KPI performance (number of working days for completion of consultation)</b> | 5.0               | 2.0                 | 5.0                  | 7.5               |

## **REWARD**

The College sector's Job Evaluation project was launched at the end of March 2019. Approximately 100 posts within the College will be evaluated. The first stage of the completion of job evaluation questionnaires by postholder(s) is now underway. Questionnaires will thereafter be submitted for evaluation.

A National Bargaining Circular was issued which provides guidance for the salary placement of Lecturers which takes into account previous teaching experience, teaching qualification(s) and relevant industry experience.

## **ENGAGEMENT**

The College Staff Experience Group continues its work with four sub-groups who are looking at four areas of employee health & wellbeing, smarter working, College community and staff suggestions/ideas.

This is in place for a trial period during this current academic year.

Activity in this quarter included the launch of an Employee Benefits guide for staff (including new local & national discounts), Menopause awareness-raising with managers & staff, 'Getting to Know our Colleagues' articles in College newsletter and an event marking World Sleep Day.

A cross-College Staff Experience Survey was undertaken in March 2019. The results of this Survey showed substantial positive feedback about staff's experience of working life at the College together with some possible areas of focus which the Management Team will consider and address. The response rate was 66%.

### **FINDINGS - STAFF EXPERIENCE (FIGURE IN BRACKETS IS COMPARISON AGAINST 2018)**

Key positives:

95% of respondents feel trusted to do their job (+2%)

92% of respondents feel their role makes a difference to students (no change)

89% of respondents are satisfied with the support of their colleagues (-2%)  
87% of respondents feel able to do their job to a standard they are pleased with (+3%)  
84% of respondents 'always' or 'often' feel enthusiasm for their job (-2%)

**Possible areas for focus:**

47% of respondents feel unable to meet all the demands on their time at work (+8%)  
35% of respondents feel there are not enough staff for them to do their job properly (-1%)

**FINDINGS – PERCEPTION OF LINE MANAGER**

**Key positives:**

90% of respondents feel their line manager values their work (no change)  
86% of respondents feel their line manager encourages all to work as a team (-3%)

**Possible area for focus:**

22% of respondents feel their line manager does not give clear feedback on work (+5%)

**FINDINGS – PERCEPTION OF THE PRINCIPAL**

**Key positives:**

93% of respondents feel the communication between Principal and staff is effective (+8%)  
92% of respondents feel the Principal acts on staff feedback (+17%)  
80% of respondents feel the Principal tries to involve staff in important decisions (+8%)

**FINDINGS – PERCEPTION OF THE COLLEGE'S SENIOR MANAGERS**

**Key positive:**

92% of respondents know who their senior managers are for their area (+1%)

**Possible area for focus:**

47% of respondents feel senior managers do not involve staff in important decisions (+9%)  
46% of respondents feel communication between senior managers and staff is ineffective (+8%)  
44% of respondents feel senior managers do not act on staff feedback (+5%)

## **FINDINGS – HEALTH & WELLBEING**

Key positive:

99% of respondents feel that the College takes positive action on health & wellbeing (+3%)

## **FINDINGS – WORKPLACE STRESS & PRESENTEEISM**

Possible areas for focus:

37% of respondents have felt unwell as a result of work related stress in the previous 12 months (-1%)

Of these respondents, 66% cited high workload (+1%) and 55% cited conflicting priorities (+6%) as the main causes of this work related stress

60% of respondents reported attending work at some point in the previous 3 months despite not feeling well enough (+11%)

## **FINDINGS – PERCEPTIONS OF DISCRIMINATION, BULLYING & HARASSMENT**

Key positives:

98% of respondents have not personally experienced any bullying or harassment at work from their line manager (+2%)

97% of respondents have not personally experienced any discrimination at work (+1%)

Possible area for focus:

10% of respondents have experienced harassment from students, their relatives or members of the public (-3%)

## **FINDINGS – COLLEGE OVERALL**

Key positives:

95% of respondents have a clear understanding of goals/objectives of the College (+3%)

90% of respondents would recommend the College as a place to work (-1%)

87% of respondents are aware of the College's values (+1%) and of these respondents 97% feel able to demonstrate these values in their role (+1%)

### FINDINGS – COMPARISON AGAINST 2018

This is the third year that the Staff Experience Survey has been undertaken. The charts below show the areas for which there has been the most variation compared against 2018. The first table shows the areas which have most significantly deteriorated and the second table shows the areas which have seen the most significant improvement.

### FINDINGS – AREAS WITH THE GREATEST DECREASE IN FAVOURABLE RESPONSE AGAINST 2018

| Response/view   | Difference on 2018 | 2018 response | Theme              |
|---|--------------------|---------------|--------------------|
| 60% of respondents came to work despite not feeling well enough                                   | 11% worse          | 49%           | Health & Wellbeing |
| 26% of respondents feel they do not have adequate materials, supplies & equipment to do their job | 10% worse          | 16%           | Operational        |
| 47% of respondents feel senior managers do not involve staff in important decisions               | 9% worse           | 38%           | Engagement         |
| 47% of respondents feel unable to meet all their demands on time at work                          | 8% worse           | 39%           | Health & Wellbeing |

## FINDINGS – AREAS WITH THE GREATEST INCREASE IN FAVOURABLE RESPONSE AGAINST 2018

| Response/view   | Difference on 2018 | 2018 response | Theme         |
|---|--------------------|---------------|---------------|
| 92% of respondents feel the Principal acts on staff feedback                                  | 17% improvement    | 75%           | Communication |
| 93% of respondents feel the communication between Principal and staff is effective            | 8% improvement     | 85%           | Communication |
| 80% of respondents feel the Principal tries to involve staff in important decisions           | 8% improvement     | 72%           | Engagement    |
| 77% of respondents are satisfied with the extent to which the College values their work       | 6% improvement     | 71%           | Reward        |
| 80% of respondents agree that student/customer feedback is collected within their Centre/Area | 5% improvement     | 75%           | Operational   |

## **EMPLOYEE RELATIONS**

The EIS held strike days in January, February and March 2019 in regards to pay claims for 2017-2019. In addition the EIS held a statutory ballot of its members for 'action short of strike action' consisting of the withdrawal of goodwill and a 'resulting boycott'. The result of the ballot was 90% in favour on a 55% turnout. The 'action short of strike action' begins in April 2019.

Meetings were held jointly between EIS and UNISON in regards to reviewing and updating the College's Absence Management Policy with good progress being made.

Two JNCC meetings were held with EIS. Matters discussed included the proposed Pilot of introducing a new Instructor role and a Payroll issue (subsequently resolved) which resulted in the delay of back pay due arising from a National Bargaining Circular.

One JNCC meeting was held with UNISON which included discussions about National Bargaining Job Evaluation implementation. Managers' meetings regarding Job Evaluation were also held in partnership with UNISON representatives.

## **EQUALITY & DIVERSITY**

An Equality & Diversity monitoring report is also included separately as part of this quarter's F & G P Committee reporting. Due to a systems issue ethnicity data relating to current staff is not currently available.

## **OPERATIONAL MATTERS**

One investigation commenced under the Disciplinary Procedure.

One hearing took place under the Disciplinary Procedure.

Work is ongoing, in conjunction with West Lothian Council, for the implementation of a new HR/Payroll information system (iTrent) with a planned go-live date of March 2020 for the Payroll component.

**Derek O'Sullivan**  
**Senior HR Business Partner**  
17<sup>th</sup> May 2019

## Equal Opportunities Monitoring Report 2018-19

|  |         |
|--|---------|
| 1. Local population:                         | 175,100 |
| 2. Number of Posts Advertised:               | 98      |
| 3. Number of Applications:                   | 1,196   |
| 4. Number of Applications Interviewed:       | 314     |
| 5. Number of Appointments:                   | 115     |
| 6. Workforce:                                | 368     |
| 7. Leavers (retiral, resignation, severance) | 67      |

|                    | Local population<br>(% of Total) |       | Applicants<br>(% of Total) |       | Interviewed<br>(% of Total) |       | Appointed<br>(% of Total) |       | Staff Turnover<br>(% of Leavers)<br>Retiral/Resignation/<br>Severance |       | Workforce<br>Profile<br>(% of Total) |       |
|--------------------|----------------------------------|-------|----------------------------|-------|-----------------------------|-------|---------------------------|-------|---|-------|--------------------------------------|-------|
|                    | No.                              | %     | No.                        | %     | No.                         | %     | No.                       | %     | No.   | %     | No.                                  | %     |
| <b>Gender*</b>     |                                  |       |                            |       |                             |       |                           |       |   |       |                                      |       |
| Male               | 85550                            | 48.86 | 279                        | 23.33 | 80                          | 25.48 | 29                        | 25.22 | 16  | 23.88 | 130                                  | 35.33 |
| Female             | 89550                            | 51.14 | 821                        | 68.65 | 218                         | 69.43 | 73                        | 63.48 | 51  | 76.12 | 238                                  | 64.67 |
| Other              | -                                | -     | 4                          | 0.33  | 3                           | 0.96  | 3                         | 2.61  | 0   | 0.00  | 0                                    | 0.00  |
| Not Disclosed      | -                                | -     | 92                         | 7.69  | 13                          | 4.14  | 10                        | 8.70  | 0   | 0.00  | 0                                    | 0.00  |
| <b>Disability*</b> |                                  |       |                            |       |                             |       |                           |       |   |       |                                      |       |
| Yes                | 32448                            | 18.53 | 54                         | 4.52  | 19                          | 6.05  | 2                         | 1.74  | 5   | 7.46  | 12                                   | 3.26  |
| No                 | -                                | -     | 951                        | 79.52 | 260                         | 82.80 | 101                       | 87.83 | 41  | 61.19 | 228                                  | 61.96 |
| Not Disclosed      | -                                | -     | 191                        | 15.97 | 35                          | 11.15 | 12                        | 10.43 | 21  | 31.34 | 128                                  | 34.78 |

\*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<br>(% of Total) |       | Applicants<br>(% of Total) |       | Interviewed<br>(% of Total) |       | Appointed<br>(% of Total) |       | Staff Turnover<br>(% of Leavers) |       | Workforce<br>Profile<br>(% of Total) |       |
|-------------------|----------------------------------|-------|----------------------------|-------|-----------------------------|-------|---------------------------|-------|----------------------------------|-------|--------------------------------------|-------|
|                   | No.                              | %     | No.                        | %     | No.                         | %     | No.                       | %     | No.                              | %     | No.                                  | %     |
| <b>Ethnicity</b>  |                                  |       |                            |       |                             |       |                           |       |                                  |       |                                      |       |
| White             | 170850                           | 97.57 | 1041                       | 87.04 | 283                         | 90.13 | 100                       | 86.96 | 47                               | 70.15 | 272                                  | 73.91 |
| Indian            | 641                              | 0.37  | 5                          | 0.42  | 0                           | 0.00  | 0                         | 0.00  | 0                                | 0.00  | 1                                    | 0.27  |
| Pakistani         | 1402                             | 0.81  | 8                          | 0.67  | 2                           | 0.64  | 0                         | 0.00  | 0                                | 0.00  | 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  | 13                         | 1.09  | 2                           | 0.64  | 1                         | 0.87  | 0                                | 0.00  | 0                                    | 0.00  |
| Chinese           | 498                              | 0.28  | 1                          | 0.08  | 0                           | 0.00  | 0                         | 0.00  | 0                                | 0.00  | 0                                    | 0.00  |
| Black Caribbean   | 118                              | 0.07  | 1                          | 0.08  | 1                           | 0.32  | 0                         | 0.00  | 0                                | 0.00  | 0                                    | 0.00  |
| Black African     | 445                              | 0.25  | 18                         | 1.51  | 4                           | 1.27  | 1                         | 0.87  | 1                                | 1.49  | 0                                    | 0.00  |
| Black Other       | 12                               | 0.01  | 2                          | 0.17  | 1                           | 0.32  | 0                         | 0.00  | 0                                | 0.00  | 0                                    | 0.00  |
| Mixed             | 534                              | 0.3   | 8                          | 0.67  | 3                           | 0.96  | 1                         | 0.87  | 0                                | 0.00  | 0                                    | 0.00  |
| Other             | 218                              | 0.12  | 19                         | 1.59  | 5                           | 1.59  | 3                         | 2.61  | 1                                | 1.49  | 0                                    | 0.00  |
| Not Disclosed     | -                                | -     | 80                         | 6.69  | 13                          | 4.14  | 9                         | 7.83  | 18                               | 26.87 | 95                                   | 25.82 |

|                     | Local population<br>(% of Total) |      | Applicants<br>(% of Total) |       | Interviewed<br>(% of Total) |       | Appointed<br>(% of Total) |       | Staff Turnover<br>(% of Leavers) |       | Workforce<br>Profile<br>(% of Total) |       |
|---------------------|----------------------------------|------|----------------------------|-------|-----------------------------|-------|---------------------------|-------|----------------------------------|-------|--------------------------------------|-------|
|                     | No.                              | %    | No.                        | %     | No.                         | %     | No.                       | %     | No.                              | %     | No.                                  | %     |
| <b>Nationality*</b> |                                  |      |                            |       |                             |       |                           |       |                                  |       |                                      |       |
| British             | 165284                           | 94.4 | 1015                       | 84.87 | 287                         | 91.40 | 99                        | 86.09 | 41                               | 61.19 | 262                                  | 71.20 |
| Irish               | 510                              | 0.29 | 14                         | 1.17  | 3                           | 0.96  | 2                         | 1.74  | 1                                | 1.49  | 0                                    | 0.00  |
| Rest of Europe      | 5112                             | 2.92 | 19                         | 1.59  | 1                           | 0.32  | 0                         | 0.00  | 4                                | 5.97  | 7                                    | 1.90  |
| Elsewhere **        | 3646                             | 2.08 | 68                         | 5.69  | 10                          | 3.18  | 5                         | 4.35  | 1                                | 1.49  | 3                                    | 0.82  |
| Not Disclosed       | 548                              | 0.31 | 80                         | 6.69  | 13                          | 4.14  | 9                         | 7.83  | 20                               | 29.85 | 96                                   | 26.09 |

