

Stirling Campus, Kildean Suite 10am (refreshments available from 9.30am)

AGENDA

- 1 Declarations of interest
- 2 Apologies

FOR APPROVAL

- 3 Draft Minutes of meeting of 29 September 2016

(Elements of this paper 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.)

- 4 Matters Arising

- a) B/16/011 Appointment of Board Member
- b) B/16/014 Board Self Evaluation Activity and Chairs Evaluation

- 5 Minutes of Committee Meetings

- Falkirk Campus Project Board 10 November 2016
- HR (Inc. Nomination) Committee 22 November 2016
- Audit Committee 29 November 2016
- Finance Committee 29 November 2016
- Strategic Development Committee 1 December 2016

(Elements of these minutes are withheld from publication on the Forth Valley College website under Section 33 Commercial Interests and the Economy of the Freedom of Information (Scotland) Act 2002.)

- 6 Annual Report and Financial Statements Alison Stewart

(Elements of these minutes 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.)

- 7 Report to the Board of Management and the Auditor Henderson Loggie
General for Scotland

- 8 Code of Good Governance (August 2016) Hugh Hall

- 9 "Making Fundraising Work" - Fundraising Strategy Pauline Barnaby

(Elements of this paper 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.)

10 Falkirk Council - Representation within the Community Planning Leadership Structure David Allison

11 Papers considered by Committees and recommended to Board of Management for Approval:

a) Procurement Strategy Alison Stewart

FOR DISCUSSION

12 Student Association Activity September to December 2016 Alan Buchan

13 Principal's Report Ken Thomson

(Elements of this paper 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.)

14 Review of Risk

15 Any other competent business

FOR INFORMATION

Outcome Agreement Self Evaluation 2015-16

Boardroom, Falkirk Campus (commencing at 4.30pm)

Present: Mr Hugh Hall (Chair)
Dr Ken Thomson (Principal)
Mr Colin Alexander
Mr Alan Buchan (Student Union President)
Mrs Fiona Campbell
Mrs Lorna Dougall
Mrs Pamela Duncan (Staff Member)
Mr Scott Harrison (Staff Member)
Mrs Caryn Jack
Mr Liam McCabe
Mr Steven Tolson
Mrs Karen Williams (Student Member)
Ms Angela Winchester

Apologies: Mr Andrew Carver
Ms Beth Hamilton
Mr Ken Richardson
Mrs Anne Mearns

In Attendance: Mr David Allison, Associate Principal and Executive Director Information Services and Communication
Mrs Fiona Brown, Associate Principal and Executive Director Learning Services
Mrs Colette Filippi, Associate Principal and Executive Director Business Development
Mr Tom Gorman, Associate Principal and Executive Director Estates Development
Mr Andrew Lawson, Associate Principal and Executive Director HR and Operational Effectiveness
Mrs Alison Stewart, Associate Principal and Executive Director of Finance
Mr Stephen Jarvie, Corporate Governance and Planning Officer

B/16/007 Declarations of Interest

None.

B/16/008 Minute of Board of Management Meeting of 25 August 2016

The Minute of the meeting of 25 August 2016 was accepted as an accurate record.

B/16/009 Matters Arising

a) B/16/006 Falkirk Estate Full Business Case

The Chair confirmed that this would be covered under the Falkirk Campus Project Board minute later in the agenda.

B/16/010 Minutes and draft minutes of other Committee

a) Strategic Development Committee – 8 September 2016

Strategic Development Committee members noted that there were no items to highlight.

b) Audit Committee – 15 September 2016

The Audit Committee Chair reported that there was no information to highlight.

c) Falkirk Campus Project Board– 22 September 2016

The Principal updated members on the meeting and provided further information on the recent presentation of the Full Business Case to the Board of the Scottish Funding Council (SFC). He confirmed that the presentation was well received with good feedback.

He noted that there was further checking being done at SFC on the financial assumptions and that approval authority had been devolved to the SFC Chair so as not to impact the overall project timelines.

He confirmed that the next stage after SFC approval would be Scottish Ministers approval prior to the commencement of the OJEU phase of the project programme.

B/16/011 Appointment of Board Member

The Chair presented a paper outlining the recent recruitment activity undertaken to identify a new non-executive Board member to fill the current vacancy. He highlighted the high quality of candidates who had been assessed and outlined proposals to co-opt two of these candidates onto the Board in addition to the recommended candidate.

He highlighted that these co-options would allow for a more efficient process to replace any future vacancies which may arise.

He outlined the process for securing Scottish Ministers approval for the recommended candidate and the co-option of the additional candidates.

a) Members approved the appointment of D Flynn and the co-option of S Torrie and T Craggs, subject to Ministerial approval

Members noted that the plan referred to travel issues and asked the Student Association President to provide more information. He confirmed that there were issues, particularly at Stirling, with the volume of public transport services.

Members also queried the level and provision of mentoring support. Karen Williams confirmed that peer mentoring options were being examined and visits to other Colleges had been undertaken to see practices in other Colleges.

She confirmed that, in addition to peer mentoring, the Student Association are looking at supporting the establishment of a number of clubs which would complement the links with Stirling University clubs which was in place. Clubs are viewed as a good way of encouraging students to meet and socialise.

Members requested that the link to Stirling University clubs be well publicised to students.

The Chair also reported on the establishment of the Board Buddies scheme which has matched Student Association Executive Staff with Board members to offer mentoring support. This support would also be useful for the running of the informal additional Board meetings which had been discussed at the previous meeting.

a) Members noted the content of the report

B/16/014 Board Self Evaluation Activity and Chairs Evaluation (Verbal)

The Chair updated members on progress. He noted that, now the revised Code of Governance was available, guidance on the independent assessment of the Board had been published.

Following discussion on timescales and type of review to commission, it was agreed that the Audit Committee would lead on the commissioning of the independent assessor.

B/16/015 Review of Risk

No new risks were identified

B/16/016 Any Other Competent Business

The Principal provided a brief overview of his update report which had been attached for information to the Board papers. He highlighted the high level and positive engagement with local MP's and MSP's as well as Ministerial visits since the last meeting.

He also updated members on recent strike action from support staff across the sector.

Project Office Meeting Room (commencing at 4.30pm)

Present: Ken Richardson Forth Valley College Board Member (Chair)
 Bob Gill Co-opted member
 Ken Thomson Principal
 Tom Gorman AP and Executive Director of Estates Development
 Alison Stewart AP and Executive Director Finance
 Claire Shiels Head of Facilities, management and Health and Safety
 Lyndsay Condie Communications and Marketing Manager
 Paul Dodd Scottish Futures Trust (via teleconference)
 Colin Campbell AECOM (via teleconference)

Apologies: Colin Alexander Forth Valley College Board Member
 Steven Tolson Forth Valley College Board Member
 David Allison AP and Executive Director of Information Services
 Kerry Alexander Scottish Futures Trust
 Trevor Stone AECOM

In attendance: Stephen Jarvie Corporate Governance and Planning Officer (Minute)

FC/16/010 Apologies for Absence

The apologies were noted.

FC/16/011 Declarations of Interest

None.

FC/16/012 Minute of Meeting held on 22 September 2016

The minutes of the meeting of 22 September 2016 were approved.

FC/16/013 Matters Arising

a) FC/16/006 Progress Update

The Chair noted that this would be covered under item FC/16/014

b) FC/16/009 Date of Next Meeting

The Chair noted that this would be covered under item FC/16/014

FC/16/014 Progress Update

The Associate Principal Executive Director of Estates Development presented his update report on progress with the development of the Falkirk estate.

He reported that discussions were ongoing with Falkirk Council in relation to their share of the fee for the cancelled arts venue.

He updated members on progress with the approval process of the Full Business Case (FBC) through SFC and Scottish Government approval channels. He informed members that it was still the intention to meet the OJEU tender issue deadline of 25/11/16 subject to Ministerial approval as outlined in the FBC.

The Principal noted that there was significant interest at Ministerial and MSP level.

Members queried whether there had been any interest from potential contractors. The Associate Principal Executive Director of Estates Development confirmed that there had been a large amount of interest with contractors either wanting to come into the College to discuss the new campus or inviting College staff to visit recently completed projects.

The Associate Principal Executive Director of Estates Development reported that significant work had been progressed with the room layouts for the new campus.

He also informed members that, post FBC completion, work was continuing on costs for the new campus. He outlined how costs across areas were being refined but noted that the College continued to operate within the project budget.

The Associate Principal Executive Director of Estates Development discussed the process involved in OJEU and noted that, while it had been recorded in the previous minute that the document would need to come to the campus board for approval, this was not actually needed in terms of project governance.

Following discussion, it was agreed that Project Board members could have sight of the OJEU documentation if they wished.

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The Chair noted that Steven Tolson, as he was unable to make the meeting, had submitted queries to The Associate Principal Executive Director of Estates Development who had responded to him. He noted if there were additional comments that these would be circulated to members.

a) Members noted the content of the report

FC/16/015 NFHC Monthly Progress Report

Colin Campbell presented members with an overview of the monthly report from AECOM.

As had been reported by the Associate Principal Executive Director of Estates Development, he discussed the changes to project elements and the impact on costs while confirming that the overall project cost had remained the same and the overall project remained on programme.

a) Members noted the content of the report

FC/16/016 Any other competent business

Members discussed the meeting schedule and agreed to the removal of the 20 December 2016 meeting. It was confirmed that the next meeting of the Campus Board would be on 26 January 2017.

Members also asked that the minute note the next three meeting dates. These are –

26 January 2017
23 February 2017
30 March 2017

Room S1.03, Stirling Campus (commencing at 4.30pm)

Present: Mrs Beth Hamilton (Chair)
Mrs Fiona Campbell
Mrs Anne Mearns

Apologies: 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 Fiona Duff, Health and Safety Coordinator (for item H/16/004 only)

The Associate Principal and Executive Director, HR and Operational Effectiveness informed members that items 9 and 10 on the agenda were actually the same item.

H/16/001 Declarations of Interest

None.

H/16/002 Minutes of meeting held on 10 November 2015 and 7 June 2016

The Minute of the meetings of 10 November 2015 and 7 June 2016 were accepted as an accurate record.

H/16/003 Matters arising

a) H/15/014 Update on Second Cultural Survey

The Associate Principal and Executive Director, HR and Operational Effectiveness provided an update on the Cultural Survey, noting that the results and actions would be used to influence both strategic and operational planning. He announced that an employee forum would be convened to discuss the key themes arising from the survey.

b) H/15/018 Any Other Competent Business

The Associate Principal and Executive Director, HR and Operational Effectiveness updated members on recent developments with National Bargaining. He confirmed that UNISON had rejected the latest pay offer, that they intended to take further strike action and he also outlined the positions of both the union and management sides.

b) H/15/015 Staff Development – August 2016

The Head of HR noted that members had requested the College investigate the possibility of putting College staff development activity forward for external recognition.

He reported that the HR Department did receive a lot of recognition from peers with a number of other College's coming to see how our systems work.

He did confirm that the College would keep an eye out for award opportunities but cautioned that there was often an administrative cost to applying for these and any submission would be dependent upon work levels in the team.

Members noted the update and confirmed that, if feasible, they would still like the College to seek external recognition for staff development.

Members also noted that there were other awards the College should consider, for example ROSPA for Health and Safety.

H/16/004 Health and Safety Update

The Health and Safety Coordinator presented a report outlining the College's performance against Health, Safety and Sustainability.

She outlined key areas within the report, noting for example that the deployment of additional protective equipment had reduced the number of cuts within the College.

She also briefed members on health surveillance activity amongst staff designed to ensure relevant staff are regularly checked based upon their individual working environments.

a) Members noted the content of the report

H/16/005 Complaints Overview 2015/16

The Corporate Governance and Planning Officer provided an overview of the complaints received by the Executive Office in session 2015/16. He outlined the continued year on year reduction in complaints received by the Executive Office and noted that this was in part due to lessons learned from previous years complaints and the changes to systems and processes arising from these.

Members queried how proactive the College was in seeking out complaints. The Corporate Governance and Planning Officer outlined the complaints environment within the College and noted that staff would always try to identify problems and deal with any complaints as quickly as possible.

a) Members noted the content of the report

H/16/006 Staffing Establishment Update Q4 2015/16

The Head of HR presented an update on the College staffing establishment for Q4 2015/16. He noted that there were two staffing establishment reports being brought to the Committee and explained that these reports had been split to allow a full year on year comparison between 2015/16 and 2014/15 as well as provide an up to date picture for the first quarter of the current year.

He outlined the key aspects within the report and noted that, in terms of headcount, this had largely been consistent between the years.

He provided an overview of succession planning activity within the College and also discussed opportunities for staff development via internal and external secondment and the benefits this brings to individuals and the College as a whole.

Members queried the cost implications for this activity. The Head of HR noted that not all secondment activity was backfilled and that there was a comprehensive review process both for the benefit to the individual and the College of secondment along with the cost implications of maintaining an acceptable level of service.

Members queried the level of flexible working within the College. The Head of HR noted that there was a level of flexible working and the preferred method was for staff to work condensed hours. He confirmed that each request was reviewed on individual merit and to ensure any flexible working was appropriate to the individual role.

Members queried the methods used by the College to advertise vacancies. The Head of HR provided an overview of the MyJobsScotland which the College was involved in developing. He outlined the significant savings this provides versus more traditional and other online advertising avenues.

a) Members noted the content of the report

H/16/007 Staffing Establishment Update Q1 2016/17

The Head of HR presented an update on the College staffing establishment for Q1 2016/17.

He confirmed that, overall, there had been no significant differences since the previous quarter but noted there had been a slightly higher number of leavers than normal. He provided details on the reasons for these.

Members queried whether staff exiting the College were questioned on their experience. The Head of HR confirmed an exit interview is conducted.

a) Members noted the content of the report

H/16/008 People Strategy

The Associate Principal and Executive Director, HR and Operational Effectiveness presented a draft, outline people strategy which looks to further develop College staff.

He noted that this was a ten year strategy and that the final version would be brought back to the Committee for approval.

He outlined the main points within the strategy and noted that there would be staff input to the further development of the strategy once it had been fleshed out more by Senior Management and Heads of Department.

Members queried whether there was a risk that staff would view the strategy negatively. The Associate Principal and Executive Director, HR and Operational Effectiveness confirmed that, if not communicated correctly, there was a risk of the strategy causing some concern.

He reaffirmed that the strategy would have significant work done and a communications plan developed before it was made available to College staff for input.

a) Members noted the content of the report

H/16/009 Review of Risk

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

H/16/010 Any Other Competent Business

The Associate Principal and Executive Director, HR and Operational Effectiveness informed members that the local RPA had been signed by UNISON and it was anticipated EIS would be signing their one this week. He outlined the changes in the RPA and noted that these had arisen from elements of local activity now being covered under national bargaining.

Boardroom, Falkirk Campus (commencing at 4.30pm)

Present: Mrs Lorna Dougall (Chair)
Mr Colin Alexander
Mr Liam McCabe (for items A/16/012 and A/16/013)

In Attendance: Mrs Alison Stewart, Associate Principal and Executive Director of Finance
Mr Stephen Jarvie, Corporate Governance and Planning Officer
Mrs Irene Andrew, Head of Finance (for items A/16/012 and A/16/013)
Mr Gary Devlin, Scott Moncrieff
Ms Claire Beattie, Scott Moncrieff
Mr Steven McNaught, Henderson Loggie
Mr Keith McPherson, Ernst & Young

The Chair informed members that, in order to ensure quorum for the approval of item A/16/013, Liam McCabe was being co-opted onto the Committee for that item. She also informed members that the joint items A/16/012 and A/16/013 would be considered first.

**A/16/012 Annual Report and Financial Statements 2015/16
(Joint item with Finance Committee)**

The Associate Principal and Executive Director of Finance presented the Annual Report and Financial Statements 2015/16 for approval.

She noted that the preparation of the accounts had been challenging with the implications of the new Statement Of Recommended Practice (SORP) and FRS 102 to be taken into account. She highlighted the work done by the Finance team under the Head of Finance.

She informed members that the new reporting standard made the figures look more challenging than they actually were and that neither the College nor the External Auditors had any issues with describing the College as a going concern. She confirmed that the College was continuing to be strong in cash generation, had achieved a better outturn for the year than had been budgeted and had met government resource allocation requirements.

The Chair of the Finance Committee congratulated the Assistant Principal and Executive Director of Finance and the Head of Finance for pulling together the financial statements and securing a clean audit report in this challenging year of transition. The Chair of Finance also noted that there were concerns as to how the changes to the accounts as a result of applying new technical changes under FRS 102 would look externally to the sector but noted that the College had no choice but to implement this.

Members noted that the changes did make the accounts appear challenging and invited both internal and external auditors to comment on the accounts and raise any concerns they might have.

No concerns were raised.

Members requested an update regarding the existing covenants with Barclays Bank. The Associate Principal and Executive Director of Finance confirmed that the College was in breach of the covenants and that Barclays were aware of the reason. She updated members on progress towards the removal of the covenants and confirmed that, while this was a Barclay's decision, the College continues to push for the removal of the covenants.

The Chair asked for clarity over the use of the term 'exceptional items' for items that have appeared in the accounts for more than a year. Mr McNaught, Henderson Loggie, confirmed that in his professional opinion these items should be classed as 'exceptional' items.

a) Members approved Annual Report and Financial Statements 2015/16

**A/16/013 Draft External Audit Annual Report to the Board of Management
(Joint item with Finance Committee)**

Mr McNaught, Henderson Loggie, presented the annual report from the College external auditors. He highlighted that all testing had been satisfactory and outlined the audit adjustments which had been made.

He confirmed that Henderson Loggie planned to issue an unqualified audit opinion for the accounts.

a) Members approved the content of the draft external audit annual report to the Board of Management

Finance Committee members exited at this point

A/16/014 Apologies for Absence

Mrs Beth Hamilton

A/16/015 Declarations of Interest

None

A/16/016 Minute of Audit Committee of 15 September 2016

The Minute of 15 September 2016 was approved as accurate.

A/16/017 Matters Arising

a) **A/15/021 Internal Audit Programme Progress Report**

The Chair requested an update on progress with the arrangement of a risk session for the Board. The Associate Principal and Executive Director of Finance noted that an hour had been put aside at the upcoming Board meeting for risk but, following discussion with the internal auditors, it was agreed that this time was insufficient.

Members discussed what they would anticipate the risk training to be and it was agreed that Gary Devlin, Scott Moncrieff, would prepare a risk session proposal which would be circulated to members for comment.

b) A/16/006 Presentation of Internal Audit Reports

The Associate Principal and Executive Director of Finance confirmed that the SFC returns internal audit had been circulated to Finance Committee members.

A/16/018 Presentation of Internal Audit Reports

Gary Devlin presented the Review of the 2015/16 Credits data return report. He noted that the controls reviewed had been accurate and only one very minor point had been found and rectified during the visit.

- a) Members noted the content of the report

A/16/019 Progress Report on Audit Recommendations

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

He noted that one recommendation (IT Security Policy) was seeking an extension and outlined the reasons for this.

- a) Members noted the content of the report and agreed the requested extension.

A/16/020 Risk Management

The Associate Principal and Executive Director of Finance presented the current Strategic Risk Register.

She noted that the risk surrounding funding allocation levels had been increased over concerns on future funding levels.

She also reported that two new risks relating to the Apprenticeship Levy and Foundation Apprenticeships had been added and outlined the reasons for these.

Members queried what activity the College was undertaking to mitigate against anticipated funding level reductions. The Associate Principal and Executive Director of Finance outlined actions being taken by the College to grow non-SFC income via commercial work, international developments and fundraising.

- a) Members noted the content of the report
A/16/021 Board Effectiveness Review

The Associate Principal and Executive Director of Finance outlined the requirement from the Code of Good Governance to have an external review of Board effectiveness. She outlined some quotes which had been sought from external firms and consultants who may undertake this review.

She confirmed a framework had been developed by the Good Governance working group and that she was seeking direction from the Audit Committee on how they would like to proceed.

Following discussion, it was agreed the Jan Polley would be appointed to conduct the review and that the Chair and the Associate Principal and Executive Director of Finance would meet with her to scope out the review process.

Once the proposal had been developed, it would be electronically circulated to members for comment.

- a) Members noted the content of the report
A/16/022 Review of Risk

Members noted the risks as outlined in the papers.

- A/16/023 Any Other Competent Business**

None.

Room S1.18, Stirling Campus (commencing at 4.30pm)

Present: Mr Liam McCabe (Chair)
Mr Andrew Carver
Mrs Pamela Duncan
Mrs Caryn Jack

Apologies: Mr Ken Richardson

In Attendance: Mrs Alison Stewart, Associate Principal and Executive Director of Finance
Mrs Irene Andrew, Head of Finance
Ms Louise Burnett, Finance Manager (F/16/016 Only)
Mr Keith McPherson, Ernst & Young

The Chair welcomed Keith McPherson to the meeting. The Associate Principal and Executive Director of Finance noted that Mr McPherson was representing Ernst & Young who would be the College's incoming external auditors.

F/16/010 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.

He also declared an interest in relation to item F/16/013 by virtue of being a Board member of APUC.

F/16/011 Minutes of Meeting held on 13 October 2016.

The minutes of the meeting held on 13 October 2016 were approved, subject to a revision to the attendance list.

F/16/012 Matters Arising

a) F/16/006 FRS 102 Accounting Policies

Members requested an update on FRS 102 following the last meeting. The Associate Principal and Executive Director of Finance reported that advice had been sought from the auditors and the Scottish Funding Council and the decision had been taken to prepare the accounts on an accruals basis. There had also been engagement with the Chair on this issue. The consensus was that the College should adopt the accruals method of accounting for capital grants which was its current practice. While this would weaken the College's balance sheet, given the College's status under ONS this was considered to be less of an issue than adopting the performance method in which the depreciation charge would be significantly greater.

The Chair noted that the decision on which basis to prepare the accounts had been an outstanding approval item from the last meeting and asked members if they were content to approve the policies used to prepare the accounts.

Members approved the accounting policies.

b) F/15/031 Budget 2016-17

Members requested an update in relation to the Raploch community campus. The Associate Principal and Executive Director of Finance provided an overview of recent discussions with Stirling Council and noted that it was hoped to reach an exit point in early 2017. She also provided an overview of the anticipated savings from the exit. It was pointed out that the College would continue to have a presence in the raploch campus and it was from catering provision that the exit was being planned.

F/16/013 Procurement Strategy 2016-2018

The Procurement Manager, Paul Johnstone who is on secondment to the college from APUC presented the updated Procurement Strategy for approval. He outlined the requirement for an update to the strategy as a result of the Procurement Reform Act and confirmed that the College met the requirements set out in the Act. He informed members that the Strategy would be published on the College website as required by the act and that annual reviews would be conducted and that these would also be published.

Members requested an overview of the College procurement processes which the Procurement Manager provided.

a) Members endorsed the policy for Board of Management approval

**F/16/014 Annual Report and Financial Statements 2015/16
(Joint item with Audit Committee)**

The Associate Principal and Executive Director of Finance presented the Annual Report and Financial Statements 2015/16 for approval.

She noted that the preparation of the accounts had been challenging with the implications of the new Statement Of Recommended Practice (SORP) and FRS 102 to be taken into account. She highlighted the work done by the Finance team under the Head of Finance.

She informed members that the new reporting standard made the figures look more challenging than they actually were and that neither the College nor the External Auditors had any issues with describing the College as a going concern. She confirmed that the College was continuing to be strong in cash generation, had achieved a better outturn for the year than had been budgeted and had met government resource allocation requirements.

The Chair of the Finance Committee congratulated the Assistant Principal and Executive Director of Finance and the Head of Finance for pulling together the financial statements and securing a clean audit report in this challenging year of transition. The Chair of Finance also noted that there were concerns as to how the changes to the accounts as a result of applying new technical changes under FRS 102 would look externally to the sector but noted that the College had no choice but to implement this.

Members noted that the changes did make the accounts appear challenging and invited both internal and external auditors to comment on the accounts and raise any concerns they might have.

No concerns were raised.

Members requested an update regarding the existing covenants with Barclays Bank. The Associate Principal and Executive Director of Finance confirmed that the College was in breach of the covenants and that Barclays were aware of the reason. She updated members on progress towards the removal of the covenants and confirmed that, while this was a Barclay's decision, the College continues to push for the removal of the covenants.

The Chair asked for clarity over the use of the term 'exceptional items' for items that have appeared in the accounts for more than a year. Mr McNaught, Henderson Loggie, confirmed that in his professional opinion these items should be classed as 'exceptional' items.

a) Members approved Annual Report and Financial Statements 2015/16

F/16/015

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

Mr McNaught, Henderson Loggie, presented the annual report from the College external auditors. He highlighted that all testing had been satisfactory and outlined the audit adjustments which had been made.

He confirmed that Henderson Loggie planned to issue an unqualified audit opinion for the accounts.

a) Members approved the content of the draft external audit annual report to the Board of Management

F/16/016

Student Funding 2016/17

The Finance Manager presented a report outlining the performance for 2015/16 and anticipated activity for 2016/17.

She outlined the challenges facing student funding owing to reductions in funding levels and confirmed that the College had submitted a bid for further 'in-year' funding to support anticipated activity levels.

Members queried what the College would do if additional funding was not made available. The Finance Manager confirmed that, in this case, the College would be unable to offer funding support to new students starting in the January intake and noted that this would impact on individuals' ability to attend.

The Associate Principal and Executive Director of Finance also noted that the College could seek to redistribute funds from Net Depreciation into student funding. She confirmed that this funding had already been allocated and outlined the impact of moving funds to student funding.

- a) Members noted the content of the report and requested an update once it was known if the College would receive additional funding

F/16/017 Budget Monitoring - 2016/17 Qtr 1 (Oct 2016)

The Head of Finance presented the outturn report for the first quarter of 2016/17. She highlighted that the College, based on current funding levels and other assumptions, was anticipating a deficit at this time.

She confirmed that SMT had been looking into this and that a decision had been taken to stop all non-essential spending. She also reported that she would be working with the Associate Principal and Executive Director of Finance to meet with Heads of Department to review their budget and free up unallocated funds. The Committee noted that the adverse budget varainace of £325k was due to shortfalls in several income headings. The Committee was informed that all reasonable efforts would be made to recover the position as far as was possible.

- a) Members noted the content of the report

F/16/018 Review of Risk

Members noted the risks in relation to student funding and the current outturn position.

F/16/019 Any other competent business

None

Boardroom, Falkirk Campus (commencing at 4.30pm)

Present: Mrs Anne Mearns (Chair)
Mr Alan Buchan, Student Association President
Mrs Fiona Campbell
Mr Andrew Carver
Mrs Lorna Dougall
Mrs Caryn Jack
Mr Scott Harrison

Apologies: Mr Liam McCabe
Ms Amy Scobbie, Student Association

In Attendance: Mr David Allison, Associate Principal and Executive Director Information Services and Communication
Mrs Colette Filippi, Associate Principal and Executive Director Business Development
Mr Stephen Jarvie, Corporate Governance and Planning Officer

The Chair welcomed Mr Scott Harrison to his first meeting of the Strategic Development Committee. She also noted that Ms Amy Scobbie had been appointed to the Board and would also be a Committee member.

S/16/013 Declarations of Interest

None

S/16/014 Minute of meeting held on 8 September 2016

The Minute of the meeting of 8 September was accepted as an accurate record.

S/16/015 Matters arising

a) S/16/004 "Making Fundraising Work" - Fundraising Strategy

The Chair noted that, as requested, the strategy would be going to the upcoming Board of Management meeting for approval.

b) S/16/007 Student Association Plan

The Chair noted that this would be updated under item S/16/018

c) S/16/009 Student Recruitment Monitoring Report

The Chair noted that an update would be provided under S/16/019
S/16/012 Any Other Competent Business

The Chair confirmed that the Foundation Grant request had been circulated electronically to members and that approval had been given.

S/16/016 Falkirk Council - Representation within the Community Planning Leadership Structure

The Associate Principal and Executive Director Information Services and Communication presented a request from Falkirk Council for a member of the Board to be nominated for the Community Planning Strategic Board. He noted that the Principal had volunteered to serve on the Executive Board.

He outlined the work of the Community Planning Partnership (CPP) and the relation between the proposed role and the remainder of the management structure. The Chair gave a brief outline of her role within Stirling CPP, stating the positives for the College of involvement,

- a) Members recommended that the College be represented by a Board member.
- b) Members recommended that this item be taken to the full Board of Management to give all members an opportunity to volunteer.
- c) Members requested that, if possible, the paper to the Board include a remit for the strategic group

S/16/017 Business Development Quarterly Report

The Associate Principal and Executive Director Business Development presented the first of a series of quarterly reports on the activity of the Business Development function within the College and the contributions made to income targets.

She outlined a number of challenges being faced by the College which included a reduction in Modern Apprenticeship (MA) levels in areas such as Engineering owing to employers not committing to the scheme despite high level of interest from young people to undertake an MA.

She reported that some areas of commercial activity had declined owing to the loss of key staff and outlined the plans to address the shortfall.

She also provided an update on International activity and outlined the areas the College is actively pursuing.

In relation to fundraising she confirmed that, as raised by the Finance Committee, the original target for fundraising had been too ambitious and a more realistic target had now been budgeted for.

Members queried the timelines noted in the paper for work in conjunction with some HE institutions, noting that these seemed to be tight to allow for proper recruitment. The Associate Principal and Executive Director Business Development

confirmed that the College was aware of this for this year and outlined the plans to mitigate this.

Members also requested, in relation to joint HE activity, that the College ensure that student support mechanisms between the institutions were coordinated. The Associate Principal and Executive Director Business Development confirmed that this would be fed back to SMT for action.

Members queried whether there was a standard contribution level associated with Business Development activity as the figures in the report showed varying levels of contribution.

The Associate Principal and Executive Director Business Development noted that, as Business Development accessed a wide number of funding sources, contribution levels were often dictated by the type of funding, and that some of the fundraising activity, although contributing financially to the College, had significant benefits to our students.

Members requested that future Business Development and Fundraising reports include not only the financial benefits but note the benefits to students, the College and the wider community.

Members queried whether the risk levels in the paper were too high given the level of mitigation outlined. It was noted that the risk would reduce once the mitigating actions had been implemented and their impact assessed.

a) Members noted the content of the report

S/16/018

Student Association Report and Update on Operational Plan

The Student Association President updated members on the activity of the Student Association since the last meeting of the Committee.

He noted that Karen Williams had resigned from the Student Association and that her activities would be distributed to the other members of the Student Association Exec team.

He informed members that this had had an impact on the Student Association Operating Plan and that an update would be brought to the next meeting.

He outlined other activities including increased student engagement and use of social media by the team. He also highlighted the significant increase in interest in the Mental Health First Aid training offered by Amy Scobbie and that there were currently over 200 people interested in attending a training session.

He discussed the recent round of Student Council meetings and confirmed that the Student Association Strategic Plan had been approved by members. This plan would be circulated once final collation was complete.

- a) Members noted the content of the report and the significant amount of work undertaken by the team

S/16/019 Outcome Agreement Self Evaluation 2015-16

The Associate Principal and Executive Director Information Services and Communication presented the Outcome Agreement Self Evaluation document which had been considered and approved by a subgroup of Committee members. Thanks were given to Fiona Campbell, Alan Buchan and Anne Mearns for their work in reviewing the document.

Members noted the increased numbers in part time learners. Caryn Jack noted that at Finance Committee there had been a discussion on an increase in demand for childcare funding. She confirmed the College were applying for additional funding through in-tear re-allocation to meet the level of demand.

- a) Members noted the content of the report

S/16/020 Outcome Agreement Target Setting

The Associate Principal and Executive Director Information Services and Communication presented the draft target document. He noted that this had been based of revised guidance received from SFC.

Members asked whether the targets were all set by SFC. The Associate Principal and Executive Director Information Services and Communication responded that the targets were reached as part of a negotiation between the College and SFC, of which the attached document will form a part.

Members queried why some target levels appeared to be lower than previous years. The Associate Principal and Executive Director Information Services and Communication noted that, in previous years, targets had been expressed as wSUMs but were now expressed as Credits. The conversion between these two different types was not straightforward and did make the figures look slightly out of alignment.

- a) Members noted the content of the report
-

S/16/021 Operational Plan Monitoring

The Associate Principal and Executive Director Information Services and Communication presented an update on the College's progress against Operational Plan targets. He noted that the areas which were not classified as green related to those challenges in Business Development, and pressures on the overall college budget, as covered in the earlier report.

- a) Members noted the content of the report

S/16/022 Student Activity

The Associate Principal and Executive Director Information Services and Communication presented an update on student activity levels. He noted that, after the Credits gap highlighted at the last committee, especially in relation to some HE courses, there had been significant alternative activity undertaken and planned to address the Credits gap.

He confirmed that the overall position was similar to this time last year and that the College was confident of meeting their Credits target.

Members queried the disparity between application figures and enrolments. The Associate Principal and Executive Director Information Services and Communication noted that, for a variety of reasons, not all applications result in interviews or places on courses being undertaken.

