

## BOARD OF MANAGEMENT ACTION TRACKER

**COMMITTEE:** Business Resources and Infrastructure Committee

(Paper 1a)

DATE RAISED	ACTION No	ACTION	DUE DATE	OWNER	STATUS*	COMMENTS
14.11.17	1	The addition of information within Section 10 of the Health Safety and Wellbeing Annual Report on the impact of the new Health, Safety and Wellbeing management system reporting mechanisms and the increase in the reported numbers of accidents and incidents.	December 2017	J McKie	Completed	
14.11.17	2	The Committee asked to be kept informed on the progression of preparations for GDPR in the run-up to the implementation date May 2017	June 2017 for final implementation report.	J McKie	Completed	
16.03.18	3	As a requirement of the progression of the progression of the Summer works 2018 proposals the Committee asked that a comprehensive business case be added to the Paper to underpin the proposals presented.	March 2018	D Vallance	Completed	

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DATE RAISED	ACTION No	ACTION	DUE DATE	OWNER	STATUS*	COMMENTS
16.03.18	4	The Board of Management and the College's Executive Management Team to ensure that SFC and the Scottish Government continue to be kept informed on the impact the contractual PFI payments are having on the fiscal health of the College, until an appropriate and agreed solution is found.	Position to be Reviewed by December 2019	Board Chair/Principal	In Progress	This will remain a constant work in progress until an agreed solution is reached. Currently, and at the request of SFC, a 2-year Financial Sustainability Plan (2019 – 2021) is in preparation, based on the FFR submitted to SFC on 2 October 2018. SFC has offered to fund 50% of the PFI costs over the 2-year period covered by the plan.
05.06.18	5	Complete the minuted amendments to the Strategic Workforce Plan 2018-2023	June 2018	J McKie	Completed	
05.06.18	6	Risk Register. Risk BRIC5 be revisited in 2018-19 in terms of the risks associated with Cyber Security	June 2019	M Breen/J Thompson	Completed	
11.09.18	7	Paragraph 13.3. of the Financial Regulations be amended to reflect that the accountable officer for Data Security was the VP whose portfolio of responsibilities included ICT	September 2018	M Breen/J Thompson	Completed	

DATE RAISED	ACTION No	ACTION	DUE DATE	OWNER	STATUS*	COMMENTS
11.09.18	8	Transfer of the Enterprise Fund, held by C3, to the Ayrshire College Foundation for the specific purpose of creating a ring fenced Enterprising Students Fund	November 2018	M Breen/J Thompson	Completed	
11.09.18	9	From consideration of the HR&OD Report – the circulation of a calendar of activities for College events be circulated to members in September 2019	September 2019	J McKie	In Progress	
20.11.18	10	The addition of a new Risk, BRIC8, to the Risk Register to reflect the risks attached to the Transfer to Permanency process.	December 2018	M Breen/J Thompson	Completed	
20.11.18	11	Risk Register: <ul style="list-style-type: none"> <li>• BRIC6 and BRIC 8 be cross-referenced for future considerations</li> <li>• BRIC 7 be reassessed following the appointment of the new Principal and new Vice Principal.</li> </ul>	March 2019	M Breen/J Thompson	Completed	
12.03.19	12	Chair of the Committee to meet with M Breen and J Thomson to consider the management accounts reporting.	September 2019	Chair/M Breen/J Thomson	Completed	

DATE RAISED	ACTION No	ACTION	DUE DATE	OWNER	STATUS*	COMMENTS
12.03.19	13	Future reporting of SFC Funded Capital and Revenue Expenditure Programmes to include a narrative commentary on the projects including the benefits to learners.	September 2019 cycle of meetings	M Breen	In Progress	To be discussed at BRIC under item 13
12.03.19	14	The Committee recommends that a discussion on the impact of the role out of Universal Credit on learners should be held at the Learning and Teaching Committee early in 2019-20, with a subsequent discussion at a Board Meeting shortly afterward, informed by the discussion at LTC.	November 2019	Chair to discuss with future Chair of LTC.	In Progress	
04.06.19	15	Discuss with SFC the retention of the VS budget expenditure pending the completion of the OR Project	November 2019	C Turnbull	In Progress	
04.06.19	16	The Committee to receive future papers setting out the background relationship to HR Strategy, challenges, benefits, and, where appropriate, a cost benefit analysis of Investors in People	2019/20 Academic Year	J McKie	In Progress	
04.06.19	17	The Cashflow Projections Graph be updated to include a reference to expected budget cashflow in its future iterations.	September 2019	M Breen	In Progress	To be discussed at BRIC under item 7

\* Not Started / In Progress / Completed

**Business, Resources and Infrastructure Committee**

**10 September 2019**

- Subject:** 2018-19 Management Accounts at 31 July 2019
- Purpose:** The paper provides a summary of the College's financial position as at 31 July 2019 and outlines the key variances for members' information.
- Recommendation:** The Business, Resources and Infrastructure Committee approves the 2018-19 Management Accounts for period ended 31 July 2019.
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**1. Background**

The most recent set of management accounts presented to the Business, Resources and Infrastructure Committee were for the period to 30 April 2019. The actual position as at April 2019 was an operating surplus of £1,639,865, compared to the expected budget of £615,174. The April management accounts also forecast an operating surplus to 31 July 2019 of £910,735 against a budgeted deficit of **£(26,438)**, a favourable variance of £937,173.

**2. Current Situation**

This paper summarises the actual position to date for the year ended 31 July 2019. A complete set of the management accounts is included for reference within the background information section of Admin Control.

**Actual Position to Date**

The management accounts for year ended 31 July 2019 show a year to date operating surplus of £1,699,643. When compared to the expected budgeted position for July 2019 this is a favourable variance of £1,726,081. The year to date position, as at 31 July 2019, is set out in Table 1.

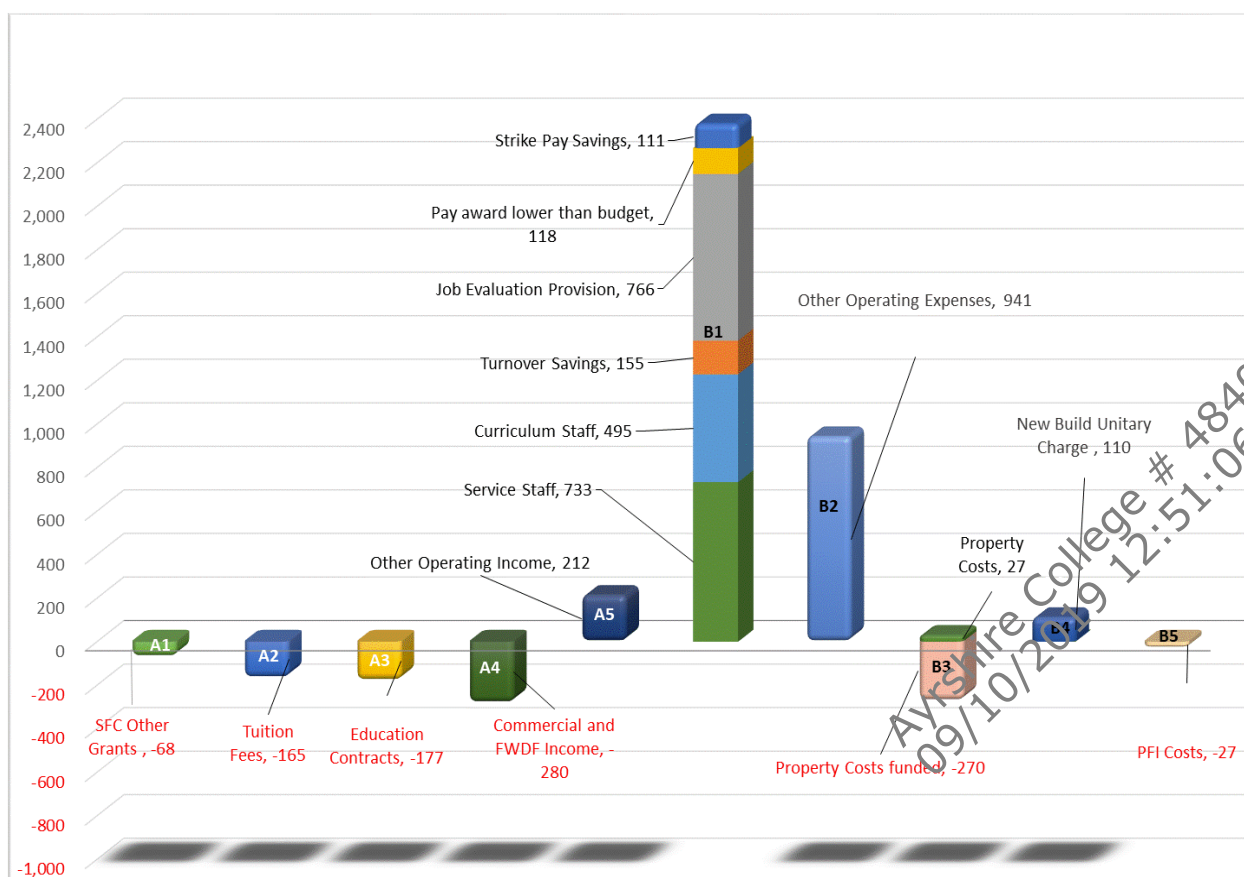
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Table 1 – Year to Date, as at 31 July 2019

