

Room S1.18, Stirling Campus at 4.30pm
(Refreshments available from 4.00pm.)

AGENDA

1. Declarations of interest

FOR APPROVAL

2. Minutes of meeting of 4 December 2018
(Elements of paper 2 are withheld from publication on the Forth Valley College website under Section 33 Commercial Interests and the Economy of the Freedom of Information (Scotland) Act 2002.)
3. Matters Arising
 - a) F/18/013 Procurement Annual Report
 - b) CORE/RAK International Opportunity
4. Tuition Fees and Fee Waiver Policy Session 2019-20 David Allison
(Elements of paper 4 are withheld from publication on the Forth Valley College website under Section 25 Information Otherwise Accessible of the Freedom of Information (Scotland) Act 2002 - <https://www.forthvalley.ac.uk/about-us/>)

FOR DISCUSSION

5. Forecast Outturn 2018/19 (Q2 January 2019) Senga McKerr
(Elements of paper 5 are withheld from publication on the Forth Valley College website under Section 33 Commercial Interests and the Economy of the Freedom of Information (Scotland) Act 2002.)
 6. Indicative Funding Allocation 2019/20 Senga McKerr
 7. Review of Risk
 8. Any other competent business
-

Principal's Office, Falkirk Campus (commencing at 4.30pm)

Present: Mr Liam McCabe (Chair)
Mr Andrew Carver
Mrs Trudi Craggs
Mr Ken Richardson

Apologies: Mr Davie Flynn

In Attendance: Dr Ken Thomson, Principal
Mrs Alison Stewart, Vice Principal Finance and Corporate Affairs (VPFACA)
Mrs Senga McKerr, Head of Finance (HOF)
Ms Louise Burnett, Finance Manager (FM)
Mr Stephen Jarvie, Corporate Governance and Planning Officer
Mrs Hannah Ritchie, Director of Curriculum Care, Sport and Construction (Observer)
Ms Ester Vasallo, External Consultant (from APUC) Procurement Manager (ECPM) For item F/18/013 only

F/18/010 Declarations of Interest

The Chair declared an interest owing to the links between the College and University of Stirling in relation to certain degree level courses and under the Scottish Funding Council (SFC) HEI funded activity.

[REDACTED]

F/18/011 Minutes of meetings of 11 September 2018

Members approved the minute of the meeting of 11 September 2018

F/18/012 Matters Arising

a) F/17/042 Any Other Competent Business

The VPFACA informed members that discussions had been ongoing with Barclays in relation to the existing banking covenants. She informed members that there is a proposal to remove the covenants if the College meets two ongoing conditions. The first is to remain an arm's length public body and the second is to ensure the College has a million pounds (£1.0 million) in its bank account each quarter. She requested approval from members to progress this matter.

Members queried whether the VPFACA thought that the College would be able to meet the conditions on an ongoing basis and she confirmed that this was the case.

Members queried whether we would need to make any stakeholders aware of the change. The VPFACA noted that, while there is no actual requirement, the College would notify the Scottish Funding Council of the removal of the covenants.

- a) Members approved the VPFACA to progress this matter and to bring to the February 2019 Board of Management meeting for approval.

F/18/013 Procurement Annual Report

The ECPM presented members with the first annual report on College procurement which is required to meet the College's obligations under the Procurement Reform (Scotland) Act 2014.

Members noted that the report covered a 19 month period. The EPCM explained that this was due to the implementation timescale for the initial report and that future reports would cover 12 month periods.

The EPCM provided an overview of the key features in the report

Members noted that there was a red categorised activity in in annex E and two items which had been categorised as amber and the EPCM provided an explanation for these.

Members also noted that the wording in the payment terms section of the report placed unnecessary restrictions on the College and requested that this be reviewed.

- a) Members approved the report subject to the wording change requested

F/18/014 Student Funding Outturn for 2017/18 and Forecast for 2018/19

The FM presented a paper on student funding within the College. She highlighted the efforts made to manage the funds effectively in the context of the significant changes by the Scottish Funding Council to student funding that had arisen in 2018/19 with the inclusion of care experienced bursaries and the removal of the 100% attendance criteria. She outlined how the College was managing these changes.

Members noted that the paper outlined the anticipated draw down of funds and asked what the changes outlined above would have. The FM noted that it was hard to estimate accurately owing to issues such as withdrawal and whether or not students are engaging with their studies as outlined in the new attendance requirements.

The VPFACA informed members that SMT were looking into a system where student non engagement could be highlighted earlier on in the process than is the case at present.

The Principal informed members that further information would be brought to the Learning and Student Experience Committee on the system.

The VPFA confirmed to members that the underlying approach of the Student Funding team was that it would seek to pay students wherever possible.

The FM noted that the figures contained within the paper represented a prudent expectation of spend and that, where there were issues highlighted, the College was seeking additional funding from the Scottish Funding Council.

The Chair agreed that the figures may be conservative indicative of a prudent approach to this matter.

He also informed members that this would be the final meeting the FM would be attending and thanked her on behalf of the Committee for her work over the years.

a) Members noted the content of the report

F/18/015 Budget Monitoring - 2018/19 Qtr 1 (Oct 2018)

The Head of Finance presented the Q1 budget monitoring figures. She informed members that there were a number of significant income streams still to be finalised in order to meet the budgeted figures. This would impact upon the income figures as outlined in section 4 key considerations.

She highlighted some of these areas, including the delays in negotiations with SDS on the Foundation Apprentice contracts which had resulted in a delay to income at this point.

She highlighted that the savings within salary costs was higher than normal but this was as a result of the timing of the support staff pay increases from April 2018 still not being paid. Payments will be made in November

Members queried whether the assumptions in relation to vacancies were at a level the College wanted them to be. The VPFA noted that the figure was indicative as it was difficult to project this figure so early into an academic year.

