

Board of Management Finance and General Purposes Committee

Date: 17 September 2019

Time: 12midday

Room: Zest

A G E N D A

**Presented
by**

- | | | | |
|----|--------------------------------------------------------------------------------------------|------------|-------------------|
| 1 | Welcome and Apologies for Absence | | KMG |
| 2 | Declaration of Interest | | KMG |
| 3 | Minute of Meeting of 14 May 2019 | (attached) | KMG |
| 4 | Matters Arising | (attached) | AW |
| 5 | College Aged Debt Annual Report (includes approval for write offs) | (attached) | DT
(Dawn Tait) |
| 6 | National Bargaining – Update | (verbal) | AG |
| 7 | SoSEP Project Budget | (attached) | DT |
| 8 | Financial Update | (attached) | DT |
| 9 | Estates/Facilities Update (to include Carbon Management Plan | (attached) | AG |
| 10 | Colleges Scotland Draft submission to the Scottish Government’s
Spending Review 2020-21 | (attached) | DT |
| 11 | External Development - Income and Expenditure | (attached) | AG |
| 12 | 5-year Financial Forecast return to SFC | (attached) | JC |
| 13 | Strategic Risk Register | (attached) | JC |
| 14 | Any Other Business | | |
| 15 | Date and Time of Next Meeting - Tuesday 19 November 2019 at 12md | | |

Board of Management Finance and General Purposes Committee

Minute of the Meeting of the Finance and General Purposes Committee of the Board of Management of Dumfries and Galloway College, held on Tuesday 17 September 2019 at 12 noon in Zest, Dumfries Campus.

Present: Karen McGahan (Chair) Sue Livermore
Joanna Campbell

In attendance: Dawn Tait, Finance & Procurement Officer
Andy Glen, Vice Principal Business Development & Corporate Services
Brian Johnstone, Regional Chair
Ann Walsh, Board Secretary

Minute Taker: Heather Tinning, Executive Assistant

Apologies: John Henderson Ros Francis
Delia Holland (Observer)

1 Welcome and Apologies for Absence

The Chair welcomed all to the meeting. Apologies for absence were intimated on behalf of John Henderson, Ros Francis and Delia Holland (who would have attended as an observer).

The Board Secretary confirmed the meeting was not quorate. Although three committee members were present, the meeting was not quorate as only one committee member present was a non-executive Board Member. (The Quorum for the Finance and General Purposes Committee is three, of whom two are to be non-executive Board Members).

Although decisions cannot be made at the meeting due to not being quorate, members confirmed that they were happy for the meeting to go ahead and to proceed with the discussions, and to seek approval via email following the meeting for items requiring a decision. Decisions will be taken forward if approvals received are quorate.

Members present discussed the importance of the work of this committee and were concerned that the meeting was not quorate and discussed ideas that may help to improve attendance. Suggestions included an increase in numbers or a change in meeting time. The Regional Chair confirmed that these options could be discussed at the Board Development Committee.

Action: Discussion regarding membership of committees and options for timings of Board and Board Committee meetings to be included on the Board Development Committee Agenda

2 Declaration of Interest

Members agreed to indicate declarations of interest as appropriate throughout the meeting. Brian Johnstone confirmed his attendance, as Regional Chair of the Board.

3 Minute of Meeting of 14 May 2019

No amendments were required to be made to the Minute of the Finance and General Purposes Committee meeting held on 14 May 2019. Approval to be sought via email.

Action: The Board Secretary to email to Finance and General Purposes Committee members to seek their approval.

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4 Matters Arising/Action Monitoring Log - not included on the agenda

- 5) The Board Secretary confirmed that the Timetable of Works had been updated
- 7i) The Head of Curriculum is working on the Service Agreement to pass on responsibility to Dumfries and Galloway Council for the Spokes
- 7ii) The Head of Corporate Services and Project Manager to follow up with Bells Construction, to ensure that the college is not paying VAT on equipment that could be VAT exempt
- 8) The 2018/19 Flexible Workforce Development Fund (FWDF) allocations had been finalised. The Head of Finance and Head of Business Development will look at the FWDF going forward. The Income is included in the External Development Report.
- 11i) The Zero-based budgets are still being finalised, due to an additional review of the work undertaken. The final document will be completed by the 27th September.

Action: The Final document to be circulated to the Finance and General Purposes Committee requesting approval from members to recommend to the Board

4.2 Timetable of Work

The Board Secretary reported that the only change had been to remove the Student Association budget from the timetable of work for the committee.

5 College Aged Debt Annual Report (includes approval for write offs)

The Finance & Procurement Officer spoke to the report which had been issued, advising that following a request at the last meeting for information, the £59 balances to be written off were related to unpaid PVGs; £80 related to an external development REHIS course, where no prepayment had been taken. The Student did not attend the course.

Tighter processes are now in place for chasing debt, which are reflected in the three low amounts being requested to be written off. These being:

Amount £	Debt Type	Date
59.00	Fees/PVG	22/01/2018
59.00	Fees/PVG	22/01/2018
80.00	Fees	19/12/2018

The Finance department has had a big reduction in the number of invoices raised throughout the year, following the policy for payment in advance.

Action: The Board Secretary to email to Finance and General Purposes Committee members to ask for their approval to write off the proposed debts identified in the report issued to members

6 National Bargaining Update

The Vice Principal Business Development and Corporate Services provided an update on National Bargaining, including:

- An agreement was reached between EIS and Management, awarding Lecturers a £1500 consolidated award, this being an increase of 7-9%
- Support services pay rise between 2-3%
- The impact on the staffing budget is covered within agenda item 8

Members noted the position.

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7 SoSEP Project Update

The Finance & Procurement Officer spoke to the report which had been issued, highlighting key points:

- In terms of monitoring spend and re-forecasting, there is a slight delay in the build
- The college is on target to spend all money by 31 March 2020, within budget
- All money has been drawn down. The Scottish Funding Council request a cash flow on a monthly basis
- There will be a retention held by college

Members noted the SoSEP Project update.

8 Financial Update

The Finance & Procurement Officer spoke to the report which had been issued, highlighting key points:

- The Auditors are due in to college from Monday 30th September for two weeks to undertake an External Audit of the Financial Statements
- The Cash flow projections have been completed for the year. Cash flow returns are monitored monthly
- The Finance Department complete weekly payment runs to suppliers which allow more control of outstanding debt
- The Finance Department have also been tightening up on procedures in the department, for example ensuring policies and procedures are being followed. In terms of procurement, also ensuring staff are following procedures
- Committee members were advised that there will be no further funding available for increased staffing costs
- The college is due back-dated income for 2 years in relation to CITB Modern Apprenticeships (MA), this being £4,500 per MA
- Recent reductions have been made in college hospitality spend. All hospitality spend is now authorised by Head of Services and Budget Holders only

Action: The Board Secretary to seek any comments from Finance and General Purposes Committee members on the Finance Update

Members noted the Financial Update.

9 Estates/Facilities Update (to include Carbon Management Plan)

The Vice Principal Business Development & Corporate Services provided an update to members, highlighting key points, including:

- The college has achieved an overall reduction of around 23% in 3 years. This is impressive and has exceeded the target set by the government of 20% in 5 years.
- The Vice Principal also reported on other sources of energy saving which the college have invested in including Ground source heat pump system, rain water harvesting and tesla wall
- The sports hall in the Dumfries Campus has new efficient LED lights

Discussion followed on how the college shares and promotes the good news in terms of Carbon Reduction with wider stakeholders.

Members thanked the Vice Principal for the update and recognised the excellent work undertaken by the college.

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10 Colleges Scotland Draft Submission to the Scottish Government's Spending Review 2020/2021

The Principal spoke to the Colleges Scotland draft submission to the Scottish Government's Spending Review of 2020/2021 – 2022/23. The Principal also reported on key pieces of work being undertaken on to analyse both the societal and the economic impact of the college sector. The Principal also advised that there will be an increased focus on upskilling and reskilling.

11 External Development – Income and Expenditure

The Vice Principal Business Development & Corporate Services spoke to the report which had been issued, highlighting key points:

- The Profit from external developments for 2018-19 was £398,281, this includes fee income and income from credits
- Income from credits averages at £213 per credit
- The Vice Principal advised members that he is looking at efficiencies and increasing fee income moving forward

Decision:

Members noted the External Development Income and Expenditure for the year ended 31 July 2019

Actions:

- The Finance & Procurement Officer to provide a comparison of two year's figures including a split of Fees and Contracts to the Board Secretary for distribution to the committee
- The SDS contract to be available for members at the next Finance and General Purposes Committee in November

12 5-Year Financial Forecast Return (FFR) to SFC

CONFIDENTIAL PAPER TO COMMITTEE MEMBERS ONLY

The Principal spoke to the 5-Year Financial Forecast Return (FFR) to the Scottish Funding Council. The college is required to submit a 5-year FFR to the SFC annually. This paper is confidential and is due for submission by 27th September 2019 to the SFC, this falling before the Board meeting on 8th October.

This committee is required to approve recommendation of the FFR to the Board for Board approval. The Board is then required to approve the FFR before it is submitted to the SFC. Members asked that an extension be requested from the SFC to delay the return to allow time for this to be considered and approved by the Board at its meeting on 8 October 2019.

The Principal and the Head of Finance are working on the Transformation Plan, including the spend profile to be brought back to the March Board.

Actions:

- The Head of Finance to seek an extension of time from the Scottish Funding Council
- The Board Secretary to seek comment/concerns/additional input from Finance and General Purposes Committee members, and if agree, approval for recommendation to the Board
- The Principal and the Head of Finance to present the Transformation Plan, including the spend profile at the Board of Management Meeting in March 2020

Board of Management Finance and General Purposes Committee

13 Strategic Risk Register

The Principal spoke to the Strategic Risk Register, which had been issued, identifying the following changes:

- 2.2 – Failure to achieve institutional sustainability
 - increased to high risk, in light of increased staffing costs following nationally agreed Lecturer pay settlement and increased pension costs
- 3.5 – Industrial Relations Problems (including industrial action)
 - reduced from a high risk of 20 to 4
- 3.9 – Failure to reach aspirational standards in learning, teaching and service delivery
 - Various measures are in place
- 3.12 – Failure to reach contractual agreement with CITB regarding delivery of Construction related Apprenticeships
 - This risk has been reduced, following agreement reached with CITB

Action: The Board Secretary to seek approval from Finance & General Purposes Committee members to approve the Strategic Risk Register

14 Any other business

14.1 Financial Costs

The Chair raised a concern on behalf of a member unable to attend the meeting. Are there any financial/ongoing implications resulting from the recent problems regarding assessments and the requirement of staff to work extra hours to resolve this.