Members asked if there was a way to filter the applicants to determine if they are active or not. The Associate Principal and Executive Director Information Services and Communication noted that this measure is used for internal reporting, and would be added as an additional measure in future application reports to the Committee.

- a) Members noted the content of the report

S/16/023 Review of Risk

Risk was highlighted within individual papers.

S/16/024 Any Other Competent Business

None

1. Purpose

To present to members the Annual Report and Financial Statements for the year to 31 July 2016.

2. Recommendation

Members consider the financial position of the College for the year ended 31 July 2016 and approve the Annual Report and Financial Statements for the year ended 31 July 2016.

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.

The Annual Report and Financial Statements 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 2015 (2015 SORP) which incorporates the requirements of the Financial Reporting Standard (FRS) 102, the Scottish Public Finance Manual (SPFM) and the Scottish Government's Financial Reporting Manual (FRM).

The SPFM and FRM both require additional disclosures. Key changes from previous year's disclosures is the incorporation of a Performance Report in place of the Operating and Financial Review.

4. Key Considerations

FRS 102 states in its summary

"(ii) The FRC's overriding objective in setting accounting standards is to enable users of accounts to receive high-quality understandable financial reporting proportionate to the size and complexity of the entity and users' information needs."

The adoption of the Financial Reporting standard (FRS) 102 and the 2015 SORP in this reporting period has required changes to accounting policies, the key ones being in relation to the treatment of Government Grants and Financial Instruments both of which have had a significant impact on these Financial Statements. This combined with the government accounting restrictions on the ability to retain cash surpluses due to resource budgeting restrictions means it is becoming increasingly difficult to present the College's financial position in a way which informs readers of the true underlying financial sustainability of the College.

The key consideration for members of Forth Valley College Board of Management is the long term financial sustainability of the College. This is referred to within the Annual Report and Financial Statements as the College continuing to operate on a "going concern" basis. Under the

7. Equalities

Assessment in Place? – N/A

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		x
High		
Medium	x	
Low		
Very Low		

Due to the implementation of FRS 102 in terms of the accounting treatment of certain items and the required changes to presentation, the college's underlying financial health is being masked. There is a risk that those not familiar with the technical aspects of Financial Statements will misinterpret the state of the College's financial health. In mitigation of this it needs to be stressed that both the Board of Management, SFC and the external auditors are in agreement that there is no going concern issue.

[Redacted text block]

Risk Owner – Alison Stewart

Action Owner – Irene Andrew

Paper Author – Alison Stewart

SMT Owner – Alison Stewart



FORTH VALLEY COLLEGE OF FURTHER AND HIGHER EDUCATION

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 July 2016

Uncontrolled Copy

The financial statements were approved and authorised for issue on 8 December 2016.

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PROFESSIONAL ADVISERS

Financial Statement Auditors: Henderson Loggie
34 Melville Street
Edinburgh
EH3 7HA

Internal Auditors: Scott Moncrieff
Exchange Place
3 Semple Street
Edinburgh
EH3 8BL

Vat Advisers: RSM
First Floor
Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

Campbell Dallas
Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Bankers: Barclays Bank
120 Bothwell Street
Glasgow
G2 7JT

Solicitors: MacRoberts
Capella
60 York Street
Glasgow
G2 4TB

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

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

PERFORMANCE REPORT

OVERVIEW

Principal and Chief Executive's statement

In 2015/16, thanks to the dedication of our staff and the hard work of our students, the College has continued to live up to its mission of "Making Learning Work".

The year has not been without its challenges. Continued 'flat cash' awards from the Scottish Funding Council and the inability to retain surpluses owing to reclassification as a public body have underlined the need for careful management of College resource to minimise the impact on our students.

In order to support our aspirations for the College, our commercial and apprenticeship activity has continued to play a vital role in the life of the College and the development of these and new markets have remained a key priority for the College. We are grateful for the continued support from existing stakeholders and welcome the opportunity to work with new partners locally, nationally and internationally.

The College has continued to make headway with our aspirations to deliver a new Falkirk headquarters campus to the standard of our Alloa and Stirling campuses. 2015/16 saw the Scottish Government reaffirm their commitment to this project by transferring it from an NPD funded project to a Capital project. We are excited to maintain the momentum of these developments and look forward to opening the new campus in 2019 for our students.

In 2015/16 the College also successfully undertook a full Education Scotland review. The review confirmed that the College's commitment to Creative Learning is key to maximising the resources on hand and to generate a worthwhile learning experience for students across all levels of study. Our staff have fully embraced the benefits to be gained from creative learning and this has led to a more engaging learning experience for students.

Further external recognition of the work of the College includes the College winning the TES Innovation in Learning and Teaching Award, a number of high profile visits from Scottish Ministers and Gold awards for Essential Skills and Creative Learning at the College Development Network awards.

Overall I am proud of how we have met the challenges facing us and have continued to deliver for students, our staff and other College stakeholders.

Dr Ken Thomson
Principal and Chief Executive
8 December 2016

Vision, purpose and activities

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 period 2014-2018. 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.

Performance Summary

2015/16 was a strong year for the College as we continued to progress 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. The College is now progressing with a strategy to build a new £83m Falkirk Headquarters campus, supported by a £70m grant from Scottish Government.

A full Technical Team were appointed following relevant procurement exercises to assist the College in the preparation of the Full Business Case (FBC). This document was completed and submitted to Scottish Funding Council in September 2016 and was formally approved by Scottish Government in November 2016. Extensive internal consultation has also occurred along with public events and meetings with key external stakeholders. The College has agreed to purchase land, conditional on final FBC approval, next to the existing intended site for the new campus. The Application for Approval of Matters Specified in Conditions (detailed planning permission) was also submitted in September 2016.

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 comprises members of the Board of Management, a dedicated College Project Team, along with representation from College staff and the Scottish Futures Trust.

Our new campuses in Alloa and Stirling also 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.

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 2015/2016 we further developed our 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 and the latest available information about regional skills needs.

In 2015/2016 the College further developed its cutting edge Creative Learning initiative, with over 60 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. This initiative is proving so successful that in 2015/2016 it attracted two high profile sector awards – the College Development Network Learning and Teaching Award and the TES FE Award for Best Teaching and Learning Initiative.

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.

Finally, in May 2016 the college’s quadrennial Education Scotland external review report was published. The report highlighted a sector-leading nineteen areas of positive practice and three examples of Excellence, along with two areas for development, which were already embedded within the college’s future plans. The full report can be viewed on the Education Scotland website at this link <http://www.educationscotland.gov.uk/inspectionandreview/reports/othersectors/collegereviews/ForthValleyCollege.asp>

Instilling an energy and passion for our people, celebrating success and innovation – This year the College was the only Scottish College to achieve the highly prestigious TES award for Best Teaching and Learning Initiative. This accolade once again put the College in an excellent position to develop further its ambition of recognising and celebrating success in creative learning.

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 staff development theme of Creative Learning develops into its next stage of innovation and has seen staff throughout the organisation embracing this in their practice. The Ambassador role within the College has also moved onto the next stage with an interactive web page and blog which captures the benefits of representing Forth Valley College at a wide range of national and international events. This also gives more opportunities for staff to represent the College at a wide range of national and international events.

The total response rate for our second cultural survey was 340 completed surveys, which is around 54% of the college establishment. This figure is a slight drop of around 2.3% from the previous survey. Overall engagement of the cultural survey was extremely positive - achieving over 80% engagement across all 9 sections. Discussions are now in place to provide an action plan which will highlight key targets from the survey and focus on improvements.

Forth Valley College has officially been accredited as a UK Living Wage Employer.

Leading as a business that is a champion for governance, financial control and balanced risk taking – The Board of Management approved the adoption of the Code of Good Governance for Scotland’s Colleges in March 2015. The College continues to work within this framework. During the year the College started a recruitment process for new Board members in line with the Sector Board Appointments: 2014 Ministerial Guidance. The

appointments of 2 non-executive members were approved by Scottish Ministers in November 2016. A formal induction process has been completed by all members appointed before November 2016. Those appointed thereafter will complete their induction by the end of January 2017.

A full report on the College's financial performance is included within the Performance Analysis section of this report. The adoption of FRS102 for the first time has had a significant impact on the presentation of the financial statements. Overall the College's financial health continues to be strong which is demonstrated by the ability to generate significant levels of cash surplus on the day to day operational activities of the College. In 2015/16 this has been used to support our estates development programme for a new Falkirk campus. As an arms -length public body the College is not expected to retain reserves for future investment and is required to balance its Resource Budget.

Enhancing our position as the business and community partner of choice – Strong employer and stakeholder relationships are key to ensuring we maintain our position as a partner of choice. This has been a challenging year with the impact of the oil price drop when many of our partners have been adversely affected. We have however successfully managed to maintain and develop some key relationships; with Engineering Construction Industry Training Board (ECITB) we delivering a pre apprenticeship programme alongside the apprenticeship programme to ensure the talent is available when the oil and gas sector starts to recover. With Forth Electrical Services (FES) we have developed a bespoke management and leadership programme to provide a progression route for their apprenticeship programme. We have also maintained our position as a leading Modern Apprenticeship provider in the sector building on the engineering provision locally and have successfully extended our reach with the local SME market. Additionally we have developed our Vocational Qualification delivery direct to employers and are expanding this activity in a number of areas.

Partnerships are core to the College's vision of Making Learning Work both nationally and internationally. Relationships and collaborations have developed with both national organisations like CBI (Confederation of British Industry) and SCDI (Scottish Council for Development and Industry), and international ones like CBBC (China-Britain Business Council), SDI (Scottish Development International), the BC (British Council) as well as the University of Stirling and Glasgow Caledonian University. The international connections have created a sound platform from which we are building international activity and we have delivered COMPEX courses in Ghana and developed a skills partnership with educational institutes in Iraq.

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 onto their correct course.

Through the development of a College Data dashboard we expanded the amount and range of 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 further 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.

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.

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 –

- There will be inadequate facilities for learners due to lack of capital investment
- Failure to successfully exit from the current contractual obligations for the telecoms array on the West Block will negatively impact on College finances and estates development
- Strike action arising from National Bargaining negotiations will impact on the learning and teaching provision for students
- The current economic environment including Brexit will impact of the College's ability to generate commercial income
- Uncertainty over future SFC funding levels which impacts on curriculum planning and financial sustainability.

Going concern

The net liability position reported in these Financial statements is due to the adoption of Financial Reporting Standard (FRS)102 which resulted in the reclassification of Capital Government Grants previously treated as Reserves to Liabilities due greater than one year. The net liabilities include a Pension Provision for early retirements of £7.3m and Pension Liability of £16.8m for College's share of the Falkirk Council Local Government Pension Scheme (LGPS). To the extent that the pension deficit is not met from the College's other sources of income, it may only be met by future grants or Grant In Aid from the Scottish Funding Council. This is because, under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be paid in advance of need. The Board of Management of Forth Valley College has no reason to believe that future support will not be forthcoming. Given the above it has accordingly been considered appropriate to adopt a going concern basis for the preparation of these annual accounts.

PERFORMANCE ANALYSIS

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 2015/16 and 2014/15.

	Year Ended 31 July 2016	Period Ended 31 July 2015 Restated	
Operating surplus as % of total income: surplus on continuing activities after depreciation of assets at valuation and loss of revaluation of land and buildings, and before disposal of assets and tax expressed as percentage of total income.	-6.2%	-5.3%	
Non SFC Income as % of total income: total of non-SFC income expressed as a percentage of total income.	30.8%	27.4%	
Current assets : current liabilities: ratio of total current assets to the total of creditors: amounts falling due within one year.	0.65:1	0.69:1	
Days cash: cash and short-term investments divided by total expenditure less depreciation and expressed in days.	11	14	
Staff turnover: 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.	4%	4%	
Working days lost through sickness absence: Working days lost per staff FTE through sickness absence divided by the total FTEs employed at the institution at the period end (expressed as percentage).	2%	3%	
WSUMs per staff FTE: actual WSUMs delivered in the year per FES return divided by total of FTEs involved in delivery of WSUMs.	N/A	457	
Credits per staff FTE: actual Credits delivered in the year per FES return divided by total of FTEs involved in delivery of Credits.	329	N/A	
Performance against Credits / WSUMs activity target: actual Credits / WSUMs delivered in the year divided by target Credits / WSUMs.	100%	100%	
	Year Ended 31 July 2016	Period Ended 31 July 2015	
Student outcomes: 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	70%	70%
	FE Part time	91%	88%
	HE Full time	75%	79%
	HE Part time	88%	89%
Student retention: 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	75%	77%
	FE Part time	95%	97%
	HE Full time	83%	86%
	HE Part time	92%	95%
Early student retention: 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	96%	95%
	FE Part time	99%	99%
	HE Full time	98%	97%
	HE Part time	99%	98%

Current & Future 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, and to secure the future employability of our learners.

A continued specific focus for curriculum development during 2015/2016 was the Developing the Young Workforce agenda and the associated Scottish Government Youth Employment Strategy, which set out seven year plans for schools, colleges, apprenticeships, employers and equality.

One target within the Strategy is to increase the percentage of school pupils achieving vocational qualifications at SCQF level 5 or above. In pursuit of this aim, the College continued to develop and expand its portfolio of qualifications at SCQF levels 5-7 for senior phase school pupils from our three partner local authorities. This included a sixth HNC course and two pathfinder offerings of the newly developed Foundation Apprenticeships in Social Services and Healthcare and Children and Young People.

In terms of learning and teaching, in 2016/17 we will maintain our strong focus on developing a culture of creativity in learning, using a lively and engaging Creative Learning Conference for staff in August 2016 as a catalyst for all staff to develop personal objectives for creative learning which will be formalised and monitored through our PRD process throughout the year. In 2016/17 we will also build on the success of our current Learning Strategy: Empowering Learners and develop this into a new, future-focused Creative Learning and Learning Technology Strategy for 2017 - 2022, ensuring that we are fully prepared to maximise the benefits to learning and teaching that our new Falkirk Campus will bring.

In terms of curriculum, we will continue to rigorously review our future portfolio to ensure that it fully reflects SDS regional skills plans, maximises employer engagement and delivers on our Outcome Agreement targets. This will include further development of vocational provision for senior phase school pupils, including further SDS funded Foundation Apprenticeships. We will also continue to work closely with our HEI partners to maximise success and progression on our existing integrated degree programmes and to develop additional articulation agreements for HN graduates.

We are also continuing to develop the Graduate Level Apprenticeship with Heriot Watt and Glasgow Caledonian University in Instrumentation and Control, Mechanical and Electrical engineering. We are now part of the Technical Expert Group driving forward the frameworks for this programme and will seek to deliver in 2017/18.

Internationally we are connecting with the University of Stirling and Glasgow Caledonian University to offer a 2 plus 2 degree programme to international students in Biological Sciences and Engineering. The international students will be students of the university for the 4 year period with the college delivering years 1 and 2. This model will be based on our highly successful integrated degree programmes and other courses will be explored as an option for international students.

We have initiated an E-Portfolio project, One-File, to offer initially modern apprentices an electronic system for monitoring and assessing vocational qualifications. This will be piloted in construction, engineering and business development.

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

Financial Performance

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 SFC for the stewardship of the College's finances and assets.

The reclassification of the College as an arm's length public body, effective from 1 April 2014, means the College is also regulated by the Financial Reporting Memorandum (FReM) and also by the Scottish Public Finance Manual (SPFM).

The financial statements have been prepared to comply with the Accounts Direction issued by SFC, the FReM and the revised Statement of Recommended Practice: Accounting for Further and Higher Education which was issued in July 2015.

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.

Adoption of FRS 102 and the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (2015 SORP)

The adoption of FRS 102 and the 2015 SORP in this reporting period has required changes to accounting policies in relation to the treatment of Government Grants and Financial Instruments both of which have had a significant impact on these Financial Statements.

Government Capital Grants – under the old SORP capital government grants given to the College to support any fixed asset purchases or construction were permitted to be accounted for as deferred capital grants on the balance sheet within reserves. The reserve was then released to the income and expenditure account in line with the depreciation charge of the respective fixed asset, in essence offsetting the depreciation charge within the income and expenditure account.

Under the 2015 SORP there is a choice of two accounting policies:

Accruals Model – in essence the same as the existing model however this is only permitted for government grants for non-land purchases. Also the deferred element of the capital grant must be retained within creditors as deferred income rather than in reserves.

Performance Model – under this model grants must be recognised within the income in full immediately when the performance conditions of the grant are met. This method would result in more volatile surpluses and deficits. Future Statements of Comprehensive Income would no longer benefit from the credit arising from the release of deferred capital grants which would reduce on-going reported surpluses or increase deficits.

The College has chosen to apply the accruals model for all government funded non-land capital grants and the performance model for all land grants. The impact of doing so has resulted in net liabilities as deferred capital grants which were previously classified as reserves have now been reclassified to Creditors amounts falling due within 1 year and more than 1 year.

Financial Instrument - the college uses an interest rate swap to adjust interest rate exposure in order to guarantee fixed interest payments for the bank loan where payments are variable and hence exposed to interest rate movements. Previously under UK GAAP this was not shown on the college's balance sheet. With the implementation of FRS102 the interest rate swap is now recorded at fair value on the balance sheet and the in-year movement accounted for through the Statement of Comprehensive Income.

Financial Outturn against Budget for the year ended 31 July 2016

The year ended 31 July 2016 is the first year where the College is required to adopt FRS 102. The table below summarises the financial outturn against the original budget which excluded the impact of adopting FRS 102 and pension valuations.

	Actual Year Ended 31 July 2016 £000	Budget Year Ended 31 July 2016 £000
Operating Activities		
Income	33,152	33,278
Expenditure	<u>32,390</u>	<u>33,215</u>
	762	63
Pension Valuations	(1,037)	
FRS 102 - Interest Swap	(441)	
Estates Development		
Grant from Forth Valley College Foundation	370	1,800
Estates Development Costs	<u>(1,739)</u>	<u>(1,800)</u>
	(2,085)	63
Actuarial loss in respect of pension scheme	(2,498)	
Unrealised deficit on revaluation of land and buildings	(1,650)	
(Deficit) / surplus	<u>(6,233)</u>	<u>63</u>

Overall the College delivered an improved operating position of £699k against the original budget. The main reasons for this related to savings in operational expenses due to efficiency drives and effective procurement processes together with unutilised contingencies included within the original budget.

In October 2014 the Scottish Government announced funding for a new Falkirk campus through Scottish Future's Trust NPD (Not for Profit Distribution) programme. In April 2016 the College received confirmation from Scottish Government that the funding route was being changed to Capital Grant. The costs expensed through the Statement of Comprehensive Income relate to professional advisors fees in the preparation of the College's Full Business Case for the new campus.

SFC issued assurance to the College that deficits which arise from non-cash transactions should not be interpreted as a challenge to the College's financial sustainability and these should be treated as a "technical" deficit. Audit Scotland accepts that a deficit arising from the use of cash funding originally provided for non-cash depreciation does not indicate an underlying financial sustainability concern. This is detailed in Note 36 to the Financial Statements.

Balance Sheet

As per FReM guidelines, due to the potential impairment of land held at the Middlefield site, a revaluation of this land was undertaken at 31 July 2016. This resulted in an impairment of £1,650k being recognised in the Balance Sheet.

The interest rate swap has been recorded as a liability on the balance sheet at fair value and accounted for at fair value through income and expenditure. Under previous UK GAAP these were not re-valued to fair value or shown on the college balance sheet at the year-end. An adjustment was made to reflect the opening fair value as

at April 2014 (£92k), and the movement during both 2014/15 (£309k) and 2015/16 (£441k) has been included within the Statement of Comprehensive Income.

The College has net liabilities of £3m (2015 - net assets £4m). The net liability position is due to the reclassification of Deferred Government Capital Grants from Reserves following the adoption of FRS102. A reconciliation of the net liability / asset position to the underlying historical cash surplus of the College is detailed in the following table.

	Year Ended 31 July 2016 £000	Period Ended 31 July 2015 £000
Reserves		
Income & expenditure	(21,158)	(17,076)
Revaluation	18,563	20,715
	<u>(2,595)</u>	<u>3,639</u>
Income & Expenditure	(21,158)	(17,076)
Non Cash adjustments		
Early Retirements Pension Provision	7,317	7,169
LGPS Pension Liability	16,804	13,416
FRS 102 - Interest Swap	843	402
Cash adjustments due to reclassification		
Donation to FVC Foundation	5,500	5,500
Utilisation of net depreciation	1,234	622
Other		
Estates Development Costs funded by reserves	4,283	4,283
Underlying historical operational cash surplus	<u>14,823</u>	<u>14,316</u>

Resource Outturn for the year ended 31 March 2016

A consequence of the college reclassification is that the College is required to report on its Resource Outturn to Scottish Government which is based on the government's financial year end of 31 March.

There are differences between the government accounting rules used for the Resource Outturn and the financial reporting accounting requirements used for these Financial Statements. One significant difference 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 16 (Scottish Government's financial year end). The net depreciation for the College was £613k. SFC authorisation was received to utilise this to support the proposed new estates development of our Falkirk Campus. This prevented that cash becoming inaccessible to the College.

A summary of the Resource Outturn reported to SFC and Scottish Government is noted below.

Resource Outturn 2015/16

	RDEL Year Ended 31 July 2016 £000	CDEL Year Ended 31 July 2016 £000
Total Income	(34,602)	(305)
Revenue Expenditure	34,458	305
Underspend on Resource Budget	(144)	0
Ringfenced RDEL		
Depreciation	613	
AME Expenditure	127	

The RDEL underspend of £144k is equivalent to the annual loan repayment the College has to make in relation existing borrowings entered into prior to the reclassification as an arm's length public body. Although the repayments utilise cash they do not score against the resource outturn.

The CDEL budget was fully utilised.

Creditor Payment Performance

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 23 days (2015 - 29 days).

Sustainability Report

The College recognises that the changing climate will have far reaching effects on Scotland's economy, people and environment. Consequently, the commitment to carbon reduction remains a key strategic objective for the College, within the College mission statement of Making Learning Work.

Our vision is to lead by example in all our activities and to ensure that learners are aware of the impact their actions will have, on the environment. This commitment is supported by the College Green Sustainability Statement that is approved by the Board of Management and Senior Management Team.

The College has an established Sustainability Committee which performs a strategic function to set, and measure sustainability progress throughout the college. The Committee representatives agree a series of performance indicators annually, which are monitored and progressed. The Committee is led by our Associate Principal, HR & Organisational Development.

A significant area of measurement is the College Carbon Management Plan (CMP) which was developed as a result of the College signing the Universities and Colleges Climate Commitment for Scotland (UCCcfs) in partnership with the EAUC (Environmental Association of Universities and Colleges). The CMP reflects all carbon

associated with waste, fleet travel and utilities at each site. The College's estate has altered considerably since the CMP baseline year of 2008/09, with the opening of our new campus in Alloa (2011) and new campus in Stirling (2012) both of which received the BREEAM (Building Research Establishment Environmental Assessment Method) Excellent rating. The College remains on target to reduce total carbon dioxide (tCO₂) levels by 25% from the baseline figure of 2,873.62 tCO₂ by the year 2020. The figures for Session 2015/16 evidence that we are ahead of target with our gross carbon footprint reduced to 2,262 tCO₂.

The College has targeted the majority of projects that have a positive carbon reduction with the lowest capital investment, however it is becoming increasingly challenging to identify further reductions without significant capital expense. The most significant project with low carbon benefits will be the fruition of the new Falkirk Campus, planned for completion in 2019.

In addition, the Scottish Government has made the reporting of carbon use mandatory from 2016, using a specific template created by Sustainable Scotland Network (SSN) in association with the EAUC. The College submitted its first SSN completed carbon reporting template for the deadline of 30 November 2015 as part of the voluntary initial pilot year and will continue to submit annual reports.

Dr Ken Thomson
Principal and Chief Executive
8 December 2016

ACCOUNTABILITY REPORT

CORPORATE GOVERNANCE REPORT

Board of Management Report

Membership of the Board of Management

The Post 16 Education (Scotland) Act 2013 requires that the board of a regional College should consist of no fewer than 15, nor more than 18 members. The Board of Management members who held office during the year and up to the date of signing these financial statements were as follows:

Mr H Hall, Chair	Regional Chair	
Mrs A Mearns, Vice Chair	Senior Independent Member / Non-executive member	
Dr K Thomson	Principal	
Mr C Alexander	Non-Executive member	
Mr A Buchan	Student	
Mr R Burns	Staff	Resigned July 2016
Mrs F Campbell	Non-Executive member	
Mr A Carver	Non-Executive member	
Ms T Craggs	Non-Executive member	Appointed November 2016
Ms Pamela Duncan	Staff	Elected August 2016
Ms L Dougall	Non-Executive member	
Mr D Flynn	Non-Executive member	Appointed November 2016
Ms B Hamilton	Non-Executive member	
Mr S Harrison	Staff	Elected August 2016
Mrs C Jack	Non-Executive member	
Mr L McCabe	Non-Executive member	
Mr K Richardson	Non-Executive member	
Ms Lorraine Simpson	Student	Retired June 2016
Ms A Stephen	Staff	Resigned June 2016
Mr N Scott	Non-Executive member	Resigned February 2016
Mr S Tolson	Non-Executive member	
Ms Karen Williams	Student	Resigned November 2016
Ms Amy Scobbie	Student	Elected November 2016
Ms A Winchester	Non-Executive member	Resigned November 2016

Membership of the Senior Management Team

The SMT is responsible for the day to day management of Forth Valley College's activities and operations and consists of:

Dr K Thomson	Principal
Mr D Allison	Associate Principal & Executive Director Information Services
Mrs F Brown	Associate Principal and Executive Director Curriculum & Quality
Mr T Gorman	Associate Principal and Executive Director Estates Development
Mr A Lawson	Associate Principal and Executive Director HR & Organisational Development
Mrs A Stewart	Associate Principal and Executive Director Finance
Mrs C Walker	Associate Principal and Executive Director Business Development

Conflicts of Interest procedures

Forth Valley College has comprehensive procedures for dealing with potential conflicts of interest. These include holding, and updating at least annually, a Register of Board Members Interests. The register is available to any

member of the public who wishes to examine it and is available on the college website, <http://www.forthvalley.ac.uk>. Interests that must be registered, in terms of the name and nature of the organisation in which the interest is held, include: remuneration, related undertakings, contracts, houses, land and buildings, shares and securities, and non-financial interests. Declarations by Board members of any conflicts of interest are recorded in the minutes of the appropriate Board meetings.

Personal data related incidents

Section 417 of the Companies Act 2006 requires that organisations report on personal data related incidents. In 2015/16, the College had no reported personal data incidents.

Dr Ken Thomson
Principal and Chief Executive
8 December 2016

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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 2015 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 that 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
- 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).

Auditor

The Auditor General for Scotland has appointed Henderson Loggie to undertake the audit for the year ended 31 July 2016.

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 8 December 2016 and signed on its behalf by:

Hugh Hall
Chair

Governance Statement

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 year to 31 July 2016 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 two 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.

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 four 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.

During 2015/16 one non-executive Board member resigned and a further recruitment process in line with the 2014 Ministerial guidance was undertaken. Following this process, the recommendations of the Board of Management were communicated to Scottish Ministers who approved the recommendation. This also resulted in the College maintaining, for the non-executive positions available, a 50-50 gender balance.

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.

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, 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. During 2015/16 one meeting was cancelled.

	Status	Date of Appointment	Date of Retiral/Resignation (If Applicable)	Board of Management (Three Meetings)	Audit Committee (Four Meetings)	Finance Committee (Four Meetings)	HR (Inc. Nomination) Committee (Two Meetings)	Remuneration Committee (One Meeting)	Strategic Development Committee (Four Meetings)
Number of Meetings				3	4	4	2	1	4
Mr H Hall, Chair	Regional Chair	03/03/14	N/A	3				0	
Mrs A Mearns, Vice Chair	Senior Non-Exec	02/03/15	N/A	2			0	1	4
Dr K Thomson	Principal	01/08/13	N/A	3					
Mr C Alexander	Non-Exec	02/03/15	N/A	2	3				
Mr A Buchan	Student	26/03/15	N/A	3					4
Mr R Burns	Staff	26/03/15	29/07/16	2		4			
Mrs F Campbell	Non-Exec	02/03/15	N/A	3			2		2
Mr A Carver	Non-Exec	02/03/15	N/A	2		2			2
Ms L Dougall	Non-Exec	26/03/15	N/A	3	4				4
Ms B Hamilton	Non-Exec	02/03/15	N/A	3	4		2	1	
Mrs C Jack	Non-Exec	02/03/15	N/A	3		3			1
Mr L McCabe	Non-Exec	02/03/15	N/A	2		4			1
Mr K Richardson	Non-Exec	02/03/15	N/A	3		1			
Mr N Scott	Non-Exec	02/03/15	29/02/16	1	2		1		
Ms L Simpson	Student	11/09/14	26/06/16	3					3
Ms A Stephen	Staff	26/03/15	31/05/16	1					2
Mr S Tolson	Non-Exec	26/03/15	N/A	2			0		
Ms A Winchester	Non-Exec	26/03/15	06/11/16	2	1				1
Ms K Williams	Student	26/06/16	N/A	1					

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.

One exception to this is in relation to the role of a Secretary to the Board. The Code of Good Governance states; "The board secretary may be a member of the senior management team in their board secretary capacity, but they cannot hold any other senior management team position at the same time".

The Board of Management recognises the importance of the Board Secretary being able to report directly to the Chair independently of the Principal in order to prevent any conflicts of interests, however believe that this can be achieved without the requirement to appoint a Board Secretary without other Senior Management Team

responsibilities. The Board of Management have appointed the Associate Principal and Executive Director of Finance as Secretary to the Board along with the Corporate Governance & Planning Officer as Deputy Secretary to the Board, both of whom will report directly to the Chair in relation to the Board Secretary duties. The Board of Management believes any risk of non-disclosure or non-compliance not being reported to the Board of Management due to a conflict of interest is mitigated by the appointment of two individuals with direct reporting to the Chair. The Board of Management considers that governance is strengthened rather than weakened by the Associate Principal and Executive Director of Finance having a dual role within the Senior Management Team. This arrangement is not unusual in either the public or the private sector, indeed a similar practice is adopted by the Scottish Funding Council.

Estates Strategy

The Forth Valley College agreed Estates strategy comprises 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's successful Outline Business Case for Phase 3, its new campus in Falkirk, has been followed by a Full Business Case submission to Scottish Funding Council in September 2016. The Scottish Government formally approved the Full Business Case in November 2016.

The new campus plans include servicing the current Falkirk Campus curriculum and will accommodate over 11,000 students of which almost 2000 will be full time. The proposed New Falkirk Campus will be located on the cleared 10.87 acre Middlefield Campus site and an additional section of land (4.8 acres) to the East of this, which the College has secured thorough conditional missives from Callendar Estates. The new facility will be 20,148 sqm and will incorporate state of the art and flexible teaching accommodation, as well as low carbon initiatives, such as Photovoltaics, a Ground Source Heat Pump system, Combined Heat and Power boilers, along with other sustainable functions required to meet the Building Research Establishment Environmental Assessment Method (BREEAM) standard.

Now that the Full Business Case has been approved, the College will issue an ESPD/OJEU notice in December 2016, tender documents in April 2017, commence site operations in September 2017 and complete and occupy the new Campus in October 2019.

Risk Management

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 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 the College has a framework of controls in place that provides reasonable assurance regarding the effective and efficient achievement of objectives and the management of key risks and proper arrangements are in place to promote value for money and deliver best value.

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.

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
- 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 2016, the Internal Auditors reported completion of all reviews in the Audit Plan except for a Risk Workshop which has been deferred until 2016/17. Internal Audit was of the opinion that the College has a framework of controls in place that provides reasonable assurance regarding the effective and efficient achievement of objectives and the management of key risks and proper arrangements are in place to promote value for money and deliver best value.

The external auditors have given an unqualified audit opinion on the accounts for the period to 31 July 2016 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 2016 and up to the date of approval of the annual report and financial statements.

Going Concern

The Board of Management believes that pension liabilities resulting in a net liability in the Balance Sheet can be met as these fall due from future funding. The Board of Management has no reason to believe that future support from Scottish Funding Council will not be forthcoming and on that basis these financial statements have been prepared on a going concern basis.

Approved by order of the members of the Board on 8 December 2016 and signed on its behalf by:

Hugh Hall
Chairman

Dr Ken Thomson
Principal and Chief Executive

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REMUNERATION AND STAFF REPORT

Remuneration Report

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 year ended 31 July 2016.

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 2015/16 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 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.

During the year the membership of the Remuneration Committee was extended and is now made up of the Chair of the Board of Management plus the Chairs of each of the Board Sub Committees. All members have completed the mandatory online College Development Network Remuneration Committee training.

Senior Management Team Remuneration

As part of 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
- 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.