a) Members noted the content of the report

F/18/016 CORE/RAK International Opportunity

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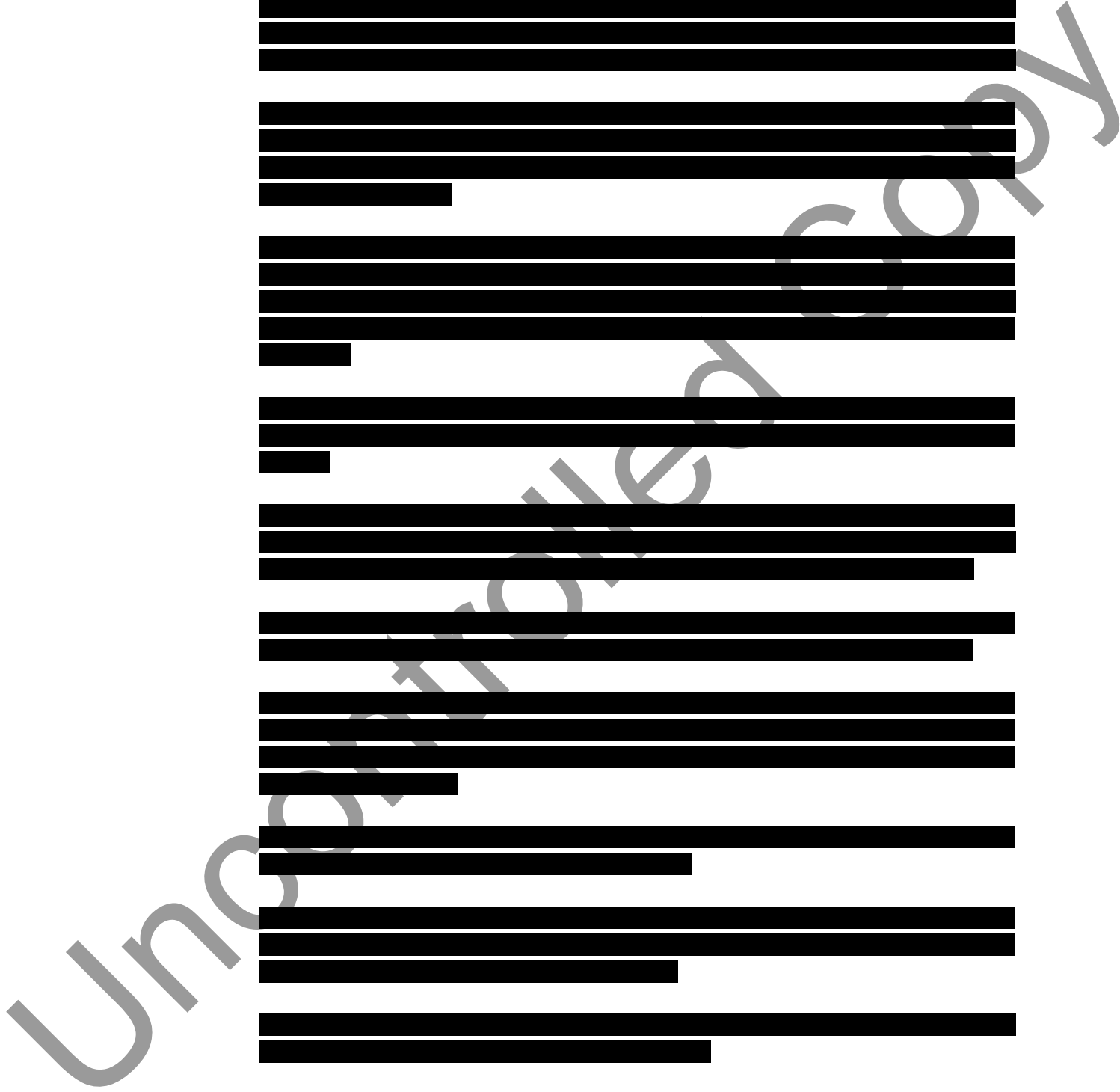
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F/18/017 Review of Risk

Identified in the papers.

F/18/018 Any other competent business

[REDACTED]

The meeting was joined by members of the Audit Committee, along with Internal and External Auditors, to consider the next two items of business

F/18/019 Annual Report and Financial Statements 2017/18 (Joint item with Audit Committee)

The HOF presented members with the annual report and financial statements. She highlighted the main features of the report, noting that the College was still considered to be a going concern and that the financial year had concluded with a surplus.

Members queried the figures for “days cash” on page 9 of the report which showed this had risen from 29 days the previous year to 60 days. The HOF reported that this change was in relation to the funding used to pay Balfour Beatty as they work on the new Falkirk campus.

Members also noted that, in the section on going concern, the statement had been written as a double negative and should be rewritten to be clearer. The HOF agreed that this would be changed in the final version of the document.

The VPFACA also provided Audit Committee members with an update on developments with the Barclays covenants (as previously discussed at this meeting by the Finance Committee), noting that Barclays were amenable to removing the covenants so long as the College remained an arms length public body and have a million pounds in the bank at the end of each quarter. This change has yet to be finalised so was not included in the accounts.

a) Members approved the Annual Report and Financial Statements 2017/18 for recommendation to the Board of Management

F/18/016 Draft External Audit Annual Report to the Board of Management

Stephen Reid, Partner, Ernst and Young, presented members with the draft report from Ernst & Young. He provided an overview of the audit and the areas they had looked at, including new risks for the College sector which had been identified by Audit Scotland but which the audit had not found in the College. He reported that there had been no adjustments identified and he envisioned issuing an unqualified report on the accounts.

Members expressed their appreciation for the Finance team on a successful result.

- a) Members approved the Draft External Audit Annual report for submission to the Board of Management

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1. Purpose

To seek approval of the level of tuition fees and fee waiver policy for Session 2019-20 from members.

2. Recommendation

That members approve the proposed tuitions fees and fee waiver policy for Session 2019-20.

3. Background

The Board of Management has responsibility for determining tuition fees. It is a condition of grant that no fees should normally be charged to home (Scotland) or EU students studying full-time in Scottish further education colleges and the notional fees are set by Scottish Government and published through SFC and the Students Awards Agency for Scotland (SAAS) for these students. These fees have yet to be set, therefore approval of tuition fees will be subject to any changes made to nationally set fees. SFC publishes its Fee waiver grant policy annually, with the latest available policy published for Session 2018-19. Approval of the fee waiver policy will be subject to any changes made to the national policy for Session 2019-20.

4. Key Considerations

Tuition Fees

As mentioned above full time fees are set nationally. It is yet to be confirmed if there are to be any changes from Scottish Government to the notional fees for Session 2019-20, and as such the full time fees are shown below at the same levels as for 2018-19. It should be noted that these fees have not changed over that last eight sessions, and are unlikely to change for Session 2019-20.

Full time FE: £1,008

Full time HE (HNC/D): £1,285

Full time Degree: £1,820

It's forecasted for Session 2019-20 that 80% of all tuition fees received by the College from mainstream provision will come from full time learners.

SQA fees are a large determinant when setting part time fees. SQA have stated that their prices will remain unchanged for Session 2019-20.