Members were reassured that tighter controls and procedures have been implemented. Members confirmed that they were comfortable with this reassurance.

15 Date and Time of Next Meeting

The date and time of the next Finance and General Purposes Committee is Tuesday 19 November 2019 at 12 noon.

Board of Management Finance and General Purposes Committee

Minute of the Meeting of the Finance and General Purposes Committee of the Board of Management of Dumfries and Galloway College, held on Tuesday 14 May 2019 at 12 noon in Room 2009, Dumfries Campus.

Present: Karen McGahan (Chair) Sue Livermore
Andy Glen (Acting Principal) Ros Francis
John Henderson

In attendance: Karen Hunter, Head of Finance
Brian Johnstone, Regional Chair
Ann Walsh, Board Secretary

Minute Taker: Heather Tinning, Executive Assistant

1 Welcome and Apologies for Absence

The Chair welcomed all to the meeting, in her new position as Chair of the Finance & General Purposes Committee.

The Board Secretary confirmed the meeting was quorate.

2 Declaration of Interest

Members agreed to indicate declarations of interest as appropriate throughout the meeting.

3 Minute of Meeting of 26 February 2019

The Minute of the Finance and General Purposes Committee meeting held on 26 February 2019 was approved.

4 Matters Arising/Action Monitoring Log not included on the agenda

4.1 College Arm's Length Foundation (ALF) has now been dissolved

Action: The Chair to update the Board with regards to the College Arm's Length Foundation (ALF) at the Board meeting on 4th June

4.2 Amendment to F&GP Terms of Reference

Approval given from the Board. The Quorum is now "3 members, of whom 2 to be non executive Board Members".

5 Timetable of Work

A change was proposed, to move the External Development Income and Expenditure report from May to September, to enable a full year to be reported.

Decision: Members approved the change

It was noted that it was agreed at the last meeting for the Student Association Accounts to be removed from the timetable, this will be removed

During discussion regarding the timetable, the Acting Principal advised that a regular SoSEP report was presented to the Board. A paper is also presented to the Learning and Teaching Committee in terms of curriculum, and a report presented to this Committee in terms of Finance.

Action: The Board Secretary to update the Timetable of Work

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6 National Bargaining Update:

The Acting Principal provided an update on National Bargaining, highlighting key points:

- Nineteen National Meetings have taken place
- Planned Industrial Action is going ahead this week, however SQA Exams will continue as normal
- No further talks are scheduled at present
- The 'Withdrawal of Good Will' impacts on results being entered into the college system and the processing of results – 17,525 results are still to be input. Management are developing a plan to manage this, which includes Management Staff and the Curriculum Managers entering results. A Timeline and formal communication will be issued to Staff
- The Management Team are focusing on minimising any impact on students

Members noted the position.

7 SoSEP Project Update

The Head of Finance spoke to the report which had been issued, highlighting key points:

- The report includes the actual cash flow spend up to date and projected spend up to August
- The spend to date is less than originally anticipated as construction work did not start until the beginning of April
 - Head of Finance reported approximately £332,000 paid up to end of April
 - Approximately £40,000 expected spend for wind turbine

During discussion, the following point were made

- Recent discussions have taken place with Managers regarding the hubs and spokes including the digital classrooms
- In terms of the ongoing expenditure for the spokes, the ongoing maintenance will be paid by the schools
- Members were pleased to note that Contractors on site undertaking the current building works are local firms
- Although the construction work started later than planned, there is no slippage with the Project, which is still on track for completion at the end of August 2019
- The Head of Finance confirmed that there are no financial concerns, however should any major issues arise she would contact the Chair of the Finance and General Purposes Committee
- The Chair advised that Disabled Facilities are exempt from VAT

Actions:

- The Head of Finance to check the ownership of the Assets in terms of the spokes
- The Head of Finance to ensure that any saving on VAT for disabled facilities are achieved

Members noted the SoSEP Project update.

8 Financial Update

The Head of Finance spoke to the report which had been issued, highlighting key points:

- Payroll costs more than expected up to date
- Going forward, uncertain of payroll costs up to end of year

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- The Committee advised that they were keen to keep a small contingency in place and not get into the habit of a deficit every year. If the extra credits were sought from the bids through SoSEP, this would meet the needs of the Committee
- The SFC highlighted that they will fund costs back dated to September 2018 for Support Staff Job Evaluation
- The SFC agreed can draw down approximately £162,000 for the year, in terms of Flexible Workforce Development Fund

Action: Flexible Workforce Development Fund/Generating Income to be brought back to the agenda at a later date, including a report on 'Projected Increase in Activity'

Members noted the Financial Update.

9 Estates/Facilities Update

The Acting Principal provided an update to members, highlighting key points, including:

- Estates Team busy with Project Works
- In terms of Carbon Reducing Energy Saving Projects, if affordable, the team would wish to change the lighting in sports hall this year
- Baseline sessions for ICT have recently taken place
- ICT/IS Team are creating a joint Learning Virtual Environment, ie Joint Moodle
- There was a need for a Fire Evacuation last week, although not planned it provided a test of the plan while the temporary access due to the building works is in place. This was well managed and although exams were taking place at the time, staff managed this situation well, monitoring those students taking exams and keeping them apart from others evacuated from the building.
- There are no major incidents to report on Health & Safety
- The Health & Safety Committee meeting is scheduled for 20 May

Members thanked the Acting Principal for the update and recognised the excellent work identified in the verbal report.

10 Scottish Government Draft Budget for the Sector - Update

The Head of Finance reported that the SFC are still looking at allocations across the college sector, advising that there are no further updates to date from the SFC.

11 College Budget Setting

The Acting Principal and Head of Finance spoke to the report which had been issued, highlighting key points:

- The final allocation to be received later this year
- Budget based on actual spend last year and forecast this year
- Zero based budget factored into draft budget for next year. Training has taken place, with further training to be offered to staff
- The budget has factored in projected pay awards and pension costs based on the Public Sector Pay Award and expected changes in employer pension contributions. This may be subject to revision. Members discussed their concern for salary costs
- Finance & General Purposes Committee discussed their concerns over the Capital Maintenance Grant which has decreased by 52%

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Decision: The Finance & General Purposes Committee recommend the Indicative Budget to be approved by the Board

Actions:

- The Head of Finance to present a report on Zero Based Budget at next Committee meeting
- The Head of Finance to share the updated Budget with Committee members in advance of the next Board meeting
- The Indicative College Budget to be recommended to the Board for approval at the meeting in June 2019

12 Strategic Risk Register:

The Acting Principal spoke to the Strategic Risk Register, in particular risks relevant to the Finance and General Purposes Committee.

The Finance & General Purposes Committee discussed and approved the Strategic Risk Register, with no amendment.

13 Any other Business

None.

14 Date and Time of Next Meeting

The date and time of the next Finance and General Purposes Committee is Tuesday 17 September 2019, 12 noon.

Finance & General Purposes Committee

<u>Matters Arising</u>				
Agenda Item No	Agenda Item & Action	Date to be Completed	Responsible Manager	Progress as at 12 Sep 2019
Meeting of 14 May 2019				
5	The Board Secretary to update the Timetable of Work by removing Student Association Accounts reports	17 May 2019	Board Secretary	√
7 i	Check the ownership of the Assets in terms of the spokes		Head of Finance	The Head of Curriculum (Professional Services) is working with the Chief Education Officer at Dumfries and Galloway Council to draft a Service Level Agreement for the equipment, which will pass to D&G Council's ownership
7 ii	Ensure that any saving on VAT for disabled facilities are achieved		Head of Finance	Head of Finance has flagged up with the Project Manager
8	Flexible Workforce Development Fund/Generating Income to be brought back to the committee, at a later date, including a report on 'Projected Increase in Activity'		Head of Finance	The drawn down of funds and activity for the 2018-19 FWDF allocation is currently being finalised, and the Head of Finance will liaise with the Head of External Development to prepare a report
11 i	Zero Based Budget to be presented at next Committee meeting	17 Sep 2019	Head of Finance	A verbal update will be provided at the 23.09.19 meeting, with a full report to be completed thereafter
11 ii	The Head of Finance to share the updated Budget with Committee members in advance of the next Board meeting	10 Sep 2019	Head of Finance	A verbal update will be provided at the 23.09.19 meeting, with a full report to be completed thereafter
11 iii	The Indicative College Budget to be recommended to the Board for approval at the meeting in June 2019	4 June 2019	Chair of F&GP/F&G P Member	√

Finance & General Purposes Committee

Timetable of Work (Papers) for the Finance & General Purposes Committee

	September	November	February	May
Required papers per Government Financial Memorandum. Delegated to F&GP by the Board				
Annual Financial Statements		✓		
College Budget setting				✓
Approval for revision to College budget (if needed)	✓	✓	✓	
College Aged Debt Annual Report to include approval for write offs	✓			
SFC 5 year Financial Forecast return	✓			
Papers requested by the Committee				
Matters arising	✓	✓	✓	✓
National Bargaining – verbal update	✓	✓	✓	✓
Financial Update to include management accounts and cash flow	✓	✓	✓	✓
Estates/Facilities Updates to include - Carbon Management plan	✓	✓	✓ ✓	✓
Update on Scottish Government Draft Budget for the sector			✓	
External Development Income and Expenditure	✓			✓
Update on SFC College Grant Allocation/ Capital Grant				✓
Papers requested by other Committees				
Annual F&GP Report to the Board (Board)	✓			
Strategic Risk Register (Audit)	✓	✓	✓	✓

Finance and General Purposes Committee

Aged Debt Report as at July 2019

1. Introduction

- 1.1 The purpose of this report is to provide an update to members on the College debtor balances and any bad debts arising in the period since 01 August 2018.
- 1.2 The value of sales invoices issued by the College on an annual basis is relatively small in comparison to total income. The majority of College income relates to grant funding from the Scottish Funding Council, and other grants, which are received at agreed stages during the year. Approximately 615 invoices were issued in 2018-19, a reduction of 190 compared to the 805 the previous year, which represents less than 10% of college income. The External Development team and other teams across the College actively encourage prospective students to book and pay for short courses in advance, which minimizes the number of invoices which require to be issued.
- 1.3 The number of reminder letters issued for late payments each year is relatively low in comparison to total College income. In addition, the debts which are eventually forwarded to debt collection agents to pursue is very small in comparison to the total invoices raised each year and generally relate to invoices for student support which have been unpaid.