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 College's 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 9.2% to 12% and Forth Valley College contributed 17.2% of the employees' pensionable salary to the SPPA and 17.9% to the LGPS along with an additional flat fee for past pension costs. These schemes are defined benefit schemes. The LGPS scheme provides benefits at a normal retirement age of 65 for all LGPS benefits paid prior to 1 April 2015. For all LGPS benefits paid after 1 April 2015 and for STSS, benefits are provided at the state pension age. 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 and other Senior Management Team who served during the year to 31 July 2016, including salary, pension benefits and other allowances was:

	Year Ended 31 July 2016			Year Ended 31 July 2015		
	Salary	Pension Benefit	Total	Salary	Pension Benefit	Total
	£000	£000	£000	£000	£000	£000
Ken Thomson	115 - 120	55 - 60	170 - 175	105 - 110	115 - 120	225 - 230
Andy Lawson	95 - 100	35 - 40	135 - 140	90 - 95	60 - 65	150 - 155
Tom Gorman	90 - 95	50 - 55	140 - 145	85 - 90	20 - 25	105 - 110
Alison Stewart	80 - 85	30 - 35	110 - 115	75 - 80	20 - 25	100 - 105
David Allison	75 - 80	35 - 40	110 - 115	70 - 75	55 - 60	130 - 135
Colette Walker	75 - 80	30 - 35	110 - 115	70 - 75	5 - 10	80 - 85
Fiona Brown	65 - 70	25 - 30	95 - 100	60 - 65	40 - 45	105 - 110

Salary

Salary information includes gross salary, overtime and allowances to the extent that they are subject to UK taxation. This report is based on accrued payments made by the College and thus recorded in these accounts.

Chair Remuneration

For the year to July 2016 the Chairman was entitled to claim remuneration of £200 for every 7.5 hours up to a maximum total fee of £20,800 for which an accrual has been included. The Chair is not entitled to a pension in respect of their office.

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:

	Year Ended 31 July 2016	Period Ended 31 July 2015
	£	£
Annualised remuneration of the highest paid member of the Senior Management Team	116,115	109,923
Median Remuneration of Forth Valley College Employees	30,042	28,874
Remuneration Ratio	1 : 3.87	1 : 3.81

The median remuneration of Forth Valley College's employees is based upon the annualised full-time equivalent salary of the employees at 31 July.

Including severance payments, no employee (2015: no employees) received remuneration in excess of the highest paid member of the Senior Management Team.

Pension Benefits

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 twelve months to 31 July 2016 are:

	Accrued Pension at pension age as at 31 July 2016 and related lump sum	Real increase in Pension and related lump sum at pension age	Cash Equivalent Transfer Value		
			At 31 July 2016	At 31 March 2015	Increase net of members contributions
	£000	£000	£000	£000	£000
Ken Thomson	40 - 45 plus lump sum of 130 - 135	2.5 - 5 plus lump sum of 7.5 - 10	911	823	74
Andy Lawson	30 - 35 plus lump sum of 90 - 95	2.0 - 2.5 plus lump sum of 5 - 7.5	736	666	59
Tom Gorman	15 - 20 plus lump sum of 20 - 25	2.5 - 5 plus lump sum of 0 - 2.5	334	275	50
Alison Stewart	10 - 15 plus lump sum of 0 - 5	0 - 2.5 plus lump sum of 0 - 2.5	135	105	22
David Allison	25 - 30 plus lump sum of 45 - 50	0 - 2.5 plus lump sum of 2.5 - 5	387	327	53
Colette Walker	0 - 5 plus lump sum of 0 - 5	0 - 2.5 plus lump sum of 0 - 2.5	37	17	13
Fiona Brown	15 - 20 plus lump sum of 50 - 55	0 - 2.5 plus lump sum of 2.5 - 5	396	352	37

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:

- 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
- 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.

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.

Staff Report

As at 31 July 2016 there were 629 staff in post. The split across gender and business area is detailed in the table below.

Employees	Male	Female	Total
Senior Management Team	4	3	7
Heads of Teaching / Service	7	8	15
Academic Staff	152	153	305
Support Staff	112	190	302
	<u>275</u>	<u>354</u>	<u>629</u>

The table below shows the number of inward seconded and agency staff employed by the College during the year:

	Year Ended 31 July 2016	Year Ended 31 July 2016	Year Ended 31 July 2016	Period Ended 31 July 2015
Seconded and Agency Staff	Inward secondees	Agency staff	Total of inward secondees and agency staff	Total of inward secondees and agency staff
	£000	£000	£000	£000
Total costs	65	70	135	121
Number of staff				
Academic/ Teaching Departments & Services		2	2	5
Administration and Central Services	2	8	10	16
	<u>2</u>	<u>10</u>	<u>12</u>	<u>21</u>

Consultancy Costs

In addition to the above staff costs, £72k was spent on consultancy costs during 2015/16 to support business improvement. £27k of which was spent on additional lecturing staff resource and the remainder was in relation to technical and specialist services including VAT and governance and business planning advice.

Attendance Management

Forth Valley College accepts that employees will be prevented from attending work due to illness or injury from time to time. Although the College recognises that employees need to be properly supported during absences, our priority is to meet our operational objectives. As a result, we take distinct steps to balance the needs of the individual with the needs of the organisation to effectively manage sickness absence. To achieve this balance, working with our Occupational Health advisors, we take a positive and pro-active approach to attendance management. We also offer a range of services that staff can access to help them with their own wellbeing.

These include:

- advising all employees and line managers of their roles and responsibilities in managing absence through appropriate training, guidance and support
- monitoring and analysing absence and providing useful Management Information
- supporting employees with regular short-term absence to improve their level of attendance
- assisting employees on long-term absence to return to work successfully via individually tailored return to work plans
- allowing staff to self-refer to our Occupational Health Advisor on a confidential basis
- offering sessions to staff to help them with their own wellbeing at work, including those on managing stress or mindfulness
- providing access to a confidential Employee Assistance scheme to provide advice or counselling when dealing with issues of a personal, financial or legal matter.

In 2015/16, an average of 9.87 days (including leavers) was lost per staff year (11.3 days in 2014/15).

Equalities Policy

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

We have a range of policies including our Equalities Policy and Equality Outcome Plan, which ensure that staff, learners and visitors are treated equally regardless of age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion and belief, sex and sexual orientation.

We value diversity and aim to advance equality of opportunity, foster good relations and eliminate discrimination, victimisation and harassment in all our activities, in order to meet both the General Equality Duty and Public sector Equality Duty.

Compensation for loss of office

Five members of staff left the College during the year, three of which left under the voluntary exit terms, the details of which are as follows:

	Year Ended 31 July 2016	Year Ended 31 July 2016	Year Ended 31 July 2016	Year Ended 31 July 2015
	Number of voluntary redundancies	Number of other departures	Total number of departures	Total number of departures
Compensation for loss of office				
< £5k	3	1	4	0
£5k - £10k	0	0	0	1
£10k - £15k	0	0	0	0
£15k - £20k	0	1	1	0
£20k - £25k	0	0	0	2
Total number of exit packages	3	2	5	3
Total resource cost			£49k	£49k

Dr Ken Thomson
Principal and Chief Executive
8 December 2016

AUDIT REPORT

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 2016 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 Statement of Comprehensive Income, Statement of Changes in Reserves, 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 2016 and of its deficit for the year 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).

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 and Staff 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 Performance Report for the financial year 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 and the part of the Remuneration and Staff Report to be audited 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 Governance Statement 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
EH3 7HA

8 December 2016

Henderson Loggie is eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006.

FINANCIAL STATEMENTS

Statement of Comprehensive Income for the year ended 31 July 2016

INCOME	Note	Year Ended 31 July 2016 £000	Period Ended 31 July 2015 Restated £000
Scottish Funding Council grants	2	23,188	31,522
Tuition fees and education contracts	3	8,214	9,926
Other grant income	4	651	97
Other operating income	5	1,455	1,849
Investment income	6	14	26
Total Income		33,522	43,420
EXPENDITURE			
Staff costs	8	23,467	28,939
Pension provision charge	10	547	159
Other operating expenses	11	6,543	10,010
Estates Development Costs		1,739	176
Depreciation	15	2,194	3,542
Interest and other finance costs	12	1,117	1,178
Donation to FVC Foundation	13	0	1,100
Total Expenditure		35,607	45,104
Deficit before other gains/losses		(2,085)	(1,684)
Loss on Revaluation of Land & Buildings		0	(615)
Deficit before other comprehensive income		(2,085)	(2,299)
Other comprehensive income			
Actuarial loss in respect of pension scheme		(2,498)	(1,759)
Unrealised (deficit)/surplus on revaluation of land and buildings		(1,650)	899
Total comprehensive income for the year		(6,233)	(3,159)
Represented by:			
Unrestricted comprehensive income for the year		(4,081)	(3,306)
Revaluation reserve comprehensive income for the year		(2,152)	147
		(6,233)	(3,159)

All items of income and expenditure are in respect of continuing activities.

Statement of Changes in Reserves for the year ended 31 July 2016

	Income and expenditure account Unrestricted	Revaluation reserve	Total
	£'000	£'000	£'000
Balance at 1 April 2014 (restated)	(13,770)	20,568	6,798
Deficit from the income and expenditure statement	(2,299)		(2,299)
Other comprehensive income	(1,759)	899	(860)
Transfers between revaluation and income and expenditure reserve	752	(752)	0
Total comprehensive income for the period	(3,306)	147	(3,159)
Balance at 1 August 2015	(17,076)	20,715	3,639
Deficit from the income and expenditure statement	(2,085)		(2,085)
Other comprehensive income	(2,498)	(1,650)	(4,148)
Transfers between revaluation and income and expenditure reserve	502	(502)	0
Total comprehensive income for the year	(4,081)	(2,152)	(6,233)
Balance at 31 July 2016	(21,158)	18,563	(2,595)

Balance Sheet as at 31 July 2016

	Note	As at 31 July 2016 £000	As at 31 July 2015 Restated £000
Non Current Assets			
Tangible fixed assets	15	57,405	61,094
Current assets			
Stocks		30	27
Trade debtors and other receivables	16	1,620	1,409
Cash at bank and in hand		926	1,609
Total current assets		2,576	3,045
Less: Creditors - amounts falling due within one year	17	3,936	4,383
Net current liabilities		<u>(1,360)</u>	<u>(1,338)</u>
Total assets less current liabilities		56,045	59,756
Creditors - amounts falling due after more than one year	18	34,519	35,532
Provisions			
STSS early retirement provision	19	7,317	7,169
LGPS pension provision	19, 27	16,804	13,416
		<u>24,121</u>	<u>20,585</u>
Total Net (Liabilities)/Assets		<u>(2,595)</u>	<u>3,639</u>
Unrestricted Reserves			
Income and expenditure reserve - unrestricted		(21,158)	(17,076)
Revaluation reserve		18,563	20,715
Total Reserves		<u>(2,595)</u>	<u>3,639</u>

The financial statements on pages 34 to 56 were approved by the Board of Management on 8th December 2016 and were signed on its behalf on that date by:

Hugh Hall
Chairman

Dr Ken Thomson
Principal and Chief Executive

Cash Flow Statement for the year ended 31 July 2016

	Note	Year Ended 31 July 2016 £000	Period Ended 31 July 2015 Restated £000
Cash flow from operating activities			
Deficit for the year		(2,085)	(2,299)
Adjustment for non-cash items			
Depreciation	15	2,194	3,542
Loss on revaluation		0	615
(Increase)/Decrease in stock		(3)	6
(Increase)/Decrease in debtors	16	(211)	1,783
Decrease in creditors	17, 18	(324)	(1,370)
Increase/(decrease) in pension provision	19	148	(367)
Pension Costs	27	399	843
Adjustment for investing or financing activities			
Investment income	6, 22	(14)	(26)
Interest payable	12	1,117	1,178
Capital grant income		(1,586)	(2,713)
Net cash inflow from operating activities		<u>(365)</u>	<u>1,192</u>
Cash flows from investing activities			
Capital grants receipts		155	638
Investment income	6, 22	14	26
Payments made to acquire fixed assets	15	(155)	(638)
		<u>14</u>	<u>26</u>
Cash flows from financing activities			
Interest paid	12	(186)	(256)
Repayments of amounts borrowed		(146)	(139)
		<u>(332)</u>	<u>(395)</u>
(Decrease)/increase in cash and cash equivalents in the year		<u>(683)</u>	<u>823</u>
Cash and cash equivalents at beginning of the year		1,609	786
Cash and cash equivalents at end of the year		926	1,609

Notes to the Financial Statements

1. Statement of Principal Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice (SORP) 2015: 'Accounting for Further and Higher Education'; the Financial Reporting Standards FRS 102 and the 2015-16 Government Financial Reporting Model (FRoM) issued by the Scottish Government and in accordance with applicable Accounting Standards. They conform to the Accounts Direction and other guidance issued by the Scottish Funding Council.

Basis of accounting

The financial statements are prepared under the historical cost convention, modified by the revaluation of certain fixed assets.

The financial statements do not include the income and expenditure of the Students' Union as the College does not exert control or dominant influence over policy decisions.

Going Concern

The Board of Forth Valley College has no reason to believe that future funding will not be forthcoming. It has accordingly been considered appropriate to adopt a going-concern basis for the preparation of these financial statements.

FRS 102 requirements

The accounts have been prepared incorporating the requirements of the accounting standard FRS 102 which includes a change to the treatment of capital grants. Previously capital government grants were permitted to be accounted for as deferred reserves on the balance sheet. The income was then released to the income and expenditure account in line with the depreciation charge of the respective fixed asset. This is the same for FRS 102 however the deferred element of the capital grant is now retained within creditors as a liability rather than a reserve. Accordingly the total reserves within the balance sheet have been significantly reduced.

FRS 102 also requires an actuarial valuation of the pension scheme liability as explained in note 27 to the accounts. This reflects the inclusion of liabilities falling due in future years. To the extent that the pension is not met from the College's sources of income it may only be met by future grant-in-aid from the Scottish Funding Council. This is because under normal conventions applying to parliamentary control over income and expenditure, such grants may not be paid in advance of need.

Recognition of income

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.

Grant Funding

Government revenue grants including Funding Council block grants are recognised in income over the periods in which the College recognises the related costs for which the grant is intended to compensate. Where part of a

government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Capital Grants

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

Tangible fixed assets

In line with FReM all tangible assets must be carried at fair value.

Land and Buildings

Land and buildings are measured using the revaluation model and accordingly, assets are revalued to fair value. Where appropriate Depreciated Replacement cost has been used as a measure of fair value for land and buildings otherwise Market Value will be used. The land at Branshill, Alloa and the Middlefield site have been valued on the basis of Open Market value.

The College has a policy of ensuring a full revaluation takes place at least every 5 years such that the fair value is not materially different to the current value. In line with the FReM this will be supplemented by an interim professional valuation in year 3.

Depreciation and impairment losses are subsequently charged on the revalued amount.

Finance costs, which are directly attributable to the construction of land and buildings, are not capitalised as part of the cost of those assets.

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the College.

If a building is brought into use mid-way through a year the depreciation charge in the first year will be pro-rated to reflect the number of months that the asset was in use.

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, incurred to 31 July 2016 and are not depreciated until they are brought into use.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives.

The expected useful life of buildings can vary from 20 to 50 years as determined by professional opinion and valuation.

Equipment

Equipment costing less than £10k per individual item or grouped items is written off to the Statement of Comprehensive Income in the year of acquisition. All other equipment and vehicles are capitalised and depreciated in accordance 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 build campuses at Alloa and Stirling are depreciated using a component

accounting approach.

i) Buildings	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

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

Leased assets

Finance Leases

Leases in which the College assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. Assets held under finance leases are depreciated over their useful life.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

The lease rentals are treated as consisting of capital and interest. The capital element is applied to reduce the outstanding obligation and the interest element is charged to the Statement of Comprehensive Income in proportion to the reducing capital element outstanding.

Operating Leases

Leases not meeting the criteria of a finance lease are treated as an operating lease. Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

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.

Stocks

Stock is held at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

Cash and cash equivalents

Cash and cash equivalents 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, contingent liabilities and contingent assets

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 amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the College a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

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's Statement of Comprehensive Income, 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's Statement of Comprehensive Income.

Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the year-end rates. The resulting exchange differences are dealt with in the determination of income and expenditure.

Employment Benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

Retirement benefits

The two principal pension schemes for the College are the Local Government Pension Scheme (LGPS) and the Scottish Teachers' Superannuation Scheme (STSS).

Local Government Pension Scheme (LGPS)

The LGPS is a pension scheme providing benefits based on final pensionable pay, prior to 1 April 2015 and a career average scheme from 1 April 2015. 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 Statement of Comprehensive Income represents the service cost expected to arise from employee service in the current year.

Scottish Teachers' Superannuation Scheme (STSS)

The College participates in the STSS 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 FRS 102, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme in respect of the year.

Pension Provision

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 FRS 102 and any movements are adjusted through the Statement of Comprehensive Income.

Derivatives

Derivatives are held on the balance sheet at fair value with movements in fair value recorded in the Surplus or Deficit.

Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of interest rate swap contracts are determined by calculating the present value of the estimated future cash flows based on observable yield curves.

Reserves

Reserves are classified as restricted or unrestricted. Restricted reserves include balances where the donor has designated a specific purpose and therefore the College is restricted in the use of these funds.

Change in accounting policy

The College is preparing its financial statements in accordance with the 2015 SORP for the first time in the financial year to 31 July 2016.

Following the conversion to 2015 SORP the College has changed the following accounting policies in the financial year 31 July 2016.

Deferred Capital Grant

Under the 2007 SORP capital government grants given to the College to support any fixed asset purchases or construction were permitted to be accounted for as deferred reserves on the balance sheet within reserves. The income was then released to the income and expenditure account in line with the depreciation charge of the respective fixed asset, in essence offsetting the depreciation charge within the income and expenditure account.

As a result of FRS 102 the college has elected to use the accruals model for all government grants which requires the deferred element of the capital grant to be retained within creditors as a deferred income rather than a reserve. Note 38 provides the detail of the adjustments required for both the previous and the current financial year.

Derivatives

The college uses an interest rate swap to adjust interest rate exposure in order to guarantee fixed interest payments for the bank loan where payments are variable and hence exposed to interest rate movements. The interest rate swap has been recorded as a liability on the balance sheet at fair value and accounted for at fair value through profit and loss. Under previous UK GAAP these were not re-valued to fair value or shown on the college's balance sheet at the year end. An adjustment was made to reflect the opening fair value as at April 2014 (£92k), and the movement during both 2014/15 (£309k) and 2015/16 (£441k) has been included within the Statement of Comprehensive Income.

	Year Ended 31 July 2016	Period Ended 31 July 2015
	£000	£000
2 Scottish Funding grants		
FE recurrent grant (including fee waiver)	19,767	25,202
Childcare funds	646	696
SFC deferred income	1,586	2,712
Scottish Funding Council maintenance grant	393	1,396
Other Scottish Funding Council grants	796	1,516
Total	<u>23,188</u>	<u>31,522</u>
3 Tuition fees and education contracts		
Further education fees - UK & EU Students	130	145
Higher education fees	1,532	1,877
Skills Development Scotland Income	993	1,298
Education contracts	1,900	1,635
Other contracts	3,659	4,971
	<u>8,214</u>	<u>9,926</u>
4 Other grant income		
European funds	0	0
Forth Valley College Foundation	370	0
Other grants	281	97
Total	<u>651</u>	<u>97</u>
5 Other operating income		
Residences, catering and conferences	817	1,064
Other income-generating activities	93	118
Other income	545	667
Total	<u>1,455</u>	<u>1,849</u>
6 Investment income		
Other interest receivable	<u>14</u>	<u>26</u>

7 Donations

There were no donations during 2015/16.

	Year Ended 31 July 2016	Period Ended 31 July 2015
	£000	£000
8 Staff costs		
Salaries	18,614	22,961
Social security costs	1,485	1,752
Other pension costs (including FRS 102 adjustment of £399k (2014/15: £843k))	3,368	4,226
Total	23,467	28,939
Academic/ Teaching Departments	14,330	17,905
Academic/ Teaching Services	3,156	3,742
Administration and Central Services	3,307	4,296
Premises	628	779
Other expenditure	356	417
Catering and Residences	411	354
Modern Apprentice Trainees	1,279	1,446
Total	23,467	28,939

Compensation for loss of office payable to a senior post-holder:

No senior post holder left office during the year.

The average number of full time equivalent employees, including higher paid employees, during the period was:

	No.	No.
Senior management	7	7
Teaching departments	262	266
Teaching services, Admin and central services	232	221
Premises	13	12
Catering	18	13
Modern Apprentice Trainees	108	111
Total	640	630
Analysed as:		
Staff on permanent contracts	606	596
Staff on temporary contracts	34	34
	640	630

The number of staff, including senior post-holders and the Principal, having responsibility for planning, directing and controlling the activities of the College, and who received emoluments including benefits in kind where appropriate, excluding pension contributions, annualised from the 12 and 16 month periods in the following ranges were:

	2016 Senior post- holder No.	2016 Other members of staff No.	2015 Senior post- holder No.	2015 Other members of staff No.
£50,001 to £60,000 per annum	0	8	0	6
£60,001 to £70,000 per annum	1	1	1	1
£70,001 to £80,000 per annum	2	0	3	0
£80,001 to £90,000 per annum	1	0	1	0
£90,001 to £100,000 per annum	2	0	1	0
£100,001 to £110,000 per annum	0	0	1	0
£110,001 to £120,000 per annum	1	0	0	0

	Year Ended 31 July 2016	Period Ended 31 July 2015
9 Senior post-holders' emoluments	No.	No.

The number of senior post-holders that form the senior management team, including the Principal was: 7 7

	Year Ended 31 July 2016	Period Ended 31 July 2015
	£000	£000
Senior post-holders' emoluments are made up as follows:		
Salaries and benefits	611	753
Employer's Pension contributions	107	128
Total emoluments	718	881

The above emoluments include amounts payable to the Principal, the highest paid senior post-holder, of:

Salary	116	147
Benefits in kind	0	0
	116	147
Pension contributions	20	22

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 £21k in the financial period and an accrual has been made for his fee. 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.

	Year Ended 31 July 2016	Period Ended 31 July 2015 Restated
	£000	£000
10 Pension Provision Charge		
Increase due to revaluation of pension liability	296	(261)
Interest	251	420
	547	159

	Year Ended 31 July 2016	Period Ended 31 July 2015
	£000	£000
11 Other operating expenses		
Teaching departments	1,676	2,961
Administration and central services	1,331	1,915
Premises costs	1,288	1,959
Planned maintenance	299	1,004
Other employee related costs	420	539
Agency staff costs	70	58
Other income generating activities	321	451
Residences, catering and conferences	491	427
Childcare	647	696
Total	6,543	10,010
Other operating costs include:		
Auditors' remuneration		
- external audit of the financial statements	26	26
- internal audit services	14	28
- external auditors other services	4	4
- internal auditors other services	0	13
Hire machinery - operating leases	126	143
Hire of premises - operating leases	70	88
	240	302
12 Interest and other finance costs		
Loan interest	186	256
Increase in fair value of derivatives	441	309
Pension finance costs (note 27)	490	613
Total	1,117	1,178
13 Forth Valley College Foundation		
Donation to Forth Valley College Foundation	0	1,100

14 Taxation

The Board does not consider that the College was liable for any corporation tax arising out of its activities during the period.

15 Tangible Fixed Assets

Land and buildings were revalued at 31 July 2015 by DM Hall, Chartered Surveyors, in the capacity of independent valuer and in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual. As the majority of the College's buildings are specialised buildings, open market value is not an appropriate basis of valuation. Accordingly, Land and buildings are valued on the basis of depreciated replacement cost with the exception of the land at Branshill, Alloa and the Middlefield site at Falkirk, 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.

During 2015/16 site investigations were undertaken as part of the planning stage of the new Falkirk campus on the Middlefield site, which identified the need for significant piling work to be carried out prior to commencement of the new building. A valuation for the Middlefield site was obtained as at 31 July 2016 on the basis of fair value which resulted in the land being impaired by £1,650k.

	Land and Buildings	Plant and Equipment	Total
	£000	£000	£000
Cost or valuation			
At 1 August 2015	60,101	4,678	64,779
Revaluation	(1,650)	0	(1,650)
Additions	0	155	155
Disposals	0	0	0
Transfers	(5)	5	0
At 31 July 2016	58,446	4,838	63,284
Depreciation			
At 1 August 2015	0	3,685	3,685
Charge for the year	1,759	435	2,194
At 31 July 2016	1,759	4,120	5,879
Net Book Values at 31 July 2015	60,101	993	61,094
Net Book Value at 31 July 2016	56,687	718	57,405

Land and buildings with a net book value of £50.2m have been funded from either local authority sources or from Scottish Funding Council capital grants. These assets may not be disposed of without the prior approval of the Scottish Funding Council and the College may have to return all or part of the sale proceeds to the Scottish Funding Council.

	As at 31 July 2016 £000	As at 31 July 2015 £000
16 Trade debtors and other receivables		
Amounts falling due within one year:		
Trade debtors - net of provision for doubtful debts	448	468
Prepayments and accrued income	1,172	941
	1,620	1,409
17 Creditors: Amounts falling due within one year		
Trade creditors	251	157
Other taxation and social security	505	451
Accruals and deferred income	1,498	1,679
Loan Repayment	151	146
Other creditors	112	402
Deferred capital grant	1,419	1,548
	3,936	4,383
Deferred income		
Included with accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met.		
Grant income	66	29
Other income	218	273
	284	302
18 Creditors: Amounts falling due after one year		
Deferred Income		
Secured/Unsecured Loan	4,064	4,215
Deferred capital grant	29,612	30,915
Interest rate swap	843	402
	34,519	35,532

	As at 31 July 2016	As at 31 July 2015
	£000	£000
Analysis of secured and unsecured loans		
Repayable within one year	151	146
Repayable between one and two years	160	151
Repayable between two and five years	574	502
Repayable over five years	3,331	3,563
	<u>4,216</u>	<u>4,362</u>

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 2016 of £4.2m at a fixed rate of 4.3% which terminates on 30 July 2029. In the 12 month period to 31 July 2016, the College repaid £146k of the loan principal.

	STSS Early Retirement	LGPS Pension	Year Ended 31 July 2016	Period Ended 31 July 2015 Restated
	£000	£000	£000	£000
19 Provisions for liabilities and charges				
At 1 August 2015	7,169	13,416	20,585	17,737
Utilised in year	(399)	(1,401)	(1,800)	(2,129)
Additions in 2015/16	0	1,801	1,801	2,446
Revaluation adjustment	296	2,498	2,794	1,498
Interest charged	251	490	741	1,033
At 31 July 2016	<u>7,317</u>	<u>16,804</u>	<u>24,121</u>	<u>20,585</u>

The STSS early retirement provision above is in respect of future pension liabilities arising from early retirements. The value of the provision is based on a valuation at 31 July 2016 performed by Hymans Robertson, an independent firm of actuaries.

The valuation of the STSS unfunded pension liabilities at 31 July 2015 was overstated due to an error made by the actuary. The key actuarial assumptions adopted as at 31 July 2015 were based on a discount rate of 3.6% pa and a pension increase assumption of 2.6% pa. However the valuation of the STSS unfunded pensions at 31 July 2015 was incorrectly based on a pension increase assumption of 4.0% pa (as opposed to 2.6% pa). This led to the unfunded liabilities at 31 July 2015 being overstated (by around 20%).

As a result of this overstatement the 2014/15 STSS early retirement provision included in these financial statements have been restated from the figures in the 2014/15 financial statements and have been revised downwards by £1.5m.

The LGPS pension provision relates to the liability under the College's membership of the Local Government Pension Scheme. Further details are provided at note 27.

20 Restricted Reserves

The college has no restricted reserves as at 31 July 2016

		Year Ended 31 July 2016	Period Ended 31 July 2015
	Note	£000	£000
21 Reconciliation of operating deficit to net cash flow from operating activities			
Operating deficit after depreciation of assets, loss on revaluation of land and buildings and tax		(2,085)	(2,299)
Pension costs (less contributions payable)	27	399	843
Depreciation	15	2,194	3,542
Interest payable on swap		441	309
Revaluation adjustment for Land and Buildings		0	615
Deferred capital grants released to income		(1,586)	(2,713)
(Increase)/Decrease in stock		(3)	6
(Increase)/Decrease in debtors	16	(211)	1,783
Decrease in creditors	17, 18	(324)	(1,370)
Increase/(decrease) in pension provision	19	148	(367)
Interest receivable - bank interest	6, 22	(14)	(26)
Interest paid - loan interest	12, 22	186	256
Net return on pension liability	27	490	613
Net cash (outflow)/inflow from operating activities		(365)	1,192

22 Returns on investments and servicing of finance

Interest received	6	14	26
Interest paid	12	(186)	(256)
Net cash outflow from investments and servicing of finance		(172)	(230)

23 Capital expenditure and financial investment

Purchase of tangible fixed assets	15	(155)	(638)
Deferred capital grants received		155	638
Net cash flow from capital expenditure		0	0

24 Financing

Loan repayment	17, 18	(146)	(139)
Net cash outflow from financing		(146)	(139)

	As at 31 July 2015	Cash Flows	As at 31 July 2016
	£000	£000	£000
25 Cash and cash equivalents			
Cash and cash equivalents	1,609	(683)	926

			Year Ended 31 July 2016	Period Ended 31 July 2015
	Equipment	Property	Total	Total
	£000	£000	£000	£000
26 Lease commitments				
Payable during the year	126	70	196	245
Future minimum lease payments due:				
Not later than 1 year	74	35	109	210
Later than 1 year and not later than 5 years	267	0	267	35
Later than 5 years	0	0	0	0
Total lease payments due	341	35	376	245

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).

	Year Ended 31 July 2016 Total £000	Period Ended 31 July 2015 Total £000
The total pension costs for the institution was :		
Contribution to STSS	1,567	1,780
Contribution to LGPS	1,402	1,603
Pension costs as a result of implementing FRS 102	399	843
Total pension cost (Note 8)	<u>3,368</u>	<u>4,226</u>
Employer contribution rates		
STSS	17.2%	14.9%
LGPS	17.9%	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 a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2012. The valuation as at 31 March 2016 will set contribution rates from 1 April 2019.

(b) Forth Valley College has no liability for other employer's 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 employer's pension contributions for fifteen years from 1 April 2015. This contribution is included in the 17.2% employer's contribution rate

(v) The total employer contributions received for the Scottish Teachers' scheme in the year to 31 March 2015 were £350.7million as per the Scottish Public Pensions Agency website. Forth Valley College's level of participation in the scheme is 0.4% based on the proportion of the employer contributions paid in 2015/16.

The Local Government Pension Scheme

The Falkirk Council Pension Fund for non-academic employees 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 2016 was £1,823k of which employer's contributions totalled £1,402k and employee's contributions totalled £421k. The agreed contribution rates are 17.9% 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 2014 by a qualified independent actuary, rolled forward to 31 July 2016 using approximation methods which allow for changes in financial assumptions, additional benefits, cash flows and actual pension increase orders.

Principal Actuarial assumptions

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
	As at 31 July 2016	As at 31 July 2015
Pension increase rate	1.9%	2.6%
Salary increase rate	3.4%	4.0%
Discount rate	2.4%	3.6%

The assets of the scheme and the expected rates of return were:

	Split of investments 31 July 2016	Split of investments 31 July 2015
Equities	65%	63%
Bonds	24%	24%
Property	7%	8%
Cash	4%	5%

The following information is in relation to the Statement of Comprehensive Income:

	Year Ended 31 July 2016	Period Ended 31 July 2015
	£000	£000
Comprehensive Income and Expenditure Statement		
Current service cost	1,801	2,446
Interest cost	1,527	2,138
Interest income on plan assets	(1,037)	(1,525)
Total	2,291	3,059
Reconciliation of present value of defined benefit obligations		
Opening defined benefit obligations	41,748	35,887
Current service cost	1,801	2,446
Interest cost	1,527	2,138
Contributions by members	422	491
Remeasurements		
- change in demographic assumptions	0	(297)
- change in financial assumptions	5,687	1,397
- other experience	(459)	294
Benefits paid	(824)	(571)
Unfunded benefits paid	(28)	(37)
Closing defined benefits obligation	49,874	41,748
Reconciliation of the movements in the fair value of the plan assets		
Opening fair value of the plan assets	28,331	25,685
Interest income on plan assets	1,037	1,525
Remeasurements		
- return on plan assets excluding the amount included in the net interest	2,730	(365)
Contributions by members	422	491
Contributions by employer	1,374	1,566
Contributions in respect of unfunded benefits	28	37
Benefits paid	(824)	(571)
Unfunded benefits paid	(28)	(37)
Closing fair value of the plan assets	33,070	28,331
The underlying net liability for retirement benefits attributable to the College at 31 July 2016 is £16.8m	16,804	13,417

An adjustment was made for the year ended July 2015 as the basis for the net interest calculation was changed due to the implementation of FRS102 and as a result the 2014/15 pension finance cost increased by £645k (note 12), the 2014/15 actuarial loss decreased by £745k and the pension liability at 31 July 2015 decreased by £100k.