The Bank of England in its February Inflation Report stated that Consumer Price Inflation (CPI) had fallen to 1.8% in January, reflecting a slowing down of UK growth. An inflationary increase would add £2 to the cost per Credit for an FE course or HE course. Last session the College chose not to increase our part time fees to remain competitive with neighbouring colleges, however over the previous three sessions when inflation had been low we have increased fees by £5 per

Credit. A comparison of our fees against neighbouring colleges has again been undertaken, and our fees for the current session are, with the exception of Dundee and Angus, higher or on a par with other Colleges, with most Colleges last session also not raising their fees. As a comparison of current HE fees, Dundee & Angus charge £140 per Credit, compared to our £130 per Credit, while our nearest neighbours in West Lothian, New College Lanarkshire and Fife currently charge between £110 and £130 per Credit. The most common fee per Credit for part time FE is around £100, which is less than our fee of £115 per Credit. The impact of applying an inflationary 1.8% increase to our part time and Credit based evening provision based on current activity levels could see an additional £8K received through tuition fees. For next session we are implementing a timetable change, moving to 55 minute blocks, rather than hour blocks, which will have the impact of delivering a unit over 33 hours, compared to the current 36. Taking all information into consideration, the proposal is to keep our fees for part-time and Credit-based evening courses for Session 2019-20 at the same level as Session 2018-19.

It's proposed that the fee for ECDL remains the same, to remain competitive with neighbouring Colleges, and to encourage growth in a revitalised qualification from British Computer Society.

Given the relatively low numbers of direct-entry International and Rest of the UK students it's proposed that fees for International and Rest of the UK remain the same for Session 2019-20. These fees are competitive compared with the average costs in the University sector, and are comparable with other College International fees. These fees are for students enrolling on mainstream courses, and as background, the college enrolled three international students on mainstream courses in Session 2018-19. Bespoke international provision would be priced on an individual contract basis.

It's proposed that re-sit examination fees are not increased. The volume of re-sits is relatively low and the fee reflects administration staff cost.

For any evening courses which fall out-with our standard pricing structure for FE and HE credits, fees will be set on a course by course or contract basis, with course fee/contract price being established through our established costing model.

National Fee Waiver

National Fee Waiver Policy has remained unchanged since Session 2012-13, with the exception of updates to reflect changes to benefit schemes and increases in the threshold levels for means-tested fee-waiver, however the College's Fee Waiver policy will be adapted should there be any changes to the National Policy, once published. The only changes made to the policy for Session 2019-20 are the addition of sections 8 and 9, which refer to forces personnel and veterans.

Local Fee Waiver

There are no changes proposed to our local fee waiver policy.

Although not part of our local fee waiver policy as an additional benefit to staff where places remain available on courses not eligible for fee waiver (commercial and enhanced fee courses) just prior to courses commencing, have been advertised to staff.

5. Financial Implications

Please detail the financial implications of this item – Based on current activity levels it is forecasted that there is potential for an increase of £8K in tuition fees received in Session 2019-20 compared to Session 2018-19 if an inflationary 1.8% increase was applied to our part time fees. This potential additional income will not be realised under this proposal.

6. Equalities

Assessment in Place? – Yes No

If No, please explain why – N/A

Please summarise any positive/negative impacts (noting mitigating actions) – N/A

7. Risk

Please indicate on the matrix below the risk score. Risk is scored against Impact and Likelihood as Very Low through to Very High.

| | Likelihood | Impact |
|-----------|------------|--------|
| Very High | | |
| High | | |
| Medium | | |
| Low | X | X |
| Very Low | | |

Please describe any risks associated with this paper and associated mitigating actions – The only risk identified is a potential loss of additional income if fees were increased, however comparisons against other Colleges have highlighted that our fees are higher, bar one college.

Risk Owner – David Allison

Action Owner – Pamela Duncan

8. Other Implications –

Please indicate whether there are implications for the areas below.

Communications – Yes No

Health and Safety – Yes No

Please provide a summary of these implications – Once approved, our tuition fees and fee waiver policy require to be published, and communicated to appropriate staff.

Paper Author – Pamela Duncan/David Allison

SMT Owner – David Allison

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1. Purpose

To present the Forecast Outturn for Academic Year 2018-19 to members for discussion.

2. Recommendation

For members to consider the Forecast Outturn for the year to 31 July 2019.

3. Background

A forecasting exercise is carried out to allow us to ensure our financial targets are in line with original budget expectations and to allow us to factor in any changes that have occurred since the Budget was set in June last year.

This report provides a summary of the College's Income & Expenditure forecast outturn for the Academic Year 2018-19 compared to the original budget for 2018-19 approved by SMT and Finance Committee in June 2018.

4. Key Considerations

The forecast is showing an operational surplus before New Falkirk campus costs and non-cash items of £446k against the original budget of £238k. Within the overall improvement to the operating position, there are a number of significant variances. The key points to note are:

Overall income is an increase on budget of £245k

- SFC grant income is up by £108k, an improvement in Flexible Workforce Development income of £200k being offset by a clawback of £105k for national bargaining costs.
- International income is down by £110k, following the change of focus for the department. There are offsetting savings in expenditure within salaries and other teaching costs.
- Increased intakes of students for 18/19 has led to higher HEI tuition fees and income from Foundation Apprenticeships. In addition, SDS has confirmed payments of development monies for the new FA programmes, and this has resulted in £95k of additional income.
- Commercial training income is down on budget by £42k. A higher uptake of CMI & CIPD courses within the FWDF has resulted in fewer candidates on a commercial basis giving a shortfall of £67k. Offsetting some of this shortfall is strong income from Electrical Safety (up £27k), primarily the new 18th Edition course which is mandatory training for domestic electricians this year.
- The improvement in income from Modern Apprenticeships comes from additional funding requested and granted on our SDS contract (£48k) with the balance from higher training fees from ECITB, Scottish Power and Technip FMC.
- Catering and hospitality income has been strengthened by the introduction of card machines in the refectories.
- Items to note within the decrease in Other Income are a reduction in VAT recovery (£37k) due to the percentage of VAT that we are able to recover falling and loss of secondment income without a matching saving in salaries (£35k) related to development work for the graduate level apprenticeship in engineering.

Overall Expenditure is an overrun on budget of £37k

- Significant cost overruns have occurred across many of the expenditure lines, partially mitigated by a saving in salary costs. [REDACTED]

[REDACTED] The majority of other overruns within the expenditure categories relate to increased activity with associated income from FWDF, catering & hospitality and commercial courses.