2. Summary of Aged Balances at July 2019

	<u>July 2018 Total</u>	<u>July 2019 Total</u>	<u>Current</u>	<u>1 Month</u>	<u>2 Months</u>	<u>3 Months</u>	<u>3 Plus</u>	<u>No of Debts</u>
Client	58,163	53,220	11,413	41,207	600	-	-	19
Student	-8,593	896	514	263	-80	-	199	9
Bursary 2018/19	2,686	534	-	-	-	-	534	1
Total	52,256	54,650	11,927	41,470	520	-35	733	37

- 2.1. Overall debtor balances have increased by £2,394 since July 2018. The overall level of outstanding balances at this time is consistent with the same period last year, and includes a number of invoices for student fees as well as invoices to clients for work-based learning, and some students who have paid in advance for 2019/20 fees.
- 2.2 The College continues to ensure that debtor balances are current and recoverable by following the agreed procedure for reminder letters, with difficult cases being referred to the debt collection agents to pursue.

Finance and General Purposes Committee

3. Breakdown of debtor balances

- 3.1 Client debt has decreased by £4,943 from balances at July 2018. Total client debt at 31 July 2019 was £53,220 and is made-up of three larger invoice for apprenticeship fees, Princes Trust grant and University of West of Scotland teaching hours and of which have now been paid. The balance of £10,596 was made up smaller balances, of which some have since been paid.
- 3.2 The total level of student debt has increased by £7,697 since July 2018. The increase reflects a number of students fees being received in advance of 2018-19 at July 18. There was also a few smaller invoices raised in advance for 2019-20. Reminder letters have been issued in accordance with College procedures for the remaining outstanding debt.
- 3.3 Bursary debt has decreased by £2,152 since July 2018. The balance of £534 consists of one invoice, which has been through the debt collection process and is now being paid in instalments.

4. Bad debt provision

- 4.1 There is a reduction of the provision in the accounts at 31 July 2019, which reflects the low balance of debts over 3 months old.

5. Debt collection agents

- 5.1 The total balance currently at the final stage of debt collection amounts to £732 and is being handled by TNC. Of this balance, £198 relates to course fees, with the bursary debt making up the remaining amount of £534.

6. Balances to write-off

- 6.1 Three balances have been pursued through the debt collection agents and have now been classed as irrecoverable by them as noted below. The committee is asked to approve the following balances for write-off:

<u>Reference</u>	<u>Amount £</u>	<u>Debt Type</u>	<u>Date</u>
0800478	59.00	Fees/PVG	22/01/2018
1700980	59.00	Fees/PVG	22/01/2018
1803049	80.00	Fees	19/12/2018

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- 6.2 A table is attached in the Appendix, which shows the debts written-off in each of the previous six years.

7. Recommendation

- 7.1 Members are requested to note the aged debt balances at July 2019 and approve the proposed balances for write-off.

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Appendix

Summary of amounts previously written-off:

Year debt was written-off	Year of original debt:						
	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12
2018/19	2,750.82						
2017/18		1,555.55	283.56				
2016/17			3,534.67				
2015/16				1,636.62	691.00		
2014/15					7,025.33		
2013/14						8,107.20	634.42
2012/13							200.00
2011/12							
	2,750.82	1,555.55	3,818.23	1,636.62	7,716.33	8107.20	834.42

Finance and General Purpose Committee

South of Scotland Economic Partnership (SoSEP) Project Budget

1 Background and Purpose of the Report

The South of Scotland Economic Partnership (SoSEP) awarded total funding of £6,680,919 for a joint project between Dumfries and Galloway and Borders Colleges, which will create a network of Science, Technology and Maths (STEM) hubs across the South of Scotland as well as Spokes located across the region which will provide a digital learning platform.

Dumfries and Galloway College's share of the funding is £4,402,019, and SFC are monitoring expenditure on the project from monthly joint budget returns and Progress Reports.

This report provides an updated summary of the budget for the SoSEP Project.

2 Budget and spend to August 2019

Dumfries and Galloway College's share of the total project expenditure to 31st August amounts to £1,823,495. The majority of the expenditure has been incurred on construction of the STEM Hubs, and purchase of Virtual classroom technology equipment has been purchased at both college sites (Dumfries & Stranraer) and for The Bridge (part of Dumfries Learning Town) and all of the spokes.

Curriculum development is underway with lecturers being supported by our new e-learning technologist officer and e-learning technologist support. These posts are instrumental in directing new technologies which are being embedded into the teaching and learning material to change how we deliver the curriculum, and the costs for the project staffing have been reflected in the budget report.

The remaining budget is currently being reviewed, as some costs have been lower than initially expected, and some additional costs incurred in other areas. The net impact is being assessed to ensure that the overall costs will be within budget.

The budget and actual costs are reviewed on a monthly basis, and a return to SFC is made together with Borders College. A detailed breakdown of the Dumfries and Galloway College elements of the budget and actual spend up to 31st August 2019 is attached in the Appendix to this report.

5 Recommendation

Members are asked to note the report.

Comparison of planned against actual expenditure to 31.08.19:

Expenditure	Revenue/ Capital	Planned	Actual	Variance
Planning application	Revenue	£5,000	£5,000	£0
Centre Construction works 1 - Stranraer	Capital	£472,970	£403,659	£69,311
Centre Construction works 2- Dumfries Renewable Technolo	Capital	£584,674	£576,360	£8,314
Centre Construction work 3 – Dumfries Care and STEM	Capital	£221,188	£262,518	-£41,330
Hub Development. Dumfries and Stranraer IT	Capital	£102,134	£25,734	£76,400
Hub Development Dumfries-Care Technology Kits	Capital	£131,075	£31,535	£99,540
Hub Development Dumfries-Renewable Technology Kits	Capital	£140,225	£60,225	£80,000
Professional fees-Dumfries Renewable Technologies Centre	Revenue	£106,239	£104,126	£2,113
Professional fees-Dumfries Care Hub and STEM Centre	Revenue	£77,317	£70,172	£7,145
Professional fees-Stranraer Engineering	Revenue	£92,803	£85,658	£7,145
D&G - Spoke Development	Revenue	£324,587	£166,236	£158,351
D&G - Project Management & Support	Revenue	£32,272	£32,272	£0
D & G Articulation	Revenue	£11,220	£11,220	£0
Total		£2,301,704	£1,834,715	£466,989

Finance and General Purposes Committee

Financial Update

1. Purpose of Report

- 1.1 Financial planning and monitoring are key elements of the College's Finance Strategy and this report is intended to provide an update on key areas to help to ensure that the Finance and General Purposes Committee are aware of the current financial position.
- 1.2 This report gives an update on the following areas:
- Out-turn for 2018-19;
 - Budget for 2019-20;
 - Cash flow forecasts; and
 - Long-term planning;
 - Proposed changes to procedures.

2. Out-turn for 2018-19

- 2.1 The accounts for the year ended 31 July 2019 are currently being drafted. The draft figures indicate that a break-even out-turn was achieved, but this is subject to change when some outstanding details are known, including CITB income, and other costs incurred at the year-end.
- 2.2 The costs of the Lecturing Staff pay award were higher than previously estimated, and the increased costs up to 31 July will be reflected in the accounts.
- 2.3 Some further adjustments will be applied for the year-end financial statements, including a valuation for the LGPS Pension Scheme as well as the work done on the STEM hubs up to the year end.
- 2.4 The accounts will be subject to external audit at the end of September.
- 2.5 In addition to the figures in the financial statements, a narrative report is included which provides an overview of the College's financial performance during the year,

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but also strategic outcomes, student achievements, developments and key risks. This narrative will require input from CLT to ensure it shows a comprehensive and accurate review of the year as well as future developments.

3. Budget for 2019-20

- 3.1 The budget setting process for 2019-20 was based on a 'Zero-based' budget process and involved detailed meetings with budget holders with the aim of ensuring that the budget was based on essential requirements rather than a historic allocation of funds.
- 3.2 The budget process has taken longer than anticipated due to the detailed review work which has been undertaken.
- 3.3 The non-staff allocation from the draft budget amounted to £2.4m, which is £134,000 less than the total requests from the budget process. The Heads of Service have been asked to review budget requests for their areas with a view to reducing the requests and ensuring that they represent the essential requirements only.
- 3.4 In addition, the increase in pay levels for Lecturing Staff have increase the payroll budget from the original budget.
- 3.5 The budget is currently being assessed and changes to pay forecasts and other costs are currently being calculated. Initial calculations indicate that the forecast pay costs have increased significantly, and the Executive Management Team are reviewing this in detail to assess what actions will be required.

4. Cash Flow Forecasts

- 4.1 The College's 'core' cash balances represent approximately 15 days' worth of expenditure and require to be monitored carefully throughout the year.
- 4.2 The balance at 31 July 2019 amounted to £3.6 m and included SoSEP grant drawn in advance of expenditure for the project.

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4.3 Projections have been prepared for the monthly cash flow up to July 2020, which include the forecast remaining expenditure for the SoSEP project and other income and costs. A copy of the projections is included as a n Appendix to this report.

4.4 The cash balances are expected to be low at 31 March 2020 but will be dependent on timing of invoices for payment and income due to be received.

5. **Proposed changes to procedures**

5.1 The budget review and budget analysis work has highlighted some areas which could be improved to ensure consistency and increase budget control. The changes proposed are as follows:

- Purchase Orders to be raised for all purchases to ensure the expenditure has been approved;
- Software and other IT/ IS requests – to be included in the IT and IS budgets to ensure compatibility with college systems and avoid any duplication;
- Maintenance requests – to be made via the Estates team, who will administer the budget for estates developments and changes;
- Developments and equipment requests – to be made as part of the Operational Planning process, with requests to be collated and approved by the Executive Management Team;
- The procedure for ordering Internal Hospitality has been revised and should provide more control over hospitality expenditure.