	Year Ended 31 July 2017
Analysis of projected amount to be charged to operating result for the year to 31 July 2017	
	£000
Projected current service cost	2,111
Interest on obligation	1,387
Interest income on plan assets	(804)
Total	2,694

28 Related Party Transactions

The College's board members are the trustees for charitable law purposes. 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 £5k are noted below:

Member	Organisation	Contract type	College Sales £000	College Purchases £000
Mr H Hall	University of Strathclyde	Educational	79	0
Miss L Dougall	University of Strathclyde	Educational	79	0
Ms C Jack	Scottish Power	Educational	220	9
Mr L McCabe	University of Stirling	Educational	1137	26
Mr L McCabe	APUC	Educational	0	68
Mr C Alexander	BP Oil Exploration Ltd	Educational	552	0
Mr H Hall	Colleges Scotland	Educational	0	34
Mr K Thomson	Historic Environment Scotland	Educational	60	0

At 31 July 2016 the following balances existed which were greater than £5k, for the organisations noted above:

Organisation	Due to the College £000	Due from the College £000
University of Stirling	196	0
BP Oil Exploration	37	0
	<u>233</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	
Mr H Hall	University of Strathclyde	Chief Operating Officer
Miss L Dougall	University of Strathclyde	Faculty Manager
Ms C Jack	Scottish Power Energy Networks	Head of Delivery (Central & Fife)
Mr L McCabe	University of Stirling	Director of Finance
Mr A Carver	Fujifilm Diosynth Biotechnology	Senior Commercial Development Manager
Mr C Alexander	BP Oil Exploration Ltd	Reliability and Maintenance Manager
Mr K Thomson	Historic Environment Scotland	Board Member

29 Financial Instruments

Financial assets and liabilities are carried in the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining period of the instrument, using the assumption that the fair value of trade and other receivables (note 16) and trade creditors (note 17) is taken to be the invoiced or billed amount.

Liquidity risk – The College uses an interest rate swap to adjust interest rate exposure in order to guarantee fixed interest payments for a bank loan (note where payments are variable and hence exposed to interest rate movements). The swap has a fixed rate of 4.3% and the fair value as at July 2016 was £843k. The swap is due to terminate on 30 July 2029. 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. In the 12 month period to 31 July 2016 the college repaid £146k of the loan principal. A covenant was arranged as part of the original loan agreement.

	FE Bursary	EMA's	Other	Year Ended 31 July 2016	Period Ended 31 July 2015
	£000	£000	£000	£000	£000
30 FE Bursary and other Student Support Funds					
Balance brought forward	231	20	1	252	80
Allocation received in period	<u>2,764</u>	<u>176</u>	<u>259</u>	<u>3,199</u>	<u>4,819</u>
	2,995	196	260	3,451	4,899
Expenditure	(3,034)	(196)	(221)	(3,451)	(4,649)
Virements	<u>39</u>	<u>0</u>	<u>(39)</u>	<u>0</u>	<u>0</u>
Balance Carried forward	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>	<u>0</u>	<u>250</u>
Represented by:					
Repayable to Funding Council as Clawback	0	0	0	0	250
Retained by College for Students	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>250</u>

FE Bursary and Student Support Fund grants are available solely for students, the College acting only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

	Year Ended 31 July 2016	Period Ended 31 July 2015
	£000	£000
31 Childcare Funds		
Balance brought forward	13	0
Allocation received in period	<u>633</u>	<u>710</u>
	646	710
Expenditure	(646)	(697)
Balance Carried forward	<u>(0)</u>	<u>13</u>
Represented by:		
Repayable to Funding Council as Clawback	<u>0</u>	<u>13</u>
	<u>0</u>	<u>13</u>

Childcare Fund transactions are included within the College Income & Expenditure account in accordance with the Accounts Direction issued by the Scottish Funding Council.

	Year Ended 31 July 2016	Period Ended 31 July 2015
	£000	£000
32 HE Discretionary		
Balance brought forward	1	58
Allocation received in period	127	119
	128	177
Expenditure	(126)	(176)
Repayable to SAAS as Clawback	(1)	0
Balance Carried forward	1	1
Represented by:		
Repayable to SAAS as Clawback	1	1
	1	1

33 Capital Commitments

There were no capital commitments as at 31 July 2016

34 Contingent Liabilities

The college has no contingent liabilities at 31 July 2016

35 Post Balance Sheet Events

Scottish Ministers approved the Full Business Case for a new Falkirk Campus. The current fair value of the existing Falkirk campus, based on depreciated replacement cost will change to being based on market value. This will result in an impairment in the value of the existing Falkirk Campus of £15.5m based on the market value included within the Full Business Case.

36 Deficit resulting 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 2015/16 this meant that the College generated surplus cash of £608k (2014/15: £700k) 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. 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 has resulted in a £6.2m reported deficit for 2015/16. 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 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. Audit Scotland accepts that a deficit arising from the use of cash funding, originally provided for non-cash depreciation, does not indicate an underlying financial sustainability concern.

37 Accounting estimates and judgements

During financial year 2016/17 there will be formal revaluations obtained for the following areas which may cause material adjustments to the carrying values, but which are non-cash items:

- a) Land and buildings - should the full business case be approved during 2016/17 for the new Falkirk campus, a formal valuation will be obtained for the existing Falkirk building on an open market basis (rather than the current depreciated replacement cost basis) and the expected impairment will be reflected within the 2016/17 annual accounts
- b) Interest rate risk - the College is exposed to interest rate movements on the loan and as a result entered into a swap arrangement when the loan was agreed. As a complex financial instrument the swap is being accounted for at fair value at each year end. In the current market environment the fair value of the swap agreement is a liability to the College, as assessed by the bank and confirmed as reasonable through an independent assessment. The interest rate swap fair value was a liability at 31 July 2016 but if the LIBOR interest rates and other market factors change going forward there

is the potential for the fair value of the swap to be assessed as an asset for the College rather than a liability, or for the liability to increase

- c) LGPS Pension liability - the College's participation in the Local Government Pension Scheme requires the funding of liabilities that may stretch out 60-70 years based on the working lives of active members and period during which pensions are in payment. During these periods there will be diverse economic cycles, varying levels of investment return and changes in mortality rates. The key assumptions that impact on the net pension liability in future are set out within note 27
- d) STSS Early Retirement provision. The College has a provision for staff who had early retirement. The amount of this liability varies based on a number of factors, but most significantly on the discount rate applied by the actuary. The key assumptions used in the valuation are the same as for the LGPS (as set out in note 27).

The following are other areas where there is significant estimates or judgements which affect the financial statements:

- a) Depreciation - depreciation rates have been set for the Falkirk, Alloa and Stirling campuses based on the recommendations of estimated useful lives by valuers
- b) LGPS - Cash payments - all of the factors set out above regarding the LGPS could impact on the College's Cash flow position as they could require the actuary to set a revised employer contribution rate having undertaken the three yearly valuation of the pension fund. Whilst there is always an element of uncertainty as to the extent of any change in the contribution rate, the actuary is obliged to have regard to the Fund's Funding Strategy which is to take a prudent long term view of liabilities and maintain as constant an employer contribution rate as possible.

38 Transition to FRS102 and the 2015 SORP

As explained in the accounting policies, these are the College's first financial statements prepared in accordance with FRS 102 and the SORP 2015. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended July 2016, the comparative information presented in these financial statements for the year ended July 2015 and in the preparation of an opening FRS 102 Statement of Financial Position at 1 August 2015. In preparing its FRS 102, SORP based Statement of Financial Position, the College has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP).

An explanation of how the transition to FRS 102 and the SORP 2015 has affected the College's financial position, financial performance and cash flows is set out in the following tables.

	As at 1 April 2014	As at 31 July 2015
	£000	£000
Financial position		
Total reserves under 2007 SORP	41,426	36,502
Deferred capital grant	(34,537)	(32,462)
Financial Instrument - fair value of the swap	(92)	(401)
Total effect of transition to FRS 102	<u>(34,629)</u>	<u>(32,863)</u>
Total reserves under 2015 SORP	<u>6,797</u>	<u>3,639</u>

Period Ended
31 July
2015

Financial performance

£000

Surplus for the year under 2007 SORP (restated)	(1,345)
Financial Instrument - movement in fair value of the swap	(309)
Increase in pension costs	(645)
Effect of transition to FRS 102	(954)
Reclassification of actuarial losses into the Statement of Comprehensive Income	(1,759)
Total comprehensive income for the year under 2015 SORP	(4,058)

Deferred Capital Grants

Under the 2007 SORP capital government grants were permitted to be accounted for as deferred reserves on the balance sheet within reserves.

The College has adopted the accrual model to account for the deferred capital grants with the result that the deferred element of the grant is now reflected as deferred income within creditors as opposed to being held within reserves with no adjustment required to the financial performance.

Pension Costs

FRS 102 requires that the net interest expense (or income) is based upon the net deficit (or surplus) within the scheme however this differs from UK GAAP where the interest is equal to the difference between unwinding the discount on scheme liabilities and the expected return on assets.

Financial Instruments

Interest rate swaps are recorded on the balance sheet at fair value and accounted for at fair value through profit and loss. Under previous UK GAAP these were not re-valued to fair value or shown on the college balance sheet at the year end. Net interest payable is accrued.

Cash Flows

There was no impact of the transition to FRS 102 on the cash flows of the College.

Appendix 1 Accounts Direction from Scottish Funding Council

2015-16 Accounts direction for Scotland's colleges and universities

1. It is the Scottish Funding Council's direction that colleges and universities comply with the 2015 *Statement of Recommended Practice: Accounting for Further and Higher Education* (SORP) in preparing their annual report and accounts.
2. Colleges and universities must comply with the accounts direction in the preparation of their annual report and accounts in accordance with the Financial Memorandum with the Scottish Funding Council (SFC) or the Regional Strategic *Body* (for assigned colleges).
3. Incorporated colleges are also required to comply with the Government Financial Reporting Manual 2015-16 (FRoM) where applicable.
4. Incorporated colleges are reminded that they must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2016.
5. The annual report and accounts should be signed by the chief executive officer and by the chair, or one other member of the governing body.
6. Incorporated colleges should reproduce this Direction as an appendix to the annual report and accounts.

Scottish Funding Council
24 August 2016

Forth Valley College

**Annual Audit Report for 2015/16
to the Board of Management and
the Auditor General for Scotland**

External Audit Report No: 2016/02

**Draft Issued: 21 November 2016
2nd Draft Issued: 25 November 2016
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Notice: About this report

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 8 December 2016 we plan to issue an audit report with an unqualified opinion on the financial statements of the College for the year ended 31 July 2016 and on the regularity of the financial transactions reflected in those financial statements.
- Three new accounting standards (Financial Reporting Standard (FRS) 100, 101 and 102) came into force in 2015/16, with comparative figures for 2014/15 restated where relevant using these new standards. In addition, a new Education Statement of Recommended Practice (SORP) has been implemented for the 2015/16 financial statements.
- The current financial period covers the year to 31 July 2016. The comparative period is the 16 months from 1 April 2014 to 31 July 2015. Colleges have been allowed to align their financial year to the academic year, although they are still required to meet HM Treasury budgeting and reporting requirements at a March year end.
- The College has shown a deficit for the year ended 31 July 2016 (before 'other comprehensive income') of £2.085 million (deficit of £2.299 million (restated) for the 16 months ended 31 July 2015). The College has an Income and Expenditure Account balance of £(21.158) million at 31 July 2016 (including pension reserve of £(16.804) million) (31/07/15: £(17.076) million (restated) including pension reserve of £(13.416) million).
- The College met its Credits target for the academic year to 31 July 2016 (14/15: target met).
- Income of £0.339 million from the Forth Valley College Foundation, an arms' length body, has been included in the Statement of Comprehensive Income. This is part of the £1.800 million grant that on 24 June 2015 the Forth Valley College Foundation agreed to award to the College for assistance with the new Falkirk campus redevelopment project.
- There was expenditure of £1.739 million during the year (14/15: £0.176 million) by the College on consultants and other costs related to the Full Business Case for a new Falkirk campus. This has been included in the Statement of Comprehensive Income.
- The College's Local Government Pension Scheme (LGPS) pension liability increased in total by £3.388 million during the year to £16.804 million at 31 July 2016, which was largely due to changes in key actuarial assumptions relating to discount rates, along with net interest on the increased pension liability and a £0.399 million extra charge for the current cost of pensions under FRS102.
- The College's Middlefield site was revalued at 31 July 2016, which led to an impairment of £1.650 million being recognised against the revaluation reserve through other comprehensive income. The reason for the impairment was that ground surveys identified that significant piling works would be required before building on the site which had not previously been known.
- The annual financial statements of the College comply with the Accounts Direction issued by the Scottish Funding Council (SFC), the SORP on Accounting for Further and Higher Education and, as far as applicable, the Government Financial Reporting Manual 2015/16 ('the FReM').

Financial Statements (Continued)

- There was a prior period adjustment made to the enhanced early retirement provision expenditure for 2014/15 as a result of an actuarial error, and this reduced the 2014/15 deficit by £1.543 million.
- Six audit and accounting adjustments were made to the draft financial statements presented for audit; which had the impact of increasing the reported deficit for the year by £1.525 million. The main reason for this was the impact of the error in the actuarial calculations (£1.525 million), with the other five items not having any net impact on the deficit for the year.
- 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

- A Performance Report and Accountability Report (including a Governance Statement and Remuneration and Staff Report) are included in the annual report, replacing the Operating and Financial Review that was included in previous years.
- The College's Governance Statement confirms that corporate governance has been exercised throughout the year in accordance with the principles of the Code of Good Governance for Scotland's Colleges (with one exception in relation to the role of the Secretary to the Board, which has been explained in the report and financial statements), the Scottish Public Finance Manual (SPFM) and the SFC Financial Memorandum with colleges.
- No material weaknesses in the accounting and internal control systems were identified during the 2015/16 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 2015/16 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 2015/16 and the Self-Evaluation review of this found that most 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 2016/17 academic year from the SFC for Teaching and Fee Waiver is £20.148 million, an increase of £0.375 million from 2015/16 and with the equivalent academic output (16/17 and 15/16: 83,984 Credits). The College's capital allocation for 2016/17 from the SFC has increased by £0.225 million to £1.281 million (2015/16: £1.056 million).
- The College's planned Falkirk campus redevelopment project is progressing with a Full Business Case having been developed by the College in conjunction with appointed consultants. This is planned to be funded by the SFC through capital funding and approval to progress the project into procurement was received from the Scottish Government on 29 November 2016.

Introduction

Background

1. 2015/16 was the fifth and final 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 2015/16 cover the 12-month period to 31 July 2016 and the comparative figures are for the 16-month period to 31 July 2015. Paragraph 27 explains the reasons for this.
2. The audit framework is outlined in our Strategic Planning Memorandum and 2015/16 Annual Audit Plan issued on 19 May 2016 and considered and approved by the Audit Committee at its meeting on 2 June 2016. 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 (FRC);
 - 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;
 - audit specific parts of the remuneration report;
 - read and express an opinion on whether the Performance and Accountability Reports are consistent with the financial statements; 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;
 - review of expenditure on the Full Business Case;
 - compliance with FRS102 regarding the provision for pension liabilities and provision for early retirements; and
 - compliance with the SORP on Accounting for Further and Higher Education, FReM and Accounts Direction.

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 into 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 8 December 2016 we plan to issue an audit report with an unqualified opinion on:
- the financial statements of the College for the year ended 31 July 2016;
 - 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 Performance and Accountability Reports, governance statement and other annual report sections 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 8 December 2016 to determine if there are any post balance sheet events that require adjustment to be made to the financial statements or additional disclosure in a note thereto.

Identified Risks of Material Misstatement and Materiality

10. At the planning stage of the audit we identified some key areas of focus which we considered had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the audit team. The findings from our audit work on these items are set out below. Management override of controls and income recognition are included below as there is a presumption within international auditing standards for all audits to take account of these areas.

Key audit area	Our planned approach	Our findings
Completeness of income	We planned to review all significant revenue streams and transactions and, through a combination of analytical review, compliance testing of key controls and detailed substantive testing, obtain comfort that these transactions appear reasonable based on our knowledge of the College.	Our review of key income streams did not identify any items which had been omitted or accounted for incorrectly.
Management override of controls	Our approach was to review any significant unusual transactions to ensure that they appeared reasonable in the context of our knowledge of the business.	We did not identify any significant unusual transactions or manual postings that did not have adequate back-up or management explanations.

Key audit area	Our planned approach	Our findings
The College may not comply with legislation and financial regulations	We planned to identify major areas of legislation and financial regulations that the College is required to comply with, consider the risk of non-compliance of each, and consider whether there may be a material financial impact from these. We then planned to discuss with management what key controls are in place to ensure compliance and asked whether any actual, suspected or known instances of non-compliance had been noted.	Results from our testing were satisfactory.
The College may not properly account for its capital projects expenditure and related funding or fixed assets transactions. This includes 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	We planned to review a sample of capital expenditure to ensure it was appropriate to capitalise this. We also planned to review significant accounts of a repairs and maintenance nature, and expenditure on the Full Business Case for the new Falkirk campus, to determine whether it was appropriate to expense these items. Our approach regarding impairment was to identify all significant assets and consider whether there were any conditions that might give rise to an impairment, and check that any impairments made had been correctly treated.	Results from our testing were satisfactory.
The College may fail to recognise funding provided for specific purposes appropriately	Our approach was to review all significant ring fenced funds and check whether grant terms and conditions had been met before recognising income.	Results from our testing were satisfactory.
The College may not achieve its planned budget resulting in a deterioration of the financial position, non-compliance with financial covenants and going concern issues	We considered the process undertaken by management to satisfy themselves that the going concern basis of preparation of the financial statements was appropriate. We also reviewed relevant evidence available, including management accounts and the Forecast Financial Return to the SFC.	As part of auditing procedures, auditors must consider whether an entity can continue to operate for a period of 12 months from the date of signing the financial statements. This needs to be considered on an annual basis. Based on our review we consider the College is a going concern.

Key audit area	Our planned approach	Our findings
Compliance with the SORP on Accounting for Further and Higher Education, FReM and Accounts Direction	We planned to check whether disclosures and accounting treatment was in line with the SORP, FReM and Accounts Direction through reviewing the requirements and completing checklists to ensure that the requirements were being met.	Our review found a small number of items requiring amendment. The College amended these for the final version of the financial statements.

11. We told you materiality at the planning stage was £0.299 million. This was revised once draft financial statements were received to £0.335 million. Performance materiality was revised to £0.234 million from £0.209 million, and the amount below which items were deemed to be clearly trivial became £0.023 million. We determined materiality based on the College’s annual income.

Audit Completion

12. 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 17 October 2016, the first day of the audit fieldwork. The first draft did not include the Performance Report, Accountability Report (including Corporate Governance information) and a number of financial statement disclosures. These were received on 14 November 2016 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 good standard.

Response to audit queries

Audit queries were dealt with in a timely manner.

Corporate Governance Statement

13. 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.
14. 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.

Corporate Governance Statement (Continued)

15. The College's Governance Statement for 2015/16 confirms that corporate governance has been exercised throughout the year in accordance with the principles of the Code of Good Governance for Scotland's Colleges (with one exception in relation to the role of the Secretary to the Board, as detailed in paragraph 58 below, and which has been explained in the report and financial statements), the SPFM and the SFC Financial Memorandum with colleges.
16. From our audit work and our review of the College's statement we have no issues to report within our audit opinion.

Remuneration and Staff Report

17. 2015/16 is the second time a Remuneration Report has been required in college financial statements and this has been expanded for 2015/16 to include additional information in a Staff Report. The information to be included is prescribed by the FReM.
18. We are required to audit part of the Remuneration and Staff Report and review the remainder as part of our review of the Performance and Accountability Report. We express a specific opinion on whether the audited part has been properly prepared.
19. We received the Remuneration and Staff Report for audit on 17 October 2016. From the work done we were satisfied that we could give an unqualified opinion.

Performance Report and Accountability Report

20. The SORP sets out the requirements for a Performance Report and Accountability Report (which replaces the Operating and Financial Review prepared in previous years) to be included in the financial statements. The content is prescribed through the Accounts Direction from the SORP and the FReM.
21. We review the information provided in the Performance Report and Accountability Report 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 Performance Report and Accountability Report, with the exception of the audited element of the Remuneration and Staff Report.
22. We received the Performance Report and Accountability Report on 14 November 2016 and concluded that an unqualified opinion could be provided for this.

Audit and Accounting Adjustments and Confirmation

23. 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 increasing the 2015/16 deficit by £1.525 million. With the exception of item 2, which processed the actuarial error on the early retirals pension provision, none of the adjustments were material.

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				
<i>14/15 (prior period adjustment)</i>				
LGPS pension liability			100	
Income and Expenditure Reserve				100
<i>15/16</i>				
Income and Expenditure Reserve			4	
Interest and other finance costs		4		
<i>Being adjustment for actuarial error relating to LGPS pension</i>				
2				
<i>14/15 (prior period adjustment)</i>				
STSS pension liability			1,543	
Income and Expenditure Reserve				1,543
<i>15/16</i>				
Pension Provision Charge	1,529			
STSS pension liability				1,529
<i>Being adjustment for actuarial error relating to STSS early retirement pension</i>				
3				
Staff costs	12			
Accruals				12
<i>Being accrual of pension costs on holiday pay entitlement not initially included</i>				
4				
Staff costs	19			
Accruals				19
<i>Being accrual for voluntary severance for one staff member</i>				
5				
Accrued income			31	
Other grant income		31		
<i>Being extra accrual for income from the Forth Valley College Foundation</i>				
6				
Accrued income			113	
Other creditors				113
<i>Being accrual of income from SFC for Student Support Funds</i>				
Total (2015/16 impact only)	1,560	35	148	1,673
Overall increase in Deficit	1,525			

Audit and Accounting Adjustments and Confirmation (Continued)

24. In addition, 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.

Confirmations and Representations

25. 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.
26. In accordance with auditing standards, we obtained representations from the College on material issues.

Financial Reporting

27. 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 2015/16 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 were 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 financial period for 2014/15 covered the 16 months from 1 April 2014 to 31 July 2015;
 - the 2015/16 financial period covered the 12 months to 31 July 2016;
 - in April 2016 the College submitted the required Resource and other returns for 31 March 2016 to the SFC. In September, as allowed, an update was submitted which made the following adjustments:

◆ Other income – reduction in grant from Arm's Length Foundation to College	£(0.011) million
◆ Operating costs – Reversal of accrued costs	£0.011 million
◆ Pension liability adjustment (to reflect impact of pension on the Comprehensive I&E Statement as at 31 July 2016)	£0.089 million
28. The application of the FReM results in some changes and additional disclosure, including a Performance Report and Accountability Report.

Financial Reporting (Continued)

FRS 102 'The Financial Reporting Standard' and new Education SORP

29. 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' became the new UK GAAP, which is fully IFRS-based. The new accounting standards came into force in the 2015/16 financial statements, which included comparative figures for 2014/15 being restated in the 2015/16 financial statements. The main areas of change for the College related to the treatment of deferred capital grants, pension costs and the interest rate swap.
30. In addition, a new Education SORP was effective for 2015/16 which follows FRS102, and provides specific details on disclosure of the main statements. The new SORP is available at www.fehesorp.ac.uk.

Financial Position

31. Colleges are required to break even in line with their agreed spending budgets each year to 31 March. For 2015/16, as noted in the financial statements at note 36, the SFC has allowed colleges to treat the depreciation allocation of their budgets as if it was a cash resource, thereby contributing to the deficit in the Statement of Comprehensive Income. 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

	2014/15 (16 months) Actual £000	2015/16 (12 months) Planned £000	2015/16 (12 months) Actual £000	2016/17 (12 months) Planned £000
Financial outturn Surplus/(Deficit) (before 'other comprehensive income')	(2,299) restated	63	(2,085)	(603)
Income and expenditure reserves (excluding pension reserve)	(3,660) restated	(2,822)	(4,354)	(4,986)
Cash balances	1,609	1,735	926	1,324

Source: Audited financial statements and June 2015 and June 2016 Forecast Financial Return (FFR)

32. The deficit of £2.085 million includes the following non-cash items:

	£'000
Use of depreciation cover	608
STSS Early retirement pension revaluation	547
LGPS pension revaluation	889
Increase in fair value of derivatives	441

Financial Position (Continued)

33. A direct comparison of College income in 2015/16 of £33.522 million against the last financial period is not possible given the change in accounting period from 16 months to 12 months. Points to note for 2015/16 include:
- SFC Capital and Maintenance Grant recognised has decreased as £0.500 million of the 2015/16 grant allocation (relating to 1 April 2015 – 31 March 2016) was used in 2014/15 as well as the prior year having one off items including grant funding for the demolition of the Middlefield building (£0.500 million);
 - Deferred income release has decreased due to some assets becoming fully depreciated in the year;
 - Other grant income has increased due to £0.370 million of income being accrued from the Forth Valley College Foundation as a contribution towards the Full Business Case costs for the new Falkirk campus; and
 - there has been increased income from education contracts, including collaboration with universities and continuation of major commercial contracts.
34. Similarly, a direct comparison of College expenditure in 2015/16 of £35.607 million against the last financial period is not possible. Points to note for 2015/16 include:
- there was a staff pay increase award and small increase in staff numbers, increase in the STSS pension contribution rate, and removal of national insurance rebates on some national insurance categories which led to increased pay and related costs;
 - a £0.399 million increase in pension costs as a result of the calculation under FRS102 of the current pension cost versus the actual contributions;
 - there was an increase in the enhanced early retirement provision cost by £0.388 million largely due to changes in actuarial provision as a lower discount rate on liabilities was applied by the actuary;
 - other operating expenditure was down as there was no Middlefield demolition expense, less expenditure using SFC capital and maintenance funds (see related note under income above), and a range of other movements;
 - depreciation decreased due to a range of assets becoming fully depreciated in 2014/15 and 2015/16;
 - Interest and finance costs increased due to the fair value of the College's interest rate swap (which is a liability) worsening;
 - there was a significant increase in expenditure on the Full Business Case for the new Falkirk campus (up £1.563 million from the previous period); and
 - The 2014/15 expenditure included a donation of £1.100 million to the Forth Valley College Foundation. No donation was made in 2015/16.
35. 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 (£4.354 million at 31 July 2016 (excluding pension reserve)). As demonstrated from the information in paragraphs 31 to 34 the underlying position in 2015/16 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.

Financial Position (Continued)

2015/16 Credits Outturn

36. The College's outturn against its 2015/16 Credits target is shown in Table 4 below.

Table 4: 2015/16 Credits/Weighted SUMs outturn

	2014/15 (Weighted SUMs)	2015/16 (Credits)
Target (including ESF)	121,664	86,214
Actual	121,781	86,272
Excess	117	58

Source: Audited Credits and SUMs returns

Short and Long Term Creditors

37. In 2015/16, due to the application of FRS102, deferred capital grants have been reclassified from reserves into current and long term creditors. Comparative figures at 31 July 2015 have also been restated. The main reason for short term creditors reducing between 31 July 2015 and 31 July 2016 is that there were a number of student support funds that had underspent in 2014/15 which had creditor balances included, but there are no similar underspends this year.
38. The long term creditors have decreased due to deferred capital grants decreasing (due to release of income) and repayment of part of the long term loan, offset by an increase in the fair value of the College's interest rate swap liability.

Pension Provisions

39. In 2015/16 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.
40. The College's LGPS pension liability increased in total by £3.387 million to £16.804 million at 31 July 2016 (2014/15: increased in total by £3.315 million) which was largely due to changes in key actuarial assumptions relating to discount rates, along with net interest on the increased pension liability and a £0.399 million extra charge for the current cost of pensions under FRS102.
41. The College has a provision in its balance sheet at 31 July 2016 of £7.317 million (31/07/15: £7.169 million (restated balance – refer to paragraph 42 below for reason for restatement) relating to pension costs from early retirements awarded to former employees. The College's approach to the valuation of the provision is to have an independent actuarial firm calculate this provision annually.
42. There was a prior period adjustment made to the enhanced early retirement provision expenditure for 2014/15 as a result of an actuarial error being identified for that year, and this reduced the 2014/15 deficit by £1.543 million.

Financial Position (Continued)

Capital Income and Expenditure

43. Arrangements to access capital funding have changed following Office of National Statistics (ONS) reclassification.
44. All of the £0.155 million of capital additions in 2015/16 related to the purchase of IT equipment.
45. The Middlefield site was revalued at 31 July 2016, which led to an impairment of £1.650 million being recognised against the revaluation reserve through other comprehensive income. The reason for the impairment was that ground surveys identified that significant piling works would be required before building on the site which had not previously been known. Based on the valuation obtained we are content that the Middlefield site is included in the financial statements at an appropriate valuation.
46. 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 Grangemouth 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.
47. 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 (SMT) members, and some Board members.
48. The College submitted the Full Business Case to the SFC in September 2016 and approval to progress the project into procurement was received from the Scottish Government on 29 November 2016.
49. Legal issues with the Non-Profit Distribution model planned to be used by the Scottish Futures Trust to part fund the project have led to the project now planned to be funded using capital funding.
50. FRS102 section 17 'Property, Plant and Equipment' 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 102 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 Statement of Comprehensive Income over the periods in which they are consumed. We noted in previous years' Annual Reports 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 buildings has been depreciated over 29 years as a whole and not as separate components and previously 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 and when the new Falkirk Campus is brought into use component accounting will be adopted for the new building.

Financial Position (Continued)

Forth Valley College Foundation

51. 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.
52. 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 however £0.370 million of this amount has been accrued and included in income in the 2015/16 financial statements.
53. To ensure that the Foundation is not consolidated into the College's financial results it requires to 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 2016. This position will need to be reviewed annually.

Corporate Governance

Corporate Governance

54. 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.
55. 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.
56. Comments on the financial position and the College's Governance Statement are covered in the Financial Statement section of this report.
57. 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.
58. 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. An updated version of the Code was published in August 2016. The review of the Code took into account recommendations made by the Cabinet Secretary's Good Governance Task Group. 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 are expected to comply with the Code as condition of grant from the SFC or their regional strategic body. The College has undertaken an evaluation of its compliance with the Code and we reviewed this for reasonableness. The College has highlighted one area of non-compliance with the Code in that the Board of Management has appointed the Associate Principal and Executive Director of Finance as Secretary to the Board. The Code states that the Board Secretary may be a member of the SMT in their Board Secretary capacity but cannot hold any other SMT position at the same time. The Board of Management believes that risks relating to a potential conflict of interest are being mitigated and that governance is strengthened rather than weakened by the Associate Principal and Executive Director of Finance having a dual role within the SMT.
59. Incorporated colleges and Regional Boards are required to comply with the requirements of the SPFM, except where directed by the SFC's Accountable Officer. The College's procedures have been updated to reflect SPFM / FReM requirements.

Corporate Governance (Continued)

60. A 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.
61. 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

62. Risk management is important for the development and on-going review of systems of internal control.
63. The College's Risk Management Policy and Procedure details the College's approach to risk capture, monitoring and reporting.
64. The College has a Strategic Risk Register which is reviewed by the Audit Committee. Risk is a standing item on the agenda for the SMT, 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

65. No material weaknesses in the accounting and internal control systems were identified during the 2015/16 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.
66. Some areas were however identified from our system controls testing 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 the checks performed to ensure that all changes made to supplier standing data in the Sun finance system are bona fide is undertaken by someone who cannot make changes to supplier standing data on Sun;
 - 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;
 - considering changing SAGE payroll users authorisation limits to strengthen controls; and
 - implementing procedures to ensure that all journals are reviewed and evidence of this review is recorded.

Systems of Internal Control (Continued)

Internal Audit

67. 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. Scott Moncrieff provided internal audit services to the College in 2015/16.
68. 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.
69. The annual internal audit report for the year ended 31 July 2016 found that, based on the work undertaken, the College has a framework of controls in place that provides reasonable assurance regarding the effective and efficient achievement of objectives and the management of key risks, and proper arrangements are in place to promote value for money and deliver best value.

Fraud and irregularity, standards and conduct, and prevention and detection of corruption

70. During 2015/16 we had regard to ISA 240: The Auditor's Responsibility to Consider Fraud in the Audit of Financial Statements.
71. 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.
72. No frauds were identified during the period from 1 August 2015 up to the date of signing the financial statements.
73. 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.
74. The arrangements for maintaining standards of conduct and the prevention and detection of corruption are considered to be appropriate.

Performance

Introduction

75. 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.
76. One specific piece of audit follow-up work was identified by Audit Scotland for the College during 2015/16, to follow-up on the Accounts Commission and Auditor General report on Scotland's public sector workforce, and a questionnaire provided by Audit Scotland was completed and returned. Audit Scotland also requested auditors to provide information in a data set to inform sector-wide reporting.

Education Scotland Review

77. 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.
78. Education Scotland undertook an external review of the College in March 2016 and a report on the findings from this was published in May 2016. The overarching judgement from the review was that the College has in place effective arrangements to maintain and enhance the quality of its provision and outcomes for learners and other stakeholders. This judgement means that, in relation to quality assurance and enhancement, the College is led well, has sufficiently robust arrangements to address any identified minor weaknesses, and is likely to continue to improve the quality of its services for learners and other stakeholders.