- The savings made in salary costs arise from a combination of posts not being filled (c£152k), the promotion of CMs to Operational Managers in the 4 new departments rather than recruiting part-time CMs (£53k), maternity cover through consultancy (£28k) and posts remaining vacant for periods of time. The costs of the most recent pay offer made to EIS have been included. This had an impact of c£160k for the 2018/19 academic year compared with the previous offer used in the budget. [REDACTED]

- Increases in expenditure within Learning & Teaching Materials and Registration fees relate to the increased activity for FWDF and Electrical Safety commercial courses.
- The main saving within Learning & Teaching Other costs arises from a reduction in payment to Alva Academy for the delivery of an FA engineering cohort (£19k).
- Increases in Catering & Hospitality costs correlate with the increase in income.
- Finance costs are increased for irrecoverable VAT, which we have been advised will become chargeable on the shared service costs of Procurement and Data Protection.

- As a result of the improved operating position, we are now able to progress with the new Library Management system (£17k) which has been included within IT costs.
- The significant item to note within Other Costs is consultancy fees for both FWDF delivery and commercial training delivery due to staff sickness.
- External charges £11k are now included relating to the increased costs of paying Petroineos MAs the living wage, which FVC has agreed to cover.

New Falkirk Campus expenditure is lower than budget by £141k

- The largest element of this is the salary and on-costs (£109k) for the Vice Principal Estates Development who was included in the budget for the full year but retired in September 2019.
- Other variances are arising from FFE fees (£50k), legal fees (£40k) and consultancy fees (£25k) being rephased beyond July 2019. These are partially offset by £78k of fees for the Moves consultant being brought forward.

Unresolved issues and areas of risk

The final outturn for the year will depend on the outcome of a number of unresolved issues, which could financially impact FVC, namely:

- Request to SDS for a further £50k for the current contract.
- [REDACTED]
- [REDACTED]
- Costs of (c£170k), and available funding for, the 5.2% increase to STSS pension scheme from 1st April 2019.
- Costs of any restructuring programme under consideration.

Cash Budget for Priorities

SFC confirmed that for 2018/19 Cash budget for priorities is to be spent on specific items of expenditure. Our cash budget for priorities will be used to fund the Loan Repayments, and Estates related revenue costs.

5. Financial Implications

Overall the forecast operating position is an improvement on the original budget. However, as per above the financial impact of the noted unresolved issues, commercial income and expenditure in general will require to be monitored closely to ensure there is no significant impact on the final outturn.

6. Equalities

Assessment in Place? Not applicable given the nature of this report.

7. Risk

Please indicate on the matrix below the risk score. Risk is scored against Impact and Likelihood as Very Low through to Very High.

| | Likelihood | Impact |
|-----------|------------|--------|
| Very High | | x |
| High | | |
| Medium | x | |
| Low | | |
| Very Low | | |

Risk Owner – Alison Stewart

Action Owner – Senga McKerr

8. Other Implications

Communications – No

Health and Safety – No

Paper Author – Senga McKerr

SMT Owner – Alison Stewart

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1. Purpose

To inform members of the indicative funding allocations for Academic Year (AY) 2019-20 announced by SFC on 28 February 2019.

2. Recommendation

That members note the indicative allocations for AY 2019-20 and how this affects the College's finances.

3. Background

The SFC announced indicative funding allocations for AY 2019-20 on 28 February 2019. The figures are indicative only and will not be finalised until May 2019. SFC has indicated that should they conclude that an outcome agreement is unsatisfactory they will make the appropriate adjustments to final funding allocations. The SFC circular and sector funding allocations are attached to this paper for information.

4. FE Sector position

SFC decisions on funding are in line with the Minister for Further Education, Higher Education and Science's Outcome Agreement Guidance Letter of 14 November 2018.

The key points in this indicative funding announcement for the FE sector for AY 2019-20 are:

- Teaching funding has increased to meet the identified national bargaining harmonisation / job evaluation costs – an increase of c£10 million.
- Student activity (credit) targets are unchanged from AY 2018-19.
- Student support funding has increased by c£7 million to allow Colleges to further implement the recommendations of the Review of Student Support.
- Strategic funding has decreased by c£6 million.
- Capital funding has decreased by c£29 million, partly due to the phasing of the investment in FVC's new Falkirk campus.

The Scottish Government Budget document stated that in 2019-20 the Scottish Government "invests £600 million in colleges.....to develop our future talent and innovation" and will:

- Guarantee that higher education will remain free of tuition fees for all eligible Scottish or EU-domiciled undergraduate students studying in Scotland
 - Ensure every eligible care-experienced student receives a full £8,100 non-repayable bursary to finance their studies.
 - Ensure that the poorest HE students receive increased bursary support and increased access to bursaries through improvements to the HE bursary threshold."
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In particular, the Scottish Budget for 2019-20 will:

- Provide “continued investment in further and higher education, with a focus on enabling equal access to learning and skills opportunities.
- Continue to take forward actions through our Science, Technology, Engineering and Mathematics (STEM) education and training strategy to improve the supply of STEM and strengthen partnerships between schools, colleges, universities, science centres and employees.
- Invest in additional capacity in relevant courses in Scotland’s colleges and universities and in apprenticeship programmes to expand the (Early Learning and Childcare) workforce.
- Support the internationalisation of our universities and colleges including access for Scottish students to take part in international exchanges and to attract talented students to study in Scotland.
- Continue to work with the public, private, and university and college sectors to drive forward our Innovation Action Plan – taking action to support innovation across businesses, sectors and places, using public sector spend to catalyse innovation, and make best use of the research, knowledge and talent of our universities and colleges to drive innovation and growth.
- Improve mental health services for young people and provide support in schools, colleges, and universities.
- Provide access to free sanitary products in schools, colleges and universities and extend access to those on a low income who require them.”

The Scottish Government also re-stated its commitment to “*maintain at least 116,000 full-time equivalent college places*” and to continue with the Flexible Workforce Development fund.

The Budget paper contains a note from the Minister on the potential impact on the budget of Brexit outcomes – “If Brexit can be avoided, those resources currently invested in contingency planning and mitigation can be reinvested into our public services and economy. However, if we face a no deal or cliff-edge Brexit I will have to return to Parliament to reassess our spending priorities”.