Dumfries and Galloway College
Cash Flow Projections for 2019-20

	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
01 September 2019	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-19	May-19	Jun-19	Jul-19	Forecast AY 2019-20
Forecast 19-20	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Income													
SFC Grants													
SFC Core Grant	1,000,000	712,830	775,817	775,817	875,817	775,817	775,817	375,818	822,661	903,483	903,483	903,485	9,600,845
SFC additional Support pay NB	17,417	17,417	17,417	17,417	17,417	17,417	15,103	-	17,417	17,417	17,410	17,400	189,249
SFC Other	3,996	3,996	3,996	3,996	3,996	3,996	3,996	4,028	4,000	4,000	4,000	4,000	48,000
Scottish Teachers Superannuation scheme		16,857	16,857	16,857	16,857	16,857	16,857	16,858					118,000
Access to sanitary products	-		17,500						17,500				35,000
Flexible Workforce Development Fund 2019-20	-		40,594			40,594			40,594			40,595	162,377
Student Support													
Bursary	250,000	201,982	201,982	151,982	151,982	151,982	151,982	151,987	274,424	274,424	274,424	-	2,237,151
Capital Maintenance - revenue						184,000							184,000
EMA Admin	3,000				12,000			-					15,000
EMA Student Maintenance	480	23,729	24,209	24,209	24,209	24,209	24,209	24,209	24,209	24,209	24,214		242,095
Other Income													
Other grant income		2,000			12,000								14,000
HE Hardship	40,910	-	-	-	-	11,590	-	-	7,500	7,500	7,503	-	75,003
SAAS Fees						475,450							475,450
Re-charges - UWS/ GI. Uni/ DGC	11,088				68,694				90,000				169,782
Other cash received in SDS	69,994	84,474	77,234	77,234	77,234	77,234	77,234	77,234	77,234	77,234	77,234	77,237	926,811
Total cash in	1,396,885	1,063,285	1,175,606	1,067,512	1,260,206	1,779,146	1,065,198	650,134	1,375,539	1,308,267	1,308,268	1,042,717	14,492,763
Expenditure													
Payroll	926,318	786,907	786,907	786,907	786,907	786,907	786,907	786,904	804,333	804,333	804,333	804,337	9,652,000
SFC Additional Campus Manager	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	48,000
EMA payments	180	24,029	24,209	24,209	24,209	24,209	24,209	24,209	24,209	24,209	24,214	-	242,095
SFC Bursary and other student support payments (inc. student transport)	2,409	400,422	201,982	201,982	201,982	201,982	201,982	201,987	274,424	274,424	274,424	-	2,438,000
HE Hardship	-	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,503		75,003
PL payments (excl student transport)	147,490	184,592	166,041	116,041	166,041	216,041	166,041	166,041	166,041	166,041	166,040	166,050	1,992,500
COSEP Project costs - revenue Salaries	4,255	4,255	4,255	4,255	4,255	4,255	4,255	4,255					
COSEP Project costs - revenue	12,411	553,970											566,381
COSEP Project costs - Capital - Buildings	467,637	599,828	599,827										1,667,292
COSEP Project costs - Capital - F&F	-	565,408											565,408
COSEP Project costs - Capital - IT	-	234,706											234,706
Very High Priority Capital Maintenance	-	28,307											28,307
Scottish Colleges Foundation - capital	-	14,000											14,000
Scottish Colleges Foundation - revenue	-	48,808											48,808
SFC Capital Maintenance grant - Spend						184,000							184,000
Other payments	6,666	18,334	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	150,000
VAT		1,875			1,875		1,875				1,875		7,500
Total cash out	1,571,366	3,476,941	1,807,221	1,157,394	1,209,269	1,441,394	1,207,394	1,209,271	1,293,007	1,293,007	1,294,889	986,887	17,914,000
Net cash inflow/(outflow)	(174,481)	(2,413,656)	(631,615)	(89,882)	50,937	337,752	(142,196)	(559,137)	82,532	15,260	13,379	55,830	174,481
Balance b/f	3,656,709	3,482,228	1,068,572	436,957	347,075	398,012	735,764	593,568	34,431	116,963	132,223	145,602	3,656,709
Balance c/f	£3,482,228	£1,068,572	£436,957	£347,075	£398,012	£735,764	£593,568	£34,431	£116,963	£132,223	£145,602	£201,432	£3,482,228

Finance and General Purposes Committee

Corporate Services Update Report

1 Introduction

The purpose of this paper is to provide the Finance and General Purposes Committee with an update on the Estates Services area of the College.

2 Estates Department

The majority of the Estates work has been to deliver against the very high priority actions as per the Scottish Funding Council's condition survey, as previously distributed.

The College managed to deliver additional actions on this due to lower than anticipated costs as highlighted in the below table.

Dumfries Actions				
Action	Proposed time	Cost	Actual Costs	Status
Investigate cracking on exit stair slabs	Early August	£7,000	£300	Complete
Intrusive survey for stairwells	January	£10,000	£9,312	Complete
Fire Dampers-Access and full service	October	£12,000	£9,184.48	Complete
Emergency Lighting Repairs	March	£14,000	£13,160.00	Complete
Address heating on ground floor	October	£30,000	£35,803	Complete
Address areas of floor finishing	Ongoing	£10,000	£4,722	Complete
Decoration	Ongoing	£8,000	£2,169	Complete
Total			74650	

Stranraer Actions				
Action	Proposed time	Budget Cost	Actual Costs	Status
Roofing repairs	August	£10,000	1560	Complete
Treatment of exposed lintels	October	£10,000	2853	Complete
Local door overhauls	February	£20,000	20288	Complete
Phase 2 of Stranraer Heating Works	Feb-19	£31,000	50818	Complete
Upgrade of flooring	Ongoing	£10,000	5880	Complete
Decoration	Ongoing	£5,000	5700	Complete
Total			87099	

Additionally, the Estates team delivered a further £44,264 of additional works from the operational budget.

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These works included but are not limited to:

- Revamp of the refectory at Stranraer to allow for hot food delivery.
- Room changes including new executive team offices, alterations to workrooms, departmental moves in late 2018.
- Moving of heavy construction equipment to allow for increased learner space in the construction workshop.
- Dry Ice cleaning to allow for cleaning of the external cladding of the College
- New racking to allow for better storage in the area outside the construction workshops.
- 2 new minibuses on lease, selling off 4 older minibuses which were not fit for use.

The Estates team have also been heavily involved with the design and construction teams for the new builds. This help has included technical advice as well as allowing for access to the College services.

3 Climate Change Action Plan

The College has successfully delivered against the target of 20% set for 2019.

The following table shows the reduction since the 2014 baseline

Year	Scope 1	Scope 2	Scope 3	Total	Change (+/-)
2014	315	870	136	1321	N/A
2015	324	762	115	1201	- 120
2016	365	726	114	1205	+ 4
2017	338	591	83	1012	- 193

This shows an overall reduction of around 23% which has been achieved in 3 years as opposed to a target of 20% in 5 years.

The College remains committed to continual reductions and have carried out the following works:

- Installation of a new Building Management System at Stranraer. This allows for better control of the heating and ventilation system, allowing for more efficient use.
- Installation of new LED lighting with smart controls in the sports hall. These lights can now be controlled remotely using a Bluetooth application. Before all lights would be on fully, the lights can now be switched off in sections or dimmed to suit the application.
- Installation of new LED lighting in the engineering workshop.

Finance and General Purposes Committee

4. Recommendation

The Committee is asked to note the report.

Billy Currie
Head of Corporate Services
September 2019.



DRAFT Submission to the
Scottish Government's Spending Review 2020/21

27 August 2019



1. Summary

This is the submission from Colleges Scotland, the representative organisation and Employers' Association for the college sector, to the Scottish Government's Spending Review process for 2020/21 – 2022/23.

This submission proposes a level of revenue and capital investment in the college sector for the three years 2020/21, 2021/22 and 2022/23, alongside the appropriate evidence base, in order to ensure the delivery of its core functions in support of learners, and to continue to develop a transformational agenda providing innovative solutions in our tertiary education landscape.

In autumn 2019, Colleges Scotland will be publishing a report on the community and societal impact and benefits delivered by the college sector in Scotland, to demonstrate what is being achieved. This report will not only consider the educational outputs, but cover the positive impacts that colleges make to improving National Performance Framework outcomes and other policy areas through greater collaboration across portfolios and public bodies, e.g. reduction of child poverty, improvements in wellbeing and the beneficial impact on areas such as justice, social security and public health.

Additionally, in autumn 2010, In time for the 2021/22 Draft Budget, Colleges Scotland will be producing a more detailed piece of work demonstrating the value add from colleges to Scotland's economic and social wellbeing.

The Scottish Government has also commissioned a report on the economic impact of colleges from key individuals within the college sector, due to be published in autumn 2019.

The level of funding requested in this submission will enable Scotland's colleges to help deliver the core purpose set out in the National Performance Framework around creating a more successful country with opportunities for all, and in particular the vital contribution colleges make to retraining and upskilling the workforce. Specifically, the funding will allow the colleges sector to:

- Support a successful Scottish economy today and in the future, through the vital contribution that colleges make to sustainable and inclusive economic growth.
- Be at the heart of Scotland's communities, enabling the development of places which are inclusive, resilient, and with a sense of community wellbeing.
- Through upskilling and re-training, deliver and support innovative businesses by contributing to a fair and equitable working society, assisting the tackling of poverty by sharing opportunities and success more equally, and addressing climate change.
- Deliver for people: students, staff and partners, to enable all to realise their full potential by providing the opportunity for all citizens to contribute positively to society, to improve the life chances of those in poverty of all ages, and by increasing wellbeing amongst the nearly quarter of a million learners in colleges. For example, in 2017/18, 31% (24,013) of college learners were from Scotland's lowest socio-economic background, with 40% of learners from this socio-economic background progressing to university through college.

Scotland's colleges are key to delivering the *Programme for Government's* ambition to shape the kind of Scotland we all seek – an inclusive, fair, prosperous, innovative country, ready and willing to embrace the future. The right investment in the college sector is vital to achieving this shared vision, especially at this time currently in which the college sector is facing a tight financial environment and certain colleges have particular financial challenges, as outlined in the Auditor General for Scotland's report¹ *Scotland's Colleges 2019*. The Auditor General also highlighted the growing gap between colleges' income and expenditure and that the increase in Scottish Government funding for 2019/20 which, whilst welcome, only covered the additional costs of harmonising pay and conditions across

¹ Audit Scotland, Scotland's Colleges 2019 <https://www.audit-scotland.gov.uk/report/scotlands-colleges-2019>

the sector. The report also sets out that the current Scottish Government capital funding falls short of the estimated costs of maintaining the college estate.