	2018-19 YTD Budget (£)	2018-19 YTD Actual (£)	2018-19 Variance (£)
Total Income	£48,652,350	£48,174,268	£(478,082)
Total Expenditure	£48,678,788	£45,519,088	£3,159,700
<b>Operating Surplus/ (Deficit)</b>	<b>£(26,438)</b>	<b>£2,655,180</b>	<b>£2,681,618</b>
Exceptional Costs	£0	£955,537	£(955,537)
<b>Operating Surplus/ (Deficit) after Exceptional Costs</b>	<b>£(26,438)</b>	<b>£1,699,643</b>	<b>£1,726,081</b>
<b>Net Depreciation</b>	<b>£(2,196,500)</b>	<b>£(2,683,013)</b>	<b>£(486,513)</b>
<b>Capital Income</b>	<b>£2,327,092</b>	<b>£2,277,096</b>	<b>£(49,996)</b>
<b>Operating Results after Net Depreciation and Capital Income</b>	<b>£104,154</b>	<b>£1,293,726</b>	<b>£1,189,572</b>

Members will note that whilst there is an overall positive variance on the year to date position there are significant variances within both income and expenditure. The principal variances are shown in Diagram 1 with further information provided in the subsequent text.

Diagram 1 – Principal Variances Year to Date, as at 31 July 2019 (Excluding Exceptional Costs)



The main trading variances in the year to date amounting to a net £1,726,000 are as follows

(A) Income variances (net £(479,000) adverse) mainly being:

- (A1) SFC Other Grants - £(68,000) adverse variance. The variance is the net effect of reduced SFC Maintenance Grant and additional SFC strategic funds. In addition the College received unbudgeted SFC Monies to support VS Costs, however other funds which were budgeted were not received in full, these related to Childcare Funding (offset by reduced expenditure) and Job Evaluation monies (offset by reduced expenditure)
- (A2) Tuition Fees - £(166,000) adverse variance mainly due to lower than budgeted HE fees received.
- (A3) Education Contracts - £(177,000) adverse variance due to reduced Foundation Apprenticeships income achieved.
- (A4) Commercial and FWDF Income - £(280,000) adverse variance due to commercial income targets not being achieved and FWDF activity.
- (A5) Other Operating Income - £212,000 favourable variance due to income exceeding budget in the three areas of Catering (£57,000), ELS (£77,000) and Other Trading areas (£78,000).

(B) Expenditure variances (net £3,160,000 favourable) mainly being:

- (B1) Salary Costs - £2,378,000 favourable variance. Overall savings to date include:
  - Curriculum staff budgets not being required due to actual student recruitment levels against the Curriculum Delivery Plan (including savings for posts budgeted for January 2019 programmes), circa £496,000
  - Service staff posts budgeted in 2019-20 not being filled on a planned basis in advance of the 2019-20 organisational review, circa £732,000.
  - The turnover target of £150,000 has been exceeded by circa £155,000.
  - Savings accruing from strike action by EIS/FELA, circa £111,000.
  - The agreed pay award being lower than budgeted, circa £118,000.
  - Job Evaluation provision of £767,000, not required at this stage (see correspondent income text above).
- (B2) Other Operating Expenses - £941,000 favourable variance. This includes £317,000 of efficiency savings approved by EMT and SFC funded childcare expenditure being lower than budget.
- (B3) Property Costs - £(243,000) adverse variance. This is due to additional SFC funded refurbishment work which is offset by additional income.
- (B4) New Build Unitary Charge - £111,000 favourable variance. This variance reflects the College presenting the figures in line with the model agreed with our External Auditors. The overall charge remains the same.

- (B5) PFI Costs - £(27,000) adverse variance due to change in allocation between capital and interest.

### **Exceptional Costs**

The Exceptional Costs of £955,537 are the Voluntary Severance (VS) costs incurred by the College as a result of implementing the Organisational Review. These VS costs were funded by SFC.

### **3. Balance Sheet – Executive Summary Commentary**

The Management Accounts for period ended 31 July 2019 include the College's balance sheet, as at 31 July 2019. A summary of the balance sheet position compared with the final position disclosed in the 2017-18 statutory accounts is set out in Table 3.

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**Table 3 – Balance Sheet as at 31 July 2019 and as at 31 July 2018**