\*Source: 2011 Census

\*\* Includes dual nationality in addition to elsewhere

|               | Local population<br>(% of Total) |       | Applicants<br>(% of Total) |       | Interviewed<br>(% of Total) |       | Appointed<br>(% of Total) |       | Staff Turnover<br>(% of Leavers) |       | Workforce<br>Profile<br>(% of Total) |       |
|---------------|----------------------------------|-------|----------------------------|-------|-----------------------------|-------|---------------------------|-------|----------------------------------|-------|--------------------------------------|-------|
|               | No.                              | %     | No.                        | %     | No.                         | %     | No.                       | %     | No.                              | %     | No.                                  | %     |
| <b>Age</b>    |                                  |       |                            |       |                             |       |                           |       |                                  |       |                                      |       |
| 16-29         | 29924                            | 17.09 | 203                        | 16.97 | 41                          | 13.06 | 10                        | 8.70  | 8                                | 11.94 | 28                                   | 7.61  |
| 30-49         | 52973                            | 30.25 | 607                        | 50.75 | 163                         | 51.91 | 57                        | 49.57 | 34                               | 50.75 | 162                                  | 44.02 |
| 50-64         | 32881                            | 18.79 | 285                        | 23.83 | 94                          | 29.94 | 36                        | 31.30 | 15                               | 22.39 | 159                                  | 43.21 |
| 65-74         | 14373                            | 8.21  | 10                         | 0.84  | 2                           | 0.64  | 1                         | 0.87  | 9                                | 13.43 | 14                                   | 3.80  |
| 74+           | 9514                             | 5.43  | 0                          | 0.00  | 0                           | 0.00  | 0                         | 0.00  | 1                                | 1.49  | 5                                    | 1.36  |
| Not Disclosed | 35435                            | 20.23 | 91                         | 7.61  | 14                          | 4.46  | 11                        | 9.57  | 0                                | 0.00  | 0                                    | 0.00  |

|                 | Local population<br>(% of Total) |   | Applicants<br>(% of Total) |       | Interviewed<br>(% of Total) |       | Appointed<br>(% of Total) |       | Staff Turnover<br>(% of Leavers) |       | Workforce<br>Profile<br>(% of Total) |       |
|-----------------|----------------------------------|---|----------------------------|-------|-----------------------------|-------|---------------------------|-------|----------------------------------|-------|--------------------------------------|-------|
|                 | No.                              | % | No.                        | %     | No.                         | %     | No.                       | %     | No.                              | %     | No.                                  | %     |
| <b>Religion</b> |                                  |   |                            |       |                             |       |                           |       |                                  |       |                                      |       |
| Buddhist        |                                  |   | 1                          | 0.08  | 1                           | 0.32  | 1                         | 0.87  | 0                                | 0.00  | 1                                    | 0.27  |
| Christian       |                                  |   | 413                        | 34.53 | 118                         | 37.58 | 41                        | 35.65 | 20                               | 29.85 | 106                                  | 28.80 |
| Hindu           |                                  |   | 8                          | 0.67  | 0                           | 0.00  | 0                         | 0.00  | 0                                | 0.00  | 2                                    | 0.54  |
| Jewish          |                                  |   | 1                          | 0.08  | 0                           | 0.00  | 0                         | 0.00  | 0                                | 0.00  | 0                                    | 0.00  |
| Muslim          |                                  |   | 18                         | 1.51  | 5                           | 1.59  | 1                         | 0.87  | 1                                | 1.49  | 0                                    | 0.00  |
| Sikh            |                                  |   | 3                          | 0.25  | 0                           | 0.00  | 0                         | 0.00  | 0                                | 0.00  | 0                                    | 0.00  |
| No Religion     |                                  |   | 577                        | 48.24 | 152                         | 48.41 | 52                        | 45.22 | 19                               | 28.36 | 110                                  | 29.89 |
| Not Disclosed   |                                  |   | 175                        | 14.63 | 38                          | 12.10 | 20                        | 17.39 | 27                               | 40.30 | 149                                  | 40.49 |

|                           | Local population<br>(% of Total) |   | Applicants<br>(% of Total) |       | Interviewed<br>(% of Total) |       | Appointed<br>(% of Total) |       | Staff Turnover<br>(% of Leavers) |       | Workforce<br>Profile<br>(% of Total) |       |
|---------------------------|----------------------------------|---|----------------------------|-------|-----------------------------|-------|---------------------------|-------|----------------------------------|-------|--------------------------------------|-------|
|                           | No.                              | % | No.                        | %     | No.                         | %     | No.                       | %     | No.                              | %     | No.                                  | %     |
| <b>Sexual Orientation</b> |                                  |   |                            |       |                             |       |                           |       |                                  |       |                                      |       |
| Bi-Sexual                 |                                  |   | 11                         | 0.92  | 0                           | 0.00  | 0                         | 0.00  | 0                                | 0.00  | 2                                    | 0.54  |
| Gay Man                   |                                  |   | 18                         | 1.51  | 1                           | 0.32  | 0                         | 0.00  | 0                                | 0.00  | 2                                    | 0.54  |
| Gay Woman/Lesbian         |                                  |   | 6                          | 0.50  | 1                           | 0.32  | 1                         | 0.87  | 1                                | 1.49  | 1                                    | 0.27  |
| Heterosexual/Straight     |                                  |   | 1045                       | 87.37 | 288                         | 91.72 | 98                        | 85.22 | 43                               | 64.18 | 232                                  | 63.04 |
| Other                     |                                  |   | 3                          | 0.25  | 1                           | 0.32  | 1                         | 0.87  | 0                                | 0.00  | 0                                    | 0.00  |
| Not Disclosed             |                                  |   | 113                        | 9.45  | 23                          | 7.32  | 15                        | 13.04 | 23                               | 34.33 | 131                                  | 35.60 |

**West Lothian College**

13 June 2019

**Finance & General Purposes Committee****Complaints Report – 1 February to 31 May 2019****Complaints**

From 1 February to 31 May 2019 seven complaints were raised compared with nine complaints at this time last year.

The complaints during this period are listed below:

| <b>Name of Course</b>             | <b>Nature of Complaint</b>                                       | <b>Date Received</b> | <b>Action Taken</b>                                    | <b>Completed</b>          |
|-----------------------------------|--|----------------------|--|---------------------------|
| Schools National 5 Care           | Lecturer Issues  | 07/02/2019           | Investigation  | Part Upheld<br>29/03/2019 |
| Schools National 5 Care           | Lecturer Issues  | 07/02/2019           | Investigation  | Part Upheld<br>29/03/2019 |
| NC Level 5 Health and Social Care | Lecturer Issues  | 27/02/2019           | Procedures being revised. Student happy with response. | Not Upheld<br>18/03/2019  |
| HNC Social Care (p/t evening)     | No note-taker provided to support student who is a Deaf BSL user | 07/03/2019           | Support put in place. Student happy with resolution.   | Part Upheld<br>27/03/2019 |
| Interview for course              | Issue with lecturer interviewing                                 | 03/04/2019           | Investigation  | Part Upheld<br>05/06/2019 |
| HNC Childhood Practice            | Issue with refund of Travel Expenses                             | 07/05/2019           | Investigation  | Ongoing                   |
| NC Childhood Practice Level 5     | Lecturer Issues  | 28/05/2019           | Investigation  | Not Upheld<br>04/06/2019  |

Ongoing discussions take place with staff on how to prevent complaints by being proactive, supportive and responding to concerns quickly.

**Compliments**

The following comments have been received from former/current students and customers:

## West Lothian College

13 June 2019

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“Many thanks for sending Jenny along yesterday, she was a breath of fresh air!! We have candidates that are of senior years and she left them feeling that they could do the course which is really helpful as previously they thought they would have to leave care before they were ready to retire!”

*Feedback from an employer, Sandra Warburton, Director at Sutton Care Solutions about work based assessor, Jenny Price, after she stood in for a colleague at short notice recently.*

“Just a brief email to let you know that both Robyn and Lachlan are settling in well. Both of them are already welding to a decent standard. They are a credit to yourself and the college. If there is anything I can do in the way of materials or that kind of thing do not hesitate to ask.”

*Feedback about our engineering students received from Martin Tutt, Production Manager at ScoMac Catering Equipment in Livingston.*

“A quick message to give great feedback on your HNC Events students. Met them yesterday as they are going to be our event management team for our awards in June. Big thanks to Stephen Frew for making the arrangements.”

*Geoff Leask, the chief executive of Young Enterprise Scotland (via LinkedIn).*

“Before I started this course things weren't so great for me. I didn't really have any confidence and my mental health wasn't really great. My mental health was getting worse and going to the doctors didn't really help with things, and being in and out of hospital didn't help.

Since starting this course I have been able to understand things better and now my confidence has gone up. My mental health still affects me but it is now more manageable.

My tutor Marion has helped me get in touch with different organisations to help me speak through my problems. Marion helped me a lot and has really brought my confidence up. I thank her for that.

I can now face my problems and Marion and the support team and the student association all help me through stuff, and they have helped me realise that those bad things that have happened to me have made me who I am today. Without the support from Marion and the college I feel like I wouldn't be the person I am today.”

*Student feedback on Lecturer, Support for Learning team and Student Association*

## West Lothian College

13 June 2019

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“I also want to say a HUGE thank you. I’ve absolutely LOVED this course and appreciated all the help and support from you, so much. I started with zero self-belief and not a clue what I was doing; all I knew was that I was interested in children’s learning and development. 2 years later, I have a job in a school as a PSW and fully fledged first aider, supporting children with Type 1 Diabetes. All things I would have said I could NEVER do. So thank you. Thank you for everything.”

*Year 2 PDA Education Support Assistance evening student.*

“Fantastic college, and the Built Environment course is a great opportunity for anyone looking to pursue their career in the construction industry. Big shout out to my lecturers! Thank you for all the support over the last few years.”

*Former student Martyna Munro, who is now studying quantity surveying at Glasgow Caledonian University (via LinkedIn)*

### Action

The Committee is asked to note this paper.

### Simon Earp

Vice Principal, Curriculum and Enterprise

13 June 2019

## West Lothian College

13 June 2019

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### Finance & General Purposes Committee

#### Audit Scotland Report - Scotland's Colleges 2019

Audit Scotland reports annually on the college sector and the attached is the 2019 report which focuses on the sector's financial health and performance.

Key points to highlight from the report are:

- The challenging financial position facing the sector with twelve colleges forecasting financial deficits by 2022-23;
- That the Scottish Government is increasing revenue investment in colleges but that it is being used to cover additional costs from harmonising pay and terms and conditions across the sector; and
- That there is currently insufficient capital funding in the sector.

Scotland's Colleges 2019 also underlines the essential role colleges are undertaking by widening access to disabled, ethnic minority and care-experienced students.

#### Action

The committee is asked to discuss the Audit Scotland report.

**Jennifer McLaren**

Vice Principal, Finance & Curriculum Services

13 June 2019

# Scotland's colleges 2019

**EMBARGOED UNTIL  
00.01 HOURS  
TUESDAY 04 JUNE 2019**



**AUDITOR GENERAL** 

Prepared by Audit Scotland  
June 2019



# Auditor General for Scotland

The Auditor General's role is to:

- appoint auditors to Scotland's central government and NHS bodies
- examine how public bodies spend public money
- help them to manage their finances to the highest standards
- check whether they achieve value for money.

The Auditor General is independent and reports to the Scottish Parliament on the performance of:

- directorates of the Scottish Government
- government agencies, eg the Scottish Prison Service, Historic Environment Scotland
- NHS bodies
- further education colleges
- Scottish Water
- NDPBs and others, eg Scottish Police Authority, Scottish Fire and Rescue Service.

You can find out more about the work of the Auditor General on our website:

[www.audit-scotland.gov.uk/about-us/auditor-general](http://www.audit-scotland.gov.uk/about-us/auditor-general) 

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

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## Audit team

The core audit team consisted of: Mark MacPherson, Mark McCabe, Yoshiko Gibo, Angus Brown and Sanya Ahmed, with support from other colleagues and under the direction of Angela Canning.

## Links

-  PDF download
-  Web link

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# Key messages



- 1** The college sector reported a small, but improved, underlying financial surplus in 2017-18. Colleges are operating within an increasingly tight financial environment and the sector-wide position masks particular financial challenges for some colleges. The gap between colleges' income and expenditure is widening and this is forecast to continue, with 12 incorporated colleges forecasting recurring financial deficits by 2022-23.
  - 2** Colleges face increasing cost pressures. The increase in Scottish Government revenue funding for 2019/20 covers only the additional costs of harmonising pay and conditions across the sector (excluding cost of living increases and increases in employers' pension contributions). Current Scottish Government capital funding falls short of the estimated costs of maintaining the college estate. The proportion of non-government income that colleges generate has reduced over time, and cash balances and money held by arm's-length foundations fell.
  - 3** Student numbers increased, and the sector exceeded its learning activity targets. Over the past three years, colleges have been providing less learning to students aged 16-24 and more to students aged 25 and over. Colleges are widening access to disabled, ethnic minority and care-experienced students. After several years of increasing learning delivered to students from deprived areas, the proportion of learning delivered to this group fell slightly in 2017-18.
  - 4** There is considerable variation across colleges in terms of student attainment and retention and those going on to positive destinations. Average attainment rates for students in full-time education have remained relatively static in recent years. The attainment rate for full-time further education, at 66 per cent, is some distance from the Scottish Funding Council's (SFC) target of 75 per cent by 2020-21. Attainment gaps still exist for students from the most deprived areas, students with disabilities and for care-experienced students.
  - 5** There is scope for the SFC to work with individual colleges and their boards to improve financial planning and to achieve greater transparency in the sector's financial position. The SFC can also be more transparent in how it reports colleges' performance against outcome agreements and student satisfaction data. The SFC has agreed aspirational and stretching targets with colleges in their latest outcome agreements. Based on recent performance trends, achieving some of these targets will be very challenging for colleges.
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## Recommendations

### Colleges should:

- agree their underlying financial position with the SFC prior to finalising their accounts ([paragraph 5](#))
- improve data collection and response rates for student satisfaction and publish results ([paragraphs 52–53](#))
- use *How good is our college?* effectively to drive improved performance and enhance the quality of service provision ([paragraphs 55–57](#)).

### College boards and regional bodies should:

- agree medium-term financial plans that set out the mitigating actions to ensure their college's financial sustainability ([paragraphs 17–19](#))
- submit agreed medium-term financial plans to the SFC along with financial forecast returns (FFRs) ([paragraphs 17–19](#)).