5. Forth Valley College position

| Funding Allocations | 19/20 Indicative | 18/19 Final | 18/19 Indicative | Variance against 18/19 Final | % |
|-----------------------------|---------------------|----------------|---------------------|---|----------|
| GIA | | 20,793,053 | 20,793,053 | | |
| ESOL | | 71,807 | 71,807 | | |
| 18/19 NB costs consolidated | | 1,044,302 | 1,169,430 | | |
| | 21,909,163 | 21,909,162 | 22,034,290 | 1 | 0.0% |
| ESF | 481,644 | 478,510 | 478,510 | 3,134 | 0.6% |
| Total Teaching Grant | 22,390,807 | 22,387,672 | 22,512,800 | 3,135 | 0.0% |
| 19/20 National Bargaining | 534,916 | | | | |
| | 22,925,723 | 22,387,672 | 22,512,800 | 538,051 | 2.4% |
| Student Support | 3,807,681 | 3,807,681 | 3,807,681 | | |
| Review of student support | | 140,238 | | | |
| In year redistribution | 342,960 | 342,960 | | | |
| | 4,150,641 | 4,290,879 | 3,807,681 | (140,238) | -3.3% |
| Capital & Maintenance | 437,000 | 686,107 | 686,107 | (249,107) | -36.3% |
| New Falkirk Campus | 22,700,000 | 42,000,000 | 42,000,000 | | |
| Credits | | | | Variance against 17/18 final | % |
| GIA (including Childcare) | 84,201 | 84,201 | 84,201 | 0 | |
| ESF | 1,792 | 1,816 | 1,816 | (24) | |
| | 85,993 | 86,017 | 86,017 | (24) | 0.0% |

Grant in Aid Funding (GIA)

Overall GIA funding increased by 2.4% but this increase relates entirely to the funding for National Bargaining which is not linked to delivery of credits but rather the projected costs of implementing the agreed pay structure for teaching staff. If you exclude the NB funding there is flat cash in credit related funding, and core credits remain unchanged at 84,201. There is a small decrease in ESF credits (24), with a 0.6% uplift in funding. As with 2018-19, Colleges are expected to give priority to delivery of activity for Early Learning and Childcare courses from their core credits. This remains at the same level as for 2018-19.

The funding of National Bargaining costs continues to take priority over the implementation of the simplified funding model, and the need to address inequalities in the level of core funding across the sector. During this year SFC has consulted with the sector on revising the demographic model, which provides an evidence base for setting college / region activity targets. Based on the feedback from the sector, SFC intends to revise the current model and have further discussions over the coming months. As the new model is not yet finalised, credit targets have been left unchanged for AY2019-20.

Beyond 2019-20 SFC intends to continue the work on a revised demographic model, and review the college funding model in order to address the effects of national bargaining. We will continue to argue for this to address inequalities across the sector in levels of core funding.

National Bargaining (NB)

The costs of the harmonisation related to national bargaining, down to individual institution level, have been taken from information collated and provided by Colleges Scotland (and validated by SFC). The teaching uplift that SFC is providing in AY2019-20 will be sufficient to meet the agreed costs of the national bargaining settlement. However, it should be noted that the College continues in negotiations with the Unions over future pay increases, providing a level of uncertainty as to future lecturing salary costs.

European Social Funding (ESF)

SFC will allocate total funding of c.£13 million to colleges for the delivery of additional ESF activity in AY 2019-20, which includes an assumed ESF contribution from the European Commission of c.£5 million. FVC's funding has an increase of £3k (0.6%) with an associated reduction of 24 credits, and will be delivered through the Developing Scotland's Workforce programme.

Student Support

Student support has decreased by 3.3% (£140k). However, the £140k included for 2018-19 review of Student Support will not be required as we received all of our request for additional funds in the in-year redistribution exercise, which has been consolidated in to our 2019-20 indicative allocation.

Colleges are required to further implement the recommendations of the Independent Review of Student Support, which for 2019-20 includes:

- Making bursary level funding available to 18-19 year old students, rather than the lower Education Maintenance Allowance. This is already current FVC practice.
- Increase the maximum annual FE bursary by 5.9% to £4,500pa (£104.65pw when divided by 43 weeks).
- Continue to provide Care Experienced students with a bursary of £8,100.

The 2019-20 allocation of £4,151k, after taking account of these changes, may not be sufficient based on our current split of the monies in to Bursary, Childcare and Discretionary funds. The split of the £4,151k is, however, calculated by FVC. Therefore should we decide to allocate more of the funding pot to FE bursary, this could mean that we are unable to provide the same level of discretionary support as we have in previous years. It is unclear from the SFC circular if there will be any in year redistribution available if it is not sufficient.

Capital & Maintenance

There are three distinct elements to the Capital & Maintenance grant allocation to support capital investment in the college sector:

- Ongoing lifecycle maintenance needs which are essentially the core estate needs, year-on-year, of the sector.
- Tackling the very high priority estates needs (backlog maintenance).
- Funding for capital projects.

SFC recognises that the sector's backlog and lifecycle maintenance needs far exceed the level of funding available. Therefore the overall aim for SFC's allocation methodology is to ensure a contribution is provided towards these two elements of capital need. Backlog maintenance funding is based on the costs identified in the 2017 estate condition report and lifecycle maintenance funding continues to be allocated based on core activity targets.

For financial year (FY) 2019-20 FVC's budget is £437k for lifecycle maintenance and nothing for high priority backlog maintenance. This is an overall reduction of 36.3% (£249k). While there can be little argument over no allocation for backlog maintenance given Alloa and Stirling are relatively new campuses and there is capital funding for the new Falkirk Campus, no consideration is given to the fact that FVC has to top slice £158k of the lifecycle maintenance for interest payments, which does not apply to the majority of Colleges.

If this level of funding is maintained going forward this is below the £1m lifecycle funding highlighted in the Decision point 4 Report as being required to support the new Falkirk Campus.

6. Flexible Workforce Development Fund

The Flexible Workforce Development Fund (FWDF) will continue in AY 2019-20 and, in line with AY 2018-19, SFC has set aside £6 million from its core budget and expect an additional £4 million will be transferred in-year to maintain a total budget of £10 million for AY 2019-20.

FVC received £500k of this funding in AY 2018-19, and has requested additional funds should they be available from any in-year redistribution. The indicative allocations circular did not specify the funding by college for the FWDF for AY 2019-20.

SFC continues to monitor this programme and liaise with colleagues in the Scottish Government to refine and improve the efficiency and effectiveness of the programme to meet the Government's objectives.

7. Financial Implications

The financial implications have been noted in section 5.

8. Equalities

Not applicable given the nature of this report.