The current uncertainties surrounding the UK's exit from the European Union (EU), and the scale of any economic shock as a result, make this a particular challenging time for financial planning. The college sector is ready to continue to work with the Scottish Government and the Scottish Funding Council (SFC), and to be adaptive to assist in dealing with the economic shock and the mitigating actions required. In these circumstances, the assumptions that underpin this Spending Review submission (e.g. inflation) may cease to be valid and would need to be re-visited, along with any specific ask of the college sector set out nationally and in the Regional Outcome Agreements.

The table below sets out our request for additional revenue funding over and above the baseline for the college sector. It should be noted that this table assumes the baselining of previously received funding, for example, for National Bargaining / harmonisation (including all elements for backdating Job Evaluation to September 2018) and Flexible Workforce Development Fund (of the total £10m).

Investment Requirements for Academic Year	2020/21 £m	2021/22 £m	2022/23 £m
Revenue Funding			
Additional funding to maintain revenue in real terms (adjusting for inflation – see Note 1)	11.2	12.0	12.3
Flexible Workforce Development Fund (FWDF) – see Note 2	0.0	2.0	4.0
Scottish Teachers' Pension Scheme (STPS)	11.0	11.0	11.0
Sanitary Products	1.7	1.7	1.7
Change Fund	5.5	5.5	5.5
Total Additional Revenue Request	29.4	32.2	34.5

Note 1: Inflation adjustment based on GDP quarterly deflator data produced by HM Treasury (March 2019) published 2 April 2019.

Note 2: The figures in the table for FWDF represent the additional amount over and above the current funding level of £10m per year.

The table below sets out our total request for capital funding for the college sector (except for NPD payments or capital funding related to Forth Valley College).

Capital Investment Requirements for Financial Year (FY)	2020/21 £m	2021/22 £m	2022/23 £m
Estates Funding			
Backlog capital maintenance – see Note 3	46.0	106.0	106.0
Lifecycle maintenance	22.0	22.0	22.0
Digital Funding			
Lifecycle replacement	25.0	25.0	25.0
Total Capital Request	93.0	153.0	153.0

Note 3: There would be a reduction in the level of this ask if the funding for the capital projects set out in this Spending Review submission is provided.

In addition, resources need to be identified for the following:

- Around five major campus refurbishment / replacement projects, with typical values of between **£70m** and **£100m** each.
- Major capital projects required in the college sector as a result of strategic issues and curriculum change.
- Investment in developing and extending ICT and digital technologies in the sector.

2. Background

Scotland's colleges now operate within a national network that enables regional influence and capacity. This allows the college sector to significantly contribute to the delivery of sustainable, high quality vocational, technical and professional education, benefitting learners, impacting on communities, and supporting economic growth.

Vision – College Sector

A dynamic, collaborative, and innovative sector delivering high-quality lifelong learning, widening access to education, and promoting social inclusion that enables people to thrive in life, in their communities, and in work.

This Spending Review comes at a challenging time for the college sector and its partners as we face significant reduction in public sector resources, coupled with ongoing uncertainty about the United Kingdom's departure from the EU and the consequences for colleges. Through the European Social Fund programmes, between 2016/17 and 2018/19, it is estimated that Scotland benefited in investment of approximately £66m (including match funding).

Reduction in EU funding will cause a reduction in teaching activity within the college sector and adversely impact on funding for learners, including some of the most vulnerable students and those furthest from the workforce which will affect progress on widening access. In addition, currently the Foundation Apprenticeship and Graduate Apprenticeship programmes are funded from EU schemes. As discussions are held with regard post Brexit funding for all these areas, Colleges Scotland ask is to ensure there is resource to support the learners' funding and to provide this directly through the college sector budget. Colleges also deliver significant levels of higher education and a continuation of payment of tuition fees also needs to be addressed.

At the same time as the challenges around Brexit and the underlying demographic trends, a continuing move towards greater automation in a range of lower skilled areas of the economy, pose significant challenges for the college sector in Scotland.

Colleges Scotland is mindful of the starting point for funding the different sectors within the educational landscape. The teaching allocation per college learner is approximately half of that received by universities, and the lowest across the whole of education provision (pre-school, primary, secondary and universities).² This demonstrates the high level of efficiency colleges have already achieved but which is difficult to sustain as confirmed by Audit Scotland.

Despite these challenges we know the college sector will deliver high-quality lifelong learning and skills training that enables people to thrive in life, in their communities, and in work. Continuous learning lies at the heart of a successful economy in the context of the Fourth Industrial Revolution. A recent report by Fraser of Allander Institute highlighted the critical supporting role that colleges will play in providing an appropriately skilled workforce, to allow Scotland to fulfil its global potential by 2050³. Colleges support people of all ages to obtain technical, professional and vocational education and skills to reach their potential and progress into further study, training or employment.

Colleges are located across Scotland, engaging with all local communities. They contribute hugely to Scotland as a nation and are delivering equality of access to the skills and knowledge which are vital for successful careers, whilst also supporting a positive culture within our communities. They are ideally placed to train and develop the current and future workforce and essential to help move away from a reliance on recruiting people from the rest of the EU.

² Parliamentary answer by John Swinney MSP to question S5W-22664 (1 May 2019)

³ Fraser of Allander, Scotland in 2050: Realising our Global Potential – Final Report, March 2019
<https://250.shepwedd.com/scotland-2050>

3. Economic and Social Impact of Scotland's Colleges

Scotland's colleges create economic value in many ways. They put learners on the path to success and help them to increase their individual potential and employability, leading to the offsetting of other public-sector spending, e.g. justice, social security, and public health. Equally important, colleges provide employers with the skilled workforce necessary to make their businesses more productive.

The college sector spend along with that of its staff and students, supports the economy and contributes to increased tax receipts and decreased public sector costs.

The Scottish economy (as measured by GDP) will be better off by over £20 billion in present value term (i.e. with future benefits discounted) over the long-term.

This corresponds to around an additional £55k boost to productivity for the Scottish economy per college graduate.

The investment is estimated to support nearly 14,000 Full Time Equivalent (FTE) jobs in present value terms.

Source: Ross, A., Murray, A., Roy, G., Black, J., McGregor, P., & Malloy, E. (2017). *The Value of College Graduates to the Scottish Economy*.

4. Delivery by the College Sector

Scotland's colleges will, with the investment and innovative changes set out in this submission, be able to achieve the ambitious vision to deliver an education system that ensures all learners reach their potential and contribute to the economy, by producing a highly skilled workforce through retraining and upskilling to ensure inclusive economic growth.

Scotland's colleges provide a national network with a regional focus which has demonstrated its ability to respond quickly and effectively to Scottish Government policy direction as identified in the government policy paper *Scotland's Colleges: Delivering for All*. No other sector has the ability to reach the businesses, communities, and individuals who are at the heart of the Scottish Government's change agenda. The investment requests identified by the sector are essential to ensuring the delivery of the strategic aims of the Scottish Government.

This Spending Review submission has been developed on the assumption of delivering the Scottish Government target of 116k FTEs, however in light of the aspirations of Scottish Government to see an increase in part-time learners and to support training and upskilling of those in-work, the current methodology to measure and fund activity in colleges is not appropriate. Colleges Scotland and the college sector is keen to work with the Scottish Government and the SFC to identify a methodology that is more likely to achieve the aspirations.

5. Sustainable and Evidence Based Investment

Even with the current funding levels for colleges outlined above, and the funding challenges faced by colleges as highlighted by Audit Scotland in the *Scotland's Colleges 2019* report⁴, colleges have continued to deliver efficiencies. These efficiencies have included the absorption of pay awards, additional pension costs and the introduction of the Apprenticeship Levy. In light of all of these, Colleges Scotland is of the view that the revenue and capital funding requests, as set out in this submission, are both reasonable and required.

⁴ Audit Scotland, *Scotland's Colleges 2019* <https://www.audit-scotland.gov.uk/report/scotlands-colleges-2019>

Revenue Funding

Protection of Core Functions

Provision of a sustainable level of revenue funding is required to protect the core functions of the college sector, essential to delivering the Scottish Government's priorities including the *Programme for Government* and the *National Performance Framework*. In particular:

- Progress the Scottish Government's policy objectives and deliver the quality and volume of activity targets.
- Ensure colleges contribute to inclusive economic growth – at both a regional and national level – leading to increased prosperity with greater equality, the creation of opportunities for all, and the fair distribution of benefits from increased prosperity.
- Retraining and upskilling of the workforce to deliver increased productivity will require a greater focus on part-time learning. This will require more flexible college timetables and carries a need for greater resources in order to achieve the delivery targets set by the Scottish Government and the Enterprise and Skills Strategic Board.
- A key role for the college sector, in the communities they serve, is to support the development of the skilled workforce, required by employers, in order to allow them to contribute to sustainable economic growth.
- Take action on gender equality, both on college boards and on courses.
- Improved retention and attainment rate of learners.
- Delivery of training for Early Years and Childcare professionals in support of key Scottish Government policy driver.
- Provider of retraining and upskilling to allow all learners to contribute to inclusive economic growth.
- Ensure continued delivery of Foundation Apprenticeships and Graduate Apprenticeships in the post-Brexit landscape.
- Provide the necessary pastoral support to students, including preventative mental health services and in-college student support services, which are fundamental to improved retention and attainment rates as colleges continue to deliver on widening access.
- Provide the appropriate support for young and adult carers.
- Recognition and positive support of veteran's education.

Funding for National Bargaining

The college sector will continue to support the significant changes to pay and conditions resulting from the fulfilment of the Scottish Government's policy to implement National Bargaining in the college sector.

The conclusion of pay harmonisation for lecturers and job evaluation for support staff has increased the sector base salary position and this recurring cost is now required in each year, which has been verified by the SFC as **£48.9m** for 2020/21. It is clear that funding will require to be maintained year on year to cover the cost of implementing this Scottish Government policy. The college sector is now at a critical point, as highlighted by the Auditor General for Scotland's report *Scotland's Colleges 2019*, and further additional cost pressures, such as National Bargaining, makes it clear that without provision of this resource year on year, the ongoing costs are not affordable for the sector.

Our assumptions are that:

- The resource of **£48.9m** will be baselined into the budget for the college sector going forward.
- The additional **£11.2m** awaiting distribution on conclusion of pay outcomes of Job Evaluation is still available to the college sector.