### The SFC should:

- work with colleges to agree their underlying financial position prior to finalising their accounts ([paragraph 5](#))
- require colleges to submit medium-term financial plans to support FFRs in assessing financial sustainability across the sector ([paragraphs 17–19](#))
- publish college region performance against all outcome agreement measures ([paragraph 44](#))
- publish good-quality student satisfaction data for every college ([paragraph 52](#)).

### The SFC and Scottish Government should:

- agree and publish a medium-term capital investment strategy that sets out sector-wide priorities ([paragraph 24](#))
  - review whether targets for college provision and student outcomes, including for students from deprived areas, remain relevant and realistic, based on current performance trends ([paragraph 31](#)) ([paragraphs 41–42](#))
  - work with colleges to deliver the necessary improvements in performance to meet agreed outcome agreement targets ([paragraph 45](#)).
-

# Part 1

## Financial health



### Key messages

- 1** The college sector reported a small, but improved, underlying financial surplus in 2017-18. Colleges are operating within an increasingly tight financial environment and the sector-wide position masks particular financial challenges for some colleges.
- 2** The Scottish Government has been providing colleges with real-terms increases in revenue funding since 2016/17. The most recent increase for 2019/20 covers only the additional cost of harmonising staff terms and conditions. Colleges also need to fund cost of living pay increases and any unfunded element of increases in employers' pension contributions. The proportion of non-government income, such as education contracts and other commercial income, has reduced. Colleges' ability to access other sources of funding, such as cash and arm's-length foundation (ALF) balances, is also reducing.
- 3** The gap between colleges' income and expenditure is widening. Twelve incorporated colleges were forecasting recurring financial deficits by 2022-23. At the time of their annual audits, ten of these were still to determine the specific actions needed to achieve financial sustainability.
- 4** Scottish Government capital funding falls short of what is needed to meet the estimated costs of maintaining the college estate. The Scottish Government is working with the Scottish Futures Trust and SFC to identify an appropriate revenue funding model for future investment in the college estate.

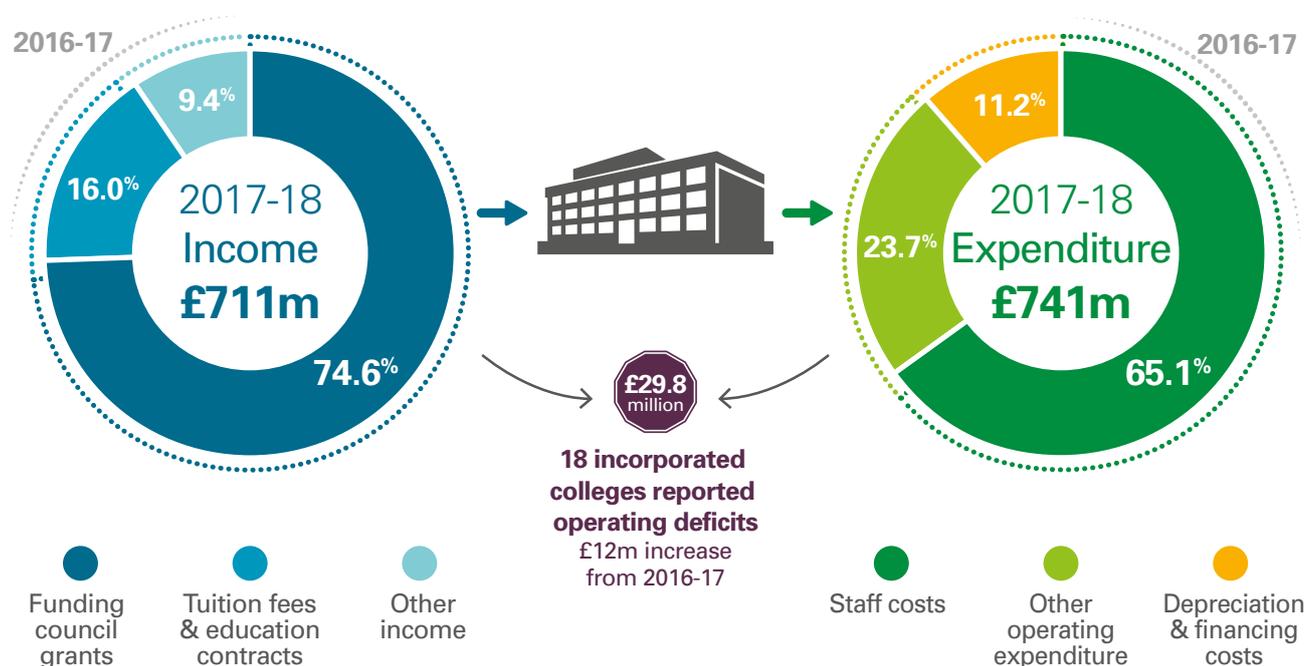
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### The underlying financial position for the college sector improved slightly in 2017-18, but the gap between income and expenditure is widening

- 1.** Income remained unchanged across the sector in 2017-18 at £711 million. This represents a 1.9 per cent reduction in real terms from 2016-17. Scottish Government funding (provided through grants from the Scottish Funding Council) increased by 1.0 per cent in real terms. The proportion of income from other sources, such as education contracts and other commercial income, fell, meaning that colleges are increasingly dependent on Scottish Government funding ([Exhibit 1, page 7](#)).

## Exhibit 1

Colleges have achieved an underlying surplus but the gap between income and expenditure is widening



## Underlying financial surplus



Source: College accounts/SFC

2. Colleges' expenditure increased by £11.8 million (0.3 per cent in real terms) to £741 million in 2017-18, widening the gap between income and expenditure. As a result, the sector's operating deficit increased to £29.8 million. Eighteen of the 20 incorporated colleges reported operating deficits.

3. Adjusting the operating position for technical accounting factors that are beyond a college's immediate control, such as pensions and net depreciation, helps to provide a clearer picture of a college's short-term financial health. After such adjustments, incorporated colleges reported an underlying surplus of £3.1 million. While the underlying surplus is £2.8 million higher than in 2016-17, it represents a very small percentage of sector expenditure (0.4 per cent).

**4.** The overall underlying surplus for the six non-incorporated colleges is £0.1 million, equivalent to 0.4 per cent of their expenditure of £25.6 million and less than half the surplus in 2016-17 (£0.25 million).

**5.** In calculating and reporting their underlying operating positions, colleges continue to interpret the SFC's accounts direction inconsistently. While the differences between colleges' and the SFC's calculations are small overall (around £1.4 million), differences in individual college figures can be significant.

**6.** As public bodies, colleges are expected to operate with balanced budgets, but they are operating within an increasingly tight financial environment. The underlying positions of individual colleges are shown on [\(Exhibit 6, page 12\)](#), together with other indicators of financial health.

### **The latest increase in Scottish Government revenue funding is only enough to cover the costs of harmonising staff terms and conditions**

**7.** Scottish Government revenue funding to the sector reduced in the period leading up to college reorganisation. Revenue funding for the sector has increased year-on-year since 2016/17 in real terms, mainly due to the Scottish Government funding the costs of harmonising staff terms and conditions. All of the increase in funding in 2019/20 is to fund these costs [\(Exhibit 2, page 9\)](#).

**8.** The SFC and Colleges Scotland have calculated the additional cost from harmonising staff terms and conditions at £50 million per annum from 2019-20. This includes £12 million allocated over the next two years to fund the harmonisation of terms and conditions for support staff. Colleges and the Educational Institute of Scotland (EIS) are in dispute over the cost of living pay claim for lecturers, over and above the harmonisation of pay, terms and conditions. This has resulted in several periods of industrial action and they have yet to reach agreement. The additional costs of the settlement will have further implications for colleges' costs and financial sustainability.

**9.** There is no additional Scottish Government revenue funding to cover other cost increases over this period, such as cost of living increases and increases in employer pension contributions. Scottish ministers have committed to pass on any specific UK funding made available to help meet planned increased employer pension contributions to the Scottish Teachers Superannuation Scheme. There still may be a significant element that remains unfunded for colleges [\(Exhibit 3, page 9\)](#).

### **Staffing changes will affect SFC funding for harmonising terms and conditions**

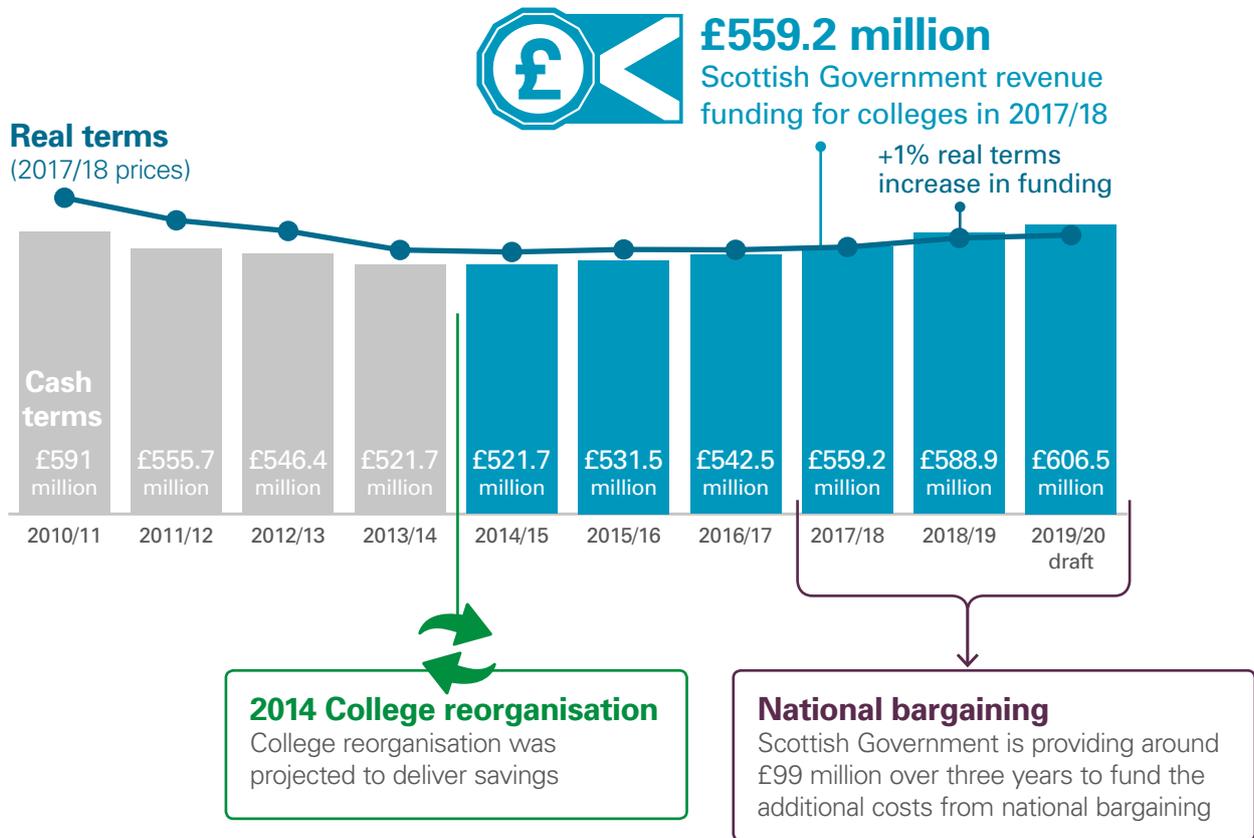
**10.** Total staffing numbers across the sector in 2017-18 remained unchanged, but the staffing profile across the sector has changed.<sup>1</sup> The number of non-teaching staff fell, while the number of teaching staff increased by the same proportion. The proportion of full-time permanent teaching staff with a recognised teaching qualification fell by one percentage point to 87.9 per cent.

**11.** Small changes at sector level mask noticeable changes within some colleges:

- Twelve incorporated colleges increased their teaching staff numbers. Of these, seven reduced their non-teaching staff.
- Seven incorporated colleges reduced teaching staff. Of these, three increased their non-teaching staff.
- Three incorporated colleges increased both teaching and non-teaching staff numbers, while four reduced both teaching and non-teaching staff.

## Exhibit 2

### Scottish Government revenue funding for colleges



Source: Scottish Government

## Exhibit 3

### Colleges staffing 2017-18



Note: Staffing numbers fluctuate depending on the point in the year they are recorded.

Source: College staffing returns to the SFC

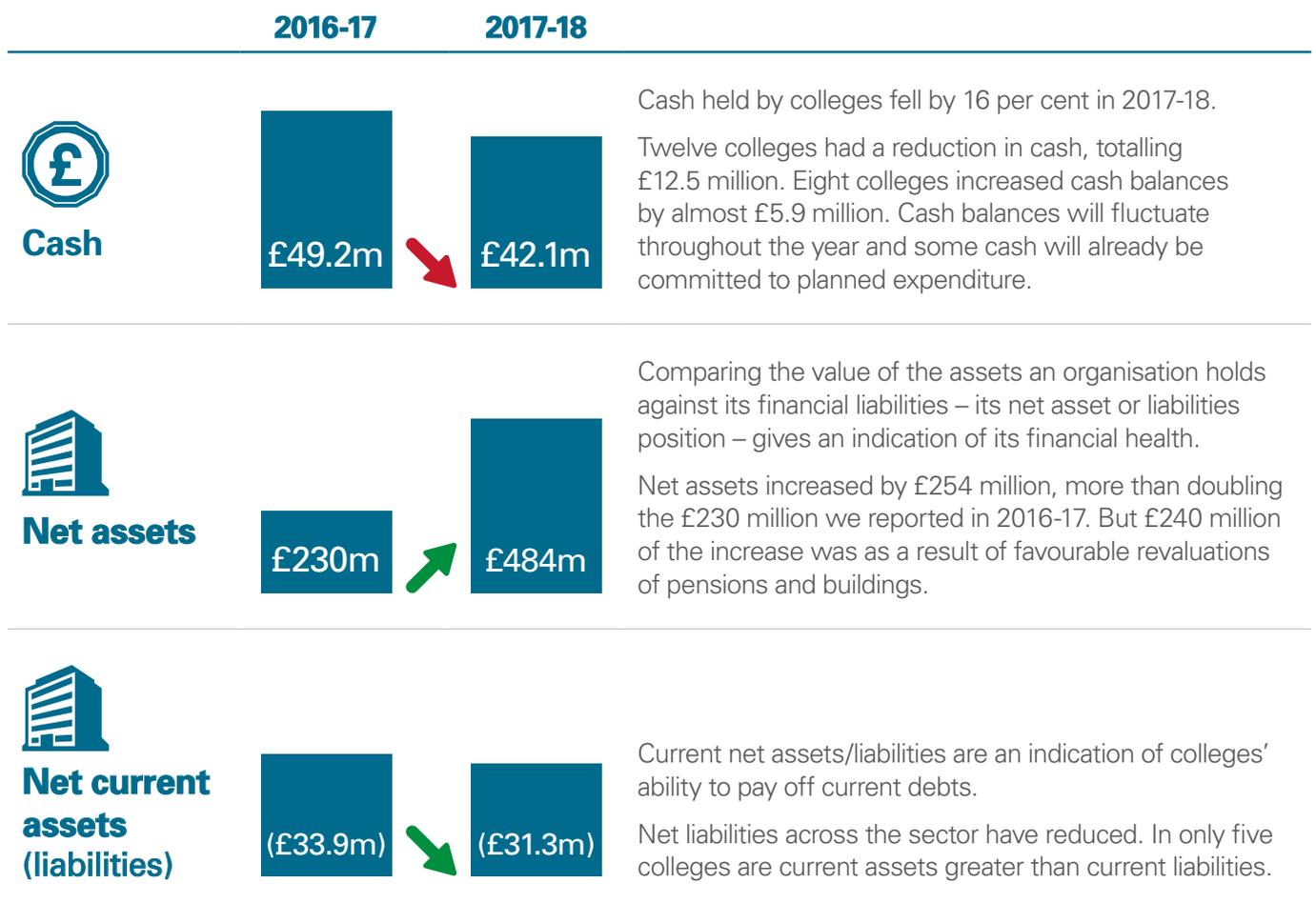
12. Current funding allocations for harmonisation of terms and conditions are based on the number of staff in April 2018. The SFC will consider changes in staff numbers when determining future funding allocations.