	ACTUAL	PRIOR MONTH	MOVEMENT ON MONTH	PRIOR YEAR END	MOVEMENT FROM PRIOR YEAR
<b>FIXED ASSETS</b>					
Land	5,740,000	5,740,000	0	5,740,000	0
Freehold Buildings - Ayr	31,616,022	31,710,220	-94,198	31,360,000	256,022
Leasehold Buildings	601,520	608,092	-6,572	680,384	-78,864
Kilwinning	18,528,007	18,569,936	-41,929	19,031,000	-502,993
Kilmarnock	52,079,550	52,167,295	-87,745	53,135,000	-1,055,450
Computer Equipment	1,593,625	1,643,059	-49,434	2,091,133	-497,508
Other Equipment	1,065,828	1,091,088	-25,261	1,358,224	-292,397
	<b>111,224,552</b>	<b>111,529,690</b>	<b>-305,139</b>	<b>113,395,742</b>	<b>-2,171,190</b>
<b>CURRENT ASSETS</b>					
Stocks	20,954	28,880	-7,926	23,518	-2,564
Trade Debtors	134,144	128,313	5,832	106,190	27,955
Other Debtors	77,763	214,287	-136,524	399,070	-321,307
Prepayments and Accrued Income	956,721	626,961	329,760	729,750	226,971
Bank & Cash	2,704,581	5,350,063	-2,645,482	1,722,546	982,034
	3,894,163	6,348,504	-2,454,341	2,981,074	913,089
<b>CURRENT LIABILITIES</b>					
Bank Loans and Overdrafts	0	0	0	0	0
Trade Creditors	-434,765	-151,391	-283,374	-982,611	547,846
Other Creditors	-1,387,957	-1,283,511	-104,447	-637,746	-750,211
SAAS	-6,425	-6,425	0	-16,705	10,280
SFC Monies	-382,861	-2,501,548	2,118,686	-233,206	-149,655
PAYE/NIC	-877,356	-619,000	-258,356	-587,093	-290,263
VAT	-8,004	-2,949	-5,055	-9,557	1,552
SSF (SFC and SAAS)	-14,919	-291,599	276,680	21,680	-36,599
Accruals	-262,846	-714,856	452,010	-1,106,752	843,906
	-3,375,134	-5,571,278	2,196,144	-3,551,990	176,856
<b>TOTAL ASSETS</b>	<b>111,743,580</b>	<b>112,306,916</b>	<b>-563,336</b>	<b>112,824,826</b>	<b>-1,081,245</b>
Early Retiree Provisions	-1,585,197	-1,592,476	7,279	-1,676,773	91,576
Other Provisions	-1,186,140	-1,186,140	0	-1,186,140	0
PFI Capital Creditor	-6,480,380	-6,717,944	237,564	-7,430,635	950,255
NPD Capital Creditor	-44,489,821	-44,595,095	105,273	-45,716,917	1,227,096
Deferred Capital Grants	-11,361,244	-11,463,544	102,300	-11,467,288	106,044
	-65,102,781	-65,555,198	452,417	-67,477,753	2,374,971
<b>NET ASSETS EX PENS LIABILITY</b>	<b>46,640,799</b>	<b>46,751,718</b>	<b>-110,919</b>	<b>45,347,073</b>	<b>1,293,726</b>
Pension Liability	-4,395,000	-4,395,000	0	-4,395,000	0
<b>NET ASSETS</b>	<b>42,245,799</b>	<b>42,356,718</b>	<b>-110,919</b>	<b>40,952,073</b>	<b>1,293,726</b>
<b>RESERVES</b>					
Reserves brought forward	8,928,690	8,928,690	0	8,928,690	0
Year to date Trading	1,293,726	1,404,645	-110,919	0	1,293,726
	10,222,416	10,333,335	-110,919	8,928,690	1,293,726
Pension Reserve	-4,395,000	-4,395,000	0	-4,395,000	0
<b>Total I&amp;E Reserves</b>	<b>5,827,416</b>	<b>5,938,335</b>	<b>-110,919</b>	<b>4,533,690</b>	<b>1,293,726</b>
Restricted Reserves	465,482	465,482	0	465,482	0
Revaluation Reserve	35,952,901	35,952,901	0	35,952,901	0
<b>TOTAL RESERVES</b>	<b>42,245,799</b>	<b>42,356,718</b>	<b>-110,919</b>	<b>40,952,073</b>	<b>1,293,726</b>

#### **4. Resource Implications**

No further resource implications require to be noted in this paper.

#### **5. Consultation**

No formal consultation is required to be completed. The Management Accounts have been approved by the College Senior Leadership Team (SLT) and financial monitoring meetings are held monthly with budget holders.

#### **6. Risks**

The failure to ensure financial sustainability is a key risk noted in the College's Strategic Risk Register. One of the existing controls in place to manage the risk is that Management Accounts are produced monthly and reviewed by SLT with summaries presented to the Business, Resource and Infrastructure Committee for approval at each meeting.

#### **7. Equality Impact Assessment**

An impact assessment is not applicable to this paper given the subject matter.

#### **8. Recommendation**

The Business, Resources and Infrastructure Committee approves the 2018-19 management accounts for period ended 31 July 2019.

**Michael Breen**  
**Vice Principal, Finance**  
**2 September 2019**

*(James Thomson, Director of Finance, Student Funding & Estates)*

#### **Publication**

This paper will be published on the College's website.

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## Business, Resources and Infrastructure Committee

### HR and Organisational Development Report

#### 1 Human Resources Update May - July 2019

##### 1.1 Recruitment and Selection

A total of 35 internal adverts and 34 external adverts were placed during the reporting period.

The HR team has been involved in a significantly higher volume of recruitment during the reporting period. This was due to the implementation of the organisational review process, as well as the recruitment demands reflective of the time of year. The priority was to ensure that all workforce requirements were in place to deliver and support the curriculum for the new academic year.

##### 1.2 Sickness Absence

Sickness absence levels for the reporting period are as follows:

Term	May 2019	June 2019	July 2019
Long Term	2.19%	1.78%	2.35%
Short Term	1.33%	1.84%	0.90%
Total absence	3.52%	3.62%	3.25%

In comparison the College sickness absence levels for the same period in 2018 were as follows:

Term	May 2018	June 2018	July 2018
Long Term	1.79%	2.55%	1.41%
Short Term	1.35%	1.69%	1.07%
Total absence	3.21%	3.24%	2.48%

##### 1.2.1 Sickness Absence Reasons

The five most frequently reported absence reasons are noted in the following table:

Absence Reason	May 2019		June 2019		July 2019	
	Days Lost	Staff Affected	Days Lost	Staff Affected	Days Lost	Staff Affected
Depression / anxiety / psychological	89	9	103	10	137	7
Back pain / sprain / strain / musculoskeletal	82	5	94	7	113	10
Stomach/ bowel/ gastric / intestinal	81.67	18	0	0	30	9
Stress non-work related	0	0	50	0	46	2
Post-Operative recovery	44	4	0	0	0	0
Asthma / bronchitis / respiratory	41	5	0	0	0	0
Ear, nose and throat	0	0	36	7	0	0
Blood conditions	0	0	34	3	42	3

Work related stress was not within the five most frequently reported absences; however, the details of this absence category are provided below:

Stress – Work related	Days Lost	Number of staff affected
May	20	1
June	15	1
July	23	1

### 1.3 Maternity, Paternity and Adoption Leave

During the reporting period May to July 2019, 10 members of staff were on maternity leave and four members of staff accessed paternity leave.

### 1.4 Employment Relations

In the period May to July 2019, the following ER processes were undertaken: five disciplinary investigations (two of which involved suspending staff members from their duties), five dignity at work investigations, three whistleblowing investigations, two stage one capability processes and three stage two capability processes in progress.

### 1.5 Flexible Working Requests

During the reporting period, three members of staff submitted flexible working requests for consideration. This resulted in two members of staff reducing their contractual hours on return from maternity leave and one member of staff reducing their hours as part of a phased retirement application.

### 1.6 National Bargaining

The pay award for curriculum staff as agreed through the National Joint Negotiating Committee (NJNC) was implemented in July 2019, in accordance with the relevant circular and backdated to 1 April 2019, as necessary.

The National Working Practices Agreement (NWPA) for curriculum staff brings together all of the previously agreed national terms and conditions of service into one document. The Agreement is effective from 1 August 2019, with the exception of those national terms of service already agreed and implemented.

### 1.7 Job Evaluation

The Job Evaluation project for support staff roles was introduced across the sector in March 2019. The initial timescale for submission of completed job evaluation questionnaires was set for all colleges for 28 June 2019. This timescale could not be achieved by colleges and a further submission date of 23 August 2019 was agreed. However, this timescale has also proven to be challenging for colleges to achieve and no further submission date has been set at this time.

Throughout this period, the HR team has supported College managers and staff to draft and complete questionnaires for the identified support staff roles. At present, 40% of the identified roles are in final draft format.

The HR Team are continuing to work with managers to ensure the questionnaire completion exercise is concluded as timeously as possible, whilst ensuring the integrity of the information that will be submitted for evaluation.

## **2 Staff Learning and Development Update**

### **2.1 Investors in People (IiP)**

The College's current IiP accreditation has expired and Re:markable (IiP's delivery partner in Scotland) has now been commissioned to undertake a full IiP review, starting in the autumn of 2019, for accreditation in relation to the standard. There are now four award levels – Standard, Silver, Gold and Platinum – and within each, there are four levels of 'maturity'; developed, established, advanced and high-performing. The review will provide crucial external scrutiny and key insight into the College's culture and highlight the actions necessary to support the continuing development of people management processes. The Committee will receive progress and update reports at future meetings.

