

**S1.18, Stirling Campus at 9:30am followed by Christmas Lunch**

**AGENDA**

- 1 Declarations of interest
- 2 Apologies
- 3 Principals Report Ken Thomson  
  
(Elements of paper 3 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.)

**FOR APPROVAL**

- 4 Minutes of meeting of 25 June 2015
- 5 Matters Arising
  - a) B/14/048 National Recognition Procedure Agreement
  - b) B/14/049 Heads of Terms – Falkirk Council Arts Centre
- 6 Minutes of Committee Meetings
  - Audit Committee 27 August 2015
  - Remuneration Committee 27 August 2015
  - Strategic Development Committee 10 September 2015
  - Finance Committee 15 September 2015
  - Draft HR (Inc. Nomination) Committee 10 November 2015
  - Strategic Development Committee 19 November 2015
  - Audit Committee 1 December 2015
  - Finance Committee 1 December 2015

(Elements of the Remuneration Committee remit are withheld from publication on the Forth Valley College website under Section 38 Personal Information of the Freedom of Information (Scotland) Act 2002.)
- 7 Annual Report to the Scottish Funding Council on Institution Led Review of Quality Fiona Brown
- 8 Annual Report of the Audit Committee to the Board of Management Nigel Scott
- 9 Annual Report and Financial Statements Alison Stewart
- 10 External Auditor Annual Report and Letter of Representation Alison Stewart
- 11 Key Estates Issues and Strategic Options following completion of Updated Full Business Case Ken Richardson

- 12 Papers considered by Committees and recommended to Board of Management for Approval:
- a) Falkirk Community Planning Partnership Agreement Ken Thomson
  - b) Protection of Children, Young People and Adults at Risk of Harm Andrew Lawson
  - c) Remuneration – Principal and Senior Management Team Anne Mearns
- (Paper 12 c) is withheld from publication on the Forth Valley College website under Section 38 Personal Information of the Freedom of Information (Scotland) Act 2002.)

**FOR DISCUSSION**

- 13 Falkirk Campus Update (Presentation) Tom Gorman
- 14 Student Association Report Lorraine Simpson  
(Elements of this report are withheld from publication on the Forth Valley College website under Section 38 Personal Information of the Freedom of Information (Scotland) Act 2002.)
- 15 Review of Risk
- 16 Any other competent business

**FOR INFORMATION**

Education Scotland Review March 2016  
College Department Update - (This paper is withheld from publication on the Forth Valley College website under Section 38 Personal Information of the Freedom of Information (Scotland) Act 2002.)  
Programme of Business  
Board Calendar  
Safeguarding  
Scottish Business Pledge

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1. Purpose

To present to the Board of Management the eighth Principal's report on activity undertaken since the last update in September 2015.

2. Recommendation

The Board should note and comment on the activity undertaken since September 2015.

3. Key Highlights

3.1 I am delighted to inform the Board that the College were successful in two awards at the recent College Development Network Awards night in Glasgow on Thursday 26th November 2015. The College won gold awards for Essential Skills with their innovative approach to construction and engineering core skills. The second award was gold for the Learning and Teaching category and our sector leading approach to Creative Learning. Thanks to Board members Lorna Dougall, Nigel Scott and Lorraine Simpson for supporting our table of 10 which included practitioners from both projects. The College were also joint winners with Falkirk Council Children Services Department in the Service Improvement of the Year Award with our Applications Portal and student Shannon Whyte won the SQA Star Award for Lifelong Learning Awards at the Awards event held in the Assembly Rooms, Edinburgh.

3.2 Tom Gorman, Associate Principal and Executive Director for Estates will highlight in his paper the current position relating to NPD funding and the new Falkirk estate. SMT and the Falkirk Campus Project Board have considered the options and have agreed to continue with Option 3

[REDACTED]

We agreed a letter would be sent to Laurence requesting formal SFC support for the proposal which would then be used to lobby Scottish Government. In the meantime, the Project Board have agreed to continue the Full Business case with the [REDACTED] project total.

3.3 With the pending Comprehensive Spending Review SMT have been scenario planning a number of financial options depending on the outcome from 16 December. [REDACTED]

[REDACTED] To support our planning, SMT completed a SWOT analysis which is attached as Appendix 1. We also held a strategic workshop on Thursday 26th November with our Managers, Heads of Department and SMT – our Leadership Group. With the new Falkirk Campus and with our understanding of innovations in learning and technology and with the SWOT analysis providing parameters, we began our thinking for what Forth Valley College will look and feel like for the Year 2022. For the first time we captured the excellent discussion and feedback through a graphic artist

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and the output from the workshop will be on show at the Board meeting. Given the current environment, this was a timeous opportunity for team building, challenging thinking and a very positive output.

3.4 Carrying on with the Day in the Life theme started lasted year when I worked the day as a Janitor on the 6am to 3pm shift, I spend a day with Student Finance and will be spending a day Student Records before Christmas and Finance in the new year.

3.5 I can now confirm the date for our Education Scotland review will be 14 March 2016. A programme of briefings for staff, students and the Board has been developed and underway.

#### **4. Local College News**

4.1 Following on from the publication of our Cultural Survey in 2013 we have started the process of repeating the exercise to measure distance travelled over the last two years. The survey is open to all staff and as we did with the last report, we will share the findings with the HR Committee and Board and will publish the final report. We will also use the results to help direct our planning for the 2016/17 Operational Plan as well as identifying any quick wins.

4.2 Thanks to all Board members for their continued support for our two graduations at Stirling Castle and Falkirk Town Hall. Feedback from students, staff and families has been excellent. Dates are in the diary for next year, 4th and 6th of October 2016.

4.3 Our Estates team held a public consultation event in the Falkirk Assembly Hall to publicise the pre-application notice that will be submitted to the Council. Feedback from the small numbers that attended were positive with the main concern being height of the building.

4.4 As part of our international strategy and with support from China Britain Business Council, the College were part of a documentary video which will be shown throughout China and promoting the College as a potential partner. This is a profiling opportunity for the college together with the option to use the video in our own material. I was delighted to see support from Mr Pan, China Consul General, in support of the College. Indeed just last week, I signed an MOU with the Beijing Institute of Petroleum Technology which was followed by a visit by Andrew Campbell to China. The college will also be represented at the GetEnergy conference in Dubai where we have been invited to a round table discussion for the future of vocational training in the area.

4 Following encouragement from our Marketing and Communications Department I now have a Principal Twitter account. This has been very well received by partners and stakeholders in profiling not only the strategic engagement by the Principal but also in profiling the College  [@principal\\_fvc](https://twitter.com/principal_fvc).

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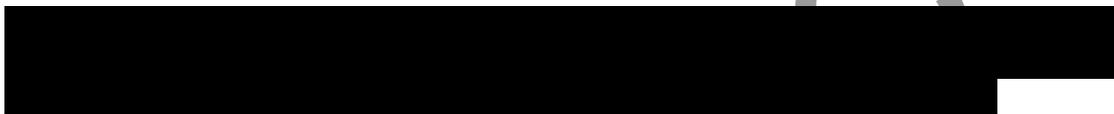
4.6 SMT are now paperless. Through "AdminControl" SMT will monitor and evaluate the success of the project before including the Board.

**5. Networking**

5.1 I have been elected to the full Council for CBI (Scotland). This will give an FE/Skills agenda voice at a strategic business forum.

5.2 I have been appointed to the joint SFC/SDS Skills Committee which has membership from SFC Board and the industry sector and attended my first meeting in October.

5.3



5.4 I attended two Board meeting of the Historic Environment Scotland. As a Board member and Trustee of Jisc, I also attended the November Board meeting in London.

5.5 I was an invitee at the recent SFC working group on Innovation in FE

5.6 I attended one meeting of the Chemical Sciences Scotland (CSS) Skills Group held at the Falkirk Campus. The college are working on transition training and HND developments with Heriot Watt University.

5.7 I was invited to an SDS Roundtable working group with key industrialist and university practitioners in workforce development.

5.8 I visited, with SDS, the University Technical College in Liverpool. The College is trust funded with a specialism in Life Sciences.

5.9 I attended a private dinner for the Forth Valley Chamber of Commerce hosted by Stirling University.

5.10 I attended the HE/FE Show at the ExCell Arena in London and took the opportunity to discuss future estate opportunities with an American based company that undertakes research on classroom design and layout. I also had follow up meetings with AoC following ou Beacon Award.

11 I was invited by the Federation of Small Businesses to their annual dinner at the EICC.

5 2 I attended the SFC Annual Strategic Dialogue event for Principals in FE and HE in Glasgow.

5.13 I attended the Falkirk Herald Awards as a guest of Ineos, the SQA Star Awards as a guest of SQA and SMT colleagues attended the MA Awards in Edinburgh.

5.14 I was an invitee to the Scottish Food and Drink Skills Academy strategic discussion hosted by SFC.

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5.15 I attended one meeting of the Falkirk Economic partnership. The new headquarters for Ineos was discussed as was the plans for a district heating system covering Grangemouth and the Gateway site including the new Falkirk Campus.

## 6. Presentations

6.1 I was a key note speaker at the 2015 Association of Colleges Annual Conference in Birmingham on the debate on the "End of General FE". The College also presented as a previous winner of the Beacon Award for Innovation. We took the opportunity to take four staff to the conference. Feedback from the staff has been very positive and will be discussed in Andy Lawson's Ambassador's Forum.

6.2 I presented to the Leading and Learning Scottish Principal's Residential on Creative Learning

## 7. Key Meetings

I undertook the following key meetings in the period September 2015 to September 2015:

7.1 [Redacted]

7.2 [Redacted]

7.3 [Redacted]

7.4 Peter Connelly, HMle as part of bi-annual catch up and in advance of our Education Scotland review.

7.5 [Redacted]

7.6 Ta mina Ahmed Sheikh (MP for Alloa and the Ochils) at our Alloa Campus as an introduction, tour and meeting opportunity with FES Apprentices.

7.7 Liz Smith (MSP) and Councillor Alexander Stewart at our Alloa Campus to discuss the success of Forth Valley College and identify future issues for the FE sector.

7.8 Anne MacColl, Assistant Director of Enterprise at Stirling University as an introduction. Anne was previously CEO with Scotland Development International (SDI).

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7.9	[Redacted]
7.10	[Redacted]
7.11	[Redacted]

**8. Colleges Scotland**

8.1 In the three months since my last Board update I have attended two meetings of the College Principals Group.

8.2 Hugh hall, Anne Mearns and I attended the Holyrood reception for Colleges Scotland hosted by Roseanna Cunningham. Forth Valley College students helped provide front of house hospitality and showcased our work in life sciences.

**9. Community Planning Partnership**

9.1 Since my last Board update I have attended one meeting of the Falkirk Community Planning Leadership Board and chaired one meeting of the Stirling Local Employability Partnership

9.2 I have attended one meeting of the Stirling City Commission

**10. Financial Implications**

None

**11. Equalities**

Assessment in Place? – Yes  No

If No, please explain why – This paper is an overview report only, there are no changes to College policy or practice involved.

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

**12. 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		
Very Low	X	X

Please describe any risks associated with this paper and associated mitigating actions –  
None

Risk Owner – Ken Thomson

Action Owner – Ken Thomson

**13. 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 – N/A

Paper Author – Ken Thomson

SMT Owner – Ken Thomson

**SWOT Analysis**

**Strengths**

- \* Strong vision, mission and strategic objectives
- \* Strong reputation with stakeholders including Scottish Government
- \* Experienced and professional staff
- \* Excellent progression route for students
- \* Strong and sustainable partnerships with employers
- \* Highly innovative, award winning
- \* Proactive in new Government policies, DYW Foundation & Graduate apprenticeships
- \* Campuses ideally situated for inward investment
- \* Excellent facilities and equipment
- \* Strong reputation for quality standards
- \* Outcome led, not target driven
- \* SMT Leadership with clear direction
- \* Strong financial controls
- \* A Curriculum strategy for three campuses
- \* Gallery restaurant
- \* Fleet of foot, responsive and adaptable
- \* Good employer relations
- \* Strong sustainable links with Universities
- \* A key partner with all three LA's
- \* Strong links with Third Sector
- \* 94% positive destinations for students
- \* College systems approach to modernisation
- \* COMPEX as a commercial arm
- \* Wrap around student support
- \* Student Association
- \* MA delivery

**Weaknesses**

- \* Not promoting college, taking advantage of awards and reputation to best use
- \* High reliance on oil and gas industry
- \* Falkirk campus estate old and worn
- \* VLE not adopted by all staff
- \* Some poor approaches to teaching and learning
- \* Terms and conditions limiting flexibility of workforce
- \* February holiday
- \* Gender imbalance
- \* Inconsistencies in class size
- \* Flat lining student retention
- \* Access to funding streams

**Opportunities**

- \* Well connected to Government policy and organisational initiatives (eg SDS)
- \* Proactive mindset
- \* New estate and community campus
- \* Broad curriculum strategy enabling new opportunities
- \* Capacity for experiment and measured risk
- \* International
- \* Gender imbalance
- \* DYW, Foundation and Graduate apprenticeships
- \* Other funding streams
- \* Vender qualifications as a commercial opportunity and supporting students
- \* Maximising virtual control room
- \* Expanding MA delivery
- \* Summer schools and evening provision
- \* New and flexible ways of working
- \* Creative learning
- \* Strategic delivery of on-line learning and context
- \* Stirling Commission and framework for development
- \* Working with colleges in consortia

**Threats**

- \* Spending review resulting in funding cuts
- \* External perspective of colleges
- \* Lack of strategic funding streams
- \* Inability to compete with private sector on price
- \* National bargaining - impacting on college ethos, morale, autonomy for ideas
- \* Increasing external costs, NI, pensions etc.
- \* ESA10 (European System of Accounts) for new estate impacting on timing
- \* Establishment creep, fixed term to full time
- \* Student funding for bursary
- \* Government levy on MA's (could be an opportunity)
- \* Weak Colleges Scotland

**Boardroom, Falkirk Campus (commencing at 4.30pm)**

Present: Mr Hugh Hall (Chair) (Except item B/14/041)  
Mrs Anne Mearns  
Dr Ken Thomson (Principal)  
Ms Lorraine Simpson (Student Union President)  
Ms Beth Hamilton  
Mr Andrew Carver  
Mr Ken Richardson  
Mr Nigel Scott  
Mr Liam McCabe  
Mrs Caryn Jack  
Ms Angela Winchester  
Mrs Lorna Dougall  
Mr Alan Buchan  
Mr Ralph Burns  
Ms Alison Stephen

Apologies: Mr Colin Alexander  
Mrs Fiona Campbell  
Mr Steven Tolson

In Attendance: Mr David Allison, Associate Principal and Executive Director Information Systems  
Mrs Alison Stewart, Associate Principal and Executive Director of Finance  
Mr Tom Gorman, Associate Principal and Executive Director of Estates Developments  
Mrs Colette Filippi, Associate Principal and Executive Director Business Development  
Mr Andrew Lawson, Associate Principal and Executive Director HR and Operational Effectiveness  
Mr Stephen Jarvie, Corporate Governance and Planning Officer  
Mrs Pamela Duncan, Student Records Manager

**B/14/042 Declarations of Interest**

None

**B/14/043 Principal's Report**

The Principal provided an update on his activities since the last meeting of the Board.

He highlighted a number of key developments including the selection and appointment of the Architects for the Falkirk Campus, recent activity representing the wider College sector both internationally and nationally which included two pieces on Reporting Scotland; and the continued success of the SCOTS initiative.

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The Chair also informed members that he had recently been appointed as Chair of College's Scotland Board. He further highlighted that there was an opportunity for interested members to seek appointment to the Board of the Scottish Funding Council (SFC) which has vacancies.

- a) Members noted the content of the report
- b) It was agreed that the College would circulate details of the SFC Board vacancies to all members

**B/14/044 Minute of Board of Management Meeting of 26 March 2015**

The Minute of the meeting of 26 March 2015 was accepted as an accurate record.

**B/14/045 Matters Arising**

- a) B/14/026 Principal's Report

The Principal confirmed that a demonstration of the new applications portal would be made under agenda item 12.

- b) B/14/036 Donation to Forth Valley College Foundation

The Associate Principal and Executive Director of Finance confirmed that a £1.1m donation had been made to the Forth Valley College Foundation.

- c) B/14/037 National Bargaining

The Associate Principal and Executive Director HR and Operational Effectiveness advised members that an application for the College to sign up to the Business Pledge had been made to the Scottish Government. He noted that they had been surprised and pleased to receive an application from a public body and that the College met the necessary eligibility criteria. The application is proceeding at this time.

He also reported that signing up to the Business Pledge complemented the College's commitment to the living wage.

**B/14/046 Minutes and draft minutes of other Committee**

- a) **Audit Committee - 4 June 2015**

Members noted the minute

- b) **HR (Inc. Nomination) Committee - 9 June 2015**

Members noted the minute

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**c) Strategic Development Committee - 12 June 2015 (Tabled)**

Members noted the minute

**B/14/047 Budget 2015/16**

The Associate Principal and Executive Director of Finance presented the 2015/16 budget for the College. She confirmed that the budget had been reviewed and approved by the Finance Committee and outlined the key points which included a 1% pay raise for staff, the challenges of continued flat cash allocations from SFC and changes to the pension costs for the College.

Overall, she informed members that the College was projecting a small surplus for the year.

The Chair of the Finance Committee confirmed that the budget had been scrutinised by the Committee and commended the Finance team for being able to reach a position of surplus in the face of continued challenging conditions.

a) Members approved the Budget 2015/16

**B/14/048 National Recognition Procedure Agreement**

The Associate Principal and Executive Director HR and Operational Effectiveness presented the National Recognition Procedure Agreement (NRPA) for approval.

He provided background into the development into the NRPA and its importance for the sector as the move towards national bargaining progresses.

Members queried whether all Colleges would be signing the NRPA and if there were any alternatives to this approach to be considered.

The Associate Principal and Executive Director HR and Operational Effectiveness confirmed that it was likely some Colleges may not sign but noted that signing the NRPA would be in the best interests of the sector moving forward. He indicated that, should Colleges not adopt the NRPA, then there would likely be a centrally created alternative implemented via legislation by the Scottish Government.

The Principal acknowledged that there were risks associated with national bargaining as issues at one College could affect the whole sector. He noted however that national bargaining would be happening and it was therefore key for the College to become involved in this as it would help to identify and mitigate risk moving forward.

a) Members approved the adoption of the National Recognition Procedure Agreement

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**B/14/049 Heads of Terms – Falkirk Council Arts Theatre**

The Associate Principal and Executive Director Estates Developments provided members with an overview of a potential collaborative opportunity for the new Falkirk campus.

He outlined discussions between the College, Falkirk Council and Falkirk Community trust on the establishment of a 400 seat arts venue within the new campus.

He provided an overview of the timescales involved and the steps required to progress with this development. As part of the process, he presented members with a Heads of Terms agreement for approval which would allow the College to proceed to the next stage of discussions.

Members welcomed the potential collaboration with Falkirk Council and Falkirk Community Trust.

The Principal noted that the College is doing a number of visits to other institutions as part of the estates developments. He highlighted an upcoming visit to Dundee College which incorporates a theatre into its design and indicated that Board members would be welcome to join this visit.

- a) Members approved the Heads of Terms
- b) Members requested that further market research be conducted into the feasibility of the arts centre and the optimum size in terms of seating capacity
- c) Members requested that a specific risk register be created for this development and be brought to the next Board meeting.

**B/14/050 Whistleblowing Policy**

The Associate Principal and Executive Director HR and Operational Effectiveness presented the Whistleblowing Policy for approval. He noted that this policy was a development of a pre-existing College policy which had been updated to take account of legislative change and which had also been taken to the College's recognised trade unions for consultation.

- a) Members approved the Whistleblowing policy

**B/14/051 Forth Valley College Foundation – Annual Project Plan**

The Associate Principal and Executive Director Finance sought approval to make a grant application to the Forth Valley College Foundation for the purchase of the land adjacent to the Middlefield site. She informed members that this item had also been considered and approved by the Strategic Development Committee.

- a) Members approved the paper
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**B/14/052 Appointment of Internal Auditors**

The Associate Principal and Executive Director Finance sought approval to appoint Scott Moncrieff as the College Internal Auditors from 1 August 2015, noting that this item was considered and approved by the Audit Committee.

a) Members approved the appointment of Scott Moncrieff as College Internal Auditors

**B/14/053 Operational Plan 2015-16**

The Principal presented the Operational Plan for 2015-16. He reported that the content had been taken to the Strategic Development Committee and that the comments received had been incorporated into the final version.

a) Members approved the Operational Plan for 2015-16

**B/14/054 Treasury Management Strategy 2015-16**

The Associate Principal and Executive Director Finance presented the 2015-16 Treasury Management Strategy for approval.

a) Members approved the Treasury Management Strategy 2015-16

**B/14/055 Applications Portal Demonstration**

The Associate Principal and Executive Director Information Systems and Student Records Manager presented the new applications portal system in place within the College.

The secure web based system is the first of its kind in Scotland and is designed to enable authorised staff within local schools and the Careers Service to track the progress of pupils who are applying to College. The system is real time and designed to replace a historical system of static reports which were administratively intensive.

Members queried the structure of the system in relation to data protection. It was confirmed that authorised users can only see the information relating to pupils from their own schools and that all activity is governed by signed data sharing agreements.

a) Members noted the content of the presentation

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**B/14/056 New Falkirk Campus – Progress Report**

The Associate Principal and Executive Director Estates Developments presented the latest Falkirk Campus development monitoring report from the College's technical advisors AECOM.

He outlined key developments and informed members that, as previously approved, the College had issued conditional legal missives in relation to the land adjacent to the Middlefield campus.

He also outlined the recently completed appointment process for Architects to develop the Full Business Case.

a) Members noted the content of the progress report

**B/14/057 Student Association Report**

The Student Union President presented a report on the activities of the Student Association since the last meeting of the Board.

She highlighted a number of key points including the restructure of the Student Association team; the launch of the Scottish Student Framework at the College by Angela Constance; and that the Student Association were shortlisted for the NUS award for best Student Association in the UK.

She also advised members that the Student Association would be setting up their own Board and that they would be looking for ways in which the work of their Board could complement the main College Board of Management.

The Chair noted that the launch of the student framework at the College had been an excellent recognition of the work of the Student Association and that the Board should consider the framework in more detail at their September strategic meeting.

a) Members noted the content of the report

**B/14/058 Risk Register**

The Associate Principal and Executive Director Finance discussed the College Strategic Risk register, noting that this register is presented to each meeting of the Audit Committee.

She informed members that work was currently underway to develop a specific risk register for the new Falkirk Campus estate project and that key risks would be incorporated into the Strategic Risk Register.

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The Chair requested that the College give consideration to the issue of cyber security in the risk register.

a) Members noted the content of the report

**B/14/040 Review of Risk**

Risks were highlighted in each paper.

**B/14/041 Any other competent business**

The Vice Chair met with members to discuss the feedback on the evaluation of the Chair.

She noted that the level of feedback had been low for the Chair's Evaluation and also for Self-Evaluation and that this should be increased in the future.

It was acknowledged that changes in the composition to the Board had contributed to this situation and members agreed to contribute fully in the future.

The Vice Chair covered the main points of the feedback and reminded members that they could also discuss any matters on an individual basis if they wished.

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- a) B/14/048 National Recognition Procedure Agreement
- b) B/14/049 Heads of Terms – Falkirk Council Arts Centre

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**S1.19, Stirling Campus (commencing at 4.30pm)**

Present: Mr Nigel Scott (Chair)  
Mr Colin Alexander  
Mrs Lorna Dougall  
Mrs Beth Hamilton

In Attendance: Mrs Alison Stewart, Associate Principal and Executive Director of Finance  
Mr Stephen Jarvie, Corporate Governance and Planning Officer  
Ms Janet Hamblin, Baker Tilly  
Mr Gary Devlin, Scott Moncrieff  
Mr Michael Smith, Scott Moncrieff  
Mr David Allison, Associate Principal and Executive Director Information Systems  
(For item A/14/038)

The Chair highlighted that this was the last meeting for Baker Tilly and thanked Janet Hamblin for the work undertaken since 2007. He outlined the work Baker Tilly had undertaken in conjunction with the College to strengthen the role and input of Internal Audit.

The Chair also introduced Gary Devlin and Michael Smith from Scott Moncrieff.

The Chair informed members that, to ensure compliance with the Code of Governance as approved by the Board of Management, there had been a change in membership. Mr Ralph Burns had moved to another committee and Mrs Angela Winchester had been appointed to the committee.

**A/14/032 Apologies for Absence**

Ms Angela Winchester

**A/14/033 Declarations of Interest**

None.

**A/14/034 Minute of Audit Committee of 4 June 2015**

Approved.

**A/1 /035 Matters Arising**

a) A/14/026 External Audit Planning Memorandum

The Chair noted that members had requested a breakdown of the activities and costs of External Audit. The Associate Principal and Executive Director of Finance reported that the College did not break down activity in this manner but that the College was fully satisfied with the level of activity. She highlighted that, owing to changes to the College sector finances, Henderson Loggie had been doing a significant level of additional work.

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**A/14/036 Internal Audit Plan 2015-2018**

Mr Gary Devlin presented the draft plan and outlined the work undertaken with the SMT to create the plan using the College risk register as a basis. He highlighted that the plan belonged to the Committee and sought buy in from the members to the content.

Mr Michael Smith commented that the College risk processes in place were good and that Scott Moncrieff would be further supporting these by running risk workshops for the SMT and Heads of Department.

Members noted that the risk workshop would be of benefit to Board members and requested that an invitation be sent out once the timings were set.

Members queried whether having an in-depth Health and Safety review in the first year and then no further Health and Safety work for the rest of the plan was the best approach. Members recommended that a more regular review pattern be established.

Members also queried the timing of the review of the project management for the new Falkirk campus, noting the significant risk to the College of this activity.

Mr Gary Devlin acknowledged that the plan was a draft and could be changed to accommodate the input of the committee.

The Chair requested that members consider the plan as outlined and feedback any changes or refinements they would like to see.

The Associate Principal and Executive Director of Finance noted that there were a number of external assurance mechanisms in place beyond internal audit.

It was agreed that the College would look to produce a map of all assurance mechanisms in place to allow members to fully review the internal audit plan and timings of the audits.

- a) Members noted the content of the draft plan

**A/1 /037 Internal Auditors Annual Report 2014/15**

Janet Hamblin presented the annual report for 2014/15. She outlined the audit reports that had been completed over the course of the year and noted that Baker Tilly were happy overall with the reports and the controls in place.

She highlighted that there was a need to ensure that policies and procedures were kept up to date and that, if this were done, the College was in a good position.

- a) Members approved the report
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**A/14/038 Presentation of Internal Audit Reports**

Janet Hamblin, Baker Tilly, presented two reports to the committee.

**Marketing and Communications**

She outlined the contents of the report, noting the medium recommendations and highlighted the good practice regarding the use of the Workboard system by the team to track activity.

She noted overall that the department were moving strongly in the right direction.

**Follow Up**

She reported on the follow up review of completed recommendations, using the College's action tracker. She confirmed that, overall where the College indicated that a recommendation was complete, this had happened.

- a) Members noted the content of the recommendations

**A/14/039 Progress Report on Audit Recommendations**

The Corporate Governance and Planning Officer presented an update on progress on audit recommendations. He highlighted that there were currently no recommendations which had passed their agreed implementation date.

Members queried progress on the Student Finance KPI's and asked why this had not been put in place. The Associate Principal and Executive Director of Finance reported that the College was waiting until there was a full years data to run comparisons against.

Members queried if the recommendation on the monitoring of actuals within Business Development was on track. The Associate Principal and Executive Director of Finance reported that the College systems did not record data to allow for a direct comparison of time spent by staff. She outlined the process that is in place which would allow for the monitoring of the annual expenditure within this area once the accounts were fully prepared.

- a) Members noted the content of the report

**A 4/040 Risk Management**

The Associate Principal and Executive Director of Finance presented the College Strategic Risk register and highlighted that the College was seeking to remove two risks from the register and outlined the reasons for this.

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She acknowledged that a large proportion of the risks were financially based and that the risk workshop to be facilitated by Scott Moncrieff would be aimed at capturing non-financial risks.

The Associate Principal and Executive Director of Finance also presented members with a copy of the risk register for the new Falkirk Campus project. She updated members on an increase to one of the risks as a result of the ONS decision to move a revenue NPD project into the Scottish Government's capital budget. She confirmed that Scottish Futures Trust were currently examining the impact of this decision on other NPD funded projects.

She highlighted that it would be highly unlikely for the College to be allowed to move the Falkirk Campus to the OJEU tender stage for the construction of the campus until this matter is resolved.

- a) Members noted the content of the report and approved the removal of the two highlighted risks.
- b) Members noted the high level risk associated with the funding for the Falkirk campus.

**A/14/041 Review of Risk**

No additional risks were identified.

**A/14/042 Any Other Competent Business**

The Associate Principal and Executive Director of Finance highlighted to members that the annual joint meeting of the Audit and Finance Committees may need to be rescheduled as the Chair of the Finance Committee is not available to attend the agreed date.

Members agreed to change the date of the meeting and asked the College to look into and circulate potential alternative dates.

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**S1.19, Stirling Campus (commencing at 6.00pm)**

Present: Ms Beth Hamilton (Chair)  
Mrs Anne Mearns

Apologies: Mr Hugh Hall

In Attendance: Dr Ken Thomson, Principal (Except for item R/15/004)  
Mr Andrew Lawson, Associate Principal and Executive Director HR and Operational Effectiveness (Except for item R/15/005)

**R/15/001 Declarations of Interest**

None

**R/15/002 Minutes of Meeting held on 21 May 2014**

The minutes of the meeting held on 21 May 2014 were approved as an accurate record.

**R/15/003 Matters Arising**

None

**R/15/004 Proposal for Principal and Chief Executive Salary 2015-2016**

The Associate Principal and Executive Director HR and Operational Effectiveness presented a paper on the remuneration arrangements for Principal and Chief Executive. He advised the committee on the developments of the Principal and Chief Executive's work and also reported on the impact internally and externally he has made.

BH sought clarification on the incremental salary ranges for Senior Management Team and the affordability within college financial statement.

a) The committee approved the remuneration for the Principal and Chief Executive.

**R/15/005 SMT Incremental Increases 2015-2016**

The Principal presented a paper on the recommendations for incremental remuneration for SMT. He highlighted the performance and impact of each of the roles and provided evidence of the highly effective impact both internally and externally. He also highlighted the successful year the college has had and the effective contribution made by members of SMT.

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AM suggested that the current format of salary ranges be changed to reflect clear incremental steps as percentage ranges can be misinterpreted. The Associate Principal and Executive Director HR and Operational Effectiveness agreed and will make the necessary amendment.

a) The committee approved the remuneration for SMT.

**R/15/006 Review of Risk**

Risks were highlighted in the papers presented to members.

**R/15/007 Any other competent business**

None

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**Boardroom, Falkirk Campus (commencing at 4.30pm)**

Present: Mrs Anne Mearns (Chair)  
Mr Andrew Carver  
Mrs Lorna Dougall  
Mrs Fiona Campbell  
Ms Lorraine Simpson, Student Association President  
Mr Alan Buchan, Student Member  
Ms Alison Stephen, Staff Member

Apologies: Ms Angela Winchester  
Mr Liam McCabe  
Mrs Caryn Jack

In Attendance: Dr Ken Thomson, Principal  
Mr David Allison, Associate Principal and Executive Director Information Services and Communication  
Mr Dean Williams, Head of Department EICE (left after item S/15/007)  
Ms Jasmin Hodge, Organisation Learning Coordinator (for item S/15/001)  
Mr James Aston, Information Services Manager (for item S/15/002)  
Mr Stephen Jarvie, Corporate Governance and Planning Officer

**S/15/001 Demonstration of new Moodle theme**

The Organisation Learning Coordinator presented members with an overview of the new theme for the College Virtual Learning Environment, Moodle.

She noted that the theme had been updated following feedback that it did not work well on mobile devices.

Students were extensively consulted on the design and elements within the new theme and the College received over 700 votes from students.

The new theme is directly linked to each student's course of study and provides an easy to use portal to access a wide variety of resources.

She highlighted another advantage is promoting to students the benefits of using Office 365 for student e-mail. This links into arrangements the College has in place which enables students to access Microsoft Office for free.

- a) Members welcomed the presentation and the work to make Moodle more responsive to students' needs. Members also requested that the new system be reviewed and a report on student feedback is brought back at a later date.
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**S/15/002 Demonstration of 'My Info'**

The Information Services Manager demonstrated a new system called 'My Info' which is designed to provide key information such as timetables, attendance reports and the function for students to self-certificate absence, view and update their personal contact information, and access key College contacts via their mobile devices or via a website.

Members queried whether the system could be used to 'push' information to individual students to communicate issues such as room changes.

The Information Services Manager noted that this was not available at this time. It had been decided for cost and compatibility reasons that having a system that would work across a variety of devices was more inclusive than the development of a dedicated app which can push notifications.

- a) Members noted the content of the presentation

**S/15/003 Declarations of Interest**

None

**S/15/004 Minute of meeting held on 11 June 2015**

The Minute of the meeting of 11 June 2015 was accepted as an accurate record.

**S/15/005 Matters arising**

- a) S/14/045 Student Association Report

The Chair reported that this would be covered under item 7 on the agenda.

- b) s/14/046 Operational Plan Monitoring

The Chair was pleased to note that that the area previously categorised as a 'red' in the previous report to the Committee was now resolved.

**S/15/006 Falkirk Community Planning Partnership Agreement**

The Principal provided an overview of the work of the Falkirk Community Planning Partnership (Falkirk CPP) and outlined the rationale behind the development of the Partnership Agreement.

He noted that the College was already heavily engaged in community planning and that the Partnership Agreement was a mechanism whereby other partners could be encouraged to increase their level of engagement.

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Members queried whether this agreement would give the Falkirk CPP authority over the strategic direction or resource allocation of the College.

The Principal assured members that the agreement did not confer authority to the Falkirk CPP and instead would be used to ensure buy in to the partnership by all the bodies involved.

Members queried whether there was risk of accountability to the College should Falkirk CPP fail to deliver. The Principal noted that the areas the College would be involved in were ones where we were already very strong and that any new developments would be taken through the College risk management process before any activity commenced.

Members noted that the quorum level contained in the partnership agreement seemed low and asked that this be reviewed.

The Principal confirmed he would feed this back to the Falkirk CPP.

- a) Members approved the signing of the Falkirk Community Planning Partnership Agreement, subject to changes to quorum levels.

S/15/007

#### **Oil and Gas Academy Scotland/Energy Skills Partnership Report**

The Head of Department, EICE, presented members with an overview of the Oil and Gas Academy Scotland and Energy Skills Partnership work.

He outlined the background to these initiatives and noted that the investment in these areas, including £1.2m of new facilities, had resulted in the College having arguably the best instrumentation workshop of its kind in the country.

Members queried whether the new equipment would be transferred over to the new campus. The Principal confirmed that this was being scheduled in to ensure there will be no disruption to services.

The Head of Department, EICE, also provided an overview of collaborative work with key industry organisations such as Shell and the wider benefits this activity brings to the Department and the College.

He also provided information on the innovative Primary Engineering initiative which showcases engineering to primary aged children.

Members queried whether the College was gaining recognition for all this activity.

The Principal provided an overview of Ministerial visits to the College in the last year and noted that this would be one aspect of the College's Scotland event at the Scottish Parliament next month. He also reported that College students will be participating at this reception.

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He also noted that the College remains one of only 30 Colleges UK wide who are STEM accredited and indicated that a report would be brought to the next meeting of the Committee on this activity.

- a) Members noted the content of the report

**S/15/008 Student Association Report**

The Student Association President presented a report outlining the activity of the Student Association since the last Committee meeting.

She noted that the Student Association had been runner up for Education in Scotland and were also short listed in the top five Student Associations in the UK at the recent SPARQS awards.

She outlined the priorities of the Student Association for the coming academic year and how this would tie into the wider College drive towards creative learning.

Alan Buchan provided an overview of the Open Badges programme. This was a method whereby students can receive recognition for voluntary and other extra-curricular work in the College. This would enable them to ensure the inclusion of this activity on their CV's.

- a) Members noted the content of the report and the considerable level of activity within the Student Association.

**S/15/009 Operational Plan Monitoring**

The Associate Principal and Executive Director Information Services and Communication provided an update on progress against operational plan objectives. He noted that 42 of the 48 objectives were now complete and that a further 4 were anticipated to be completed this month.

The remaining objective relating to room utilisation would continue to be tracked through the Health & Safety committee, while significant progress has been made on producing College action plans.

- a) Members noted the content of the update

**S/ 5/010 Annual report on institution-led review of quality/Outcome Agreement Self Evaluation sub-group**

The Associate Principal and Executive Director Information Services noted that the Committee had discussed the timelines for submitting key external reports.

He highlighted that these reports did not tie into the regular Committee or Board calendar and that it was agreed a sub-group from the Committee should be

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established to review and approve these reports in mid-October, through e-mail. However, it was noted that a meeting of the sub-committee could be organised should members prefer to meet to discuss the contents.

Following discussion, the Chair, Lorna Dougall and Fiona Campbell volunteered to form this sub-group.

- a) Members approved the recommendation to establish a sub-group.

**S/15/011 Student Activity Report**

The Associate Principal and Executive Director Information Services and Communication discussed the latest position on College recruitment. He noted that this was roughly in line with the numbers for last year and that the College was in a positive position.

Members discussed a number of courses and the reasons for the under or over-subscription to these courses.

The Associate Principal and Executive Director Information Services and Communication outlined the reason behind these figures.

Members requested that the next report contain a further breakdown by FE/HE.

- a) Members noted the content of the report

**S/15/012 Review of Risk**

Members highlighted that the Falkirk Community Planning Partnership agreement could be a potential risk.

**S/15/013 Any Other Competent Business**

None.

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**Boardroom, Falkirk Campus (commencing at 4.30pm)**

Present: Mr Liam McCabe (Chair)  
Ms Caryn Jack  
Mr Ralph Burns

Apologies: Mr Ken Richardson  
Mr Andrew Carver

In Attendance: Mrs Alison Stewart, Associate Principal and Executive Director of Finance  
Mr Stephen Jarvie, Corporate Governance and Planning Officer  
Mrs Monica Halcro, Senior Finance Manager  
Ms Lorraine Simpson, Student Association President (Left after item F/15/004)

The Chair welcomed Mr Burns to his first meeting of the Committee.

**F/15/001      Declarations of Interest**

The Chair declared an interest owing to the links between the College and Stirling University at Degree level and under the Scottish Funding Council (SFC) HEI funded activity.

**F/15/002      Minutes of Meeting held on 25 June 2015.**

The minutes of the meeting held on 25 June 2015 were approved.