### Some sector-level financial health indicators improved in 2017-18 but the ability to draw on cash balances and ALF income has reduced for most colleges

13. Performance across the sector varied against financial health indicators. The sector's access to cash reduced. Its current net asset/liabilities position improved (ie, the sector's ability to pay its debts), with a reduction in net liabilities. Net assets more than doubled in 2017-18, mainly due to factors outside colleges' direct control. ([Exhibit 4](#)).

## Exhibit 4

### College sector financial health indicators



Source: Incorporated college 2017-18 accounts

### Arm's-length foundations continue to be a reducing source of funds for colleges

**14.** Fifteen colleges received funding from arm's-length foundations (ALFs) in 2017-18. Around 80 per cent (£8.4 million) of the total sector income from ALFs was provided to Ayrshire, City of Glasgow, Glasgow Clyde and Glasgow Kelvin colleges. ALFs are independent, charitable bodies that were set up when colleges were reclassified as public bodies and could no longer retain significant cash reserves. Colleges can donate money into ALFs and can apply to ALFs for funding. Colleges have typically used income from ALFs to fund voluntary severance, capital works and investment in equipment and digital infrastructure.

**15.** Balances held by ALFs are reducing, with colleges planning to apply to use a further £6.25 million of ALF funding in 2018-19. ALF balances vary significantly, with some colleges having little or no scope to access any ALF income. For the remainder of colleges, the ability to apply for income from ALFs is becoming increasingly limited as balances reduce ([Exhibit 5](#)).

### Exhibit 5

The balances of arm's-length foundations (ALFs) are reducing



Source: College accounts and ALF accounts or SFC – ALF balances not in college accounts

### There is significant variation in the financial positions of individual colleges

**16.** There is significant variation in the financial indicators at individual college level. Taken on their own, each indicator is not a reliable measure of financial health. But, taken together, the indicators provide a broad indication of the extent to which each college is exposed to financial risk ([Exhibit 6, page 12](#)).

## Exhibit 6

### Financial indicators

| Colleges                      | Underlying surplus/deficit | Operating surplus/deficit |  |  |  |
|-------------------------------|----------------------------|---------------------------|--|---|---|
|                               |                            |                           | Cash   | Net assets  | Net current assets/liabilities  |
| Ayrshire College              | -1.9%                      | -4.9%                     | 3.3%   | 78.5%   | -8.1%   |
| Borders College               | 1.6%                       | -0.6%                     | 19.9%  | 0.5%  | 10.5%   |
| City of Glasgow College       | 0.7%                       | -2.5%                     | 7.6%   | 29.7%   | -4.8%   |
| Dumfries and Galloway College | -0.5%                      | -8.1%                     | 5.5%   | 82.7%   | -6.7%   |
| Dundee and Angus College      | 0.3%                       | -4.6%                     | 2.7%   | 77.7%   | -6.3%   |
| Edinburgh College             | 0.6%                       | -3.4%                     | 1.4%   | 111.5%  | -8.7%   |
| Fife College                  | 0.2%                       | -6.6%                     | 4.2%   | 61.3%   | -3.1%   |
| Forth Valley College          | 1.9%                       | -2.3%                     | 15.6%  | -14.0%  | 1.6%  |
| Glasgow Clyde College         | 0.3%                       | -1.0%                     | 5.3%   | 138.8%  | -5.0%   |
| Glasgow Kelvin College        | 1.5%                       | 1.0%                      | 4.6%   | 41.9%   | -10.3%  |
| Inverness College             | 1.4%                       | -5.2%                     | 14.6%  | -10.2%  | -5.0%   |
| Lewis Castle College          | 1.9%                       | -5.1%                     | 2.7%   | 48.0%   | -4.9%   |
| Moray College                 | 1.2%                       | -3.5%                     | 5.9%   | 90.6%   | -5.9%   |
| New College Lanarkshire       | 0.9%                       | -4.3%                     | 1.8%   | 53.9%   | -8.7%   |
| North East Scotland College   | -2.2%                      | -8.1%                     | 4.9%   | 85.0%   | 5.5%  |
| North Highland College        | 0.4%                       | -6.0%                     | 3.0%   | 22.1%   | 2.3%  |
| Perth College                 | 0.0%                       | -5.7%                     | 8.6%   | 103.0%  | -8.4%   |
| South Lanarkshire College     | 4.0%                       | 0.2%                      | 3.9%   | 56.0%   | -5.5%   |
| West College Scotland         | 0.0%                       | -4.7%                     | 6.2%   | 101.9%  | 0.0%  |
| West Lothian College          | 0.9%                       | -5.0%                     | 3.9%   | -16.6%  | -4.4%   |
| <b>Scotland</b>               | <b>0.4%</b>                | <b>-4.0%</b>              | <b>5.7%</b>  | <b>65.2%</b>  | <b>-4.2%</b>  |

Quartile: Highest 1 2 3 4 Lowest

#### Notes:

1. Financial indicators are shown as of the proportion of each college's expenditure
2. For each indicator, we have shown colleges' performance broken down into quartiles, with the highest performance shown in Quartile 1 and the lowest performance in Quartile 4.

Source: College accounts

## Twelve incorporated colleges are forecasting recurring deficits during the next five years

**17.** The SFC requires colleges to submit five-year financial forecast returns every year, and provides colleges with common financial planning assumptions to use when preparing their forecasts. Although colleges did apply the SFC's common assumptions, the SFC identified that colleges had not been consistent in compiling their most recent financial forecasts.<sup>2</sup> Colleges had broadly adopted one of two approaches: making forecasts that incorporated actions to address potential deficits; or forecasting their future financial position based on how they currently operate. Twelve colleges are forecasting recurring deficits during the next five years. Of the six non-incorporated colleges, only Orkney College is not projecting a recurring deficit during the next five years.

### Only two of the 12 incorporated colleges forecasting recurring deficits had identified specific actions to address their financial challenges

**18.** At the time of their annual audit, only two of the 12 colleges forecasting a recurring deficit had identified the specific actions needed to address their financial challenges. A further five colleges were in the process of developing specific actions. Of the ten colleges still to determine agreed actions to address recurring deficits, six are forecasting a deficit position by the end of the next academic year: Inverness, North Highland and West Lothian colleges are forecasting deficits from 2018-19; and Forth Valley, Glasgow Clyde and Glasgow Kelvin colleges are forecasting deficits from 2019-20 ([Exhibit 7](#)).

## Exhibit 7

Status of colleges' responses to forecasted recurring deficits

### 12 colleges forecasting a recurring deficit

At the time of their 2017-18 annual audits:



Source: SFC/colleges' external auditors

**19.** The SFC asked colleges that are projecting deficits to identify the actions needed to achieve financial sustainability. Additional financial pressures have emerged since colleges prepared their financial forecasts, including reduced capital funding and additional employer pension contributions. Unless funding increases, or colleges change how they operate, these are likely to result in future forecasts showing a worsening financial picture.

### Three colleges face particular challenges to their financial sustainability

**20.** Auditors have highlighted that increasing operating deficits present challenges to financial sustainability in many colleges. Three colleges face particular challenges.

#### Ayrshire College



Ayrshire College reported an underlying deficit of £1 million in 2017-18 and was forecasting increasing deficits over the next five years, with a cumulative deficit of around £12 million (equivalent to 23 per cent of its current expenditure) by 2022-23. The college faces a number of cost pressures. It has identified annual PFI payments of £1.4 million until 2024-25 as its highest risk.



In February 2019, the SFC agreed the college's two-year financial sustainability plan. The SFC will provide the college with an additional £1.3 million in 2018-19 to fund a voluntary severance scheme and additional revenue funding support of £0.7 million in both 2019-20 and 2020-21.



The college anticipates its severance scheme will contribute to financial sustainability by generating savings of £1.66 million a year, reducing its projected cumulative deficit by 2022-23 to £5 million. Like other colleges, Ayrshire will need to continue to manage its costs, and to develop the necessary actions to balance its operating position from 2021-22 onwards.

#### New College Lanarkshire



Last year, the Auditor General for Scotland prepared a statutory report on the college, which highlighted the financial challenges facing the college and the potential impact on its longer-term financial sustainability. The college reported an underlying surplus of £0.6 million for 2017-18.



During the year, the SFC provided the college with £1.1 million for voluntary severance and a short-term cash advance of £1.3 million to address cash-flow difficulties.



The Lanarkshire Regional Board has agreed a five-year regional business plan with the SFC. This forecasts an underlying surplus for the college by 2019/20. The college anticipates receiving a further repayable advance of £2.6 million from the SFC in 2018-19, subject to maintaining progress and achieving the milestones in its plan.



To achieve financial sustainability, the college is reducing staffing costs. The SFC will provide £645,000 for the next voluntary severance scheme proposed in the plan. The college also intends to increase non-SFC income and to pursue opportunities for shared services with South Lanarkshire College.

## North Highland College



The college reported a small underlying surplus of £0.1 million in 2017-18 but faces several key risks to its financial sustainability.



The college has previously required cash advances from its regional body, the University of the Highlands and Islands (UHI). It is forecasting a cumulative underlying deficit of £2.5 million by 2022-23 (equivalent to around 16 per cent of current costs) and a negative cash-flow position from 2019-20 onwards.



The college has loans of £1.3 million and in 2017-18 relied on waivers from its bank to avoid breaching loan covenants. At the time of the annual audit, the college did not have an agreed financial plan in place to achieve the required savings in both the short and longer term.



The auditor highlighted the need for more detailed interaction between the college and UHI as savings plans are developed. The college has since begun a curriculum review, with a view to achieving savings for the 2019-20 budget. However, the college anticipates that it may require financial support from UHI, in the form of cash advances, for 2019-20.

**21.** Staff costs are the largest area of college expenditure and those colleges that have produced financial plans to address their underlying financial deficits are planning or currently implementing voluntary severance schemes as part of their plans.

### Scottish Government capital funding is insufficient to address colleges' maintenance requirements

**22.** Capital funding is needed for the maintenance and improvement of buildings and investing in digital infrastructure. The Scottish Government provided £76.7 million of capital funding for the sector in 2018/19. Of this, £43.1 million related to existing capital commitments, including Forth Valley College's new campus project, £27 million was allocated for very high-priority backlog maintenance identified in the SFC's estates survey in 2017.<sup>3</sup> The SFC is monitoring whether funding for backlog maintenance has been spent as planned.

**23.** In 2019/20, capital funding for the sector has fallen to £47.6 million. Of this, £22.7 million is for Forth Valley College's new campus. After other specific capital commitments,<sup>4</sup> the SFC is allocating £21 million to address lifecycle and backlog maintenance needs.<sup>5</sup> Colleges and the SFC have calculated annual lifecycle maintenance costs to be around £22 million, over and above the £77 million high-priority backlog maintenance costs previously identified in the SFC's 2017 estates survey.

**24.** Reduced capital spending creates a risk that the cost of urgently needed backlog maintenance increases. This in turn poses a potential risk to some colleges' ability to continue to deliver their core services in a safe environment, and to invest in new digital infrastructure to generate efficiencies and enhance the student experience. The Scottish Government is working with the Scottish Futures Trust and the SFC to identify an appropriate revenue funding model for future investment in the college estate ([Exhibit 8, page 16](#)).