9. Risk

Please indicate on the matrix below the risk score. Risk is scored against Impact and Likelihood as Very Low through to Very High.

| | Likelihood | Impact |
|-----------|------------|--------|
| Very High | | |
| High | | |
| Medium | X | X |
| Low | | |
| Very Low | | |

Whilst SFC continue to allocate funds on a priority basis to areas such as national bargaining, the implementation of a much needed simplified funding model is delayed potentially for a number of years. This results in continued disadvantage to Forth Valley College in terms of its core funding with a lack of equity, consistency and transparency in how funding is allocated and could impact on performance measures and our commercial competitiveness.

The College should continue to argue for a fair and transparent funding model for the sector and the Principal, and the Vice Principal Finance and Corporate Affairs will continue to make our case with SFC whenever possible.

Risk Owner – Alison Stewart

Action Owner – Alison Stewart

10. Other Implications –

Communications –No

Health and Safety –No

Paper Author – Senga McKerr

SMT Owner – Alison Stewart

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Table 1: College sector - overall indicative budget for AY 2019-20

| Revenue funding | AY 2019-20 <i>£000</i> |
|---|----------------------------------|
| Core Teaching & Fee Waiver funding ¹² | 453,990 |
| National Bargaining costs | 10,122 |
| Total Teaching | 464,112 |
| Core Student Support | 111,041 |
| Additional Student Support (Review) | 11,739 |
| Total Student Support | 122,780 |
| SFC contribution to ESF programme | 8,000 |
| Flexible Workforce Development Fund | 10,000 |
| Strategic funds | 8,735 |
| Total Revenue funding (includes ring-fenced amounts shown below) | 613,627 |

| | |
|---|----------------|
| SG ring-fenced funds | |
| Flexible Workforce Development Fund - to be confirmed | 4,000 |
| Total SFC excluding ring-fenced funds | 609,627 |
| ESF programme | 5,221 |

| Capital funding | FY 2019-20 <i>£000</i> |
|---|----------------------------------|
| Backlog and Lifecycle Maintenance | 21,029 |
| Support for business cases for the highest priority campuses | 1,500 |
| Project funding | |
| Forth Valley College: new Falkirk Campus | 22,700 |
| New College Lanarkshire: loan repayment (former Coatbridge Campus) | 994 |
| Fife College 'very high' priority backlog | 1,377 |
| Total Capital funding | 47,600 |

| | |
|--------------------------------|---------------|
| College NPD expenditure | 29,300 |
|--------------------------------|---------------|

¹ There was an increase to the Highlands & Islands teaching allocation of £184,269 following the Final Outcome Agreement Funding Allocations published in May 2018 ([SFC/AN/09/2018](#))

² The Core Teaching and Fee Waiver grant takes account of the adjustments to National Bargaining announced in [SFC/AN/03/2019](#)

Table 2: Indicative teaching funding allocations for AY 2019-20

| College/Region | Final core teaching funding allocation AY 2018-19 (including national bargaining adjustments Feb 2019) ⁴ | Total national bargaining costs AY 2019-20 | Indicative core teaching funding allocation for AY 2019-20 | Funding percentage change (from final core teaching funding allocation for AY 2018-19) | ESF teaching funding 2018-19 | ESF teaching funding 2019-20 | Total teaching funding including ESF 2018-19 | Total teaching funding including ESF 2019-20 |
|---|---|--|--|--|------------------------------|------------------------------|--|--|
| | £ | £ | £ | % | £ | £ | £ | £ |
| Ayrshire College | 34,953,450 | 512,645 | 35,466,096 | 1.5% | 223,293 | 224,755 | 35,209,969 | 35,690,851 |
| Borders College | 8,544,856 | 210,887 | 8,755,743 | 2.5% | 134,524 | 135,405 | 8,729,765 | 8,891,148 |
| Dumfries & Galloway College | 9,820,471 | 209,215 | 10,029,686 | 2.1% | 0 | 0 | 9,733,992 | 10,029,686 |
| Dundee & Angus College | 27,156,862 | 631,921 | 27,788,783 | 2.3% | 1,154,055 | 1,161,614 | 28,194,299 | 28,950,397 |
| Edinburgh College | 44,701,211 | 966,910 | 45,668,121 | 2.2% | 348,082 | 350,362 | 45,052,974 | 46,018,483 |
| Fife College | 34,423,212 | 874,440 | 35,297,652 | 2.5% | 628,510 | 632,627 | 35,004,583 | 35,930,279 |
| Forth Valley College | 21,909,163 | 534,916 | 22,444,078 | 2.4% | 478,510 | 481,644 | 22,512,801 | 22,925,722 |
| Glasgow Region | 88,412,499 | 2,258,798 | 90,671,297 | 2.6% | 4,566,278 | 4,596,187 | 93,592,094 | 95,267,483 |
| Highlands & Islands Region ^{1,2,5} | 44,477,138 | 2,375,162 | 46,852,301 | 5.3% | 0 | 0 | 43,931,793 | 46,852,301 |
| Lanarkshire Region | 45,035,131 | 579,808 | 45,614,938 | 1.3% | 3,155,524 | 3,176,193 | 48,670,964 | 48,791,131 |
| Newbattle Abbey College ⁵ | 847,889 | 30,865 | 878,754 | 3.6% | 0 | 0 | 856,559 | 878,754 |
| North East Scotland College | 32,009,077 | 249,195 | 32,258,272 | 0.8% | 624,285 | 628,374 | 32,597,000 | 32,886,646 |
| Sabhal Mòr Ostaig ⁵ | 1,622,474 | 63,427 | 1,685,901 | 3.9% | 0 | 0 | 1,785,461 | 1,685,901 |
| SRUC ³ | 9,041,679 | 0 | 9,041,679 | 0.0% | 0 | 0 | 9,041,679 | 9,041,679 |
| West College Scotland | 39,948,690 | 359,652 | 40,308,342 | 0.9% | 1,626,517 | 1,637,171 | 41,824,487 | 41,945,513 |
| West Lothian College | 11,086,593 | 264,276 | 11,350,869 | 2.4% | 195,279 | 196,558 | 11,253,883 | 11,547,428 |
| Scotland | 453,990,396 | 10,122,117 | 464,112,513 | 2.2% | 13,134,857 | 13,220,890 | 467,992,301 | 477,333,402 |

¹ - The Highlands & Islands Region revised funding allocation is related to a change in credit target agreed after May publication and resultant increase in teaching grant of £184,269.