College Performance Arrangements

79. Arrangements for financial and non-financial management are established in the College, through the operation of the SMT and the Board and its various committees. This includes budget setting and monitoring structures.
80. 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
81. The College has a Corporate Plan 2014-18 and an annual 2015/16 Operational Plan.
82. Key performance indicators are set out in the Performance Report in the College's annual report.
83. 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.

84. In October 2016 the College undertook a self-evaluation against the targets set out in the 2015/16 Regional Outcome Agreement and this found that most targets had been met.
85. The College's arrangements for performance management as outlined above are considered to be appropriate.

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Outlook

2016/17 and beyond

86. The funding position will remain challenging going forward. Commercial work has been an important 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.
87. The College's total funding allocations for the 2016/17 academic year from the SFC for Teaching and Fee Waiver is £20.142 million, an increase of £0.375 million from 2015/16 and with the equivalent academic output (16/17 and 15/16: 83,984 Credits). The College's capital allocation for 2016/17 from the SFC has increased by £0.225 million to £1.281 million (2015/16: £1.056 million).
88. It is expected that the use of depreciation allocations as if they were a cash allocation will be allowed again in 2016/17, resulting in a further deficit in the financial statements if the money is spent.
- ONS Reclassification**
89. 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.

Appendix I - Audited Bodies' Responsibilities

Extracts from the May 2016 Audit Scotland Code of Audit Practice

17. The audited bodies have the primary responsibility for ensuring the proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety and regularity that enable them to successfully deliver their objectives.

Corporate governance

18. Each body, through its chief executive or accountable officer, is responsible for establishing arrangements to ensure 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 should involve those charged with governance (including audit committees or equivalent) in monitoring these arrangements.

Financial statements and related reports

19. Audited bodies must prepare an annual report and accounts containing financial statements and other related reports. They have responsibility for:

- preparing financial statements which give a true and fair view of their financial position and their expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation
- maintaining accounting records and working papers that have been prepared to an acceptable professional standard and that support their financial statements and related reports disclosures
- 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 and publishing, along with their financial statements, an annual governance statement, management commentary (or equivalent) and a remuneration report that are consistent with the disclosures made in the financial statements. Management commentary should be fair, balanced and understandable and also clearly address the longer-term financial sustainability of the body.

20. Further, it is the responsibility of management of an audited body, with the oversight of those charged with governance, to communicate relevant information to users about the entity and its financial performance, including providing adequate disclosures in accordance with the applicable financial reporting framework. The relevant information should be communicated clearly and concisely.

21. Audited bodies are responsible for developing and implementing effective systems of internal control as well as financial, operational and compliance controls. These systems should support the achievement of their objectives and safeguard and secure value for money from the public funds at their disposal. They are also responsible for establishing effective and appropriate internal audit and risk-management functions.

Standards of conduct for prevention and detection of fraud and error

22. Audited bodies are responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption and also to ensure that their affairs are managed in accordance with proper standards of conduct by putting proper arrangements in place.

Financial position

23. Audited bodies are responsible for putting in place proper arrangements to ensure that their financial position is 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 their future use
- how they plan to deal with uncertainty in the medium and longer term
- the impact of planned future policies and foreseeable developments on their financial position.

Best Value

26. The Scottish Public Finance Manual sets out 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.

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Appendix II – Follow Up of 2014/15 Annual Audit Report Recommendations

Para Ref.	Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer/Time For Action	Progress 2015/16
36	<p>Financial Position</p> <p>Forth Valley College Foundation</p> <p>R1 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	Alison Stewart, Director of Finance Will need to be reviewed year on year	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 2016 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 2017/02, *Annual audit report for 2015/16 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 2016, 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 and the Statement of Recommended Practice (SORP) on Accounting for Further and Higher Education) 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 2016 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 and the SORP on Accounting for Further and Higher Education).

- 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 and the SORP on Accounting for Further and Higher Education).
- 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 The effects of unadjusted misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the non-trivial unadjusted misstatements has been provided in the Annual audit report for 2015/16 to the Board of Management and the Auditor General for Scotland.

16 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.

17 We confirm that the College has good title to all its assets and all assets granted as security have been advised to you.

18 We confirm that the Forth Valley College Foundation is an arms-length organisation, not under the control of Forth Valley College, which does not require consolidation within the Forth Valley College accounts.

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

1. Purpose

To seek approval from members to adopt the revised Code of Good Governance published in August 2016 and to appoint the Board Secretary and a Deputy Board Secretary.

2. Recommendation

That members approve the adoption of the revised Code of Good Governance and the appointments of Board Secretary and Deputy Board Secretary as outlined in this paper.

3. Background

The original Code of Good Governance was adopted by the Board in March 2015 and was updated in August 2016. A copy of the revised code is appended to this paper.

4. Code of Good Governance (August 2016) – key changes

Where changes or additions to the code have been made which impact on the FVC as a regional college these have been highlighted in the revised code appended to this paper. In summary the key areas where the most significant changes have been made are

- Accountability and Delegation (C.1 to C.4, C.7- C.10) – additional requirements
- Remuneration Committee (C.19 to C.21) – new section
- Board Secretary (D.13 to D.16) – additional requirements.
- Staff Governance (C.25 to C.28) – replaces Employee Relations

5. Board Secretary and Deputy Secretary

Section D.13 of the Code states

*The board as a whole must appoint a board secretary who is responsible to it and reports directly to the chair in their board secretary capacity. The board secretary may be a member of the senior management team in their board secretary capacity, but **they cannot hold any other senior management team position at the same time. The appointment and removal of the board secretary is a decision of the board as a whole.***

The code requires colleges to publish a Statement of Compliance with Good Governance in the Annual Report.

Each board must state its adoption of the Code in the corporate governance statement contained in its annual financial statement. The chair, on behalf of the board, is expected to report as to how the principles have been applied by the board. Where, for whatever reason, a board's practice is not consistent with any particular principle of the Code, it should make this known to SFC or, if it is an assigned college, the regional strategic body. This should be done immediately they become aware of an inconsistency and, without exception, in advance of publishing the information. An explanation for that inconsistency must be clearly stated in its corporate governance statement. Boards will be expected to offer a clear rationale for exceptions in the context of their college's operational model and to identify mitigations.

Currently the Associate Principal and Executive Director of Finance has overall responsibility for Governance and is supported by the Corporate Governance and Planning Officer. This arrangement works well for the College. In order to comply with the Code the College would be required to recruit a Board Secretary.

There is only one area within the Board Secretary role where holding a senior management team position as well as Board Secretary could impact on good governance. The Board Secretary is appointed by the Board and reports directly to the Chair, if they also report to the Principal in terms of their senior management team role this could lead to a potential conflict of interest in terms of reporting to the Board.

It is proposed that the Associate Principal and Executive Director of Finance is formally appointed as the Board Secretary and Corporate Governance and Planning Officer is formally appointed as Deputy Board Secretary in line with the current arrangements. Both will report directly to the Chair in terms of the Board Secretary role. By having two people reporting directly to the Chair this will mitigate against any conflict of interest preventing information being properly disclosed to the Board.

While this goes against the requirement of the code, it is still possible for the Board to take this decision and explain the reason for non-compliance in the annual financial statements and to SFC.

The financial statements for 31 July 2016 have been prepared on the basis of the above proposal. Within the Governance Report it is highlighted there is non-compliance with the Code and the reason for this. This has been reviewed by the Auditors and in the Audit Report they have stated they have no issues to report in relation to Governance.

This is common practice in a number of organisations both within the public and private sector. Indeed this is the practice within SFC where the Chief Operating Officer is also the Secretary to the council. It can be argued that by having a dual role that this actually strengthens governance and provides greater assurance to the Board rather than weakens it.

It is also not considered to be good value for money to employ a part time Board Secretary when the College already has members of staff with the required skills to perform this role and have been doing so for a number of years.

6. Equalities

There is no equalities impact as the approval is for the adoption of code of good practice.

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 –

There is a risk the Board are not fully informed due to a conflict of interest of the Board Secretary reporting to both the Chair and the Principal. The appointment of two individuals reporting to the Chair minimises this risk.

Risk Owner – Board of Management

Action Owner – Chair of Board of Management

8. Other Implications –

Communications – Yes Non-compliance with the code must be reported to SFC.

Health and Safety –No

Paper Author – Alison Stewart on behalf of Hugh Hall

SMT Owner – N/A

Code of Good Governance for Scotland's Colleges

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1. Background

The original *Code of Good Governance for Scotland's Colleges* was published in December 2014. In Summer 2016, the Good Governance Steering Group undertook a review and the Code was updated. The Cabinet Secretary's Good Governance Task Group recommendations were also taken into account during the review of the Code.

Colleges Scotland will act as custodian for any future reviews and in keeping with the way that the Code was created, the broad range of stakeholders who developed the Code will be engaged fully with any revisions.

2. Foreword

Colleges in Scotland thrive in the heart of their communities, serving the interests of those communities, students, employers, governments and their agencies and other stakeholders. They have an essential and valuable role in Scottish society. In 2014/15, they enrolled almost 300,000 students and a study by EMSI (Economic Modelling Specialists International) showed that the economic impact of Scotland's colleges to the business community in Scotland is almost £15 billion each year.

Colleges and regional strategic bodies receive substantial public funding and also operate in an increasingly commercial and enterprising way. We value the significant contribution college board members make to governing our colleges and regional strategic bodies, and to their stewardship of taxpayer's money, ensuring its efficient and effective use.

Boards are expected to innovate, pursue new opportunities and take measured risks in delivering what is best for their stakeholders. In recent times, they have gone through major transformational change, embracing regionalisation and post-16 education reforms.

Against this background, it is right and proper that the highest standards of governance and propriety are expected of our boards and those individuals who serve them. This Code of Good Governance codifies the principles of good governance for learners and learning that already exist in our colleges and promotes accountability and continuous improvement in how colleges and regional strategic bodies are governed.

The Code is based on key principles and has been written in a way that is mandatory and anticipates compliance. All colleges that receive funding from the Scottish Funding Council (SFC) or from a regional strategic body must comply with the Code as a term and condition of grant. Exceptions should be rare and must be explained publicly.

In addition to demonstrating good governance, colleges and regional strategic bodies must also ensure compliance with their statutory and other obligations. The Board Secretary role is vital in providing guidance to the board on its legal and other obligations.

Colleges have an important individual and collective role to play in promoting economic, social and cultural well-being. We expect this Code to provide the essential underpinning to help discharge that role to the highest standards possible.

**Hugh Hall, Chair of the Good Governance Steering Group
August 2016**

3. Code of Good Governance for Scotland's Colleges

Governance and the Code

Corporate governance:

- is the way in which organisations are directed and controlled within a legislative framework
- defines the distribution of rights and responsibilities among the different stakeholders and participants in the organisation
- determines the rules and procedures for making decisions on corporate affairs including the process through which the organisation's objectives are set
- provides the means of achieving those objectives and monitoring performance.

Scotland's colleges refers to colleges either funded by SFC or by a regional strategic body for the provision of education. Such colleges can be incorporated or non-incorporated. The overarching purpose of good governance for Scotland's colleges is to:

- lead the college, region or regional strategic body and set its strategic direction and values
- ensure effective management and financial controls to support the student experience within a framework of public accountability and transparency
- deliver high quality learning and outcomes.

The *Code of Good Governance for Scotland's Colleges* has been developed and is owned by the college sector. Colleges are required to comply with it as a condition of grant from either SFC or their regional strategic body. It establishes standards of good governance practice for all boards and provides the essential foundations for compliance within the legislative framework.

Boards must not only follow the letter but also the spirit of the Code to ensure good governance. Boards must think deeply, thoroughly and on a continuing basis about their overall tasks and the implications of these for the roles of their individual members. Key to this is the leadership of the chair, the support given to and by the principal, and the frankness and openness of mind with which issues are discussed and tackled by all board members.

Statement of Compliance with Good Governance

Each board must state its adoption of the Code in the corporate governance statement contained in its annual financial statement. The chair, on behalf of the board, is expected to report as to how the principles have been applied by the board. Where, for whatever reason, a board's practice is not consistent with any particular principle of the Code, it should make this known to SFC or, if it is an assigned college, the regional strategic body. This should be done immediately they become aware of an inconsistency and, without exception, in advance of publishing the information. An explanation for that inconsistency must be clearly stated in its corporate governance statement. Boards will be expected to offer a clear rationale for exceptions in the context of their college's operational model and to identify mitigations.

Individual board members have duty to act on serious concerns about the governance of their body. Information on who board members can approach is included in [The Guide for Board Members in the College Sector](#).

4. Principles

Section A: Leadership and Strategy

Conduct in Public Life

A.1 Every college and regional strategic body must be governed by an effective board that is collectively responsible for setting, demonstrating and upholding the values and ethos of the organisation.

A.2 Every board member must ensure that they are familiar with and their actions comply with the provisions of their board's Code of Conduct.

A.3 The *Nine Principles of Public Life in Scotland*, which incorporate the seven Nolan principles, must be the basis for board decisions and behaviour. These key principles, which apply individually and collectively are:

- Duty/Public Service
- Selflessness
- Integrity
- Objectivity
- Accountability and Stewardship
- Openness
- Honesty
- Leadership
- Respect

Vision and Strategy

A.4 The board is responsible for determining their institution's vision, strategic direction, educational character, values and ethos. Regional strategic bodies must also determine the regional strategy for colleges assigned to them. The board of an assigned college must have regard to the strategy determined by the regional strategic body. Board members have a collective leadership role in fostering an environment that enables the body to fulfil its mission and meet Scottish Government priorities, for the benefit of students and the community it serves.

A.5 The board must develop and articulate a clear vision for the region or college. This should be a formally agreed statement of its aims and desired outcomes which should be used as the basis for its overall strategy and planning processes.

A.6 The board provides overall strategic leadership of the region or college. The board is responsible for formulating and agreeing strategy by identifying strategic priorities and providing direction within a structured planning framework.

A.7 The board must ensure that a comprehensive performance measurement system is in place which identifies key performance indicators. It must ensure that it scrutinises performance measures and reports these on their website in a manner that is both timely and accessible to stakeholders. This will allow the board to determine whether or not the vision and mission of the region or the college are being fulfilled and that the interests of stakeholders are being met.

- A.8 The board (except in the case of assigned college boards) is responsible for overseeing the negotiation of its outcome agreement with SFC, to meet the needs of the college or region and make best use of available funding, consistent with national strategy. The board must ensure effective engagement with all relevant stakeholders in the development of its outcome agreement and monitor performance in achieving the agreed outcomes.
- A.9 The roles and responsibilities of the boards of assigned colleges should be undertaken in the context of the roles and responsibilities of their regional strategic body. Assigned college boards must contribute constructively to the development of the outcome agreement led in its region by the regional strategic body and support the regional strategic body to monitor performance in achieving the agreed outcomes.

Corporate Social Responsibility

- A.10 The board must demonstrate high levels of corporate social responsibility by ensuring it behaves ethically and contributes to economic development while seeking to improve the quality of life of the local community, society at large and its workforce.
- A.11 The board must exercise its functions with a view to improving economic, cultural and social wellbeing in the locality of the college or region. It must have regard to social and economic needs and social inclusion.
- A.12 The board must provide leadership in equality and diversity.
- A.13 The board must seek to reflect in its membership, the make-up of the community through offering maximum opportunity of membership to a range of potential members and removing potential barriers to membership, in partnership with its regional strategic body, as appropriate.
- A.14 The board must appoint one of the non-executive members to be the senior independent member to provide a sounding board for the chair and to serve as an intermediary for the principal, other board members and the board secretary when necessary (see Annex 1 for the definition of 'non-executive'). The senior independent member should also be available where contact through the normal channels of chair, principal or secretary has failed to resolve an issue or for which such contact is inappropriate. **Further information on the role of the senior independent member can be found in *The Guide for Board Members in the College Sector*.**

Section B: Quality of the Student Experience

Student Engagement

- B.1 The board must have close regard to the voice of its students and the quality of the student experience should be central to all board decisions.
- B.2 The board must lead by example in relation to openness, by ensuring that there is meaningful on-going engagement and dialogue with students, the students' association and as appropriate staff and trade unions in relation to the quality of the student experience. Consultation is essential where significant changes are being proposed.
- B.3 The board must consider the outcome of student surveys and other student engagements, and monitor action plans that could impact on the quality of the student experience.
- B.4 The college board must have regard to the *Framework for the Development of Strong and Effective College Students' Associations in Scotland*. It must put in place robust partnership procedures (e.g. partnership agreement) to work together to achieve change and which are supported by regular and open communications.**
- B.5 The college board must encourage a strong and autonomous students' association and ensure that the students' association is adequately resourced.
- B.6 The college board must ensure that the students' association operates in a fair and democratic manner and fulfils its responsibilities.
- B.7 The college board must review the written constitution of its students' association at least every five years.

Relevant and High Quality Learning

- B.8 The board must seek to secure coherent provision for students, having regard to other provision in the region or college's locality. The board must be aware of external local, national and international bodies and their impact on the quality of the student experience, including community planning partners, employers, skills development and enterprise agencies and employer bodies. The board must seek to foster good relationships and ensure that the body works in partnership with external bodies to enhance the student experience, including employability and the relevance of learning to industry needs.

Quality Monitoring and Oversight

- B.9 The board must ensure appropriate mechanisms are in place for the effective oversight of the quality and inclusivity of the learning experience in the college or region. The board must ensure that the college works in partnership with sector quality agencies and other appropriate bodies to support and promote quality enhancement and high quality services for students.

Section C: Accountability

Accountability and Delegation

- C.1 The board is primarily accountable to its main funder, either SFC or its regional strategic body. Through the chain of funding, the body is ultimately responsible to the Scottish Ministers who are accountable to the Scottish Parliament.
- C.2 The board must ensure delivery of its outcome agreement or in the case of an assigned college, its agreed contribution to the region's outcome agreement.
- C.3 The board must ensure it fulfils its statutory duties and other obligations on it, and that the terms and conditions of its grant are being met.
- C.4 Scottish Ministers have powers to remove by order any or all board members of an incorporated college (except the principal) or a regional board for serious or repeated breaches of a term and condition of grant.
- C.5 The board also has a wider accountability to a range of stakeholders including students (both current and prospective), its staff, the wider public, employers and the community it serves, for the provision high quality education that improves people's life chances and social and economic well-being.
- C.6 Incorporated colleges and regional boards must maintain and publicly disclose a current register of interests for all board members. Board members should declare any conflicts of interest in the business of the meeting prior to the commencement of each meeting of the board and its committees and withdraw from meetings as appropriate.
- C.7 The board must ensure that its decision-making processes are transparent, properly informed, rigorous and timely, and that appropriate and effective systems of financial and operational control, quality, management of staff, risk assessment and management are established, monitored, continuously improved and appropriately impact assessed. This includes:
- a) the prompt production, dissemination and online publication of board/committee agendas, minutes and papers to the public
 - b) every board meeting and every committee meeting having a well-structured agenda circulated timeously in advance
 - c) the retention of all key documentation which help justify the decisions made by the board and its committees.
- C.8 The board may delegate responsibilities to committees for the effective conduct of board business. As a minimum the committees required are Audit, Remuneration, Finance and Nominations/Appointments. Delegation of responsibilities from and matters reserved to the board and its committees must be set out in a scheme of delegation including the functions delegated by the board to the chair, committees, the principal and the board secretary (and any other members of staff). Incorporated college boards and regional boards have no powers to delegate functions to an individual board member (except the chair who has no authority to act outwith their delegated powers).

C.9 The board must ensure every board committee has a specified member of the management team to provide objective, specialist advice to support it to discharge its remit, including by explaining in an accessible way the matters under discussion and the possible implications of different options.

C.10 The board must consider and have in place procedures to ensure effective working relationships and constructive dialogue amongst the board as a whole and ensure there are effective reporting and two way communications between committees and the board. The board must ensure that discussions and decisions of every committee are accurately recorded and reported to the board, no later than the next meeting of the board.

Risk Management

C.11 The board of a college or a regional body is responsible for the overall management of risk and opportunity. It must set the risk appetite of the body and ensure there is an appropriate balance between risk and opportunity and that this is communicated via the principal to the body's management team.

C.12 The board must ensure that sound risk management and internal control systems are in place and maintained. It must ensure there is a formal on-going process for identifying, reporting, evaluating and managing the body's significant risks and review the effectiveness of risk management, business continuity planning and internal control systems.

Audit Committee

C.13 The Audit Committee must support the board and the principal by reviewing the comprehensiveness, reliability and integrity of assurances including the body's governance, risk management and internal control framework.

C.14 The scope of the Audit Committee's work must be defined in its terms of reference and encompass all of the assurance needs of the board and the principal. The Audit Committee must have particular engagement with internal and external audit, and must work with management and auditors to resolve any issues in relation to financial reporting.

C.15 The Audit Committee must promptly pursue recommendations arising from audit reports and must monitor their implementation.

C.16 The membership of the Audit Committee cannot include the board chair or the principal. The role of the college executive is to attend meetings at the invitation of the committee chair and to provide information for particular agenda items.

C.17 The Audit Committee terms of reference must provide for the committee to sit privately without any non-members present for all or part of a meeting if they so decide. The Audit Committee members should meet with the internal and external auditors without the executive team present at least annually.

C.18 At least one member of the Audit Committee should have recent relevant financial or audit experience.

Remuneration Committee

C.19 It is essential that members of the Remuneration Committee understand their role and responsibilities. Members must undertake the online training module for Remuneration Committees provided by College Development Network within one month of appointment.

C.20 The board must have a formal procedure in place for setting the remuneration of the principal by a designated committee of non-executive members. The board may wish to supplement this by taking evidence from a range of sources. In particular, staff and students should have a role in gathering and submitting evidence in relation to the college principal to the relevant committee.

C.21 The board chair cannot be the chair of the Remuneration Committee (but they can be a member of it).

Financial and Institutional Sustainability

C.22 The board is responsible for ensuring the financial and institutional sustainability of the body. The board must ensure compliance with its Financial Memorandum (either with SFC or the regional strategic body, depending on which is funding it), including in relation to incorporated colleges and regional boards, relevant aspects of the Scottish Public Finance Manual.

C.23 The board must ensure that:

- funds are used as economically, efficiently and effectively as possible
- effective monitoring arrangements are in place
- college staff report relevant financial matters to it.

C.24 For colleges that are charitable organisations, board members are also charity trustees. The board of a college that is a charity must ensure its members are aware of their responsibilities under charity legislation and for complying with relevant provisions as set out by the Office of the Scottish Charity Regulator. See [OSCR Guidance and Good Practice for Charity Trustees](#).

Staff Governance

C.25 The college board as the employer, is responsible for promoting positive employee relations and for ensuring effective partnership between recognised trade unions and management.

C.26 The board must have a system of corporate accountability in place for the fair and effective management of all staff, to ensure all legal obligations are met and all policies and agreements are implemented and identify areas that require improvement and to develop action plans to address them.

C.27 The board must comply with the nationally agreed college sector [Staff Governance Standard](#).

C.28 The college board must comply with collective agreements placed on it through national collective bargaining for colleges.

Section D: Effectiveness

The Board Chair

D.1 The chair is responsible for leadership of the board and ensuring its effectiveness in all aspects of its role. The chair is responsible for setting the board's agenda and ensuring that adequate time is available for discussion of all agenda items, particularly strategic issues. The chair must promote a culture of openness and debate by:

- encouraging the effective contribution of all board members
- fostering constructive challenge and support to the principal, executive team and fellow board members
- effective team-working
- positive relations between board members.

The chair must engage with the principal and the board secretary in a manner which is both constructive and effective.

D.2 The board and its committees must have the appropriate balance of skills, experience, independence and knowledge of the body to enable them to discharge their respective duties and responsibilities effectively.

Board Members

D.3 Each board member is collectively responsible and accountable for all board decisions. Board members must make decisions in the best interests of the college and/or region as a whole rather than selectively or in the interests of a particular group.

D.4 Staff and student board members are full board members and bring essential and unique, skills, knowledge and experience to the board. Staff and student board members must not be excluded from board business unless there is a clear conflict of interest, in common with all board members.

D.5 Where the college is a charity, all board members, as charity trustees, including staff and student board members, have legal duties and responsibilities under the Charities Act 2005. This includes registering any personal interests that could be seen as conflicting with the interests of the body. The 'objective test' for judging if there is a conflict of interest is:

"... whether a member of the public, with knowledge of the relevant facts, would reasonably regard the interest as so significant that it is likely to prejudice your decision making in your role as a member of a public body".

Principal and Chief Executive

D.6 The college board must appoint the principal as chief executive of the college, securing approval for the appointment and terms and conditions of the appointment from the regional strategic body if necessary.

D.7 The college board must ensure there is an open and transparent recruitment process for the appointment. Students and staff must have an opportunity to contribute to the recruitment process.

- D.8 The college board must delegate to the principal, as chief executive, authority for the academic, corporate, financial, estate and human resource management of the college, and must ensure the establishment of such management functions are undertaken by and under the authority of the principal.
- D.9 The college board must ensure a clear process is in place to set and agree personal performance measures for the principal. This process should seek the views of students and staff. The chair, on behalf of the board, should monitor, review and record the principal's performance, at least annually, against the agreed performance measures.
- D.10 The principal, as a board member, shares responsibility for good governance with the chair and all other members of the board, supported by the board secretary. The principal also enables good governance through supporting effective communication and interaction between the body and the rest of the college including staff and students.
- D.11 The board provides strategic direction for the region and/or college, and the chair provides leadership to the board. The principal provides leadership to the staff of the body.
- D.12 The board must provide a constructive challenge to the principal and executive team and hold them to account.

Board Secretary

- D.13 The board as a whole must appoint a board secretary who is responsible to it and reports directly to the chair in their board secretary capacity. The board secretary may be a member of the senior management team in their board secretary capacity, but they cannot hold any other senior management team position at the same time. The appointment and removal of the board secretary is a decision of the board as a whole.
- D.14 All board members must have access to the board secretary who has an important governance role in advising the board, the committees and individual board members and supporting good governance. The distinctive board secretary role includes:
- facilitating good governance and advising board members on:
 - the proper exercise of their powers, including in relation to relevant legislation
 - the board's compliance with its Financial Memorandum, the Good Governance Code, its Standing Orders and Scheme of Delegation
 - their behaviour and conduct in relation to the board's Code of Conduct.
 - providing clear advice to the chair and the board/committees on any concerns the board secretary may have that board members have not been given:
 - sufficient information
 - information in an appropriate form
 - sufficient time to monitor, scrutinise or make informed and rigorous decisions in an open and transparent way.
 - attending and providing support to every board meeting and every meeting of every board committee. Where the board secretary is unable to attend, while the board secretary retains overall responsibility, proper arrangements must be made to cover the role with a person who is fully able to discharge the role effectively.

- having an unambiguous right to speak at board and committee meetings to convey any concerns they may have about governance. This extends to someone substituting for the board secretary.
- reporting any unresolved concerns about the governance of the body to the relevant funding body (i.e. SFC or the regional strategic body).

D.15 The board must ensure the board secretary:

- has suitable skills, knowledge and behaviours to carry out their role effectively
- receives appropriate induction, and if new to the role, is mentored by a more experienced board secretary for at least their first year
- has adequate time and resources available to undertake their role effectively.

D.16 The board must ensure arrangements are in place to deal with a board secretary's potential or real conflicts of interest.

Board Member Appointment, Induction and Training

D.17 For boards with responsibility for board appointments, the board must ensure a formal and open procedure is in place for recruiting and selecting new non-executive board members. Boards must have regard to all relevant Ministerial Guidance on board appointments.

D.18 The board is responsible for ensuring appropriate arrangements are in place for the conduct of student elections and nominations, and elections of staff members to the board.

D.19 The chair must ensure that new board members receive a formal induction on joining the board, tailored in accordance with their individual and collective needs. The board secretary should support the chair in the provision of relevant induction for new board members.

D.20 The board must ensure all board members undertake appropriate training and development in respect of their governance role. The board secretary should support the chair in the provision of relevant training and development opportunities for board members, which should be tailored to meet board members skills and needs. The board secretary must keep records of the development activity of board members, including the chair.

D.21 The board must ensure that new committee members receive a committee induction and have their specific training needs assessed and met.

Board Evaluation

D.22 Extension of the term of office of board appointments requires evidence and the board must ensure appropriate mechanisms are in place to support this.

D.23 The board must keep its effectiveness under annual review and have in place a robust self-evaluation process. There should also be an externally facilitated evaluation of its effectiveness at least every three years. The board must send its self-evaluation (including an externally facilitated evaluation) and board development plan (including progress on previous year's plan) to its funding body and publish them online.

D.24 The board must agree a process for evaluating the effectiveness of the board chair and the committee chairs. The evaluation of the board chair should normally be led by the vice-chair/senior independent member.

D.25 The board must ensure all board members are subject to appraisal of their performance, conducted at least annually, normally by the chair of the board.

D.26 The performance of regional college chairs will also be evaluated by the Scottish Government, as regional college chairs are appointed by the Scottish Ministers and are personally accountable to them.

D.27 The performance of assigned, incorporated college chairs will also be evaluated by the regional strategic body, as they are appointed by the regional strategic body and are personally accountable to them.

Section E: Relationships and Collaboration

Partnership Working

E.1 The **board** must work in partnership to secure the coherent provision of high quality fundable further and higher education in their localities.

E.2 The **board** must ensure effective consultation, local and regional planning and must follow the principles of effective collaborative working: mutual respect, trust and working towards commonly agreed outcomes.

E.3 The board must ensure effective partnership working with local and national bodies including businesses, public and third sector organisations to develop commonly agreed priorities following the principles of effective collaborative working.

E.4 The board must encourage and support effective partnership working and collaboration within and across regions to address local needs and meet national priorities and specialisms.

Annex 1

References and Definitions

- “**college**” means a college funded by either SFC or a regional strategic body.
- “**incorporated college**” means a college with a board of management under part 1 of the Further and Higher Education (Scotland) Act 1992.
- “**assigned college**” means a college assigned to a regional strategic body.
- “**regional board**” means a regional strategic body that has no other functions. There is one regional board – Glasgow Colleges’ Regional Board.
- “**board**” means the governing body of the college or to the regional strategic body.
- “**body**” means the organisation in question, i.e. a college or regional strategic body.
- “**principal**” include where appropriate in the context, the chief officer or equivalent person of a regional strategic body.
- “**non-executive**” means a member who is not the chair and who does not otherwise hold a specific position on the board i.e. is not a student or staff member; and in the case of a college board, is not the principal; and in the case of a regional board is not the chair of an assigned college.
- In the context of the regional strategic body in the Highlands and Islands, the board means either the Court of the University of the Highlands and Islands (UHI) or the UHI Further Education Regional Board (FERB):
 - The FERB has fully delegated authority from the UHI Court for FE – objectives, outcome agreement, curriculum and finance.
 - The FERB consists of the college chairs, two independents, plus nominees
 - The college principals meet as a FE Executive Board.
- New College Lanarkshire is the designated regional college and regional strategic body with South Lanarkshire College as an assigned college.
- Glasgow Colleges’ Regional Board; this is the only part of Scotland with a regional strategic body which has been established as an organisation with only this role.

1. Purpose

To seek member’s approval on Forth Valley College’s fundraising strategy “Making Fundraising Work” and accompanying action plan as attached to this report.

2. Recommendation

That members approve the draft fundraising strategy and action plan.

3. Background

The fundraising function is a new area of activity for Forth Valley College and to take this forward a Fundraising and Development Manager was successfully recruited taking up post in May 2016.

An important key task of the post was to develop a fundraising strategy for the College to provide a clear framework for delivering our fundraising activity. “Making Fundraising Work” (attached as Appendix one) is the College’s first fundraising strategy and covers the period 2016-2019. It sets out our:

- objectives
- priorities
- performance measures and
- future ambitions

To support the strategy an action plan has also been developed which outlines the main areas of activity we are proposing to undertake over the period August 2016 to August 2017. The action plan will be regularly reviewed to assess progress against expected outcomes and to ensure the activity is relevant, effective and has flexibility to meet new opportunities as they arise.

The Strategy has been presented to the Senior Management Team and the Strategic Development Committee who have had an opportunity to input into its development.

4. Key Considerations

The strategy would be owned and delivered across the college and will support the wider Forth Valley College Strategic Plan and mission of “Making Learning Work”. The successful development of fundraising activity will require a co-ordinated approach, focusing on key priorities to ensure resources are utilised in the most effective and efficient manner. This will ensure that over the longer-term a good return on investment will be achieved.

The initial phase of our fundraising activity (from August 2016 – August 2017) will have a stronger emphasis on cultivating relationships, raising the College’s profile with potential key supporters, testing approaches and developing propositions that are fit for purpose.

Successful fundraising activity will require the support of staff at all levels including the Senior Management Team and the Board.