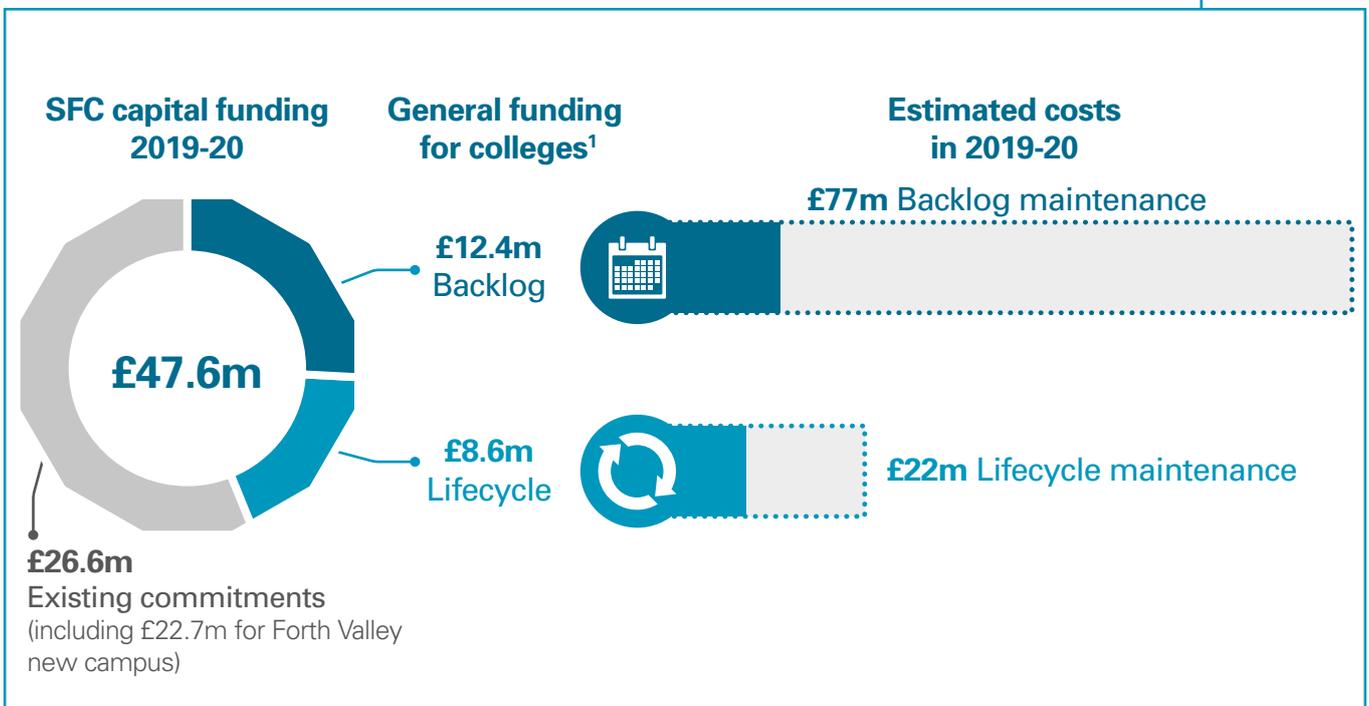
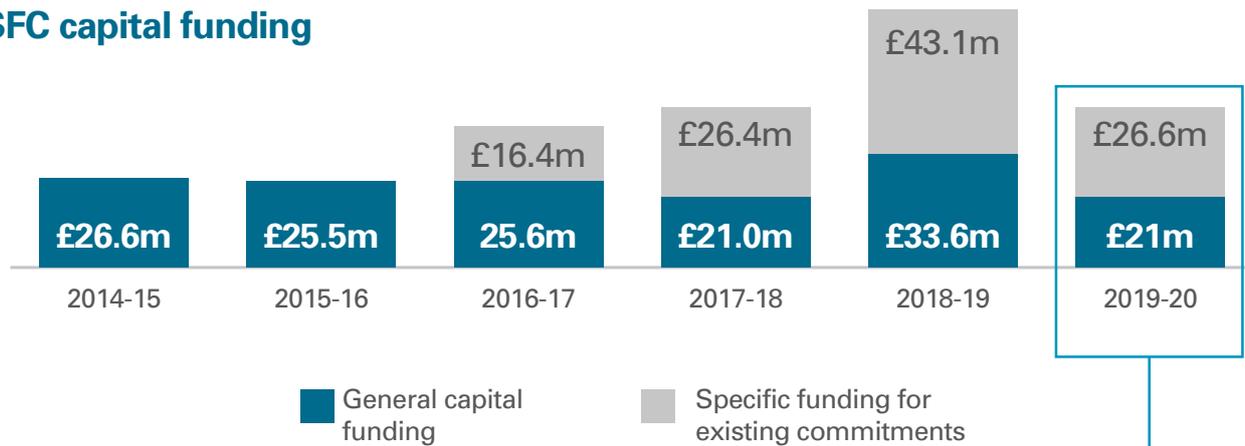
**Exhibit 8**  
Capital funding



**£47.6 million**  
Capital funding in 2019-20

Typically, capital funding is used for the maintenance and improvement of buildings but is becoming increasingly important for investing in and developing digital infrastructure.

**SFC capital funding**



Note: 1. Excluding Forth Valley  
Source: Scottish Government/SFC

## The potential implications of the UK's withdrawal from the EU remain unclear

**25.** The college sector is examining the potential implications surrounding the UK's planned withdrawal from the EU. The main areas that are likely to be affected are students, staff and funding. Data shows that:

- 7.3 per cent of credits are delivered to non-UK EU nationals (2016-17).
- Colleges' representative body, Colleges Scotland, estimates that non-UK EU nationals make up around three per cent of current staff in the sector. There will however be variation across colleges, with potentially the most significant impact being in Edinburgh and Glasgow.
- The SFC is allocating around £13 million to colleges to deliver European Social Fund (ESF) activity in 2019-20. This includes an assumed ESF contribution from the European Commission of around £5 million (around 0.7 per cent of current total sector income), subject to the submission of successful claims to the Scottish Government. College accounts for 2017-18 show that an additional £2.6 million of European income was received across the sector (0.4 per cent of total sector income). This was predominantly for ERASMUS+ placements.<sup>6</sup>

**26.** The wider potential implications of EU withdrawal remain unclear. While the direct impact on colleges is likely to be relatively small compared to some other parts of the public sector, colleges anticipate that the indirect effects could be much more significant. This includes potential reductions in EU funding that colleges receive through students funded by other organisations.

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# Part 2

## Performance

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### Key messages

- 1** Student numbers increased, and the sector exceeded its learning activity targets. Over the past three years, colleges have been providing less learning to students aged 16-24 and more to students aged 25 and over.
- 2** Colleges are widening access to learning for disabled, ethnic minority and care-experienced students but the proportion of learning delivered provided to students from deprived areas fell slightly in 2017-18. Attainment rates for students in most of these categories continue to be below those of the student population overall.
- 3** Fewer students are completing their courses but a slightly higher proportion of students gaining a qualification are going on to positive destinations. Average attainment rates for students in full-time education have remained relatively static in recent years. The attainment rate for full-time further education, at 66 per cent, is some distance from the SFC target of 75 per cent by 2020-21.
- 4** There continues to be considerable variation across colleges in terms of student outcomes. The SFC has agreed aspirational and stretching targets with colleges in their latest outcome agreements. Based on recent performance trends, achieving some of these targets will be very challenging for colleges.

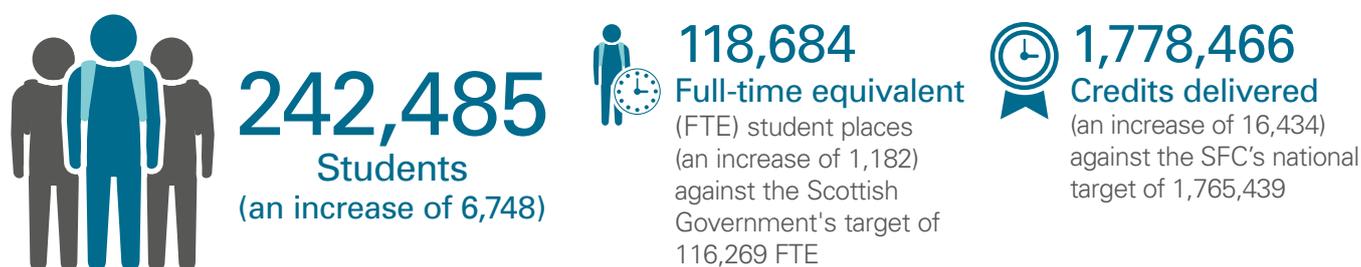
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### **Student numbers increased, and the sector exceeded both the Scottish Government's learning target and the SFC's national activity target**

**27.** In return for their funding from the SFC, college regions agree a range of outcomes they aim to deliver each year. Outcome Agreements contain ten measures to assess colleges' progress. Within these ten measures there are national priority measures based around learning credits delivered, the achievement of qualifications (attainment) and successful students going on to positive destinations.

## Exhibit 9

### Number of students and amount of learning delivered 2017-18



Source: SFC

**28.** Colleges delivered 16,434 more credits than in 2016-17 and exceeded the SFC's national activity target by 0.7 per cent. Five colleges missed their individual target (by a very small percentage in two instances):<sup>7</sup>

- Fife College (by 0.1 per cent)
- New College Lanarkshire College (by 0.2 per cent)
- North East Scotland College (by 1.4 per cent)
- Lews Castle College (by 4.7 per cent)
- Orkney College (by 4.5 per cent).

**29.** Where regions miss their credit target, the SFC – or the regional body, in a multi-college region – can decide to recover funding. Where the SFC or regional body is aware that a college may miss its target, it can look to redistribute both the activity and the funding to another college or region.

**30.** UHI is committed to providing access to learning across the region, and to avoid centralising delivery in urban areas. Where colleges in the Highlands and Islands region have not met their targets, UHI is working closely with the colleges to understand, support them and, where necessary, review targets to reflect circumstances. For example, Lews Castle College faces particular challenges due to a declining population in the Outer Hebrides, and UHI is working with the college to assess the effects of this change, and to support the college to adjust its focus to deliver a financially sustainable operating model.

**31.** Colleges also exceeded the Scottish Government's target of delivering 116,269 FTE places<sup>8</sup>, delivering 118,684 FTE places, an increase of 1,182 (one per cent) on 2016-17 ([Exhibit 9](#)). The Scottish Government's target has remained constant since 2012-13 though the context in which colleges operate has been changing:

- The young Scottish population has been reducing and is projected to reduce further over the next few years. This is resulting in fewer young students (16-24) at college, and more school-aged and older students.

- The Scottish Government continues to promote widening access to further and higher education. Its aim is for 20 per cent of students entering university to be from the 20 per cent most deprived areas by 2030. While colleges play an important role in supporting a learner's whole journey, this may reduce the number of students that will consider studying at college in future.

### **Over the past three years, colleges have been providing fewer credits to students aged 16-24 and more to students aged 25 and over**

**32.** In October 2017, the Minister for Further Education, Higher Education and Science confirmed that colleges no longer needed to prioritise full-time education for 16-24 year olds.<sup>9</sup> It is clear that college provision was changing before this announcement. Between 2014-15 and 2017-18, the number of students aged 16-24 fell by 6,887 (or by six per cent). There was a corresponding increase in the number of students aged 25 and over by 6,664 (or by seven per cent). Over the same period, the proportion of learning credits delivered by colleges shifted from students aged 16-24 to students aged 25 and over by four percentage points ([Exhibit 10, page 21](#)).

**33.** Between 2014-15 and 2017-18, there was an increase of 86 per cent (15,815) in the number of school pupils under 16 years of age attending college. Students aged under 16 now make up an additional six per cent of the student population compared to 2014-15. Despite this, credits delivered to under 16 years old have remained very small at only around three per cent. Under the Scottish Government's Developing the Young Workforce programmes, colleges work closely with schools and councils, offering more vocational courses to school pupils. Most courses will not be graded but aim to expand pupils' curriculum choices and help them develop a career path. In 2017-18, all colleges except Newbattle Abbey College delivered credits to students under 16 years of age.<sup>10</sup>

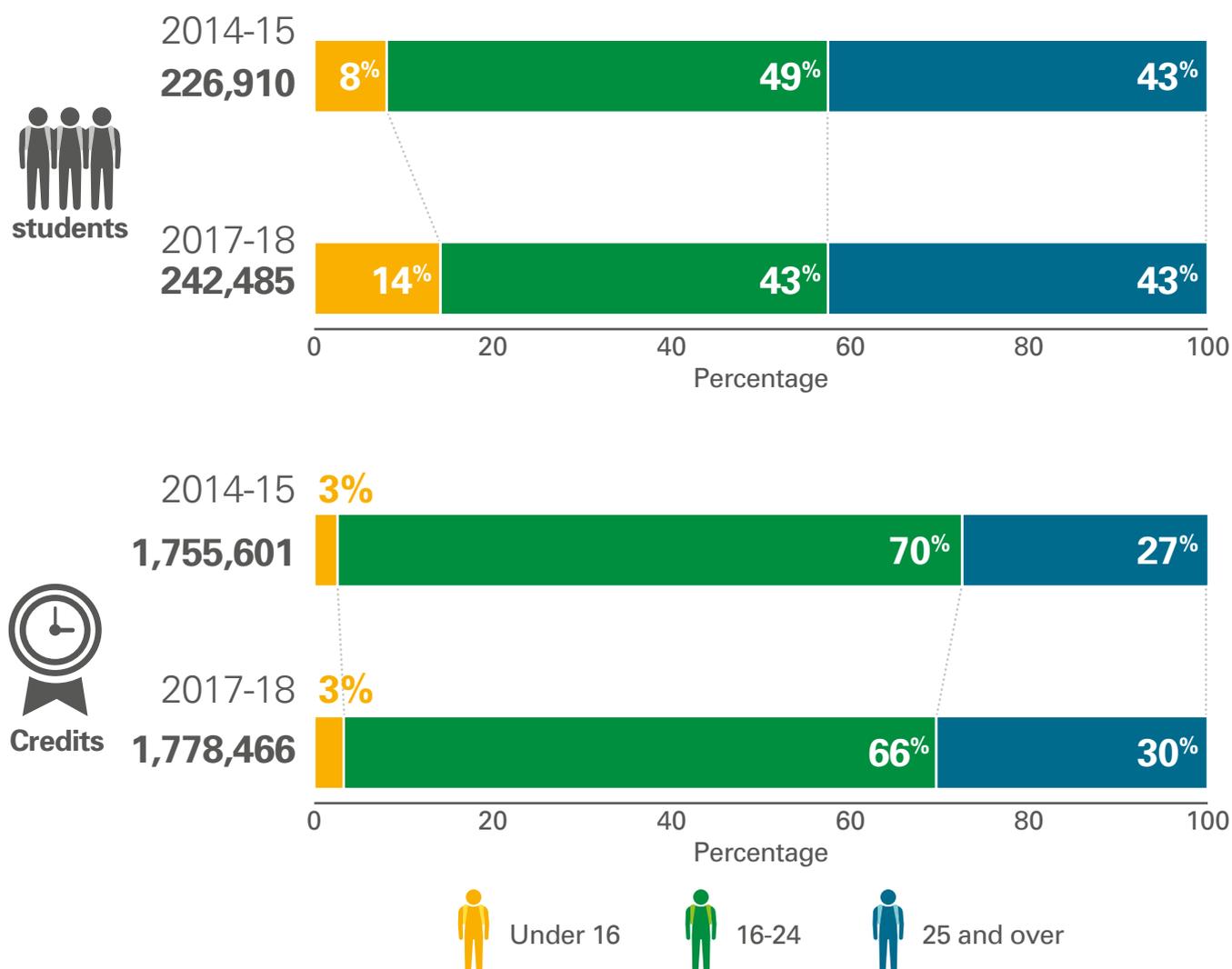
### **More change is needed to achieve gender balance across important subject areas**

**34.** Female students represent 52 per cent of the student population (125,899) and males 48 per cent (115,945).<sup>11</sup> The number of female students increased by more than the number of male students in 2017-18 (increasing the proportion from 51 per cent last year).