**F/15/003      Matters Arising**

- a) F/14/053 Donation to Forth Valley College Foundation

The Associate Principal and Executive Director of Finance reported that, while there had been no further progress, she remained confident that there would be no issues arising relating to the banking covenants and that it was still anticipated though not certain that Barclays would be likely to remove these altogether.

- b) F/14/068 - Updated schedule of meeting dates to be issued

The Associate Principal and Executive Director of Finance circulated new dates to members.

**F/ 5/004      Student Association Outturn for 2014-15 and Student Association Budget for 2015-16**

The Student Association President presented a paper outlining the spend by the Student Association in the last academic year and their anticipated budget for the current year.

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She highlighted the increased staffing levels in the Student Association which is reflected in the budget.

Members noted that the Student Association had previously achieved a significant level of activity and engagement and had grown in terms of its effectiveness and asked if the proposed budget is adequate to support their plans for 2015-16.

The Student Association President confirmed that the budget had been developed to support their planned activity.

The Associate Principal and Executive Director of Finance noted that the Student Partnerships in Quality Scotland (SPARQS) funding which supported the level of staffing would end in 2015-16. There was some discussion on how the impact of this funding shortfall could offset and it was agreed that different alternatives, including approaching the Forth Valley College Foundation, would be pursued.

Members queried whether the budget had been prepared by a member of the Student Association or if this had been supported by College Staff.

The Student Association President reported that staff from the Finance Department helpfully supported the budgeting and budget review process.

Members noted that there was a possibility for a student to become involved in this area, gaining valuable experience of working with College Finance staff which would be a positive on their CV.

The Principal noted that this could tie into the Student Association's 'Open Badges' system which allows for the recognition of extra-curricular activity by students.

The Chair noted that the 'Open Badges' concept would be a good item to bring to the attention of the Board.

- a) Members approved the Student Association budget for 2015-16

**F/15/005 Accounting Policies**

The Senior Finance Manager presented the Accounting policies for year ended 31 July 2016. She noted that the policies had not changed in substance and that the main changes were updates in terminology to align with the new SORP.

- a) Members approved the Accounting Policies

**/15/006 Resource Return 2014/15**

The Associate Principal and Executive Director of Finance presented the final resource return for 2014/15 and sought permission to submit this on behalf of the Board.

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She outlined the position as at the submission of the last return in April and the changes to the College position since then in relation to the agreed transfer to the Arm's Length Foundation and the impact of accruals in respect of annual leave.

Members queried whether holiday accruals would become an ongoing issue. The Associate Principal and Executive Director of Finance confirmed that this would only impact on the first year and thereafter only the year on year movement would have an impact. This assumed that the position year on year would be broadly consistent.

She also confirmed to the committee that the operating deficit, excluding pension valuation adjustments, was within the agreed level with the guidance from the Scottish Funding Council to the effect that reported deficits should not exceed the net depreciation figure.

- a) Members approved the resource return 2014/15 and approved the Associate Principal and Executive Director of Finance to submit this.

**F/15/007 Forecast Outturn 2014/15**

The Senior Finance Manager presented the forecast outturn for 2014/15 and outlined the key points within the paper.

The Associate Principal and Executive Director of Finance highlighted that the figures had been impacted by the pension valuation and that, overall, the College was operating efficiently which was demonstrated through the generation of cash.

Members queried the changes in the pension valuation from year to year. The Associate Principal and Executive Director of Finance outlined the process undertaken and noted that the valuations were outwith the direct control of the College but were based on actuarial assumption concerning longevity of pensioners and other factors.

The Associate Principal and Executive Director of Finance also raised with members a proposed change to the statement provided by the Scottish Funding Council to explain agreed deficits within College accounts that she had submitted for their consideration. These changes addressed the impact of the pensions valuations.

- a) Members noted the content of the report

**F/ 5/008 Review of risk**

The Chair highlighted the loss of SPARQS funding for Student Association staffing from 2016/17 as a risk and the impact this would have on the considerable level of activity within the Student Association.

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Members proposed a number of additional potential sources including the Forth Valley College Foundation and the College will investigate these.

**F/15/009**

**Any other competent business**

The Principal raised the Board of Management strategic session on 24 September. He noted that this would be followed by a strategic session of the Senior Management Team to examine scenarios for potential reductions in funding.

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**Room A204, Alloa Campus (commencing at 4.30pm)**

Present: Mrs Beth Hamilton (Chair)  
Mrs Fiona Campbell  
Mr Nigel Scott

Apologies: Mrs Anne Mearns  
Mr Steven Tolson

In Attendance: Mr Andrew Lawson, Associate Principal and Executive Director, HR and Operational Effectiveness  
Mr Steven Still, Head of HR  
Mr Stephen Jarvie, Corporate Governance and Planning Officer  
Mrs Claire Shiels, Head of Facilities Management and Health and Safety (for item H/15/004 only)

**H/15/001 Declarations of Interest**

None.

**H/15/002 Minutes of meeting held on 9 June 2015**

The Minute of the meeting of 9 June 2015 was accepted as an accurate record.

**H/15/003 Matters arising**

a) H/14/23 National Recognition Procedure Agreement

The Chair noted that the National Recognition Procedure Agreement (NRPA) had been approved at the last meeting of the Board of Management and requested an update on progress within the sector.

The Associate Principal and Executive Director, HR and Operational Effectiveness reported that information had been received from College's Scotland indicating that all Colleges had now signed up to the NRPA.

He reported that College's Scotland had provided a statement for issuing to staff regarding the impact on NRPA on their terms and conditions. This statement is currently being checked by the College's lawyers before it will be issued.

He provided members with examples of what the impact on College staff terms and conditions could possibly be.

He also reported that both of the College's recognised trade unions have announced that they will be balloting members on strike action linked to pay negotiations. HR staff are working with Departments to put in place mitigation however the

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effectiveness of this would be dependent on the type and timescale of any industrial action.

Members requested confirmation that this is part of a national approach and not specific to the College.

The Associate Principal and Executive Director, HR and Operational Effectiveness confirmed that this was a national issue and outwith the direct control of the College.

b) H/14/25 Living Wage Registration

The Head of HR confirmed that the College was proceeding with the Living Wage registration. He informed members that the College already fully complied with the living wage and that, as part of the registration, the College was required to work with contractors and sub-contractors to ensure their staff receive the living wage or that they are working towards this position.

He confirmed that this work was underway and that the College anticipated being accepted onto the Living Wage register.

c) H/14/029 Any Other Competent Business

The Associate Principal and Executive Director, HR and Operational Effectiveness noted that members had queried the format of the Equalities report at the last meeting. He confirmed that the format of the report would be changed to match previous versions which had been more user friendly.

**H/15/004 Health and Safety Update**

The Head of Facilities Management and Health and Safety presented a report outlining the College's performance against Health, Safety and Sustainability.

She informed members that overall the College was performing well however there were two KPI's, travel and printing, where further work was required.

She highlighted the new College process for travel arrangements to ensure full utilisation of the College electric vehicles and also future developments to change people's approach to travel and the use of other avenues such as electronic means for meetings across campuses.

Members welcomed this approach and suggested that the College's new approach to creative learning and thinking could be of value here.

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She noted that the College had recently won a College Development Network award for sustainability and that this good work would be further built upon by using the self-assessment tool from the Learning In Future Environments (LIFE) awards to audit activity.

She reported that Health and Safety targets for last year had been met and there had been no RIDDOR incidents within the College.

Members highlighted that the Audit Committee were considering the Internal Audit plan for the coming 3 years and that Health and Safety was one of the areas which will be audited. Members queried whether the proposed approach of the College Internal Auditors of a single, in depth audit of Health and Safety was the best approach or whether this activity should be spread out over the three years of the plan.

The Head of Facilities Management and Health and Safety indicated that, owing to the complexities of Health and Safety, her preference would be a single, in depth audit as this would be most likely to identify areas for improvement and provide assurance to the Audit Committee.

- a) Members noted the content of the report and noted their thanks to the team for their continued efforts

**H/15/005 Staff Development**

The Head of HR provided a report outlining the recent staff development days for lecturing staff and support staff who work directly with students. The staff development session focussed on the theme of creative learning and appeared to have been very well received with staff volunteering for further participation via the Colleges Creative Learning Action Community.

Members noted that attendance levels, while very good, did not appear to have risen against last year and asked if this was a concern. The Head of HR clarified that, when factoring in ongoing commercial activity and staff illness rates, an 80% attendance rate was what had been expected.

- a) Members noted the content of the report and welcomed the College's focus on creativity and innovation

**H/ 5/006 Staffing Establishment Update**

The Head of HR presented an update on the College staffing establishment which compared current establishment against previous years and highlighted areas of change.

Members queried if there was a way to correlate increases in staffing numbers to either increased student numbers or increased results.

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The Head of HR noted that this kind of direct comparison was not possible as the staffing establishment includes staffing directly related to contracted commercial activity.

The Associate Principal and Executive Director, HR and Operational Effectiveness assured members that there were processes in place to ensure the College maintains appropriate staffing levels and outlined recent activity which is ongoing as part of changes to demand patterns for courses.

The Head of HR also updated members on the new approach to recruitment advertisement used by the College and highlighted the advantages to the College both in terms of cost and also ensuring that the adverts reach an appropriate audience.

Members congratulated the Head of HR on the significant reduction in advertisement costs.

- a) Members noted the content of the report.

**H/15/007      Complaints Overview 2014/15**

The Corporate Governance and Planning Officer presented members with a report on the complaints received by the Principal in 2014/15.

He outlined the College's approach to complaint handling and how the College used complaints to deliver improvements and noted that this had resulted in a significant reduction in the number of complaints received annually.

- a) Members noted the content of the report

**H/15/008      Review of Risk**

Members noted the potential industrial action by the College's recognised trade unions as a risk.

**H/ 5/009      Any Other Competent Business**

The Associate Principal and Executive Director, HR and Operational Effectiveness informed the committee that the College would soon be conducting a second cultural survey with staff. This survey would be identical to the first one to allow benchmarking of results.

He noted that it had been highlighted that potential industrial action may influence the survey but that the decision had been to continue with the survey as this in accordance with the strategic plan

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The Associate Principal and Executive Director, HR and Operational Effectiveness also informed members that the impact of the current financial climate may have an effect on our delivery requirements associated with commercial activity and that this may also impact on staffing requirements.

He confirmed that the College would look to present any proposed reduction and associated severance packages to this Committee, the Remuneration Committee and the Board prior to seeking formal approval from SFC for the package which the College is now required to do.

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**Boardroom, Falkirk Campus (commencing at 4.30pm)**

Present: Mrs Anne Mearns (Chair)  
Mrs Caryn Jack  
Mrs Lorna Dougall  
Ms Lorraine Simpson, Student Association President  
Mr Alan Buchan, Student Member  
Ms Alison Stephen, Staff Member

Apologies: Mr Andrew Carver  
Mrs Angela Winchester  
Mr Liam McCabe  
Mrs Fiona Campbell

In Attendance: Dr Ken Thomson, Principal  
Mr David Allison, Associate Principal and Executive Director Information Services and Communication  
Ms Fiona Brown, Associate Principal Learning and Teaching (until item S/15/023)  
Mrs Jean Duff, Student Services Manager (for item S/15/019)  
Mr Kenny MacInnes, Head of Department Applied Science, Maths and Mechanical Engineering (for item S/15/020)

**S/15/014 Declarations of Interest**

None

**S/15/015 Minute of meeting held on 10 September 2015**

The Minute of the meeting of 10 September 2015 was accepted as an accurate record.

**S/15/016 Matters arising**

a) S/15/006 Falkirk Community Planning Partnership Agreement

The Associate Principal and Executive Director Information Services and Communication informed that the Committee's comment on quorum levels had been fed back to Falkirk Council.

b) S/15/007 Oil and Gas Academy Scotland/Energy Skills Partnership

The Associate Principal and Executive Director Information Services and Communication informed that an agreement on credit and levelling had been agreed by Principals involved in OGAS.

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c) S/15/011 Student Activity Report

This was covered under S/15/024.

**S/15/017 Annual Report on Institution-led Review of Quality**

The chair thanked Lorna Dougall and Fiona Campbell for their work in reviewing this document. The Associate Principal and Executive Director for Learning and Teaching thanked the sub-group who had reviewed the document prior to its submission to SFC, and then provided an overview of the key elements of the document.

- a) Members approved the document and endorsed the document being taken to the full Board.

**S/15/018 2014-15 Outcome Agreement Self Evaluation**

The Associate Principal and Executive Director Information Services and Communication thanked the sub-group who had reviewed the document prior to its submission to SFC. He provided an overview of the document, highlighting that key targets set out within the Outcome Agreement had been met.

- a) Members approved the Outcome Agreement Self Evaluation.

**S/15/019 Safeguarding 'Children, Young People and Adults'**

The Student Services Manager presented a paper on Safeguarding to the Committee seeking approval of the policy document. She highlighted that PREVENT and Corporate Parenting are reflected under the safeguarding umbrella. There was a discussion around PREVENT and what protection the College has in place to block access to websites.

- a) Members approved the policy document.
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**S/15/020      STEM Accreditation**

The Head of Department for Applied Science, Maths and Mechanical Engineering presented a paper on the College's recent successful STEM re-accreditation. He highlighted that the re-accreditation was an opportunity to re-invigorate and raise the profile of STEM within the College, and evidence connections within curriculum. He also highlighted a STEM master-class conference with guest industry speakers. There was discussion around how helpful a roadmap of STEM activity would be to demonstrate how the College plans to take the STEM agenda forward. The chair congratulated the Head of Department for Applied Science, Maths and Mechanical Engineering on achieving the re-accreditation.

- a) The Committee asked that a STEM roadmap be produced and brought to the next Committee meeting.

**S/15/021      Draft Outcome Agreement 2016-17**

The Associate Principal and Executive Director Information Services and Communication highlighted the Outcome Agreement timeline for Session 2016-17, and also the key revisions to SFC's National Performance Measures for 2016-17. There was discussion around these new measures, and what impact they could have for the College. An early draft of the Outcome Agreement for 2016-17 was shared.

- a) Members noted the content of the report.

**S/15/022      Student Association Report**

The Student Association President presented a report outlining the activity of the Student Association since the last Committee meeting. She highlighted the high number of students registering to be Class Representatives this session, and the training delivered to Class Representatives, the delivery of Mental Health First Aid by the Vice President for Health, Well-being and Sport, and the establishment of a working group to evaluate how the Student Association is working with the College with regard to the NUS Framework, its principles and themes.

Alan Buchan provided an update on Open Badges, giving some excellent examples of where Open Badges are planned to be used including students providing IT help to other students within the Learning Resource Centre at Falkirk. There was a discussion on how best to recognise students' achievement of Open Badges.

- a) Members noted the content of the report.
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**S/15/023 Operational Plan Monitoring**

The Associate Principal and Executive Director Information Services and Communication provided an update on progress against operational plan objectives. He noted that 42 of the 54 objectives are progressing to target, five have been completed and four have not yet started. Two linked objectives have been identified as having an issue, and detail and subsequent mitigation was given and discussed. Another objective was flagged as progressing with a delay in relation to the Falkirk Campus Estates project.

- a) Members noted the content of the report.

**S/15/024 Student Activity Report**

The Associate Principal and Executive Director Information Services and Communication reported on our year-end SUMs position for Session 2014-15 and showing the College meeting its activity target. He then provided an update on recruitment for Session 2015-16, and gave an update on early progress towards our Credit target for Session 2015-16.

- a) Members noted the content of the report.

**S/15/025 Review of Risk**

Risk was highlighted within individual papers.

**S/15/026 Any Other Competent Business**

None

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**Boardroom, Falkirk Campus (commencing at 5.00pm)**

Present: Mr Nigel Scott (Chair)  
Mr Colin Alexander  
Mrs Lorna Dougall  
Mrs Beth Hamilton  
Ms Angela Winchester

In Attendance: Mrs Alison Stewart, Associate Principal and Executive Director of Finance  
Mr Stephen Jarvie, Corporate Governance and Planning Officer  
Ms Cathie Wyllie, Henderson Loggie  
Mr Michael Smith, Scott Moncrieff  
Mrs Caroline Hogg (for item A/15/010)

**A/15/001 Apologies for Absence**

None

**A/15/002 Declarations of Interest**

None

**A/15/003 Annual Report and Financial Statements 2014/15 (Joint item with Audit Committee)**

The Associate Principal and Executive Director of Finance presented the Annual Report and Financial Statements for 2014/15 to the Audit and Finance Committees noting that, as previously indicated to the Finance Committee, the accounts were reporting a deficit of £2.9 million as a result of a number of significant non-cash adjustments that were deducted from the operating surplus of £1.6 million. These adjustments were discussed and explained individually and concerned: pension provision, loss on revaluation of assets and depreciation. In addition there was a donation to the FVC Foundation of £1.1 million agreed by the Board at a previous meeting. She highlighted that arriving at a deficit position was likely to be common across the College sector this year due to similar adjustments being made at other Colleges.

She discussed the challenges posed in comparing this accounting period of 16 months with the previous period which covered 8 months owing to changes arising from Colleges reclassification as public bodies by the Office for National Statistics (ONS).

Members queried the change in the gearing ratio number. The Associate Principal and Executive Director of Finance noted that this was due to increases in pension liability levels. While this is not an immediate cost, it does need to be reflected in the accounts and has therefore impacted on the gearing ratio.

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Finance Committee members noted that the deficit position had been indicated at previous Committee meetings and asked if it was anticipated that this would impact on the College's lending or the funding for the new Falkirk Campus.

The Associate Principal and Executive Director of Finance confirmed that the College was in breach of the existing banking covenants with Barclays Bank, as it had been at the end of the last accounting period. She provided an overview of discussions with Barclays to remove the covenants as these were not normally applied to public bodies which the College is following reclassification.

In relation to funding for estates, she confirmed that the SFC statement in the accounts confirms that this is a technical issue and does not reflect on the overall financial health and sustainability of the College.

Members of Audit and Finance Committees noted their thanks to the Finance team for a significant piece of work.

- a) Members approved the Annual Report and Financial Statements 2014/15

**A/15/004 Draft External Audit Annual Report to the Board of Management (Joint item with Audit Committee)**

Cathie Wyllie, Henderson Loggie, presented the draft external auditors annual report.

She reported that Henderson Loggie were anticipating issuing an unqualified opinion on all aspects of the accounts once their final checks were completed.

She noted the adjustments as contained within the report but confirmed none of these individually or collectively breached the materiality limit.

She also noted that Audit Scotland were completing their review of College severance packages over the last few years and that a report would be issued in due course. Members queried the severance package provided to the previous Principal in light of recent press attention to this area. It was confirmed that the severance package provided was in line with what was provided to previous staff and in line with SFC guidance.

Members also queried the section covering compliance, noting that the wording used could give rise to misconceptions. It was agreed that this would be changed to clarify the matter.

- a) Members approved the Draft External Audit to the Board of Management subject to the discussed amendments and thanked Ms Wyllie for her firm's conduct of the audit.
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**A/15/005 Minute of Audit Committee of 27 August 2015**

Members approved the minute subject to a minor amendment.

**A/15/006 Matters Arising**

**a) A/14/036 Internal Audit Plan 2015-2018**

The Chair noted that the Internal Audit plan had been considered at the last Committee and members had asked for an assurance map to be provided to enable comment. This had been provided and the relevant information would be covered under items A/15/008 and A/15/009

**b) A/14/040 Risk Management**

The Chair asked for an update on arrangements for a Board risk management workshop.

The Associate Principal and Executive Director of Finance noted that discussions with Scott Moncrieff had occurred on the structure of risk workshops and a proposed agenda would be passed to the Board Chair for his approval. It was intended to have a joint Board/SMT session in the New Year.

**A/15/007 Chair's Annual Report to the Board of Management**

The Chair presented the annual report, noting that this incorporated the extensions which had been provided to the tenure of the previous internal audit firm in response to changes in the financial year end and that it also covered the appointment of Scott Moncrieff after a comprehensive tender exercise.

- a) Members approved the report for submission to the Board of Management

**A/15/008 Internal Audit Plan 2015-2018**

Michael Scott, Scott Moncrieff, presented the Internal Audit plan for 2015-2018. He noted that this was similar to the version presented at the last committee with some updated audit dates contained within Appendix 3.

He noted that while the plan was a three year plan, it was intended to bring this annually to the Committee to enable them to comment on progress and add in any new areas of audit activity that may have arisen.

He also informed members of his intention to provide a progress report against the plan to each meeting of the Committee.

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The Chair informed members that, after the comments on the timings for the Health and Safety audit at the last meeting, he had taken the opportunity to discuss this with the Health and Safety Manager who favoured a single, in depth review.

- a) Members approved the internal audit plan for 2015- 2018

**A/15/009 College Assurance Map**

The Associate Principal and Executive Director of Finance presented the assurance map that the Committee had requested at the last meeting. She noted that this listed the major assurance mechanisms in place, tied to the relevant strategic area.

Members queried whether there was some assurance arising from student feedback. The Corporate Governance and Planning Officer noted that there was the comprehensive 'Listening to Learners' process and confirmed that this would be added to the assurance map.

- a) Members noted the content of the report

**A/15/010 SDS Audit Report**

Caroline Hogg, Depute Development Manager, presented the outcome of the most recent SDS audit of Modern Apprenticeship and Employability activity. She noted that the College had one of the largest contracts in Scotland for this activity and noted the excellent results of the comprehensive audit.

- a) Members noted the content of the report and asked that their thanks be passed to the team for their work

**A/15/011 Presentation of Internal Audit Reports**

Michael Smith, Scott Moncrieff, presented the report covering the College SUMs activity.

He noted that the College had delivered against the SFC target and that there was no risk of a funding claw back. He highlighted that previous recommendations had been implemented and that the audit had only highlighted two minor issues.

- a) Members noted the content of the report and recorded their thanks to the team for a well-managed process.
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**A/15/012 Progress Report on Audit Recommendations**

The Corporate Governance and Planning Officer presented the update on progress against audit recommendations.

He noted that recommendation 42 - Monitoring of Actuals for Business Development Contracts is past its scheduled implementation date and outlined the reasons for this delay.

- a) Member noted the content of the report

**A/15/013 Risk Management**

The Associate Principal and Executive Director of Finance presented the College Strategic and Estates Risk registers.

She highlighted the changes, including an increase in the risk of strike action resulting from the national bargaining process and a new risk linked to the reduction in commercial income.

Members queried when risks became issues owing to being live at the time of reporting. The Corporate Governance and Planning Officer noted that the risks were held on the register as risks to enable the Committee to track progress against College mitigating actions.

- a) Members noted the content of the report

**A/15/014 Review of Risk**

No new risks were identified

**A/15/015 Any Other Competent Business**

None

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**Boardroom, Falkirk Campus (commencing at 4.30pm)**

Present: Mr Liam McCabe (Chair)  
Ms Caryn Jack  
Mr Ralph Burns  
Mr Ken Richardson

Apologies: Mr Andrew Carver

In Attendance: Mrs Alison Stewart, Associate Principal and Executive Director of Finance  
Mr Stephen Jarvie, Corporate Governance and Planning Officer  
Mrs Monica Halcro, Senior Finance Manager  
Louise Burnett, Finance Manager

**F/15/010 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.

**F/15/011 Minutes of Meeting held on 15 September 2015.**

The minutes of the meeting held on 15 September 2015 were approved.

**F/15/012 Matters Arising**

a) F/15/006 Resource Return 2014/15

The Associate Principal and Executive Director of Finance confirmed that the resource return was submitted

b) F/15/007 Forecast Outturn 2014/15

The Associate Principal and Executive Director of Finance reported that the SFC statement on agreed deficits was covered by note 35 in the accounts

**F/15/013 Annual Report and Financial Statements 2014/15 (Joint item with Audit Committee)**

The Associate Principal and Executive Director of Finance presented the Annual Report and Financial Statements for 2014/15 to the Audit and Finance Committees noting that, as previously indicated to the Finance Committee, the accounts were reporting a deficit of £2.9 million as a result of a number of significant non-cash adjustments that were deducted from the operating surplus of £1.6 million. These adjustments were discussed and explained individually and concerned: pension provision, loss on revaluation of assets and depreciation. In addition there was a donation to the FVC Foundation of £1.1 million agreed by the Board at a previous

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meeting. She highlighted that arriving at a deficit position was likely to be common across the College sector this year due to similar adjustments being made at other Colleges.

She discussed the challenges posed in comparing this accounting period of 16 months with the previous period which covered 8 months owing to changes arising from Colleges reclassification as public bodies by the Office for National Statistics (ONS).

Members queried the change in the gearing ratio number. The Associate Principal and Executive Director of Finance noted that this was due to increases in pension liability levels. While this is not an immediate cost, it does need to be reflected in the accounts and has therefore impacted on the gearing ratio.

Finance Committee members noted that the deficit position had been indicated at previous Committee meetings and asked if it was anticipated that this would impact on the College's lending or the funding for the new Falkirk Campus.

The Associate Principal and Executive Director of Finance confirmed that the College was in breach of the existing banking covenants with Barclays Bank, as it had been at the end of the last accounting period. She provided an overview of discussions with Barclays to remove the covenants as these were not normally applied to public bodies which the College is following reclassification.

In relation to funding for estates, she confirmed that the SFC statement in the accounts confirms that this is a technical issue and does not reflect on the overall financial health and sustainability of the College.

Members of Audit and Finance Committees noted their thanks to the Finance team for a significant piece of work.

- a) Members approved the Annual Report and Financial Statements 2014/15

**F/15/014 Draft External Audit Annual Report to the Board of Management (Joint item with Audit Committee)**

Cathie Wyllie, Henderson Loggie, presented the draft external auditors annual report.

She reported that Henderson Loggie were anticipating issuing an unqualified opinion on all aspects of the accounts once their final checks were completed.

She noted the adjustments as contained within the report but confirmed none of these individually or collectively breached the materiality limit.

She also noted that Audit Scotland were completing their review of College severance packages over the last few years and that a report would be issued in due

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course. Members queried the severance package provided to the previous Principal in light of recent press attention to this area. It was confirmed that the severance package provided was in line with what was provided to previous staff and in line with SFC guidance.

Members also queried the section covering compliance, noting that the wording used could give rise to misconceptions. It was agreed that this would be changed to clarify the matter.

- a) Members approved the Draft External Audit to the Board of Management subject to the discussed amendments and thanked Ms Wyllie for her firm's conduct of the audit.

**F/15/015 Student Funding for 2015-2016**

The Finance Manager presented a report on the performance of the student funds for 2014/15, noting there was a slight underspend, and also discussed the funding for the 2015-16 period.

She highlighted that there were some potential changes coming from SFC, including the need for 100% attendance to qualify for payment and the potential decision to reclassify 18 and 19 year olds staying at home as EMA rather than bursary students.

She outlined the impact of these changes and highlighted the risk to 18 and 19 year olds attending College owing to reductions in funding that would be available. She confirmed that SFC had been consulting on these changes and that the College had highlighted its concerns.

In relation to the 100% attendance, she noted that attendance would be checked on a weekly rather than 4 weekly basis to ensure all qualifying attendance is captured and paid.

- a) Members noted the content of the report

**F/15/016 FRS 102 Gap Analysis and Action Plan**

The Senior Finance Manager presented a report on the introduction of Financial Reporting Standard (FRS) 102 which was a new all-encompassing standard that would replace all existing accounting standards and UK Generally Accepted Accounting Practice (GAAP). The introduction of FRS 102 would be underpinned by a new Statement of Accounting Practice (SORP) for all UK FE and HE institutions. A new accounts SORP compliant reporting format will be introduced within the College to comply with UK wide change to FRS 102. This will take effect for the 2015/16 financial statements.

She confirmed that there was an action plan in place to manage the change and relevant information would be brought to the Committee on proposed changes

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including specific requests on accounting policy choices that were required under the new SORP.

The Chair noted that the University of Stirling was also required implement these changes and identified a named contact who could provide advice on their experiences of this technically complex matter at the University.

Members queried whether there was also guidance being provided by College's Scotland. The Associate Principal and Executive Director of Finance confirmed that the Finance Directors group were holding workshops on this topic as part of their quarterly meetings.

The Chair requested that the 2014/15 accounts and statement of consolidated income be provided to the Committee in the new format to demonstrate the changes.

Members noted the significant piece of work involved in the change to FRS102, that further updates will be brought to the Committee as well as specific recommendations on accounting policies and asked that appropriate resource be put in place to support this work.

- a) Members noted the content of the report

**F/15/017 Budget Monitoring Report – October 2015**

The Senior Finance Manager presented the Budget Monitoring report for the 3 months to October 2015 and outlined the key changes since the last report.

The Associate Principal and Executive Director of Finance noted that the downturn in commercial income owing to factors such as reduction in Oil and Gas training was impacting figures. She confirmed that the College was currently looking at identifying alternative funding streams.

Members queried how this change would be notified to the Board of Management. The Associate Principal and Executive Director of Finance noted that it would be appropriate for the Chair to raise this when presenting the minute of the meeting.

- a) Members noted the content of the report

**/15/0 8 Review of risk**

No new risks were identified

**F/15/019 Any other competent business**

None

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**1. Purpose**

To seek approval from members on the annual report on institution-led review of quality for SFC.

**2. Recommendation**

That members approve the attached report.

**3. Background**

Scotland's Colleges are required to submit an annual report to SFC describing the scope, nature and outcomes of college-led quality review during 2013-2014, including commentary on actions to be taken to address any issues identified.

**4. Key Considerations**

In circular SFC/13/2012 SFC set out guidance on annual reports from colleges on institution-led review. The attached report includes all of the recommended content. The circular emphasises that the report should be a concise overview report, highlighting the outcomes and impact of college actions on quality and should be no more than 10 pages in length.

The report must be endorsed by the Board of Management and must be accompanied by a statement of assurance, signed by the Chair. The wording for this statement is provided by SFC.

SFC ask for the report to be submitted by 31 October, however acknowledge that Board endorsement may not be available until the Board's next meeting. The Strategic Development Committee nominated a sub-group to provide initial approval for the report in time for the 31 October deadline, along with the college's Outcome Agreement Self-evaluation report. This feedback was received and has been taken on board, with one exception. It was suggested that in the last paragraph in Section 5.3, in relation to the Creative Learning Staff Conference, that further information could be provided on the conference and the outcomes for staff development in relation to Creative Learning. This was not included, as the Conference was actually held in 2015-2016, so will be evaluated in next year's report.

The draft report, as provided at Appendix 1, has now been sent to SFC and is presented to the full Board to seek endorsement.

**5. Financial Implications**

Please detail the financial implications of this item – There are no financial implications.

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6. Equalities

Assessment in Place? – Yes  No

If No, please explain why – The processes contributing to the college’s internal review of quality have been individually subject to Equalities Impact Assessment.

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		
Very Low	X	X

Please describe any risks associated with this paper and associated mitigating actions – There are no specific risks associated with this paper.

Risk Owner – Fiona Brown

Action Owner – Fiona Brown

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 – The report must be endorsed by the Board of management and this communicated to SFC.

Paper Author – Fiona Brown

SMT Owner – Fiona Brown

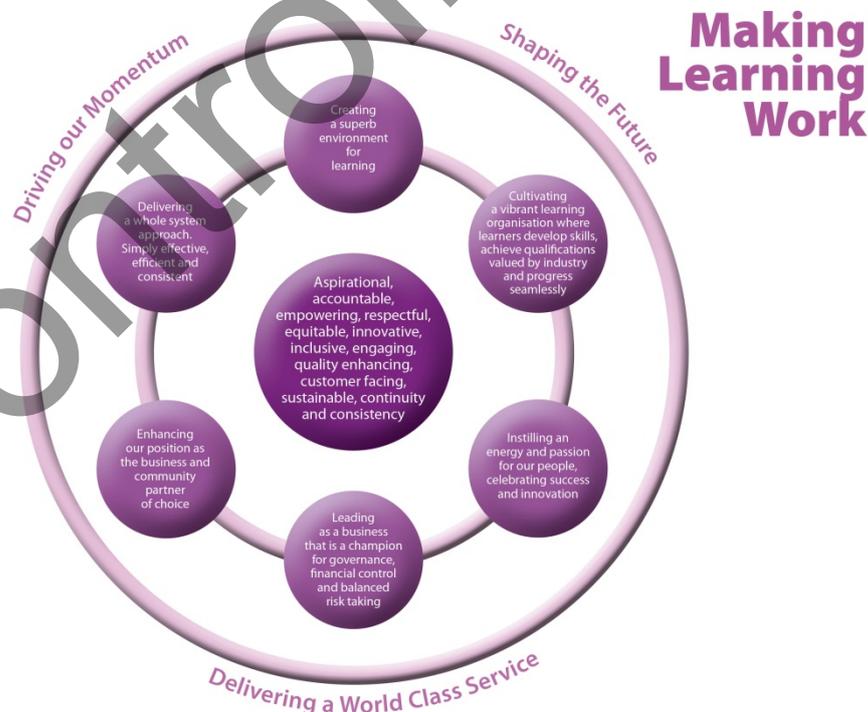
**1. Introduction and Context**

**1.1. Introduction**

The purpose of this report is to provide an update to the Scottish Funding Council (SFC) on the impact, nature and outcomes of Forth Valley College’s key quality assurance and enhancement activities in academic year 2014-2015, in accordance with the letter from SFC to Principals on 3 July 2015 and the guidance in circular SFC/13/2012 *Council guidance to colleges on quality from August 2012*. The report evaluates the outcomes of the College’s key quality assurance and enhancement processes during 2014-2015 and confirms that the College is consistently meeting Education Scotland’s three key principles of high quality learning, student engagement and quality culture.

**1.2. Context**

The College continues to work towards our mission of Making Learning Work and the objectives set out in our Strategic Plan 2014-2018, linked to six key strategic themes, as illustrated in the business model below.



## **2. Progress Against Previous Year's Areas for Enhancement**

In our annual report on institution-led review of quality submitted to SFC in October 2014, the College reported on a number of areas for quality enhancement identified through our internal review processes during 2013-2014.

### **2.1. Participation Rates in Some Subject Areas in Relation to Equalities Characteristics**

Under-representation of women in Science, Technology, Engineering and Maths (STEM) subject areas remains an issue across the sector and within the College. We have attempted to address this through various mechanisms ranging from: specific promotional activities to females at Engineering/Science events; Primary Engineers to engage primary school children in Engineering; marketing case studies using female role models; Schools College Opportunities To Succeed (SCOTS) programme giving school pupils a taster of all subject areas (including gendered subject areas); STEM club for school pupils; Christmas Lecture series using female role models; female speakers to promote the industry. Some of this work was showcased by SFC at an event related to their Gender Action Plan in 2014-2015. In addition, in 2014-2015, the College achieved the Buttle Chartermark, which demonstrates our work to attract and support care leavers and looked after young people. We continue to strive to improve under-representation, however the impact of this work will take some time to realise.

### **2.2. Developing the Young Workforce – School Partnerships**

In 2014-2015 we set out to implement a more proactive, planned and comprehensive approach to providing information about the increasingly complex range of college provision to pupils in the region's secondary schools. We delivered a programme of events to 18 secondary schools across the three local authority areas within the Forth Valley region to raise staff and pupil awareness of the range of vocational pathways and opportunities for senior phase school pupils and school leavers, including our innovative SCOTS course; HNC courses for school pupils; new Foundation Apprenticeship Pathfinder courses in Social Services and Healthcare and Early Education and Childcare; and our range of full time programmes, including our six integrated degree programmes with three partner universities. We expanded our vocational portfolio for senior phase school pupils and, through rigorous reporting on attendance, progress and behaviour/attitude and promoting shared ownership with the schools of their pupils' college learning, we significantly increased the retention and successful completion rates on our school-college partnership programmes.

### **2.3. Enhancements to Learning and Teaching – Creative Learning**

In 2014-2015 the College planned yet further enhancements to learning and teaching, focussing on the promotion of creativity in learning and even greater student engagement in planning and enhancing learning. This strategic initiative has proved very successful in its first year, delivering a wide range of innovative projects, involving innovative collaborations across subject boundaries with positive impact for students. There is further evaluation of the Creative Learning initiative in section 5.3 below.

## 2.4. Employer Engagement

In 2014-2015 we planned further development of employer engagement activity, including the consistent engagement of employers in curriculum planning, review and delivery. We have made good progress towards this, with employer engagement and the use of labour market information clearly evidenced in all departments' Curriculum Review submissions this year. Employer engagement across the whole curriculum continues to be a key priority for us going forward, as we further develop our responses to the Developing the Young Workforce agenda, including playing a central role in the creation of the Developing the Young Workforce in Forth Valley Regional Group.

## 3. Quality Culture

### 3.1. Self-evaluation

In 2014-2015, the College continued to operate our well-embedded processes of self-evaluation. Almost all college staff across all departments, teaching and support, contributed to the process through team meetings and cross-college groups. Students also engaged fully in the process, primarily through the College's comprehensive and extensive Listening to Learners focus groups (see paragraph 4.1). The College continued to ensure that appropriate external inputs to self-evaluation were sought and taken into account, particularly from employers and industry representative bodies, local authority, school and other community partners, via both formal and informal means.

As a result of the self-evaluation process, 56 evaluative programme reports were completed. Actions for improvement and enhancement arising from these reports have been set and will be monitored by programme teams through biannual programme review meetings. Support service teams also completed self-evaluation reports tailored to their services and built actions for further improvement into their department operational plans. The Curriculum and Quality team and senior managers reviewed and provided written feedback on each report.

Most of the strengths/areas for enhancement and actions arising from self-evaluation are specific to particular programmes, groups of programmes or subject/service areas and the impact of actions taken to address these is at a local level. At college level, however, some key themes can be identified. In many cases, the same themes arise as strengths and as areas for development, as effective practice is identified and plans put in place to extend this to other curriculum areas.

Some thematic strengths identified through self-evaluation were:

- Positive trends in student retention and successful completion including upward trends in retention and successful completion amongst school pupils;
- Student engagement in planning learning, including the use of the College's Learning Activity Planning Tool; the provision of subject specific drop-in sessions in a number of areas; cluster approaches to timetabling; and collaborative working across subject boundaries;
- Effective learning through enhanced balance between theory and practical activities; a mix of independent and collaborative approaches; activities to develop reflective practice in students; use of project-based, contextualised approaches; and choice and variety in learning;
- Increased and effective use of peer learning and peer assessment;
- Enhanced use of Moodle, My ePortfolio and other technologies to promote reflection and independence and for the submission, marking and tracking of assessments;

- Industry related learning activities, including work placements; the use of live industry briefs for assessment; workplace visits; external speakers;
- Extensive student engagement in activities promoting wider achievement, such as community projects, live briefs and activities; organising and hosting events; Ambassador roles;
- Learner motivation and engagement in a wide range of collaborative, reflective and independent approaches to learning, including increased use of contextualised and integrated opportunities for learning;
- Positive impact of staff participation in peer observation and in the Creative Learning Action Community.