### **2.2 Staff Team Workshops**

It was agreed, rather than hold an all staff conference in August this year, that all staff teams would undertake their own focused, development workshops, which would involve key aspects of team evaluation activity. For curriculum staff, this work would then feed into the formal team evaluation meetings being held during September. There is one team evaluation meeting for support staff being planned for a date in October, at which curriculum teams will be represented.

### **2.3 Leadership and Management Development**

2.3.1 A continuing programme of leadership and management development is planned for the current academic year to support the College's strategic plan and supporting strategies, including key aspects of the workforce development plan, eg succession planning and digital transformation.

2.3.2 All curriculum and service Heads of Department and Managers have now completed the "Working Smarter" programme. The feedback has been positive with significant improvement reported in working practices and project management. Further work will be undertaken to ensure that the processes continue to be embedded in daily practice.

### **2.4 Professional Development and Digital Integration Manager Post**

This new post was agreed as an outcome of the organisational review and the College is actively recruiting to this key post. The team of manager, adviser and four learning technologists will provide leadership and support for staff in relation to the implementation of the revised Professional Standards for lecturers and the digital transformation agenda for all staff.

## **3 Equality and Inclusion Update**

### **3.1 Shared, Regional Equality Outcomes 2017-2021: Planned Engagement Events**

The working group, established from the Ayrshire Equalities Partnership (AEP), to progress with the shared, regional Equality Outcomes 2017-2021, have agreed to work towards planning and delivering on a number of engagement events over the academic year August 2019 to June 2020 to support the promotion and success of these Equality Outcomes. The working group considers that these engagement activities also present an opportunity to consult on what equality outcomes and actions the College and its local partners might take forward during the next reporting cycle, April 2021 to April 2025.

### 3.2 The VIEW Steering Group: Priorities Identified for August 2019 - June 2020

The VIEW steering group has agreed on priorities for the next academic year of August 2019 to June 2020. Key focuses include the implementation of the College's Equally Safe action plan 2019-2021, the Advance HE staff disability project, reviewing and updating the College's current Equality Impact Assessment (EqIA) process, and improving College engagement with different ethnic groups to encourage further diversity in our student and staff population.

### 3.3 Equally Safe: Partnership Working and College Equally Safe Action Plan 2019-2021

In May, the College with its partners in the South Ayrshire Violence Against Women partnership (SAVAW), held a very successful working breakfast event for local employers and organisations to discuss domestic abuse and the workplace. The event was opened by local Councillor, Laura Brennan-Whitefield, and included a panel discussion with representation from NHS Ayrshire & Arran, Police Scotland, White Ribbon and Women's Aid. The event was the second in a series of planned events in relation to gender based violence and the workplace.

A College Equally Safe action plan 2019-2021 has been drafted and will be shared during the current academic year. The action plan is a whole-College approach to addressing and tackling gender based violence and as such, also includes the action of developing a staff gender based violence policy.

### 3.4 Positive About Disability: Staff Project – Phase Two

A project team to support the development and delivery of a staff disability project is currently being established with the first, full meeting arranged for the end of September. The project team is a cross-section of College staff. The project will span a two-year period with the aim of increasing the number of disabled staff within the College. To support this aim, engagement activities with staff who have a disability are being planned for September through October 2019. It is hoped these engagement activities will provide an evidence base reflecting the needs of disabled staff throughout their employment journey within the College. A project action plan will be submitted to Advance HE in October 2019.

### 3.5 Student Mental Health Agreement

Working with the Student Association, a Student Mental Health Agreement (SMHA) document has been drafted with feedback from the National Union of Students (NUS) to follow. It is hoped the SMHA will be launched in September 2019. This is an annual agreement between the College and the Student Association to encourage and foster the positive mental health and wellbeing of all students.

### 3.6 Student Wellbeing Induction: Pilot

A sub-group from the Promoting Wellbeing group is engaged in the planning and delivery of a student wellbeing induction. This is a pilot activity and will be delivered to a small number of selected College groups and will be evaluated thereafter.

## 4 **Health, Safety and Wellbeing**

### 4.1 Mandatory and Online Training

Mandatory training completions (rolling programme) during the reporting period is detailed on the next page:

Course	Completions
Introduction to Working Safely	76
Fire Detection & Response	69

A range of health, safety and wellbeing courses were completed on the Staff Learning Portal during the reporting period.

#### 4.2 Accidents and Incidents

There were 42 incidents recorded during the reporting period, detailed as follows:

Campus	Riddor	Minor Injury	No Injury	Near Miss	Medical	Other	Total
Ayr	0	2	0	2	3	0	7
Kilmarnock	0	13	0	3	5	0	21
Kilwinning	0	4	2	1	3	0	10
Irvine	0	0	0	3	0	0	3
Nethermains	0	1	0	0	0	0	1
<b>Total</b>	0	20	2	9	11	0	42

Three of the minor injury reports received involved members of staff.

Zero incidents were reported to the Health and Safety Executive under RIDDOR.

#### 4.3 Claims

During the reporting period there was one civil claim received for a student who slipped at Kilwinning. This has been repudiated by the College insurer; however, any future claim would be lodged against the building owner.

#### 4.4 Fire Safety

Fire Evacuations (*included as near misses in incident stats*):

Date	Campus	Details
02/05/2019	Irvine	Deodorant in school changing room activated detector head
14/05/2019	Irvine	Deodorant in school changing room activated detector head
17/05/2019	Irvine	Malicious activation by school pupil
05/07/2019	Kilmarnock	Dust generated by SPIE contractor activated detector
31/07/2019	Ayr	Smoke from refectory panini grill activated detector

#### 4.5 Internal Audits

In the reporting period the following health, safety and wellbeing audits were undertaken:

Audit Type	No. Completed	No. of Actions	Completed Actions	Actions in Progress
HSW Tour*	1	4	4 (100%)	0 (0%)

The rolling programme of audits, inspections and tours will recommence with the new academic year.

\*Photography area, Kilwinning.

#### 4.6 Risk Assessment and Surveys

Health surveillance appointments were attended by 211 members of staff based at Ayr and Kilmarnock campuses. Appointments for members of staff based at Kilwinning campus will take place in August 2019.

#### 4.7 Health and Wellbeing Themes

- Sun Awareness Week
- Mental Health Week
- Staff Wellbeing Day

Positive feedback was received following the Staff Wellbeing Day and examples include:

*“I enjoy the Wellbeing day and feel it is a thank you to staff for all their hard work throughout the year.”*

*“This is an excellent idea that I really enjoy taking part in, everyone I speak to about it always says they wish their workplace did something similar, well done and many more please.”*

*“It was lovely to get a Wellbeing day - you had organised so many exciting things for staff to select from - many thanks.”*

The College holds the Healthy Working Lives Bronze award and is currently progressing towards attaining the Silver award.

The College was also successful in achieving the Paths for All Walk at Work award across all the main campuses. In addition, the College has been shortlisted as a finalist in the Ayrshire Business Awards 2019 for the Active Travel at Work Award category.

#### 4.8 Policy and Procedures

Procedures reviewed and issued:

- FSP001 Fire Safety Policy
- FSA001 Fire and Emergency Evacuation
- FSA003 Fire Alarms - Use of buildings when they are out of service
- Personal Emergency Evacuation Plans (PEEP) – Guidance for Staff and Students
- HSWA017 Infectious and Reportable Diseases

##### 4.8.1 Legislative Update

There were no legislative updates within the reporting period.

**Jane McKie**  
**Vice Principal People**

*(David Davidson, Director HR and Organisational Development)*

3 September 2019



**Business, Resources and Infrastructure Committee****10 September 2019****Subject:** 2018-19 Student Support Funds Final Position at July 2019**Purpose:** To update Members on the Student Support Funds final position as at July 2019**Recommendation:** Members are asked to note the contents of this paper.**1. Current Situation**

The following sections of this paper provide details of the final position of each fund as at 31 July 2019.