**35.** In 2016, the SFC committed to increasing the minority gender share in the most imbalanced subjects.<sup>12</sup> Its aim is for the gender balance of students enrolling on important subject areas to be no greater than 75:25 per cent by 2030. Progress towards addressing the long-standing gender imbalances has been limited and will require a concerted effort from schools, colleges and wider society in making sustainable change ([Exhibit 11, page 22](#)).

**Exhibit 10**

Change in the number of students and learning credits delivered across the sector over the past three years



Note: The proportion of credits for 2017-18 doesn't add up to 100 per cent due to rounding.

Source: SFC

**Eighteen college boards have more men than women**

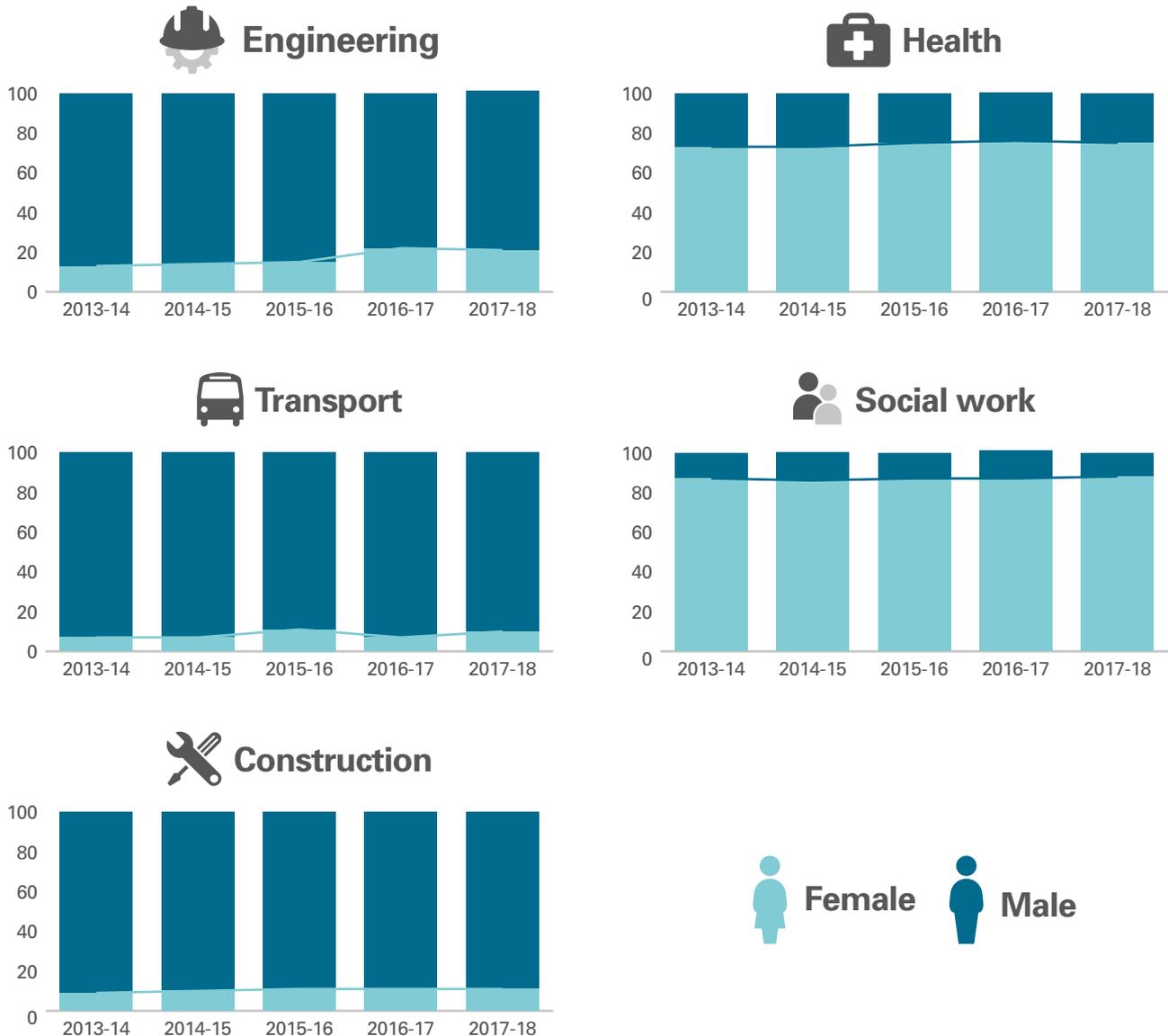
**36.** In February 2019, 246 board members across the sector were men (57 per cent of the total members) and 187 were women (43 per cent of the total members). The number of men increased by 12, while the number of women decreased by four.

**37.** Four college boards have more women members than men and five have an equal gender split. Orkney College Board has the most uneven gender balance with 19 men and three women.

**38.** The Gender Representation on Public Boards (Scotland) Act 2018 requires 50 per cent of non-executive members on public boards to be women by 2022. The gender balance of college boards is not entirely under the control of colleges as some members are elected to their position.

### Exhibit 11

Proportion of students on each course by gender (headcount)



Source: SFC

### Colleges are widening access to students from a range of backgrounds, but are not meeting targets for students from the most deprived areas

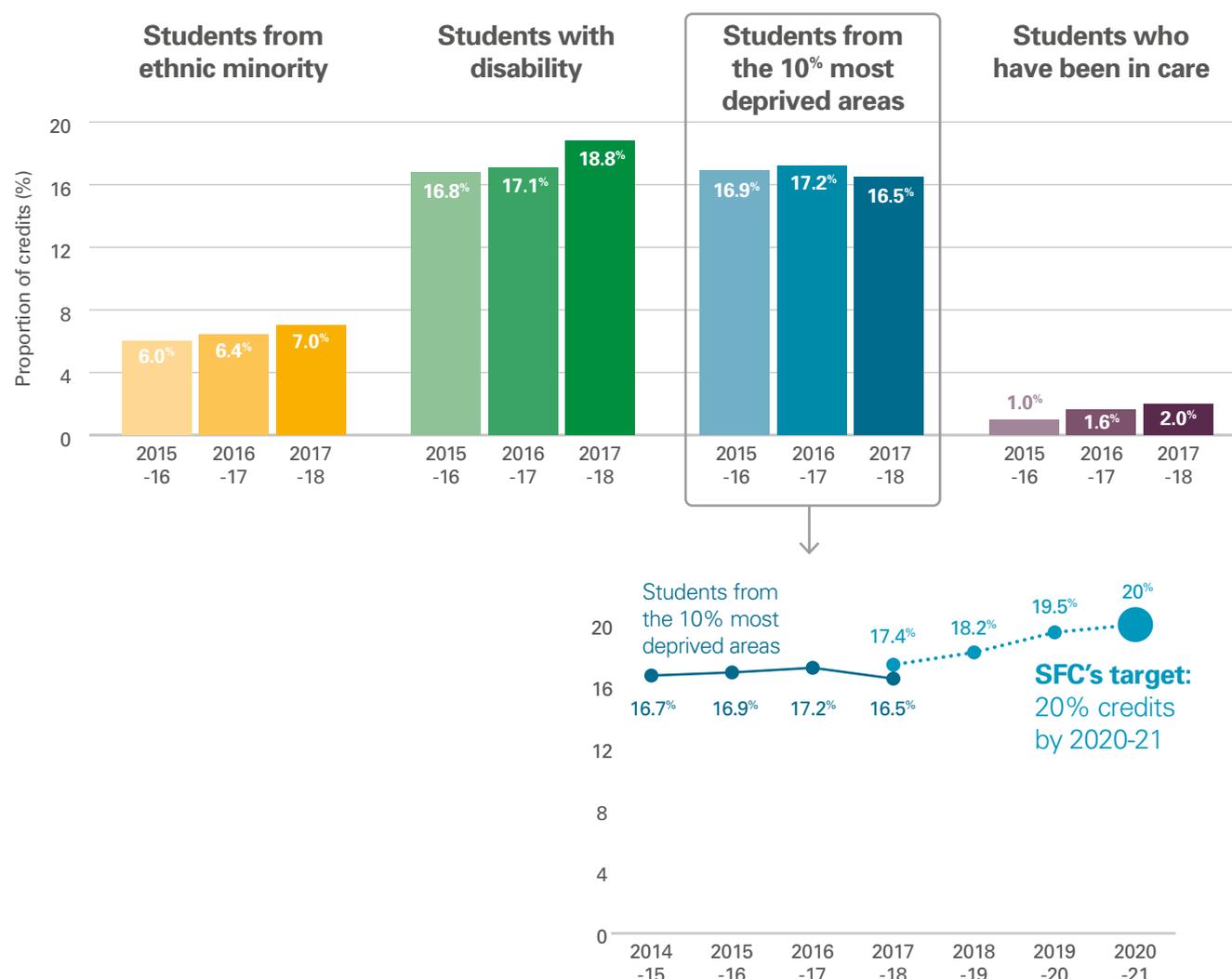
39. Colleges are committed to widening access to learning for all, particularly those who may have found it more difficult to enter further and/or higher education. Across the sector, the proportion of credits colleges deliver to students from an ethnic minority, who have been in care or who have disabilities has increased in recent years.<sup>13</sup>

**40.** The proportion of credits that colleges deliver to students from the ten per cent most deprived areas had also been increasing, but this trend reversed in 2017-18.<sup>14</sup> The proportion of credits delivered to these students, at 16.5 per cent, was below the SFC’s national target of 17.4 per cent.<sup>15</sup> The reasons for this decrease are likely to be complex. For example, the trend is for school pupils to stay on longer at school. Also, in line with the Scottish Government’s aim of widening access to higher education, there has been an increase in the proportion of students from deprived areas going to university. Increasing the proportion of credits to students from the most deprived areas will require a coordinated effort from schools, colleges, universities and other relevant stakeholders ([Exhibit 12](#)).

**41.** Based on recent trends, the SFC’s target of delivering 20 per cent of credits to students from the ten per cent most deprived areas by 2020-21 looks difficult to achieve.

## Exhibit 12

### Proportions of credits delivered to students from selected groups



Source: SFC

## Exhibit 13

### National performance summary, 2017-18

The proportion of students completing their courses is falling, but the proportion of full-time students going on to positive destinations is improving.

|   |  <b>Attainment rates</b> |  <b>Retention rates</b> |  <b>Positive destinations</b> |  <b>Satisfaction</b> |
|---|---|--|--|---|
| <b>Further education</b>  |   |  |  |   |
|  Full-time | 66.1  (0.8%)             | 74.9  (0.0%)            | 86.0  (1.9%)                  | 93.1  (0.3%)         |
|  Part-time | 78.2  (1.1%)             | 89.8  (0.2%)            | –  | –   |
| <b>Higher education</b>   |   |  |  |   |
|  Full-time | 71.3  (0.3%)             | 81.6  (1.2%)            | 81.6  (1.4%)                  | 83.2  (4.2%)         |
|  Part-time | 80.4  (1.8%)             | 91.6  (0.3%)            | –  | –   |

(%) – Percentage change from the previous year

Note: The latest positive destinations data available is for 2016-17. Percentage change is from 2015-16.

Source: *College Performance Indicators 2017-18*, Scottish Funding Council, 2019; *College Leaver Destinations 2016-17*, Scottish Funding Council, 2018; and *Student Satisfaction and Engagement 2017-18*, Scottish Funding Council, 2018

### Student attainment has remained relatively static in recent years and further work is required to address the attainment gap

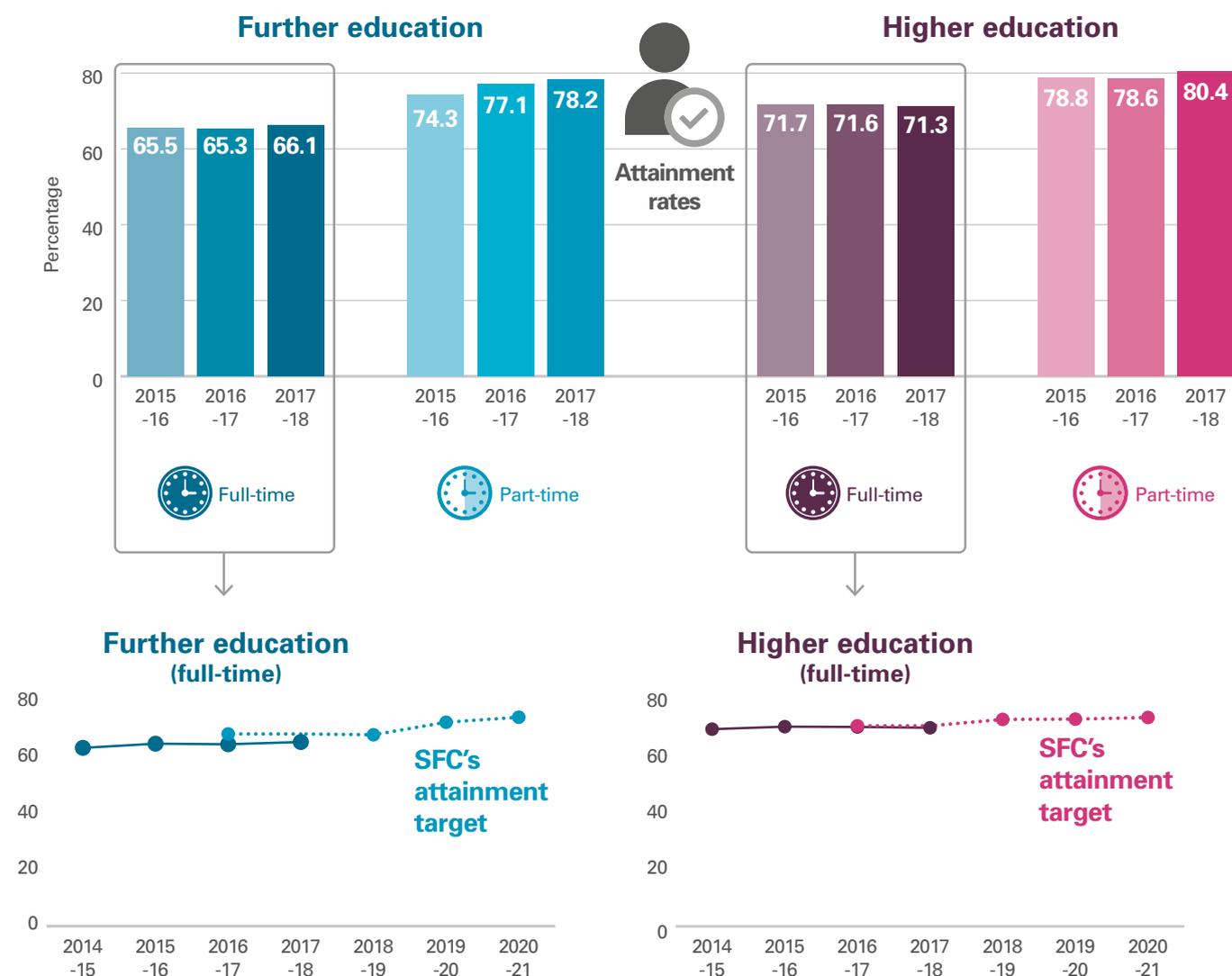
42. The SFC aims to improve attainment rates (the proportion of students completing their course successfully) in full-time further education and higher education to 75 per cent by 2020-21. The average attainment rate for full-time further education improved in 2017-18. In contrast, the average attainment rate in full-time higher education fell slightly. Both remain below the SFC's long-term target, with a significant improvement needed in further education over the next three years. The SFC has set intermediate national attainment targets for full-time students, although it did not set a target for 2017-18. It does not set national targets for part-time students ([Exhibit 14, page 25](#)).