5. Financial Implications

The main financial implication for the college is the opportunity to grow its supporter base through a planned programme of fundraising with the potential over a longer-term to make a significant financial contribution to the college. [REDACTED]

This target will be subject to ongoing monitoring and review as the fundraising environment can be unpredictable with many factors affecting the return on investment. To assist with the forecasting and planning process a funding tracker (attached as Appendix 2) has been developed for 2016-17 which highlights our position on funding approved, pending, in development and not approved.

6. Equalities

There are no identifiable equalities issues related to the early stages of developing the fundraising strategy.

Assessment in Place? – Yes No

If No, please explain why – see above

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	x
Medium		
Low		
Very Low		

Potential Risk

The main risk is not achieving the target set within the timeframe.

Mitigation of Risks

The strategy includes a risk analysis which highlights the key risks associated with fundraising and notes the action that will be taken to mitigate these. This is supported by the action plan and funding tracker which will be regularly reviewed to monitor progress towards achieving targets and thus linking to the overall budget position of the College.

Risk Owner – Colette Filippi

Action Owner – Pauline Barnaby

8. Other Implications –

Please indicate whether there are implications for the areas below.

Communications – Yes No

Health and Safety – Yes No

As our fundraising activity develops there will be a need to ensure we are promoting a clear, consistent message on specific campaigns, projects and initiatives which will involve working closely with the College's Communications and Marketing Team and other departments. This will ensure a co-ordinated approach is taken to developing fundraising material and online content.

Supporter stewardship will be an integral part of this to maintain and develop good relationships ensuring they are thanked appropriately.

Paper Author – Pauline Barnaby

SMT Owner – Colette Filippi

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**Forth Valley College
Fundraising Strategy 2016-19
“Making Fundraising Work”**

**“Our Board, Our Staff and Our Students
should view themselves as being essential
to great fundraising”**

August 2016

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 - Mapping the Objectives to Strategic Themes
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5. **Appendices**
 - Action Plan 2016/17
 - PESTLE Analysis
 - SWOT Analysis
 - Fundraising Risk Analysis
 - Institute of Fundraising – extract from Institute of Fundraising Proud to Be a Fundraiser Toolkit - “The Seven Pillars of Great Fundraising”

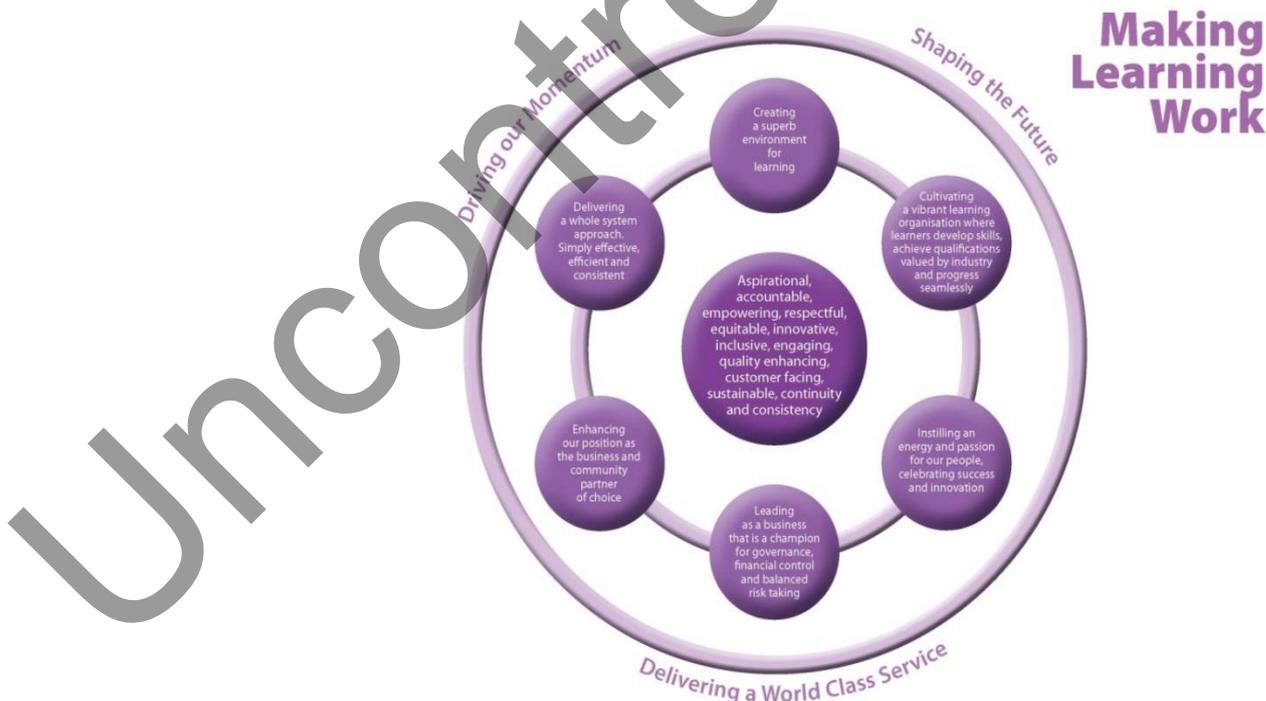
1. Introduction

As one of Scotland's leading providers of education and training – with over 14,000 students and campuses in Alloa, Falkirk and Stirling, Forth Valley College is perfectly positioned to grow its supporter base through commencing a planned programme of fundraising that will add value and contribute to the College's strategic objectives.

In the continuing context of a challenging economic environment and the reduction of public funding, the importance of fundraising and philanthropic giving to further and higher education is growing. Many institutions within Scotland and across the UK have realised the transformative role fundraising can play and the benefits it can bring to students, staff and partners in the public and private sector.

“Making Fundraising Work” marks the start of our fundraising journey - providing a clear framework for activity, setting out our priorities for the period August 2016 - August 2019 and introducing how we will measure its success. Through the delivery of the strategy we will develop a coordinated approach across all departments and staff. Promoting involvement and encouraging ownership are crucial to the successful delivery of the strategy to ensure we build our capacity, maximise opportunities and realise our potential in fundraising.

The strategy will directly contribute to our mission for “Making Learning Work” as detailed in the Forth Valley College Strategic Plan 2014-18. It will be flexible enough to adapt to changing circumstances and align with future objectives emerging through the development of the College's new Strategic Plan 2019-2022. “Making Fundraising Work” has been developed to reflect the Forth Valley College business model – it considers the interdependencies of college activity and maps out how a planned programme of fundraising can make an active contribution to these.



2. Fundraising Approach

Developing and implementing a fundraising strategy presents a fantastic opportunity for Forth Valley College to not only raise its profile to a wider audience but also benefit from additional resources to support our mission, vision and values of “Making Learning Work”.

“Making Fundraising Work” will provide a framework for our fundraising activity supporting our strategic objectives through

- **Shaping the Future**
 - Provides additional flexible income to the College;
 - supporting projects and activities that existing budgets cannot finance
- **Delivering a World Class Service**
 - Enables the College to build upon our strengths,
 - enhancing the student experience,
 - adding value to our academic programmes;
 - contributing to a superb learning environment within which students can excel
- **Driving Momentum**
 - Builds networks of supporters who contribute to the long-term vision of the College - this may be beyond their financial contribution, for example acting as ambassadors, providing links with industry and mentoring current students.

Through delivering the strategy we are proposing a College-wide approach to fundraising – working across departmental disciplines, involving support and teaching staff. It also highlights how important the role of the senior management team and the wider leadership group are, and how they will actively contribute to our ambitions of growing and retaining supporters.

In its truest form fundraising can be defined as:

“the process of gathering voluntary contributions of money or other resources, by requesting donations/grants from individuals, businesses, charitable foundations, or governmental agencies”.

Defining what we consider to be “fundraising” is important as this will be reflected in our performance reporting and measures of success. For the purposes of the Strategy, only outputs achieved and income generated as a result of the above process will be considered as fundraising. It will also be clearly additional to any allocation from the Scottish Funding Council and our commercial activity and will be based on the contribution the funding can bring to the college.

As fundraising is a new area of activity for Forth Valley College it is important to set out clear short, medium and long-term goals which outline what we are aiming to achieve.

Short Term - 2016-2017

During its first year of implementation, the strategy will have a stronger focus on developing relationships, engaging with potential supporters, raising our profile and establishing a track record - though it will also have flexibility to take advantage of fundraising opportunities. The initial period will also be an opportunity to test out approaches with emerging sources.

Medium Term - 2017-2018

Over the medium to longer term the strategy should be aiming to develop a more robust supporter pipeline, exploring and successfully attracting funding from diverse sources. Systems will be established to coordinate fundraising across the College.

Long Term - 2019 onwards

The longer-term aim will be to have an established development and fundraising function which actively contributes to the strategic objectives of Forth Valley College – via a strong, diverse and growing supporter base – providing a good level of return on investment.

3. Key Aim and Objectives

In order to achieve our short, medium and longer-term goals we will focus on **four key objectives** which will support the Fundraising Strategy's overall aim:

“to maximise fundraising opportunities that support our mission, vision and values; adding value to College activity and thus contributing to our future sustainability”.

These objectives have been developed to reflect the College's principles of fostering innovation, partnership and collaborative approaches to learning whilst also ensuring we remain focused and realistic in terms of our resources and the early stage we are at with our fundraising.

Four Key Objectives of “Making Fundraising Work”

1. **Cultivate**, grow and retain a diverse supporter base through a co-ordinated programme of engagement.
2. **Enable** the delivery of key projects and initiatives through exploring and securing funding support from a variety of fundraising streams.
3. **Lead** a targeted fundraising programme focused on the new Falkirk Campus – maximising the social, technological, economic and environmental opportunities that this will generate.
4. **Embed** fundraising principles across the college disciplines supported by Senior Management - integrating with other key strategies (internal and external).

Mapping Objectives to Strategic Themes

FVC Strategic Themes	Cultivate, grow and retain a diverse supporter base through a coordinated programme of fundraising activity	Enable the delivery of key projects and initiatives through exploring and securing funding support from a variety of fundraising streams	Lead a targeted fundraising programme focused on the new Falkirk Campus – maximising the social, technological, economic and environmental opportunities	Embed fundraising principles across College disciplines supported by Senior Management integrating with other key strategies both internal and external
Creating a superb environment for learning	•	•	•	
Cultivating a vibrant learning organisation	•	•	•	•
Instilling an energy and passion for our people, celebrating success and innovation	•	•	•	•
Leading as a business 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.	•			•

4. Implementation of Objectives

Our four objectives for “Making Fundraising Work” set out a clear framework for delivering fundraising activity and achieving our goals. They take account of the ever-changing fundraising environment and are sufficiently flexible to adapt to change, taking advantage of opportunities when they arise.

Strategic Objective 1

Cultivate, develop and retain a diverse supporter base through a co-ordinated programme of fundraising activity

How?

- We will raise our profile with potential supporters
- We will build our reputation within the fundraising environment
- We will engage with potential/existing supporters through existing and new events
- We will create a central point within FVC for fundraising – establishing the fundraising function
- We will communicate with potential supporters – maximising the potential of social media (new website, Facebook, Twitter)
- We will work with Communications and Marketing on the development of the Alumni network – exploring opportunities for engagement in fundraising
- We will develop an appropriate programme of stewardship for our supporters

Strategic Objective 2

Enable the delivery of key projects and initiatives through exploring and securing funding support from a variety of fundraising streams

How?

- We will work with all departments to identify and prioritise FVC projects/initiatives that are most viable to fundraise against
- We will align college priorities with funding opportunities
- We will develop project applications that are of the highest quality reflecting the mission, vision and values of FVC
- We will actively engage with staff to provide information on fundraising opportunities and support project development
- We will raise awareness and promote funding opportunities across the college
- We will provide appropriate support to staff for the development of projects

Strategic Objective 3

Lead a targeted fundraising programme focused on the new Falkirk Campus – maximising the social, technological, economic and environmental opportunities

How?

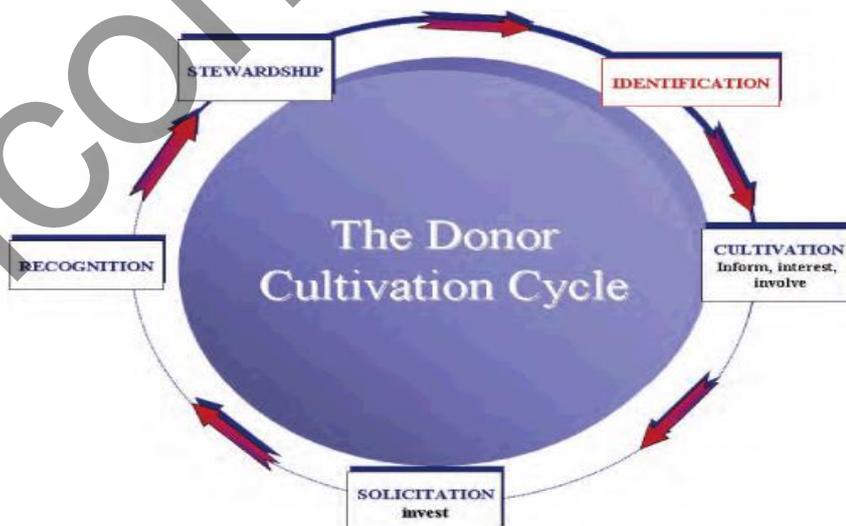
- We will identify, cultivate and prioritise potential supporters – clearly defining the role for Senior Management
- We will develop and define clear propositions for potential supporters
- We will raise the external profile of the new Campus to a wider audience
- We will organise specific events and utilise existing events to engage with potential supporters
- We will work with Communications and Marketing to develop a fundraising message for the new Campus that is fit for purpose
- We will identify and maximise opportunities for developing one-off and recurring funding

Strategic Objective 4

Embed fundraising principles across the College – integrating with internal and external strategies

How?

- We will raise staff awareness of the Donor Cultivation Cycle (as below)
- We will develop an ethical fundraising policy
- We will include fundraising as part of the staff induction process
- We will involve Senior Management and Leadership Group in key fundraising campaigns – clearly defining their role
- We will ensure fundraising legislation/good practice is fully implemented within FVC
- We will actively contribute to consultations on changes to fundraising policy, legislation
- We will work with colleagues in Communications and Marketing, Finance and Governance to ensure processes are in place to support the fundraising function
- We will share and celebrate fundraising success with staff, students, Senior Management and the Board



What Will Success Look Like?

The Fundraising and Development function is a new activity for Forth Valley College and will need time to establish itself and engage with potential supporters. This is reflected in our approach to measuring success to ensure we are setting realistic and achievable goals which are also balanced with our ambitions for growth. Through delivering the Strategy and engaging in well-planned and co-ordinated fund raising activities which support our vision, mission and value; it is expected we will achieve the following outcomes.

Fundraising Outcomes

Year 2016 – 2017

- Forth Valley College fundraising profile, track record and reputation increased at local, regional and national level
- Awareness-raised and new supporters engaged in the Falkirk campus development
- Systems developed to support coordinated fundraising across Forth Valley College
- Fundraising campaign initiated for new Falkirk Campus
- Additional income secured to deliver projects/initiatives in line with budget expectations
- Alumni network database developed

Year 2017 – 2018

- Successful fundraising campaign for new Falkirk campus delivered
- Additional income secured to deliver projects/initiatives in line with budget expectations
- 25% growth in supporter base achieved
- Alumni network engaged in fundraising activity

Year 2018 – 2019

- Fundraising function firmly established as integral part of Forth Valley College
- Forth Valley College has a robust and diverse supporter base including Lottery, independent grant making trusts, corporate, individuals and alumni
- Fundraising principles firmly embedded across FVC
- Additional income secured to deliver projects/initiatives in line with budget expectations and for the new Falkirk campus

“Making Fundraising Work” - Action Plan 2016/17

This action plan has been developed to provide an overview of the activity we are proposing to take forward over the period August 2016 - July 2017 in support of the four key objectives as identified in our fundraising strategy :

1. Cultivate, develop and retain a diverse supporter base through a co-ordinated programme of fundraising activity
2. Enable the delivery of key projects and initiatives through exploring and securing funding support from a variety of fundraising streams
3. Lead a targeted fundraising programme focused on the new Falkirk campus – maximising the social, technological, economic and environmental opportunities
4. Embed fundraising principles across the College – integrating with internal and external strategies

Action Plan:

Strategic Objective 1- Cultivate, develop and retain a diverse supporter base			
Activity	Action	Indicative Outcome	By When
Raise profile of FVC and promote fundraising to potential supporters – including alumni	Attend key internal events eg graduation, annual dinner, degree show	Increased awareness of FVC fundraising across Forth Valley. Key contacts made. Emerging sources such as alumni engaged	August 2017
Raise profile of FVC and promote fundraising opportunities to external audience	Attend key external events eg Business conferences, dinners,	Increased awareness of FVC fundraising across Forth Valley. A number of contacts made for cultivation	August 2017
Plan and commence cultivation activity with potential supporters	Organise a minimum of 2 focused events	Key contacts established and prospects identified.	Ongoing throughout 2016/17
		Events delivered	October 2016 April 2017
Develop relationships with key funding organisations – including Lottery distributors, independent grant making trusts	Undertake programme of meetings, briefings and onsite visits.	Grant making organisations aware of FVC strategic objectives and timescale for potential projects	August 2017
	Work with FVC staff to develop quality proposals	8 competitive grant applications submitted	Ongoing 2016/17

Develop fundraising information and content on FVC social media sites	Work with Communications and Marketing to develop content	New audience engaged and awareness raised Baseline stats for web pages established from which future growth can be measured.	December 2016 Ongoing throughout 2016/17
Senior Management Team fully engaged in fundraising	Attend SMT meetings and work with individual SMT members to define role in engaging supporters	Clear funding propositions developed and communicated to supporters	December 2016 and ongoing throughout 2016/17

Strategic Objective 2 - Enable the delivery of key projects/initiatives			
Activity	Action	Indicative Outcome	By When
Identify FVC projects, programmes and priority themes which are most viable to fundraise against	Arrange meetings with HoDs, HoS to identify potential projects and opportunities.	Potential projects identified, priorities agreed with SMT	Ongoing throughout 2016/17
	Attend curriculum review meeting	Forward plan produced for fundraising opportunities 17/18	April 2017
	Input into development of new Strategic Plan	Key strategic themes identified – funding opportunities prioritised	Ongoing 2016/2017
High quality project proposals developed for submission	Actively support FVC to develop proposals that meet strategic objectives	8 competitive grant applications submitted	Ongoing 2016/17
Increase staff awareness of key funding opportunities	Information/briefing sessions held on funding opportunities, attend departmental meetings, draft articles for e-focus	Knowledge of funding opportunities increased and capacity developed. Quality of external applications increased.	Ongoing 2016/17
		Partnership opportunities identified – cross departmental or external	Ongoing 2016/17

Strategic Objective 3: Lead a targeted fundraising programme focused on the new Falkirk campus

Activity	Action	Indicative Outcome	By When
Raise awareness of new Campus to wider audience	Promote new campus at external events – for example, business awards, networking events, dinners	Key contacts identified and cultivation process started	Ongoing 2016/17
Develop and communicate fundraising message for supporters	Work with SMT and Project Office to define propositions and timescales for implementation	Propositions developed and tested with potential supporters	Ongoing 2016/17
Commence cultivation programme for potential supporters	Organise at least 2 cultivation events for new Campus in line with Communications Plan Organise programme of meetings, briefings, onsite visits	New contacts identified and followed up. Engagement activity delivered 3 pledges of support secured with an individual value over £10k	Ongoing 2016/17 August 2017
Develop appropriate promotional fundraising material for new Campus	Work with Communications and Marketing project team to draft and produce this	Material created and shared with potential supporters	December 2016

Strategic Objective 4 - Embed fundraising principles across Forth Valley College

Activity	Action	Indicative Outcome	By When
Establish fundraising process/procedure for fundraising	Ethical fundraising procedure drafted Grant and fundraising compliance updates provided at HoD and HoS meetings	FVC is compliant with fundraising governance and fundraising policy is consistently applied SMT understand implications for fundraising and our obligations as an organisation Staff aware of their obligations	October 2016 Ongoing 2016/17 Ongoing 2016/17

Raise profile of fundraising function within FVC	Develop fundraising content for staff induction process	Staff knowledge of fundraising role/function increased	Ongoing 2016/17
	Develop information on fundraising with FVSA	Students have increased awareness of fundraising and what role they can play	August 2017
	Attend HoD, HoS meetings. Hold regular meetings with key staff for example, International Business Development Manager	Clear links developed between other strategies for example International, Corporate Parenting, Communications and Marketing.	Ongoing 2016/17
Progress of fundraising strategy reviewed	Quarterly updates drafted and presented to SMT	SMT and SDC fully informed of progress and achievements.	Ongoing 2016/17
	Bi-Annual updates presented to SDC		
Promote staff engagement in fundraising	Articles produced for e-focus	Fundraising success communicated and celebrated across FVC	Ongoing 2016/17
	Fundraising Strategy presented to HoD, HoS meetings. Regular updates and potential opportunities provided.	Increased number of staff engaged in fundraising and idea generation for projects	Ongoing 2016/17

The Fundraising Environment - Challenges and Opportunities

In developing our fundraising approach it is important we consider the College's position in relation to the external environment. The analysis below highlights some of the key issues and our planned actions.

PESTLE Analysis

Political	FVC Response
<p>Changes to local government – impact of local elections in May 2017.</p> <p>Uncertainty over a further referendum on Scottish independence.</p> <p>Impact of Brexit – potential to limit opportunities to access funding, develop partnership projects.</p> <p>UK & Scottish Government direct the policy and financial direction of National Lottery Distributors which could impact on the College's eligibility to access Lottery funding.</p>	<p>Monitor the impact of any potential change.</p> <p>Monitor the impact of any potential change.</p> <p>Ensure FVC interests are represented via relevant bodies, eg Scottish Government, Scotland Europa, Colleges Development Network, College's Scotland.</p> <p>Input into any relevant consultations on proposed changes to Lottery distributors and their future funding programmes.</p>
Economic	FVC Response
<p>Austerity measures on-going – pressure on public sector budgets. Reduction in statutory funding & availability of seed funding.</p> <p>Increased competition for external funding. High demand on Lottery programmes and independent grant making sector.</p> <p>Business support – more competition to secure sponsorship Potential supporters may have a lower level of disposable income. Will require more effort to secure donations</p>	<p>Demonstrate how seed funding can be used to maximise resources – adding value to existing initiatives. Offer a good return on investment.</p> <p>Ensure quality of our fundraising is high and raise our profile with relevant funding bodies.</p> <p>Develop our relationships with business sector – highlighting the positive impact FVC has on the community both people and business. Prioritise key areas for support, for example New Campus. Engage with supporters – communicating clear message about how their support can make a difference at all levels.</p>

Social /Cultural	FVC Response
<p>Fundraising receiving high level of negative press due to fundraising practices such as direct mail, cold calling</p>	<p>Communicate clearly with potential/existing supporters on our fundraising approach and our adherence to regulations and good practice, for example Institute of Fundraising standards.</p>
<p>Funding fatigue – potential supporters being continually asked to support charitable organisations and develop low level of empathy with cause.</p>	<p>Ensure our fundraising message is communicated effectively and timeously – will help to avoid clashing with other local high profile campaigns. Develop a co-ordinated approach across the College.</p>
<p>Increased demand and expectation of our social/welfare responsibility</p>	<p>Continue to develop projects that meet our social responsibility objectives, support the Strategic Plan and other strategies such as Corporate Parenting, Health and Wellbeing.</p>
<p>Continuing gap in inequality between geographies and sectors of the population, for example rural communities, people with low levels of income.</p>	<p>Work with key people in FVC to develop and source funding for projects that support more vulnerable individuals, groups and communities.</p>
<p>Cultural diversification – changes to the local demographics in terms of cultural beliefs, values.</p>	<p>Monitor equality data and work with FVC Equalities team</p>
Technological	FVC Response
<p>Continued growth and speed of change in use of social media for fundraising and engaging with supporters</p>	<p>Utilise expertise of Communications and Marketing Team to ensure social media is being used effectively for fundraising</p>
<p>Ability to keep up with technological change</p>	<p>Work with colleagues in ICT, Finance, Communications and Marketing to make effective use of technology in terms of enabling donations online and also to promote specific campaigns and publicise our successes.</p>

Legislative	FVC Response
<p>Current review of Fundraising – may lead to changes in legislation, regulation and the bodies who are responsible for monitoring registered charities, e.g. OSCR</p> <p>Data protection regulation – this will be reviewed in terms of how information on supporters is shared, stored.</p>	<p>Monitor changes and input into any consultations as appropriate.</p> <p>Develop appropriate processes for our fundraising - ensure our fundraising practices adhere to industry/professional standards and also comply with legislation</p>
Environmental	FVC Response
<p>High expectation of external funders on projects– for example the range of benefits capital investment will bring for the community – jobs, volunteering,</p> <p>Climate change – making our assets more efficient and sustainable.</p>	<p>Communicate with funders at an early stage of project development – be clear on the propositions and returns for supporters</p> <p>Access relevant sources of funding – contribute to our strategic approach to energy efficiency making it an integral element of funding bids (if appropriate)</p>

SWOT Analysis

Strengths	FVC Response
<p>Strategic Plan with established vision and mission – “Making Learning Work”</p> <p>Strategic Plan will be reviewed for 2019-2022</p> <p>Diversity of activity – delivered across 3 local authority areas</p> <p>An award winning College – reputation for innovation in delivery eg Beacon Award, STEM Assured status</p>	<p>Fundraising Strategy will provide a clear framework to develop funding applications – with projects clearly linked to Strategic Plan and other relevant strategies.</p> <p>Flexibility will be built-into fundraising strategy to ensure it can align with future opportunities/priorities.</p> <p>Wealth of activity to promote to supporters – opportunities to access funding/grow supporters on thematic and geographical basis</p> <p>Utilise and build on this reputation to grow our supporter base</p>

<p>Ability to work with and target specific groups – responsive to changing needs</p> <p>Experience of partnership working at strategic and operational level</p> <p>Staff expertise, knowledge in a diverse range of areas</p> <p>Social media – engaged with growing level of followers</p>	<p>Can demonstrate positive impact to people’s lives – clear evidence of need</p> <p>Established track record and reputation with other organisations (locally, nationally and internationally) - opportunities for future joint projects</p> <p>Ability to deliver high quality projects and meet fundraising aims</p> <p>Maximise potential to communicate our fundraising message</p>
<p>Weaknesses</p>	<p>FVC Response</p>
<p>External perceptions – the College’s budget and scale (staff size) can be viewed by some potential supporters as “not community based”.</p> <p>Low level of available seed/initial investment funding – required to attract match funding</p> <p>Resources/capacity – danger of spreading fundraising resources too thin</p> <p>External fundraising can be project specific</p> <p>FVC new to fundraising – will take time to build profile/track record</p>	<p>Explore and develop partnership opportunities to deliver community benefit projects. Continue dialogue with funders so they are aware of our strategic priorities and how impact positively on individuals and their aspirations.</p> <p>Demonstrate how seed funding can attract additional investment – maximising resources.</p> <p>Align fundraising to strategic objectives – undertake effective cost/benefits analysis of fundraising activity .Continue to build and grow capacity of staff to engage with fundraising.</p> <p>Ensure project sustainability is part of the fundraising development process. Develop a diverse fundraising base to include projects, donations, unrestricted gifts</p> <p>Work to raise profile, celebrate our successes, communicate about the work of the College, engage with supporters, promote our fundraising activity</p>
<p>Opportunities</p>	<p>FVC Response</p>
<p>High profile projects being developed - the new Falkirk Campus</p>	<p>Opportunities to engage with potential supporters and raise profile of FVC with new audience.</p>

<p>Development plans for Forth Valley College Alumni network</p> <p>External opportunities through strategic developments eg Stirling City plan, TIF, Grangemouth 2020 Vision</p> <p>Fundraising function can introduce new funding streams to FVC</p> <p>Ability to innovate, pilot new approaches, stimulate ideas</p> <p>Staff development – CPD</p> <p>Delivery of International Strategy</p>	<p>Opportunities to engage with supporters, commence programme of alumni engagement with fundraising</p> <p>Potential for funding opportunities and partnership working</p> <p>Contribute to financial sustainability of FVC – deliver good return on investment</p> <p>Supports Creative Learning agenda, cross-departmental working, engages with staff at all levels – including SMT and the Board.</p> <p>Engagement with fundraising – opportunity to develop new skills, grow capacity, motivation</p> <p>Presents opportunities to engage with wider geographic supporter base</p>
<p>Threats</p> <p>Competitive funding environment – strong local/regional competition</p> <p>Continued pressure on budgets</p> <p>Competing priorities (internal and external)</p> <p>Capacity– pressure on resources to develop projects and deliver fundraising ambitions.</p> <p>High expectation in relation to achieving fundraising targets</p> <p>Potential for disruption through industrial action</p>	<p>FVC Response</p> <p>Develop quality fundraising proposals – have awareness of local environment and other key fundraising initiatives being undertaken.</p> <p>Continue to explore and develop diverse fundraising streams.</p> <p>Align fundraising priorities with FVC Strategic objectives.</p> <p>Develop capacity across college staff – encourage staff ownership of fundraising strategy</p> <p>Set SMART targets for FVC fundraising activity. Realistic and balanced between expected outcomes and ambitions.</p> <p>Monitor progress of negotiations and review fundraising action plan as appropriate</p>

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Risk Analysis

Risk Description	Risk Effect	Mitigation	Level & Type of Risk
Unplanned approach to delivering fundraising – competing priorities and timescales	Cross competition between departments. Potential supporters unclear about our priorities. Same funder receives multiple funding requests from the FVC. Dilution of staff expertise.	Planned approach will be undertaken as part of the development process. Identify roles and responsibilities of staff. Schedule in regular updates on progress for Heads of Department, Heads of Service, Senior Management. Integrate fundraising into the business planning process.	Low Reputation Financial
Balance between large scale and small to medium scale fundraising not achieved.	Staff resources are not used effectively – return on investment not achieved. Costs of fundraising are outweighing the benefits.	Fundraising activity will be closely aligned to Strategic Plan, Operational Plan and PRD. Priorities agreed with SMT. Cost/benefits analysis undertaken to ensure good value.	Low to Medium Financial
Failure to achieve agreed fundraising targets for 2016-2018.	Loss of potential to make a financial contribution to FVC. Potential reduction in capacity to deliver key projects/initiatives. Lower level of staff engagement/ownership.	Robust review process in place for Fundraising Strategy. Regular reporting on progress to SMT, quarterly updates to the Board linked with quarterly financial reports.	Medium to High Financial Reputation
Continued reduction to public sector budgets and changeable economic climate	Continued high level of competition for limited fundraising resources. Reduced level/interest from private sector to develop Corporate Social Responsibility /philanthropic giving.	Ensure fundraising is high quality, targeted, prioritised. Develop fundraising streams that have potential to offer good return on investment. Promote clear fundraising message and develop good relationships with potential support	Low to Medium Reputation Financial
Lack of project planning	Potential for cross competition between priorities. Missed opportunities for partnership and joint working. Resources not maximised. Funding bodies receive mixed and inconsistent message about FVC priorities	Regular meetings will be held with staff (Heads of Department, Heads of Service etc) to identify opportunities and plan timescales. Operational plan for fundraising will support fundraising.	Low to Medium Financial Reputation

Institute of Fundraising – Proud to be a Fundraiser Toolkit

1. The Seven Pillars of Great Fundraising

The Institute of Fundraising is the professional membership body for UK fundraising and aims to support fundraisers through leadership, representation, standards- setting, training and policy development. Forth Valley College attends relevant meetings of the Institute of Fundraising at Scottish and UK level to ensure we adhere to the Fundraising Code of Good Practice and implement best practice where appropriate.

This report has already highlighted the challenges for fundraising in relation to the economic environment and the high level of competition for resources. To address some of these challenges the Institute of Fundraising developed the “Proud to be a Fundraiser Toolkit”. This not only aims to support fundraisers to raise as much income as possible over the medium and longer term but also encourages staff at all levels within an organisation to support fundraising through the “Seven Pillars of Great Fundraising”.

The objectives of our Fundraising Strategy support these pillars and over the next 3-years we will be working to integrate these into our fundraising activity:

“Seven Pillars of Great Fundraising”	
1.	Leadership Fundraising should be led from the top and led by example
2.	Unity The whole organisation should be united behind a well-defined single proposition that connects with your donors
3.	Investment Raising money requires resources – investing in fundraising will help to build a committed donor base
4.	Donors Donors can help you to achieve your mission. Organisations should seek opportunities to engage with and strengthen mutually beneficial relationships with donors.
5.	Communication At the heart of effective communication are stories that drive action. Keep the case for giving concise, accessible, reassuring and unchallengeable
6.	Inspiration & Motivation Ensuring donors are inspired is central to successful fundraising.
7.	Telling the World Organisations must be proud and passionate about their message so they can present this to external audiences

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1. Purpose

To seek approval from members on the new College Procurement Strategy for 2016-2018.

2. Recommendation

That members approve the content of the new College Procurement Strategy.

3. Background

The Procurement Reform (Scotland) Act 2014 ('Act') has introduced a regulatory duty on public bodies with over £5m procurement expenditure to publish its procurement strategy on the website by 31st December 2016.