**1.1 SFC Funds provided for Bursary Support**

Total 2018-19 SFC Student Support Funds are £10,040,477. Table 1 below details the bursary support funds provided by SFC for 2018-19 together with projected expenditure figures as at 31 July 2019.

**Table 1**

<b>Student Support Fund</b>	<b>Revised Budget</b>	<b>Actual Expenditure</b>	<b>Difference</b>
SFC Bursary	8,553,418	8,455,599	97,819
FE Childcare	671,575	555,093	116,482
HE Childcare	287,818	307,975	(20,157)
FE Discretionary	527,666	329,549	198,117
<b>Total</b>	<b>£10,040,477</b>	<b>£9,648,216</b>	<b>392,261</b>

Members are asked to note that the College did not utilise in full the FE Discretionary budget for 2018-19. This is mainly due to the requirements of universal credit and increased discretionary funding would result in students having their overall funding stopped. As such, this would not be financially advantageous

**1.2 Educational Maintenance Allowance (EMA)**

EMAs are provided by the Scottish Government to support eligible 16 to 18 year-old students. The College's EMA allocation for AY 2018-19 was £800,000 and the College spent £657,960.

### 1.3 SAAS Funds provided for Higher Education Discretionary support

The College is also allocated funding from the Student Awards Agency for Scotland (SAAS) for eligible students completing HE programmes. This budget is administered in line with SAAS guidance.

Table 2 below details the HE Discretionary Fund Budget made available by SAAS for 2018-19 together with final expenditure as at 31 July 2019.

**Table 2**

<b>Student Support Fund</b>	<b>Revised Budget</b>	<b>Actual Expenditure</b>	<b>Difference</b>
HE Discretionary Additional Funding	£134,613	£121,958	£12,655
<b>Total</b>	<b>£134,613</b>	<b>£121,958</b>	<b>£12,655</b>

## 2. Consultation

No formal consultation is required given the subject of this paper.

## 3. Risks

The disbursement of student support funds and financial monitoring arrangements are key areas of financial risk for the College. In addition, issues arising from the management of the student support funds can impact significantly on the reputation of the College.

## 4. Equality Impact Assessment

An impact assessment was completed in respect of the 2018-19 Student Funding Policy and Procedures.

## 5. Conclusion

Members are asked to note the contents of this paper.

**Michael Breen**  
**Vice Principal, Finance**  
**19 August 2019**

*(James Thomson, Director of Finance, Student Funding and Estates)*

*(P) Paper will be published on the College website*

**Business, Resources and Infrastructure Committee****10 September 2019**

- Subject:** SFC Funded Capital and Revenue Expenditure Programme – Final Position as at 31 July 2019
- Purpose:** To provide an update to Members on the final FY 2018-19 capital programme funded by SFC as at 31 July 2019
- Recommendation:** The Business, Resources and Infrastructure Committee is asked to note the contents of this paper.

**1. Background**

The Scottish Funding Council (SFC) announced the final capital/maintenance grant for financial year 2018-19 on 18 May 2018 (i.e. for the period April 2018 to March 2019). However, unusually due to the backlog maintenance funding, the period for this allocation was extended to July 2019.

The grant funding allocated to the College was £3,693,732 with £928,983 identified for revenue maintenance grant purposes. The balance of £2,764,749 is to be used for very high priority backlog maintenance and other planned capital works/expenditure. At its meeting on the 21 June 2018 the Board of Management agreed the projects and budgets. These are detailed in Table 1 below.

**Table 1**

<b>Projects</b>	<b>Budget</b>
Summer works 2018	£500,000
SFC very high priority backlog maintenance	£1,764,749
ICT replacement / upgrade	£250,000
Other capital projects	£250,000
<b>Total</b>	<b>£2,764,749</b>

**2. Current Situation**

All colleges were subsequently asked by SFC to categorise their projects between revenue and capital revenue works for accounting purposes. Ayrshire College completed

and returned the estimated split to SFC in line with SFC's guidance. The College has since revised the split between capital and revenue from its original backlog maintenance budget. This change was approved by the SFC. The overall funding received is the same but the allocation between the two elements is different.

The finalised split between capital and revenue works projects approved by SFC is set out in Table 2.

**Table 2**

<b>Projects</b>	<b>Capital Budget</b>	<b>Revenue Budget</b>	<b>Budget TOTAL</b>
Summer works 2018	£500,000	£0	£500,000
SFC very high priority backlog maintenance	£1,245,457	£519,292	£1,764,749
ICT replacement / upgrade	£250,000	£0	£250,000
Other capital projects	£136,534	£113,466	£250,000
<b>Total</b>	<b>£2,131,991</b>	<b>£632,758</b>	<b>£2,764,749</b>

### **Capital**

Table 3 below provides details on the capital expenditure budget, the expenditure to 31 March (reported to BRIC in June 2019), the final expenditure as at 31 July 2019 and any balances remaining.

**Table 3**

<b>Projects</b>	<b>Capital Budget</b>	<b>Expenditure to 31 March 19</b>	<b>Final Expenditure as at 31 July 19</b>	<b>Remaining</b>
Summer works 2018	£500,000	£500,000	£500,000	£0
SFC very high priority backlog maintenance	£1,245,457	£880,236	£1,230,216	£15,241
ICT replacement / upgrade	£250,000	£249,396	£249,396	£604
Other capital projects	£136,534	£136,534	£136,534	£0
<b>Total</b>	<b>£2,131,991</b>	<b>£1,766,166</b>	<b>£2,116,146</b>	<b>£15,845</b>

## Revenue

Table 4 below provides details on the revenue expenditure budget, the expenditure to 31 March (reported to BRIC in June 2019), the final expenditure as at 31 July 2019 and any balances remaining.

**Table 4**

<b>Projects</b>	<b>Revenue Budget</b>	<b>Expenditure to 31 March 19</b>	<b>Final Expenditure as at 31 July 19</b>	<b>Remaining</b>
Summer works 2018	£0	£0	£0	£0
SFC very high priority backlog maintenance	£519,292	£494,104	£519,292	£0
ICT replacement / upgrade	£0	£0	£0	£0
Other capital projects	£113,466	£99,437	£111,358	£2,108
<b>Total</b>	<b>£632,758</b>	<b>£593,541</b>	<b>£630,650</b>	<b>£2,108</b>

### **3. Proposals**

No further proposals are contained in this paper.

### **4. Consultation**

No further consultation is required.

### **5. Resource Implications**

All resource implications are detailed in section 2 above.

### **6. Risks**

A number of risks exist in relation to estates improvement projects especially in older buildings. Cost and time overruns are key risks particularly given limited funding. In addition, any major works over the winter period have to be carefully managed to ensure, for example, that they are not delayed due to adverse weather.

### **7. Equality Impact Assessment**

Equality Impact Assessments have been undertaken where necessary.

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## 8 Conclusion

The Business, Resources and Infrastructure Committee is asked to note the contents of this paper.

**Michael Breen**  
**Vice Principal, Finance**  
**2 September 2019**

*(James Thomson, Director of Finance, Student Funding and Estates)*

## Publication

This paper will be published on the College website.

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# SFC Call for information

## Financial forecast return (FFR) for further education institutions 2018-19 to 2023-24 and information on financial planning assumptions

Issue date: 21 June 2019

Reference: SFC/CI/04/2019

**Summary:** This Call for Information requests colleges / Regional Strategic Bodies to complete a medium-term financial forecast return for the period 2018-19 to 2023-24. The return should be sent to the Scottish Funding Council (SFC) by 27 September 2019.