### Only two regions met all of their agreed overall attainment targets

43. There is wide variation in regional performance against attainment targets ([Exhibit 15, page 26](#)):

- West College Scotland region met all four targets. Highlands and Islands region met both targets for further education.
- Two regions missed all four targets (Dumfries and Galloway and North East Scotland colleges).

### Exhibit 14 Attainment rates



Source: SFC

**44.** The SFC does not report the performance of college regions against regionally agreed attainment targets in its Summary of Progress and Ambitions report.<sup>16</sup>

**45.** In 2018-19, the SFC plans to improve its use of Outcome Agreements to achieve its desired outcomes for learners, for skills development and ultimately for inclusive economic growth in Scotland. This includes agreeing more ambitious targets with college regions to deliver Scottish Government priorities. Based on performance to date, some existing targets will be very challenging for colleges. It is important for the SFC and colleges to be clear on what will be needed to deliver the more ambitious targets.

## Exhibit 15

Attainment rates: progress towards outcome agreement targets



### Attainment target met in 2017-18

|   | No of college regions providing this type of study <sup>1</sup> | No of college regions | Percentage |
|---|---|-----------------------|------------|
| <b>Further education</b>  |   |                       |            |
|  Full-time | 15  | 6                     | 40%        |
|  Part-time | 13  | 9                     | 69%        |
| <b>Higher education</b>   |   |                       |            |
|  Full-time | 13  | 2                     | 15%        |
|  Part-time | 11  | 5                     | 45%        |

Note: 1. Total numbers are based on 13 college regions plus SRUC and Newbattle Abbey College, with the exceptions being: Part-time further and higher education: Ayrshire and Newbattle Abbey colleges did not set 2017-18 targets for these measures in their Outcome Agreement; and Higher education: College outcome agreement measures are not applicable to Highlands and Islands region or SRUC at this level.

Source: SFC

### More work is required to close the attainment gap for certain groups of students

**46.** Students from an ethnic minority, on average, achieve better results than the overall student population, but more work is required to close the attainment gap for the rest of the identified student groups.<sup>17</sup> Students who have been in care have the lowest attainment rates, and were the only group where attainment decreased in 2017-18 ([Exhibit 16, page 27](#)).

**47.** The SFC is committed to raising the attainment rates for students from the most deprived areas to achieve overall attainment rates of 75 per cent by 2027-28.<sup>18</sup> In [Scotland's colleges 2018](#) , we reported that the attainment gap between students from the least and most deprived areas had increased between 2011-12 and 2016-17.

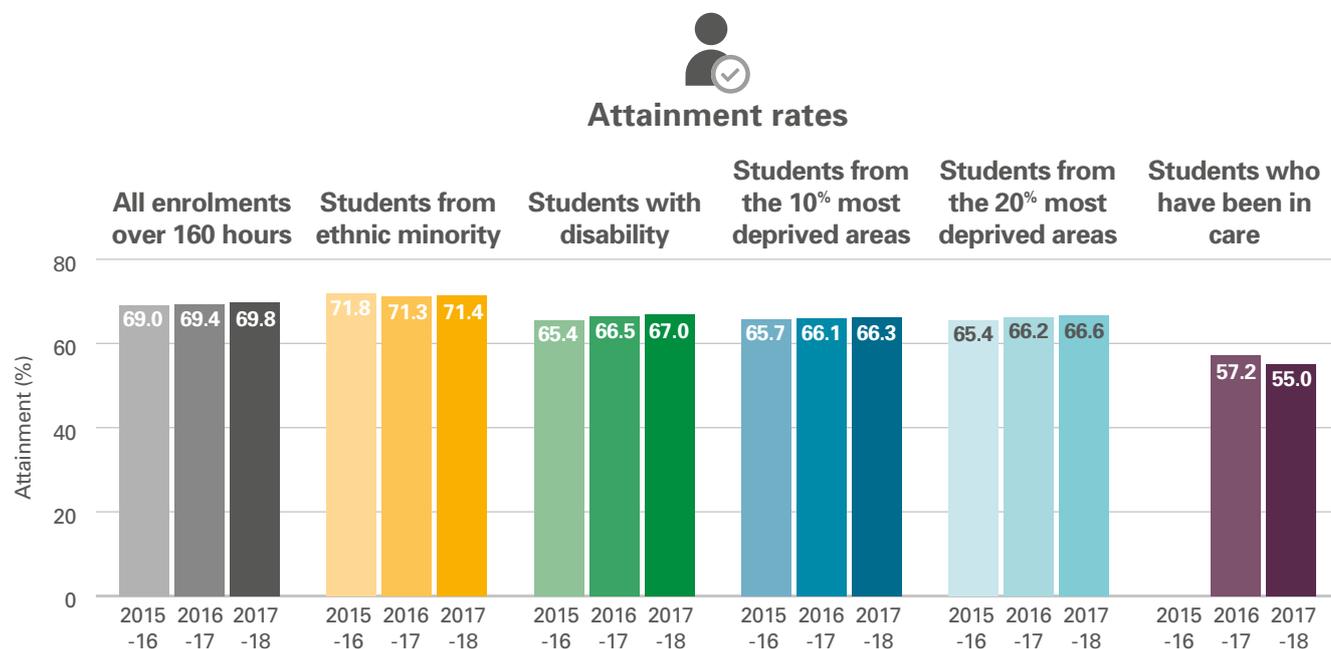
**48.** Last year, we reported that the attainment gap in 2016-17 increased between those students from the least and most deprived areas. In 2017-18, the attainment gap for those in further education closed slightly, from 7.4 to 6.5 percentage points (69.7 per cent compared to 63.2 per cent). The attainment gap for those in higher education was 7.7 percentage points, the same as in 2016-17 (74.4 per cent compared to 66.7 per cent).

### Fewer students completed their course in 2017-18

**49.** Challenges still exist in improving student retention (the proportion of students completing their course, either successfully or partially). The proportion of full-time further education students that completed their course remained unchanged in 2017-18 but the proportions fell for all other types of study ([Exhibit 17, page 27](#)).

### Exhibit 16

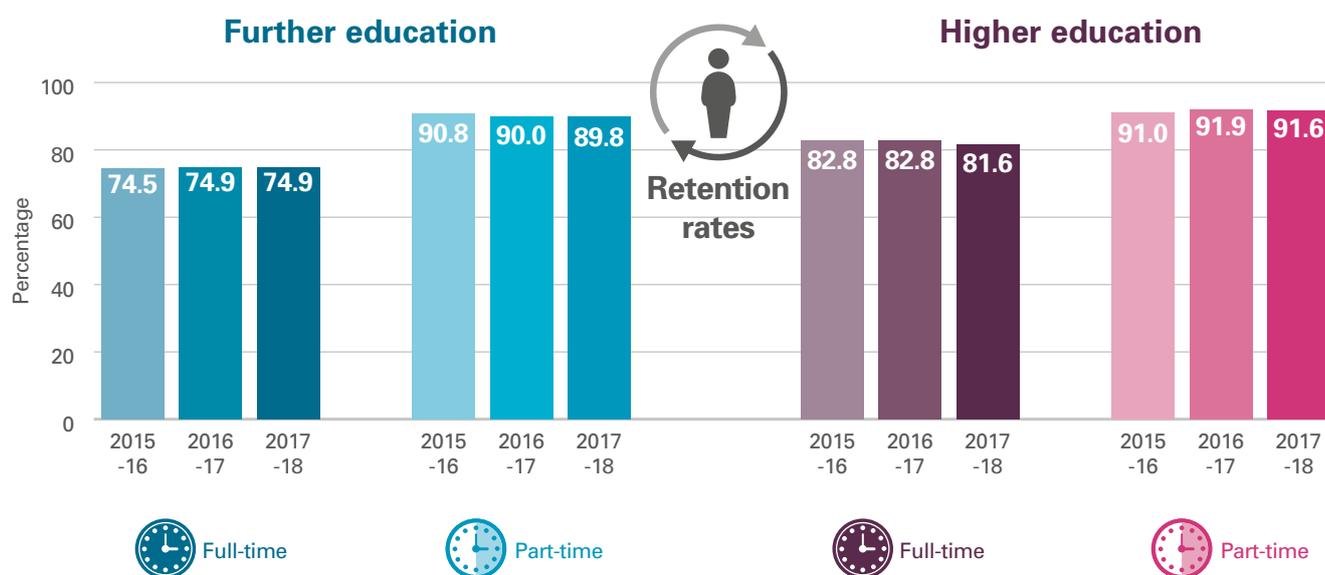
Attainment on courses over 160 hours for students from selected groups



Source: SFC

### Exhibit 17

Proportion of students completing their course



Source: SFC

**50.** Since 2017, the Scottish Government has been running a College Improvement Project (CIP) to raise attainment and retention. It has worked with five colleges through the CIP, trying to identify what improvement can be shared across the sector.<sup>19</sup> The project is scheduled to finish in 2019. While it is too early to assess the impact of the project, more work is required to improve retention. The Scottish Government plans to monitor changes in retention as improvement actions are scaled up and spread to different courses within the colleges and across the sector.

### **A greater proportion of students who qualify are going on to positive destinations**

**51.** Latest data (covering 2016-17) shows that 95 per cent of full-time student qualifiers with destinations confirmed entered a positive destination, such as employment or continued education (2015-16, 94.9 per cent).<sup>20</sup> Of all qualifiers, 84.5 per cent moved into a positive destination (2015-16, 82.7 per cent). Around two-thirds of all qualifiers went on to further study or training (up by one percentage point from 2015-16). 17.7 per cent of all qualifiers entered work (up by 0.7 percentage point).

### **The SFC does not publish college-level student satisfaction data**

**52.** Student satisfaction is a performance measure in college Outcome Agreements. For 2017-18, the SFC reported student satisfaction for the sector, but only using data from those colleges that received at least a 50 per cent response rate to their survey (15 of 26 colleges for full-time further education and five of 15 colleges for full-time higher education). It does not publish student satisfaction data for individual colleges or results for part-time and distance or flexible learning students. Publishing good-quality information on student satisfaction for individual colleges would allow students, and potential students, to determine whether a college provides a good experience for students. It also means that colleges can be effectively held to account by other stakeholders.

**53.** The SFC has been working with the college sector to conduct the Student Satisfaction and Engagement Survey (SSES) since 2015-16. However, over the past three years, response rates to the SSES have varied noticeably across colleges and the SFC does not yet believe that all colleges are conducting the survey in a way that allows either it or individual colleges to place reliance on the survey results. The SFC held an event for colleges in February 2019 to explore ways to improve response rates.

### **College performance varies widely for student outcomes**

**54.** Taken together indicators on student attainment, retention, destinations and satisfaction provide a broad indication of a college's performance. There was significant variation in performance across colleges; the proportion of students from deprived areas can influence performance, but it is clearly not the only factor ([Exhibit 18, page 29](#)).