This new procurement strategy will replace and build upon the existing strategy which has been in place since 2013.

The strategy document was considered and endorsed for Board approval by the Finance Committee on 29 November 2016.

4. Key Considerations

The Act has set out guidance outlining what must be included in the procurement strategy as a minimum:

- How the strategy aligns to the College's Regional Outcome Agreement and College Strategic Plan
 - How the College intends to ensure that its regulated procurements will deliver value for money
 - How the College intends to ensure that its regulated procurements will be carried out in compliance with its duty to treat economic operators equally and without discrimination
 - How the College intends to ensure that its regulated procurements will be carried out in a transparent and proportionate manner
 - How the College intends to ensure that its regulated procurements will be carried out in compliance with the sustainable procurement duty
 - A Statement on the College's policy on the use of Community Benefits
 - How the College will consult and engage with those affected by our procurements
 - A Statement on the College's policy on the payment of a living wage to people involved in providing any services under a regulated contract procured by the College
 - A Statement on the College's policy on promoting compliance of the Health and Safety at Work Act (1974) by contractors and sub-contractors
 - A Statement on the College's policy on the procurement of fairly and ethically traded goods and services
 - A Statement on the College's policy in relation to provision of food to improve health, wellbeing and education within the College and to promote the highest standards of welfare
 - How the College intends to ensure, as far as reasonably practical, that payments to contractors and the supply chain are made no later than 30 days after an invoice is presented
-

The strategy also sets out an Action Plan with five procurement objectives which align to the Regional Outcome Agreement, Strategic Plan and the Scottish Government's Procurement and Commercial Improvement Programme (PCIP) themes. Further, the Action Plan contains a number of KPI's which will enable us to measure the performance of the College's procurement activity on an annual basis, which will then be reported at the end of the College's Financial Year via an Annual Report which must also be published on the College website in accordance with the Act.

The Strategy states the College will establish an operational group of staff involved in procurement, to ensure wider consultation as required by the legislation. It is proposed that this will be led by Paul Johnstone and comprise of representatives from departments across the college who have the most involvement with procurement. Initial thoughts are this would include a Head of Teaching Department, Claire Shiels (Head of Estates), Graeme Robertson (Head of IT).

Following the approval of the Strategy, the Colleges Procurement Policy and Procedures will be updated.

5. Financial Implications

Please detail the financial implications of this item – Not Applicable

6. Equalities

Assessment in Place? – Yes No

Please summarise any positive/negative impacts (noting mitigating actions) – This Strategy should provide positive equalities impacts by seeking to ensure equality is a key consideration in our procurement activity and seeking to ensure that suppliers and contractors to the College play a positive role in supporting the College's policies in relation to equality.

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		X
Low	X	
Very Low		

Please describe any risks associated with this paper and associated mitigating actions – Strategy not being approved prior to the 31st December 2016 meaning the College would be in breach of the Procurement Reform (Scotland) Act 2014. Mitigate by having the Strategy approved.

Risk Owner – Alison Stewart

Action Owner – Paul Johnstone

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 Strategy requires to be published on the College website by 31st December and should also be communicated to relevant staff and College stakeholders

Paper Author – Paul Johnstone

SMT Owner – Alison Stewart

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Procurement Strategy 2016 - 2018

Foreword

This Strategy has been designed to ensure legislative compliance with the Procurement Reform (Scotland) Act 2014 and other relevant legislation and is aligned with the College's and the Scottish Funding Council's key strategic outcomes as detailed in our Regional Outcome Agreement and Strategic Plan.

The key elements of the new legislation:

- require us to publish a procurement strategy and action plan
- require us to maintain a public contracts register on our external website
- increase the scope of our regulated procurements
- require us to publish an annual procurement report
- require us to meet the sustainable procurement duty

This Strategy sets us challenging but realistic goals for the development of our procurement activities over the next two years which will be subject to regular and transparent review.

The successful implementation of this Strategy can only be achieved by everyone involved in the procurement of goods, services and works on behalf of the College working in partnership with our Procurement Department and collaboratively with our partners across the wider education and public sector.

Working together we can significantly contribute to the future sustainability of the College through the reinvestment of resulting savings and efficiencies from our procurement activities to enhance our students learning experiences and outcomes and meet our Mission Statement '**Making Learning Work**' and the supporting Vision and Value Statements.

Alison Stewart
Associate Principal and Executive Director Finance

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1 Formation and approval of our Procurement Strategy

The formation of this Strategy has been guided throughout by the College's Procurement Department and Associate Principal and Executive Director Finance, and is the culmination of consultation and engagement with an appropriate and relevant range of staff across the College as well as external stakeholders.

This Strategy has also been informed by the Scottish Procurement's statutory guidance under the Procurement Reform (Scotland) Act 2014 with the support of APUC, the procurement centre of expertise for all of Scotland's colleges and universities.

The Strategy was approved by the College's Board of Management on the 8th December 2016 and subsequently published on our website.

The Procurement Department and Associate Principal and Executive Director Finance in consultation with APUC as appropriate, will as a minimum, review this Strategy annually in compliance with the Procurement Reform (Scotland) Act 2014, thus maintaining the alignment of our procurement activity with our broader priorities and allow the College where necessary to revise the Strategy and its related Action Plan.

The Finance Committee will approve, review and monitor the progress of the procurement strategy, reporting into a college's board of management or equivalent, where required.

In addition, the college will establish an operational group of staff involved in procurement, to ensure wider consultation as required by the legislation.

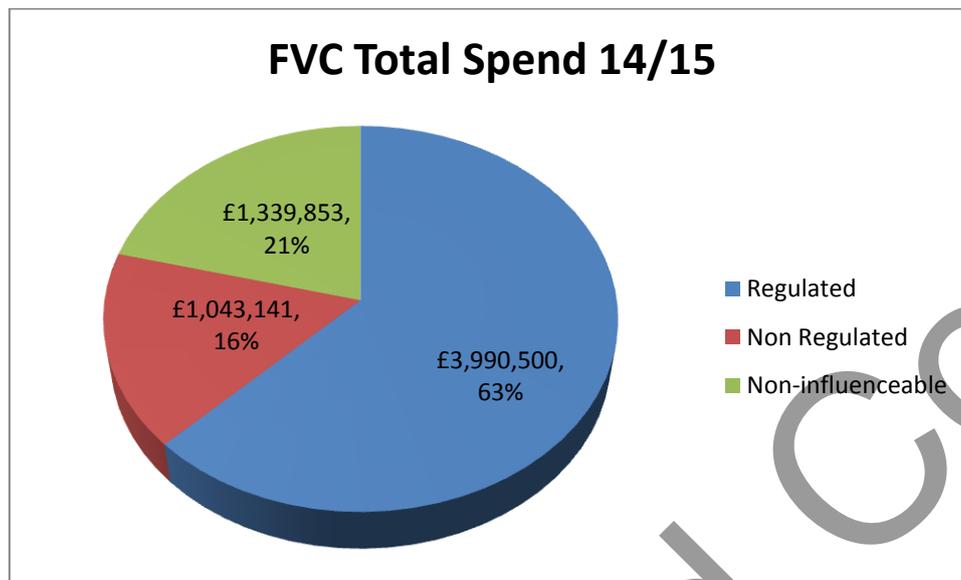
2 Context

This Procurement Strategy provides the framework within which the procurement activities of the College can develop and help support our strategic objectives and outcomes. It can also be understood as a procurement improvements journey based on a clear understanding of where the College is currently, in terms of our procurement practice and where we want and need to be, and how we should get there.

As above, the College is now legally required to have and maintain a procurement strategy as part of the requirements of the Procurement Reform (Scotland) Act 2014, which provides a national legislative framework for sustainable public procurement that supports Scotland's economic growth through improved procurement practice.

The Act focuses on a small number of general duties on contracting authorities regarding their procurement activities and some specific measures aimed at promoting good, transparent and consistent practice in procurement processes detailed in section 6 below.

The College's annual spend profile is displayed below with a total non-pay spend of £6,373,493 of which £1,339,853 is non-core or non-influenceable spend (2014-15).



Thus our annual influenceable procurement spend is £5,033,641 made up of £3,990,500 of regulated spend (above threshold) and £1,043,141 of non-regulated spend (below threshold).

This Strategy recognises that our procurement practice is based on the Scottish Model of Procurement which sees procurement as an integral part of policy development and service delivery and is essentially about achieving the best balance of cost, quality and sustainability.

A key element of this Strategy is about moving the balance of procurement effort away from the buying or tendering phase and towards a greater emphasis on the planning and post contract phases of procurement. Included in this is an increasingly greater engagement with our internal and external stakeholders.

3 Procurement Mission

The Procurement mission for Forth Valley College is:

“To deliver a best in class, co-ordinated and efficient procurement function which is focused on achieving sustainable best value for all College stakeholders”

This aligns to the College's Business Model which is formed by our Mission Statement **‘Making Learning Work’**, which is supported by the following Vision and Value statements:



The Procurement Department aims to ensure all procurement activities are carried out in the best interests of the College to support the College's Strategic Priorities and Objectives.

To achieve this, Procurement will ensure:

- We understand and respond to internal and external stakeholders' business needs and challenges and constantly changing market conditions;
- We will actively seek to use collaborative arrangements where they represent best value for the College;
- We will seek, establish and maintain supplier relationships to enhance the service we provide whilst obtaining best value for money and value added services;
- We will strive to improve processes to facilitate a streamlined approach for procurement of goods, services and works across the College, that drive innovation and reduce transactional costs through continuous improvement of the procurement process;
- We will take a lead role on strategic procurement initiatives
- We will always remain open and act in a transparent and proportionate manner in all of our procurement activities
- We will embed best practice Sustainable Procurement considerations in our procurement activities; and
- We will conduct all regulated procurements in line with the College's Procurement Policy and Procedures

- We will have due regard to whether Procurement Policy and Procedures will further the aims of the General Equality Duty, through consideration of Public Sector Equality Duty in our procurement activities

4 Procurement Policy

Our Procurement Policy and Procedures set out the operational framework of how we conduct procurement of goods, services and works across the College, and are based on the EU Treaty Principles of equal treatment, non-discriminatory, mutual recognition, transparency, proportionality.

Furthermore, these policies and procedures are largely based upon the Scottish Government's Procurement Journey. This will facilitate our regulated procurements being conducted in accordance with best practice in a legally compliant manner that is consistent with the rest of the Scottish public sector in achieving value for money for our stakeholders.

The policy is therefore intended to:

- Ensure that procedures are in accordance with standards of public accountability;
- Ensure that procedures are in accordance with the Supplier's Charter;
- Ensure that the College is compliant to its obligations under the Public Procurement (Scotland) Act 2015, the Procurement Reform (Scotland) Act 2014 and Procurement (Scotland) Regulations 2016; and
- Promote equality, diversity and sustainability through procurement matters.

5 Strategic Procurement Objectives

Our strategic procurement objectives form the core of our Procurement Strategy.

These procurement objectives are designed to link to each of the following:

- College Strategic Priorities and Objectives (Mission/Vision/Value Statements noted above)
- Scottish Funding Council (SFC) Strategic Aims, as detailed in the College's Regional Outcome Agreement
- The Scottish Model of Procurement

College Regional Outcome Agreement

The Regional Outcome Agreement for the Forth Valley region contains the following SFC Priority Outcomes:

- Efficient and Sustainable
- Right learning in the right place
- High quality learning
- A developed workforce
- Equalities

The Scottish Model of Procurement

The Scottish Model of Procurement is based upon achieving the best balance between cost, quality and sustainability (i.e. not simply focusing on cost and quality). This model is supported by a Value for Money Triangle, which consists of the following four objectives:

- Delivering savings and benefits
- Maximising efficiency and collaboration
- Improving supplier access to public contracts
- Embedding sustainability in all we do

Scottish Procurement



Scottish Model of Procurement



Forth Valley College – Strategic Procurement Objectives – 2016-18

The Strategic Procurement Objectives (PO) for the period of this Procurement Strategy (2016-2018) are set out below:

PO1 - To maximise collaborative procurement opportunities in the delivery of value for money and efficiency

PO2 - To further develop a College wide approach to procurement which is co-ordinated, efficient and effective in the achievement of value for money, and which supports the delivery of high quality learning

PO3 - To develop sound and useful procurement management information in order to measure and improve procurement and supplier performance in support of the College Strategic Priorities and Objectives

PO4 - To embed relevant and appropriate procurement strategies to manage or reduce risk to the College

PO5 - To embed sound economic, social and environmental procurement policies, and to comply with relevant Scottish, UK and EU legislation in performance of the Sustainable Procurement Duty

The Procurement Action Plan in Section 8 shows how each of these link to the College Strategic Plan, Regional Outcome Agreement and Scottish Model of Procurement.

Furthermore, the Procurement Action Plan shows how these actions are measured and reported through our involvement in the Scottish Government's Procurement and Commercial Improvement Programme (PCIP) and through the publication of an Annual Procurement Report (see section 7).

6 Ensuring compliance with general duties and specific measures of the Procurement Reform (Scotland) Act 2014

As required by the Act the College must comply with a small number of general duties and some specific measures which will be embedded in our Procurement Policy and Procedures or in our Action Plan (section 8) but for clarity and to ensure full compliance with the Act are stated below:

General Duties/Specific Measures under the Act	What we will do
<p>Contribute to the carrying out of our function and the achievement of our purposes</p>	<p>The College will analyse our non-pay expenditure to identify: EU regulated procurements Goods and Services greater than £164,176 Works worth more than £4,104,394); and Procurement Reform Act regulated procurements Goods and Services greater than £50,000 Works worth more than £2 million</p> <p>The College will ensure that all commodity strategies and project specific procurement strategies align to the College's strategic aims and objectives and in turn the College's Regional Outcome Agreement. This will be achieved through appropriate and effective consultation.</p> <p>The College will consider where appropriate the effective use of contract and supplier management to monitor and further improve the regulated procurement contract outcomes.</p>
<p>Deliver Value for Money</p> <p>"Value for money, as defined by the Scottish Model of Procurement, is not just about cost and quality but about the best balance of cost, quality and sustainability"</p>	<p>The College through its Procurement Policy and Procedures will seek to consistently apply the principle of Value for Money, albeit the balance of cost, quality and sustainability will vary for each procurement depending on the particular commodity, category and market.</p> <p>The College will consider the whole-life cost of what is being procured and when applying the above principle of value for money, ensure that it does so in a clear, transparent and proportionate manner; in line with the Treaty on the Functioning of the European Union of equal treatment, non-discrimination, transparency, proportionality and mutual recognition and in complying with the general duties of the Act as well as the sustainable procurement duty (see below)</p>

<p>Treating relevant economic operators equally and without discrimination</p>	<p>The College will conduct all its regulated procurements in compliance with the principles of the Treaty on the Functioning of the European Union (<i>equal treatment, non-discrimination, transparency, proportionality and mutual recognition</i>) and will consider early engagement with the supply market where relevant prior to the publication of a contract notice.</p> <p>All regulated procurements will be posted on portals such as Public Contracts Scotland (PCS) and Public Contracts Scotland-Tender(PCS-T) and shall strive to ensure the use of separate lots, where appropriate, with straightforward output based specifications and clear evaluation criteria to ensure the procurement is accessible to as many bidders as possible.</p>
<p>Acting in a transparent and proportionate manner</p>	<p>The College will ensure it engages with its local supply market and though the College's Procurement Policy will mandate the use of clear and precise language in its specifications.</p> <p>The College shall ensure contracts are awarded using appropriate quality, risk and sustainability factors as well as cost according to declared score weightings specific to each contract.</p> <p>The College will actively take steps to make it easier for smaller and local businesses to bid for contracts through:</p> <ul style="list-style-type: none"> - the use of Public Contracts Scotland and Quick Quotes, - information contained on the Procurement page of the College website, - the provision of training and/or provide information on third party training opportunities (such as the Supplier Development Programme) - attending local supplier/buyer engagement events (such as Meet the Buyer)
<p>The Sustainable Procurement Duty</p>	<p>The College will give consideration to the environmental, social and economic issues relating to all regulated procurements and how benefits can be accrued, on a contract-by-contract basis by taking proportionate actions to involve SMEs, third sector bodies and supported businesses in our procurement activities and in so doing benefit not only the College but the wider Forth Valley region.</p> <p>The College will endeavour to make use of available tools and systems such as the Scottish Public</p>

	<p>Procurement Prioritisation Tool, the Sustainability Test, Life Cycle Impact Mapping, the Scottish Flexible Framework as well as APUC's Code of Conduct, Sustain and Electronics Watch where relevant and proportionate to the scope of the procurement.</p>
<p>Policy on the use of community benefits</p>	<p>The College will consider for each of its procurements over £4m how it can improve the economic, social or environmental wellbeing of the Forth Valley region through the inclusion of community benefit clauses aligned with the College's own strategic outcomes as well as a number of the Scottish Government's National Outcomes namely outcomes 2, 3, 4 and 7:</p> <ul style="list-style-type: none"> - We realise our full economic potential with more and better <i>employment opportunities</i> for our people; - We are better educated, more skilled and more successful, renowned for our <i>research and innovation</i>, - Our young people are successful learners, confident individuals, effective contributors and responsible citizens and - We have tackled the significant inequalities in Scottish society <p>Examples of the scope of community benefits clauses may include, amongst others as appropriate, the delivery of training opportunities or subcontracting opportunities within the Forth Valley region, relevant and proportionate to the particular procurement.</p> <p>The College will strive to engage with internal stakeholders including students where relevant as well engage with the local and wider supplier community to ensure suppliers understand the use of community benefits and how to respond where they are included.</p> <p>Where possible and proportionate, such clauses may also be included in procurements below £4m</p>
<p>Consulting and engaging with those affected by its procurements</p>	<p>The College will take note of available good practice/principles of engagement including those detailed in the National Standards for Community Engagement as well as ensuring procurement staff have or will be developed to have the relevant communication and engagement skills.</p> <p>The College will consider each procurement, the community affected by the resultant contract and ensure any affected organisations/persons are</p>

	<p>consulted (e.g. impact on service for students, persons or groups with relevant protected characteristics where reasonable adjustments may be considered as part of a specification, or a local contract that could be combined with other similar institution's needs). Such consultation will always be on a scale and approach relevant to the procurement in question.</p> <p>All of the above will be embedded in the College's procurement practice.</p>
<p>The Living Wage</p>	<p>As an organisation who is a Living Wage employer, the College recognises the value of a well-motivated and dedicated workforce both in its own organisation and in those of its suppliers. In compliance with the Act the College will consider, before undertaking a procurement, whether it is relevant and proportionate to include a question on fair work practices along with other relevant criteria, whilst ensuring the appropriate balance between quality and cost of the contract, paying regard to the statutory guidance including the application the living wage.</p>
<p>Promoting compliance with the Health and Safety at Work Act 1974</p>	<p>The College is committed to contracting only with suppliers that comply with all appropriate and relevant legislation, including Health and Safety legislation.</p> <p>Where appropriate, and on a contract by contract basis, the institution will assess the legislation applicable to a procurement and take steps to ensure bidders comply with such legislation. Where proportionate, the College also seek to assess the compliance of subcontractors.</p>
<p>The procurement of fairly and ethically traded goods and services</p>	<p>As an organisation which holds Fairtrade status, the College actively supports the sourcing of goods that are fairly and ethically traded.</p> <p>Where directly relevant it shall make use of appropriate standards and labels in its procurements to take account of fair and ethical trading considerations as well as considering equivalent offerings from suppliers that can demonstrate they can meet the specified criteria without necessarily having the specific certification</p>
<p>The provision of food and improving the health, wellbeing and education of communities in the</p>	<p>The College will find practical ways to supply healthy, fresh, seasonal, and sustainably grown food which represents value for money whilst improving the health, wellbeing and education of our teaching and learning communities, coupled with promoting the highest</p>

College's area, and the promotion of the highest standards of animal welfare	<p>standards of animal welfare.</p> <p>The College will work to put in place affordable contracts, which meet the nutritional requirements for all users of our catering services and will use available good practice and guidance such as that made available by The University Catering Organisation (TUCO) and any other relevant bodies.</p> <p>The College utilises APUC and TUCO Framework Agreements for the vast majority of our food and catering requirements, and the products and services under these Frameworks must comply with all relevant legislation and standards.</p>
Payment terms	<p>The College recognises the importance of paying suppliers promptly once a service has been performed or goods delivered and that late payment is particularly detrimental to SMEs, third sector bodies and supported businesses.</p> <p>The College will comply with the Late Payment legislation and will review on a contract by contract basis whether such obligations should be enforced and monitored further down its supply chain</p>

7 Annual Procurement Report

7.1 Statutory Requirement

In accordance with requirement of the Procurement Reform (Scotland) Act 2014 the College will publish an Annual Procurement Report as soon as practicable after College's financial year end and will describe as required by the Act how it has discharged its obligations under the Act and how it has exercised discretion and judgement as permitted by the public procurement rules to secure strategic objectives in compliance with the Act.

This report will also provide a commentary on the progress of this Strategy and its Action Plan.

7.2 Contents of our Annual Procurement Report

The Annual Procurement Report in compliance with the Act will contain as a minimum:

- A summary of the regulated procurements that have been completed during the year covered by the Report

- A review of whether these procurements complied with this Strategy
- The extent that any regulated procurements did not comply, a statement of how the College intends to ensure that future regulated procurements do comply
- A summary of any community benefit requirements imposed as part of a regulated procurement that were fulfilled during the year of the Report including for example; apprenticeships completed, curriculum support activities, business support activities, support to communities and resource efficiencies achieved in terms of materials, waste or water.
- A summary of any steps taken to facilitate the involvement of supported businesses in regulated procurements during the year covered by the Report
- A summary of the regulated procurements the College expects to commence in the next two financial years
- Such other information as the Scottish Ministers may by order specify and where applicable that demonstrate compliance with other legislation that places specific requirements on the College with respect to its procurement activities and the College will also consider including:
 - What it has learned from its consultation and engagement with stakeholders and those affected by its procurements, and what it is doing to respond to these views, including how procurement has furthered the College's work with regard to the General Equality Duty
 - What it is doing to improve its performance and impact, drawing on relevant information – for example spend analysis – and what improvements have been achieved since its last report; and
 - How it is working with other bodies – for example procurement centres of expertise – to maximise effectiveness and efficiency.

The College will seek to publish its annual procurement report in an inclusive way that takes into account equality and accessibility issues and allows stakeholders to form a clear view of the College's performance.

8 Procurement Action Plan

8.1 Introduction

The Action Plan consists of a number of specific actions and commitments in relation to each of the strategic objectives and their desired outcomes these are also cross referenced to the relevant section of the Procurement and Commercial Improvement Programme (PCIP).

Progress against this Action Plan (see below) will be regularly monitored by the College's Procurement Advisory Group.

As part of the formal annual review of this Strategy, as indicated in section 1 above, this Action Plan will be reviewed and updated as required, to maintain alignment of the College's procurement activity with its broader priorities.

Forth Valley College – Procurement Action Plan

SFC Priority Outcome	<ul style="list-style-type: none"> • Efficient and Sustainable 						
FVC Strategic Plan Value Statement	<ul style="list-style-type: none"> • Leading as a business that is champion for governance, financial control and balanced risk taking • Delivering a whole system approach. Simply effective, efficient and consistent 						
Scottish Model of Procurement Objective:	<ul style="list-style-type: none"> • Maximising efficiency and collaboration • Delivering Savings and Benefits 						
Procurement Objective 1	Target/Outcome	Main Actions	Benchmark Data/Sources	KPI/Measure	Target Date	PCIP Ref	RAG
To maximise collaborative procurement opportunities in the delivery of value for money and efficiency	To maximise the use of collaborative Framework Agreements and Contracts (CAT A, B and C1)	<ul style="list-style-type: none"> • Review expenditure analysis on an annual basis to identify non-pay expenditure not covered by regulated contract 	<ul style="list-style-type: none"> • Scottish Procurement Information Hub/FVC expenditure analysis • APUC Annual Benefits Statement 	Increase uptake of available Collaborative Framework Agreements and Contracts annually (% of collaborative contracts used)	July 2017 then annually thereafter	<ul style="list-style-type: none"> • Dashboard • Assessment Q2.1 • Assessment Q3.3 	
		<ul style="list-style-type: none"> • Develop forward contracting plan and identify opportunities to utilise collaborative opportunities • Identify any sectoral or regional opportunities to collaborate 	<ul style="list-style-type: none"> • CoEs and other Publicly funded Bodies Contracts Registers 				
		<ul style="list-style-type: none"> • Further embed collaborative procurement into policies and procedures (aligned to Procurement Journey) • Work with relevant College staff to maximise use of Framework Agreements where possible 	<ul style="list-style-type: none"> • FVC procurement policy and procedures • Framework Agreement information on FVC SharePoint site • Periodic departmental review meetings 				

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SFC Priority Outcome	<ul style="list-style-type: none"> • Efficient and Sustainable • High Quality Learning • Right Learning in the right place
FVC Strategic Plan Value Statement	<ul style="list-style-type: none"> • Leading as a business that is champion for governance, financial control and balanced risk taking • Delivering a whole system approach. Simply effective, efficient and consistent
Scottish Model of Procurement Objective:	<ul style="list-style-type: none"> • Maximising efficiency and collaboration • Delivering Savings and Benefits

Procurement Objective 2	Target/Outcome	Main Actions	Benchmark Data/Sources	KPI/Measure	Target Date	PCIP Ref	RAG		
To further develop a College wide approach to procurement which is co-ordinated, efficient and effective in the achievement of value for money, and which supports the delivery of high quality learning	To increase the number of regulated contracts for College wide use for commonly purchased goods, services and works	<ul style="list-style-type: none"> • Review expenditure analysis to identify categories of goods, services and works which are not currently covered by a College wide contract • Engage with relevant departments/staff to understand common requirements and develop appropriate procurement strategy (including route to market) • Implement College wide contracts, including appropriate contract management approach 	<ul style="list-style-type: none"> • Scottish Procurement Information Hub/FVC expenditure analysis • Stakeholder Focus Groups/Surveys • CoEs and other Publicly funded Bodies Contracts Registers • FVC Contracts Register (website) • FVC SharePoint page (intranet) 	<p>Increase the proportion of annual non-pay expenditure covered by a regulated contract (CAT A, B, C or C1)</p> <p>Increase in the number of regulated contracts in FVC Contracts Register</p>	Annual	<ul style="list-style-type: none"> • Dashboard • Assessment Q3.3 			
	To maximise efficiency of processes relating to the requisition and invoicing of goods, services and works	<ul style="list-style-type: none"> • Ensure procurement policy and procedures maximise efficiency relevant to value/risk of purchase 	<ul style="list-style-type: none"> • Relevant staff/stakeholder survey/feedback • FVC procurement policy and procedures 	<ul style="list-style-type: none"> • P2P purchasing system • Procurement Cards • PCS/PCS-T • P2P purchasing system/Finance system • Finance Reports 	Reduce total number of Purchase Orders and Invoices processed per annum	Quarter 1 2017 then annually thereafter	<ul style="list-style-type: none"> • Dashboard • Assessment Q2.3 • Assessment Q4.1 		
		<ul style="list-style-type: none"> • Maximise use of available electronic processes and tools 							
		<ul style="list-style-type: none"> • Reduce the cost of processing orders and invoices throughout the purchasing cycle 							
To improve the awareness of procurement policies and procedures amongst relevant College staff and suppliers through various sources of information	<ul style="list-style-type: none"> • Introduce a short Procurement induction course on Moodle for relevant new staff 	<ul style="list-style-type: none"> • HR induction plan • Moodle Report 		Total number of FVC staff to complete Moodle course	Quarter 1 2017 then Ongoing	<ul style="list-style-type: none"> • Assessment Q1.4 • Assessment Q1.5 			
				Number of training					

	<ul style="list-style-type: none"> Introduce periodical review meetings/training opportunities with departments to provide relevant updates 	<ul style="list-style-type: none"> Records of meetings/training sessions held and relevant information discussed. 	sessions delivered to FVC staff on Procurement topics	Ongoing	
	<ul style="list-style-type: none"> Improve the awareness of procurement information available for College staff 	<ul style="list-style-type: none"> Periodical department meetings Procurement SharePoint page Relevant staff/stakeholder survey/feedback E-Focus bulletins 	Outputs of staff and supplier surveys/feedback	Periodic	<ul style="list-style-type: none"> Assessment Q1.5 Assessment Q1.6 Assessment Q2.3 Assessment Q3.1 Assessment Q3.2
	<ul style="list-style-type: none"> Improve the awareness of procurement information available for suppliers 	<ul style="list-style-type: none"> FVC website Supplier survey/feedback as appropriate Supplier engagement events 			
	<p>To ensure that our procurement policies and procedures continue to deliver the requirements of the College in an efficient and effective manner</p> <ul style="list-style-type: none"> Introduce new approaches to gathering feedback from College staff about the service provided by Procurement and suggestions for improvement Continue to review and improve our policies and procedures based on feedback received 	<ul style="list-style-type: none"> Stakeholder Focus Groups/Surveys Procurement SharePoint Page 			

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SFC Priority Outcome	<ul style="list-style-type: none"> • Efficient and Sustainable
FVC Strategic Plan Value Statement	<ul style="list-style-type: none"> • Leading as a business that is champion for governance, financial control and balanced risk taking • Delivering a whole system approach. Simply effective, efficient and consistent
Scottish Model of Procurement Objective:	<ul style="list-style-type: none"> • Maximising efficiency and collaboration • Delivering Savings and Benefits

Procurement Objective 3	Target/Outcome	Main Actions	Benchmark Data/Sources	KPI/Measure	Target Date	PCIP Ref	RAG
To develop sound and useful procurement management information in order to measure and improve procurement and supplier performance in support of College Strategic Priorities and Objectives	To continue to record savings and efficiencies achieved through procurement activity	<ul style="list-style-type: none"> • Record local savings and efficiencies using agreed sector methodology • Review APUC Annual Benefits Statement for savings and efficiencies achieved through Frameworks 	<ul style="list-style-type: none"> • FVC procurement savings report/Hunter database • APUC Annual Benefits Statement 	Annual Report to Senior Management Team showing overall totals of: <ul style="list-style-type: none"> • Cash Savings • Non-Cash Savings • Added Value 	Quarter 1 2017	Dashboard Assessment Q2.3 Assessment Q2.4	
	To report the benefits delivered by the Procurement function in support of College objectives	<ul style="list-style-type: none"> • Preparation of periodic reports that address the aims and objectives of the College, and the requirements of Procurement Reform (Scotland) Act 2014 • Prepare Annual Report on performance against Procurement Strategy 	<ul style="list-style-type: none"> • FVC procurement savings report/Hunter database • FVC Contracts Register • Stakeholder Focus Groups/Surveys • PCIP report • Forward Contracting Plan 	Annual Report showing the achievement of strategic objectives in line with the requirements of the Procurement Reform (Scotland) Act	Annual – as soon as possible after FY end	Assessment Q1.2 Assessment Q2.4	
	To seek to continually improve supplier performance through the management of performance on contracts	<ul style="list-style-type: none"> • Seek feedback from College staff/departments on key suppliers/contracts • Hold periodic supplier reviews with key suppliers and discuss feedback and/or provide feedback to relevant CoE's for Framework Agreements • Seek supplier feedback on performance and opportunities to deliver further improvements 	<ul style="list-style-type: none"> • Stakeholder Focus Groups/Surveys • Contract KPI's/SLA's • Supplier feedback/performance improvement reports 	Level of staff satisfaction/positive feedback on supplier performance from Focus Groups and Surveys	Periodic	Assessment Q3.1 Assessment Q3.2 Assessment Q3.3	

SFC Priority Outcome	<ul style="list-style-type: none"> • Efficient and Sustainable
FVC Strategic Plan Value Statement	<ul style="list-style-type: none"> • Leading as a business that is champion for governance, financial control and balanced risk taking
Scottish Model of Procurement Objective:	<ul style="list-style-type: none"> • Delivering Savings and Benefits • Maximising efficiency and collaboration • Embedding Sustainability in all we do

Procurement Objective 4	Target/Outcome	Main Actions	Benchmark Data/Sources	KPI/Measure	Target Date	PCIP Ref	RAG
To embed relevant and appropriate procurement strategies to manage or reduce risk to the College.	To understand risks relating to key suppliers/contracts and implement relevant management approach	<ul style="list-style-type: none"> • Embed risk as a key consideration when developing contract/commodity strategy • Through detailed spend analysis, identify supplier/contract risk levels and determine appropriate tactical and strategic approaches to supply markets and contract management • Establish a procurement risk register to collate and manage all identified procurement risks • Communicate appropriate risks to Senior Management Team for inclusion in College Risk Register 	<ul style="list-style-type: none"> • FVC Commodity Procurement Strategy in conjunction with relevant FVC staff • FVC Expenditure Analysis 	Implement procurement risk register and identify key procurement risks	Quarter 1 2017 then ongoing	Dashboard Assessment Q1.5 Assessment Q1.6 Assessment Q3.1	
	To reduce the College's exposure to any forms of risk relating to procurement activity	<ul style="list-style-type: none"> • Embed risk management processes into Policy and Procedures, including: <ul style="list-style-type: none"> - Schemes of Delegation - Conflict of Interest - Gifts and Hospitality - Counter Fraud • Communicate Policy and Procedures to all FVC staff involved in procurement activity 	<ul style="list-style-type: none"> • FVC procurement policy and procedures • Procurement SharePoint page (intranet) • Periodical departmental meetings • Moodle induction 	<p>Total number of FVC staff to complete Moodle course</p> <p>Number of training sessions delivered to FVC staff on Procurement topics</p>	Ongoing		

SFC Priority Outcome	<ul style="list-style-type: none"> • Efficient and Sustainable • High Quality Learning • A developed workforce • Equalities
FVC Strategic Plan Value Statement	<ul style="list-style-type: none"> • 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 • Enhancing our position as the business and community partner of choice
Scottish Model of Procurement Objective:	<ul style="list-style-type: none"> • Embedding Sustainability in all we do • Improving supplier access to public contracts

Procurement Objective 5	Target/Outcome	Main Actions	Benchmark Data/Sources	KPI/Measure	Target Date	PCIP Ref	RAG
To embed sound economic, social and environmental procurement policies and to comply with relevant Scottish, UK and EU legislation in performance of the Sustainable Procurement Duty.	To maximise the economic, social and environmental outcomes from our procurement activity	<ul style="list-style-type: none"> • Embed sustainability considerations into relevant commodity procurement strategies through the use of the Sustainability Test (including Sustainable Procurement Duty considerations) • Identify and maximise Community Benefit opportunities from contracts where appropriate • Place at least one contract with a Supported Business • Seek to maximise opportunities for SME's and local businesses, particularly for below regulated procurement opportunities 	<ul style="list-style-type: none"> • Scottish Government Public Procurement Prioritisation Tool • FVC Commodity Procurement Strategy in conjunction with relevant FVC staff • FVC Contracts Register (website) • FVC procurement policy and procedures • PCS/PCS-T 	<ul style="list-style-type: none"> • Measure of sustainability outcomes secured in contracts awarded, including Sustainable Procurement Duty considerations • Award a contract to a Supported Business 	<p>Annual – as soon after FY end as possible</p> <p>Annually</p>	<p>Dashboard Assessment Q1.2 Assessment Q2.2 Assessment Q2.4</p> <p>Dashboard Assessment Q2.4</p>	
	To support the achievement of the College's overall Sustainability targets and objectives	<ul style="list-style-type: none"> • Actively participate in the College Sustainability Committee • Report on economic, social and environmental outcomes from our procurement activity • Maintain Level 2 of Flexible Framework as a minimum • Communicate Sustainable Procurement objectives to 	<ul style="list-style-type: none"> • Sustainability Committee actions/Sustainable Procurement KPI's • Summary of outcomes contained in Award Recommendation Report • Annual Report • Flexible Framework Assessment/Action Plan • Procurement SharePoint 	<ul style="list-style-type: none"> • Annual Report showing the achievement of strategic objectives in line with the requirements of the Procurement Reform (Scotland) Act • Maintain Level 2 of Flexible 	<p>Annual – as soon as possible after FY end</p> <p>Ongoing</p>	Assessment Q1.2	

		College stakeholders	page	Framework		Assessment Q2.4	
	Increase supplier engagement in relation to FVC's sustainable procurement objectives	<ul style="list-style-type: none"> • Improve information available to suppliers on how to do business with the College, and sustainability objectives • Attend supplier engagement events in the Forth Valley area, such as Meet the Buyer 	<ul style="list-style-type: none"> • FVC website • Supplier survey/feedback as appropriate • APUC SUSTAIN tool • Supplier engagement events 	<ul style="list-style-type: none"> • Outputs of supplier surveys 	Periodic		

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1. Purpose

To discuss the request from Falkirk Community planning Partnership and nominate a Board representative to the new CPP Strategic Board.