Areas for further improvement/enhancement identified, included:

- Retention and successful completion in specific courses, particularly some full time Further Education (FE) programmes;
- Gender imbalance in specific subject areas;
- More consistent use of Moodle and other learning technologies, including a wider variety of media, across the whole curriculum;
- Wider opportunities for students to take control of their learning, for example by introducing more subject drop-in sessions; wider use of the Learning Activity Planning Tool; more consistent involvement of students in planning lessons
- Increased access to work experience and engagement with employers for full time students;
- Raising the profile of the Student Association and its work across the whole student body.

### **3.2. Curriculum Review**

In 2014-2015 the College refined and fully embedded our new processes for reviewing and planning future curriculum, introduced in 2013-2014. During the year, Heads of Department each carried out a detailed review of their existing curriculum, in line with labour market trends and employer feedback, and presented their curriculum proposals for 2016-2017 and beyond to Senior Management Team and to their peers, during a Curriculum Conference in April 2015. This resulted in a number of new curriculum opportunities being introduced; the implementation of changes to existing curriculum content and a few courses being discontinued.

### **3.3. Internal Audit**

During 2014-2015 the College commissioned independent audits by Baker Tilly UK against five areas of our operations: HR Operations; Payroll; FES Facilities Management Controls; Business Development (Phase 2); IT Service Desk (Phase 2); and Marketing and Communications. In all cases the outcomes were satisfactory and the auditors concluded that the College continues to operate appropriate risk management, control and governance processes. The audit reports identified a number of helpful recommendations, all of which are now either completed or on target for completion during 2015-2016.

### **3.4. Engagement with External Quality Agencies**

#### **3.4.1. Education Scotland**

In May 2015 Education Scotland carried out an Annual Engagement Visit to the College. During the visit, Education Scotland explored the following themes with members of College staff and students:

- Learner Success PIs (curricular areas with strong performance and areas with areas for development);
- The College's Creative Learning initiative;
- School-College Partnerships;

The report of the visit was very positive and included one example of excellence worthy of dissemination, which related to the College's Online Student Finance System.

In addition, the College contributed in 2013-2014 to Education Scotland Subject Aspect Report on Engineering, in which our Virtual Offshore Control Room and our Process Rig were highlighted as case study examples of effective practice.

Finally, College provision was reviewed as part of Education Scotland's national review of MA Engineering off the job training provision in June 2015. Whilst the national report has not yet been published, the College received its own report, which judged the provision to be Excellent against five out of the six graded criteria, with the sixth judged to be Very Good. The report identified numerous areas of positive practice and two areas for development, namely the quality of some teaching rooms at Falkirk campus and some apprentices' awareness of core skills within their Modern Apprenticeship (MA) programme and the potential to influence their own learning whilst attending College. Both of these will be taken forward through College action plans in 2015-2016.

#### **3.4.2. Skills Development Scotland**

During 2014-2015 the College was audited by Skills Development Scotland (SDS) for compliance with their programme rules for MA and Employability Fund (EF) provision. The biannual SDS audit reports for 2014-2015 demonstrated that we are performing exceptionally well in our compliance with the Programme Rules and Polices. Recommendations from the previous visit have been implemented and further strengthened and support the process already in place. Although there were no further recommendations for our MA provision, three minor recommendations for Employability Fund provision were made, with positive comments on the controls introduced by the team throughout the contract year.

#### **3.4.3. Awarding and Validating Bodies**

In total in 2014-2015, there were 88 occurrences of external subject verification activity. This included 82 visits, four remote activities and two central verification events. The majority of these involved SQA, but the College was also subject to external verification by a number of other awarding bodies, namely City and Guilds, EAL, ECITB, CMI, EDEXCEL, PAAVQSET and CIPD. In almost every instance, the external verification reports were positive, with no action points.

The Overall Outcome Rating for the majority of the SQA activity was '*Significant Strengths identified in the maintenance of SQA standards within this Verification Group*'. Actions were required for six of the visits and most of these were quickly addressed although actions are ongoing in one area.

The College once again held our own coordinated event for SQA external verification in May 2015. The coordinated event was very effective in supporting greater involvement of staff across the College with external verifiers (EV) and allowing more staff to access EV feedback sessions.

The BPEC, NEBOSH and COMPEX external quality assurance audits were successful, as were qualification approval requests made to City and Guilds, EAL and SQA. The

Systems Verification visit conducted by SQA was positive with the College being assessed across all elements scrutinised during the visit as having 'Significant Strengths'.

#### **3.4.4. Local and National Awards**

The College is delighted to have been recognised in a number of local and national awards schemes during 2014-2015. In February 2015 we were officially presented with the Association of Colleges Beacon Award for Innovation. Also in February, our Marketing and Communication team won four awards at the College Development Network Marketing Awards. In March, our Student President, Lorraine Simpson, won National Union of Students Scotland Student Officer of the Year and the College achieved the Healthy Working Lives Gold Award.

We are also delighted to be shortlisted in the 2015 College Development Network Awards in both the learning and Teaching and the Essential Skills categories, the former for our creative learning strategic initiative, covered in paragraph 5.3, and the latter for an innovative core skills project Skills-Builder, which contextualises core skills within a practical scaffolding activity for Engineering students.

### **4. Student Engagement**

#### **4.1. Listening to Learners Focus Groups**

Biannual Listening to Learners focus groups with class groups continued to be highly effective in engaging large numbers of students in contributing to the College's self-evaluation process by evaluating their learning experience, with particular emphasis on high quality learning. In 2014-2015 a total of 2518 students participated in 271 focus groups, an increase on the previous year. The main impact of the focus groups is at programme level, where the feedback is a key source of self-evaluation evidence for programme teams and results in specific actions for improvement/enhancement throughout the year. As a result, numerous local improvements and enhancements were made to programme design and delivery.

At college-level, each focus group record is scored for each of the sixteen factors related to learning covered in the Listening to Learners Focus group template, according to whether the recorded commentary suggests full satisfaction, partial satisfaction or dissatisfaction. Three year trends indicate very high and increasing levels of satisfaction (most over 95%) across these factors. (See Appendix 1, Chart 1)

#### **4.2. Student Council**

Class representatives also had the opportunity to meet with members of the Senior Management Team through Student Council meetings, arranged by the Student Association (SA), during the year. Whilst the Listening to Learners focus groups concentrate on factors directly related to learning and teaching, the Student Council has a broader focus and includes all aspects of their College experience. As a direct result of these meetings, the College was able to address concerns and suggestions raised by students. Specific examples include increased access to laptops in the Learning Resource Centres; an additional colour printer in the Stirling campus; changes to parking arrangements; and the inclusion of an additional question in the Listening to Learners Focus Group template suggested by students. Feedback from these meetings is published on the SA Moodle site.

### **4.3. Student Engagement in College Committees and Groups**

Students continued to be well-represented on College committees during 2014-2015, including the Board of Management and its Committees, the new Creative Learning Leadership Group and the Sustainability Steering Group. In addition, students were actively involved in the College's Fairtrade Steering Group and renewal of the College's joint Fairtrade status with the Student Union in August 2014 was largely due to the extensive engagement of students in promoting Fairtrade to their peers and to College staff.

### **4.4. Student Association Engagement**

During 2014-2015 SA continued to play an active role in college life and provided an effective vehicle for student engagement. The SA secured additional funding from the College to increase their capacity from 2 full time officers to 4 full time officers and one part time officer. This meant there was a full time presence on every campus.

The SA continued to facilitate Class Rep Training and, as in previous years, students gained a great deal from their experience and reported that it built their confidence and helped them to develop some key leadership skills. The SA worked with Volunteer Scotland to have Class Reps awarded Volunteer certificates for their contribution to the role.

The SA also planned and ran the College's Freshers' Fair events which were very successful and received excellent feedback.

Other SA activities included the development of a new Moodle theme, voted for by the student body, and contribution to the monthly online student blog, *Fusion*. SA members also worked in partnership with the Department of Care, Health and Sport to uphold the College's two star award in the National Union of Students (NUS) initiative Healthy Body, Healthy Mind; participated in Barclays Money Skills Week, securing additional funding which could be used to promote employability skills; worked with College staff to secure renewal of the College/Student Association joint Fairtrade status; and worked with the Equalities team to maintain the LGBT Charter Mark.

The SA won two awards this year: Student Officer in Scotland (NUS) and runner-up Learner Engagement in a college (SPARQS); and were shortlisted for another three: Staff Member (NUS), Student Association in Scotland (NUS), Student Association in the UK (NUS), in which we made it to the top five.

The significance of the Student Association within the College was underlined by our Student President being a speaker at our graduation ceremonies.

## **5. High Quality Learning**

### **5.1. Student Progress and Outcomes**

At College level, 2014-2015 retention and successful completion statistics for both Further Education (FE) and Higher Education (HE), Full Time and Part Time are either sustained or have increased on the previous year (see Chart 2, Appendix 1)

In terms of early withdrawal, these rates have remained the same, with the exception of Full Time FE, which has improved by a further 1% to 5%. Early withdrawal for Part Time HE, on the other hand, has dropped by 1% to 2%, a return to our 2012-2013 level.

Further withdrawal rates for all modes and levels remained the same as for 2013-2014 and all compare favourably with the sector further withdrawal rates for that year. It is also worth noting that 16% of Full Time FE students and 10% of Full Time HE students who withdrew before the end of their programme did so to enter employment.

As regards successful completion, the Full Time FE figure rose a further 1% to 71%; the Part Time FE rate rose 2% to 91% and the Part Time HE rate remained the same as the previous year, at 89%. There was, however, a significant increase in the successful completion rate for Full Time HE students, from 73% in 2013-2014 to 79% in 2014-2015. This is 2.3% above the highest performing college in 2013-2014.

The above statistics demonstrate that the College has achieved our 2014-2015 Outcome Agreement targets for these PIs and we continue to strive for and achieve year on year improvements in student achievement.

The College has also continued to develop its processes to meet the challenge of gathering full and accurate data on students' post-course destinations. In the latest data, which relates to full time students completing their programme of study in 2013-2014, we were delighted to achieve an overall response rate of 91%, a further 1% increase on the previous year. The overall percentage of respondents who had moved into positive destinations continued to increase, with a 1% per year upward trend over the last four years, from 91% to 94%, exceeding the target set in the College's Outcome Agreement.

## 5.2. Evaluation of the Quality of Learning

In addition to the College's successful Listening to Learner focus group process, which continued to provide valuable evidence for the evaluation of learning and teaching, the College continued to operate and develop its peer observation process during 2014-2015. The peer observation process promotes the sharing of good practice and reflective peer learning, by giving staff opportunities to exchange views and ideas; learn about and discuss alternative teaching methods; reflect on their teaching; discuss strategies and techniques.

In addition, however the peer observation provides evidence for the evaluation of learning for programme team self-evaluations. Thirty teaching staff took part in peer observation during 2014-2015. This represents around 10% of the teaching staff establishment. Most staff opted to partner with a colleague from a different subject area for the observations and reported that it had been an enjoyable and worthwhile opportunity to reflect on their practice and gain valuable feedback.

During the observations, staff record what they observe on a Peer Observation Recording Tool, which is based on the Learning Activity Planning Tool. Whilst they are not expected to make evaluations of what they observe, from analysis of the anonymised records it is possible to determine where positive and effective learning practice has been observed. The readout from this process is largely consistent with the feedback from Listening to Learners and provides useful additional evidence for self-evaluation and, at college level, for considering priorities for staff development.

## 5.3. Creative Learning

To support our mission of Making Learning Work, one of the College's strategic themes is *cultivating a vibrant learning organisation where learners develop skills, achieve qualifications valued by industry and progress seamlessly*. This is underpinned by a pragmatic learning strategy, Empowering Learners, which sets out the essential skills

we want our learners to develop and the approaches we want our learners to experience to give them choice and control in their learning and to support them to develop these skills.

Our aim this year was to take things to the next level and really challenge staff and learners to embrace creativity in learning. There were a number of drivers for this. As an organisation, we all need to be ever more creative to maximise the utilisation and efficiency of all of our resources – space, people, time and technology. Also, through engagement with the wider creative learning agenda - *Scotland's Creative Learning Plan and the Education Scotland report Creativity Across Learning 3-18* – we were convinced of the importance of developing creativity in our learners and our staff.

We took a strategic approach to this challenge and set up a Creative Learning Leadership Group (CLLG). Chaired by the Principal to make a strong statement of strategic commitment, the CLLG is made up of a management representative from each teaching department and learning-facing support services and members of the Student Association Executive.

The CLLG sought volunteer lecturers from across the College to form our first Creative Learning Action Community (CLAC) and thirty came together in small, collaborative, cross-department partnerships with creative ideas to take forward in-year.

The results have been very positive for staff and students alike and have delivered a wide range of innovative projects, involving unusual collaborations across subject boundaries, including students launching a Raspberry Pi computer into space; collaborations between Science and Early Years students; Construction students working with Make-up Artistry students; student-built robots being used to teach and assess core skills; Media and Engineering students working with a local employer to make a film showing how a 3D printer works.

The feedback from staff and learners clearly evidences impact (in terms of increased ownership of learning, skills development and confidence) and all of the activities undertaken are sustainable potentially transferable to other subject areas. Many of the CLAC members led Discovery Sessions during our August Creative Learning Staff Conference to share their experiences and inspire others to try out their ideas. We plan to grow this initiative further during 2015-2016 and beyond.

## **6. Equality and Diversity**

In 2014-2015, having successfully complied with all Equality Act requirements and the Scottish Specific Duties, the College continues to meet the three aims of the Equality Duty through our mainstreaming approach to equality. We published our Mainstreaming Report and our Equality Outcome progress together with our annual employment data and equal pay statement. Our key equality outcomes have been incorporated into the College Outcome Agreement with the Scottish Funding Council.

Equality remains a key element of staff development with general awareness raising sessions delivered to complement on-line training. Specific resources for equality are also made available for staff. Staff from our Learning Support Service delivered tailored staff development on reasonable adjustments and specific needs and barriers of students with particular additional support needs such as Autistic Spectrum Disorders and Mental Health. We have worked jointly with the Student Association to raise awareness through events throughout the year to highlight specific issues such as violence against women, LGBT History Month, and Show Racism the Red Card. We

successfully raised the profile of the 16 Days of Action campaign through a very thorough social media campaign that was well received across College.

Staff and student data are collated and analysed for any negative impacts in terms of profile, retention, progression and attainment. Specific action is being planned for areas of under-representation, for example women in STEM, and action is taken through the self-evaluation process where there are any differences in attainment for people with protected characteristics.

Equality is integrated into learning and teaching approaches through the Learning Strategy and associated Learning Activity Planning Tool. Partnership remains a key focus, with the Equalities team having representation on local groups consisting of public sector and third sector partners such as the Forth Valley LGBT Development Group, the MAHRS (Stop Hate Campaign) group and the 16 Days of Action Group (raising awareness of issues of violence against women).

The College holds two key charter mark awards for Equality. We were the first college in Scotland to receive the BRITE Chartermark for inclusion, demonstrating our commitment to inclusive practice across the college. We have also gained the LGBT Youth Chartermark at Foundation level for our strategic and structural approach to equality across the whole organisation. We also received the Silver award for our Student Services function area, again for our inclusive practice in supporting LGBT students.

These awards examine and recognise everything from our respect campaign, equality awareness raising, staff and learner development learning support service, inclusive learning and teaching approaches through to physical aids and adjustments in terms of accessibility of services, buildings and technology.

## **7. Plans for Internal Review 2015-2016**

As the College is confident that our internal review processes are effective and robust, we intend to adopt broadly similar processes for self-evaluation during 2015-2016. In March 2016 the effectiveness of the College's internal review processes will be tested by Education Scotland through external review.

The College looks forward to closer alignment of self-evaluation with our SFC Outcome Agreement targets as the process of developing and reporting on the latter develops further.

## **8. Endorsement by Board of Management**

The report was approved by the Senior Management Team on 20<sup>th</sup> October and by a sub-group of the Board of Management on 27<sup>th</sup> October.

It will be presented to the Board of Management for endorsement at their meeting on 10 December 2015.

Following Board endorsement, a final version of the report will be submitted to SFC, accompanied by the Statement of Assurance signed by the Chair of the Board of Management.

Chart 1

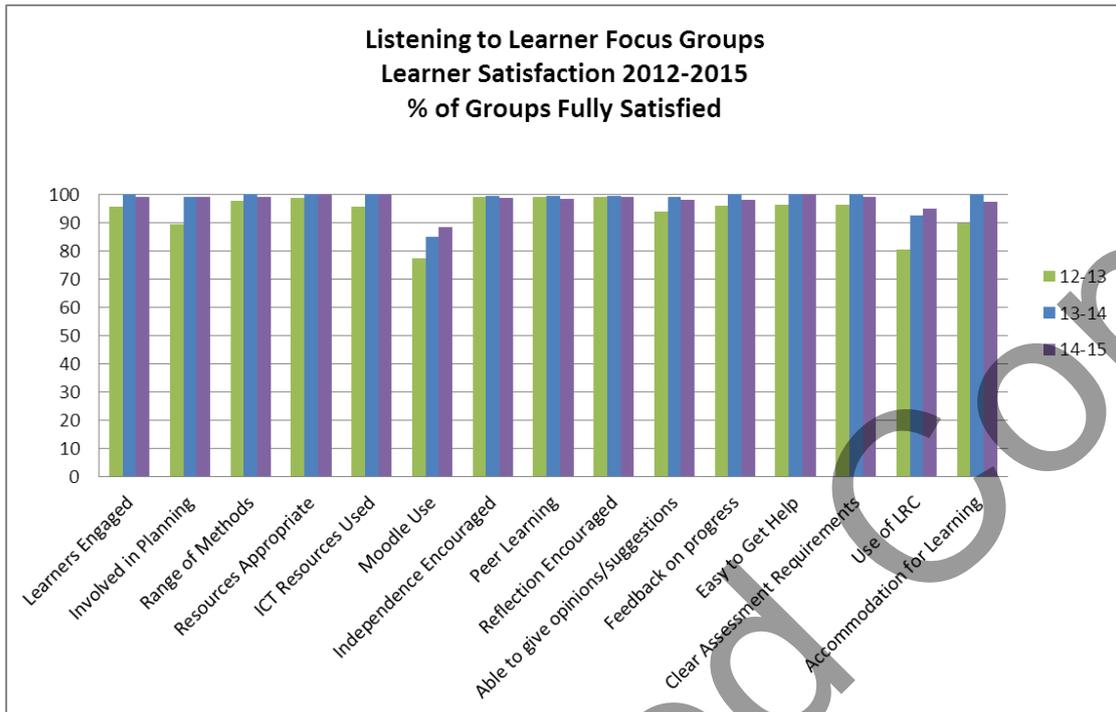
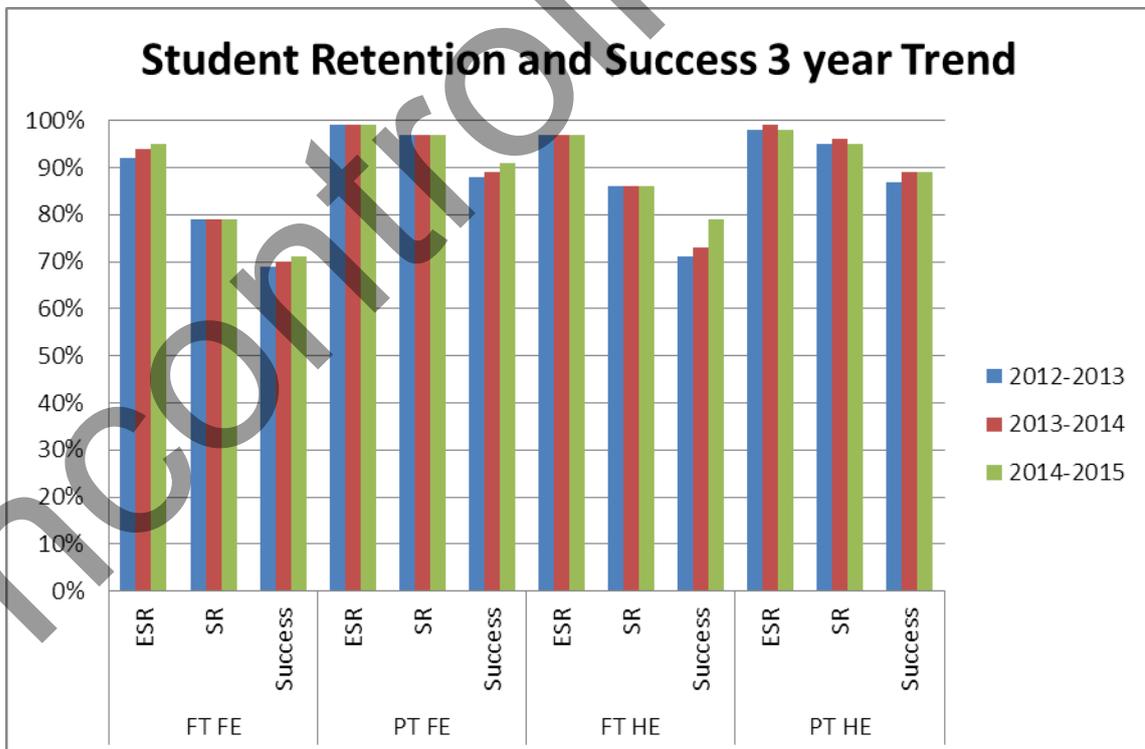


Chart 2



1. Purpose

To present to members the annual report from the Chair of the Audit Committee to the Board of Management for approval.

2. Recommendation

That members approve the attached report.

3. Background

The Chair of the Audit Committee presents a report of the Committee's activities on an annual basis.

As this report is tied into the associated financial year, the information within this paper covers the 16 month period from 1 April 2014 to 31 July 2015 period.

The report was considered and approved by the Audit Committee on 1 December 2015.

4. Financial Implications

Please detail the financial implications of this item – None. All audit activity is fully budgeted and progress against agreed activity is monitored.

5. Equalities

Assessment in Place? – Yes  No

If No, please explain why – Not applicable

Please summarise any positive/negative impacts (noting mitigating actions) – Not Applicable

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6. 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 – Failure to adequately check internal systems via the internal audit service could lead to systemic errors or inefficiencies. The Internal Audit function, overseen by the Audit Committee, ensures that adequate assurances are received.

Risk Owner – Ken Thomson

Action Owner – Alison Stewart

7. 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 – Not Applicable

Paper Author – Stephen Jarvie

SMT Owner – Alison Stewart

**ANNUAL REPORT OF THE AUDIT COMMITTEE TO THE BOARD OF MANAGEMENT**

**1. Introduction**

This report covers the 16 month period from 1 April 2014 to 31 July 2015

Membership of the Committee during that period was as follows:

<b>Name</b>	<b>Attendance Record</b>
Bob Gill (Left 11 December 2014)	3 of 3 meetings
Nigel Scott	5 of 5 meetings
Colin Alexander	4 of 5 meetings
Lorna Dougall (Joined 4 June 2015)	0 of 1 meetings
Beth Hamilton	4 of 5 meetings
Ralph Burns (Joined 4 June 2015, left 27 August 2015)	1 of 1 meetings
Shona Struthers (Finance Chair. Left 28 September 2014)	of 2 meetings

The Committee met on the following dates:

1 May 2014  
17 June 2014  
27 November 2014  
19 March 2015  
4 June 2015

**2. Internal Audit**

Internal Audit is governed by the Code of Audit Practice, as published by the Scottish Funding Council (SFC). The code requires internal audit to adopt a risk-based approach to its programme, and to undertake follow-up work to ensure that all recommendations accepted by College management have been implemented.

**Audit Provider** : Baker Tilly. Their charge for the period was £33,000. (Fees are based upon the degree of responsibility and skill of staff, and the time involved in the work. Fees for additional services or assignments are agreed separately in advance).

As the financial period covers 16 months, this took into account portions of the 2013/14 and 2014/15 internal audit periods.

Owing to the change in financial year end, the appointment of Baker Tilly, which had previously been extended for a year to cover the March 2014 to March 2015 period was further extended at the 19 March 2015 Audit Committee meeting to cover the period to 31 July 2015.

At the 4 June 2015 meeting of the Audit Committee, following a comprehensive tendering exercise, the Audit Committee agreed to the appointment of Scott Moncrieff as the new College Internal Auditors from 1 August 2015. This approval was ratified by the Board of Management on 25 June 2015.

**Annual Report on Audit Activities:** The internal auditor's report on audit activities carried out during the year 2013–2014 was considered by the Audit Committee at its June meeting. Internal Audit assignments for this period were carried out broadly in accordance with the Audit Plan agreed by the Audit Committee in November 2013.

The internal auditor's report on audit activities for the 2014-15 year were presented at the August 2015 Audit Committee meeting. Internal Audit assignments for this period were carried out broadly in accordance with the Audit Plan agreed by the Audit Committee in March 2014.

**Achievements:** The audit assignments were identified based upon a review of the College risk register, the identification of new systems being implemented within the College and those audits (i.e. SUMs) required on a rolling basis.

The specific audit reports produced for each assignment made recommendations for the improvement of internal procedures and controls, and each recommendation was given an agreed target date for implementation. The monitoring of internal audit recommendations is a standing agenda item on Audit Committee agendas.

**Effectiveness:** On the basis of the work undertaken during the year the auditors have expressed an opinion that the College has –

In 2013/14 – “The College appears to continue to perform appropriate risk management, control and governance processes.”

In 2014/15 – “Based on the work we have undertaken on the system of internal control we, in the main, do not consider that within these areas there are any issues that need to be flagged as significant internal control issues.”

**2015-16 Audit Plan:** In accordance with the requirements of the Code of Audit Practice, the needs assessment and risk analysis has been reviewed along with the corporate audit plan. To enable effective forward planning, the College produced a three year outline audit plan for the College which was considered by the Audit Committee in August 2015. A final version is intended to be presented to the Audit Committee on 1 December 2015 for approval.

### 3. External Audit

The Public Finance and Accountability Act (Scotland) 2000 transferred the responsibility for the appointment of external auditors for FE Colleges from Boards of Management to the Auditor General for Scotland. Audit Scotland, on behalf of the Auditor General, conducted a procurement exercise leading to the appointment of external auditors for the financial years 2011-2012 to 2016-2017.

**Audit Provider:** Henderson Loggie.

**Auditors Report:** The external auditor's report on the Financial Statements for the year 2014-2015 is included in the Audit Committee papers. The audit was carried out during October/November 2015.

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**Management Letter:** During the course of the audit the auditors performed overviews of the key financial systems of the College to assess their adequacy for the purposes of ensuring that accurate, timely and complete accounting records were being maintained. The recommendations resulting from this exercise are set out in the report of the external auditor.

#### **4. Other Matters**

During the past 16 month period, in addition to receiving reports from the internal and external auditors, the Committee also considered the following:

- Risk Register and treatment of significant risks

#### **5. Adequacy and Effectiveness**

The Committee accepts the views of the internal and external auditors that Forth Valley College's internal financial and management systems are adequate and that the Board of Management's responsibilities have been satisfactorily discharged.

Nigel Scott  
Chair  
1 December 2015

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**1. Purpose**

To present to members the Annual Report and Financial Statements for the period to 31 July 2015.

**2. Recommendation**

Members consider the financial position of the College for the 16 months ended 31 July 2015 and approve the Annual Report and Financial Statements for the period ended 31 July 2015.

**3. Background**

The Office for National Statistics (ONS) reclassification of FE Colleges came into effect from 1 April 2014. There are a number of significant implications resulting from this reclassification not least the inability to retain surplus cash without this in effect being frozen due to government resource budgeting restrictions.

In September 2014 the decision to move Colleges year end to 31 March was reversed and the year end reporting date was moved back to 31 July. The financial statements have therefore been prepared for the 16 month period from 1 April 2014 to 31 July 2015.

The Annual Report and Financial Statement have been prepared in accordance with the Accounts Direction issued by the Scottish Funding Council in August 2015 which requires the College to comply with the Statement of Recommended Practice: Accounting for Further and Higher Education issued in July 2007, the Scottish Public Finance Manual (SPFM) and the Scottish government's Financial Reporting Manual (FRoM).

The SPFM and FRoM both require additional disclosures. Key changes from previous year's disclosures are the content of the Governance Statement and the requirement to include an Estates Strategy and Remuneration Report.

**4. Income and Expenditure**

Due to change in the financial year end and the number of one off adjustments linked to the reclassification in 2013-14 it is difficult to provide a meaningful comparison of the results for the period to 31 July 2015 against either the original budget, which was based on a 12 month fiscal year or the 2013-14 Accounts which covered an 8 month period.

Overall for the 16 month period to 31 July 2015 the College is reporting a deficit of £2,873k (2013-14 – operational surplus of £240k).

The reversal of 2013-14 year end adjustments for SFC grant income, tuition fees and salary costs (holiday pay accruals) distort the 16 month period figures.

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The Board of Management approved to donate up to £1.4m to the Foundation in March 2015. The calculation of the amount of the transfer was aimed to minimise the level of cash held at 31 March 2015 and the potential for this to be frozen under the government resource budgeting rules. The actual donation made was £1.1m

There are significant non cash adjustments in relation to net depreciation £829k, pension valuations £1.973m as well as an exceptional loss on valuation of land at Branshill, Alloa £615k.

The key message to take is that excluding non cash adjustments and the donation to Forth Valley College Foundation, the College generated a cash surplus of £1.96 m from its day to day operations.

Reconciliation from Deficit on continuing operations to Operating Cash Surplus		
	£000's	£000's
<b>Deficit on continuing operations at 31 July 2015</b>		(2,873)
<u>Non cash adjustments</u>		
Add back net depreciation	829	
Add back pension costs	1,973	
Add back revaluation	615	
		3,417
Add movements in debtors/creditors impacting on I&E account		318
Add back donation to Forth Valley College Foundation		1,100
<b>Operating Cash Surplus at 31 July 2015 (excluding donation to FVC Foundation)</b>		<b>1,962</b>

#### 5. Balance Sheet

Again it is difficult to provide a meaningful comparison of the Balance Sheet. The March 2014 year end is part way through the academic year and required a number of adjustments to reflect this which would not be required at a July year end.

The College has moved to a position of reporting net current assets due, in the main, to the increased cash levels.

Reconciliation of movement in cash balance		
	£000's	£000's
<b>Cash Balance at 1 August 2014</b>		786
<u>Less Creditor movements which don't impact on I&amp;E</u>		
Student Support Funds Balance increase	170	
Payment of retentions	-488	
Additional funds held for HMRC payments	41	
Repayment of Loan	-138	
		(39)
Add operating cash surplus		1,962
Less Donation to Foundation		(1,100)
<b>Cash Balance at 31 July 2015</b>		<b>1,609</b>

## 6. Financial implications

SFC guidance states that for the financial period ended 31 July 2015 Colleges are permitted to report operating deficits equivalent to the net depreciation figure and FRS 17 pension charges. The net depreciation at 31 March 2015 is £622k and the charge arising from FRS 17 Pension valuations of £1.973m means that VC falls within the guidelines.

Reporting a deficit does have implications. To mitigate the risks of this deficit being detrimental to future business partnerships the SFC also issued Colleges with a statement of assurance for inclusion in the Financial Statements for the 16 months ended 31 July 2015. This statement stated the deficit should be viewed as a "technical" deficit and should not be interpreted, on its own, as a challenge to the College's on-going financial sustainability. The full Statement is included in Note 35 in the Accounts.

## 7. Banking Covenants

A final point to note is that due to the transfer of £1.1m to the Foundation, the College has breached the banking covenants in relation to the £4.5m loan with Barclays Bank. The implications of this are being worked through with Barclays who are aware that this would happen and the reasons for this.

## 8. Equalities

Assessment in Place? – Yes  No  Non-Applicable

9. Risk

	Likelihood	Impact
Very High		
High	x	
Medium		x
Low		
Very Low		

Please describe any risks associated with this paper and associated mitigating actions

The College has breached the financial covenants in relation to the £4.5m Term Loan with Barclay's bank. The reporting of significant deficits could be misinterpreted and impact negatively on the College's financial reputation.

Discussions are ongoing with Barclays bank regarding the covenants with a view to having these removed, as they are no longer appropriate given following the reclassification of Colleges.

**Risk Owner** – Alison Stewart

**Action Owner** – Monica Halcro

10. Other Implications –

Please indicate whether there are implications for the areas below.

**Communications** – Yes  No

**Health and Safety** – Yes  No

**Paper Author** – Alison Stewart

**SMT Owner** – Alison Stewart



**FORTH VALLEY COLLEGE OF FURTHER AND HIGHER EDUCATION**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE SIXTEEN MONTHS ENDED**

**31 July 2015**

Uncontrolled Copy

**The financial statements were approved and authorised for issue on 10 December 2015.**

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**Professional Advisers**

Financial Statement Auditors:

Henderson Loggie  
34 Melville Street  
Edinburgh  
EH3 7HA

Internal Auditors:

Baker Tilly Risk Adviosry Services LLP (to 31<sup>st</sup> July 2015)  
23 Queen Street  
Edinburgh  
EH2 1JX

Scott Moncrieff (from 1<sup>st</sup> August 2015)  
Exchange Place  
3 Semple Street  
Edinburgh  
EH3 8BL

Bankers:

Barclays Bank  
120 Bothwell Street  
Glasgow  
G2 7JT

Solicitors:

MacRoberts  
Capella  
York Street  
Glasgow  
G2 4TB

CMS Cameron McKenna LLP  
191 West George Street  
Glasgow  
G2 2LD

Simpson & Marwick (t/a Clyde & Co from 1 October 2015)  
144 West George Street  
Glasgow  
G2 2HG

## OPERATING AND FINANCIAL REVIEW

### 1 NATURE, OBJECTIVES AND STRATEGIES

The Board of Management present their report and the audited financial statements for the 16 month period ended 31 July 2015.

#### Legal Status

Forth Valley College came into being on 1 August 2005 as a result of the merger of Clackmannan and Falkirk Colleges. The Office for National Statistics (ONS) reclassified all incorporated FE Colleges as central government entities, to be referred to as Arm's Length Public Bodies from 1 April 2014. The College is a registered charity (Scottish Charity number SCO21191) for the purposes of the Law Reform (Miscellaneous Provisions) (Scotland) Act 2005.

The Financial Statements cover all activities of the College.

#### Mission Statement

The College Mission Statement is:

**Making Learning Work**

#### College Vision

The College Vision is:

**Shaping the Future  
Delivering a World Class Service  
Driving Our Momentum**

#### Strategic Themes

Forth Valley College of Further and Higher Education has 6 key strategic themes for the 2014-2018 period. These are;

- Creating a superb environment for learning
- Cultivating a vibrant learning organisation where learners develop skills, achieve qualifications valued by industry and progress seamlessly
- Instilling an energy and passion for our people, celebrating success and innovation
- Leading as a business that is a champion for governance, financial control and balanced risk taking
- Enhancing our position as the business and community partner of choice
- Delivering a whole system approach. Simply effective, efficient and consistent.

#### Implementation of our Strategic Plan

2014-15 was a strong period for the College as we embarked upon our vision of 'Making Learning Work'.

**Creating a superb environment for learning** – We have continued to invest in our estates ensuring we offer the best possible learning environment for our students. This year saw the demolition of our Middlefield building which was stage one of our wider ambitions for a new Falkirk campus. The College is now progressing with a strategy to build a new Falkirk headquarters campus. Support to deliver this project through the Not for Profit Distribution (NPD) procurement model was included in the Scottish Government budget announcement in October 2014.

Our new campuses in Alloa and Stirling continue to perform well, with high demand for the accommodation and positive feedback from students, staff, the local community and visitors on the quality of the facilities we offer.

## OPERATING AND FINANCIAL REVIEW (continued)

### 1 NATURE, OBJECTIVES AND STRATEGIES (continued)

**Cultivating a vibrant learning organisation where learners develop skills, achieve qualifications valued by industry and progress seamlessly** – This theme is fundamental to ensuring we live up to our mission statement of “Making Learning Work”.

In 2014-15 we further developed our new Curriculum Review process to ensure that our future curriculum developments continue to meet the needs of the employers of Forth Valley and beyond and to take full account of national priorities, such as the Scottish Government’s Youth Employment Strategy (December 2014).

We were able to report a further increase in the percentage of our students succeeding in their college courses, at all levels and across both full-time and part-time. We achieved a 91% response rate in our follow up survey of 2013-2014 completing students and were delighted that 94% of those responding were in a positive destination (employment or further study).

In 2014-15 the College also launched its highly engaging Creative Learning initiative, with over 30 members of staff participating in a Creative Learning Action Community, through which they were supported to work collaboratively with colleagues, across departmental boundaries, to design and facilitate innovative and value-added learning experiences for their students.

We continued to operate our successful “Listening to Learners” focus group process, through which over 2,500 students contributed their views and helped to shape learning within their programmes of study. Satisfaction levels remain very high across all of the factors included on the focus group agendas.

**Instilling an energy and passion for our people, celebrating success and innovation** – This year the College was successful in achieving the highly prestigious Beacon Award for Innovation in Learning – the only Scottish College to be recognised within this UK wide initiative. This accolade put the College in an excellent position to develop further its ambition of recognising and celebrating success.

Staff development processes have also been revamped and have proved to be successful in their innovative approach in engaging staff and creating a platform of ownership and pride in the delivery of learning and teaching as well as in increasing the knowledge base, skills and industrial experience of employees. The recent development of an Ambassador role within the College will also give more opportunities for staff to represent the College at a wide range of national and international events.

The plans to relaunch the Cultural Survey will give the College an opportunity to assess the impact of the first survey and identify improvement for the future.

**Leading as a business that is a champion for governance, financial control and balanced risk taking** – Further to the reclassification of Colleges in Scotland as arm’s length public bodies by the Office of National Statistics (ONS), the sixteen months to 31 July 2015 is the first reporting period under the new status.

Part of the reclassification process included Colleges changing to a year end date that is in alignment with other government departments. Subsequently, this decision was reversed and the financial reporting period end reverted to 31 July. This has resulted in producing financial statements for 8 months to 31 March 2014 and then 11 months to 31 July 2015.

The impact of being an arm’s length public body is that the College is no longer able to generate and hold surpluses. We have revised our internal practices to ensure we are in compliance with the Scottish Public Finance Manual and other relevant guidance.

In line with the transition arrangements for the implementation of Post 16 Education (Scotland) Act 2013 and the College Sector Board Appointments: 2014 Ministerial Guidance, a new regional Board of Management was

## OPERATING AND FINANCIAL REVIEW (continued)

### 1 NATURE, OBJECTIVES AND STRATEGIES (continued)

recruited and appointed in March 2015. The appointments of the non-executive members was approved by Scottish Ministers. A formal induction process was completed for all new members.