## Exhibit 18

Performance indicators for full-time further education in colleges

| Colleges   |  % credits for FT |  Attainment rates |  Retention rates |  Positive destinations |  Satisfaction | College's self-evaluation for 'Outcome and Impact' |
|--|--|--|---|---|--|--|
| Glasgow Kelvin College   | 45.5   | 60.2 ↓   | 69.0 ↓  | 82.9 ↑  | -  | Good   |
| West College Scotland  | 58.5   | 69.2 ↑   | 78.1 ↑  | 80.6 ↓  | -  | Good   |
| Glasgow Clyde College  | 67.1   | 66.1 ↑   | 74.9 ↑  | 82.8 ↑  | 96.7 ↑   | Good   |
| Ayrshire College   | 74.4   | 66.9 ↔   | 73.9 ↓  | 82.6 ↓  | -  | Good   |
| City of Glasgow College  | 58.9   | 67.9 ↓   | 76.3 ↓  | 91.2 ↑  | 84.5 ↓   | Very Good  |
| New College Lanarkshire  | 75.4   | 61.4 ↑   | 68.3 ↑  | 89.9 ↑  | 89.0 ↓   | Satisfactory                                       |
| Dundee and Angus College   | 70.0   | 75.4 ↑   | 81.4 ↑  | 81.7 ↑  | 95.4 ↑   | Very Good  |
| Fife College   | 61.8   | 59.1 ↑   | 73.4 ↑  | 71.7 ↑  | 91.9 ↑   | Satisfactory                                       |
| South Lanarkshire College  | 74.5   | 69.7 ↓   | 76.2 ↑  | 89.1 ↓  | 98.5 ↑   | Very Good  |
| West Lothian College   | 67.9   | 65.5 ↑   | 75.3 ↑  | 89.7 ↑  | -  | Good   |
| Forth Valley College   | 51.8   | 71.4 ↓   | 77.2 ↓  | 75.6 ↓  | 95.1 ↓   | Very Good  |
| Edinburgh College  | 62.9   | 60.7 ↓   | 70.6 ↓  | 85.9 ↑  | -  | Good   |
| Newbattle Abbey College  | 100.0  | 52.1 ↓   | 69.9 ↓  | 81.3 ↑  | 100 ↑  | Good   |
| Dumfries and Galloway College                                      | 70.6   | 59.6 ↓   | 70.6 ↑  | 88.3 ↑  | -  | Satisfactory                                       |
| Perth College  | 78.4   | 70.0 ↑   | 77.2 ↓  | 85.2 ↑  | 96.2 ↑   | Good   |
| Borders College  | 78.0   | 68.7 ↑   | 77.1 ↑  | 86.9 ↓  | -  | Very Good  |
| SRUC Land based  | 63.9   | 68.3 ↓   | 82.3 ↓  | 87.8 ↓  | -  | -  |
| North Highland College   | 55.7   | 71.8 ↑   | 83.2 ↑  | 90.0 ↑  | -  | Very Good  |
| Argyll College   | 47.4   | 76.0 ↑   | 82.0 ↑  | 80.9 ↓  | 94.3 ↑   | Very Good  |
| West Highland College  | 48.1   | 69.8 ↓   | 77.8 ↓  | 87.4 ↑  | 100 ↑  | Very Good  |
| Inverness College  | 69.5   | 70.6 ↑   | 77.7 ↑  | 87.3 ↓  | 94.7 ↑   | Very Good  |
| North East Scotland College  | 72.6   | 66.6 ↑   | 77.0 ↑  | 87.2 ↓  | 94.0 ↑   | Good   |
| Lewis Castle College   | 46.5   | 60.8 ↓   | 71.6 ↓  | 90.3 ↑  | 100 ↑  | Satisfactory                                       |
| Moray College  | 74.2   | 69.0 ↑   | 75.5 ↑  | 84.2 ↑  | 94.0 ↑   | Good   |
| Orkney College   | 33.1   | 75.0 ↓   | 80.3 ↓  | 84.3 ↓  | -  | Very Good  |
| Shetland College of Further Education                              | 32.0   | 77.8 ↓   | 85.6 ↑  | 97.2 ↑  | -  | Very Good  |
| <b>Number of colleges where performance increased in 2017-18</b> ↑ |  | <b>13</b>  | <b>15</b>   | <b>16</b>   | <b>13</b>  |  |
| <b>Proportion of total number of colleges %</b>                    |  | <b>50%</b>   | <b>58%</b>  | <b>62%</b>  | <b>87%</b>   |  |

Quartile: Highest **1** **2** **3** **4** Lowest

Notes:

- Colleges are listed according to the proportion of students from the most deprived areas (Glasgow Kelvin College having the highest proportion).
- Percentage point changes are from 2016-17 (For leaver's destination data, from 2015-16. See Note 3).
- The latest leaver's destination data available is for 2016-17. The figures are across further and higher education study. College-level figures published are not broken down by the two.
- The overall student satisfaction rates are included only for colleges with a response rate of 50 per cent or more, in line with the SFC publication.
- For each indicator, we have shown colleges' performance broken down into quartiles, with the highest performance shown in Quartile 1 and the lowest performance in Quartile 4.

Source: *College Performance Indicators 2017-18*, Scottish Funding Council, 2019; *College Leaver Destinations 2016-17*, Scottish Funding Council, 2018; *Student Satisfaction and Engagement 2017-18*, Scottish Funding Council, 2018; Colleges' self-evaluation reports, 2019; and SFC's Infact database

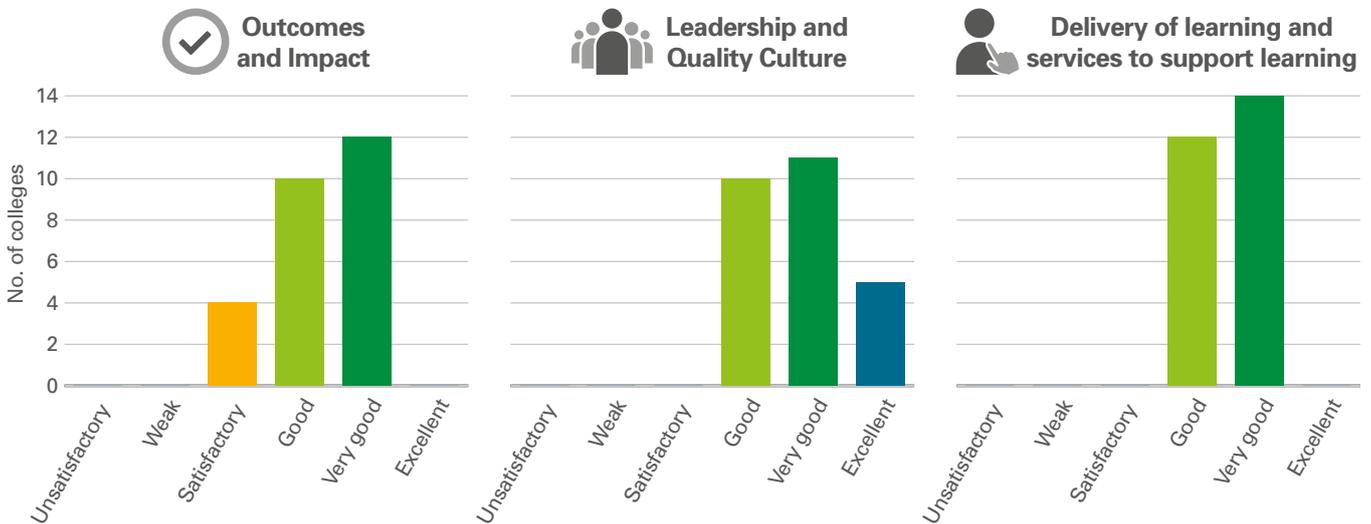
## Colleges have published enhancement plans to improve their performance

55. The SFC and Education Scotland, the national body for supporting quality and improvement in learning and teaching, introduced a new quality assessment evaluation framework for colleges, *How good is our college?* in 2016.<sup>21</sup> The new quality framework is based on a validated self-evaluation and is intended to enable colleges to assess progress and develop an improvement plan.

56. In January 2019, individual college results were published for the first time with grades in three categories: Outcomes and impact; Leadership and quality culture; and Delivery of learning and services to support learning. All colleges graded themselves as 'Good' or above for two of the three categories. In general, colleges assessed their Leadership most highly and the outcomes and impact for students least highly ([Exhibit 19](#)).

57. The factors considered in relation to 'Outcomes and impact' map closely to attainment and retention but not to positive destinations and student satisfaction. Some colleges which consider their performance to be 'Good' or better have relatively low levels of attainment (in the bottom half of the quartiles). It is not clear how colleges' own assessment of performance fits with the views of their students and staff.

**Exhibit 19**  
College's self-evaluation grades



Source: Education Scotland

# Endnotes



- 1 *College Staffing Data 2017-18*, Scottish Funding Council, 2019.
- 2 Financial forecast returns submitted by colleges to the SFC in September 2018 and covering the period to 2022-23.
- 3 [College sector estates condition survey](#) , Scottish Funding Council, December 2017.
- 4 This includes £1.5 million to support business cases for the highest priority campuses and £1.4 million for very high priority maintenance at Fife College.
- 5 *Outcome agreement funding for colleges*, Scottish Funding Council, 2019.
- 6 Erasmus+ is the European Union programme for education, training, youth and sport. It runs for seven years, from 2014 to 2020. Erasmus+ aims to modernise education, training and youth work across Europe. It is open to education, training, youth and sport organisations across all sectors of lifelong learning, including school education, further and higher education, adult education and the youth sector.
- 7 Lanarkshire region and the Highlands and Islands region both met their regional targets.
- 8 *College Statistics 2017-18*, Scottish Funding Council, 2019.
- 9 2018-19 Outcome Agreement Guidance, Letter from Minister for Further Education, Higher Education and Science to Chair of Scottish Funding Council, 2017.
- 10 SFC's Infact database.
- 11 According to the SFC's Infact database, 641 students did not give their gender or described it as 'Other'.
- 12 Gender Action Plan, Scottish Funding Council, 2016.
- 13 *College Statistics 2017-18*, Scottish Funding Council, 2019.
- 14 The level of deprivation is calculated using the Scottish Index of Multiple Deprivation (SIMD) 2016. In the previous two years, it is based on the SIMD 2012.
- 15 [College Region Outcome Agreements: Summary of Progress and Ambitions](#) , Scottish Funding Council, September 2017.
- 16 [College Region Outcome Agreements Summary of Progress and Ambitions report 2018](#) , Scottish Funding Council October 2018, summarises performance for the sector from colleges regions' Outcome Agreements.
- 17 *College Performance Indicators 2017-18*, Scottish Funding Council, 2019. Attainment on courses over 160 hours.
- 18 *Guidance for the development of College Outcome Agreements: 2017-18 to 2019-20*, Scottish Funding Council, 2016.
- 19 Dundee and Angus College, Edinburgh College, Inverness College UHI, New College Lanarkshire and West College Scotland.
- 20 *College Leaver Destinations 2016-17*, Scottish Funding Council, 2018. The data available is for full-time students only across further and higher education.
- 21 *How good is our college?*, Education Scotland, 2016.

# Appendix

## Audit methodology



### What the report covers

This report looks at all colleges in the sector and Scotland's Rural College (SRUC), to present a comprehensive picture of the sector and its performance.

Until 1992, Scottish councils ran all publicly funded colleges in Scotland. Under the Further and Higher Education (Scotland) Act 1992, most of these colleges established their own corporate body and boards of management. The boards of management took over responsibility for the financial and strategic management of the colleges. These colleges are referred to as incorporated colleges and produce accounts which are subject to audit by the Auditor General for Scotland. The remaining six colleges are generally referred to as non-incorporated colleges. SRUC is classed as a higher education institution but counts towards the achievement of the national target for colleges. The report primarily focuses on incorporated colleges. However, we state clearly where we include data relating to non-incorporated colleges.

The college sector in Scotland comprises the 20 incorporated colleges and six non-incorporated colleges, organised into 13 college regions (as shown in Appendix 2 of [Scotland's colleges 2018](#) ) . Ten of these regions consist of one college. The three remaining regions (Glasgow, Highlands and Islands, and Lanarkshire) have more than one college. The individual colleges in Glasgow and in Highlands and Islands are assigned to the relevant regional strategic body, ie Glasgow Colleges' Regional Board (GCRB) or University of Highlands and Islands (UHI). In Lanarkshire, New College Lanarkshire is the regional body and South Lanarkshire College is assigned to the Lanarkshire Board.

### Financial commentary

Incorporated colleges prepare their accounts based on the academic year, which runs from 1 August to 31 July. This differs from the Scottish Government's financial year, which runs from 1 April to 31 March. We use the following conventions in this report:

- 2017-18 when referring to figures from colleges' accounts, or figures relating to the academic year
- 2017/18 when referring to funding allocations made in the Scottish Government's financial year.

Financial figures in real terms are adjusted for inflation. The base year for this report is 2017-18. The GDP deflator provides a measure of general inflation in the domestic economy. We have used the GDP deflator from March 2019 to calculate the real-terms figures for other years.

## Our audit involved

- Analysing relevant Scottish Government budget documentation, colleges' audited accounts and auditors' reports covering the financial periods ending July 2018.
- Analysing information held by the SFC, including financial, performance and activity data.
- Interviewing Colleges Scotland, student unions, trade unions, the SFC and the Scottish Government.
- Analysing data that we requested from colleges' external auditors.

## Detailed methodology for specific sections in the report

### Underlying financial position [\(page 7\)](#)

Incorporated colleges reported an overall deficit of £29.8 million in their 2017-18 audited accounts. In reporting the underlying financial position, we have used the SFC's data for each college based on the accounts direction it issued in 2018.

### Calculating student numbers [\(page 19\)](#)

In this report we present student numbers by headcount, drawn from the SFC's Infact database. Where possible, this headcount excludes any multiple enrolments, meaning if a student had been enrolled at two colleges in 2017-18 they would only be counted once. Where we show full-time and part-time student numbers this will include multiple enrolments.

In line with last year's report, we have included non-incorporated colleges and SRUC to give a comprehensive picture of performance against the Scottish Government's national target for learning activity.

# Scotland's colleges 2019

This report is available in PDF and RTF formats,  
along with a podcast summary at:

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## **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 2018 and it has been agreed that the remit should be reviewed on an annual basis.

No amendments are recommended at this review.

### **Action**

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

**Karine McNair**

Secretary to the Board of Governors

13 June 2019

## **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 Vice Principal (Finance & Curriculum Services), Vice Principal (Curriculum & Planning) and Vice Principal (Curriculum & Enterprise) shall normally attend, together with any other staff invited to attend.

## West Lothian College

13 June 2019

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### 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 2018  
Last approved by the Board: June 2018  
Date for next review: June 2019

## **Finance & General Purposes Committee**

### **Development Plans**

June 2018 – May 2019

The Development Plan ended in May 2019 and the final version is provided for information.

June 2019 – May 2020

Following the Committee Self-Evaluation in March 2019, a new Development Plan has been drafted to take into account the points raised in the evaluation discussion. Specific points have been added (shown as highlighted) and the general structure of the Development Plan has been carried forward for the new Committee cycle.

### **Action**

The Committee is asked to discuss the new Development Plan and agree the plan for the period to May 2020.

**Karine McNair**

Secretary to the Board

## **Finance & General Purposes Committee**

### **Development Plan 2019**

June 2018 – May 2019

### **Membership**

Reappointment of members approved

### **Remit**

Annual review of remit – reviewed June 2018

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

NHS Simulation Area – November

### **Opportunities for Strategic Discussion**

No current issues

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

Financial Statements Training – Mazars, 18 September 2018

### **Self-Evaluation**

Annual self-evaluation of Committee – February 2019

Final: June 2019

## **Finance & General Purposes Committee**

### **DRAFT Development Plan 2020**

June 2019 – May 2020

#### **Membership**

Skills matrix to be considered especially for HR expertise.

#### **Remit**

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

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

Visit to areas being improved over summer break – September 2019

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

Consider overlapping meetings with Audit to have single meeting for approval of accounts.

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

Encourage members of other Committees to attend F&GP meetings as an observer.

#### **Self-Evaluation**

Annual self-evaluation of Committee – scheduled for February 2020

Version 1: June 2019