² - Colleges in the Highlands & Islands transitional region will be allocated ESF through a separate HE grant to the University of the Highlands & Islands.

³ - SRUC will be allocated ESF through HE funding.

⁴ - This relates to columns 2, 6 and 7 from Table 1: Revised Teaching Funding Allocations for AY 2018-19, published in February 2019.

⁵ - We are still in discussions with non-incorporated colleges.

Table 2A: Indicative National Bargaining costs for AY 2019-20 (showing Support Staff & Middle Management Job Evaluation estimates)

| | AY 2018-19 Announcement Support staff & middle management job evaluation estimate | AY 2018-19 Adjustment Support staff & middle management job evaluation estimate | AY 2018-19 Revised Support staff & middle management job evaluation estimate | AY 2019-20 Support staff & middle management job evaluation estimate | AY 2018-19 Announcement Other national bargaining harmonisation costs | AY 2018-19 Adjustment Other national bargaining harmonisation costs | AY 2018-19 Revised Other national bargaining harmonisation costs | AY 2019-20 Other national bargaining harmonisation costs |
|-----------------------------|--|--|---|--|---|---|--|---|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| Ayrshire College | 766,562 | 20,020 | 786,582 | 71,507 | 1,211,440 | -53,246 | 1,158,194 | 441,138 |
| Borders College | 209,469 | 4,375 | 213,843 | 19,440 | 445,827 | -54,759 | 391,068 | 191,447 |
| Dumfries & Galloway College | 207,687 | 11,941 | 219,628 | 19,966 | 452,788 | 74,538 | 527,326 | 189,249 |
| Dundee & Angus College | 628,160 | -8,202 | 619,959 | 56,360 | 1,379,202 | 124,820 | 1,504,023 | 575,561 |
| Edinburgh College | 1,089,032 | -56,293 | 1,032,739 | 93,885 | 1,497,131 | 52,613 | 1,549,744 | 873,024 |
| Fife College | 848,143 | 38,766 | 886,909 | 80,628 | 1,763,886 | 8,373 | 1,772,258 | 793,812 |
| Forth Valley College | 503,979 | 16,174 | 520,152 | 47,287 | 665,452 | -141,302 | 524,150 | 487,629 |
| Glasgow Region | 1,793,322 | 28,330 | 1,821,653 | 165,605 | 4,646,490 | -641,647 | 4,004,843 | 2,093,193 |
| Highlands & Islands Region | 1,838,769 | 280,160 | 2,118,929 | 202,953 | 5,239,227 | 265,185 | 5,504,412 | 2,172,210 |
| Lanarkshire Region | 918,302 | -65,482 | 852,820 | 77,529 | 2,547,626 | -414,827 | 2,132,799 | 502,279 |
| Newbattle Abbey College | 100,062 | 2,661 | 102,723 | 9,338 | 61,194 | -11,331 | 49,863 | 21,527 |
| North East Scotland College | 543,384 | 47,934 | 591,318 | 53,756 | 1,110,408 | -11,572 | 1,098,836 | 195,439 |
| Sabhal Mòr Ostaig | 406,843 | -14,788 | 392,055 | 43,178 | 720,489 | -148,198 | 572,291 | 20,249 |
| SRUC | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| West College Scotland | 813,445 | 43,445 | 856,890 | 77,899 | 802,330 | -292,724 | 509,606 | 281,753 |
| West Lothian College | 276,258 | 4,276 | 280,534 | 25,503 | 671,293 | 23,713 | 695,006 | 238,773 |
| Scotland | 10,943,416 | 353,317 | 11,296,733 | 1,044,835 | 23,214,783 | -1,220,366 | 21,994,417 | 9,077,282 |

Table 3: Indicative student activity (credit) targets for AY 2019-20

| College/Region | Final core activity target 2018-19 | Final ESF activity target 2018-19 | Final total activity target 2018-19 | Indicative core activity target 2019-20 | Indicative ESF activity target 2019-20 | Total activity target 2019-20 |
|---|------------------------------------|-----------------------------------|-------------------------------------|---|--|-------------------------------|
| | <i>Credits</i> | <i>Credits</i> | <i>Credits</i> | <i>Credits</i> | <i>Credits</i> | <i>Credits</i> |
| Ayrshire College | 124,086 | 871 | 124,958 | 124,086 | 860 | 124,946 |
| Borders College | 25,176 | 478 | 25,654 | 25,176 | 472 | 25,648 |
| Dumfries & Galloway College | 30,176 | 0 | 30,176 | 30,176 | 0 | 30,176 |
| Dundee & Angus College | 103,314 | 4,494 | 107,807 | 103,314 | 4,433 | 107,747 |
| Edinburgh College | 186,612 | 1,357 | 187,968 | 186,612 | 1,338 | 187,950 |
| Fife College | 130,234 | 2,451 | 132,685 | 130,234 | 2,418 | 132,652 |
| Forth Valley College | 84,201 | 1,816 | 86,018 | 84,201 | 1,792 | 85,993 |
| Glasgow Region | 368,592 | 17,554 | 386,145 | 368,592 | 17,317 | 385,909 |
| Highlands & Islands Region ^{1,2} | 110,382 | 0 | 110,382 | 110,382 | 0 | 110,382 |
| Lanarkshire Region | 172,545 | 12,169 | 184,715 | 172,545 | 12,005 | 184,551 |
| Newbattle Abbey College | 921 | 0 | 921 | 921 | 0 | 921 |
| North East Scotland College | 133,070 | 2,460 | 135,529 | 133,070 | 2,427 | 135,496 |
| Sabhal Mòr Ostaig | 799 | 0 | 799 | 799 | 0 | 799 |
| SRUC ³ | 22,747 | 0 | 22,747 | 22,747 | 0 | 22,747 |
| West College Scotland | 157,855 | 6,368 | 164,223 | 157,855 | 6,282 | 164,137 |
| West Lothian College | 43,646 | 786 | 44,431 | 43,646 | 775 | 44,421 |
| Scotland | 1,694,354 | 50,804 | 1,745,158 | 1,694,354 | 50,119 | 1,744,473 |

¹ - Colleges in the Highlands & Islands transitional region will be allocated ESF activity through a separate HE grant to the University of the Highlands & Islands (UHI).

² - The Highlands and Islands Region received a revised credit target which was agreed after the May publication. This resulted in an increase of 552 credits.

³ - SRUC will be allocated ESF activity through HE funding.