**Enhancing our position as the business and community partner of choice** – Strong employer and stakeholder relationships continue to develop across the College across a wide range of sectors reflecting the curriculum we deliver. Our aim is to create a positive impact on both the local and national economy by meeting the skills requirements of our employers and thus impacting on their productivity and competitiveness. The developments with Scottish Power and its contractors, to rebuild the existing power lines across Central Scotland, continue and we have created a bespoke external training facility for both Scottish Power apprentice and the contractors' reskilling programme. This relationship and the commitment of Scottish Power to their MA delivery resulted in them being awarded MA Employer of the Year in the Large Employer category. We have also maintained our position as a leading Modern Apprenticeship provider in the sector building on the engineering provision and now delivering a first in Scotland for a MA in Digital Journalism with support from the National Union of Journalists.

Partnerships are key to the College and our relationship with Skills Development Scotland in relation to the development of the Skills Investment Plans in both Life Sciences and Chemical Sciences has created new opportunities for the College in terms of increased numbers of MAs in life sciences and conversion courses in the chemicals sector to address key skills needs within this sector.

An international strategy has been developed this year and the College has recruited an International Manager to deliver on our ambitions and plans in the international arena. We are developing collaborations with key HE/FE and local authority partners particularly the University of Stirling and both Falkirk and Stirling Councils. We have travelled to both China and Turkey to start to develop links in the oil and gas sectors both with our partners and independently. Our strong position with OGAS (The Oil and Gas Academy of Scotland) is also supporting our international plans as well as generating the delivery of training requirements for Shell UK.

All the relationships and activities with our key employers and stakeholders have generated a tangible benefit to the College supporting and making a contribution towards its financial sustainability.

**Delivering a whole system approach Simply effective, efficient and consistent** – We have continued to maximise the benefit from the significant investment in the College's ICT infrastructure over recent years. The amount of material available via our Moodle VLE has increased, providing increased flexibility and allowing learners to take control of their own learning. This has been supported by increased use of the Eduroam service which enables students to bring in their own laptops and smartphones which can access College resources via the College wireless network.

We have continually improved our online application process, supported by the functionality for applicants to create a bespoke prospectus on our website, to provide a clear and supportive system to new and returning students. We have embedded our online student funding application which significantly improved the application process and helped to ensure faster decision making and communication to students. We also developed a schools portal in partnership with Falkirk Council, which allows local schools to see real-time information on school pupil applications to the College, which we hope will enable enhanced dialogue between all partners to enable students to successfully transition on to their correct course.

Through the development of a College Data dashboard we are making real-time information available to appropriate staff throughout our organisation, and we have continued to develop our HR systems to allow staff access to a self-service "My Staff Record" area. For students we have developed "My Info" to provide real-time access to initially timetable and attendance information, with the ability to access this portal from any mobile device.

**OPERATING AND FINANCIAL REVIEW (continued)****Performance Indicators**

The College has adopted the core set of performance indicators which were developed by the Colleges' Finance Community of Practice. The table below details performance in 2014-15 and 2013-14.

	Period Ended <b>31 July 2015</b>	Period ended 31 March 2014
<b>Operating surplus as % of total income:</b> surplus on continuing activities after depreciation of assets at valuation, and exceptional items and before disposal of assets and tax expressed as percentage of total income.	<b>-6.6%</b>	1.0%
<b>Non SFC Income as % of total income:</b> total of non-SFC income expressed as a percentage of total income.	<b>27.4%</b>	8.4%
<b>Current assets : current liabilities:</b> ratio of total current assets to the total of creditors: amounts falling due within one year.	<b>1:1</b>	1:1
<b>Gearing:</b> the ratio of creditors: amounts falling due after one year to the sum of total endowments and total reserves.	<b>5:4</b>	1.7:1
<b>Days cash:</b> cash and short-term investments divided by total expenditure less depreciation and expressed in days.	<b>14 days</b>	12 days
<b>Staff turnover:</b> FTE staff on a permanent contract of employment that leave for whatever reason during the year divided by the total FTE permanent staff at the college at the period end.	<b>4%</b>	4%
<b>Working days lost through sickness absence:</b> Working days lost per staff FTE through sickness absence divided by the total FTE employed at the institution at the period end (expressed as percentage).	<b>3%</b>	4%
<b>WSUMs per staff FTE:</b> actual WSUMs delivered in the year per FES return divided by total of FTEs involved in delivery of WSUMs.	<b>457</b>	463
	<b>Year to 31 July 2015</b>	Year to 31 July 2014

The following figures prior year comparative are the actuals as at 31 July 2014 whereas the figures reported in the prior year financial statements in the 8 months to 31 March 2014 were estimated figures

<b>Performance against WSUMs activity target:</b> actual WSUMs delivered in the year divided by target WSUMs.		<b>100%</b>	100%
<b>Student outcomes:</b> total enrolments for students completing programme with a national qualification aim, expressed as a percentage of all enrolments (per the student and staff performance indicator publication).	FE Full time	<b>71%</b>	70%
	FE Full time	<b>91%</b>	89%
	HE Full time	<b>79%</b>	72%
	HE Part time	<b>89%</b>	89%
<b>Student retention:</b> measures number of enrolments for which the student has completed the programme, expressed as a percentage of all enrolments (per the student and staff performance indicator publication).	FE Full time	<b>77%</b>	78%
	FE Part time	<b>97%</b>	97%
	HE Full time	<b>86%</b>	86%
	HE Part time	<b>95%</b>	96%
<b>Early student retention:</b> measures the number of enrolments for which the student has reached the 25% date for funding purposes, expressed as a percentage of all enrolments (per the student and staff performance indicator publication).	FE Full time	<b>95%</b>	94%
	FE Part time	<b>99%</b>	99%
	HE Full time	<b>97%</b>	97%
	HE Part time	<b>98%</b>	99%

## **OPERATING AND FINANCIAL REVIEW (continued)**

### **2 ESTATES STRATEGY**

The Forth Valley College agreed Estates strategy has always comprised a vision for three new campuses. The first in Alloa, the second in Stirling and a third in Falkirk. A significant investment has already taken place in phases 1 and 2 of this strategy with Alloa and Stirling successfully completing on programme and within budget in 2011 and 2012 respectively.

The College developed an Outline Business Case for a new campus in Falkirk in December 2014 which was communicated to the Scottish Funding Council and Scottish Futures Trust, and received acknowledgement to proceed to the next phase, to develop a full business case (FBC).

The new campus plans include servicing the current Falkirk Campus curriculum provision and in addition partnering with the Falkirk Community Trust on their business case to provide a new 100 seat Arts Venue facility as part of the new campus.

The New Falkirk Campus will be located on the 10.87 acre Middlefield Campus site (building now demolished) and an additional section of land (4.8 acres) to the East of this, which the College has secured from Callendar Estates. The new facility will be approximately 21,680 sqm including the Arts Centre facility and will incorporate low carbon initiatives, such as Photovoltaic's and Combined Heat and Power, along with other sustainable functions required to meet the Building Research Establishment Environmental Assessment Method (BREEAM) standard.

The FBC is due to be completed in December 2015, thereafter this will be submitted to the Scottish Funding Council and the Scottish Futures Trust for approval.

Once approved, the College will issue an invitation to tender and enter a period of competitive dialogue. The College will select a preferred bidder with the construction planned to commence summer 2017 and complete in the summer 2019.

### **3 FINANCIAL POSITION**

#### **Financial Results**

The finances of Forth Valley College are regulated by the Financial Memorandum between the Board of Management and the Scottish Funding Council (SFC) under which the Principal is designated as Accounting Officer, responsible to the Chief Executive of the Council for the stewardship of the College's finances and assets. The financial statements have been prepared to comply with the Accounts Direction issued by SFC and with the associated revised Statement of Recommended Practice: Accounting for Further and Higher Education which was issued in July 2007.

The sixteen months to 31 July 2015 is the first financial reporting period in which the College has operated as an arm's length public body. This reclassification, effective from 1 April 2014, means the College is regulated by the Financial Reporting Memorandum (FRM) and also by the Scottish Public Finance Manual (SPFM) as well as the F/HE Statement of Recommended Practice 2007.

## OPERATING AND FINANCIAL REVIEW (continued)

### 3 FINANCIAL POSITION (continued)

#### Financial Results (continued)

The College's financial objectives are:

- maintain a position of financial security in the context of significant internal and external demand upon resource;
- optimise land and other assets in the interest of the College;
- manage the impact of estates upon financial security;
- continue to seek increased allocations from SFC to meet demographic demand;
- grow commercial activity rates and overall contribution to the College;
- implement efficiencies and improvements identified through our business transformation activity;
- embedded sustainability throughout College practices.

A consequence of the reclassification is the treatment of non-cash costs. Adherence to central government rules leaves the College unable to access accumulated cash reserves without the appropriate budget cover having been authorised from the Scottish Government. Any under-utilisation of allocated budget cover results in cash effectively being frozen. In order to minimise frozen cash in the College sector during the financial period being reported, the SFC granted Colleges additional budget cover up to the level of net depreciation at 31 March 2015 (Scottish Government's financial year end). The net depreciation for the College was £622k and we had SFC authorisation to donate this value to the Forth Valley College Foundation. This figure, as well as further cash surpluses accumulated at 31 March 2015, resulted in the College donating £1.1m into the Forth Valley College Foundation. This prevented that cash becoming inaccessible to the College.

Further non cash costs totalling £1.973m were incurred due to FRS 17 adjustments relating to the Local Government Pension Scheme (LGPS) which provides benefits on retirement to non-teaching staff. Of these total non cash costs, £1.162m related to the provision of Early retirements and the £811k to LGPS.

As per FReM guidelines a revaluation exercise of land and buildings was undertaken at 31 July 2015. This resulted in an upward adjustment to the revaluation reserve in the Balance Sheet of £899m and a write off in the Income and Expenditure Account of £615k due to the downwards revaluation of land held at Branshill, Alloa. There was no existing revaluation to offset the loss against.

SFC issued a letter to Colleges to provide assurance that the resulting deficit of £2.9m which arise from these non-cash transactions should not be interpreted as a challenge to the College's financial sustainability and to treat this as a "technical deficit". This is detailed in Note 35 to the Financial Statements.

The SFC continue to be the main source of College income, with 73% (2014 - 72%) of funds attributable to them. Grant In Aid funding remained stable compared to prior year and this year the College received European Social Fund Priority 5 Funding of £527k (2014 - £0k).

#### Treasury Management

The College has a treasury management policy in place to ensure that treasury management is effective in the successful identification, monitoring and control of financial risk. In balancing risk against return, the College will adopt a risk-averse approach rather than maximising returns.

The College has a borrowing facility in place with Barclays Bank for which all relevant consents required under the Financial Memorandum with the SFC have been obtained. The College has also arranged to hedge its exposure to interest rate movements in its loan facility. The hedge covers 100% of the College's borrowings.

## **OPERATING AND FINANCIAL REVIEW (continued)**

### **3 FINANCIAL POSITION (continued)**

#### **Cash Flows**

Cash flow plans were presented to the SFC as part of the final approval process for both the Alloa and Stirling developments. These detail the impact over the next twenty five years of the estates development programme on the operating cash position of the College. Cash levels are kept to a minimum per central government regulations. The College requests a cash drawdown from SFC monthly to maintain a working capital balance with excess cash being donated to an Arms' Length Foundation at the end of each fiscal year (31 March), if central government budgeting rules have been met.

#### **Liquidity**

The College has an unsecured £4.5m loan facility with Barclays Bank, with an outstanding balance of £4.4m. The loan facility was to assist in the overall funding of the estates development programme. The level of funding provided is within borrowing limits approved by SFC and deemed serviceable under their project funding model.

#### **Creditor Payment Policy**

The College has a policy of paying suppliers within agreed terms unless the invoice is contested. Disputes and complaints are handled as quickly as possible. Every effort is made to take advantage of additional discount where this is offered for prompt payment. The College did not make any late interest payments during the year.

Standard creditor terms are set on our finance system to be 30 days and can be amended to adhere to supplier terms if authorised by Finance Team Management. Invoices are paid on a weekly basis by the due date and only if they are authorised for payment on the finance system. The average number of days taken to pay suppliers in the financial period being reported was 29 days (2014 - 29 days).

#### **Taxation Status**

The College has been entered into the Scottish Charity Register and is entitled, in accordance with section 13(1) of the Charities and Trustee Investment (Scotland) Act 2005, to refer to itself as a Charity registered in Scotland. The College is recognised by HM Revenue & Customs as a charity for the purposes of section 505, Income and Corporation Taxes Act 1988 and is exempt from corporation tax on its charitable activities. The College receives no similar exemption in respect of Value Added Tax.

## **4 CURRENT AND FUTURE DEVELOPMENTS**

#### **Student Numbers**

In the academic year 2014-15 the College met its weighted SUMs target enabling full draw down from the SFC of Activity Based Funding. In the academic year the College enrolled 3,348 full time students and 11,520 part time students.

#### **Student Achievements**

At College level, 2014-15 retention and successful completion statistics for both FE and HE, FT and PT are either sustained or have increased on the previous year, except for the HE part time provision retention that fell by 1%.

## **OPERATING AND FINANCIAL REVIEW (continued)**

### **4 CURRENT AND FUTURE DEVELOPMENTS (continued)**

#### **Student Achievements (continued)**

In terms of early withdrawal, these rates have remained the same, with the exception of FT FE, which has improved by a further 1% to 5%. Early withdrawal for PT HE, on the other hand, has worsened by 1% to 2%, a return to its 2012-2013 level. Early withdrawal rates for other modes and levels remained the same as for 2013-14 and all compare favourably with the sector further withdrawal rates for that year. It is also worth noting that 16% of FT FE students and 10% of HE FT students who withdrew before the end of their programme did so to enter employment.

As regards successful completion, the FT FE figure rose a further 1% to 71%; the PT FE rate rose 2% to 61% and the PT HE rate remained the same as the previous year, at 89%. There was, however, a significant increase in the successful completion rate for FT HE students, from 72% in 2013-14 to 79% in 2014-15. This is 2% above the highest performing college in 2013/14.

The above statistics demonstrate that the College has achieved its 2014-15 Outcome Agreement targets for these PIs and we continue to strive for and achieve year on year improvements in student achievement.

#### **Curriculum Developments**

We continue to rigorously review our overall curriculum portfolio, in the light of local and national skills priorities and sustain an excellent reputation with our employers, delivering industry-relevant courses within our campuses and bespoke training on employers' premises. We value these close links and utilise employer input to maintain the vocational relevance of the training we offer, aimed to secure the future employability of our learners.

A particular focus for curriculum development during 2014-2015 was the emerging Developing the Young Workforce agenda. The Commission for Developing Scotland's Young Workforce, led by Sir Ian Wood, published its report, "Education Working for All" in July 2014. The report contains 39 recommendations for local authorities, schools, colleges and other agencies aimed at reducing youth unemployment. In December 2014 the recommendations were included in the Scottish Government's refreshed Youth Employment Strategy, which set out seven year plans for schools, college apprenticeships, employers and equality.

One target within the Strategy is to increase the percentage of school leavers achieving vocational qualifications at SCQF level 5 or above. In pursuit of this aim, the College introduced five HNC courses for S5 pupils starting in August 2014.

In 2014-2015 the College also further developed its integrated degree partnership with the University of Stirling, bringing on stream two further degree programmes, in Computing Science and Digital Media.

#### **Future Developments**

We made successful bids in 2014-15 to Skills Development Scotland for development grants for three Foundation Apprenticeship Pathfinder programmes and one Advanced Apprenticeship pilot. Two of the Foundation Apprenticeships, in Social Services and Healthcare; and Early Education and Childcare, have been developed and will run for the first time in 2015-16. The third Foundation Apprenticeship and the Advanced Apprenticeship are both in Engineering and will continue to be developed for first offer in 2016-2017.

As we continue to develop and strengthen our employer relationships we have initiated the development of key systems to ensure data is recorded and maintained, and can provide KPIs for our key areas of delivery. For example our employer engagement system will support how we are engaging with employers and maintain key information and data about the employers and stakeholders we are working with. This will also be supported by

## **OPERATING AND FINANCIAL REVIEW (continued)**

### **4 CURRENT AND FUTURE DEVELOPMENTS (continued)**

#### **Future Developments (continued)**

an employer portal to provide employers with essential data on their employees in relation to attendance, progress and behaviours when attending College.

We have published an ambitious four year Strategic Plan for 2014-18, aligned to our Outcome Agreement with SFC. These documents outline the key strategies and goals for the coming years and will ensure greater transparency through the effective monitoring of progress.

Forth Valley College is continuing to progress with the development of the new headquarters campus in Falkirk. An Outline Business Case for the development was approved by the Board of Management on 11 December 2014 and submitted to the Scottish Funding Council who recommended that the College proceed towards Full Business Case (FBC).

Throughout 2015, the College has been progressing with the development of the FBC. Key technical advisors along with architects have been appointed following relevant procurement exercises to assist the College in the preparation of the FBC. Extensive internal consultation has occurred along with public events and meetings with key external stakeholders. In particular, the College has been working closely with Falkirk Council and Falkirk Community Trust to identify areas of potential complementary provision in the new campus. The College has also agreed to purchase land, conditional on final FBC approval next to the existing intended site for the new campus to incorporate the size of the proposed building and surroundings.

Throughout the process, governance arrangements have been in place with a specialist Falkirk Campus Project Board established to oversee progress. The Falkirk Campus Project Board is comprised of Board of Management Members and College staff along with representation from Scottish Futures Trust and the College's Project Managers.

Next steps for the project relate to the completion of the FBC which will be presented to the Board for consideration and approval in early 2016.

In order to increase consistency with International Financial Reporting Standards, the UK Generally Accepted Accounting Practice is being replaced with FRS 100, 101 and 102. This applies to accounting periods beginning on or after 1 January 2015. The College will be required to comply with FRS 102 as well as the revised FE HE SORP 2015 in 2015/16. As a result of these changes these financial statements will be restated in order to comply with FRS 102 as well as the opening Balance Sheet at 1 April 2014 within the 2015/16 financial statements.

### **5 RESOURCES**

The College has net assets of £34.9m (2014 - £41.4m). The College employed 519 people, on average, in 2014-15 including modern apprentices, (expressed as full time equivalents).

### **6 PRINCIPAL RISKS AND UNCERTAINTIES**

The College recognises the need to take informed and calculated risks to allow for the growth of the College. The College has comprehensive risk management systems in place to ensure that risks are fully analysed and receive the appropriate level of approval before activity commences. All risks identified within the College are monitored on an on-going basis and specialist registers are created for large individual projects such as estates developments.

The College has updated the strategic risk register to reflect the recent changes across the sector. The register provides details of individual risks, their potential consequences and the mitigating actions put in place to manage these risks.

## **OPERATING AND FINANCIAL REVIEW (continued)**

### **6 PRINCIPAL RISKS AND UNCERTAINTIES (continued)**

The College has robust risk management processes in place to ensure relevant risks are captured, assessed and (where possible) mitigated against. The College maintains a register of strategic risks which is reported on at each meeting of the Audit Committee as well as being reported to the Board of Management.

At this time, the top risks on the Strategic Risk Register are –

- Government accounting rules restrict College's ability to use available resource at the Board's discretion; this is linked to the next highest risk which is a consequence of the change in College status
- That the College is in breach of the covenants relating to the £4.5m loan facility with Barclays Bank
- There will be inadequate facilities for learners due to lack of capital investment
- National Bargaining will impact on the salary structure and terms and conditions of both support and teaching staff

### **7 STAKEHOLDER RELATIONSHIPS**

In line with other Colleges, Forth Valley College has many stakeholders including: the Scottish Government; the Scottish Funding Council; Local Authorities; Community Planning Partnerships; learners; Skills Development Scotland; Sector Skills Councils; employers; businesses and staff. The senior roles in the organisation are designed to enhance and promote these key strategic relationships.

#### **Equalities Policy**

Forth Valley College is committed to the provision of equal opportunities in all aspects of College life.

Our Equalities policies ensure that staff, learners and visitors are treated equally regardless of the protected characteristics of gender, gender reassignment, race, disability, sexual orientation, religion or belief, age, pregnancy and maternity, marriage and civil partnership. We value diversity and aim to advance equality of opportunity, foster good relations and eliminate discrimination, harassment and victimisation in order to meet both the General Equality Duty and Public Sector Equality Duty.

Our Equality Outcome Plan outlines how we will develop and implement policies and procedures to ensure that equalities issues are integrated in all strategic, departmental and service area plans. Our Equalities Policy outlines how we ensure that the provisions of the Equality Act 2010 and the Public Sector Equality Duty (Specific Duties for Scotland: Implications for Colleges and HEIs guidance) are implemented throughout College for all groups sharing the protected characteristics listed above.

#### **Health & Safety**

The health, safety and welfare of all staff, students and visitors is of paramount importance at Forth Valley College. Health and Safety performance is monitored and reviewed by the College Health and Safety Operational Team and full time Health and Safety Co-ordinator. With guidance from this team, Head of Facilities Management and Health and Safety, Department Heads, health and safety representatives and employees across the College ensure that legislative requirements are met and sustained. There is an active Health and Safety Committee which monitors strategic health and safety matters, and reports health and safety related issues regularly to the Senior Management Team. At Board level, the HR Committee closely monitors and reviews the College Health and Safety Strategy on a regular basis.

## REMUNERATION REPORT

### for the 16 months ended 31 July 2015

This report outlines the remuneration policy of Forth Valley College for the Board of Management and the Senior Management Team (SMT), and provides details of members remuneration for the sixteen months ended 31 July 2015.

#### Board of Management

Forth Valley College Board Members, with the exception of the Chief Executive/Principal are appointed for a fixed period, normally, four years. With the exception of the Chief Executive/Principal and elected staff representatives, these members do not have contracts of service with Forth Valley College.

The Chairman was appointed in March 2014 by Scottish Ministers. The level of remuneration for the Chairman is set by Scottish Government who informs Forth Valley College on an annual basis of any increase to be awarded.

#### Senior Management Team

The SMT is responsible for the day to day management of Forth Valley College's activities and operations. The Chief Executive/Principal, Ken Thomson, is a member of both the Board and the SMT.

The Chief Executive/Principal and other SMT members are on standard Forth Valley College contracts of employment. Their contracts provide for a notice period of 3 months. For 2014/15 there was no bonus scheme in operation in Forth Valley College.

If an SMT member's employment with Forth Valley College is terminated on the grounds of redundancy or in the interests of the efficiency of the organisation, severance payments will apply based on age and on length of service and are subject to approval by the Scottish Funding Council. This basis is identical to that applied for all other employees.

#### Remuneration Committee

The Remuneration Committee determines, and recommends to the Board of Management, the framework or broad policy for the remuneration of the members of the SMT, including the Chief Executive/Principal, and other such members of the management team as it is designated by Forth Valley College to consider. This policy is set within the context of the applicable Government guidelines. With input from the Chairman and Chief Executive/Principal it determines the total individual remuneration package of members of the SMT.

#### Senior Management Team Remuneration

As part of the Forth Valley College's performance management system, each SMT member agrees with the Chief Executive/Principal their personal performance objectives.

Forth Valley College aims to ensure that the remuneration packages offered to SMT:

- enable Forth Valley College to attract, retain and motivate high calibre leaders;
- remunerate individuals fairly for individual responsibility and contribution and;
- take account of salary policy within the rest of Forth Valley College and the relationship that should exist between the remuneration of the Senior Management Team and that of other employees.

**REMUNERATION REPORT (continued)****for the 16 months ended 31 July 2015 (continued)****Senior Management Team Remuneration (continued)**

Basic salaries are reviewed annually from 1 August. Salary levels are established after taking into account external market levels and internal comparisons as well as individual responsibilities and performance. All senior posts are evaluated as part of our job evaluation process to ensure they reflect the responsibility and accountability of the role and are graded appropriately. The Colleges Job Evaluation system and processes are externally audited on an annual basis. Salary payments are made monthly.

SMT members are all members of either the Scottish Teachers' Superannuation Scheme (STSS) or the Local Government Pension Scheme (LGPS). As ordinary members, they contribute a rate of pensionable salary dependant on salary. In the financial period being reported the rates were between 9.0% and 12.4% and Forth Valley College contributed 14.9% of the employees' pensionable salary to the STSS and 19.4% to the LGPS. These schemes are defined benefit schemes that provide benefits at a normal retirement age of 65 for LGPS and state pension age for STSS. The pension benefits consist of an annual pension, based on a final pensionable salary calculation up to 31 March 2015 and a career average pensionable salary with effect from 1 April 2015. For members who joined before 1 April 2007 for STSS and 1 April 2009 for LGPS a tax free lump sum will be paid automatically.

Remuneration of the Principal/Chief Executive and other Senior Management Team who served during the sixteen months to 31 July 2015, including salary, pension benefits and other allowances was:

	Sixteen Months to 31 July 2015			Eight months to 31 March 2014		
	Salary	Pension Benefit	Total	Salary	Pension Benefit	Total
	£000	£000	£000	£000	£000	£000
Ken Thomson	147	15	302	66	42	108
Andy Lawson	125	83	208	57	36	93
Tom Gorman	116	2	145	58	14	72
Alison Stewart	14	31	135	48	29	77
David Allison	99	76	175	45	24	69
Colette Walker (i)	80	13	93	0	0	0
Fiona Brown (ii)	82	57	139	0	0	0

(i) Colette Walker was employed on a consultancy basis until 01 July 2014 when she was appointed as a permanent member of the Senior Management Team

(ii) Fiona Brown was appointed to the Senior Management Team on 01 August 2014

**Annual Equivalent figures**

	Twelve Months to 31 July 2015			Twelve months to 31 July 2014		
	Salary	Pension Benefit	Total	Salary	Pension Benefit	Total
	£000	£000	£000	£000	£000	£000
Ken Thomson	110	116	226	101	63	171
Andy Lawson	93	62	155	91	54	145
Tom Gorman	87	22	109	86	21	107
Alison Stewart	78	23	101	76	44	120
David Allison	74	57	131	73	36	109
Colette Walker	74	10	84	0	0	6
Fiona Brown	63	43	106	0	0	0

The annual equivalent salary figures are based on the actual salaries earned in each year. The pension benefit figure has been calculated by pro-rating the 16 month and 8 month figures in the table above to a 12 month equivalent.

**REMUNERATION REPORT (continued)****for the 16 months ended 31 July 2015 (continued)**

Pension benefits are provided to the Senior Management Team on the same basis as all other staff. The accrued retirement benefits of the Senior Management Team for the sixteen months to 31 July 2015 are:

	Accrued Pension at pension age as at 31 July 2015 and related lump sum £000	Real increase in Pension and related lump sum at pension age £000	Cash Equivalent Transfer Value		
			At 31 July 2015 £000	At 31 March 2014 £000	Increase net of members contributions £000
Ken Thomson	40-45	5.0 - 7.5	815	49	15
	plus lump sum of 120-125	plus lump sum of 20 - 22.5			
Andy Lawson	25-30	2.5 - 5	659	535	113
	plus lump sum of 85-90	plus lump sum of 10 - 12.5			
Tom Gorman	15-20	0 - 2.5	275	233	34
	plus lump sum of 20-25	plus lump sum of 0 - 2.5			
Colette Walker	0-5	0 - 2.5	17	0	11
	plus lump sum of 0-5	plus lump sum of 0 - 2.5			
Fiona Brown	15-20	0 - 2	349	280	60
	plus lump sum of 45-50	plus lump sum of 5 - 0			
Alison Stewart	5-10	0 - 2.5	105	73	25
	plus lump sum of 0-5	plus lump sum of 0 - 5			
David Allison	20-25	2.5 - 5	327	261	59
	plus lump sum of 5-50	plus lump sum of 2.5 - 5			

The cash equivalent transfer value is the actuarially assessed value of the retirement scheme benefits accrued by a member at a point in time. The value of the accrued pension benefits has been calculated on the basis of the age at which the person will first become entitled to receive pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlements into a lump sum; and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued as a consequence of their total Local Government service and not just their current appointment.

In considering the accrued pension benefits figure the following contextual information should be taken into account:

- (i) the figures for pension lump sum are illustrative only in light of the assumptions set out above and do not necessarily reflect the actual benefits that any individual may receive upon retirement.
- (ii) The accrued benefits figures are reflective of the pension contributions that both the employer and the scheme member have made over a period of time.

**REMUNERATION REPORT (continued)****for the 16 months ended 31 July 2015 (continued)****Real Increases in CETV**

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

For the period April 2014 to March 2015 the Chairman was entitled to claim remuneration of £200 for every 7.5 hours up to a maximum total fee of £20,800. For the period April 2015 to March 2016 the maximum total fee is £15,600. The Chair will receive no fee for any time devoted to performing their functions which exceeds 14 days in the period April 2014 to March 2015 and 78 days in the following period. The Chair is not entitled to a pension in respect of their office.

In the period April 2014 to March 2015 the Chairman has waived his fee and for the period April 2015 to July 2015 the Financial Statements include an accrual of £5,200.

**Median Pay Multiples**

The relationship between the remuneration of the highest paid member of the Senior Management Team and the median remuneration of the employees of Forth Valley College is as follows:

	<b>Period Ended 31 July 2015</b>	Period ended 31 March 2014
	£	£
Annualised remuneration of the highest paid member of the Senior Management Team	109,923	96,960
Median Remuneration of Forth Valley College Employee	28,874	29,159
Remuneration Ratio	1 : 3.81	1 : 3.33

The median remuneration of Forth Valley College's employees is based upon the annualised full-time equivalent salary of the employees at 31 July 2015 (2014: at 31 March 2014)

Including severance payments, no employee (2014: no employees) received remuneration in excess of the highest paid member of the Senior Management Team.

**Compensation for loss of office**

Three employees left under voluntary exit terms during the year. They received a total payment of £49k.

**Ken Thomson**  
Accountable Officer  
10 December 2015

## Statement of Corporate Governance and Internal Control

### Introduction

The College is committed to exhibiting best practice in all areas of corporate governance. This summary describes the manner in which the College has applied the principles in the Code of Good Governance for Scotland's Colleges.

This governance statement is designed to supplement the information provided in the financial statements. It sets out the governance structures, risk management and internal control processes that have been operating in Forth Valley College in the 16 month period to 31 July 2015 and reports the Board's assessment of the effectiveness of these arrangements.

### Governance Structure

The College has a robust and effective Board and Committee structure in place.



Additionally, in recognition of the significant developments as the Falkirk Campus Project Board progresses towards the realisation of the new Falkirk Headquarters Campus, an additional committee has been established. While the Falkirk Campus Project Board is separate from the main Board of Management structure, three non-executive Board Members serve on this Board to ensure adequate representation from the main Board of Management.

### Board of Management Committees

#### Audit Committee

The committee met on four occasions. Its role is to contribute to good governance by providing assistance to the Board of Management on issues of compliance, risk, financial probity and the overall effectiveness of internal College control systems. The internal and external auditors normally attend meetings.

#### Finance Committee

The committee met on four occasions during the period. Its role is to contribute to good governance by providing independent advice to the Board of Management on the financial management of the College, providing a strategic overview of the College's financial direction while ensuring a position of financial security and that all relevant audit and legislative requirements are met.

#### HR Committee (Inc. Nomination Committee)

The committee met on four occasions and advises on HR strategy (including industrial relations matters), oversees the Board's health & safety responsibilities, monitors the Board's equal opportunities aspirations, and oversees the Board nominations process.

## Statement of Corporate Governance and Internal Control (continued)

### Remuneration Committee

The committee met once during this period. Its role is to provide good governance advice and assistance to the Board of Management on the remuneration of senior College staff, considering sectoral guidance and maintaining comparability with relevant external bodies.

### Strategic Development Committee

The committee met on five occasions. Its role is to contribute to good governance by providing assistance to the Board of Management on the strategic direction of the College, to act as the primary linkage between the Board of Management and the Student Union Executive, and to consider matters relating to the interests of learners in the College.

### Board of Management Members

In line with the requirements of the College Sector Board Appointments: 2014 Ministerial Guidance, the College undertook an open, fair and merit-based recruitment exercise in 2014/15 to fill the 12 non-executive positions on the Board. A skills matrix was developed to support the recruitment process and to ensure that the appointments would provide the correct mixture of skills to enable the Board to fully undertake their duties.

Owing to the number of existing non-executive members who has expressed an interest in continuing to serve on the Board, a specialist recruitment panel was established to oversee the interview and appointment process. This panel consisted of the Chair, Board members who were not seeking to be re-appointed and an independent external member.

Following the recruitment process, the recommendations of the panel were communicated to Scottish Ministers who approved the recommendations. This also resulted in the College achieving, for the non-executive positions available, a 50-50 gender balance.

The first meeting of the new Board of Management occurred on 26 March 2015 and the membership now consists of 18 members as follows –

- Chair
- 12 Independent Non-executive members
- 2 Student Members
- 2 Staff Members
- Principal

There is a clear differentiation in the roles of the Chair of the Board and that of the Principal. Matters reserved to the Board of Management are set out in the Standing Orders and Operating Guidelines, the Scheme of Delegation and under the Financial Memorandum with the Scottish Funding Council. The Board of Management is responsible for the on-going strategic direction of the College, approval of major developments and the approval of annual budgets.

Members of the Board have a collective responsibility for the proper conduct of the College's affairs. Members have full and timely access to all relevant information to enable them to perform their roles effectively. Members' roles and responsibilities are described in the Code of Good Governance for Scotland's Colleges and the Guide for Board Members in the College Sector. A register of members' interests is available on the College's website at <http://www.forthvalley.ac.uk>

### Board Effectiveness

The Board of Management has adopted the Code of Good Governance for Scotland's Colleges. The code outlines the activity to be undertaken by a Board. The Board of Management has an effective mix of skills in place,

**Statement of Corporate Governance and Internal Control (continued)**

supplemented by a comprehensive induction process which is further enhanced by Board training activities such as the provision of equalities training.

There are self-evaluation processes, led by the Chair and an evaluation process for the activity of the Chair led by the Vice-Chair. These offer a mechanism for members to feedback on their perceptions of the Board, their contribution and any future training needs.

**Attendance**

The Board of Management normally meets formally four times per year and has a number of committees which are formally constituted with terms of reference. As this financial period covers 16 months, there were a total of 5 meetings of the Board of Management.

	Status	Date of Appointment	Date of Retiral (If applicable)	Board of Management (Five Meetings)	Audit Committee (Four Meetings)	Finance Committee (Four Meetings)	HR (Inc. Nomination) Committee (Four Meetings)	Remuneration Committee (1 Meeting)	Strategic Development Committee (Five Meetings)
Mr H Hall, Chair	Regional Chair	3/3/14	N/A	4				1	
Mrs A Mearns, Vice Chair	Senior Non-Exec	02/03/15	N/A	4				1	4
Dr K Thomson	Principal	01/08/13	N/A	5					
Mr R Addie	Staff	01/07/10	11/12/14	2					2
Mr C Alexander	Non-Exec	2/03/15	N/A	4	4				
Dr W Blair	Non-Exec	01/08/06	26/06/14	1			1	1	
Mr A Buchan	Student	26/03/15	N/A	2					1
Mr R Burns	Staff	26/03/15	N/A	2					
Mrs F Campbell	Non-Exec	02/03/15	N/A	3			3		5
Mr A Carver	Non-Exec	02/03/15	N/A	5		2			3
Ms L Dougall	Non-Exec	26/03/15	N/A	2					
Mr D Gentle	Student	20/09/12	26/06/14	1					1
Mr B Gil	Non-Exec	01/08/07	11/12/14	2	2				
Ms B Milto	Non-Exec	02/03/15	N/A	5	2		4		
Mr C Jack	Non-Exec	02/03/15	N/A	4		4			5
Mr McCabe	Non-Exec	02/03/15	N/A	3		4			
Mrs E McGeorge	Staff	01/09/09	25/03/15	2			3		
Mr K Richardson	Non-Exec	02/03/15	N/A	5		3			1
Mr N Scott	Non-Exec	02/03/15	N/A	5	3		3		
Ms L Simpson	Student	11/09/14	N/A	4					3
Mr T Smith	Student	11/09/14	11/12/14	0					
Ms A Stephen	Staff	26/03/15	N/A	1					1
Mrs S Struthers	Non-Exec	01/09/08	25/09/14	1		1			
Mr S Tolson	Non-Exec	26/03/15	N/A	1					
Ms A Winchester	Non-Exec	26/03/15	N/A	2					1

## Statement of Corporate Governance and Internal Control (continued)

### Assessment of corporate governance

In the opinion of the Board of Management, we can confirm that corporate governance has been exercised throughout the period in accordance with the principles of the Code of Good Governance for Scotland's Colleges, the Scottish Public Finance Manual (SPFM) and the Financial Memorandum.

### Risk Management and Internal Control

The Board of Management has overall responsibility for ensuring the effective identification, mitigation and monitoring of strategic risks within the College. The Audit Committee has delegated authority from the Board of Management to approve the Risk Management Policy and to review regular reports from the College Senior Management Team regarding risk.

The College operates a Strategic Risk register which identifies the most significant risks to the College. This register is taken to every meeting of the Audit Committee for comment and challenge. It is also provided annually to the Board of Management and Finance Committees.

The Principal is responsible for the maintenance of the College strategic risk register and for ensuring appropriate risk mitigation actions are implemented to address significant risks to College operations and strategic objectives.

Senior Management Team members are responsible for establishing controls to mitigate identified risks wherever possible. This information is included on the Strategic Risk register in summary form.

Risk Management is embedded in the operations of the College. The identification and mitigation of risk is a component in all decision making and is a standing item at all Senior Management Team, Board Committee and Board of Management meetings.

The College also operates a risk management system whereby areas of significant risk to the College have their own specific risk register. It is under this approach that an estates risk register was established to support the Falkirk Headquarters campus project.

Delegation of responsibility for managing the key risks in the risk registers is essential if risk management is to be effective. The risk registers, therefore identify "owners" for each risk.

### Internal Audit

The College has an internal audit service, the work of which concentrates on areas of key activities determined by an analysis of the areas of greatest risk, input from Senior Management Team and areas of significant change to operational systems/practices and in accordance with the annual internal audit plan approved by the Audit Committee. The internal auditors report to the Principal and to the Audit Committee on a regular basis and have direct access to the Chair of the Audit Committee. The internal auditors have issued an annual report which gives an opinion of the adequacy, reliability and effectiveness of the College's internal control systems. On the basis of the work undertaken during the period the auditors have expressed an opinion that no significant issues were noted with governance and the College's system of internal control and risk management.

### Internal Control

The Board of Management is aware of the need for effective internal control and acknowledges its responsibility for such a control system to be in place. The system can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

**Statement of Corporate Governance and Internal Control (continued)**

The system of internal control is based on a framework of regular management information, financial regulations and administrative procedures.

In particular it includes:

- comprehensive budgeting systems with an annual budget approved by the Board of Management;
- regular reviews by the Finance Committee of quarterly and annual financial reports which indicate financial performance against forecasts; and
- setting targets to measure financial and non-financial performance.

**Assessment of the effectiveness of internal controls**

The Board of Management is of the view that there is an on-going process for identifying, evaluating and managing the College's significant risks. This process is reviewed by the Board of Management through the Audit Committee. A formal Business Continuity Plan is maintained within the College.