The £48.9m includes an estimated 6% increase to support staff salary costs as a result of implementing the outcomes of job evaluation (which will be backdated to September 2018). It must

be emphasised that the total cost to the sector following this exercise is still not known at this time. Support staff trade unions appear to be pursuing a request for upwards harmonisation, similar to that negotiated for lecturers. It is important to note that the funding provision requested does not meet this aspiration. As an indicator, a similar increase to support staff pay levels aligned to Lecturing pay outcomes has been estimated to cost (based on prudent assumptions) an approximately additional £6m per annum over and above the £48.9m per annum figure.

Changes to Funding

In addition to the above challenges, the current plan to absorb National Bargaining funding into the existing funding methodology by reallocating the quantum of funding away from specific point of need to a set percentage across the college sector, presents real risks of further destabilising colleges who would not receive enough resource to cover the additional costs, especially if the financial environment continues to be so tight as highlighted by the Auditor General for Scotland. Recent projections from SFC show that some colleges could lose up to 4% of their core funding. There could also be regional circumstances which increase the challenge of the change to the funding, for example, Distant Islands Allowance.

Flexible Workforce Development Fund (FWDF)

Colleges welcome the opportunity to progress the implementation of the FWDF which has provided a resource of £10m to the sector to help increase Scotland's productivity through up-skilling the existing workforce. The college sector has demonstrated successful delivery of the fund since its launch, meeting employers training needs and establishing relationships with many new businesses.

Employer feedback has demonstrated that the work colleges have undertaken with levy-paying organisations has positively contributed towards the achievement of significant economic impact and increased productivity as a result of training to support public, private and third sector organisations, supported through the FWDF.

Colleges Scotland is committed to maximising the benefit of the FWDF and we anticipate that the current model, which has shown to deliver on this government priority, will be extended in terms of being available in 2020/21 and beyond. Assuming the previously received £10m is baselined, our request is for the continuation of the **£10m** resource in 2020/21, recognising that £6m comes directly from the core grant for the college sector, increasing to **£12m** in 2021/22 and **£14m** in 2022/23 (i.e. an additional **£2m** in 2021/22 and **£4m** in 2022/23).

Flexible Workforce Development Fund (FWDF) – Case Studies

Borders College

Staff at the Scottish Public Pensions Agency (SPPS) in Tweedbank recently completed WorldHost (the principles of customer service) training delivered by Borders College through the FWDF. This has given their staff the skills and knowledge necessary to deliver excellent customer service at the agency.

Forth Valley College

The FWDF has enabled Tillicoultry Quarries to train more than 100 of their staff. The family owned firm which has 11 sites across Central Scotland specialising in hard rock and sand quarries, recycling and asphalt and concrete plants, is building a strong relationship with Forth Valley College, which is delivering training at their sites in IOSH – Managing Safely and Manual Handling.

Scottish Teachers' Pension Scheme (STPS)

The Scottish Public Pensions Agency (SPPS) previously advised that there will be a significant increase in employer contribution rates from September 2019. This was as a result of:

- HM Treasury seeking to reduce the Discount Rate further from 2.8% to 2.4% from April 2019.
- Following a Court of Appeal decision on Thursday 20 December 2018, an amount equivalent to the corrective measures that would have been implemented as a result of a breach of the cost cap floor, following the 2016 valuation of the STPS.

The combined impact of these scenarios is an increase in the employer contribution rate to 23% of pensionable pay from September 2019. For 2020/21, this is an increase in employer costs to the college sector in Scotland of approximately **£11m** per annum. For the purposes of this Spending Review submission we have maintained the ask at this level over the three-year period.

Colleges Scotland was pleased to see the announcement of the provision of additional funding for the period up to end March 2020, and this ask relates to the continuation of this additional funding for the Spending Review period.

Sanitary Products

Colleges Scotland is pleased that the Scottish Government has confirmed that funding of **£1.7m** to support the provision of free sanitary products will be in place for 2019/20, which is allocated on a financial year basis.

This ask is based on the assumption that the Scottish Government will continue to support this policy area and therefore will provide the required ongoing resource. Colleges Scotland's request therefore relates to the continuation of this additional funding for the Spending Review period, whilst acknowledging the requirement to provide resource to cover the costs for the remainder of the Academic Year 2019/20.

Change Fund

The Auditor General for Scotland has made it clear in the *Scotland's College 2019* report that the college sector is now operating with extremely tight margins, which combined with the sector's inability to hold reserves or borrow, leaves a reliance on public funding.

In order to provide the capacity and support the innovation necessary to ensure that the college sector is strongly placed to take forward key areas such as upskilling and re-training, adapting to the changes in demography with a focus on adult learners, ensuring an even stronger employer engagement, achieve the ambitions of the Enterprise and Skills Strategic Board, and contribute to inclusive economic growth and increased productivity, Colleges Scotland is making a request for a Change Fund.

The purpose of the Change Fund is two-fold:

- To take forward existing initiatives.
- To develop new diversification initiatives and to broaden our sources of income, including exploring potential options through pilot studies.

In line with the college sector's strategic vision, high-level strategic goals will be developed in partnership with relevant stakeholders, which the Change Fund can resource. This approach will ensure delivery of improvement projects at a college level that are responsive to regional needs, but which will also contribute to national goals.

Take Forward Existing Initiatives

Innovation

The College Innovation Fund in 2018/19 was used to support projects which demonstrated effective college and business collaboration in support of Scottish Government strategy. For example, the FUTUREquipped project was a collaborative, cross sectoral, college and Innovation Centres pilot that involved Construction Scotland Innovation Centre, Digital Health Institute, Innovation Centre for Sensor and Imaging Systems, and The Data Lab. Several colleges also utilised the opportunities through use of Innovation Vouchers, whilst each college received resource from the College Innovation Accelerator Fund.

The college sector has also been named as partners in regard to Innovation Centres during the review of the relevant Outcome Agreements by the SFC.

Colleges are in a strong position to assist businesses to drive up productivity and their contribution to the Scottish economy through process and design innovation, and through enabling leadership and management practice improvements. The college sector has significant reach into the Small and Medium Enterprises that are the backbone of the Scottish economy and have traditionally been harder to engage in such activity.

The college sector is also a critical player in provision of the skills required in de-carbonising the economy and assisting in the mitigation of the challenge presented by climate change.

Colleges Scotland is anticipating that funding will continue at the current level, and that going forward adequate funding is available to develop innovative work of the college sector.

Regional Science, Technology, Engineering and Mathematics (STEM) Partnerships

The college sector is fully engaged and looking forward to progressing the role of leading the development of regional STEM partnerships. As the Developing Young Workforce (DYW) reaches the final stages of its seven-year programme, colleges are well placed to take forward what has been embedded in the educational system. STEM will be a key element of moving this forward, and colleges are uniquely positioned to deliver this aspect of the Scottish Government's agenda.

In order to facilitate colleges leading this agenda and ensuring the momentum of what has been achieved through the DYW programme, a need for adequate additional resource has been identified. These resources include staffing to both ensure that the regional activities in relation to STEM can be effectively delivered and underpin strong co-ordination across all partners within the region to allow existing resources to be fully utilised, as well as a national support mechanism.

Colleges have a proven record of supporting both co-development of curriculum and delivery, and City Region and Growth Deals rely on having a sustainable, high quality vocational, technical and professional skilled workforce to support economic growth, as well as partnership working with business and industry. This provides a real opportunity for colleges to integrate within Scotland's City Region Deals on the development of skills to support the aims of city and growth deals.

WorldSkills

Participation in WorldSkills International, EuroSkills, and WorldSkills UK has seen colleges from Scotland ranked regularly in the top 10, achieving the highest international standards in vocational and technical skills competitions. Such success sends a strong message to those international companies considering investment in Scotland. In addition, participation allows for utilisation of the knowledge and learning gained from competition to raise standards in Scotland. There is also the opportunity to leverage the value from the competitions and potential public investment from across different policy areas.

Job Evaluation Process

In order to implement and maintain the process and delivery of a National Job Evaluation exercise for support staff, current calculations suggest that this will result in additional costs not previously identified for 2020/21 that relate to identified staffing, support and software costs to ensure adequate support for the overall project.

There will then be continuing costs in 2021/22 and 2022/23 related to the support of the ongoing process and administration of Job Evaluation.

New Diversification Initiatives

Colleges are looking to capitalise on their regional scale, recognising the importance of the growth in regional economies for the delivery of inclusive economic growth and for dealing with the impact of climate change for Scotland. Colleges can add value not only in the delivery of vocational, technical and professional education and skills, but in the wider range of developments that are required.

The college sector is looking to respond to the challenge to diversify its income streams, as recently discussed with the Minister for Further Education, Higher Education and Science. In order to do this, it has been acknowledged that some investment is required upfront. There are further commercial opportunities that colleges could utilise and grow, but as a consequence of the increasing tight margins that colleges operate in, as highlighted by the Auditor General for Scotland in the *Scotland's Colleges 2019* report, there is no headroom for colleges to develop many of the opportunities that could be available to the sector. The ability to diversify has been acknowledged as requiring additional investment.

Colleges Scotland is requesting an element of the Change Fund to be used by colleges to access resource to stimulate activity within the college sector that will increase commercial activity and generate additional income to the sector.

A Change Fund would enable colleges to invest in long term skills training programmes which would be of benefit to the wider regional deals, as well as assist in further engagement of international work, whilst having the wider human impact of up-skilling and re-training the workforce and the subsequent economic benefits this would bring. The provision of a Change Fund would enable the college sector to continue to achieve the Scottish Government's ambitions.

Summary of the Change Fund

The Change Fund will allow both the continuation of successful existing initiatives and for colleges to develop new diversification initiatives, that will strengthen the delivery of the skilled workforce in line with Scottish Government priorities, against the backdrop of the tight finances within the college sector.

The total amount of the ask for the Change Fund is **£5.5m** each year of the Spending Review period.

Mental Health

Colleges Scotland is pleased to see the Programme for Government's commitment to provide funding to for 80 additional mental health counsellors across the tertiary education sector. Colleges Scotland welcomes the opportunity to utilise this resource to reduce the variation in provision across the college and university sectors and to allow Scotland to move towards equity of access for learners, no matter where they study, as well as acknowledging the greater differentiation of support required by those studying at colleges.