Table 3A: Indicative childcare activity (credit) targets for AY 2019-20

| College/Region | Total Childcare credits (to be sourced from core credit targets) 2018-19 | Credits for PDAs 2019-20 | Credits for HNCs 2019-20 | Total Childcare credits (to be sourced from core credit targets) 2019-20 |
|---|--|--------------------------|--------------------------|--|
| | <i>Credits</i> | <i>Credits</i> | <i>Credits</i> | <i>Credits</i> |
| Ayrshire College | 5,489 | 0 | 5,489 | 5,489 |
| Borders College | 1,200 | 0 | 1,200 | 1,200 |
| Dumfries & Galloway College | 1,278 | 0 | 1,278 | 1,278 |
| Dundee & Angus College | 3,082 | 0 | 3,082 | 3,082 |
| Edinburgh College | 6,639 | 750 | 5,889 | 6,639 |
| Fife College | 4,690 | 0 | 4,690 | 4,690 |
| Forth Valley College | 2,683 | 0 | 2,683 | 2,683 |
| Glasgow Region | 6,932 | 1,000 | 5,932 | 6,932 |
| Highlands & Islands Region ¹ | 0 | 0 | 0 | 0 |
| Lanarkshire Region | 8,077 | 158 | 7,919 | 8,077 |
| Newbattle Abbey College ² | 0 | 0 | 0 | 0 |
| North East Scotland College | 3,140 | 250 | 2,890 | 3,140 |
| Sabhal Mòr Ostaig ² | 0 | 0 | 0 | 0 |
| SRUC ² | 0 | 0 | 0 | 0 |
| West College Scotland | 4,814 | 0 | 4,814 | 4,814 |
| West Lothian College | 2,640 | 0 | 2,640 | 2,640 |
| Scotland | 50,665 | 2,158 | 48,507 | 50,665 |

¹ - Colleges in the Highlands & Islands Region are allocated Childcare activity/funding through HE funding.

² - Newbattle Abbey College, Sabhal Mòr Ostaig and SRUC do not receive Childcare activity/funding.

Table 4: Indicative Student Support funding allocations for AY 2019-20

| College / Region | Final student support funding 2018-19 prior to in-year redistribution ¹ | Share of additional funding for implementation of review of student support ² | Student support funding including additional funding for implementation of review of student support 2018-19 ² | Total student support funding 2019-20 prior to in-year redistribution ¹ | Funding percentage change from 2018-19 inclusive of additional funding |
|-----------------------------|--|--|---|--|--|
| | £ | £ | £ | £ | % |
| Ayrshire College | 9,593,931 | 182,595 | 9,776,526 | 10,040,480 | 2.7% |
| Borders College | 1,701,506 | 134,938 | 1,836,444 | 2,031,506 | 10.6% |
| Dumfries & Galloway College | 1,787,151 | 184,007 | 1,971,158 | 2,237,151 | 13.5% |
| Dundee & Angus College | 7,648,414 | 535,418 | 8,183,832 | 8,957,814 | 9.5% |
| Edinburgh College | 9,335,591 | 509,477 | 9,845,069 | 10,581,551 | 7.5% |
| Fife College | 7,707,048 | 325,037 | 8,032,085 | 8,501,947 | 5.8% |
| Forth Valley College | 3,807,681 | 140,238 | 3,947,918 | 4,150,641 | 5.1% |
| Glasgow Region | 22,159,503 | 1,391,905 | 23,551,408 | 25,563,497 | 8.5% |
| Highlands & Islands Region | 8,513,623 | 299,422 | 8,813,045 | 9,245,879 | 4.9% |
| Lanarkshire Region | 13,849,191 | 185,642 | 14,034,833 | 14,303,191 | 1.9% |
| Newbattle Abbey College | 221,678 | 8,587 | 230,265 | 242,678 | 5.4% |
| North East Scotland College | 7,834,675 | 475,960 | 8,310,636 | 8,998,667 | 8.3% |
| Sabhal Mòr Ostaig | 0 | 0 | 0 | 0 | 0.0% |
| SRUC | 2,219,928 | 80,022 | 2,299,950 | 2,415,628 | 5.0% |
| West College Scotland | 11,485,637 | 171,739 | 11,657,376 | 11,905,637 | 2.1% |
| West Lothian College | 3,175,893 | 175,011 | 3,350,904 | 3,603,893 | 7.5% |
| Scotland | 111,041,450 | 4,800,000 | 115,841,450 | 122,780,160 | 6.0% |

¹ - As in previous years, there will be a planned in-year redistribution in 2019-20.

² - Scottish Government provided £5.2 million for Student Support Review (£4.8m for SFC and £0.4m transferred to SAAS).

Table 5: Indicative capital funding for FY 2019-20

| College/Region | FY 2019-20 indicative capital based on gross high priority backlog maintenance | FY 2019-20 indicative capital for lifecycle maintenance based on share of volume target | Total indicative capital funding based on high priority backlog & lifecycle maintenance (college estate survey) for FY 2019-20 |
|--------------------------------------|--|---|--|
| | £ | £ | £ |
| Ayrshire College | 124,000 | 645,000 | 769,000 |
| Borders College | 138,000 | 131,000 | 269,000 |
| Dumfries & Galloway College | 27,000 | 157,000 | 184,000 |
| Dundee & Angus College | 1,109,000 | 537,000 | 1,646,000 |
| Edinburgh College | 1,455,000 | 969,000 | 2,424,000 |
| Fife College | 964,000 | 676,000 | 1,640,000 |
| Forth Valley College | 0 | 437,000 | 437,000 |
| Glasgow Region | 1,623,000 | 1,915,000 | 3,538,000 |
| Highlands & Islands Region | 958,000 | 573,000 | 1,531,000 |
| Lanarkshire Region | 1,165,000 | 896,000 | 2,061,000 |
| Newbattle Abbey College ¹ | 762,000 | 0 | 762,000 |
| North East Scotland College | 1,617,000 | 691,000 | 2,308,000 |
| Sabhal Mòr Ostaig ¹ | 216,000 | 0 | 216,000 |
| SRUC | 492,000 | 118,000 | 610,000 |
| West College Scotland | 1,710,000 | 820,000 | 2,530,000 |
| West Lothian College ² | 35,000 | 69,000 | 104,000 |
| Scotland | 12,395,000 | 8,634,000 | 21,029,000 |

¹ - Newbattle Abbey College and Sabhal Mòr Ostaig do not receive capital funding for lifecycle maintenance.

² - West Lothian College's capital funding is adjusted to reflect a loan repayment.