For the period to 31 July 2015, the Internal Auditors reported completion of all reviews in the Audit Plan. Internal Audit was of the opinion that based on internal audit work undertaken, that risk management processes were well developed and no significant issues were noted with the system of internal control and governance.

The external auditors have given an unqualified audit opinion on the accounts for the period to 31 July 2015 and on the regularity of transactions reflected in the accounts. No further significant issues have been identified as part of their audit process.

On the basis of the assurances provided from the sources of assurance outlined above, I can confirm that sound systems of governance, risk management and internal control consistent with the requirements of the SPFM, have operated for the period ended 31 July 2015 and up to the date of approval of the annual report and financial statements.

**Going Concern**

The financial statements have been prepared on a going concern basis as the Board of Management believes that the College has adequate resources to allow it to continue for the foreseeable future.

Approved by order of the members of the Board on 10 December 2015 and signed on its behalf by:

**Hugh Hall**  
Chairman

**Dr Ken Thomson**  
Principal

## Statement of the Board of Management's Responsibilities

The Board of Management are required to present audited financial statements for each financial period.

In accordance with the Further and Higher Education (Scotland) Act 1992 and 2005, the Board of Management is responsible for the administration and management of the College's affairs, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial period.

The Board of Management is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the College and enable it to ensure that the financial statements are prepared in accordance with the Further and Higher Education (Scotland) Act 1992, the 2007 Statement of Recommended Practice - Accounting for Further and Higher Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Scottish Funding Council and the College's Board of Management, the Board of Management, through its designated office holder, is required to prepare financial statements for each financial period which give a true and fair view of the College's state of affairs and of the surplus or deficit and cash flows for the period. These financial statements comply with the Accounts Direction issued by the Scottish Funding Council.

In preparing the financial statements, the Board of Management has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Institution will continue in operation. The Board of Management is satisfied that it has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Board of Management has taken reasonable steps to:

- ensure that funds from the Scottish Funding Council are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the College and prevent and detect fraud;
- secure the economical, efficient and effective management of the College's resources and expenditure;
- ensure sound corporate governance and proper conduct of the College's operations.

The key elements of the College's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of key performance indicators and business risks and quarterly reviews of financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board of Management;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Finance Committee;

**Statement of the Board of Management's Responsibilities (continued)**

- a professional internal audit team whose annual programme is approved by the Audit Committee and endorsed by the Board of Management and whose head provides the Board of Management with a report on internal audit activity within the College and an opinion on the adequacy and effectiveness of the College's system of internal control, including internal financial control.

Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

In October 2010, the UK Office for National Statistics (ONS) decided to reclassify incorporated further education colleges throughout the UK so that they would be treated as part of central government for financial budgeting and reporting purposes. The UK ONS's reclassification decision is the consequence of the current level of Ministerial control and does not relate to the plans for improved governance that feature in the Post 16 Education (Scotland) Act 2013.

The implications of this are material and impact upon the ability of the College to generate and retain income, to generate and retain surpluses (reserves), to protect and use existing reserves, and to access capital funding and commercial borrowing. The use of Arm's Length Foundations on a sector wide basis to shelter on-going College reserves was approved by Scottish Government Ministers. Forth Valley College Foundation was incorporated in December 2013 and has been awarded charitable status from the Office of the Scottish Charity Regulator (OSCR).

**Disclosure of information to auditors**

The Board members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each Board member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Approved by order of the members of the Board on 10 December 2015 and signed on its behalf by:

**Hugh Hall**

Chair

## **Independent auditor's report to the members of the Board of Management of Forth Valley College, the Auditor General for Scotland and the Scottish Parliament**

We have audited the financial statements of Forth Valley College for the period ended 31 July 2015 under the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Income and Expenditure Account, Statement of Historical Cost Surpluses and Deficits, Statement of Total Recognised Gains and Losses, Balance Sheet, and Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

### **Respective Responsibilities of the Board of Management and Auditor**

As explained more fully in the Statement of the Board of Management's Responsibilities, the Board of Management is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and is also responsible for ensuring the regularity of expenditure and income. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We are also responsible for giving an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the college's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Management; and the overall presentation of the financial statements. It also involves obtaining evidence about the regularity of expenditure and income. In addition, we read all the financial and non-financial information in the report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements, irregularities or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council of the state of the college's affairs as at 31 July 2015 and of its deficit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

**Independent auditor's report to the members of the Board of Management of Forth Valley College, the Auditor General for Scotland and the Scottish Parliament (continued)****Opinion on regularity**

In our opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

**Opinion on other prescribed matters**

In our opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Ministers; and
- the information given in the Operating and Financial Review for the financial period for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We are required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- We have not received all the information and explanations we require for our audit; or
- the Statement of Corporate Governance and Internal Control does not comply with Scottish Funding Council requirements.

We have nothing to report in respect of these matters.

Catherine Wyllie  
Statutory Auditor  
For and on behalf of Henderson Loggie  
Statutory Auditors  
Chartered Accountants  
34 Melville Street  
Edinburgh  
EH 7HA

10 December 2015

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Henderson Loggie is eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006.

**Income and Expenditure Account for the sixteen month period ended 31 July 2015**

<b>INCOME</b>	<b>Note</b>	<b>Period Ended 31 July 2015</b>	<b>Period ended 31 March 2014</b>
		<b>£000</b>	<b>£000</b>
SFC grants	2	<b>31,522</b>	17,071
Tuition fees and education contracts	3	<b>9,926</b>	5,311
Other grant income	4	<b>97</b>	32
Other operating income	5	<b>1,849</b>	340
Investment income	6	<b>26</b>	6
<b>Total Income</b>		<b>420</b>	2,840
<b>EXPENDITURE</b>			
Staff costs	7	<b>28,925</b>	14,643
Pension provision charge		<b>1,702</b>	594
Other operating expenses	10	<b>10,185</b>	5,038
Depreciation	14	<b>3,542</b>	1,755
Interest payable	11	<b>224</b>	170
Donation to FVC Foundation	1	<b>1,100</b>	4,400
<b>Total Expenditure</b>		<b>45,678</b>	26,600
Deficit on continuing operations after depreciation of assets at valuation and before tax and exceptional items		<b>(2,258)</b>	(2,760)
<b>Exceptional Items</b>			
Release of SFC Provision		<b>0</b>	3,000
Loss on Revaluation of Land		<b>(615)</b>	0
(Deficit)/Surplus on continuing operations after depreciation of assets at valuation and exceptional items and before tax		<b>(2,873)</b>	240
<b>(Deficit)/Surplus on continuing operation after Gain on disposal of fixed assets and depreciation of assets at valuation and tax and exceptional items.</b>		<b>(2,873)</b>	240

The income and expenditure account is in respect of continuing activities.

**Statement of Historical Cost Surpluses and Deficits for the sixteen months ended 31 July 2015**

	Note	Period Ended 31 July 2015	Period ended 31 March 2014
		£000	£000
<b>(Deficit)/Surplus on continuing operations before taxation</b>		<b>(2,873)</b>	2 0
Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount	20	752	412
<b>Historical cost (deficit)/surplus for the period before and after taxation</b>		<b><u>(2,121)</u></b>	<b><u>652</u></b>

**Statement of Total Recognised Gains and Losses for the period ended 31 July 2015**

	Note	Period Ended 31 July 2015	Period ended 31 March 2014
		£000	£000
(Deficit)/Surplus on continuing operations before taxation		<b>(2,873)</b>	240
Actuarial loss in respect of the pension scheme	20	<b><u>(2,504)</u></b>	<b><u>(2,774)</u></b>
		<b><u>(5,377)</u></b>	<b><u>(2,534)</u></b>
<b>Reconciliation</b>			
Opening Reserves		<b>6,889</b>	9,423
Adjustment to Revaluation Reserve		<b>899</b>	0
Total recognised loss for the year	20	<b><u>(5,377)</u></b>	<b><u>(2,534)</u></b>
<b>Closing Reserves</b>		<b><u>2,411</u></b>	<b><u>6,889</u></b>

**Balance Sheet as at 31 July 2015**

	Note	As at 31 July 2015 £000	As at 31 March 2014 £000
<b>Fixed Assets</b>			
Tangible assets	14	61,094	63,713
<b>Current assets</b>			
Stocks		27	3
Debtors	15	1,409	3,92
Cash at bank and in hand		1,609	78
Total current assets		<u>3,045</u>	4,011
Less: Creditors - amounts falling due within one year	16	2,835	4,18
<b>Net current assets/(liabilities)</b>		<u>210</u>	<u>(117)</u>
<b>Total assets less current liabilities</b>		<b>61,304</b>	63,596
Less: Creditors falling due after more than one year	1	4,216	4,432
Less: Provision for liabilities	18	8,698	7,536
<b>Net Assets excluding pension liability</b>		<b>48,390</b>	51,628
<b>Net pension liability</b>	27	<b>(13,517)</b>	(10,202)
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<b><u>34,873</u></b>	<b><u>41,426</u></b>
<b>Deferred capital grants</b>	19	<b><u>32,462</u></b>	34,537
Income and expenditure account excluding pension reserve	20	(4,787)	(3,477)
Pension reserve	20	(13,517)	(10,202)
Income and expenditure account including pension reserve	20	(18,304)	(13,679)
Revaluation reserve	20	20,715	20,568
<b>Total reserves</b>		<b><u>2,411</u></b>	<b><u>6,889</u></b>
<b>TOTAL</b>		<b><u>34,873</u></b>	<b><u>41,426</u></b>

The financial statements on pages 28 to 50 were approved by the Board of Management on 10th December 2015 and were signed in its behalf at date by:

**Hugh Hall**  
Chairman

**Dr Ken Thomson**  
Principal

**Cashflow Statement for the period ended 31 July 2015**

	Period Ended 31 July 2015	Period ended 31 March 2014
Note	£000	£000
<b>Cash inflow/(outflow) from operating activities</b>	21 <b>1,053</b>	(5,463)
Returns on investments and servicing of finance	22 <b>(230)</b>	(43)
Capital expenditure and financial investment	23 <b>0</b>	0
<b>Increase/(decrease) in cash in the period</b>	<b>82</b>	<b>(5,506)</b>
 <b>Reconciliation of net cash flow to movement in net funds</b>		
Increase/(Decrease) in cash in the period	<b>823</b>	(5,506)
Change in net funds resulting from cash flows	<b>0</b>	0
Movement in net funds in period	<b>823</b>	(5,506)
Net funds at 31 March 2014	25 <b>786</b>	6,292
<b>Net funds at 31 July 2015</b>	25 <b>1,609</b>	786

## Notes to the Financial Statements

### 1 Statement of Principal Accounting Policies

#### Basis of preparation

The financial statements are prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and 2005, and the Accounts Direction issued there under by the Scottish Further and Higher Education Funding Council which requires compliance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2007).

#### Basis of accounting

The financial statements are prepared under the historical cost convention, modified by the revaluation of certain fixed assets.

#### Recognition of income

Income from grants, contracts and other services rendered is included in proportion to the extent of completion of the contract or service concerned. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

Recurrent grants from the Scottish Funding Council (SFC) are recognised in the period in which they are receivable.

#### Tangible fixed assets

##### *Land and buildings*

The majority of the College's buildings being specialised buildings, open market value is not an appropriate basis of valuation. Land and buildings are therefore valued on the basis of depreciated replacement cost with the exception of the land at Branshill, Loan and the Middlefield site which are valued on the basis of Open Market value. Land is not depreciated and buildings are depreciated over their estimated life as identified by the valuer.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and released to income and expenditure account over the estimated life of the building on a basis consistent with the depreciation policy.

Finance costs which are directly attributable to the construction of land and buildings, are capitalised as part of the cost of those assets.

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

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

## Notes to the Financial Statements (continued)

### 1 Statement of Principal Accounting Policies (continued)

#### **Subsequent expenditure on existing fixed assets**

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- market value of the fixed asset has subsequently improved ;
- asset capacity increases;
- substantial improvement in the quality of output or reduction in operating costs;
- significant extension of the asset's life beyond that conferred by repairs and maintenance.

#### **Buildings owned by third parties**

Where land and buildings are used, but the legal rights are held by a third party, for example a charitable trust, they are only capitalised if the College has rights or access to on-going future economic benefit.

These assets are then depreciated over their expected useful economic life.

#### **Equipment**

Equipment costing less than £10,000 per individual item or grouped items is written off to the income and expenditure account in the year of acquisition. All other equipment and vehicles are capitalised and depreciated in accordance with the depreciation policy.

Where items of equipment are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and released to the income and expenditure account over the estimated life of the asset on a basis consistent with the depreciation policy.

#### **Depreciation**

Depreciation is provided to write off the cost or valuation of tangible fixed assets on a straight-line basis over the expected useful lives of the assets. New and campuses at Alloa and Stirling are depreciated using a component accounting approach.

i) Building	20 - 50 years
ii) Plant & Equipment	5 years
iii) Building improvements	10 years
iv) IT Equipment	4 years
v) Motor vehicles	7 years
vi) Equipment acquired for other projects	project life
vii) Specialist Equipment acquired for Oil and Gas teaching	10 years

#### **Lease assets**

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Rental costs in respect of operating leases are charged to the income and expenditure account on a straight line basis.

**Notes to the Financial Statements (continued)****1 Statement of Principal Accounting Policies (continued)*****Revaluation reserve***

Surpluses arising on the revaluation of the College's properties are transferred to the revaluation reserve. Additional depreciation charged on the revalued amount of these assets is transferred from the revaluation reserve to the income and expenditure account together with any surplus or deficit on disposal.

***Impairment of assets***

Any reduction in the recoverable amount of fixed assets arising from impairment reviews are recognised in the Income and Expenditure account or Statement of Total Recognised Gains and Losses as appropriate.

***Maintenance of premises***

The costs of maintenance are charged to the income and expenditure account in the period in which they are incurred.

***Stocks***

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

***Liquid resources***

Liquid resources include sums on short-term deposits with recognised banks, building societies and government securities.

***Taxation***

The College has been entered into the Scottish Charity Register and is entitled, in accordance with section 13(1) of the Charities and Trustee Investment (Scotland) Act 2005, to refer to itself as a Charity registered in Scotland. The College is recognised by HM Revenue & Customs as a charity for the purposes of section 505, Income and Corporation Taxes Act 1988 and is exempt from corporation tax on its charitable activities. The College receives no similar exemption in respect of Value Added Tax.

***Provisions***

The College provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated cash flows are discounted using an appropriate discount rate.

## Notes to the Financial Statements (continued)

### 1 Statement of Principal Accounting Policies (continued)

#### Agency arrangements

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

#### Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the yearend rates. The resulting exchange differences are dealt with in the determination of income and expenditure.

#### Retirement benefits

##### Local Government Pension Scheme (LGPS)

The Local Government Pension Scheme is a pension scheme providing benefits based on final pensionable pay, prior to 1/4/15 and a career average scheme from 1/4/15. The assets and liabilities of the scheme are held separately from those of the College. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Contributions to the Scheme are calculated so as to spread the cost of pensions over employees' working lives with the College. The contributions are determined by an actuary on the basis of triennial valuations using the Projected Unit Method. Variations from regular cost are spread over the expected average remaining working lifetime of members of the scheme, after making allowances for future withdrawals. The amount charged to the income and expenditure account represents the service cost expected to arise from employee service in the current year.

##### Scottish Teachers' Superannuation Scheme (STSS)

The College participates in the Scottish Teachers' Superannuation Scheme pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the College. The College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS17 'Retirement Benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the year.

#### Pension Provision

Provisions are recognised when the College has a present or constructive obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. The College has made provision for the enhanced pensions, payable to former employees who have taken early retirement, for which it is liable. This provision is calculated based on the actuarial tables which take account of the enhancement payable, the age, sex and marital status of the former employee. The annual cost of the enhancement is funded from the provision. The provision is made in accordance with FRS12 and any movements are adjusted through the Income & Expenditure Account.

**Notes to the Financial Statements (continued)**

	Note	Period Ended 31 July 2015	Period ended 31 March 2014
		£000	£000
<b>2 SFC grants</b>			
FE recurrent grant (including fee waiver)		25,202	14,332
Childcare funds		696	7
Release of deferred capital grants	19	2,712	1,316
SFC maintenance grant		1,396	1,104
Other SFC grants		1,516	32
<b>Total</b>		<b>31,522</b>	<b>17,791</b>
<b>3 Tuition fees and education contracts</b>			
FE fees - UK & EU		145	94
FE fees - non EU			9
HE fees		1,877	1,039
SDS Income		1,298	662
Education contracts		1,635	596
Other contracts		4,971	2,911
		<b>9,926</b>	<b>5,311</b>
<b>4 Other grant income</b>			
Other grants		<b>97</b>	<b>32</b>
<b>5 Other operating income</b>			
Residences and catering		1,064	582
Other income-generating activities		118	54
Other income		667	704
<b>Total</b>		<b>1,849</b>	<b>1,340</b>
<b>6 Investment income</b>			
Other interest receivable		<b>26</b>	<b>86</b>

**Notes to the Financial Statements (continued)**

	Period Ended 31 July 2015	Period ended 31 March 2014
	£000	£000
<b>7 Staff costs</b>		
Wages and salaries	22,961	12,053
Social security costs	1,752	919
Other pension costs (including FRS 17 adjustments of £843,000 (2014 £209,000))	4,212	1,671
<b>Total</b>	<b>28,925</b>	<b>14,643</b>
Academic/ Teaching Departments	17,905	9,408
Academic/ Teaching Services	742	1,884
Administration and Central Services	4,282	1,997
Premises	779	413
Other expenditure	417	177
Catering and Residences	354	162
Modern Apprentice Trainees	1,446	602
<b>Sub-total</b>	<b>28,925</b>	<b>14,643</b>
Exceptional restructuring costs	0	0
<b>Total</b>	<b>28,925</b>	<b>14,643</b>

The average number of full-time equivalent employees, including high paid employees, during the period was:

	No.	No.
Senior management	7	6
Teaching departments	266	254
Teaching services, Admin and central services	221	214
Premises	12	11
Catering and Residences	13	12
Modern Apprentice Trainees	111	87
<b>Total</b>	<b>630</b>	<b>584</b>

**Analysed as:**

Staff on permanent contracts	596	544
Staff on temporary contracts	34	40
<b>Total</b>	<b>630</b>	<b>584</b>

The number of staff, including senior post-holders and the Principal, who received emoluments including benefits in kind where appropriate and excluding pension contributions, annualised from the 16 or 8 month periods in the following ranges were:

	2015	2015	2014	2014
	Senior post holder	Other members of staff	Senior post-holder	Other members of staff
	No.	No.	No.	No.
£50,001 to £60,000 per annum	0	6	1	6
£60,001 to £70,000 per annum	1	1	1	2
£70,001 to £80,000 per annum	3	0	1	0
£80,001 to £90,000 per annum	1	0	2	0
£90,001 to £100,000 per annum	1	0	1	0
£100,001 to £110,000 per annum	1	0	0	0

**Notes to the Financial Statements (continued)**

	<b>Period Ended 31 July 2015</b>	Period ended 31 March 2014
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**8 Senior post-holders' emoluments**

	<b>No.</b>	No.
The number of senior post-holders, including the Principal was:	<b>7</b>	6

	<b>Period Ended 31 July 2015</b>	Period ended 31 March 2014
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Senior post-holders' emoluments are made up as follows:

	<b>£000</b>	£000
Salaries	<b>753</b>	332
Pension contributions	<b>128</b>	48
<b>Total emoluments</b>	<b>881</b>	380

The above emoluments include amounts payable to the Principal, who is also the highest paid senior post-holder, of:

Salary	<b>147</b>	66
Benefits in kind	<b>0</b>	0
	<b>147</b>	66
Pension contributions	<b>22</b>	10

The Principal and two other senior post-holders were members of the Scottish Public Pensions Agency and the other four senior post-holders were members of the Local Government Pension Scheme. All pension contributions were paid at the same rate as for other members of staff.

The Chair of the Board of Management was entitled to claim remuneration of £20,000 in the financial period. The Chairman has waived his fee for April 2014 to March 2015, however an accrual of £5k (gross pay) has been made for his fee from April 2015 to July 2015. Other members of the Board of Management, other than the Principal and staff members, did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

	<b>Period Ended 31 July 2015</b>	Period ended 31 March 2014
	<b>£000</b>	£000
<b>9 Pension Provision Charge</b>		
Increase due to revaluation of pension liability	<b>1,282</b>	379
Interest	<b>420</b>	215
	<b>1,702</b>	594

**Notes to the Financial Statements (continued)**

	<b>Period Ended 31 July 2015</b>	Period ended 31 March 2014
	<b>£000</b>	£000
<b>10 Other operating expenses</b>		
Teaching departments	2,952	1,835
Administration and central services	1,923	746
Premises costs	1,959	926
Planned maintenance	1,180	540
Other employee related costs	539	61
Agency staff costs	58	49
Other income generating activities	451	231
Residences and catering	427	263
Childcare	696	187
<b>Total</b>	<b>10,185</b>	5,038
Other operating costs include:		
Auditors' remuneration - external audit of these financial statements	26	26
- internal audit services	28	33
- external auditors other services	4	4
- internal auditors other services	13	21
Hire machinery - operating leases	143	65
Hire of premises - operating leases	88	41
	<b>302</b>	190
<b>11 Interest payable</b>		
Interest on Loans repayable wholly or partly in more than five years	256	129
Pension finance costs (note 27)	(32)	41
<b>Total</b>	<b>224</b>	170
<b>12 Forth Valley College Foundation</b>		
Donation to Forth Valley College Foundation	1,100	4,400

**13 Taxation**

The Board does not consider that the College was liable for any corporation tax arising out of its activities during the period.

**Notes to the Financial Statements (continued)****14 Tangible Fixed Assets**

Land and buildings were revalued at 31 July 2015 by DM Hall, Chartered Surveyors, in the capacity of independent valuer. The basis of valuation adopted was depreciated replacement cost for except the land only sites in Alloa and Middlefield Road, Falkirk which were valued at open market value. The valuations were made in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual.

	Land and Buildings £000	Plant and Equipment £000	T o t a l £000
<b>Cost or valuation</b>			
<b>At 1 April 2014</b>	65,362	4,340	69,702
Revaluation	(5,279)	0	(5,279)
Additions	18	620	638
Write off assets no longer in use	0	(282)	(282)
<b>At 31 July 2015</b>	<b>60,101</b>	<b>4,678</b>	<b>64,779</b>
<b>Depreciation</b>			
<b>At 1 April 2014</b>	3,332	2,957	5,989
Provided during period	2,532	1,010	3,542
Write back to Revaluation Reserve	(5,564)	0	(5,564)
Write off assets no longer in use		(282)	(282)
<b>At 31 July 2015</b>	<b>0</b>	<b>3,685</b>	<b>3,685</b>
 NBV at 31 March 2014	 62,330	 1,383	 63,713
 <b>NBV at 31 July 2015</b>	 <b>60,101</b>	 <b>993</b>	 <b>61,094</b>

Land and buildings with a net book value of £ 4.3m have been funded from either local authority sources or from SFC capital grants. These assets may not be disposed of without the prior approval of the SFC and the College may have to return all or part of the sale proceeds to the SFC.

	As at 31 July 2015 £000	As at 31 March 2014 £000
<b>15 Debtors: Amounts falling due within one year</b>		
Trade debtors net of provision for doubtful debts	468	600
Prepayments and accrued income	941	2,592
	<b>1,409</b>	<b>3,192</b>
<b>Creditors: Amounts falling due within one year</b>		
Trade creditors	157	186
Other taxation and social security	451	34
Accruals and deferred income	1,679	3,554
Loan Repayment	146	68
Other creditors	402	286
	<b>2,835</b>	<b>4,128</b>

**Notes to the Financial Statements (continued)**

	As at 31 July 2015	As at 31 March 2014
	£000	£000
<b>17 Bank Loan</b>		
Repayable within one year	146	68
Repayable between one and two years	151	142
Repayable between two and five years	502	467
Repayable over five years	<u>3,563</u>	<u>3,823</u>
	<b>4,362</b>	<b>4,500</b>

The term loan is a 29 year loan from Barclays, taken out 30 September 2010. The first drawdown against the facility was in 2011/12. The College has an interest rates swap at 31 July 2015 of £4.4m at a fixed rate of 4.3% which terminates on 30 July 2029. In the 16 month period to 31 July 2015, the College repaid £138,570 of the loan principal.

	Pension Provision £000	Asset Repayment Provision £000	Period End 31 July 2015 £000	Period ended 31 March 2014 £000
<b>18 Provisions for liabilities and charges</b>				
<b>At 1 April 2014</b>	7,336	0	7,536	10,200
Expenditure in the period	(54)	0	(540)	(258)
Released in year	-	0	0	(3,000)
Revaluation adjustment	1,222	0	1,282	379
Interest charged	420	0	420	215
<b>At 31 July 2015</b>	<u>8,698</u>	<u>0</u>	<u>8,698</u>	<u>7,536</u>

The pension provision is in respect of future pension liabilities arising from early retirements. The value of the provision is based on a valuation at 31 July 2015 performed by Hymans Robertson, an independent firm of actuaries.

	SFC £000	Other £000	Total £000
<b>19 Deferred Capital Grants</b>			
<b>At 1 April 2014</b>			
Land and Buildings	33,132	24	33,156
Equipment	<u>1,381</u>	<u>0</u>	<u>1,381</u>
	34,513	24	34,537
<b>Cash Receivable / Transferred</b>			
Land and Buildings: Cash Received	18	0	18
Equipment	<u>620</u>	<u>0</u>	<u>620</u>
	638	0	638
<b>Released to Income and Expenditure Account</b>			
Land and Buildings	(1,705)	(1)	(1,706)
Equipment	<u>(1,007)</u>	<u>0</u>	<u>(1,007)</u>
	(2,712)	(1)	(2,713)
<b>At 31 July 2015</b>			
Land and Buildings	31,445	23	31,468
Equipment	<u>994</u>	<u>0</u>	<u>994</u>
	<u>32,439</u>	<u>23</u>	<u>32,462</u>

**Notes to the Financial Statements (continued)****20 Reserves**

	<b>Period Ended</b> <b>31 July</b> <b>2015</b> <b>Total</b>	Period ended 31 March 2014 Total
	<b>£000</b>	<b>0</b>
<b>Revaluation Reserve</b>		
<b>At 1 April 2014</b>	<b>20,568</b>	20,980
Revaluation adjustment	899	0
Transfer to Income & expenditure account in respect of:		
Depreciation on revalued assets	<u>752</u>	<u>(412)</u>
<b>At 31 July 2015</b>	<b><u>20,715</u></b>	<b><u>20,568</u></b>
<b>General Reserve</b>		
<b>At 1 April 2014</b>	<b>(13,679)</b>	(11,557)
(Deficit) for the period	<b>(2,873)</b>	240
Transfer from revaluation reserve	<b>752</b>	412
Actuarial (loss) in pension scheme	<b>(2,504)</b>	<b>(2,774)</b>
<b>At 31 July 2015</b>	<b><u>(18,304)</u></b>	<b><u>(13,679)</u></b>
Represented by:		
<b>Income &amp; expenditure account</b>		
<b>At 1 April 2014</b>	<b>(3,477)</b>	(4,379)
(Deficit) for the period	<b>(2,873)</b>	240
Transfer from pension reserve	<b>811</b>	250
Transfer from revaluation reserve	<b>752</b>	412
<b>At 31 July 2015</b>	<b><u>(4,787)</u></b>	<b><u>(3,477)</u></b>
<b>Pension Reserve</b>		
<b>At 1 April 2014</b>	<b><u>(10,202)</u></b>	<b><u>(7,178)</u></b>
Current service cost	<b>(2,446)</b>	(844)
Employer contributions	<b>1,603</b>	643
Past service gains	<b>0</b>	(8)
Return on net assets / liability	<b>32</b>	<b>(41)</b>
Transfer from income & expenditure	<b>(811)</b>	<b>(250)</b>
Actuarial (losses)	<b>(2,504)</b>	<b>(2,774)</b>
<b>At 31 July 2015</b>	<b><u>(13,517)</u></b>	<b><u>(10,202)</u></b>
<b>Summary</b>		
Income & expenditure account	<b>(4,787)</b>	(3,477)
Pensions reserve	<b>(13,517)</b>	(10,202)
<b>At 31 July 2015</b>	<b><u>(18,304)</u></b>	<b><u>(13,679)</u></b>

**Notes to the Financial Statements (continued)**

		Period Ended 31 July 2015	Period ended 31 March 2014
<b>21 Reconciliation of operating surplus to net cash flow from operating activities</b>	<b>Note</b>	<b>£000</b>	<b>£000</b>
Operating (deficit)/surplus after depreciation of assets, exceptional items and tax		<b>(2,873)</b>	240
Pension costs (less contributions payable)	27	<b>843</b>	209
Depreciation	14	<b>3,542</b>	1,755
Revaluation adjustment for Land and Buildings	14	<b>615</b>	0
Deferred capital grants released to income	19	<b>(2,713)</b>	1,316
Decrease/(Increase) in stocks		<b>6</b>	(5)
Decrease/(Increase) in debtors	15	<b>1,783</b>	(2,080)
(Decrease) in creditors	16,17	<b>(1,510)</b>	(1,686)
Increase/(Decrease) in provisions	18	<b>1,162</b>	(2,664)
Interest receivable - bank interest	6, 22	<b>(26)</b>	(86)
Interest paid - loan interest	11 22	<b>256</b>	129
Net return on pension liability	27	<b>(32)</b>	41
Net cash inflow/(outflow) from operating activities		<b>1,053</b>	(5,463)
<b>22 Returns on investments and servicing of finance</b>			
Interest received		<b>26</b>	86
Interest paid		<b>(256)</b>	(129)
		<b>(230)</b>	(43)
<b>23 Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets	14	<b>(638)</b>	(1,642)
Sales of tangible fixed assets		<b>0</b>	0
Deferred capital grants received	19	<b>638</b>	1,642
Net cash outflow from capital expenditure		<b>0</b>	0
<b>24 Financing</b>			
Capital element of finance lease rental payments		<b>0</b>	0
New loans		<b>0</b>	0
Net cash inflow from financing		<b>0</b>	0
<b>25 Analysis of changes in net funds</b>			
	At 31 March 2014	Cash Flows	Other Changes
	£000	£000	£000
Cash	786	823	0
Finance lease hire purchase contracts	0	0	0
<b>TOTAL</b>	<b>786</b>	<b>823</b>	<b>1,609</b>

**Notes to the Financial Statements (continued)**

	<b>Period Ended 31 July 2015</b>	Period ended 31 March 2014
<b>26 Lease commitments</b>	<b>£000</b>	<b>£000</b>
The annual commitments under non-cancellable operating leases for equipment are as follows:		
Expiry - within one year	0	0
- within one to five years	116	124
- after five years	0	0
The annual commitments under non-cancellable operating leases for property are as follows:		
Expiry - within one year	0	0
- within two to five years	0	0
- after five years	64	61

**27 Pensions and similar obligations**

The College's employees belong to two principal pension schemes, the Scottish Teachers' Superannuation Scheme (STSS) and the Local Government Pension Scheme (LGPS).

The total pension costs for the institution was :

Contribution to STSS	1,766	819
Contribution to LGPS	1,603	643
Pension costs as a result of implementing FRS 17	843	209
Total pension cost (Note 7)	<u>4,212</u>	<u>1,671</u>

Contribution rates

STSS	14.9%
LGPS	19.4%

**The Scottish Teachers' Superannuation Scheme**

(a) Forth Valley College participates in the Scottish Teachers' Superannuation Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2012. The next valuation will be as at 31 March 2016 and this will set contribution rates from 1 April 2019.

(b) Forth Valley College has no liability for other employers obligations to the multi-employer scheme.

(c) As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

(d) i) The scheme is an unfunded multi-employer defined benefit scheme.

ii) It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where Forth Valley College is unable to identify its share of the underlying assets and liabilities of the scheme.

(iii) The employer contribution rate from 1 April 2015 was 14.9% of pensionable pay. This increased to 17.2% from 1 September 2015. While the employee rate applied is a variable it will provide an actuarial yield of 9.6% of pensionable pay.

(iv) At the last valuation a shortfall of £1.3 billion was identified in the notional fund which will be repaid by a supplementary rate of 4.5% of employers pension contributions for fifteen years from 1 April 2015. This contribution is included in the 17.2% employers contribution rate.

(v) The total employer contributions received for the Scottish Teachers' scheme in the year to 31 March 2014 were £346.3million. Forth Valley College's level of participation in the scheme is 0.3% based on the proportion of the employer contributions paid in 2013-14.

**Notes to the Financial Statements (continued)****27 Pensions and similar obligations (continued)****The Local Government Pension Scheme**

The Falkirk Council Pension Fund is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the period ended 31 July 2015 was £2,094k of which employer's contributions totalled £1,603k and employees contributions totalled £491k. The agreed contribution rates are 19.4% for employers and between 5.5% and 12% for employees.

The following information is based upon a full actuarial valuation of the fund at 31 March 2015 updated to 31 July 2015 by a qualified independent actuary.

**Principal Actuarial assumptions**

Rate of return on investments in excess of rate of increase in salaries is (0.4%).

Rate of return on investments in excess of rate of increase in pensions 1.0%

Life expectancy is based on the Vita Curves mortality tables with some adjustments. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Male years	Female years
Current pensioners	22.1	23.8
Future pensioners	24.3	26.3
	<b>As at 31 July 2015</b>	<b>As at 31 March 2014</b>
Pension increase rate	<b>2.6%</b>	2.8%
Rate of increase in salaries	<b>4.0%</b>	5.1%
Expected return on assets	<b>3.6%</b>	6.1%
Discount rate for liabilities	<b>3.6%</b>	4.3%

The assets of the scheme and the expected rates of return were:

	Long-term rate of return expected at 31 July 2015	Value at 31 July 2015	Long-term rate of return expected at 31 March 2014	Value at 31 March 2014
		£'000		£'000
Equities	3.6%	17,847	6.6%	20,033
Bonds	3.6%	6,800	3.9%	2,312
Property	3.6%	2,267	4.8%	2,569
Cash	3.6%	1,417	3.7%	771
<b>Total market value of assets</b>		<b>28,331</b>		<b>25,685</b>
Present value of scheme liabilities				
- Funded		(41,258)		(35,360)
- Unfunded		(590)		(527)
<b>Deficit in the scheme</b>		<b>(13,517)</b>		<b>(10,202)</b>

**Notes to the Financial Statements (continued)****27 Pensions and similar obligations (continued)**

The transactions in respect of the LGPS which are now included in the accounts as required by FRS 17 are :

	Period Ended 31 July 2015 £000	Period ended 31 March 2014 £000
<b>Analysis of the amount charged to income and expenditure account</b>		
Current service costs	2,446	844
Past service costs	0	8
	<u>2,446</u>	<u>852</u>
Less: Contributions paid	<u>(1,603)</u>	<u>(643)</u>
Total operating charge	<u>843</u>	<u>209</u>
<b>Analysis of net return on pension scheme</b>		
Expected return on pension scheme assets	(2,170)	(941)
Interest on pension liabilities	2,138	982
Net interest expense on net pension liability	<u>(32)</u>	<u>41</u>
Net revenue account expenditure	<u>811</u>	<u>250</u>
<b>Amount recognised in the statement of recognised gains and losses (STRGL)</b>		
Actual return less expected return on pension assets	762	(927)
Experience gains and losses arising on the scheme liabilities	(392)	0
Experience gains and losses arising on the scheme assets	(1,772)	379
Change in financial assumptions underlying the scheme liabilities	<u>(1,102)</u>	<u>(2,226)</u>
Actuarial (loss) recognised in STRGL	<u>(2,504)</u>	<u>(2,774)</u>
<b>Movement in deficit during the period</b>		
Deficit in scheme at 1 April 2014	(10,202)	(7,178)
Movement in period :		
Current service charge	(2,446)	(844)
Contributions	1,566	625
Contributions in respect of unfunded benefits	37	18
Past service costs	0	(8)
Net (interest expense)	32	(41)
Actuarial (losses)	<u>(2,504)</u>	<u>(2,774)</u>
Deficit in scheme at 31 July 2015	<u>(13,517)</u>	<u>(10,202)</u>
	(Note 20)	
<b>Asset and Liability Reconciliation</b>		
<b>Reconciliation of Liabilities</b>		
Liabilities at start of period	35,887	31,963
Service cost	2,446	844
Interest cost	2,138	982
Employee contributions	491	197
Actuarial loss	1,494	2,226
Benefits paid	(608)	(333)
Past Service costs	0	8
Liabilities at end of period	<u>41,848</u>	<u>35,887</u>

**Notes to the Financial Statements (continued)****27 Pensions and similar obligations (continued)**

	<b>Period Ended</b>	Period ended
	<b>31 July</b>	31 March
	<b>2015</b>	2014
	<b>£000</b>	£000
<b>Reconciliation of Assets</b>		
<b>Assets at start of period</b>	<b>25,685</b>	24,785
Expected return on assets	<b>2,170</b>	941
Actuarial (loss)	<b>(1,010)</b>	(548)
Employee contributions	<b>491</b>	97
Employer contributions	<b>1,603</b>	643
Benefits paid	<b>(608)</b>	33
<b>Assets at end of period</b>	<b>28,331</b>	25,85

**History of experience gains and losses**

	<b>Period ended</b>	Period ended	Year ended	Year ended	Year ended
	<b>31/07/15</b>	31/03/14	31/07/13	31/07/12	31/07/11
	<b>£000</b>	£000	£000	£0	£000
Experience gains/(losses) on scheme assets	<b>(1,010)</b>	(548)	3,011	(516)	962
Value of Assets	<b>28,331</b>	25,685	24,785	20,079	19,366
Percentage of scheme assets	<b>( 3.6%)</b>	( 2.1%)	2.5%	( 2.6%)	5.0%
Experience gains and (losses) on scheme liabilities	<b>(392)</b>	(9)	0	2,174	(27)
Present value of liabilities	<b>41,848</b>	5,887	1,963	29,212	25,916
Percentage of scheme liabilities	<b>( 0.0%)</b>	( 0.1%)	0.0%	7.4%	( 0.1%)

**28 Related Party Transactions**

Due to the nature of the College's operations and the composition of its Board of Management being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Management may have an interest. All transactions involving organisations in which a member of the Board of Management may have a material interest are conducted at arm's length and in accordance with normal project and procurement procedures.