Building on this commitment, the college sector is seeking to begin to address mental health prevention and to build resilience across the whole community, through a range of provisions that will address learners' needs, beyond the provision of counsellors. This will be achieved through a collaborative approach at a regional level, by a co-ordinated plan to ensure there are sufficient arrangements, strategies and resourced services made available through appropriate partnerships. Colleges Scotland will work with other key stakeholders to identify the additional resources required to continue to strengthen the provision of mental health services over the period of the Spending Review, which will provide preventative measures to complement the additional counsellors. This would include, but is not limited to, the use of, and funding levels related to, the Access and Inclusion Fund.

Student Support

Following the recent independent review and the response of the Scottish Government, Colleges Scotland is pleased with the additional resource focused on specific recommendations from the report. Colleges Scotland looks forward to further engagement with Scottish Government and the SFC to discuss the resourcing implications of other recommendations from the review that the Scottish Government is minded to support.

Widening Access

The contribution of colleges to the Scottish Government's aspirations around widening access is significant, as highlighted by the Sutton Trust report⁵ that identified that 90% of those learners from the most social deprived background that went to university did so through colleges. Colleges Scotland is keen to explore how more activity can be delivered through the college sector in support of this key policy area.

Infrastructure Investment

The future of college infrastructure must be considered in the context of:

- The current level of capital funding was outlined as 'insufficient to address colleges' maintenance requirements' in the Auditor General for Scotland's report *Scotland's Colleges 2019*.
- The National Infrastructure Mission, set out in the Scottish Government's Programme for Government 2018, to enable maximum benefit to Scotland to be gained from the investment and to ensure that the construction and other skilled workers required to deliver the projects are skilled up and in sufficient numbers through a robust and responsive college sector.
- The Infrastructure Commission for Scotland, by investment in college infrastructure that delivers not only inclusive economic growth but maximises the opportunities for innovation and entrepreneurship in Scotland's businesses, as well as skilling up the workforce required to increase industrial competitiveness and underpin wellbeing in society.
- The Scottish Government's Medium-Term Financial Strategy.
- The college sector's and the nation's digital ambitions.

Our Digital Ambition

New forms of service delivery and new and agile forms of learning enabled by digital integration of learning experiences and the creation of new and diverse skills, must be considered alongside the use of digital technologies as part of the planning of the future estate and to support the development of the college of the future. Future strategies for learning and communities should be incorporated into planned investment. Investment in information and digital technologies will be key to achieving the transformational change to teaching and learning needed in the 21st Century.

⁵ <https://www.suttontrust.com/research-paper/access-in-scotland-university-participation/>

There are a number of drivers for colleges in relation to developing their digital ambition, and Colleges Scotland will work with the SFC and other key stakeholders in order to ascertain the ICT requirements of the sector and the related resources in order to inform future capital requests. The level of investment in digital technologies required to respond to Industry 4.0 and to provide unbundled flexible work-based learning to those in employment as envisaged by the Enterprise and Skills Strategic Board is currently beyond the technology across the college sector.

There is a need to consider the future role of the sector and link investment appropriately with the flexibility to prioritise needs at a regional level.

Capital Funding

Major Capital Projects

The condition of the college estate is variable, and whilst there has been significant capital investment in the college sector over the last few years, some college campuses are in a very poor state of repair and require urgent attention. Continued investment in the college estate and Information and Communications Technology (ICT) capital is vital in order to ensure learners have the best possible learning experience; to make sure they are being taught in appropriate and safe facilities; to bring equity to the learner experience; and to allow colleges to fully contribute to Scottish Government priorities. This investment also supports innovation, new markets and entrepreneurship through investing in college assets to provide state-of-the-art facilities in order to equip learners with the professional and technical skills to be work-ready.

Colleges Scotland and the SFC are preparing detailed inputs to the work of the Infrastructure Commission for Scotland, which will include analysis of the known priority projects requiring capital investment as a result of poor estate conditions.

At this stage it is not possible to provide estimates of the amounts of such investments and the years in which actual funding will be required, especially if a revenue-funded approach is used for financing. It is likely, however, that there will be around five projects of the highest priority and the typical capital value of major campus redevelopments / replacements is in the range £70m - £100m each.

Colleges Scotland is also aware that there are major capital projects required in the college sector as a result of strategic issues and curriculum change, and the ask is that these are recognised in addition to the capital need for dealing with the poor estate condition.

Colleges Scotland is working with Scottish Government and the SFC to identify the appropriate funding route, for example, through the proposed Mutual Investment Model, as outlined in the Scottish Government's Medium-Term Financial Strategy.

Backlog Maintenance

The SFC published its *Estate Conditions Survey* in December 2017, which provided evidence for the level of backlog maintenance costs required by the college sector. Colleges Scotland is requesting sufficient funding to meet the college sector's backlog maintenance requirements.

The survey demonstrated that the cost to bring college buildings to Level B conditions (backlog maintenance) would be £360 million over a five-year period. The survey highlighted items from very high to low priority items. The very high priorities were addressed through funding that was received in 2018/19. The survey identified approximately £77 million of high priority items, which should be addressed within the two years 2019/20 and 2020/21. Taking into account the resources provided to date, the balance of the resource required to deal with the high priority items in 2020/21 is around **£46m**.

For 2021/22 and 2022/23, the remaining costs identified in the SFC's *Estate Conditions Survey* need to be resourced in order to complete the identified work within the five-year timespan covered by the survey. The costs, taking into account those backlog maintenance costs offset by actual new capital investment, are approximately £212m. Spread evenly over 2021/22 and 2022/23, this equates to **£106m** each year.

These figures will reduce if there is new investment to replace or completely refurbish buildings which are in the poorest condition. The impact of such reduction will depend on the level of investment and its timing.

Lifecycle Maintenance

Lifecycle costs are required across the college sector estate in order to ensure that assets are adequately maintained and therefore continue to provide a good learning environment and protect the investment made.

The college sector is seeking an adequate and sustainable level of funding for life cycle costs. The SFC undertook work to provide a more robust evidence base for such costs. This work demonstrated that the annual lifecycle resource required was **£22m** for the college sector.

This estimate is to try and ensure that there is no deterioration in the teaching and learning environment in the meantime, and avoid increasing the level of backlog maintenance required.

Digital Resource

Previous capital submissions to the Spending Review have not included the costs associated with ICT required to cover the costs of achieving the digital ambition of the sector. An estimate of the costs of maintaining existing provision can be made from the annual ICT equipment purchase through the APUC call off contract. For the last full year available (2014/15) this amounted to approximately **£25m**, which would represent a recurring annual cost of equipment replacement. This does not recognise the significant additional cost required to meet changing demand on the sector. Through the College Strategic Liaison Group, it has been agreed that during 2020/21 the sector will develop an ICT and Digital Strategy which will be used to inform a comprehensive resource and implementation plan, which will inform the Spending Review submission for 2021/22.

The various elements of infrastructure investment are outlined in the following table:

Financial Year	Backlog Maintenance/£m	Lifecycle Maintenance/£m	Digital/£m	Total (excluding major projects)/£m
2020/21	46.0	22.0	25.0	93.0
2021/22	106.0	22.0	25.0	153.0
2022/23	106.0	22.0	25.0	153.0

In addition, resources need to be identified for the following:

- Around five major campus refurbishment / replacement projects, with typical values of between **£70m** and **£100m** each
- Major capital projects required in the college sector as a result of strategic issues and curriculum change
- Investment in developing and extending ICT and digital technologies in the sector.

6. Summary

The vision of both the college sector and Colleges Scotland supports the Scottish Government's policy intentions in relation to:

- achieving the Scottish Government's target of 116,000 FTEs
- providing a positive learner experience
- seamless learning and skills journeys
- improving attainment
- Developing the Young Workforce
- widening access
- tackling inequalities
- expanding opportunities across all socio-economic groups
- providing equality in education
- enhancing the skills of those in the workforce
- strengthening the economy through improving productivity and innovation
- delivering the STEM agenda
- retraining and upskilling of adult learners.

It is evident from this submission that an investment in the college sector brings positive benefits to inclusive sustainable economic growth, communities and people (students, staff and partners), and allows Scotland's colleges to contribute to Scottish Government strategies and policy direction.

Colleges Scotland
August 2019

Finance and General Purposes Committee

External Development Income and Expenditure as at July 2019

1. Introduction

1.1 The purpose of this report is to provide an update to members on the College External Development activities for the period August 2018 to July 2019.

1.2 External Development offers courses through Open Learning, Short Courses, Vocational Qualification's and Modern Apprenticeship's as well Employability Training.

2 Income

2.1 The cash income to College in the period from course fees, Skills Development and grants is £780,247.

2.2 The External Development department contribution of credits to the College totals 5,212 for the period. The total value generated through the core grant from the Scottish Funding Council for the credits, using a credit value of £213.40, is £1,078,311. However, it should be noted that the College over delivered credits in 2018-19.

3 Expenditure

3.1 The main costs are salaries across the department. In addition there are registration fees as well as course materials.

2. Summary of Income August 2018 to July 2019

<u>Income</u>	<u>Credits Generated</u>	<u>July 2019 Total</u>
Fees / Contract		780,247
Credit Income	5,212 @ £213.40	1,078,311
Total Income		1,858,558

<u>Expenditure</u>		<u>July 2019 Total</u>
Salaries		1,346,093
Other Costs		114,184
Total Expenditure		1,460,277

Finance and General Purposes Committee

Contribution to College		398,281
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7. Recommendation

- 7.1 Members are requested to note the External development income and expenditure for the year ended 31 July 2019.

Finance & General Purposes Committee

Strategic Risk Register

1 Purpose of the Report

- 1.1 The purpose of this paper is to provide the Committee with the opportunity to review the College's Strategic Risk Register.

2 The Report

- 2.1 The Principal and Executive Leadership Team routinely review the Strategic Risk Register to reflect the risks the College is facing and the mitigation that will be applied to each risk. There are currently 22 strategic risks, 5 of which are rated 9 (Amber = Significant risk) or above.

There are 5 risks identified that have specific oversight from the F&GP committee.

Risk 3.5 around Industrial action which in recent months has reduced from a high risk at 20 to a low level risk at 4.

Risk 3.9 failure to reach aspirational standards in learning, teaching and service delivery. The risk of this has increased due to a well documented case during the summer which impacted on students and staff. In response to this we are putting in new, more stringent and demanding processes, which will help minimize this risk.

Risk 3.12 has been reduced following agreement being reached with CITB.