**FAO:** Principals, Finance Directors and Board Secretaries of Scotland's Regional Colleges, non-assigned non-incorporated colleges, and Regional Strategic Bodies

**Further information:** **Contact:** Wilma MacDonald / Ann Robertson  
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 Promoting further and higher education

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## **Financial forecast return (FFR) for further education colleges 2018-19 to 2023-24 and information on financial planning assumptions**

### **Purpose**

1. This Call for Information requests a medium-term financial forecast return for the period 2018-19 to 2023-24. It also includes indicative assumptions that will assist institutions in their financial planning.
2. Regional colleges, non-assigned non-incorporated colleges, and Regional Strategic Bodies (RSBs) should send their returns to the Scottish Funding Council (SFC) by 27 September 2019.
3. For RSBs that are producing consolidated accounts in 2018-19, a single spreadsheet return should be prepared and sent to SFC. If consolidated accounts are not being prepared, individual returns will be required from the RSB for each of the assigned colleges.

### **Audit Scotland – Scotland’s Colleges Report 2019**

4. Audit Scotland published its report ‘Scotland’s Colleges 2019’ on 4 June 2019. Within the report there are recommendations relating to college financial plans for college boards and regional bodies, and SFC, as set out below:

“College boards and regional bodies should:

- Agree medium-term financial plans that set out the mitigating actions to ensure their college’s financial sustainability.
- Submit agreed medium-term financial plans to SFC along with financial forecast returns.

SFC should:

- Require colleges to submit medium-term financial plans to support FFRs in assessing financial sustainability across the sector”.
5. The financial information (including detailed commentary) requested in this Call for Information, when received by SFC, should ensure that the above recommendations can be considered actioned.

### **Financial forecast return**

6. The financial forecast return (FFR) is an established part of SFC’s financial health monitoring framework. The FFR, in providing financial projections over a six year period (the current academic year and the following five years), is a key

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source of information in enabling SFC to monitor and assess the medium-term financial planning and health of institutions.

7. For incorporated colleges, the additional information provided through monthly cash flow returns also feeds into SFC's monitoring and assessment of financial health.
8. SFC's Financial Memorandum with colleges and RSBs requires institutions to plan and manage their activities to remain sustainable and financially viable. **It is therefore critical that institutions take the necessary actions to balance their operating position, reflect these actions in their FFRs, and provide a full description of their financial plans in the FFR commentary.**
9. The FRS 102 accounting standard has brought about significant changes to the way some income, expenditure, assets and liabilities are reported in institutions' financial statements and has resulted in increased complexity and volatility in financial results from one year to the next. In addition, it is expected that most incorporated colleges will report deficits in their published accounts as a result of spend of the cash budget for priorities (CBP). SFC will take into account the 'adjusted' operating position, including CBP spend, and the cash generative capacity of institutions when monitoring financial sustainability. There is no change to the guidance on how the 'adjusted' operating position is calculated as set out in the 2018-19 Accounts Direction.
10. We have provided income and expenditure assumptions that should be used in preparing the financial forecasts (see [Annex B](#)). It is important to note that we have no information on Scottish Government budgets beyond Financial Year 2019-20 so these assumptions are indicative.
11. We would encourage institutions to also develop their own additional forecasts based on alternative planning scenarios if they believe these scenarios are more appropriate for their operating environment / circumstances. Any such alternative scenarios / forecasts should be described in the supporting commentary.
12. In general terms, this year's return follows a similar format to last year's FFR and 2017-18 annual accounts return. However, please note the following changes:
  - We have added a cash flow worksheet, which will give a more complete picture of institutions' financial performance.
  - A pensions worksheet has been added to capture details of employer contributions to the Scottish Teachers Superannuation Scheme (STSS) and Local Government Pension Scheme (LGPS) over the planning period. This is to allow SFC to understand the cost pressures brought about by the recent changes in employers contributions.

- Where possible we have linked cells in the 'adjusted operating result' sheet to other parts of the return.

### **Commercial Income**

13. There are specific requirements to provide commentary on commercial income - see [Annex A](#). SFC requires this information from each institution to assist in creating a picture of commercial income received across the sector (what it is, where it comes from, how it is funded and net contribution from such activity) and understand more about the barriers to generating commercial income for some institutions.

### **Arms-length foundations**

14. Arms-length foundations (ALFs) were established to mitigate the impact of incorporated colleges' reclassification as arms-length central government bodies. Surpluses generated from commercial activities can be donated to an ALF, and colleges are encouraged to maximise opportunities for commercial income generation. Further guidance on ALFs is provided at [Annex C](#).

### **Return of the FFR**

15. Guidance for completion of the return can be found in [Annex A](#) below. A blank copy of the spreadsheet is published along with this Call for Information on our website.
16. Institutions are required to complete both the 2017-18 actual figures and the forecast figures for the six following years. Please note that the guidance in [Annex A](#) requests a commentary on the financial forecasts which should cover the context in which the forecasts have been prepared.
17. Please enter explanations for significant variances on the spreadsheet. As with previous forecast exercises, we may come back to institutions with queries and requests for further details following our analysis of the forecast information.

### **Information requested**

18. Please email both a signed copy in PDF format and an electronic copy of the return in Excel format, and the financial commentary, along with a copy of the Committee or Board paper accompanying the FFR, which should include details of any additional planning scenarios that have been considered and approved by the institution's governing body, to SFC by 27 September 2019. If the schedule of governing body meetings makes it difficult to achieve this deadline, please contact us as soon as possible. In that instance, please provide a draft return by that date with the final approved version to be provided as soon as possible thereafter.

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19. Electronic copies of the return and supporting documents should be sent to [isg-returns@sfc.ac.uk](mailto:isg-returns@sfc.ac.uk).

**Further information**

20. Please contact Wilma MacDonald, Senior Financial Analyst, Finance (Tel: 0131 313 6565; email: [wmacdonald@sfc.ac.uk](mailto:wmacdonald@sfc.ac.uk)) or Ann Robertson, Senior Financial Analyst, Finance (Tel: 0131 313 6689; email: [arobertson@sfc.ac.uk](mailto:arobertson@sfc.ac.uk)) to discuss any aspect of this letter.



**Lorna MacDonald**  
Director of Finance

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## Guidance for completion

### Structure of the FFR

1. The FFR takes the form of an excel spreadsheet which has eleven sheets. A copy of the spreadsheet is published along with this Call for Information at [Annex B](#).
2. Ten of the sheets require input by the institution. We suggest the order of completion is:
  - (i) 'Staff costs and pension adjustments'.
  - (ii) 'Pension assumptions'
  - (iii) 'Arms-Length Foundation (ALF) funding'.
  - (iv) 'SoCIE'.
  - (v) 'Adjusted operating result' (all institutions) & 'Cash budget for priorities' (incorporated colleges only)
  - (vi) 'Balance Sheet'.
  - (vii) 'Cashflow'
  - (viii) 'Capital expenditure'.
  - (ix) 'Key risks'.
  - (x) 'Declaration'.

### Completion of the FFR

#### ***Input of financial forecast figures and comparatives***

3. The sheets in the spreadsheet contain blue highlighted boxes for the input of the actual and forecast figures.
4. Please note that only whole numbers can be input into the return. Please do not link the spreadsheet to another document or change the formatting in the spreadsheet.
5. Please enter explanations for any significant variances where appropriate.

#### **Sheets not requiring completion**

6. The Summary sheet does not require to be completed. This summarises various key figures from the spreadsheet and is calculated automatically.

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## Commentary

7. Institutions should also provide a commentary on the financial forecasts. This serves three purposes:
  - To explain how the financial forecasts represent the institution's strategic plan.
  - To enable a proper understanding of key aspects of the financial forecast.
  - To explain the actions taken by the institution to remain sustainable and financially viable.
8. The following areas should be covered by the commentary:

### ***Introduction***

This should cover the context in which the forecasts have been prepared. It should include an explanation of how the elements of the institution's strategic plan, human resource management strategy and estates strategy are reflected in the forecasts, and how these developments are to be financed.