During the period under review transactions with bodies in which a member of the Board of Management has an interest and which, in aggregate, exceeded £5,000 are noted below:

<b>Member</b>	<b>Organisation</b>	<b>Contract type</b>	<b>College Sales</b>	<b>College Purchases</b>
			<b>£000</b>	<b>£000</b>
Mr H Hall	University of Strathclyde	Educational	72	0
Miss Guggall	University of Strathclyde	Educational	see above	see above
Miss F Campbell	Edinburgh Napier University	Educational	29	0
Ms Jack	Scottish Power	Educational	240	9
Mr L M Cabe	University of Stirling	Educational	973	0
M L McCabe	APUC	Educational	-	60
M C Alexander	BP Oil Exploration Ltd	Educational	844	0
M S S Struthers	Colleges Scotland	Educational	9	31
Mr B Gill	Stirling Council	Educational	119	159

**Notes to the Financial Statements (continued)****28 Related Party Transactions (continued)**

At 31 July 2015, the following balances existed which were greater than £5,000, for the organisations noted above:

Organisation	Due to the College	Due from the College
	£000	£000
University of Stirling	71	0
BP Oil Exploration	16	0
Stirling Council	15	5
	<u>102</u>	<u>0</u>

The College had transactions during the year, or worked in partnership with, the following bodies in which members of the Board of Management hold, or held, official positions.

Member	Organisation	Position
Mr H Hall	University of Strathclyde	Chief Operating Officer
Miss L Dougall	University of Strathclyde	Faculty Manager
Mr B Gil	Stirling Council	Corporate Project Manager
Mr L McCabe	University of Stirling	Director of Finance
Ms C Jack	Scottish Power Energy Networks	Head of Delivery (Central Office)
Mr A Carver	Fujifilm Diosynth Biotechnology	Senior Commercial Development Manager
Miss F Campbell	Edinburgh Napier University	Head of Academic Professional Development
Mr C Alexander	BP Oil Exploration Ltd	Reliability and Maintenance Manager

**29 FE Bursary and other Student Support Funds**

	FE	FE	EMA's	Period Ended	Year ended
	Bursary	Hardship		31 July	31 March
	£000	£000	£000	2015	2014
Balance brought forward	8	0	0	80	620
Allocation received in period	4,76	365	278	4,819	2,207
	<u>4,25</u>	<u>367</u>	<u>278</u>	<u>4,899</u>	<u>2,827</u>
Expenditure	(3,957)	(434)	(258)	(4,649)	(2,156)
Repayable to Funding Council as Clawback	0	0	0	0	(591)
Virements	(67)	67	0	0	0
Balance Carried forward	<u>230</u>	<u>0</u>	<u>20</u>	<u>250</u>	<u>80</u>
Represented by					
Repayable to Funding Council as Clawback	230	0	20	250	0
Retained by College for Students	0	0	0	0	80
	<u>230</u>	<u>0</u>	<u>20</u>	<u>250</u>	<u>80</u>

FE Bursary and Student Support Fund grants are available solely for students, the College acting only as paying agent. The grant related disbursements are therefore excluded from the Income and Expenditure Account.

**Notes to the Financial Statements (continued)**

	<b>Period Ended 31 July 2015</b>	Period ended 31 March 2014
	<b>£000</b>	£000
<b>30 Childcare Funds</b>		
Balance brought forward	0	93
Allocation received in period	710	244
	<u>710</u>	<u>337</u>
Expenditure	(697)	(244)
Repayable to Funding Council as Clawback	0	3
Virements	0	0
Balance Carried forward	<u>13</u>	<u>0</u>
Represented by:		
Repayable to Funding Council as Clawback	13	0
Retained by College for Students	0	0
	<u>13</u>	<u>0</u>

Childcare Fund transactions are included within the College Income & Expenditure account in accordance with the Accounts Direction issued by the Scottish Funding Council.

	<b>Period Ended 31 July 2015</b>	Period ended 31 March 2014
	<b>£000</b>	£000
<b>31 HE Discretionary</b>		
Balance brought forward	58	0
Allocation received in period	119	122
	<u>177</u>	<u>122</u>
Expenditure	(176)	(64)
Repayable to SAAS as Clawback	0	0
College Contribution to funds	0	0
Virements	0	0
Balance Carried forward	<u>1</u>	<u>58</u>
Represented by:		
Repayable to SAAS as Clawback	1	0
Retained by College for Students	0	58
	<u>1</u>	<u>58</u>

**32 Capital Commitments**

	<u>0</u>	<u>0</u>
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**3 Contingent Liabilities**

The college has no contingent liabilities at 31 July 2015

**4 Post Balance Sheet Events**

There are no post balance sheet events.

**Notes to the Financial Statements (continued)****35 Deficit arising from non-cash transactions**

One consequence of college reclassification as central government bodies is that, from 1 April 2014, while colleges continued to prepare accounts under the FE/HE Statement of Recommended Practice, they are now also required to comply with Central Government budgeting rules. This affects, amongst other things, the way in which non-cash depreciation charges are treated. For the financial year 2014-15 this meant that the College generated surplus cash of £622k from SFC funding and commercial income, which had been earmarked against depreciation. The Scottish Funding Council, issued guidance to the College on this matter on 30 January 2015 (SFC/AN/03/2015) which gave approval for the cash to be applied to student support, loan repayments and to deliver improved services to learners. This guidance was further expanded in March 2015 to allow the College to make a donation to Forth Valley College Foundation. Without the approval to spend this cash, it would have been effectively frozen.

The impact of the above, together with the impact of pension valuations and a loss on revaluation of land in Alloa has resulted in a £2.8m reported deficit the College for 2014/15. The Scottish Funding Council has confirmed (in its letter to the College on 30 March 2015) that a deficit resulting from the College following SFC's guidance on the treatment of net depreciation should be treated as a 'technical' deficit and should not be interpreted, on its own, as a challenge to the College's on-going financial sustainability. The "technical" deficit also applies to the pension and land revaluation adjustments. This position has been agreed with Audit Scotland and the Scottish Government.

**Appendix 1****Accounts Direction****Direction by Scottish Funding Council****2014-15 Accounts direction for Scotland's colleges and universities**

- 1 It is the Scottish Funding Council's direction that colleges and universities comply with the 2007 *Statement of Recommended Practice: Accounting for Further and Higher Education* (SORP) in preparing their annual report and accounts<sup>1</sup>.
- 2 Incorporated colleges are also required to comply with the Government Financial Reporting Manual 2014-15 (FReM) where applicable.
- 3 Incorporated colleges are also reminded that they must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2015.
- 4 The financial statements should be signed by the chief executive officer and by the chair, or one other member of the governing body.
- 5 Incorporated colleges should reproduce this Direction as an appendix to the financial statements.

Scottish Funding Council

10 August 2015

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<sup>1</sup> A new SORP has recently been approved by the Financial Reporting Council which will be applicable to all UK further and higher education institutions from the 2015-16 reporting year

## Board of Management

### Thursday 10 December 2015

### Stirling Campus 09.30 – 12.00

Items under agenda item 12 have been considered extensively at the relevant Committee meetings and may not need extensive discussion. Members can be asked for comment before proceeding to seek approval.

As the Board meeting on 24 September did not go ahead, there are more committee minutes than normal. These are listed chronologically below but you may want the Chairs to report on a committee rather than time basis.

Tom has invited Andy Law from Reich and Hall Architects to provide a presentation on the new Falkirk campus. To maximise the time for this, it is proposed to make it item 13 on the agenda last.

<u>Time</u>	<u>Item</u>	<u>Presenter</u>
09.30 – 09.35	1. Apologies for absence <ul style="list-style-type: none"> <li>• <b>Andrew Carver</b></li> </ul>	
	2. Declarations of Interest <ul style="list-style-type: none"> <li>• <b>Request declarations</b></li> </ul>	
09.35 – 09.50	3. Principals Report <ul style="list-style-type: none"> <li>• <b>Ken will present an update on his activities since the last meeting of the Board</b></li> </ul>	Ken Thomson
09.50 – 09.55	4. Minute of Board of Management of 25 June 2015 <ul style="list-style-type: none"> <li>• <b>For approval</b></li> </ul>	
09.55 – 10.0	5. Matters Arising <ul style="list-style-type: none"> <li>a) B/14/048 National Recognition Procedure Agreement               <ul style="list-style-type: none"> <li>• <b>Andy will provide a brief update on the current position</b></li> </ul> </li> <li>b) B/14/049 Heads of Terms – Falkirk Council Arts Centre               <ul style="list-style-type: none"> <li>• <b>Ken/Tom will provide a brief update on developments</b></li> </ul> </li> </ul>	

- 10.05 – 10.15
6. Minutes and draft Minutes of other Committees
- **These minutes are for noting**
  - **Chairs can use this opportunity to highlight any items from their minutes**
- a) Audit Committee – 27 August 2015  
 b) Remuneration Committee – 27 August 2015  
 c) Strategic Development Committee – 10 September 2015  
 d) Finance Committee – 15 September 2015  
 e) Draft HR (Inc. Nomination) Committee – 10 November 2015  
 f) Strategic Development Committee – 19 November 2015  
 g) Audit Committee – 1 December 2015  
 h) Finance Committee – 1 December 2015
- Nigel Scott  
 Beth Hamilton  
 Anne Mearns  
 Liam McCabe  
 Beth Hamilton  
 Anne Mearns  
 Nigel Scott  
 Liam McCabe
- 10.15 – 10.25
7. Annual Report to the Scottish Funding Council on Institution Led Review of Quality
- Fiona Brown
- **Fiona will present the annual report to SFC on the College quality review**
  - **Owing to submission deadlines, the report was submitted to SFC after being approved by a sub group of the Strategic Development Committee**
  - **The report was also approved by the Strategic Development Committee on 19 November**
  - **For Approval**
- 10.25 – 10.35
8. Annual Report of the Audit Committee to the Board of Management
- Nigel Scott
- **Nigel will present the annual report outlining the activities of the Audit Committee**
  - **This was approved by the Audit Committee on 1 December**
  - **For Approval**
- 10.35 – 10.50
9. Annual Report and Financial Statements
- Alison Stewart
- **Alison will present the annual accounts for the College covering the 16 month period to 31 July 2015**  
**The accounts were approved at the joint Audit/Finance Committee meeting on 1 December 2015**
  - **For Approval**
- 10.00 – 10.55
10. External Auditor Annual Report and Letter of Representation
- Alison Stewart
- **Alison will present the External Auditors annual report on the accounts**
  - **The accounts were approved at the joint Audit/Finance Committee meeting on 1 December 2015**
  - **For Approval**

- 10.55 – 11.10 11. Key Estates Issues and Strategic Options following completion of Updated Full Business Case Ken Richardson
- Ken will present a report outlining the options available to the College following completion of the Full Business Case if the ESA10 issue has not been resolved.
  - The recommendation within the paper was approved by SMT and the Falkirk Campus Project Board and is being brought for full Board endorsement
  - **For Approval**
- 11.10 – 11.15 12. Papers considered by Committees and recommended to Board of Management for Approval:
- The following items are presented for approval. Should members wish to discuss item 12c), SMT should be asked to leave the meeting for this discussion
    - a) Falkirk Community Planning Partnership Agreement Ken Thomson  
Andrew Lawson
    - b) Protection of Children, Young People and Adults at Risk of Harm
    - c) Remuneration – Principal and Senior Management Team Beth Hamilton
  - **For Approval**
14. Student Association Report Lorraine Simpson
- Lorraine will present members with an update on the recent activity of the Student Association
  - **For Discussion**
- 11.30 – 11.35 15. Review of Risk
- Members should highlight risks identified during the meeting
16. Any other competent business
- **None**
- 11.35 – 12.00 13. Falkirk Campus Update Tom Gorman
- Tom will introduce Andy Law from Reiach and Hall Architects who will provide a presentation on the design of the new Falkirk Campus.
  - **For Discussion**

**Forth Valley College**

**Annual Audit Report for 2014/15  
to the Board of Management and  
the Auditor General for Scotland**

**External Audit Report No: 2015/02**

**2<sup>nd</sup> Draft - to Audit Committee Issued: 26 November 2015**

**3<sup>rd</sup> Draft - to Board Issued: 3 December 2015**

**Final Issued:**

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<b>Notice: About this report</b>	

This report has been prepared in accordance with our responsibilities under International Standards on Auditing (ISAs) and those set out within Audit Scotland’s Code of Audit Practice (‘the Code’) and Statement of Responsibilities of Auditors and Audited Bodies.

This report is for the benefit of only Forth Valley College and is made available to Audit Scotland (together with the beneficiaries), and has been released to the beneficiaries on the basis that it shall not be copied, referred to or disclosed, in whole or in part, without prior written consent.

Nothing in this report constitutes a valuation or legal advice.

We have not verified the reliability or accuracy of any information obtained in the course of our work, other than the limited circumstances set out in the scope and objectives section of this report.

This report is not suitable to be relied on by any party wishing to acquire rights against Henderson Loggie CA (other than the beneficiaries) for any purpose or in any context. Any party other than the beneficiaries that obtains access to this report or a copy and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law Henderson Loggie CA does not assume any responsibility and will not accept any liability in respect of this report to any party other than the beneficiaries.

## Executive Summary

### Financial Statements

- On 10 December 2015 we plan to issue an audit report with an unqualified opinion on the financial statements of the College for the period ended 31 July 2015 and on the regularity of the financial transactions reflected in those financial statements.
- The current financial period covers the 16 months from 1 April 2014 to 31 July 2015. This change in year-end was as a result of the Cabinet Secretary for Education accepting the Chief Secretary to the Treasury's offer of derogation to all colleges to change their year-end from 31 March to 31 July on 5 September 2014. This change has allowed the College's financial year to be aligned to its academic year, although the College is still required to meet HM Treasury budgeting and reporting requirements at a March year end.
- The College has shown a deficit for the 16 month period ended 31 July 2015 of £2.873 million (surplus of £0.240 million for the eight months ended 31 March 2014). The College has an Income and Expenditure Account balance of £(4.787) million at 31 July 2015 (31/03/14: £(3.477) million).
- The College met its WSUMs target for the academic year to 31 July 2015 (2013/14: target met).
- There was an increase in the enhanced early retirement provision largely as the result of changes in actuarial assumptions which increased expenditure recognised in the Income and Expenditure Statement by £1.282 million.
- A donation of £1.100 million was made to the Forth Valley College Foundation, an arms' length body, prior to 31 March 2015. On 24 June 2015 the Forth Valley College Foundation agreed to award a grant of £1.800 million to the College for assistance with the new Falkirk campus redevelopment project although none of this was received prior to 31 July 2015.
- The College's pension liability increased in total by £3.315 million to £13.517 million at 31 July 2015 (2013/14: increased in total by £3.024 million) which was largely due to changes in key actuarial assumptions relating to discount rates, and higher pensionable pay as a result of auto-enrolment legislation taking effect which led to an increase in staff enrolled in the LGPS pension scheme. This increase in pensionable pay also had an impact in the increase of £0.425 million in Financial Reporting Standard (FRS) 17 pension costs recognised in the Income and Expenditure Statement. There was also a 2% staff pay increase award and slight increase in staff numbers which increased pay costs.
- The annual financial statements of the College comply with the Accounts Direction issued by the Scottish Funding Council (SFC), the Statement of Recommended Practice (SORP) on Accounting for Further and Higher Education and, as far as applicable, the Government Financial Reporting Manual 2014/15 ('the FReM').
- 10 composite audit and accounting adjustments were made to the draft financial statements presented for audit; which had the impact of decreasing the reported deficit for the period by £0.213 million.
- A number of disclosure and clarification adjustments were made to the financial statements to ensure SORP, FReM and Accounts Direction compliance and improve the overall presentation of the financial statements.

## Corporate Governance

- The College's Statement of Corporate Governance and Internal Control confirms that corporate governance has been exercised throughout the period in accordance with the principles of the Code of Good Governance for Scotland's Colleges, the Scottish Public Finance Manual (SPFM) and the new SFC Financial Memorandum with colleges.
- No material weaknesses in the accounting and internal control systems were identified during the 2014/15 financial statements audit which would adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements. Some areas were however identified from our systems controls testing during 2014/15 where controls could be further improved to bring them more into line with good practice.
- We did not identify any matters of concern relating to the College's corporate governance arrangements regarding the prevention and detection of fraud, or standards of conduct and the prevention and detection of corruption.
- The College had an on-going process for identifying, evaluating and managing its significant risks.

## Performance

- The College management and committee structure included mechanisms to monitor and manage financial and non-financial performance which are considered appropriate.
- A Regional Outcome Agreement with the SFC was in place for 2014/15 and the Self-Evaluation review of this found that all key targets had been met.

## Outlook

- The funding position will remain challenging going forward. Commercial work has been an important income source to generate extra income for the College. However the downturn in the oil and gas sector, which is affecting commercial income, and the impact of national pay bargaining proposals are of significant concern and robust budget setting and monitoring arrangements will be essential in helping to retain sustainability.
- The College's total funding allocations for the 2015/16 academic year from the SFC for Teaching and Fee Waiver is £19.767 million, the same as that received for 2014/15 and with the equivalent academic output (15/16: 83,984 credits, 14/15: WSUMs target 118,503). The College's capital allocation for 2015/16 from the SFC has decreased by £0.355 million to £1.056 million (2014/15: £1.411 million).

## Outlook (Continued)

- The College's planned Falkirk campus redevelopment project is progressing with a Final Business Case being developed by the College in conjunction with appointed consultants. However legal issues with the Non-Profit Distribution model being used by the Scottish Futures Trust have been identified and the College is waiting on the Scottish Futures Trust to resolve these before proceeding with the project.
- Three new accounting standards (FRS 100, 101 and 102) come into force in 2015/16, however comparative figures for 2014/15 will be required to be restated using these new standards. In addition, a new Education SORP has been developed following the publication of the new FRSs, which will also be effective from 2015/16.

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## Introduction

### Background

1. 2014/15 was the fourth year in our five year appointment as external auditors of Forth Valley College ('the College'). This report summarises our opinion and conclusions and highlights significant issues arising from our work. It covers the communication of findings from the audit required by International Standard on Auditing (ISA) (UK and Ireland) 260: Communication of Audit Matters with Those Charged with Governance. The financial statements for 2014/15 cover a 16 month period to July 2015 and the comparative figures are for an eight month period to 31 March 2014. Paragraph 25 explains the reasons for this.
2. The audit framework is outlined in our Strategic Planning Memorandum and 2014/15 Annual Audit Plan issued on 27 May 2015 and considered and approved by the Audit Committee at its meeting on 4 June 2015. The scope of the audit was to:
  - provide an opinion on, to the extent required by the relevant authorities, the financial statements and the regularity of transactions in accordance with the standards and guidance issued by the Financial Reporting Council;
  - review and report on the College's corporate governance arrangements in relation to systems of internal control, the prevention and detection of fraud and irregularity, standards of conduct, and prevention and detection of corruption; and the College's financial position; and
  - review and report on the College's arrangements to manage its performance, as they relate to the economy, efficiency and effectiveness in the use of resources.
3. Our audit approach focused on the identification of the significant risk areas facing the College and the significant classes of transactions, estimates, other account balances and disclosures impacting upon the financial statements. These include:
  - compliance with legislation and financial regulations;
  - fixed assets transactions, including consideration of any impairment as a result of revaluation or asset conditions, on-going estate improvements and maintenance; and compliance with relevant financial reporting standards;
  - recoverability of debtors;
  - recognition of funding provided for specific purposes and the regularity of corresponding expenditure;
  - the accounting for transfers made to the Forth Valley College Foundation (arms-length foundation);
  - compliance with FRS 17 – Retirement Benefits and provision for pension liabilities for early retirees; and
  - compliance with the SORP on Accounting for Further and Higher Education, FRoM and Accounts Direction. In particular, the additional disclosures required this year where the FRoM requirements go beyond the SORP.

## Basis of Information

4. External auditors do not act as a substitute for the College's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
5. To a certain extent the content of this report comprises general information that has been provided by, or is based on discussions with, management and staff of the College. Except to the extent necessary for the purposes of the audit, this information has not been independently verified. The contents of this report should not be taken as reflecting the views of Henderson Loggie CA except where explicitly stated as being so.
6. As our audit is designed primarily to enable us to form an opinion on the financial statements taken as a whole, our report cannot be expected to include all the possible comments and recommendations that a more extensive special examination would bring to light. Weaknesses or risks identified by us are only those that have come to our attention during our normal audit work in accordance with the Audit Scotland Code of Audit Practice, and may not be all that exist.

## Acknowledgement

7. Our audit has brought us in contact with a range of College staff. We wish to place on record our appreciation of the co-operation and assistance extended to us by staff in the discharge of our responsibilities.

## Financial Statements

### Audit Opinion

8. On 10 December 2015 we plan to issue an audit report with an unqualified opinion on:
- the financial statements of the College for the period ended 31 July 2015;
  - the regularity of the financial transactions reflected in those financial statements; and
  - other prescribed matters, being the part of the Remuneration Report to be audited and the consistency of the information in the Operating and Financial Review with the financial statements.
9. We are required to undertake audit work from the Balance Sheet date up to the date of signing the financial statements and this will be undertaken in the period up to 10 December 2015. To date no post balance sheet events have been identified that required adjustment to be made to the financial statements or additional disclosure in a note thereto.

### Audit Completion

10. An important measure of proper financial control and accountability is the timely closure and publication of audited financial statements. Table 1 summarises the three key elements of the audit process.

**Table 1: Key elements of the audit process**

#### Completeness of draft financial statements

A set of draft financial statements was received on 14 September 2015, the first day of the audit fieldwork. The first draft did not include the Operating and Financial Review, Corporate Governance information and a number of financial statement disclosures. These were received on 23 November 2015 after the audit fieldwork had been completed. These were of a high standard and required minimal presentational changes as part of the audit process.

#### Quality of supporting working papers

Working papers provided to support financial statement figures were of a satisfactory standard.

#### Response to audit queries

Audit queries were dealt with in a timely manner.

### Corporate Governance Statement

11. Colleges are required to include a statement on their corporate governance arrangements within their annual financial statements. The statement describes the ways in which the College has complied with good practice in corporate governance, including the arrangements for risk management.

## Corporate Governance Statement (Continued)

12. We are required to review the statement to assess whether the description of the process adopted in reviewing the effectiveness of the system of internal control appropriately reflects the process and report where the statement is not consistent with our knowledge of the body and report if the statement does not comply with SFC requirements.
13. The College's Statement of Corporate Governance and Internal Control for 2014/15 confirms that corporate governance has been exercised throughout the period in accordance with the principles of the Code of Good Governance for Scotland's Colleges, the Scottish Public Finance Manual (SPFM) and the new SFC Financial Memorandum with colleges.
14. From our audit work and our review of the College's statement we have no issues to report within our audit opinion.

## Remuneration Report

15. 2014/15 is the first time a Remuneration Report has been required in college financial statements. The information to be included is prescribed by the FReM.
16. We are required to audit part of the Remuneration Report and review the remainder as part of our review of the Operating and Financial Review. We express a specific opinion on whether the audited part has been properly prepared.
17. We received the Remuneration Report for audit on 17 November 2015. From the work done we are satisfied we can give an unqualified opinion.

## Operating and Financial Review

18. The SORP sets out the requirements for an Operating and Financial Review to be included in the financial statements. The content is prescribed through the Accounts Direction from the SORP and the FReM.
19. We review the information provided in the Operating and Financial Review and consider whether or not it is consistent with the financial statements and other information we have gathered in the course of our audit. We are not required to verify, or report on, the completeness of the information in the Operating and Financial Review, with the exception of the audited element of the Remuneration Report.
20. We received the Operating and Financial Review on 23 November 2015 and have concluded an unqualified opinion can be provided for this.

## Audit and Accounting Adjustments and Confirmation

21. In Table 2 we draw attention to the agreed audit and accounting adjustments to the financial statements made by management following the audit process which had the impact of decreasing the 2014/15 deficit by £0.213 million. With the exception of item 7 which processed the revaluation of fixed assets none of the adjustments were material. We told you materiality at the planning stage was £0.400 million. This was revised once draft accounts were received to £0.430 million. Performance materiality was revised to £0.302 million from £0.280 million, and the amount below which items were deemed to be clearly trivial became £0.030 million.

## Audit and Accounting Adjustments and Confirmation (Continued)

Table 2: Audit and accounting adjustments

Description	I&E DR £'000	I&E CR £'000	B/Sheet DR £'000	B/Sheet CR £'000
1 Other SFC grant income Accrued Income <i>Being accrual of ESF grant earned but not received as at 31/07/15</i>		188	188	
2 SFC Grant Income – release of deferred capital grants Deferred capital grants <i>Being correction of error made in calculation of release of deferred capital grants</i>		189	189	
3 Staff costs Accruals <i>Being errors in holiday pay accrual calculation identified</i>		46	46	
4 Prepayments Expenditure <i>Being omission of a prepayment relating to a telecommunications invoice</i>		10	10	
5 Fixed Assets – IT Equipment Accumulated Depreciation Fixed Assets – IT Equipment Cost <i>Being writing out of IT equipment disposed of which was fully written down at period end</i>			282	282
<b>Reclassifications</b>				
6 Other income – Residences and catering Other income – Other income <i>Being misclassification of off-site catering income</i>	64	64		
<b>Late Adjustments made by the College</b>				
7 Fixed Assets – Accumulated Depreciation Fixed Assets – Cost Exceptional loss on revaluation of land Revaluation Reserve <i>Being adjustments for revaluation received after audit fieldwork</i>	615		5564	5279
8 Staff costs Accruals <i>Being adjustment for Chair's remuneration not claimed</i>		25	25	
Operating Expenses Accruals <i>Being late accruals/adjustments relating to expenditure</i>	16			16
9 Income Accrued income and prepayments Accruals and deferred income <i>Being late accruals/adjustments</i>	40			17 23
<b>Total</b>	<b>735</b>	<b>522</b>	<b>6,304</b>	<b>6,517</b>
<b>Overall increase in Net Deficit</b>	<b>213</b>			

## Audit and Accounting Adjustments and Confirmation (Continued)

22. In addition, a number of disclosure and clarification adjustments were made to the financial statements to ensure SORP and Accounts Direction compliance and improve the overall presentation of the financial statements.

### Confirmations and Representations

23. We confirm that as at the date of this report, in our professional judgement, Henderson Loggie CA was independent within the meaning of regulatory and professional requirements and the objectivity of audit staff was not impaired.
24. In accordance with auditing standards, we obtained representations from the College on material issues.

## Financial Reporting

25. Scottish colleges were reclassified as Government Bodies from 1 April 2014, resulting in a change of financial year-end to 31 March. From 1 April 2014 Incorporated Colleges and Regional Boards were required to comply with the SPFM, except where directed by SFC's Accountable Officer. Financial reporting is now undertaken in accordance with HM Treasury's FReM 2014/15 in addition to the SORP on Accounting for Further and Higher Education and the SFC's Accounts Direction. As a result:
- in 2013/14 colleges prepared financial statements for an eight month period to 31 March 2014;
  - following this change colleges have been allowed to return to the 31 July financial year end although they are still required to meet HM Treasury annual budgeting and reporting requirements at March. The current financial period for 2014/15 covers the 16 months from 1 April 2014 to 31 July 2015.
  - in April 2015 the College submitted the required Resource and other returns for 31 March 2015 to the SFC. In September, as allowed, an update was submitted which made the following adjustments:

◆ Deferred Capital Grant additional release	£0.140m
◆ Reduced donation to Foundation	£0.250m
◆ Pension liability accrual (as at 31 July 2015)	(£1.973m)
26. The application of the FReM results in some changes and additional disclosure. The College has valued assets at current value with a valuation taking place and being applied in the financial statements every five years (with an interim valuation in year three) for some time. In 2013/14 the College also included an accrual for holiday pay in the financial statements. As a result changes that might have been required in 2014/15 to comply with these elements of the FReM were already in place in the College's financial reporting. Other changes to reporting in 2014/15 are inclusion of the following information in the Operating and Financial Review:
- Estates strategy information,
  - Remuneration Report.

## Financial Position

27. Colleges are required to break even in line with their agreed spending budgets each year to 31 March. Updated returns at 31 March show a resource underspend of £0.532m, due in the main to the adjustments noted in paragraph 25 (excluding pension liability). For 2014/15, as noted in the financial statements at note 35, the SFC has allowed colleges to treat the depreciation allocation of their budgets as if it was a cash resource, thereby resulting in a deficit in the Income and Expenditure Account. There are also a number of other non-cash items impacting on the deficit position. Table 3 provides a summary of the College's planned and actual financial results.

**Table 3: Comparison of planned and actual financial results**

	2013/14 (8 months) Actual £000	2014/15 (16 months) Planned £000	2014/15 (16 months) Actual £000	2015/16 (year) Planned £000
Financial outturn Surplus/(Deficit)	240	(724)	(2,873)	63
Income and expenditure reserves (excluding pension reserve)	(3,477)	(3,449)	(4,787)	(2,822)
Cash balances	786	1,609	1,609	1,735

Source: Audited financial statements and June 2015 Forecast Financial Return (FFR)

28. The deficit of £2.873 million includes the following non-cash items:

	£'000
Use of depreciation	622
Early retirement pension revaluation	1,702
Loss on revaluation of land	615

29. A direct comparison of College income in 2014/15 of £43.420 million against last financial period is not possible given the change in accounting year-end. Points to note for 2014/15 include:

SFC Capital and Maintenance Grant recognised has increased as £0.500 million of the 2015/16 grant allocation (relating to 1 April 2015 – 31 March 2016) has been accrued, £0.500 million of grant funding was received for the demolition of the Middlefield building, and ESF WSUMs income of £0.600 million was received (nil in 2013/14 as there was no ESF programme) along with receipt of a range of other one-off or new grants; and

- there has been slightly increased income from tuition fees and education contracts, including collaboration with universities and continuation of major commercial contracts won in 2013/14.

## Financial Position (Continued)

30. A direct comparison of College expenditure in 2014/15 of £45.678 million against last year is not possible given the change in accounting year-end. Points to note for 2014/15 include:
- there was a 2% staff pay increase award and small increase in staff numbers which increased pay costs;
  - a £0.900 million increase in pension costs (including FRS17 pension cost increase of £0.425 million) was noted. This was largely due to higher pensionable pay as a result of the number of staff enrolled in the LGPS pension scheme increasing by 21% through implementation of the Government's auto-enrolment legislation;
  - there was an increase in the enhanced early retirement provision cost by £0.514 million largely due to changes in actuarial provision as a lower discount rate on liabilities was applied by the actuary; and
  - expenditure includes a donation of £1.100 million (2013/14: £4.400 million) made to the Forth Valley College Foundation (refer paragraph 46 below).
31. During the period the Middlefield building was demolished. It has reached a condition where it was uneconomical to operate and unsuitable to accommodate staff or students. A SFC grant was used to fund the cost of this expenditure (£0.287 million).
32. In recent years, voluntary severance costs accounting for estates developments and the donation to the Forth Valley College foundation has led to the College reporting an Income and Expenditure Account reserve deficit (£4.77 million at 31 July 2015). As demonstrated from the information in paragraphs 27 to 30 the underlying position in 2014/15 continues to be robust and projections show that the College should be able to manage the position long term as long as it reacts to any negative changes on a timely basis.

### 2014/15 SUMs Outturn

33. The College's outturn against its 2014/15 Weighted SUMs target is shown in Table 4 below.

**Table 4: 2014/15 Weighted SUMs estimated outturn**

	2013/14	2014/15
WSUMs target (including ESF and PACE WSUMs)	118,503	121,664
WSUMs actual	118,631	121,781
Excess	128	117

Source: Audited SUMs returns

### Accrued Income

34. In 2013/14 due to differences between the timing of SFC teaching grant in aid payments and the amount of SFC income recognised there was £2.076 million of teaching grant income accrued at 31 March 2014. As the year end has changed back to July there is no need to accrue such income in 2014/15 and this has led to a material decrease in accrued income.

## Financial Position (Continued)

### Accruals and Deferred Income

35. In 2013/14, due to the 31 March year end, there was a significant accrual for holiday pay which was due to staff earning holidays which they would mostly use in June, July and August. Due to the change in year end to July, the holiday pay accrual is not as significant and this is the reason for the material decrease in the accruals and deferred income figure.

### FRS 17 Retirement Benefits

36. In 2014/15 the College accounted for its participation in the local government pension scheme as a defined benefit scheme. This is consistent with the accounting treatment adopted in previous years.
37. The College's pension liability increased in total by £3.315 million (2013/14: increased in total by £3.024 million) to £13.517 million at 31 July 2015 which was largely due to changes in key actuarial assumptions relating to discount rates.

### Capital Income and Expenditure

38. Arrangements to access capital funding have changed under the FRoM.
39. The majority of the £0.638 million of capital addition in 2014/15 related to the purchase of IT equipment (£0.562 million). Of this most expenditure related to replacement and upgrades of desktop computers as part of year one of the College's IT replacement strategy.
40. In December 2014 an Outline Business Case for a new Falkirk campus was completed. It set out that £19 million of backlog expenditure on the existing Falkirk campus had been identified and that with the future of the Gannemouth petro-chemical complex secure it was important that the College had a modern fully equipped facility to support the oil and gas industry as well as the needs of other local employers and residents. The need for a new campus was also identified as important in order to achieve the College's curriculum strategy and to become a national and international centre of excellence.
41. An external project manager for the project was appointed in March 2015, along with a Falkirk Campus Project Board which includes the project manager, Scottish Futures Trust, Senior Management Team members, and some Board members. The College are now at an advanced stage with a full business case.
42. Legal issues with the Non-Profit Distribution model planned to be used by the Scottish Futures Trust to part fund the project have been identified and the College is waiting on the Scottish Futures Trust to resolve these before proceeding with the project.
43. As part of the plans for the new Falkirk campus the Middlefield building was demolished (see paragraph 31). At 31 July 2015 the Middlefield site was included in the College's financial statements at a value consistent with an independent valuation on the basis of market value less expected directly attributable selling costs deducted in line with the Education SORP. Based on the valuation obtained we are content that the Middlefield site is included in the financial statements at an appropriate valuation.

## Financial Position (Continued)

### Capital Income and Expenditure (Continued)

44. FRS 15 – Tangible Fixed Assets and the SORP require that where a tangible fixed asset comprises two or more major components with substantially different useful economic lives, each component should be accounted for separately for depreciation purposes and depreciated over its individual useful economic life. The requirements of FRS 15 to capitalise and depreciate separately the components of what could previously have been treated as a single item ensures that the assets are charged to the Income and Expenditure Account over the periods in which they are consumed. We noted in last year's Annual Report that the new Alloa and Stirling campuses were depreciated on a component accounting basis in 2012/13 for the first time. We noted however that the Falkirk campus building has been depreciated over 32 years as a whole and not as separate components and last year recommended that component accounting was considered further for the College's other buildings in future years. Management advised that the College does not intend to adopt component accounting for the current Falkirk Campus. It is proposed that if when the new Falkirk Campus is brought into use component accounting will be adopted for the new building.

### Provisions

45. The College has a provision in its balance sheet at 31 July 2015 of £8.698 million (31/03/14: £7.536 million) relating to pension costs from early retirements awarded to former employees. The College's approach to the valuation of this provision is to have an independent actuarial firm calculate this provision annually.

### Forth Valley College Foundation

46. An arms-length foundation, the Forth Valley College Foundation, was set up in December 2013. The objects of the Foundation are to advance the charitable purposes of the College to include the advancement of education by making grants and financial support for projects and activities being carried out by and supported by the College. The main reason for setting up the Foundation is that the Central Government budget mechanisms mean that the ability to use college reserves and surpluses in future periods is restricted. The College has donated £1.100 million to the Foundation by way of a donation in March 2015.
47. On 24 June 2015 the College made an application to the Forth Valley College Foundation for a £1.800 million grant towards the new Falkirk campus redevelopment project. This was approved by the Foundation and is still to be received by the College.
48. To ensure that the Foundation is not consolidated into the College's financial results its equities must be independent of the College. College management determined, and we concur, that the Foundation is at arms-length from the College and does not require to be consolidated at 31 July 2015. This position will be reviewed annually.

## Corporate Governance

### Corporate Governance

49. The College is responsible for ensuring that governance arrangements follow the three fundamental principles of openness, integrity and accountability and that these arrangements are in place to ensure the proper conduct of its affairs. Mechanisms to monitor the adequacy and effectiveness of these arrangements should also be in place.
50. Our responsibility, as noted in the Code of Audit Practice, is to review and report on audited bodies' corporate governance arrangements as they relate to:
- Bodies' reviews of corporate governance and systems of internal control including reporting arrangements;
  - The prevention and detection of fraud and irregularity;
  - Standards of conduct and arrangements for the prevention and detection of corruption; and
  - The financial position of audited bodies.
51. Comments on the financial position and the College's Corporate Governance Statement are covered in the Financial Statement section of this report.
52. The Designation of Regional Colleges (Scotland) Order 2014 came into force on 3 March 2014 and formally designated Forth Valley College as the Central regional college.
53. The Board of Management has been kept up-to-date regularly with information about the regionalisation process including the details of regional colleges. During the period the Scottish Government appointed a Regional Chair for the College's Board and the new Regional Board was appointed. A skills matrix was developed to support the recruitment process and a panel consisting of the Chair, Board members not seeking reappointment, and an independent external member undertook this process.
54. The Post-16 Education (Scotland) Act 2013 includes provisions in relation to the identification of principles of good governance practice for the college sector. In December 2014 the Code of Good Governance for Scotland's Colleges' was published which is mandatory for Colleges to comply with. The Code sets out the principles of good governance across five main areas: Leadership and Strategy; Quality of the Student Experience; Accountability; Effectiveness; and Relationships and Collaboration. Colleges will be expected to comply with the new Code as condition of grant from the SFC or their regional strategic body. We requested the College to undertake an evaluation of their compliance. The results did not highlight any areas of non-compliance.
55. Incorporated colleges and Regional Boards are required to comply with the requirements of the SPFM, except where directed by SFC's Accountable Officer. During the period College procedures have been updated to reflect SPFM / FRoM requirements.
56. A new Financial Memorandum with Colleges has been agreed with the SFC setting out the formal relationship between the SFC and fundable bodies in the college sector, and the requirements with which fundable bodies are expected to comply in return for payment of grant by the SFC.

## Corporate Governance (Continued)

57. We have considered the College's governance arrangements through formal review of documents and procedures and informal observation of the operation of committee arrangements and the relationships between Board members and staff. In particular we have considered arrangements for risk management and reporting to committees. We did not identify any areas of concern regarding the College's governance arrangements.

### Risk Management

58. Risk management is important for the development and on-going review of systems of internal control.
59. The College's Risk Management Policy and Procedure details the College's approach to risk capture, monitoring and reporting.
60. The College has a Strategic Risk Register which is reviewed by the Audit Committee. Risk is a standing item on the agenda for the Senior Management Team, all Board committees and the Board. There are also risk registers which are compiled and reviewed by each operating area of the College.