Risk 2.2 - Failure to achieve Financial Sustainability has been increased in light of increased staffing costs following the nationally agreed Lecturer pay settlement and increase pension costs.

3 Recommendation

- 3.1 It is recommended that the Committee consider and, if so minded, approve the Strategic Risk Register.

Joanna Campbell
Principal
September 2019

Post Holders	Board	Board of Management	HoC	Head of Curriculum	HoSS&G	Head of Student Support & Guidance
	ELT	Executive Leadership Team	HoP&Q	Head of Planning & Quality		
	CLT	College Leadership Team	HoF	Head of Finance		
	PRIN	Principal	HoHR	Head of Human Resources		
	VPL&S	Vice Principal Learning & Skills	HoBD	Head of Business Development		
	VPBD&CS	Vice Principal Business Development	HoCS	Head of Corporate Services		

Score	Impact	Likelihood
1	Routine	Remote
2	Minor	Unlikely
3	Significant	Possible
4	Major	Probable
5	Critical	Very likely

Risk Number	POTENTIAL CONTRIBUTING FACTORS				TREATMENT	POST MITIGATION EVALUATION				
	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Responsibility /Committee Oversight
1	Strategic and Structural									
1.1	Failure of College strategy to meet the needs of Dumfries and Galloway Region and/or national priorities (eg Employability, DYW, attainment, articulation)	4	4	16	<ul style="list-style-type: none">Robust strategic planningEffective environmental scanningStrong partnershipsClear links between strategy and practiceConcerted demands for increased activity levels	4	1	4	<ul style="list-style-type: none">Robust monitoring via ROAClear performance metricsAmendment of strategic direction/plansRolling curriculum review	Board, ELT BoM
1.2	College may be disadvantaged by changes to either UK or Scottish Government policies	4	3	12	<ul style="list-style-type: none">Effective environmental scanningNegotiation/influence at national level	4	2	8	<ul style="list-style-type: none">Review of changes and amendment of strategic direction/plansFinancial strategy sensitivities	ELT BoM
1.3	College disadvantaged by changes arising from UK leaving European Union	3	4	12	<ul style="list-style-type: none">Negotiation/influence at national levelReview of activities/ projectsResponsiveness to new opportunities	2	2	4	<ul style="list-style-type: none">Review of changes and amendment of strategic direction/plans/ curriculumFinancial strategy not ESF dependent	ELT BoM

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2	Financial									
2.1	Change in SFC Funding Methodology and Allocation – Reduction in Funding	3	3	9	<ul style="list-style-type: none"> Negotiation/influence at national level Contingency plans for reduced funding 	2	3	6	<ul style="list-style-type: none"> Advance modelling of new funding methodologies and allocations Monitoring impact of changes Amendment of strategic or operational direction/plans Financial strategy sensitivities 	ELT F&GP
2.2	Failure to achieve institutional sustainability	5	4	20	<ul style="list-style-type: none"> Protection of funding through dialogue with SFC Robust annual budget-setting and multi-year financial strategic planning (from 2018-19) Effective budgetary control Where required, swift action to implement savings 	4	4	16	<ul style="list-style-type: none"> Regular monitoring of budgets Regular review of financial strategy and non-core income sensitivity <p>Financial forecast requires a clear programme of transformation to achieve financial sustainability.</p>	ELT BOM HoF F&GP
2.3	Salary and conditions of service pressures outstrip ability to pay	4	4	16	<ul style="list-style-type: none"> Influence within Employers Association Management of staffing expenditures 	4	3	12	<ul style="list-style-type: none"> Expenditure modelling On-going discussions with staff Financial strategy sensitivities 	ELT HoHR F&GP

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2	Financial (cont.)									
2.4	Financial Fraud	4	3	12	<ul style="list-style-type: none"> Strong financial controls: segregation of duties and review of transactions Review of impact of any changes in structure or duties Whistleblowing arrangements 	3	2	6	<ul style="list-style-type: none"> Continuous review of financial controls Internal Audit programme 	HoF Audit
2.5	Failure to achieve credit (activity) target	5	3	15	<ul style="list-style-type: none"> Real time monitoring system Identify & implement additional/alternative provision where required 	4	1	4	<ul style="list-style-type: none"> Continuous review of progress v targets. 	ELT F&GP
2.6	Insufficient Student Support Funding to meet demand.	4	5	20	<ul style="list-style-type: none"> Strong financial monitoring Possible opportunity to request additional in year funding 	4	2	8	<ul style="list-style-type: none"> Continuous monitoring of demand v funding allocation Ongoing dialogue with Scottish Funding Council. Confirmation received from SFC that full amount of additional funding requested would be allocated 	PRIN HoF F&GP

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3	Organisational									
3.1	Legal actions; serious accident; incident or civil/criminal breach	4	5	20	<ul style="list-style-type: none">Adherence to legislative and good practice requirementsPositive Union relations and staff communicationEffective management development programmes	3	2	6	<ul style="list-style-type: none">Monitoring and reporting in key areas – eg H&S, equalities, employee engagementContinuous professional developmentInternal audit programmeStaff surveys	ELT BoM
3.2	Reputational Risk – Loss of reputation with key stakeholders	4	3	12	<ul style="list-style-type: none">Marketing strategyPositive marketing approaches	4	2	8	<ul style="list-style-type: none">Stakeholder engagementSocial media monitoring arrangements	PRIN VPBD&CS HoP&Q BoM
3.3	Disasters – eg Fire, MIS Failure, Failure of Emergency Procedures	5	4	20	<ul style="list-style-type: none">Sound systems of administrationClear fire and disaster recovery arrangementsStaff CPD	5	1	5	<ul style="list-style-type: none">Business Continuity Plan including scenario testing	ELT HoCS BoM
3.4	Failure to meet Prevent and related obligations	5	3	15	<ul style="list-style-type: none">Prevent trainingStaff awareness and contingency planningEngagement/practice sharing with local agencies	5	1	5	<ul style="list-style-type: none">Business Continuity Plan including scenario testingInformation sharing with local agencies	VPBD&CS HoCS BoM

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	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Responsibility /Committee Oversight
3	Organisational (cont.)									
3.5	Industrial Relations Problems (including industrial action)	4	1	4	<ul style="list-style-type: none">Adherence to legislative and good practice requirementsPositive Union relations and staff communicationEffective management development programmesIndustrial action continuity planning	4	1	4	<ul style="list-style-type: none">Regular union/management dialogueRegular employee engagement monitoringOpen communication with staff<ul style="list-style-type: none">JNCC now in place	ELT HoHR HR L&T
3.6	Failure to achieve ambitions of ICT strategy; strategy and development is ineffective, programme of change not achieved	4	4	12	<ul style="list-style-type: none">Planning, careful phasing of changes to processes, systems and equipmentEffective management of ICT arrangements	4	2	8	<ul style="list-style-type: none">Regular review/reporting on milestones, systems effectiveness etcRegular CPDRolling programme of updates to systems and equipment	VPBD&CS HoCS Audit
3.7	Breach of ICT/Cyber security	4	3	12	<ul style="list-style-type: none">Effective management of ICT arrangementsActive ICT/data security monitoring and cyber security policy	4	2	8	<ul style="list-style-type: none">Staff CPD on cyber security issuesRegular security monitoring/testingCyber resilience plan	VPBD&CS HoCS Audit

Risk Number	POTENTIAL CONTRIBUTING FACTORS			TREATMENT		POST MITIGATION EVALUATION				
	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Responsibility /Committee Oversight
3	Organisational (cont.)									
3.8	Breach of data security/data protection	5	4	20	<ul style="list-style-type: none"> Effective management of ICT arrangements and GDPR compliance Mandatory staff CPD and awareness raising on data protection (relative to role) 	4	2	8	<ul style="list-style-type: none"> Active data protection monitoring and auditing Effective information and data security policies in operation Regular data security monitoring/testing GDPR Action Plan 	VPBD&CS, HoCS Data users Audit
3.9	Failure to reach aspirational standards in learning, teaching and service delivery	4	4	16	<ul style="list-style-type: none"> Clear quality arrangements and priority actions Continuous self-evaluation and action planning Introduction of Academic Board, and new random checks of core packs Rigorous CPD arrangements in place Regular classroom observation and learner feedback arrangements 	4	3	12	<ul style="list-style-type: none"> Comprehensive monitoring of key PIs and student/staff feedback Regular Stop and Review events External review and validation findings Current PI report indicates no significant improvement in retention at this moment 	VPL&S, VPBD&CS HoP&Q HoC L&T
3.10	Failure to achieve/maintain compliance arrangements, eg contracts; awarding bodies; audit	4	3	12	<ul style="list-style-type: none"> Robust strategic planning and monitoring Effective environmental scanning Strong partnerships Clear links between strategy and practice 	2	2	4	<ul style="list-style-type: none"> Effective internal monitoring/review/verification arrangements External review findings 	PRIN CLT Audit

Key to Risk Estimation/Score based on scale of 1 – 5 for impact/likelihood: Green (1-8) = Minor Risk; Amber (9-15) = Significant Risk; Red (16-20) = Major Risk; Purple, (>21 - 25) = Fundamental Risk

Risk Number	POTENTIAL CONTRIBUTING FACTORS				TREATMENT	POST MITIGATION EVALUATION				
	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Responsibility /Committee Oversight
3	Organisational (cont.)									
3.11	Failure to meet the deadlines in our successful bid to SoSEP regarding the provision of Hub and Spoke model for Engineering, Construction and Care	3	4	12	<ul style="list-style-type: none">Robust project planning in place and feedback via EMT to Board of ManagementClear and consistent approach to the project with Borders CollegeIndependent scrutiny through clerk of works (for building works)SFC involvement at all stages of the project	3	3	9	<ul style="list-style-type: none">Curriculum development planning through L&T CommitteeOverall project through regular Board of Management updatesFurther scrutiny through SoSEP Board	PRIN VP BD&CS VP L&S BoM
3.12	Failure to reach contractual agreement with CITB regarding delivery of Construction related Apprenticeships	4	4	16	<ul style="list-style-type: none">National issue, discussions with CITB, SQA now escalated to include SDS and Scottish GovernmentRequest to defer new qualification until 2019/20 being considered by SQA regulatory body	4	1	4	<ul style="list-style-type: none">Agreement has been reached on settlement for18/19 and 19/20Colles to review assessor/verifier arrangements going forward	PRIN VP L&S CM BoM