### ***Review of financial performance 2018-19***

Discuss the key features of the latest forecast financial performance in 2018-19 and highlight positive and negative variances from previous forecasts (e.g. 2018 financial forecast return / 2019 mid-year return).

### ***SFC recurrent grant***

You should confirm your assumptions regarding SFC grant income which should be in accordance with the 2019-20 final funding allocations issued on 17 May 2019 ([SFC/AN/10/2019](#)), and supporting tables setting out assumed forecast funding for the period to 2023-24, attached to this communication.

Please also confirm your assumptions on SFC grant funding relating to increased STSS contributions, including amounts.

### ***Changes in tuition fee income and other income***

This should include details of the assumptions made regarding student numbers and the reasons for year-on-year movements in other sources of income.

### ***Commercial income***

You should document plans for commercial income generation and any barriers. Please also confirm what this activity is, how it will be funded and confirm the expected net contribution from such activity. Arms-length

foundations provide incorporated colleges with a continuing incentive to generate surpluses from commercial activities. Further detail is provided in [Annex C](#).

***Changes in staff and non-staff costs***

Discuss the reasons for year-on-year movements in pay and non-pay expenditure and the impact on non-pay expenditure of price changes and changes in the level of activity.

In particular the following areas should be addressed:

- Assumptions regarding pay awards and their impact on pay expenditure.
- Assumptions regarding utilisation of National Bargaining harmonisation / job evaluation funding.
- Assumptions regarding staff numbers, providing an explanation where staff numbers have increased by more than 2% on the previous year.
- Assumptions regarding future pension contribution costs.

***Cash budget for priorities (Incorporated colleges only)***

In providing details of proposed spend, you should refer to SFC’s communication of 21 December 2017 which set out the framework for spend of the fixed cash budget for priorities (CBP). Colleges have a fixed annual CBP budget which is set out in the table below.

<b>College</b>	<b>CBP £000</b>
Ayrshire College	1,324
Borders College	252
City of Glasgow College	1,156
Dumfries & Galloway College	390
Dundee & Angus College	1,055
Edinburgh College	2,547
Fife College	2,152
Forth Valley College	613
Glasgow Clyde College	612
Glasgow Kelvin College	442
Inverness College	496
Lewis Castle College	143
Moray College	424

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New College Lanarkshire	863
North East Scotland College	1,161
North Highland College	97
Perth College	529
South Lanarkshire College	197
West College Scotland	1,639
West Lothian College	190

***Balance sheet – cash position***

Due to the volatility of the operating position brought about by the introduction of the FRS 102 accounting standard, there has been an increased focus on the cash position of each institution in our analysis. Please provide detailed commentary about the institution’s operating cash position, especially if this position is deteriorating over the forecast or in any one year. The commentary should also highlight any expected breach of loan covenants.

***Risk management***

This should provide details of the key risks identified when preparing the forecast and details of the risk management strategies devised to deal with them.

Institutions should describe the corrective actions that would be taken to address identified risks. In addition, please provide details of the additional financial scenarios considered by the Board.

***Any other information***

This should provide any other information which you feel should be brought to our attention.

**Declaration**

9. The ‘Declaration’ sheet should be signed and dated by the Principal / Chief Executive Officer.

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## Key FFR planning assumptions

1. In order to assist colleges with planning and to ensure consistency across the sector, SFC has provided guidance below on key assumptions that should be used in producing financial forecasts. It is important to note that we have no information on Scottish Government budgets beyond Financial Year 2019-20 so these assumptions are indicative. Institutions should therefore also develop additional planning scenarios if they believe they are more appropriate for their operating environment / circumstances.
2. Key assumptions:

### ***Credits and teaching income (Core and European Social Fund activity)***

Core funding and additional funding for ESF activity for 2019-20 should be based on the final funding allocations announced on 17 May 2019 ([SFC/AN/10/2019](#)). Table 1 provides details of indicative funding allocations for the period to 2023-24 for planning purposes. It should be noted that funding has not been assumed to cover inflationary pressures as we continue to expect institutions to deliver efficiency savings of at least 3% per annum.

Table 2 assumes that there are no plans to revise activity targets for any region prior to 2022-23 when there will be a 2.9% reduction at sector level in activity – this is based on the assumption that the Developing Scotland’s Workforce (DSW) European Social Fund (ESF) programme will end in 2021-22. Due to demographic changes and other factors, it may be appropriate for institutions to consider an increase or reduction in the activity targets reflected in Table 2.

SFC plans to return to formula funding by 2022-23. SFC has taken the assumed activity levels (once the ESF project ends) and derived the funding levels for this activity based on the current credit funding model. In 2019-20, the National Bargaining harmonisation / job evaluation funding has been allocated in accordance with the Colleges Scotland costings. Under the formula model, the harmonisation / job evaluation costs will be spread across the sector by increasing the price per credit. Therefore, there will be a redistribution of harmonisation / job evaluation funding from some colleges to others. This is because funding is not shared equally in 2019-20 but will be used to increase the price per credit from 2020-21 which will spread the funding more equally across the sector.

SFC is aware that some colleges will find it challenging to transition to these funding levels by 2022-23 even though there will be a reduction in places to offset the reduction in funding. We therefore plan to use the £8 million SFC



contribution to ESF funding to mitigate the larger losses for 2022-23. Funding reductions have been capped at 4% for 2022-23. This mitigation is reflected in Table 1.

Institutions should use the planning assumptions set out in Table 1 and Table 2 to prepare the FFR. In addition, we would encourage institutions to develop additional alternative scenarios and consider how these would impact on forecasts. For instance, due to demographic changes and other factors, it may be appropriate for institutions to consider an increase or reduction in the activity targets reflected in Table 2. SFC will continue to work with the college sector and other key stakeholders, through the College Funding Group, on the development of SFC's funding model.

Clearly, **Regional Strategic Bodies** will need to advise their assigned colleges of their funding assumptions over the forecast period to 2023-24.

### ***Student support funding***

Colleges should assume that all student support funding requirements will be fully met.

**Regional Strategic Bodies** will need to advise their assigned colleges of their funding assumptions over the forecast period to 2023-24.

### ***Capital Maintenance***

SFC Capital Maintenance funding should be based on the final 2019-20 funding allocations announced on 17 May 2019.

**Regional Strategic Bodies** will need to advise their assigned colleges of their funding assumptions over the forecast period to 2023-24.

### ***Non-SFC income***

Assumptions for non-SFC income projections should be prepared taking account of local circumstances. Institutions will need to take account of the latest available information from staff with responsibility for securing and delivering non-SFC funded activity while taking account of anticipated levels of demand.

### ***Staff costs***

The impact of National Bargaining harmonisation / job evaluation costs for all staff and any workforce planning requirements should be incorporated in the FFR. Detail on this (up to and including 2019-20) has been provided by Colleges

Scotland though it should be noted that some of these costs are subject to change.

Institutions should also factor in cost of living pay award increases for lecturing staff and for support staff. For support staff, forecasts should reflect the agreed pay award up to August 2020, and provide for increases arising from the current job evaluation exercise. For lecturing staff, forecasts should be based on the recently ratified pay, and terms and conditions agreement. For all staff, institutions should apply the Public Sector Pay Policy for each of the remaining years in the forecast period. Scottish Government continues to expect institutions to deliver efficiency savings of at least 3% per annum which should be taken into consideration in meeting the cost of living pay awards. Incremental increases should also be reflected throughout the period, where appropriate.