## Systems of Internal Control

### Control Environment

61. No material weaknesses in the accounting and internal control systems were identified during the 2014/15 financial statements audit which would adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements.
62. Some areas were however identified from our system controls testing undertaken during 2014/15 where controls could be further improved to bring more into line with good practice. These have been raised with management, an action plan has been agreed and some items have already been addressed. Actions for improvement included:
- Ensuring that all payroll runs and bank reconciliations have evidence of being appropriately reviewed and authorised;
  - incorporating further checks to ensure that all changes made to supplier standing data in the Sun finance system are bona fide;
  - making sure that staff do not have the ability to both raise and authorise a purchase request on the P2P purchase order authorisation system;
  - considering what controls could be put in place to ensure that transactions processed by the administrator of the P2P and Sun systems are appropriate;
  - reviewing the BACS transaction limits and requiring two electronic BACS signatories;
  - ensuring that all cash income banking sheets are correctly completed and signed-off and that till rolls are always attached and agree to banking sheets; and
  - implementing procedures to ensure that all journals are reviewed and evidence of this review is recorded.

### Internal Audit

63. Audit Scotland's Code of Audit Practice directs us to maintain effective co-ordination with internal audit and place the maximum possible reliance on their work. Baker Tilly provided internal audit services to the College in 2014/15.

## Systems of Internal Control (Continued)

64. We have reviewed the scope and extent of work performed by internal audit during the year and considered the impact of their findings and conclusions on our work, where appropriate. We have also considered the adequacy of the provision and are content that the audit service is of good quality.
65. The annual internal audit report for the year ended 31 July 2015 found that, based on the work undertaken, there were no significant issues noted with governance, the system of internal control, or the risk management framework.

## Fraud and irregularity, standards and conduct, and prevention and detection of corruption

66. During 2014/15 we had regard to ISA 240: The Auditor's Responsibility to Consider Fraud in the Audit of Financial Statements.
67. The College has appropriate arrangements in place regarding the prevention and detection of fraud, including Standing Orders and Operating Guidelines and Code of Conduct, Financial Regulations and an Anti-Fraud Policy and Anti-Bribery and Corruption Policy.
68. No frauds were identified during the period from 1 April 2014 up to the date of signing the financial statements.
69. The College has in place the following procedures / policies in relation to standards of conduct and prevention and detection of corruption:
- Standing Orders and Operating Guidelines and Code of Conduct;
  - Register of Board Members' Interests;
  - Anti-Fraud Policy;
  - Anti-Bribery and Corruption Policy; and
  - Whistleblowing Policy.
70. The arrangements for maintaining standards of conduct and the prevention and detection of corruption are considered to be appropriate.

## Performance

### Performance Audit

#### Introduction

71. The terms of appointment from Audit Scotland include a requirement for a proportion of our audit time to be spent on performance audit work. Performance audit work covers a variety of areas, both financial and non-financial, including both Audit Scotland centrally directed studies and locally determined studies based on agreement between each organisation and their auditors.
72. No mandatory performance audit studies were identified by Audit Scotland for the College during 2014/15 although Audit Scotland has requested auditors to provide information in a data set for use in a sector report. In particular it has requested information about voluntary severance schemes and payments. During the 2014/15 period the College made three severance payments to staff totalling £0.050 million (ex-gratia payments and pay in lieu of notice), and no payments were made under a voluntary severance scheme.

#### Education Scotland Review

73. We are required by Audit Scotland's Code of Audit Practice to contribute to the 'whole organisation' approach to inspection through co-ordination amongst auditors, inspectors and other scrutiny bodies. We therefore place reliance on the reported results of the work of statutory inspectorates in relation to corporate or service performance.
74. Education Scotland undertook their annual engagement review in May 2015 and feedback from this was positive.

#### College Performance Arrangements

75. Arrangements for financial and non-financial management are established in the College, through the operation of the Senior Management Team and the Board and its various committees. This includes budget setting and monitoring structures.
76. The College's Standing Orders and Operating Guidelines and Code of Conduct, including its Scheme of Delegation records the performance management aspects of the Board and each committee and where appropriate, their responsibility to take action to address issues in performance. Discussion with managers and our review of meeting papers and minutes confirms these responsibilities appear to be undertaken in an appropriate manner.
77. The College has a Corporate Plan 2014-18 and an annual 2014/15 Operational Plan.
78. Key performance indicators are set out in the Operating and Financial Review in the College's annual report.

## Performance Audit (continued)

79. The College has a Regional Outcome Agreement which is aimed at responding to the national objectives and priorities for post-16 education, and works with Local Authorities, Community Planning Partnerships, Skills Development Scotland and employers to ensure its education provision meets the needs of learners and the community. The College continues to work in partnership with organisations to achieve economies of scale and better efficiency.
80. In October 2014 the College undertook a self-evaluation against the targets set out in the 2014/15 Regional Outcome Agreement and this found that all significant targets had been met.
81. The College's arrangements for performance management as outlined above are considered to be appropriate.

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## Outlook

### 2015/16 and beyond

82. The funding position will remain challenging going forward. Commercial work has been an important income source of extra income. However the downturn in the oil and gas sector, which is affecting commercial income, and the impact of national pay bargaining proposals are of significant concern and robust budget setting and monitoring arrangements will be essential in helping to maintain sustainability.
83. The College's total funding allocations for the 2015/16 academic year from the SFC for Teaching and Fee Waiver is £19.767 million, the same as that received for 2014/15 and with effectively the same academic output (15/16: 83,984 credits, 14/15: WSUMs target 118,503). The College's capital and maintenance allocation, excluding arrangements to fund the new campus, for 2015/16 from the SFC has decreased by £0.355 million to £1.056 million (2014/15: £1.411 million).
84. It is expected that the use of depreciation allocations as if they were a cash allocation will be allowed again in 2015/16, resulting in a further deficit in the financial statements if the money is spent.

### ONS Reclassification

85. Arrangements between colleges and the SFC to manage the revised funding mechanisms are likely to develop further as lessons are learned from the initial period of change.

### FRS 102 'The Financial Reporting Standard' and new Education SORP

86. The FRC has been implementing a convergence programme aligning UK Generally Accepted Accounting Practice (GAAP) to International Financial Reporting Standards (IFRS) and published three new FRSs (FRS 100, 101 and 102) with the substantive FRS 102 'The Financial Reporting Standard' representing the final step towards IFRS convergence. These three new FRS' become the new UK GAAP, which is fully IFRS-based. The new accounting standards come into force for accounting periods commencing on or after 1 January 2015 which means that 2015/16 will be the first reporting year. However, comparative figures for 2014/15 will require to be restated.
87. In addition a new Education SORP has been developed following the publication of the new FRSs and this received final approval from the FRC on 26 March 2014 following an extensive consultation process, and will also be effective from 2015/16. The new SORP was formally published in May 2014 and is available on [www.fehesorp.ac.uk](http://www.fehesorp.ac.uk).

## Appendix I - Audited Bodies' Responsibilities

### Extracts from the Audit Scotland Code of Audit Practice

The Scottish ministers, elected members, governing bodies, boards, accountable officers, managers and officials have primary responsibility for ensuring that public business is conducted in accordance with the law and proper standards, and that public money is handled with integrity and spent appropriately. Public bodies and those responsible for conducting their affairs must discharge this accountability by establishing and maintaining proper governance arrangements and effective stewardship of the resources at their disposal.

#### Financial statements

Audited bodies' financial statements are an essential part of accounting for the stewardship of the resources made available to them and their performance in the use of those resources. Audited bodies are responsible for:

- ensuring the regularity of transactions, by putting in place systems of internal control to ensure that they are in accordance with the appropriate authority
- maintaining proper accounting records
- preparing financial statements which give a true and fair view of their financial position and their expenditure and income, in accordance with the relevant financial reporting framework (e.g., the Financial Reporting Manual or an Accounting Code of Practice)
- preparing and publishing with their financial statements an annual governance statement, statement on internal control or statement on internal financial control and a remuneration report
- preparing consolidation packs and, in larger bodies, preparing a Whole of Government Accounts return.

Many audited bodies publish other information, such as an annual report, alongside the financial statements.

Audited bodies should prepare financial statements in accordance with statutory timescales or in good time to allow audits to be completed by any dates specified by sponsoring directorates or other bodies. Financial statements should be prepared in accordance with all relevant regulatory requirements and be supported by accounting records and working papers prepared to an acceptable professional standard.

#### Corporate governance arrangements

The three fundamental principles of corporate governance – openness, integrity and accountability – apply to all audited bodies whether their members are elected or appointed, or whether they comprise groups of people or an individual accountable officer

Through its chief executive or accountable officer, each body is responsible for establishing arrangements for ensuring the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements.

Audited bodies usually involve those charged with governance (including audit committees or similar groups) in monitoring these arrangements.

### Systems of internal control

Audited bodies are responsible for developing and implementing systems of internal control, including risk management, financial, operational and compliance controls.

They are required to conduct annual reviews of the effectiveness of their governance, systems of internal control, or internal financial control, and report publicly that they have done so. Such reviews should take account of the work of internal audit and be carried out by those charged with governance, usually through bodies' audit committees.

Rigorous self-evaluation should be a central part of audited bodies' performance management to support continuous improvement

### Prevention and detection of fraud and irregularities

Audited bodies are responsible for establishing arrangements to prevent and detect fraud and other irregularity.

This includes:

- developing, promoting and monitoring compliance with standing orders and financial instructions
- developing and implementing strategies to prevent and detect fraud and other irregularity
- receiving and investigating alleged breaches of proper standards of financial conduct or fraud and irregularity
- participating, when required, in data matching exercises carried out by Audit Scotland.

### Standards of conduct and arrangements for the prevention and detection of bribery and corruption

Audited bodies are responsible for ensuring that their affairs are managed in accordance with proper standards of conduct and should put proper arrangements in place for:

- implementing and monitoring compliance with appropriate guidance on standards of conduct and codes of conduct for members and officers
- promoting appropriate values and standards
- developing, promoting and monitoring compliance with standing orders and financial instructions

### Financial position of audited bodies

Audited bodies are responsible for conducting their affairs and for putting in place proper arrangements to ensure that their financial positions soundly based having regard to:

- such financial monitoring and reporting arrangements as may be specified
- compliance with any statutory financial requirements and achievement of financial targets
- balances and reserves, including strategies about levels and future use
- the impact of planned future policies and foreseeable developments on their financial position.

### Best Value

The Scottish Public Finance Manual explains that accountable officers appointed by the Principal Accountable Officer for the Scottish Administration have a specific responsibility to ensure that arrangements have been made to secure Best Value. Best Value is defined as the continuous improvement in the performance of functions. This includes having regard to the concepts of economy, efficiency and effectiveness and the need to meet equal opportunity requirements, and contributing to the achievement of sustainable development.

Achievement of Best Value or value for money depends on the existence of sound management arrangements for services, including procedures for planning, appraisal, authorisation and control accountability and evaluation of the use of resources. Audited bodies are responsible for ensuring that these matters are given due priority and resources, and that proper procedures are established and operate satisfactorily.

## Appendix II – Follow Up of 2013/14 Annual Audit Report Recommendations

Para Ref.	Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer/Time For Action	Progress 2014/15
36	<p><b>Financial Position</b></p> <p><b>Forth Valley College Foundation</b></p> <p><b>R1</b> The College should maintain an ongoing review of its involvement with the Foundation to ensure that this remains independent and that the Foundation does not need to be consolidated in the College financial statements in future.</p>	Medium	The Board of Management believes that it holds no control over the operations of Forth Valley College Foundation. The College however has recognised the risk that if the Foundation's operations are not seen to be independent this may lead to consolidation. This risk will be monitored by the Audit Committee to ensure independence is maintained.	Yes	<p>Alison Stewart, Director of Finance</p> <p>Will need to be reviewed year on year</p>	This has been considered and the Foundation remains at arms-length

### Grade

High	Issue subjecting the organisation to material risk and which should be dealt with as a high priority
Medium	Issue subjecting the organisation to significant risk and which should be addressed by management.
Low	Less significant matters, which would enhance efficiency, or do not require urgent attention but which should be followed up within a reasonable timescale.

Henderson Loggie  
Chartered Accountants  
Registered Auditor  
34 Melville Street  
Edinburgh  
EH3 7HA

Dear Sirs

**Forth Valley College**

In relation to the financial statements for the period ended 31 July 2015 we confirm that

1. The Board members have read, understood and approved the enclosed, signed, representation letter.
2. The Board members have considered the points raised in External Audit Report 2015/02, *Annual audit report for 2014/15 to the Board of Management and the Auditor General for Scotland*

Yours faithfully

Signed on behalf of the Board of Management of Forth Valley College on **(Date)** by

.....  
**Chair of the Board of Management**

.....  
**Principal and Chief Executive**

To be printed on College letterhead.

**(Date)**

Henderson Loggie  
Chartered Accountants  
Registered Auditor  
34 Melville Street  
Edinburgh  
EH3 7HA

Dear Sirs,

**Forth Valley College (“the College”)**

During the course of your audit of our financial statements for the period ending 31 July 2015, the following representations were made to you by management and Board members.

- 1 We acknowledge as Board members our responsibilities under the Further and Higher Education (Scotland) Act 1992 for preparing financial statements, in accordance with the applicable financial reporting framework (UK GAAP, the Statement of Recommended Practice (SORP) on Accounting for Further and Higher Education and the Government Financial Reporting Manual (FRoM)) that give a true and fair view and for making accurate representations to you as auditors.
- 2 We confirm that all accounting records have been made available to you for the purpose of your audit, in accordance with your terms of engagement, and that all the transactions undertaken by the College have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management and Board meetings, have been made available to you. We have given you unrestricted access to persons within the College in order to obtain audit evidence and have provided any additional information that you have requested for the purposes of your audit.
- 3 We confirm that the financial statements for the period ended 31 July 2015 have been approved by the Board and are free from material misstatements.
- 4 We confirm that significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- 5 We confirm that all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you as auditor and accounted for and disclosed in accordance with the applicable financial reporting framework (UK GAAP, the SORP on Accounting for Further and Higher Education and the FRoM).

- 6 We confirm that there have been no events since the balance sheet date which require disclosing or which would materially affect the amounts in the accounts, other than those already disclosed or included in the accounts. Should further material events occur, which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, we will advise you accordingly. We are not aware of any future plans which might impact the carrying values disclosed in the accounts which we have not discussed with you.
- 7 We confirm that all transactions involving public and private sector organisations in which a member of the Board of Management has an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. We are not aware of any related parties or transactions that fall out with these arrangements.
- 8 We confirm that all related party relationships and transactions have been accounted for and disclosed in accordance with the applicable financial reporting framework (UK GAAP, the SORP on Accounting for Further and Higher Education and the FREM).
- 9 We confirm that the College has had, at no time during the year, any arrangement, transaction or agreement to provide credit facilities (including loans, quasi-loans or credit transactions) for Board members, nor to guarantee or provide security for such matters, except as disclosed in the financial statements.
- 10 We confirm that the College has not contracted for any capital expenditure other than as disclosed in the financial statements.
- 11 We confirm that we are not aware of any possible or actual instance of non-compliance with those laws and regulations which provide a legal framework within which the College conducts its business and which are central to the College's ability to conduct its business, namely the Further and Higher Education (Scotland) Act 1992, health and safety, HR, tax legislation; and any other relevant laws and regulations, except as explained to you and as disclosed in the financial statements.
- 12 We acknowledge our responsibility for the design and implementation of controls to prevent and detect fraud. We confirm that we have disclosed to you the results of our risk assessment of the risk of fraud in the business.
- 13 We confirm that there have been no actual or suspected instances of fraud involving management or employees who have a significant role in internal control or that could have a material effect on the financial statements. We also confirm that we are not aware of any allegations of fraud by former employees, regulators or others.
- 14 We have considered the College's future operations and financial position. Where relevant, we have also considered the effect of events outwith one year which may impact the going concern assessment. On this basis, we believe the College is a going concern and will continue to be for a period of at least 12 months from the date of this letter.

- 15 We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that:
- so far as each Board member is aware, there is no relevant audit information of which you as auditors are unaware; and
  - each Board member has taken all the steps that they ought to have taken as a member to make themselves aware of any relevant audit information and to establish that you are aware of that information.
- 16 We confirm that the College has good title to all its assets and all assets granted as security have been advised to you.

We confirm that the above representations are made on the basis of enquiries of other Board members, management and staff with relevant knowledge and expertise (and, where appropriate, of supporting documentation) sufficient to satisfy ourselves that we can properly make these representations to you and that to the best of our knowledge and belief they accurately reflect the representations made to you by the Board members during the course of your audit.

Yours faithfully,

Signed on behalf of the Board of Management of Forth Valley College on **(Date)** by:

.....

**Chair of the Board of Management**

.....

**Principal and Chief Executive**

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**1. Purpose**

To update the Board of Management on four key Estates issues

**2. Recommendation**

That members approve option 4) d) iii is the preferred route to follow pending resolution of the four key Estates issues.

**3. Background**

The New Falkirk Campus updated Full Business Case continues to progress on programme for completion in December 2015.

The overall Development Programme remains on target for the new Campus opening in August 2019.

The latest Elemental Cost Estimate remains on budget at £75m.

It should be noted however that there are four key issues, largely out with the control of the College, which have not yet been resolved and if not resolved could impact on the current programme and budget.

The recommendation as outlined above has been considered and approved by the Senior Management Team and the Falkirk Campus Project Board.

**4. Key issues**

There are currently four key Estates issues on the project:

- a) A potential funding gap of up to £5m on the project.
  - b) Falkirk Council have not yet approved the Arts Venue as an integral part of the New Falkirk Campus
  - c) The European System of Accounts ESA 10 issue, has not yet been resolved
  - d) The risk of some or all of the above unresolved issues impacting on the current programme and budget.
-

**a) A potential funding gap of up to £5m on the project**

The project team are currently in the process of updating the proposed New Falkirk Campus Full Business Case from an area of 19,100sq m and budget of £70m (inclusive of VAT) to an area of 20,015sqm and budget of up to £75m (inclusive of VAT). The increased area was requested by the College on the basis that the proposed area of 19,100sqm was below minimum requirements, could not accommodate the current curriculum and negatively impacted on a number of operational issues critical to the success of the Falkirk Campus. The updated Full Business Case is based on a revised £75m budget, however a number of risks remain and these with associated mitigating actions are noted overleaf:

Risks	Mitigating Actions
SFC/SFT will not allow the land receipt from the existing Falkirk Campus to be included in the overall funding package for the new campus.	The College have met SFC senior management and formally issued a letter to SFC requesting permission to include the Falkirk Campus land receipt in the overall funding of the £75m project. A copy of the letter is attached, reference Appendix 1. The College also continues to scenario plan other budget options around the £75m.
The formal valuation of the existing Falkirk Campus site and Branshill site is lower than anticipated.	CBRE have been instructed to formally value the existing Falkirk campus site and Branshill site.
The proposed revised area of 20,015 sqm does not meet College curriculum requirements	An internal timetabling exercise is being undertaken by Heads of Department (early indications are that the proposed revised area of 20,015 sqm is sufficient to meet College curriculum requirements).

**b) Falkirk Council have not yet approved the Arts Venue as an integral part of the New Falkirk Campus**

The College have agreed with Falkirk Council and Falkirk Community Trust that the New Falkirk Campus Full Business Case will include a 500 seat Arts Venue to replace their existing town hall. Good progress has been made on this shared development and designs and costs are reasonably well advanced, however a number of risks remain and these with associated mitigating actions are noted below:

Risks	Mitigating Actions
Falkirk Council are unable to approve the Arts Venue due to budgetary constraints.	Falkirk Council and Falkirk Community Trust have appointed their own specialist Arts Venue Consultant and been given assistance from the College Technical Team, including cost consultants
Falkirk Council are unable to approve the Arts Venue due to political constraints.	Falkirk Council meeting to approve Arts Venue Business Case scheduled for 16 December 2015. Note: FC have advised on 27/11/15 this may now be delayed.
Falkirk Council are unable to approve the Arts Venue due to VAT constraints	VAT Advisors appointed by College and report issued to Falkirk Council on 27/11/15.
Falkirk Council delay approval of the Arts Venue Business Case for any other reason.	Regular weekly meetings with Falkirk Council and Falkirk Community Trust to ensure progress and communication are maintained on Business Case.

**c) The European System of Accounts ESA 10 issue, has not yet been resolved**

Scottish Futures Trust has advised that the current ESA 10 issue affecting all NPD projects in Scotland has not yet been resolved and there is no update on timescales as to when it will be resolved. SFT have previously advised that it is 'when' and not 'if' it will be resolved.

John Swinney also made a statement in the parliament on 26 November 2015 saying that

"More widely in the NPD programme, it has become clear that a rapid reversal of the ONS's public classification of the Aberdeen Western Peripheral Route project under the revised Eurostat rules will not be possible. I have asked SFT to continue to review options for the potential amendment of the AWPR project and potentially other NPD projects in the light of ONS's welcome decision on the revised hub model. "

The Full Business Case is currently on programme for completion 21/12/15, however as a result of the above delay, the FBC will not formally be submitted to the Main Board for approval or SFT Key Stage review, until SFT have advised it is appropriate to do so.

d) The risk of some or all of the above unresolved issues impacting on the current programme and budget.

The New Falkirk Campus is currently within budget and on programme for start of session August 2019. Not with standing this, it would be prudent to consider options post Full Business Case which are mindful of the current constraints facing the College. Three strategic options have been considered for adoption post FBC completion in December 2015.

Option i) Stop all works and stand down Technical Team

Option ii) Continue with more detailed FBC

Option iii) Conclude FBC and progress with specific cost effective elements of the project, for a defined period

Option i) Stop all works and stand down Technical Team

Advantages

- provides an opportunity for solutions to the four key challenges to be resolved
- minimises wasted time and effort expended across the teams

Disadvantages

- significant risk of College not being delivered in August 2019
- significant risk of increased costs as a result of tender price inflation, fees etc
- significant disconnect in momentum on the project
- associated risk of knowledge loss if existing team not available for re mobilisation.
- negative message to prospective bidders and the wider marketplace, reducing appetite and competition, with associated impact on cost.

Option ii) continue with more detailed FBC

Advantages

- allows more information and detail to be developed in the FBC
- reduced risk of College not being delivered in August 2019
- reduced risk of increased costs as a result of tender inflation, fees etc

Disadvantages

- FBC perceived as incomplete
- information contained within FBC out with the recognised SFT Gate Review stages.
- some exposure to potential abortive costs, but less than additional tender price inflation, if programme delayed.
- information taken to respective boards in excess of requirement and governance

Option iii) conclude FBC and progress with specific cost effective elements of the project, for a defined period

Advantages

- allows time for resolution of some or all of four key Estates issues.
- reduced risk of College not being delivered in August 2019
- reduced risk of increased costs as a result of tender inflation, fees etc
- avoids disconnect momentum
- avoids any requirement to mobilise and associated risk of knowledge loss.
- demonstrates to the marketplace the client focus to progress and maintains competitive interest

Disadvantages

- some exposure to potential abortive costs, but significantly less than potential additional tender price inflation if programme delayed.

It is recommended that option 4) d) iii) 'conclude FBC and progress with specific cost effective elements of the project, for a defined period', is adopted.

## 5. Programme

On the assumption that option 4)d)iii) is adopted post completion of the Full business Case, then a programme of specific cost effective elements of the project will be prepared and progressed with the Technical team. These specific elements will be agreed with SFT/SFC and may include development of the Design to RIBA stage 3, pre-qualification documents, evaluation criteria, key stage review documentation, along with elements of legal, technical and financial tender documentation, as appropriate.

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**6. Conclusion**

Based on the above, the conclusion from our Advisers is that the project should adopt option 4) d) iii) 'conclude FBC and progress with specific cost effective elements of the project, for a defined period' and review again in early 2016. It is also anticipated that by the time the updated £75m FBC is completed on 21/12/15, a higher level of clarity may be available on the four key Estates issues identified in section 4.

As previously stated progressing this option also reduces the risk of cost and programme overruns, while providing controlled momentum and continuity within the Technical Team.

**7. Financial Implications**

The cost of progressing option 4) d) iii) will depend on which elements of specific work are agreed should be progressed and the timeframe to progress but it is likely to be in the order of £150k - £200k.

**8. Equalities**

Assessment in Place? – Yes  No

If No, please explain why – Not required at this time

Please summarise any positive/negative impacts (noting mitigating actions) – None at this stage

**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		x
Medium	x	
Low		
Very Low		

Please describe any risks associated with this paper and associated mitigating actions – The financial risks associated with progressing Option 4) d) iii) are potential abortive costs of £150k - £200k.

Risk Owner – Tom Gorman

Action Owner – Tom Gorman

**10. Other Implications** – As noted in paper.

Communications – Yes  No

Health and Safety – Yes  No

Please provide a summary of these implications - None

Paper Author – Tom Gorman

SMT Owner – Tom Gorman

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27 November 2015

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Mr Laurence Howells  
Chief Executive  
Scottish Funding Council  
97 Haymarket Terrace  
EDINBURGH  
EH12 5HD

Dear Laurence

### **Redevelopment of Forth Valley College**

Hugh and I very much appreciated your time, constructive comments and wise counsel when we met on 6<sup>th</sup> November to discuss the redevelopment of the College's Falkirk campus. This is a transformational investment for the region and we welcome the valuable support that we have received from SFC.

The purpose of this letter is to seek the Funding Council's backing to approach the Scottish Government to seek approval to retain the proceeds of the sale of our existing Falkirk campus to invest in the redevelopment of the new campus.

As you know, in 2014 the Board of Forth Valley College approved an outline business case for our headquarter building in Falkirk and our centre for Science, Technology, Engineering and Mathematics (STEM). The building was costed at £81.5 million based on the existing full time and part-time student and MA activity, the specialist accommodation for STEM and a building designed within a 21,766sq metre envelope giving a 23% saving on the original Falkirk footprint.

Forth Valley College is a regional College with campuses in Alloa and Stirling and its headquarters in Falkirk. We have a comprehensive curriculum strategy for the delivery of learning and teaching over the three campuses tailored to the needs of local, regional and national businesses and industry and responding to key Government policies and requirements. As a result, our new Alloa Campus majors in Business at the HE level; our new Stirling Campus majors in Creative Industries, Hospitality and Tourism and our existing Falkirk headquarters in STEM. We have invested in comprehensive management information which tells us that we are achieving 85% to 90% utilisation across our three campuses.

Mr Laurence Howells  
Chief Executive  
Scottish Funding Council  
27 November 2015

Since the subsequent announcement by the Scottish Government to earmark £70 million for investment in Falkirk and then SFC approval to progress to Full Business Case, we have been working to reduce our original design of £81.5 million and 21,766 square metres to accommodate the lower than expected investment. After very careful consideration, we have concluded that we can only bridge the gap by:

- Removing 15 classrooms from the original plan
- Removing a complete laboratory
- Reducing electrical installation workshops by 30% and 60% respectively
- Reducing all other workshop space by 6%
- Reducing our Learning Resource Centre by 24%
- Removing our Assembly Hall
- Reduced all staff areas and circulation space
- Reducing building specification from BREEAM Excellent to Very Good.

The above equates to a development of 19,102 sq. metres, a further reduction in footprint of over 12 % against the outline business case.

The Board of Forth Valley College believe that the building design under the current investment budget is severely compromised and will lead to a sub-optimal facility which is below the standard required. Forth Valley College as one of the top performers in STEM activity in the UK college sector and it is important that we are allowed to at least replicate the successful activity that already takes place in Falkirk, accommodate the planned number of students and meet the future needs of business and industry.

In order to balance at least some of the lost functionality against our original proposals, **we are seeking approval from the Government to use the proceeds of sale of the existing Falkirk estate, which we estimate to be valued currently at around £5 million to complement the £70 million from Government.**

We have scoped the £75 million against the new build and know this would enable us to:

- Accommodate a 20,559 sq. metres new build which is still an efficient reduction of 5.5% on the outline business case footprint
- Reintroduce workshop and laboratory accommodation with classroom breakout areas and increased student space and circulation
- Maintain a reduction in non-teaching accommodation whilst future proofing learning and teaching accommodation
- Achieve a minimum BREEAM category of Very Good for the building with a target of Excellent

Mr Laurence Howells  
Chief Executive  
Scottish Funding Council  
27 November 2015

- Deliver a cost per sq. metre of £2645 which will be well below that of the recently opened Riverside Campus of City of Glasgow College at £2870 and only slightly above the benchmark mean of £2582 for comparator projects

The £75 million investment will deliver a regional, national and international centre for STEM, providing progression from school through modern apprenticeship and tertiary education programmes to higher education and employment. It will provide the opportunity for the college to develop its current position and reputation for the delivery of specialist training for STEM industries particularly in oil and gas, manufacturing, chemicals, energy and life sciences.

From an economic perspective, the Falkirk Campus will be very well placed to support not only the new Falkirk Economic Strategy but will also be an anchor site for the new Falkirk Gateway development. In particular the new campus will provide for a skilled and experienced workforce for Forth Valley and the Grangemouth Investment Zone in developing and growing Scotland's chemical sector, helping to create new centres of excellence in industrial biotechnology and energy and support low carbon initiatives.

It is perhaps also worth noting that the Falkirk area population has increased by 8.5% since 2001 compared to an all Scotland increase of 5.5% over the same time period, with a corresponding increase of 4.5% of 16 to 19 year olds against a Scotland average of just over 1%. This is just one of the reasons why the College developed the award winning SCOTS programme with Falkirk Council one year ahead of the publication of Developing Scotland's Young Workforce.

The Board's ambition for the new Falkirk campus lies in high level STEM activity and innovation. In February 2015, the College won the UK wide Association of Colleges Beacon Award for Innovation in Further Education with its whole college approach to innovation. In making their award, the judges noted the College programmes produced a work ready graduate for Government priority industries and capitalised on the College's STEM expertise and training facilities. In October 2015 the College was the first College in Scotland to be re-accredited with the prestigious NEF STEM accreditation which was first awarded to the College in 2012. We continue to be the College of choice for business and industry and we are pleased to append industry references in support of our request.

The College has a national reputation and with our new Falkirk campus we have the opportunity to build on that reputation with the potential to be an international hub for STEM industry for Forth Valley and Scotland, providing a valuable opportunity for our communities and for the future benefit of the region and its people.

Mr Laurence Howells  
Chief Executive  
Scottish Funding Council  
27 November 2015

Given the specialist STEM nature of the accommodation at Falkirk, the proposed investment of £75 million demonstrates excellent value for money for the public purse. The lower investment that we are currently facing would, in our view be a compromise too far, would be a missed opportunity to meet the future needs of students, industry and the economy and would indeed represent poorer value for money.

The Board of Forth Valley College believes that there is a strong and compelling argument for retaining the proceeds from the sale of the existing campus and we would be grateful if you could put our request to the Scottish Government for approval. An early response would be very much appreciated and would enable us to press on with this very exciting and much needed development.

Yours sincerely

**Dr Ken Thomson**  
**Principal**  
**Forth Valley College**

## Appendix 1 – Key industry partner references

*“The work that we have been able to do with Forth Valley College has quite simply changed the ‘skills landscape’ for us in Scotland. Their support in both helping to bring things together and then delivering the right courses to the right people has been fantastic and is very much appreciated – and has allowed us to invest in skills with confidence.”*

**Craig Arthur, District General Manager, Lanarkshire, Scottish Power Energy Networks**

*“Forth Valley College are in a competitive market for our business but the support we have from them over many years has been first class. There is a seamless link between ourselves and the College with the apprentices that train with them. Similarly, they support us in putting together courses that allow people with one set of engineering skills to transfer quickly to the type of instrument and process skills that INEOS requires. With our current plans that is going to be of great importance to us.*

*The College is very close to us geographically but they are also very close to us in other ways. We expect and get a very high quality education and training service from them (Forth Valley College), however there’s more to it than that. As well as their expertise in understanding the skills we need, they also understand the business that we are in and that’s important. We see the college as a partner and their approach to doing business with us – their business model – speaks of professionalism”.*

**Ian Fyfe, HR Director, INEOS.**

*“We have worked with the college for quite some time now across a range of our skill requirements. The college helps us to identify and recruit apprentices and then take them through their training and subsequent assessment. They have also helped us with 15 or so managers going through Business management programmes at SVQ level 4. One of the biggest projects that we worked with them on was to introduce a lean approach to problem solving. This wasn’t always easy because of course ‘production is king’ but the college were fantastic in meeting both our education and business needs.”*

**Robert Lapsley, Training Co-ordinator ADL**

*“Without Forth Valley College we would still have found a college to work with (probably in Glasgow). However, we found Forth Valley to be the most attractive option as they had a good central location (the apprentices were spread across the Scottish central belt), they had an understanding of the sector, they understood the company’s workforce planning requirements, they took a partnership based approach to delivering the programme and they were innovative and flexible.”*

**Eileen Harper, Head of Learning and Development and Marie Elder Workforce Programmes Manager, Scottish Power.**

**1. Purpose**

To present the members with the Falkirk Community Planning Partnership Agreement for final approval.

**2. Recommendation**

That members approve the Falkirk Community Planning Partnership Agreement and delegate the Principal as signatory, subject to the amendments as identified by the Strategic Development Committee at their 10 September 2015 meeting.

**3. Background**

Forth Valley College are key partners in the Falkirk Community Planning Partnership with the Principal a member of the Leadership Board and the Associate Principal for Business Development, an active member of the Improvement Group. The College recognise the importance of community planning across all three local authorities and are therefore a key contributor and partner in project activity. At the start of 2015 and following an audit from Audit Scotland, the Planning Partnership were asked to develop a mechanism where partners could be held to account. The Partnership Agreement was then developed and agreed by the Leadership Board at the June meeting. A requirement for the agreement by all partners was for Board Committee approval with Leadership Board member sign off.

**4. Key Considerations**

The Agreement is in five parts. Part 1 – a description of community planning in the Falkirk Council area, vision and values for the area and how we as partners can ensure communities are engaged to deliver on the Single Outcome Agreement. Part 2 describes how the Partnership should be organised to deliver on that mission through the Community Planning Leadership Board, the Implementation Group and the identification of lead officers from each organisation to help deliver on the local priorities. Part three identifies the partnership group roles and responsibilities. Specifically the Partnership agreement states that each Board member, and therefore organisation, will lead on promoting community planning within their own organisation and communities; will ensure their organisations are fulfilling their obligations; will ensure the efforts of the organisation are focused on ensuring a meaningful contribution to the partnership; will actively participate in community planning and at Board meetings and will champion community planning in Falkirk.

Part 4 identifies the general provisions to ensure the Community Planning Partnership can conduct its business efficiently and effectively. Finally Part 5 notes the signatories to the Agreement as that of Falkirk Council, Falkirk Community Trust, CVS Falkirk, Police Scotland, Scottish Fire and Rescue, NHS Forth Valley, Scottish Enterprise, Skills Development Scotland, SEstrans, the Scottish Government and Forth Valley College.

As a key partner in Falkirk CPP, the College see this as an important step in delivering on priority projects whilst holding partners to account and ensuring a fair and equitable contribution.

**5. Financial Implications**

**Please detail the financial implications of this item** – The Colleges contribution to CPP will be built into the annual operational plan and will be budgeted through the normal college processes. Priority projects include LEP, employability and contribution to economic development.

**6. Equalities**

**Assessment in Place?** – Yes  No

**If No, please explain why** – This is a request for approval to partnership and to hold partners to account in delivering on priorities. We will ensure due consideration of any impact in relation to protected characteristics is undertaken in identifying and delivering on priority projects.

**Please summarise any positive/negative impacts (noting mitigating actions)** – Not Applicable

**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	*	*
Very Low		

**Please describe any risks associated with this paper and associated mitigating actions** – Forth Valley College is a lead partner in the Falkirk CPP. Failure to sign the agreement would put us at a disadvantage in working directly and indirectly with partners named as signatories. Indeed we would have to resign from the CPP which is not a position we would wish to be in.

**Risk Owner** – Ken Thomson

**Action Owner** – Ken Thomson

**8. Other Implications –**

Please indicate whether there are implications for the areas below.

**Communications** – Yes  No

**Health and Safety** – Yes  No

**Paper Author** – Ken Thomson

**SMT Owner** – Ken Thomson

## **FALKIRK COMMUNITY PLANNING PARTNERSHIP – PARTNERSHIP AGREEMENT**

### ***PART 1 - COMMUNITY PLANNING IN THE FALKIRK COUNCIL AREA***

Community Planning in the Falkirk Council area is a partnership between the public, third, private and community sectors to secure a 20 year vision, through the attainment of local outcomes and priorities, improving the wellbeing of the area, securing high quality public services and including effective partnership working and collaboration.

Some of the core aspects of the purpose of Community Planning are to:

- Secure strategic ownership of our Strategic Community Plan and Single Outcome Agreement (SOA);
- Provide oversight of partnership working across the area in securing our local outcomes and priorities;
- Promote opportunities for partnership based solutions in reforming public services;
- Ensure a focus on local outcomes and priorities, including prevention and intervention, underpinned by having a clear understanding of place, in terms of the challenges we face and the needs of our local communities; and
- Ensure that we pass on the benefits of effective partnership working through the delivery of better public services to our communities.

### ***Our Vision***

The 20 year vision that the Community Planning Partnership is working towards comprises the following:

- The legacy of our past and the potential of our future are protected;
- Our area is at the centre of Scotland;
- Our future is as one of the most culturally diverse and distinct areas in Scotland;  
Our future has investment in jobs, learning, homes and leisure for all;
- Our area is 'the place to be' in the third Millennium.

We have a number of broad themes and local outcomes to contribute towards the attainment of our vision.

### **Our Values as a Partnership**

As a Partnership we will:

- Be visible and champion community planning through strategic leadership, within and out with our organisations and communities to achieve our vision

- Embrace innovation
- Focus on outcomes through effective delivery
- Be committed to excellence
- Be resilient and sustainable
- Integrity, equality, fairness and transparency are our core attributes and will guide how we do our business
- Be open to change
- Being smarter in the way we work.

### ***Community Influence***

As a Partnership we are committed to ensuring our communities are engaged with us in driving change. To achieve this we will:

- ◆ Involve members of the public, local communities, local businesses, the third sector and other key stakeholders in influencing the direction of travel the Community Planning Partnership takes;
- ◆ Foster effective communication, engagement and participation;
- ◆ Support local communities to improve the areas they live in, thus enabling them to make a valued and direct contribution to achieving the vision for their area
- ◆ Receive community feedback on progress, performance and achievement; and
- ◆ Pursue improvement on a continuing basis

This is underpinned by ensuring we have wide ranging community engagement and participation across the Council area.

### ***PART 2 – HOW WE ORGANISE TO DELIVER OUR VISION***

The Partnership will ensure that it has leadership and delivery structure that is focussed on delivery of outcomes and responsive to changing environments. A delivery structure for each plan will accompany the approval process. This structure and groups will be reviewed every two years to ensure they continue to deliver and continue to be the most relevant mechanism for delivery. A diagram depicting the structure of the CPP will be held by the Partnership alongside this agreement.

In order to oversee the delivery of our vision the partnership is organised as follows:

#### ***Community Planning Leadership Board***

This is the key strategic decision making and scrutiny body for the partnership, and holds to account the work, contribution, performance and progress of partners and partnership groups, in securing our vision, local outcomes and priorities.

#### ***Improvement Group***

This group has a key role in ensuring that the Community Planning Partnership continuously improves, through the oversight, co-ordination and management of the partnership's improvement programme. The group has no direct focus on service

delivery but seeks to secure improvement in the way in which the partnership conducts its business.

In order to secure the attainment of our vision and local outcomes the Community Planning Partnership has a number of thematic and lead officer arrangements approved by the Community Planning Leadership Board.

*Themes & Lead Officer Arrangements for Securing Outcomes*

The primary role of these themes and officers is to co-ordinate and assure the delivery of local priorities and outcomes across their thematic areas of responsibility, as set out in the partnership's strategic documents. This will include reporting on progress and performance on a regular basis to the Leadership Board and supporting the Board in meeting its responsibilities.

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### *PART 3 – PARTNERSHIP GROUP ROLES AND RESPONSIBILITIES*

#### *The Community Planning Leadership Board*

The Community Planning Leadership Board comprises senior leaders and chief officers who share collective responsibility for the strategic leadership, scrutiny and challenge of local partnership working. The Board exercises these responsibilities in order to ensure the attainment of local priorities and outcomes. In order to achieve this, the Board will ensure:

- We set the broad strategic direction of the Falkirk CPP
- We achieve our local outcomes and priorities;
- We fulfil relevant statutory requirements;
- That conflicts are identified and resolved through process;
- Resource allocation is aligned with our local priorities;
- Facilitation, co-operation and sharing of best practice;
- Scrutiny and challenge of partners and delivery structures;
- We develop and publish a strategic plan and an annual performance and achievement monitoring statement;
- We approve partnership strategies and action plans;
- Effective local community engagement and participation;
- Partners and partnership groups are held to account for contribution, progress, performance and achievements in securing local outcomes and priorities; and
- We secure continuous improvement in local partnership working

The Board meets a minimum of four times per year and comprises non executive and executive members of each key partner organisation. This will include Elected Members, Board Members and senior officers drawn from across the following organisations:

- Falkirk Council,
- Falkirk Community Trust;
- CVS Falkirk and District;
- Police Scotland;
- The Scottish Fire and Rescue Service;
- NHS Forth Valley;
- Forth Valley College;
- Scottish Enterprise;
- Skills Development Scotland;
- SEStran;
- The Integrated Joint Board; and
- The Scottish Government

The Board will consider requests to join the partnership as they arise. We will also invite temporary members to join the Board from the community, private and third sectors to advise, support and champion their respective sectors and their contribution to local priorities and outcomes.

### ***Partner Responsibilities***

Each of the organisations represented on the Leadership Board needs to ensure that it is mindful of the statutory requirements that might underpin its involvement in Community Planning. The Partnership expects each agency and organisation to actively:

- Support and resource Community Planning appropriately, across the extent of local partnership working;
- Support the continuous improvement of Community Planning across the Falkirk Council area;
- Support the purpose of the partnership and its groups in undertaking their range of responsibilities;
- Make a proportional and appropriate contribution to and supporting all of the local outcomes and priorities set out in the Strategic Community Plan and SOA
- Be accountable to the Leadership Board for their contribution to Community Planning including progress and performance on the attainment of local outcomes and priorities;
- Be clear on how its organisational business plans, key policies and strategies, as well as resources align with the delivery of local outcomes and priorities;
- Support the partnership to communicate and report on performance, progress and achievement, through its own publications – web sites and other media; and
- Ensure Board Members and participants in Community Planning are able to contribute appropriately and are able to take decisions on behalf of their organisation.

### ***Board Member Responsibilities***

Each Board Member will:

- Lead on promoting community planning within their organisations and communities;
- Ensure their organisations are fulfilling their obligations with regards to the Partnership;
- Ensure the effort of their organisations are focused on ensuring a meaningful contribution to the partnership;
- Actively participate in community planning and at Board meetings; and
- Champion community planning in Falkirk and more generally act as an ambassador for the area itself.

### ***The Improvement Group***

This group supports the Community Planning Leadership Board in delivering on its responsibilities to assure an effective and efficient approach on partnership working. The group meets a minimum of four times per year but six weeks in advance of a Leadership Board meeting.

The group has a key responsibility for managing and co-ordinating the partnership's improvement programme. This includes ensuring that the partnership's improvement programme addresses the issues emerging from the audit of Community Planning and any additional actions arising from national guidance or good practice.

The group comprises officers from across the partnership that have responsibility for strategic planning, resource & financial planning, performance management and ICT.

This group plays a key role in ensuring the Community Planning Partnership has an effective framework for partnership working and for promoting continuous improvement across the partnership

### ***Themes and Lead Officers***

The Community Planning Leadership Board will approve nominated themes and lead officers with responsibility for the attainment of local priorities and outcomes. They are also accountable to the Board for progress and performance and for regularly reporting on this in an agreed format. It is recognised that themes are inter-related, and therefore it is incumbent on lead officers to take account of the work of other themes. The specific responsibilities of lead officers, include:

- The delivery and attainment of local priorities and outcomes within their area of responsibility;
- Timeous reporting on progress, performance and achievement;
- Securing effective community engagement and participation; and
- Reconciling their role within the Community Planning Partnership.

The Partnership will through its planning process determine strategic priorities and outcome. The delivery structure will follow priorities and will be developed as a critical part of the planning process.

Third Sector activity will be co-ordinated by the Chief Executive, CVS Falkirk and District. This reflects the increased prominence given to the Third Sector in the Strategic Community Plan and reflects that we now have a Third Sector Interface through CVS Falkirk and District

#### ***PART 4 – GENERAL PROVISIONS***

The following general provisions allow the Community Planning Partnership to conduct its business efficiently and effectively. Although a number of these provisions specify the Leadership Board, they can be adapted and utilised for other groups as required.

Falkirk Council will provide a secretariat for the Board and Improvement Group, unless alternative arrangements are agreed by Partners.

Each partner will nominate one point of contact in order that request for information, reports, meeting dates can be disseminated appropriately within each partner organisation. Falkirk Council, as the secretariat, will keep an up to date list of all Board members and key contacts.

#### ***Notice of Meetings of the Community Planning Leadership Board***

At least five working days prior to a Board meeting, an agenda and related papers will be distributed electronically to Board Members. Hard copies of papers will be provided on the day, provided that a request for this is made at least two working days in advance of the meeting.

Partners will provide the Board Secretariat of notice of reports for meetings at least 10 working days before issuing of papers, with final signed reports being provided the day before the agenda is due to be issued.

No later than ten working days after the meeting, Board papers will be published on Falkirk Council's website, unless there is a valid reason for not publishing, e.g. confidential papers or papers taken in private session.

#### ***Conduct of Meetings***

A quorum of at least one third of Board Members requires to be present for a meeting to proceed. The Chair of the Community Planning Partnership will be renewed every two years. Partners will keep their representation on the Board under regular review to ensure that this remains appropriate.

Partners are able to nominate formal substitute attendees, provided that advance notification is provided, at least two working days ahead of the meeting. It is expected however that Board Members will attend Board meetings unless they have good cause to do so. It is for the partner organisation to ensure that the substitute is briefed appropriately and provided with relevant papers.

#### ***Tenure of Board Membership***

Subject to a request from the Chief Executive of Falkirk Council, it is for each partner organisation to nominate appropriate Elected or Board Members and officers for a stipulated period.

Every two years, Falkirk Council on behalf of the partnership will write to each partner seeking confirmation of their non-executive and officer representation on the Leadership



.....On behalf of NHS Forth Valley Date:.....

.....On behalf of Forth Valley College Date:.....

.....On behalf of Scottish Enterprise Date:.....

.....On behalf of Skills Development Scotland Date:.....

.....On behalf of SEStran Date:.....

.....On behalf of The Scottish Government Date:.....

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### 1. Purpose

To seek approval from the Board of Management on the Safeguarding 'Children, Young People and Adults' Policy document.

### 2. Recommendation

It is recommended that members consider and approve the attached Policy document for approval.

### 3. Background

#### Safeguarding

Under the Safeguarding umbrella sits 'Protection of Children, Young People and Adults', 'PREVENT' and 'Corporate Parenting'. A review of our current 'Protection of Children, Young People and Adult Policy has been undertaken.

PREVENT should be considered as part of wider safeguarding concerns. There is no need to develop a separate system and set of operational procedures. Principals and College Boards should be aware of duty now placed on the college. A main point of contact should be identified and Staff development organised to reflect this.

Forth Valley College is a 'Corporate Parent' and this will be reflected under the Safeguarding umbrella.

### 4. Key Considerations

An Action Plan has been created which has incorporated key components, actions points and timescales to reflect these changes and roll-out.

Member of Forth Valley College staff is on the 'Safeguarding' forum.

Education Scotland will review 'Safeguarding' arrangements at Forth Valley College in March 2016.

The attached policy was taken to the Strategic Development Committee on 19 November 2015, where it received approval.

### 5. Financial Implications

Please detail the financial implications of this item – none.

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**6. Equalities**

Assessment in Place? – Yes  No

If No, please explain why – Not Applicable

Please summarise any positive/negative impacts (noting mitigating actions) – None

**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	X	
Medium		
Low		X
Very Low		

Please describe any risks associated with this paper and associated mitigating actions –

To minimise the risks and mitigating factors the college practices robust and up to date Safeguarding policy and procedures. Learners are given a guarantee that all Forth Valley College staff are aware of how best to support and refer welfare issues, disclosure of harm or concerns of risk of harm to the 'Safeguarding Team', who can then provide assistance to the learner, as well as coordinate inter agency support for the learner which can include Police Scotland and Social Work Involvement.

Risk Owner – Andy Lawson

Action Owner – Jean Duff

**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 – ensure staff awareness; learner awareness; this will be achieved through marketing and staff development.

Paper Author – Jean Duff

SMT Owner – Andy Lawson

# Safeguarding

## Protection of Children, Young People and Adults Policy

**Status:**

**Date of version:**

**Responsibility for policy:**

**Responsibility for implementation:**

**Responsibility for review:**

**Date for review:**

November 2015

Associate Principal and Executive Director  
HR and Operational Effectiveness

All Staff

Associate Principal and Executive Director  
HR and Operational Effectiveness

August 2018

## Policy Statement

Forth Valley College recognises that all its employees, as well as volunteers, have a role to play in Safeguarding Children, Young People and Adults. The College takes reasonable steps to provide an environment in which everyone, particularly Children, Young People and Adults who may be at risk feel safe, secure, valued and respected.

### 1 Purpose

Forth Valley College aims to ensure the Safeguarding of all Children, Young People and Adults who are involved in any way with the College. The College also aims to give staff a clear structure within which they can work safely.

#### Duty of Care

The College fulfils its duty of care by:-

- raising the awareness of all staff of the need to Protect Children, Young People and Adults, and to emphasise the responsibility of all staff in reporting possible cases of abuse or harm to the Safeguarding Team;
- providing appropriate procedural steps in order to monitor the Colleges involvement in Child and Adult Support and Safeguarding Referrals;
- contributing appropriately to assessments of need and support packages for those Children, Young people and Adults affected by abuse or harm;
- Emphasising the need for, and facilitating good levels of, communication between all members of staff and other agencies.
- Mandatory compliance training for all existing and new staff is delivered by the Safeguarding Team. Mandatory compliance training is completed during staff development and staff inductions. Staff have access to the Protection of Children, Young People and Adults Policy on SharePoint.

The safeguarding Team can always be contacted for assistance and referral. The e-mail address of the Safeguarding Team is as follows:

[disclosure@forthvalley.ac.uk](mailto:disclosure@forthvalley.ac.uk)

Alternatively, please call either Falkirk, 01324 403000/01324 403001/01324 403310, Alloa 01259 215502, Stirling 01786 406020, to speak to a member of the Safeguarding Team.

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## 2. Principles

Forth Valley College's Protection of Children, Young People and Adults Policy is underpinned by the principles derived from legislation including the Children (Scotland) Act 1995 and the Children and Young People (Scotland) Act 2014. In particular, it is stressed throughout child-centric legislation that the welfare of the child is paramount.

The College's 'Children, Young People and Adults Policy is also underpinned by the Adult Support and Protection (Scotland) Act 2007.

The Adult Support and Protection (Scotland) Act 2007 aims to safeguard 'Adults at Risk'. 'Adults at Risk' are adults who are not able to: (i) safeguard themselves or their wellbeing, or property, or rights, or interests; (ii) are at risk of harm; (iii) and because of a mental health problem, physical/mental disability or illness are more vulnerable to being harmed than adults who are not affected by the aforementioned factors.

Reasonable steps will be taken to prevent foreseeable harm to Children, Young People and to vulnerable Adults. Where staff are concerned, this will include the carrying out of PVG Scheme checks and, as appropriate, referrals to the Disqualified from Working with Children List.

## 3. Definitions

Protection of Children, Young People and Adults Policy applies to Children, Young People and Adults who may be at risk of harm, or who have disclosed an incident of harm.

### **Definition of a Child**

In accordance with section 18 of the Protection of Children (Scotland) Act 2003, a "child" is a person under the age of 18.

In accordance with Scots law the definition of 'child' from the Children (Scotland) Act 1995 and the Children and Young People (Scotland) Act 2014 as: 'a person who has not attained the age of 18 years'.

### **Definition of an 'Adult at Risk'**

In accordance with legislation a "vulnerable adult" is someone who is aged 16 and over and who is or may be in need of community care services by reason of him or herself, or unable to protect him or herself against risk of significant harm or exploitation arising from his/her own actions, or actions of another person.

### **Definition of Child Abuse**

Child Abuse, as defined in Scottish Government Guidance (2014), refers to circumstances where a child's basic needs are not being met in a manner that is appropriate to his/her individual needs and stage of development, and the child is, or will be, at risk through avoidable acts of commission or omission.

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According to the Scottish Government (2014) *National Guidance for Child Protection in Scotland*, 'child abuse' and 'child neglect' are forms of maltreatment of a child. 'Maltreatment' covers actual incidence of, or significant risk of: physical abuse; emotional abuse; sexual abuse; and neglect.

#### **4 The Multi-Disciplinary Framework**

Multi-agency Child Protection/Adult Support and Protection Committees have been established, in accordance with Scottish Government (2005) *Child Protection Committees* guidance, between Clackmannanshire, Falkirk and Stirling Councils.

The Policy put in place by the College works in accordance with the principle of effective collaboration between all agencies working with Children and vulnerable Adults.

#### **5 Key Staff**

The Principal has strategic responsibility for 'Safeguarding'. The Principal will put in place appropriate measures to ensure that the College protects all Children, Young People and Adults who are involved in any way with the College.

**The Associate Principal and Executive Director HR and Operational Effectiveness has:**

- Responsibility for review of policy and system refinement and development in light of legislation and practice.
  - Responsibility for the appointment and line management of the Safeguarding Team who are responsible for co-ordinating of all Safeguarding activities and for providing support for staff.
  - Responsibility for raising awareness of the content of the Policy with all College staff, organisations or users of the College taking part in activities in the College with Children and Adults.
  - Responsibility for keeping SMT informed by regular anonymised reports of activity in connection with Children, Young People and Adults.
  - Responsibility for organising 'Safeguarding' training for all College staff across all sites.
  - Responsibility for ensuring that all staff in contact with Children, Young People and Adults, as defined within this policy, are checked for suitability through Disclosure Scotland.
  - Responsibility for ensuring all new members of staff receive copies of the Children, Young People and Adults Policy and the contact details of the Safeguarding Team as part of their induction process.
-

We welcome feedback on this Policy and the way it operates. We are interested to know of any possible or actual adverse impact that this Policy may have on any groups in respect of gender, race, disability, sexual orientation, religion or belief, age or other characteristics.

This Policy has been screened to determine equality relevance for the following equality groups: gender, race, disability, age.

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1. Purpose

The purpose of this report is to inform the Board of the Student Association's recent activity.

2. Recommendation

That members note the recent activity undertaken by the Student Association.

3. Key Highlights

**Class Representative Training**

We had 363 students registering to be Class Reps this block. To date we have trained 209 of them, with additional training still to take place. Any reps that miss training will be able to do this online on Moodle. We are extremely happy with the uptake this year and the feedback we have received. We have noticed a huge increase in communication already with students emailing us and dropping into our offices. We hope we have a similar response with the Block 2 rep training for the January starts.

**Mental Health First Aid**

The VP Health, Well-being & Sport has now been certified to deliver Mental Health First Aid training. She has been delivering sessions in a number of classes including HNC Social Care and Pathways to Social Care. The students who attended these classes have now been certified for attendance of this course. Since completing the training the demand for these sessions has been high, with another class booked in to be trained before Christmas (NC Early Education & Childcare) and another two classes in Block 2. The training has been explained to Class Reps who have also shown interest in taking part, as a result of this there is now a waiting list for any additional training spaces. The VP Health, Well-being & Sport has been assisted by ex-serviceman George Connelly on a voluntary basis and as such she will be assisting him in some training sessions in January aimed at Military service. We are delighted that this service is being utilised and staff have also asked that this be delivered during Staff Development week in February, which we are currently looking into confirming.

**NUS Framework Evaluation Group**

Since the launch of the NUS Framework at our Stirling Campus in June, the Student Association has set up a working group to evaluate how well we work with the College with regards to the Framework, its Principles and Themes. On the group we will have the President, Student Liaison Officer, Fiona Brown SMT, Mhairi Harvey Student Services, Caryn Jack Board Member and two Head of Departments- Jacqueline McArthur and Kenny MacInnes. The Student Association has scored each campus on each Principle and Theme and when the Evaluation Group meets we will look at the document as a whole and identify our weaker areas. This will provide a great platform for partnership working within the group and will also be a key document for the next S.A team coming in as this will make them aware of our strengths and how we plan to tackle our weaknesses.

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**Student Association Database**

Whilst the President was shadowing the Learner Advisors, she became familiar with their Appointment System that they use to record the interactions they have with students. This was considered as a way for the Student Association to begin to monitor the interactions we have with students and identify any recurring issues. The Administrator has created a temporary system for us to use via an Access document while we wait for our own live system to be added to Sharepoint. We are not aware of any other institution doing this and hope this can be used as an example of good practice going forward. The system was started on the 23/11/2015 and as of the 3/12/15 we have recorded over 20 Appointments.

**4. Financial Implications**

**Please detail the financial implications of this item** – There are no specific financial implications for this item.

**5. Equalities**

**Assessment in Place?** – Yes  No

**If No, please explain why** – Consideration is given to equalities impact of individual Student Association activities and is not required for this summary.

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

**6. 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	
Low		X
Very Low		

**Please describe any risks associated with this paper and associated mitigating actions** – low student awareness of and engagement with the work of the Student Association could lead to some negative comment in the college's Education Scotland review report. This will be mitigated by the high visibility activities planned by the Student Association and strong support from SMT.

**Risk Owner** – Fiona Brown

**Action Owner** – Lorraine Simpson

7. 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 - Continue to communicate with student staff and the Board.

Paper Author – Lorraine Simpson

SMT Owner – Fiona Brown

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None notified.

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## 1. Purpose

The purpose of this paper is to inform the Board of Management of the college's forthcoming Education Scotland External Review

## 2. Recommendation

That members note the contents of this paper.

## 3. Background

Forth Valley College will have its quadrennial external review by Education Scotland during week commencing 14 March 2016. Education Scotland carries out independent reviews of the quality of provision in Scotland's colleges on behalf of the Scottish Funding Council (SFC). They use an external review framework developed in conjunction with the Council, colleges and other key stakeholders. External reviews are designed to:

- evaluate colleges against the three key principles of High quality learning, Learner engagement and Quality culture;
- support and promote quality enhancement in colleges to provide the best possible experience for the learner;
- provide information to Scottish Ministers, SFC and the public on the quality of colleges and the education and training they provide;
- provide an independent evaluation to assist colleges in informing prospective and current learners of the quality of the college's programmes and services;
- complement college-led internal review and self-evaluation;
- contribute to a strategic overview of quality across the sector for SFC; and
- identify excellent practice for wider dissemination.

The external review is part of an ongoing programme of review carried out by Education Scotland, which includes Annual Engagement Visits with each college and sector-wide subject/thematic assessment tasks.

During the review, from Monday 14 to Thursday 17 March inclusive, there will be a team of up to 12 reviewers in the College, including full-time HMIs, Associate Assessors from other colleges, and Student Team Members (current or recent students from another college).

The reviewers will:

- engage in a pre-planned programme of professional discussions with SMT/Board members; groups of Heads, Managers, teaching and support staff; 6-8 programme teams; groups of students and external partners;
  - observe a wide range of lessons (most likely around 60) from all subject areas and campuses, including evening classes, and hold discussions with the lecturers and students from these classes. These observations will be unannounced and we will not have prior notification of which classes will be observed;
  - review a range of documentary evidence;
  - Student Team Members will talk extensively to students in informal settings across the college.
-

After consideration and moderation of the review evidence, the Managing Inspector will feed back the findings of the review to SMT on 22 March. Education Scotland will use an overarching statement of effectiveness to summarise the outcomes of external review. The judgement of effectiveness takes into account all the evidence gathered through the external review and related evaluative activities. Such judgements will express the outcome for the college as:

- effective;
- limited effectiveness; or
- not effective.

This overarching judgement will be further detailed by four supporting statements which substantiate the judgement of effectiveness in relation to the three key principles. The formal report, published around two months after the review, will also contain more detailed evaluative narrative and any examples of excellent practice identified during the review.

#### 4. Key Considerations

Forth Valley College has a very good track record in Education Scotland review and has performed consistently well in Annual Engagement Visits and aspect tasks since our last review in February 2012. Planning for the review is already well in progress.

Education Scotland have asked to speak to the Chair of the Board and two Board Committee Chairs during the review. Anne Mearns and Nigel Scott have agreed to take part, alongside Hugh Hall, and they will be fully briefed in the new year. The Chair will also meet with the Managing Inspector, HMI Ian Beach, during pre-review briefing day on 7 January.

#### 5. Financial Implications

**Please detail the financial implications of this item** – There are no financial implications.

#### 6. Equalities

**Assessment in Place?** – Yes  No

**If No, please explain why** – Not applicable

**Please summarise any positive/negative impacts (noting mitigating actions)** – Not applicable

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**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 –** Inadequate preparation for the review could result in reputational damage, however, thorough preparation, coupled with the College's previous positive review experiences, is mitigation for this.

**Risk Owner –** Fiona Brown

**Action Own** Fiona Brown

**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 –** All accounted for within the plan.

**Paper Author –** Fiona Brown

**SMT Owner –** Fiona Brown

Mar-16 June-16

**FOR APPROVAL**

Minutes of Previous Meeting	✓	✓
Falkirk Campus – Full Business Case	✓	
SFC Outcome Agreement	✓	
Donation to Forth Valley College Foundation	✓	
Tuition Fees & Fee Waiver Policy	✓	
Budget 2016/17		✓
Foundation Annual Plan AY 16/17		✓
Treasury Management Strategy 2016/17		✓

**FOR DISCUSSION**

Committee Minutes (Various)	✓	✓
Equalities update	✓	
Student Union Update	✓	✓
Board Self Evaluation Activity	✓	
Review of Risk	✓	✓
Risk Register		✓
Online Portal for Schools		✓
OCB	✓	✓

Meeting	AY 15/16	AY 15/16
Board of Management	Thursday 24 March 2016 Falkirk	<del>Thursday</del> <del>23</del> Tuesday 21 June 2016 Falkirk
Audit	Thursday 10 March 2016 Falkirk	<del>Tuesday</del> Thursday 2 June 2016 Falkirk
Finance	Tuesday 15 March 2016 Falkirk	Tuesday <del>16 June</del> 14 June 2016 Falkirk
HR	Tuesday 1 March 2016 Alloa	Tuesday 7 June 016 Alloa
Strategic Development	Thursday 25 February 2016 Stirling	Thur day 9 June 016 Alloa

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### 1. Purpose

To provide Board Members with an overview of the College's approach to Safeguarding.

### 2. Recommendation

That members note the content of this paper.

### 3. Background

The College has a number of statutory duties which govern how it manages particular types of activity/incidents.

A review of these areas has presented an opportunity to group three of these areas together under a 'Safeguarding' brand within the College.

The three areas are as follows –

- Protection of Children, Young People and Adults
- Corporate Parenting
- PREVENT

### 4. Key Considerations

#### Protection of Children, Young People and Adults.

Forth Valley College aims to ensure the Safeguarding of all Children, Young People and Adults who are involved in any way with the College. The College also aims to give staff a clear structure within which they can work safely.

#### Duty of Care

The College fulfils its duty of care by:-

- raising the awareness of all staff of the need to Protect Children, Young People and Adults, and to emphasise the responsibility of all staff in reporting possible cases of abuse or harm to the Safeguarding Team;
- providing appropriate procedural steps in order to monitor the Colleges involvement in Child and Adult Support and Safeguarding Referrals;
- contributing appropriately to assessments of need and support packages for those Children, Young people and Adults affected by abuse or harm;

- Emphasising the need for, and facilitating good levels of, communication between all members of staff and other agencies.
- Mandatory compliance training for all existing and new staff is delivered by the Safeguarding Team. Mandatory compliance training is completed during staff development and staff inductions. Staff have access to the Protection of Children, Young People and Adults Policy on SharePoint.

### Corporate Parenting

*Corporate Parenting means the formal and local partnerships needed between all local authority departments and services, and associated agencies, who are responsible for working together to meet the needs of Looked After Children, Young People and Care Leavers (Scottish Government 2007 and 2008).*

Children and Young People (Scotland) Act - Part 9 (Corporate Parenting) of the Act came into force in April 2015. FVC is a proud Corporate Parent. Our duties include:

- Being alert to matters which adversely affect the wellbeing of looked after children and care leavers;
- Assessing the needs of those children and young people for the services and support they provide;
- Promoting the interests of those children and young people;
- Seeking to provide opportunities which will promote the wellbeing of looked after children and care leavers;
- Taking action to help children and young people access such opportunities and make use of the services and support provided.

We are working with Who Cares? Scotland to raise awareness of Care Experienced Young People. FVC is part of the 'Corporate Parenting and You' project, a training and education programme for Further and Higher Education institutions. We will have access to online and face-to-face training from Who Cares? Scotland for a range of staff, this will be rolled out from January 2016. Several staff have already attended basic training/awareness raising in February 2015 and 5 senior staff attended level 3 training Sep 2015. FVC SMT will undertake training in January 2016.

As part of this support, the College will also develop an action plan for Corporate Parenting, building on work started when FVC achieved the Buttle Chartermark.

Currently, a range of staff from across college (Access & Progression, Student Records, Equalities, Student Services) are focused on developing appropriate information sharing/communication pathways to support care experienced young people in College and those thinking of applying to College.

## PREVENT

As a public body, the College has responsibilities under the PREVENT strand of the Counter Terrorism and Security Act 2015 (CONTEST). This, combined with guidance issued by the Scottish Government, places clear duties on the College to have “due regard to the need to prevent people from being drawn into terrorism”.

The PREVENT strand of the Counter Terrorism and Security Act 2015 is a ‘pre-criminal’ stage. Its focus is on identifying those at risk of radicalisation from the three main terrorism threats (Islamist, Republican or Extreme Right Wing) to the UK and intervening to counter this radicalisation before criminal or other activity occurs.

For the College, we are required to –

- Train relevant front facing staff to ensure they understand what is meant by radicalisation, why individuals may be at risk of radicalisation and what support is available. This work has already commenced with the provision of Home Office WRAP (Working to Raise Awareness of Prevent) training delivered to staff and being incorporated into future staff development and induction
- Establish effective information sharing arrangements with Police Scotland and other partners. A mechanism is in place to ensure that any information sharing is proportionate, overseen centrally through the Executive Office and does not place the College at risk of breaching other information such as the Data Protection Act 1998
- Review our IT systems to detect when an individual is accessing resources which could potentially cause radicalisation. This is anticipated to be the most likely interaction within a College context. Work is ongoing to identify how the College systems can identify and track this type of activity
- Ensure that there is clear guidance on welfare and pastoral care, including the use of prayer rooms and multi-faith facilities

The College has representation on the local CONTEST group and SMT have been fully briefed on their responsibilities.

## 5. Publicity

The College is keen to promote the Safeguarding theme to all staff and to this end have created a marketing campaign to assist with this.

Attached to this report is an example of the Safeguarding poster which will be made available in staff workrooms. A special flier based on this material will also be issued inside staff payslips in December and January to promote this activity.

Beyond the overall Safeguarding promotional materials, there are area specific materials for Protection of Children, Young People and Adults and Corporate Parenting. Samples of these are also enclosed.

**6. Financial Implications**

Please detail the financial implications of this item – None. All materials are being produced internally.

**7. Equalities**

Assessment in Place? – Yes  No

If No, please explain why – Not applicable

Please summarise any positive/negative impacts (noting mitigating actions) – Relevant policy changes have been impact assessed and all impacts listed within the relevant documents.

**8. 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
Low	X	
Very Low		

Please describe any risks associated with this paper and associated mitigating actions – Failure to meet the duties placed upon the College for the areas within the Safeguarding heading places staff and students at risk as well as opening the College to the risk of reputational damage. Clear, comprehensive system with associated staff development and training is key to ensuring that the College is able to effectively manage incidents.

Risk Owner – Len Thomson

Action Owner – Andrew Lawson

**9. Other implications –**

Please indicate whether there are implications for the areas below.

Communications – Yes  No

Health and Safety – Yes  No

As noted in section 6, there will be additional marketing provided to support the launch of the Safeguarding approach within the College

Paper Author – Stephen Jarvie

SMT Owner – Andrew Lawson

Safeguarding Poster

**Safeguarding our Learning Community**  
**Protect, Prevent, Parent**

**We PROTECT**

Forth Valley College is committed to the protection of children, young people and adults. If a child, young person or adult talks to you about a concern which is a safeguarding issue you have a responsibility to:

- Advise the child, young person or adult that you must pass the information on
- Allow him or her to speak without interruption, listen to what is said, but do not investigate
- Record the facts as soon as possible and report the facts to the Safeguarding Team

**We PREVENT**

Forth Valley College is one of many organisations which has a statutory duty under the PREVENT strand of the Counter Terrorism and Security Act 2015.

Our responsibilities include:

- Ensuring that the College can provide advice and support for those at risk of radicalisation
- Providing staff development which will provide relevant staff with an understanding of radicalisation and why people may be vulnerable to this
- Providing a link to specialist external advice to support staff
- Contributing to the College's overall Safeguarding approach

**We PARENT**

Forth Valley College is a proud corporate parent. This means we are 'here to help' care experienced young people.

Our responsibilities include:

- Being alert to matters which adversely affect the wellbeing of care experienced young people
- Assessing the needs of care experienced young people for the services and support we provide
- Promoting the interests of care experienced young people
- Taking action to help care experienced young people access such opportunities and make use of the services and support provided

**Protect**

Contact Details for Information and Advice



disclosure@forthvalley.ac.uk



Alloa 01259 215514  
Falkirk 01324 403112 / 403114  
Stirling 01786 406020

**Prevent**

Contact Details for Information and Advice

Stephen Jarvie, Corporate Governance & Planning Officer



stephen.jarvie@forthvalley.ac.uk



01324 403273

**Parent**

Contact Details for Information and Advice



learneradvisers@forthvalley.ac.uk



Alloa 01259 215514  
Falkirk 01324 403112 / 403114  
Stirling 01786 406020

### 1. Purpose

To advise members that Forth Valley College has gained the Scottish Business Pledge.

### 2. Recommendation

That member's acknowledge that the College has been awarded the Scottish Business Pledge (SBP).

### 3. Background

The Scottish Business Pledge was launched by the First Minister on the 26 May 2015. The purpose of this Government initiative is to assist in creating a lasting economic success and building sustainable growth. The Pledge is a values-led partnership between Government and business, a shared ambition of boosting the productivity, competitiveness, sustainable employment and workforce engagement and development.

The Business Pledge is a voluntary commitment made by companies in Scotland to uphold the best in modern business practices and to embrace the principle of fairness, equality, opportunity and innovation.

The Business Pledge is made up of 9 components of which companies must work towards achieving, a summary of these components can be viewed from the Scottish Business Pledge website [www.scottishbusinesspledge.co.uk](http://www.scottishbusinesspledge.co.uk).

The College achieves all 9 of the components by:

#### 1. Paying the Living Wage

With the exception of Modern Apprentices and Interns the College already pays the Living Wage hourly rate currently set at £7.85 for all roles. This can be compared against the legally enforceable National Minimum Wage of £6.50. The College is currently working through accreditation as a recognised Living Wage Employer and will continue to meet this standard.

#### 2. Not using exploitative zero hours contracts

Zero Hours Contracts are regularly in the media and political arena due to some employers exploiting employees terms and conditions and treating them less favourably than permanent employees. It is the exploitation element of zero hour's contracts that is the issue, i.e. restrictive covenants, no access to CPD, holidays or sick pay and exclusivity employment clauses.

The College does not employ any employee on such contracts, our seasonal staff are employed on casual contracts which have comparable employment rights as other members of staff, i.e. they have access to CPD, holidays, sick pay and there is no restrictive or exclusivity clauses. Under a casual contract, there is commonly no obligation on the

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employer to offer work to the individual and, crucially, no obligation on the individual to accept work that is offered.

### **3. Supporting progressive workforce engagement**

The College achieves this component by managing employee focused systems like our Personal Review and Development (PRD) appraisal process which is linked to department Operational Plans and business objectives. We also undertake relevant CPD throughout the year as well as conducting College wide training programmes and seeking feedback from employees in the form of an Employee Cultural Engagement Survey

In addition we consult with employees on a number of issues and in a variety of ways such as regularly meetings with the trade unions. The college has adopted a healthy working lives initiative and this coupled with our family friendly policies, continuing service and Occupational Health service all support the health and wellbeing of our staff.

### **4. Investing in Youth**

The main focus of the College is 'Making Learning Work' and Developing Scotland's Young Workforce initiative. We accomplish this by entering into partnerships with local schools to influence the development of young people education and provide paths to sustainable employment.

The college offers careers guidance and work-based learning and employment opportunities, including modern apprenticeships as we recognise the link between business and the recruitment and development of young people and the work force of tomorrow. The College has a strategy in place to attract, recruit and develop young people as well as support them through their education with access to relevant supporting services.

### **5. Making progress on diversity and gender balance**

The College has a progressive and sector leading approach to diversity and gender balance which can be demonstrated by the commitment of SMT and the culture within the College. Policies such as our Equalities Policy and Equal Pay statement as well as the data we record and publish establishes the College as a progressive diverse organisation.

In terms of gender balance, the employee profile from Board, SMT to academic and support staff determines that we have a healthy 50/50 approach to gender at all levels.

### **6. Committing to an innovation programme**

The college has adopted a strategy and process of self-evaluation on an annual basis to support continual development and improvement of our services. We use internal audits to ensure systems and processes are fit for purpose and have a Board appointed Audit Committee to oversee department and services audits. In addition we have a series of external audits from Government bodies such as the Education Scotland as well as our external appointed auditor. A number of projects are undertaken each year to improve

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departments, systems and services and a budget is allocated within the overall Project Management Process.

#### **7. Pursuing international business opportunities**

The College recently appointed an International Manager and provided a dedicated budget to pursue international opportunities. Communication with several Colleges and Institutions around the world has been established and student and employee exchange will be considered.

#### **8. Playing an active role in the community**

In recent years the College has improved its reputation by adopting a responsible and sustainable business model. College consumables such as heating, electricity, carbon emissions and waste are being monitored with a target to reduce them on an annual basis and reduce costs.

The recent build of 2 new campuses allowed the College to engage with local business, the community and Local Authorities and make significant progress in reducing our carbon footprint and working with local suppliers. In addition we form partnership alliances with local authorities and businesses as part of Community Planning Partnership (CPP) working together across the region.

#### **9. Committing to prompt payment**

The College has internal arrangements in place to pay suppliers within a maximum of 30 days. The College encourages and promotes best practice between organisations and works within defined terms and is committed to dealing with any issues that may arise. This allows the College to form strong relationships with suppliers.

Making the SBP means that as a minimum companies must meet the core commitment of paying the living wage and fulfil any 2 of the remaining 8 components, in addition a longer term commitment must be agreed to meet the other components.

#### **4. Key Considerations**

The College's SBP was submitted on 28 May containing evidence that the College's practices meet all 9 components of the Pledge. The Business Pledge and Engagement Team from Scottish Government confirmed on the 2<sup>nd</sup> July 2015 that we were the first and only college in Scotland to achieve the SBP and one of the first 30 companies within Scotland.

The Scottish Business Pledge is self-policing, so the onus is on the College to let the Scottish Government know immediately if for any reason we no longer meet the eligibility criteria. There are a few criteria that the College must comply with to maintain the SBP status, namely, if media or other questions emerge which are company-specific we may seek relevant additional

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verification or information. There will be a survey of Pledge companies every two years to help measure effectiveness and progress which we are requested to complete.

The College's logo is now displayed on the official Scottish Business Pledge webpage along with 56 other SBP companies. In addition we are now authorised to use the SBP logo on any communication for the College.



The Business Pledge and Engagement Team from Scottish Government recommended that the College consider signing up with the Partnership for Change which is a network of interested organisations sharing an ambition to improve gender balance in the boardroom and beyond. The wording of the commitment is as follows: "Effective boards bring together diverse thinking and talent. So we welcome the opportunity to sign up to the Partnership for Change and commit to further the diversity of our Board working towards 50/50 gender balance by 2020". Forth Valley College Board of Management and other Board Committees as well as SMT already benefit from a healthy gender balance.

The College has already received acknowledgement from Deputy First Minister John Swinney, who congratulated the College on becoming the first college to make the pledge.

Mr Swinney, said: "The Scottish Business Pledge recognises shared goals and values by celebrating success and ambition and signalling a commitment to work towards a better future. Forth Valley College is the first college to make a Pledge, and this speaks clearly to the ambition and innovation which underpins their success. This Pledge underlines the importance of fair and progressive business policies and the role they play in supporting business development and sustainable economic growth".

## 5 Financial Implications

There are no financial implications for maintaining the SBP standards or approval. Only associated costs would be use of the SBP logo on official communication and maintaining our accreditation with other relevant bodies.

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**4 Equalities**

Assessment in Place? – Yes  No

If No, please explain why – Equalities are embedded within the pledge itself.

**5 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		
Very Low	X	X

Please describe any risks associated with this paper and associated mitigating actions –

The associated risks are very low, this is a positive initiative to be associated with.

Risk Owner – Andrew Lawson

Action Owner – Steven Still

**6 Other Implications –**

Please indicate whether there are implications for the areas below.

Communications – Yes  No

Health and Safety – Yes  No

Achieving the BP has already been communicated internally. Achieving the SBP should also be communicated externally on our webpage and in our letters.

Paper Author – Steven Still

SMT Owner – Andrew Lawson