Institutions should not assume increases in social security costs. Pension cost forecasts should reflect any known or expected increases to employer contribution rates. Employer contribution rates for the Scottish Teachers Superannuation Scheme are due to increase from 17.2% to 23% on 1 September 2019 until 31 March 2023. The Scottish Government has recently agreed to fund the additional cost of the increase for the period 1 September 2019 to 31 March 2020. Institutions should therefore assume additional SFC grant (on top of SFC funding set out in Table 1) to cover this additional cost during the period 1 September 2019 to 31 March 2020.

For the purposes of this financial return, institutions should assume this additional funding (to cover the forecast increase in STSS employer contributions arising from the rate increase) will continue throughout the planning period to the end of AY 2023-24. However, you should note that this is a planning assumption and no decision has been made concerning funding beyond 31 March 2020 in line with the communication dated 14 June 2019.

The impact of voluntary severance costs should be consistent with the movement in staff FTE numbers. Institutions should not assume that funding will be provided for voluntary severance costs, unless already agreed with SFC.

FRS 102 pension adjustments should be excluded from the forecasts.

### ***Non-staff costs***

Assumptions for non-staff cost projections should be prepared taking account of local circumstances. Institutions should use their current non-staff costs as a baseline and will need to take account of movements in associated income

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streams. Institutions should demonstrate where they plan to generate efficiencies, where applicable.

### ***Estates***

Assumptions for estates-related costs should be prepared taking account of local circumstances.

### ***Disposals***

Forecasts should reflect any planned property disposals and include both expected proceeds and costs of disposal. Institutions should assume that proceeds will not be retained by the Institution, unless specifically agreed with Ministers / SFC.

### ***Key risks***

The 'key risks' page requests institutions to set out material risks to income and expenditure and, if possible, quantify these risks. These risks should correspond with institutions' risk registers. It is expected that the results of this work will be reflected in the FFR financial commentary and associated papers that will be considered and approved by the institution's Governing Body.

Institutions are requested to provide a copy of the Governing Body papers to SFC along with the FFR, and other scenarios presented to the Governing Body, in order to provide assurance that robust planning arrangements are in place.

### ***Cash forecasting***

Institutions are required to provide high-level cash balances as part of the balance sheet projections for all years in the planning horizon.

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**Table 1: Funding allocations for 2019-20 to 2023-24 for planning purposes**

	2019-20 final funding allocations including ESF	2020-21	2021-22	2022-23 funding after ESF ends including mitigation and redistribution	2023-24	change in activity targets from 2019-20	change in funding from 2019-20
Ayrshire College	£35,690,150	£35,690,150	£35,690,150	£34,673,871	£34,673,871	-3.1%	-2.8%
Borders College	£8,890,605	£8,890,605	£8,890,605	£8,534,981	£8,534,981	-3.1%	-4.0%
Dumfries and Galloway College	£10,029,686	£10,029,686	£10,029,686	£9,628,498	£9,628,498	-3.1%	-4.0%
Dundee and Angus College	£28,947,218	£28,947,218	£28,947,218	£28,296,485	£28,296,485	-3.1%	-2.2%
Edinburgh College	£46,017,584	£46,017,584	£46,017,584	£45,867,512	£45,867,512	-3.1%	-0.3%
Fife College	£35,928,442	£35,928,442	£35,928,442	£34,491,304	£34,491,304	-3.1%	-4.0%
Forth Valley College	£22,924,102	£22,924,102	£22,924,102	£22,935,791	£22,935,791	-3.1%	0.1%
Glasgow region	£95,254,397	£95,254,397	£95,254,397	£94,574,403	£94,574,403	-3.1%	-0.7%
Highlands and Islands region	£46,852,301	£46,252,301	£45,652,301	£44,978,209	£44,978,209	0.0%	-4.0%
Lanarkshire region	£48,782,106	£48,782,106	£48,782,106	£47,851,848	£47,851,848	-3.1%	-1.9%
Newbattle Abbey College	£878,754	£878,754	£878,754	£878,754	£878,754	0.0%	0.0%
North East Scotland College	£32,884,955	£33,184,955	£33,484,955	£34,052,204	£34,052,204	-3.1%	3.5%
Sabhal Mor Ostaig	£1,685,901	£1,685,901	£1,685,901	£1,685,901	£1,685,901	0.0%	0.0%
SRUC	£9,041,679	£9,341,679	£9,641,679	£9,925,128	£9,925,128	0.0%	9.8%
West College Scotland	£41,940,804	£41,940,804	£41,940,804	£42,082,379	£42,082,379	-3.1%	0.3%
West Lothian College	£11,546,918	£11,546,918	£11,546,918	£11,085,041	£11,085,041	-3.1%	-4.0%
All colleges/regions	£477,295,599	£477,295,599	£477,295,599	£471,542,309	£471,542,309	-2.9%	-1.2%

**Table 2: Credit targets for planning purposes 2019-20 to 2023-24**

	2019-20	2020-21	2021-22	2022-23	2023-24
Ayrshire College	124,943	124,943	124,943	121,059	121,059
Borders College	25,646	25,646	25,646	24,848	24,848
Dumfries and Galloway College	30,176	30,176	30,176	29,238	29,238
Dundee and Angus College	107,735	107,735	107,735	104,385	104,385
Edinburgh College	187,947	187,947	187,947	182,103	182,103
Fife College	132,645	132,645	132,645	128,521	128,521
Forth Valley College	85,987	85,987	85,987	83,314	83,314
Glasgow region	385,860	385,860	385,860	373,863	373,863
Highlands and Islands region	110,382	110,382	110,382	110,382	110,382
Lanarkshire region	182,516	182,516	182,516	176,842	176,842
Newbattle Abbey College	921	921	921	921	921
North East Scotland College	135,490	135,490	135,490	131,277	131,277
Sabhal Mor Ostaig	799	799	799	799	799
SRUC	22,747	22,747	22,747	22,747	22,747
West College Scotland	164,119	164,119	164,119	159,016	159,016
West Lothian College	44,419	44,419	44,419	43,038	43,038
	1,742,330	1,742,330	1,742,330	1,692,353	1,692,353

### Arms-length foundations

Arms-length foundations (ALFs) were established to mitigate the impact of incorporated colleges' reclassification (as arms-length central government bodies) in relation to cash reserves and future surpluses, and therefore provide colleges with a continuing incentive to generate income from commercial activities. ALFs are independent charitable organisations and are only accountable to the Office of the Scottish Charity Regulator and Companies House where the legal form of the ALF is a company limited by guarantee. Given their independent status, neither the Scottish Government nor SFC can set priorities for how funding from ALFs is utilised.

Colleges can donate a commercial surplus to an ALF prior to the March year-end subject to having both the cash and resource budget cover to make the donation. Donations can be accrued subject to the College having a board minute approving the amount that will be donated by 31 March. Any plans to donate commercial surpluses to ALFs should be clearly set out in colleges' cash flow returns.

In some circumstances, as an alternative to donating a commercial surplus to an ALF, colleges can consider re-profiling funds through SFC over the financial year-end. This may be appropriate where the timing of expenditure spans the March financial year end. Advance notice and agreement with SFC is required. This option presents less risk given that there is no guarantee that colleges' funding applications to ALFs will be successful.

For the avoidance of doubt, ring-fenced funds such as SFC capital grant and student support funds cannot be donated to an ALF. Any underspend on ring-fenced budgets will revert to SFC.

ALF donations and utilisation of grants from ALFs are, and will continue to be, subject to a great deal of scrutiny therefore it is important that colleges maintain robust records and back-up documentation that justify payments, in particular evidencing that there is sufficient resource cover to make the donation. While colleges are no longer required to submit resource returns, they should continue to maintain records to demonstrate evidence of resource cover where a donation to an ALF has been made. SFC reserves the right to request further information from colleges in relation to ALF donations.

(P) Paper will be published on the College website

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