2. Recommendation

That members consider the request and attached documentation from Falkirk Council and nominate a Board member to represent the College.

3. Background

The College are active members of the Falkirk Community Planning Partnership and have been advocates for the recent review of governance arrangement to ensure delivery of the new Strategic Outcomes and Local Delivery (SOLD) plan. The attached documentation identifies a new more compact Strategic Board which meets six times per annum and will have representation at the elected member and non executive/board member level, where practical. This will preplace the existing Leadership Board. The new Board will have representation from 9 organisations including a member from the local Business Panel. The role of the Board will be to ensure the statutory requirements of the CPP and delivery on strategic priorities.

There will be a new Executive Group comprising Chief Executives from key partner organisations and will support the Strategic Board through the pro-active scrutiny, challenge and monitoring of Delivery Groups and Locality Planning. The College Principal will be the College representative on this group.

This item was considered at the Strategic Development Committee meeting on 1 December 2016. Members recommended that this be brought to the full Board of Management for consideration and to seek nomination of a Board member.

4. Key Considerations

The College is a proactive member of the three CPP's across the region. We are represented on the Stirling Leadership Board by Anne Mearns as Vice Chair to the Board and Ken Thomson, Principal. In Clackmannan, Andrew Lawson represents the College on the Clackmannan Alliance and for the last three years, the Principal has been a member of the Falkirk Leadership Board.

Following an audit by Scottish Government, Falkirk have reviewed their governance structure in order to hold partners accountable for actions agreed and to support the new SOLD document which resulted in the proposed structure for a Strategic Board and an Executive Board. The Principal will be a member of the Executive Board.

The college is seen as a very effective and indeed lead partner in Community Planning and we have an invitation for a board member to attend the Strategic Board. The Board will meet six times a year. It is recognised that key to a successful partnership will be the communication between the nominated FVC Board member of the Strategic Board and the Principal on the Executive .

The remit for the group will be –

- Fulfilment of statutory requirements of the Community Empowerment (Scotland) Act 2015, and the elements of the Local Government (Scotland) Act 2003 which remain in force;
- Approve the Strategic Outcomes & Local Delivery Plan
- Achievement of strategic priorities and local outcomes o Scrutiny and challenge on the progress of attainment of strategic priorities and local outcomes o Scrutiny and challenge of locality planning
- Approval of CPP strategies & plans
- Approval of Locality Plans
- Securing continuous improvement in local partnership working
- Appropriate alignment of partnership resources with strategic priorities and local outcomes
- Scrutinise, challenge and support agencies, delivery groups to achieve agreed outcomes and priorities

Anne Mearns represents the Board on the Stirling CPP. This new role for Falkirk is seen as a positive profile role for the College and Board members.

5. Financial Implications

There are no financial costs to this request other than travel expenses for the nominated Board member which would be paid for by the College.

6. Equalities

Assessment in Place? – No

If No, please explain why – This is an external commitment from the College with no direct impact on staff or students.

Please summarise any positive/negative impacts (noting mitigating actions) – Board member involvement at the CPP Strategic Board will ensure a strong voice for Forth Valley College.

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 – Low risk to engagement with the Falkirk CPP given we already have a high profile and professional engagement across various levels of the CPP. If we are unable to identify a nominated Board member for the Strategic CPP Board, the two accompanying letters do state “where practical” and “where possible”. The default will be for the Principal to attend and we will review the senior manager at Executive Group level.

Risk Owner – Dr Ken Thomson

Action Owner – Dr Ken Thomson

8. Other Implications –

Please indicate whether there are implications for the areas below.

Communications –No

Health and Safety –No

Please provide a summary of these implications – N/A

Paper Author – Dr Ken Thomson

SMT Owner – Dr Ken Thomson

9 November 2016

Tel: 01324 403203

Email: ken.thomson@forthvalley.ac.uk

Councillor Craig Martin
Leader of the Council
Falkirk Council
Municipal Buildings
Falkirk
FK1 5RS

Dear *Craig*

Re: Representation within the Community Planning Leadership Structure

Thank you for your letter dated 21st October 2016 and the invitation for Forth Valley College to be represented on the Strategic Group and the new Executive Group.

I will be taking a paper to our Strategic Development Committee of the Board of Management on 1st December to seek approval for the proposal and to identify our nominated members.

I shall be in touch with you after that meeting.

Yours sincerely



**Dr Ken Thomson
Principal**

Dr Ken Thomson, Principal.

Forth Valley College of Further & Higher Education

Falkirk Campus - Tel: +44 (0)1324 403000
Grangemouth Road, Falkirk, FK2 9AD

Alloa Campus - Tel: +44 (0)1259 215121
Devon Road, Alloa, FK10 1PX

Stirling Campus - Tel: +44 (0)1786 406080
Drip Road, Stirling, FK8 1SE

www.forthvalley.ac.uk

Tel: 0845 634 4444

Fax: +44(0)1324 403222

Registered Charity Number: SC021191

Home Address:

27 North Main Street, Carronshore FK2 8HW
Telephone: 01324 558304
email: craig.martin@falkirk.gov.uk



Falkirk Council
Comhairle na h-Eaglaise Brice

Enquiries to: Andrew Wilson
Direct Dial: 01324 506046
Date: 21 October 2016



24 OCT 2016

Ken Thomson
Principal
Forth Valley College
Grangemouth Road
FALKIRK
FK2 9AD

RECEIVED PRINCIPAL

Dear Mr Thomson

Subject: REPRESENTATION WITHIN THE COMMUNITY PLANNING LEADERSHIP STRUCTURE

I am writing to you following my recent letter outlining the changes being implemented to the Community Planning Partnership's Leadership Structure. As a key Community Planning partner I am inviting your organisation to be represented on the Strategic Group and the new Executive Group. Could I ask that you please provide nominees to the Policy and Community Planning Manager as follows:
andrew.wilson@falkirk.gov.uk

As outlined in my recent letter organisations should be represented as follows:

- Strategic Group at Elected or Partner Board Member level, where possible; and
- Executive Group at Chief Officer level.

Thank you for your assistance in this matter.

Yours sincerely

**COUNCILLOR CRAIG MARTIN
LEADER, FALKIRK COUNCIL
CHAIR OF THE FALKIRK COMMUNITY PLANNING PARTNERSHIP**

Our Ref: AEEBA0916AW – Leadership Structure Nominees

*Councillor Craig Martin
Leader of the Council
Labour - Carse, Kinnaird and Tryst Ward*

Municipal Buildings, Falkirk FK1 5RS.
Telephone: 01324 506278
Fax: 01324 501288

www.falkirk.gov.uk

Home Address:

27 North Main Street, Carronshore FK2 8HW
Telephone: 01324 558304
email: craig.martin@falkirk.gov.uk



Falkirk Council
Comhairle na h-Eaglaise Brice

Enquiries to: Andrew Wilson
Direct Dial: 01324 506046
Date: 21 October 2016

Ken Thomson,
Principal
Forth Valley College
Grangemouth Road
FALKIRK
FK2 9AD



24 OCT 2016

RECEIVED PRINCIPAL

Dear Mr Thomson

Subject: COMMUNITY PLANNING LEADERSHIP STRUCTURE

As you will be aware the Community Planning partnership has in addition to developing our priorities been reviewing our delivery structure. I am therefore writing to advise you of the outcome of that review and its implications for our agencies and organisations. These changes to our delivery structure include:

- A new more compact Strategic Board which will meet 6 times per annum with representation at Elected Member and non executive/ Board Member level, where practical. This will replace the existing Leadership Board. The new Board will include representation from 9 organisations, including for the first time a member of the local Business Panel. This Strategic Board has a key role in ensuring that the Community Planning Partnership (CPP) fulfils its statutory requirements, and that it delivers on its strategic priorities and local outcomes
- Having an annual Community Planning Conference for a much wider representation of partners, the third sector and representation from local communities. The main purpose of this wider event is to consider the progress and achievements of the CPP during the year, as well as that of its contributing partners. This annual conference will also be a showcase event, so that the success and added value of Community Planning across the Falkirk Council area, can be visibly demonstrated; and
- Establishing a new Executive Group comprising Chief Executives or the most senior officers from key partner organisations. Its key role is to support the Strategic Board in undertaking its role and functions, through the pro-active scrutiny, challenge and monitoring of Delivery Groups and Locality Planning.

I have enclosed the appendix considered by the Leadership Board which will provide you with further information on these changes. The appendix also highlights which organisations are proposed to be represented on each group within the new structure. I shall be writing separately to relevant partner organisations seeking their nominations as members of the new strategic board and executive group respectively.

Councillor Craig Martin
Leader of the Council
Labour - Carse, Kinnaird and Tryst Ward

Municipal Buildings, Falkirk FK1 5RS.
Telephone: 01324 506278
Fax: 01324 501288

www.falkirk.gov.uk

I would like to thank all partners for their engagement in this review process and look forward to moving forward to deliver the priorities and local outcomes we have now agreed for our communities. I will write separately to each organisation asking for appropriate representation on the new structure.

Again thank you for your continued support to our partnership.

Yours sincerely



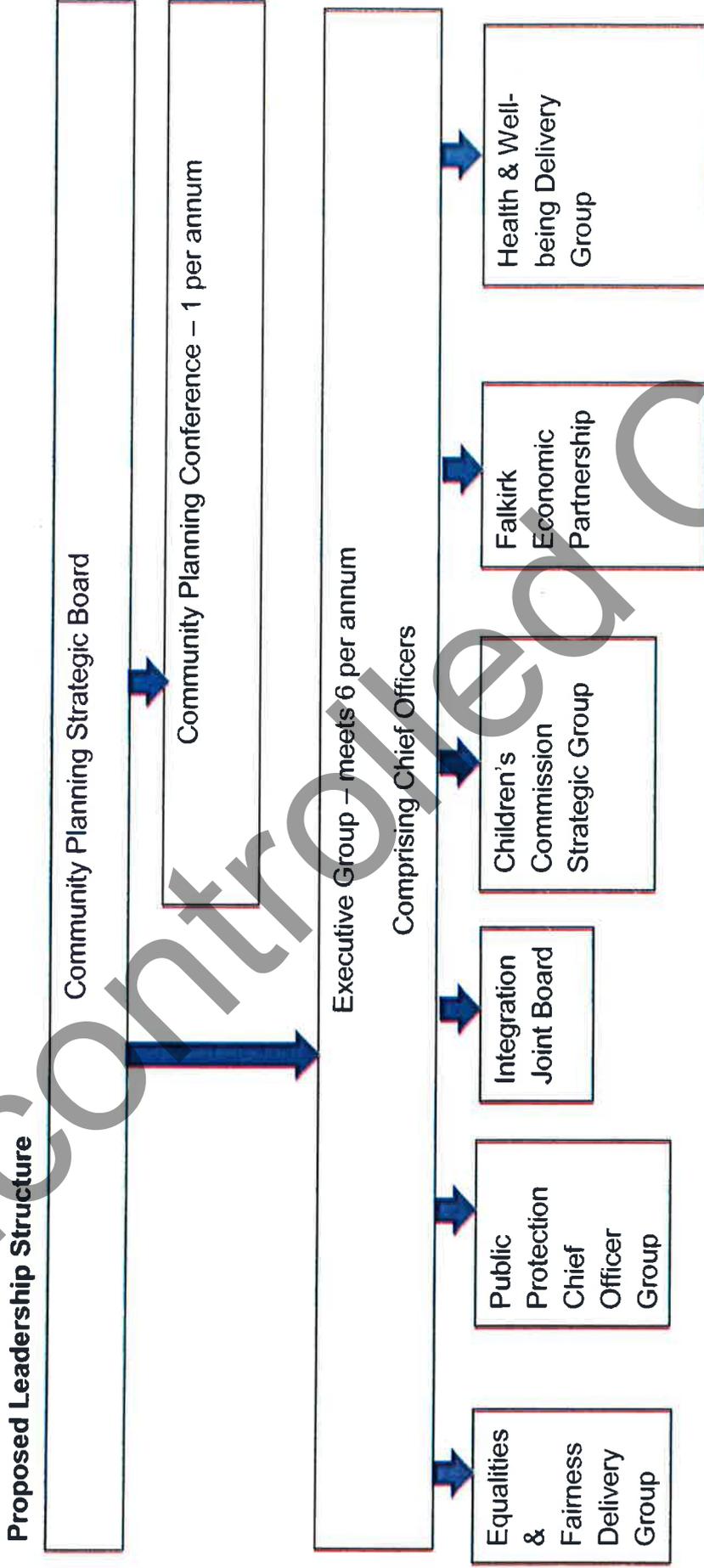
**COUNCILLOR CRAIG MARTIN
LEADER, FALKIRK COUNCIL
CHAIR OF THE FALKIRK COMMUNITY PLANNING PARTNERSHIP**

Our Ref: AEEBA0916AW – New Leadership Structure

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Falkirk Community Planning Partnership

Future Leadership Structure



Community Planning Executive Group

Representation Required

- Chief Officers

Represented Organisations

- Falkirk Council, Chief Executive
- NHS Forth Valley, Chief Executive
- CVS Falkirk and District, Chief Executive
- Police Scotland, Divisional Commander
- Scottish Fire and Rescue Service, Local Senior Officer
- Forth Valley College, Principal
- The Integration Joint Board, Chief Executive
- Falkirk Community Trust, Chief Executive
- Chairs of Delivery Groups
- Locality Planning Group Lead Officers

Meeting Frequency – 6 per annum

- January
- March
- May
- July
- September
- November

Summary of Role / Terms of Reference

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- Supporting the Strategic Board in undertaking its functions
- Ensuring the delivery of the Leadership Board's decisions through the allocation of resources and decisions taken within the key public sector partners
- Overseeing delivery of the SOLD
 - Scrutinise the implementation of the SOLD
 - Scrutinise the attainment of SOLD strategic priorities and local outcomes
- Overseeing the implementation of the Locality Planning Framework
 - Approval of Locality Profiles
 - Approval of Local Community Action Plans
 - Approval of membership, terms of reference and project plan for Locality Planning Groups
 - Ensuring that the work of Locality Planning Groups is on target
- Reviewing the partnership's work programmes/ strategic plans and to advise the Strategic Board of significant issues
- Executive leadership of the local public sector in the area
 - Championing opportunities for strategic collaboration and resource sharing, where appropriate
- Securing continuous improvement in local partnership working
- Support the Leadership Board in scrutinising, challenging and supporting agencies and delivery groups to achieve outcomes and priorities.

Locality Planning Groups

Membership

Senior Officers from across the Partnership

(3 to be established) will have responsibility for:

- Develop locality / community profiles and identify key outcomes deficits, challenges and opportunities across localities
- Establish Community Action Planning Groups
- Approval of membership, terms of reference and the engagement plan for Community Action Planning Group
- Monitor the delivery of community action plans, advising the Executive and then ultimately the Leadership Board on progress
- Consider the delivery of services against agreed standards and outcomes
- Ensure arrangements for the delivery of local services meet the needs of local communities in the most efficient and effective way
- Take forward agreed policies and strategies within a locality
- Ensure that agencies work together at a locality level to deliver on outcomes priorities and needs
- To advise the Executive of issues that are blocking or impeding progress
- Ensuring that the work of Community Action Planning Groups is on target
- Report on progress to the Executive Group and act as a senior management team within a specified locality

1. Purpose

To update members on Student Association activity between September 2016 and December 2016.

2. Recommendation

Contents of this report be noted by Senior Management

3. Revised Operational Plan

Due to the resignation of our VP for Education and Learner Engagement, we have taken the decision to revise our operational plan in the next month to evaluate and re-distribute our priorities in order to minimise the impact this will have on our activity. Due to this we have decided it would best not to present our activity using the operational plan to SMT or the Strategic Development Committee until this has been actioned. Please see the attached report (Appendix 1) on our activity to date and our plans for December.

4. Key Highlights

Student Engagement

The year so far has been very successful in terms of engaging with students, with excellent feedback from Freshers and class representative training. We have also been working hard to boost our social media presence with students. The SA has attended a number of classes to inform students of their association and of opportunities such as Open Badges, Mental Health First Aid Training and volunteering opportunities within the Association.

Mental Health First Aid Training

There has been a high volume of interest from both staff and students wishing to take part in the SMHFA training. There are over 110 allocated trainees, with a further 97 hoping to attend training.

Student Council

We have just completed another round of Student Council meetings, and will be collating questions and feedback, and looking for responses on any issues over the next month. This year we invited management from the catering department along to answer any questions directly, due to previously high numbers of queries/issues surrounding the area.

At these sessions we have put forward our strategic plan for approval (pending approval at the time of writing).

5. Financial Implications

There is no financial implication, as long as the Student Association stays within Budget. This will be monitored monthly to ensure there is no overspend.

6. Equalities

Assessment in Place? – Yes No Non-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	x	x
Low		
Very Low		

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

Risk Owner – Alan Buchan

Action Owner – Alan Buchan

8. Other Implications – NA

Communications – Yes No Health and Safety – Yes No

Paper Author – Alan Buchan

SMT Owner – Andrew Lawson

Student Association Update

Freshers' Events

Monday 19th September @ Stirling: Capital FM Roadshow

Tuesday 20th September @ Falkirk: Beach Party

Wednesday 21st September @ Stirling: Beach Party

Wednesday 21st September @ Stirling Thistles: Student Shopping Night

Thursday 22nd September @ Alloa: Beach Party

Thursday 22nd September @ Vue Cinema Stirling: Free film showing

This year's Freshers' was a great success and the biggest we have ever held in terms of events and engagement with students. Our social media activity has increased massively and we were able to tie in with Capital FM to promote the Student Shopping Night at Stirling Thistle Centre.

£448.48 was raised for Maggies during the Freshers events.

Volunteers

We have around 10 volunteers signed up to work with us this year, this is the most volunteers we have ever had as the SA, and something we hope will allow for us to develop a strong network of engaged students going forward.

Class Rep Training

Class rep training is now complete with 174 reps trained over 8 sessions, we received very positive feedback. We will be running further sessions in February for the January start students, any students who have missed the sessions will be able to attend these or carry out training via Moodle.

Student Contact Reports

We have been collating data on our contact with students and their enquiries. We use this data to identify key areas where students come to us for information, support and guidance and which departments we are having the most contact with within the College. This also allows us to track how many students utilise the services provided by Student Association.

Mental Health First Aid Training

We have had a high volume of students requesting to be trained in Mental Health First Aid:

- **232** people signed up in total (13 staff & 219 students)
- **16** people completed the training (3 students & 13 staff)
- **119** students have been allocated a training date.
- **97** students have still to be allocated a training date.

Healthy Body Healthy Mind Committee

The Health, Wellbeing & Sport Officer is looking for volunteers to get involved with the Healthy Body Healthy Mind Committee. The committee is open to staff and students who are interested in mental or physical health.

Student Council Meetings

Student Council Meetings have been held on the 17th, 18th and 21st of November. Each of these meetings was accompanied by a two hour workshop delivered by Ken Thomson. The workshop aimed to gather student feedback and input on how the College will look in 2022.

Class Reps were invited along to the Student Council Meeting at their campus and were also given a plus one option; they were able bring along another student from their class who is not a class rep. On early reflection this was a positive step to boost participation at meetings and we will continue this for future meetings.

We have taken our Strategic Plan document to Student Council and will forward this to SMT at the next available opportunity pending approval by the student body.

Resignation of VP for Education and Learner Engagement

As of immediate effect, the above VP has resigned. We are currently assessing our best way forward in terms of identifying how best to replace this officer. We will provide a further update on this once we have identified a way forward.

November/December planned activity 2016

Volunteer & Career Event

The Volunteer & Career event is coming up on the following dates;

- 29th November- Alloa 10am-2pm in the LRC Area
- 30th November- Falkirk 10am-2pm in the Main Hall
- 1st December- Stirling 10am-2pm in Main Reception

There will be information from employers, voluntary organisations and universities, and the Falkirk event will host the CDN/RBS Enterprise Roadshow promoting information on setting

up businesses and other entrepreneurial skills. CDN were keen to engage with staff and students on the enterprise aspect.

16 Days of Action

We will be working alongside the equalities department to deliver events around the 16 Days Of Action within the college. Alongside the events we will be promoting awareness via social media.

- 25th November-Stirling 11am Balloon release outside main entrance
- 2nd December-Alloa 10am-2pm stall (thumb print tree campaign)
- 9th December- Falkirk 10am-2pm stall (hands are not for hurting campaign)

The activities are all based around a positive message against domestic violence to woman and will be highly visible to students.

Safety Kits

The VP for Health Wellbeing and Sport has put together safety kits which will be distributed to students ahead of the festive period, these will contain information on a wide range of issues which could affect our students in this period, and also contains 'spikies' (anti drink spiking protection) and hand warmers.

Christmas Gift Appeal

The SA will be arranging a Christmas gift appeal for the Children's Ward at Forth Valley Royal Hospital. We are looking for donations of new and packaged gifts which would be suitable for a child aged between 0 to 16 years old. This will run until 4pm on Wednesday 14th of December.

Planning Away Day

We will be holding a planning away day in Edinburgh on 20th of December. The day will focus on revising our operational plan and redistributing some priorities. We hope to carry out some teambuilding activities as part of this to strengthen our working practice.

1. Purpose

To present to the Board of Management the twelfth Principal's report on activity undertaken since the last scheduled Board meeting in September 2016.

2. Recommendation

The Board should note and comment on the activity undertaken by the Principal since September 2016.

3. Key Highlights

- 3.1 I'm delighted to report that on Tuesday 29th November after long discussions with the SFC and Scottish Government, the Depute First Minister and Cabinet Secretary for Education signed off on the £83 million project for the new Falkirk Campus. By the time of the Board meeting the project will have gone to OJEU and out to tender. We start on site next September with a completion and decant by October 2019. This will be a fantastic legacy for us all; still a lot to do but the project is "go". There's a lot of people within the college who have had essential parts to play in the Full Business Case and the on-going design from Heads of Department to Heads of Service and to all the staff on the numerous working groups looking at storage, staff workrooms, workshop and ICT, however I would like to single out three key people on the project. Tom Gorman as Associate Principal for Estates, Alison Stewart, Associate Principal for Finance and Claire Shiels who was been seconded to the project full time from her role as Head of Estates. Without the team work, resilience, patience and expertise all three bring to the group, this project would not have been possible. We now look forward to completing the design stage and appointing the contractors.
- 3.2 We had two very good graduation ceremonies that had more students graduating than ever before and excellent key note speeches at Falkirk Town Hall from Steve Dunlop, CEO Scottish Canals, and then at Stirling Castle from Aileen MacKechnie, Scottish Government Director of Advanced Learning and Science. Both ceremonies had excellent feedback from students, family and friends and from the local press. The Stirling Castle graduation was extra special with a superb rendition of Les Miserables from pupils from Bo-Ness Academy.
- 3.3 The College have been successful in a number of awards over the last three months. At the College Development Network Awards we were Highly Commended for Health and Well Being and the work of the Student Association in partnership with Student Support. We were commended for our Essential Skills project in Construction and Commended for our Curriculum Strategy as a regional College. At the SQA Start Awards, the partnership between Historic Scotland and the College in traditional skills was commended and at the Scottish Training Federation we won the award for Success in Partnership with the work we are doing with FES and the FM Centre of Excellence in Alloa.
-

- 3.4 On Monday 5 December the Alloa Campus will host the first meeting of the Student Support Review led by the Minister for Further and Higher Education and Science, Shirley Anne Somerville. The meeting will be chaired by Jayne-Anne Gadhia, CEO of Virgin Money. I will have the opportunity to meet with the Minister and the Chair and a tour of the Campus where they will meet with students and apprentices.
- 3.5 Disappointingly, and through the national bargaining process, UNISON have rejected the recent pay offer of 1.5% with additional payment depending on salary. The next steps will be discussed at the Employers Association on Monday 5 December.
- 3.6 Fiona Brown, Associate Principal for Learning and Teaching has been working on behalf of Colleges Scotland with a group of Principals to develop the new framework for College Review. Education Scotland, in partnership with the Scottish Funding Council (SFC), are currently finalising new arrangements for the external review of quality in Scotland's colleges. The new arrangements will replace the previous programme of quadrennial external review and annual engagement visits by Education Scotland and represent a significant change in approach. External review will now centre on a validated self-evaluation process, with Education Scotland and SFC agreeing with individual colleges a bespoke annual programme of external scrutiny, working within the college's own internal quality enhancement processes. The annual outcome will be a graded college evaluation report and quality improvement plan, submitted each October and formally validated by Education Scotland and SFC before publication each December. The new approach also brings a streamlined approach to reporting, with closer links between college self-evaluation reports and the Regional Outcome Agreement. 2016-2017 has been designated as a transition year as the arrangements are finalised and, whilst the first year's reports will be published in December 2017, it has been agreed that grades will not be published in this first year. As noted above, Fiona is a member of the sector's Steering group for the new arrangements and has been actively working with HMI Karen Corbett, our new college HMI, to shape the arrangements for Forth Valley College. A series of information events for managers is under way and further information will be presented to the Board of Management at a future meeting.

4. Networking

- 4.1 In collaboration with the Student Association I held three very successful strategic planning workshops to support the College's Strategic Plan 2017 to 2022 as part of the annual Student Council meeting with SMT. We worked with over 80 class representatives to discuss and record what it would be like for a student in 2022 at Forth Valley College.
- 4.2 Fiona Brown, Colette Filippi, Associate Principal for Business Development and I attended the Stirling City Deal Parliamentary Reception. This was, as Bruce Crawford MSP put it, the best attended reception ever held at the Parliament. As a City Commissioner, the College was well received both for the students serving front of house and also with a prominent place in the video highlighting the five projects. There was a real excitement at the receptions with the announcement the previous week of the £250 million funding from Westminster. The College will continue to play a lead part in this development particularly around the digital sector proposals.
-

- 4.3 I am developing two international strategic partnerships with colleges on the Isle of Man and in Northern Ireland for future staff and student exchanges. The Isle of Man University College approached the college through the Isle of Man Government with an ambition to learn from Forth Valley Colleges' success. We may well become a mentoring College. The second partnership with South East Regional College (SERC) in Belfast will build on our Creative Learning Strategy and incorporation of our IT as they have recently been winners of the Jisc Beacon Award for their Project Based Learning. There will be follow up meetings and visits in the new year.
- 4.4 I attended, with a number of staff from the Business Development Department, the annual Falkirk Business Panel Conference where over two hundred employers from the area listened to key note speeches from John McNally, the INEOS CEO, Malcolm Roughhead, CEO for VisitScotland and Steve Dunlop CEO for |Scottish Canals.
- 4.5 I attended one Board meeting of Historic Environment Scotland in Dumfries and chaired the HES Board's Staff Governance Committee and the Engine Shed Strategic Board.
- 4.6 As a Board member and Trustee of Jisc, I attended the December Board in London.
- 4.7 I have met twice with the Student Association and held strategic planning workshops at the Student Council meetings on the three campuses. I was delighted to have full representation of the Student Association at the recent CDN awards with Debbie from last year's SA to receive the highly commended award for Health and Wellbeing for their work on mental health first aid.
- 4.8 I attended a workshop for the Clackmannan City Deal which would be linked to the Stirling City Deal proposal. As noted before, £250 million has been identified through the UK Government for the project.
- 5. Presentations**
- 5.1 I presented to a group of perspective Head teachers as part of the Education Fellowship Programme on strategic planning and visioning and the work at Forth Valley College.
- 5.2 I was presented with the Provost Civic Award for Academic Excellence at a biennial event held at Stirling Council
- 5.3 I presented graduation certificates to our apprentices at the NHS Forth Valley hospital at Larbert and listened to key note presentations from Jane Grant, CEO and Alex Linkston, Chair of the Board.
- 5.4 I was a panel member at the recent Association of Colleges Conference in Birmingham on Transformational Change in Colleges and sponsored by Jisc.
- 5.5 I am speaking at the Holyrood Conference at the Royal College of Surgeons on Promoting vocational qualifications, encouraging participation and building partnerships.
- 5.6 I was really pleased, again, to hold my annual discussion with Business HND students on strategic planning and the importance of a clear vision.
-

- 5.7 I signed a memorandum of agreement with Sibur, an oil and gas company from Russia who were working with the college on a two week programme. Attending the signing were the Provost of Stirling and the Russian Consul General.

6. Key Meetings

I undertook the following key meetings in the period 22 September to 8 December 2016:

- 6.1 I met with Michael Matheson MSP to discuss the development of the Falkirk estate and to bring him up to date with the work of the College and was able to highlight the new Discovery document which will be handed out at the Board.
- 6.2 I met with Martin Valenti, SEPA and Director for Climate Change around the organisation of the City Deal Parliamentary event. He is a fellow Commissioner.
- 6.3 I met with Stuart Carruth, CEO of Stirling Council to be updated on the City Deal and the current work on community planning.
- 6.4 Colette and I met with Alistair Campbell OBE and Douglas Farquar to discuss their proposals for development within Falkirk
- 6.5 Jacqui MacArthur, Head of Access and Progression and I met with Barry Fisher, CEO, Duke of Edinburgh Award to discuss opportunities for the college and licencing arrangements.
- 6.6 I was really pleased to be invited to a private dinner with Professor Gerry McCormac and fellow guests, Mike Russell MSP, James Noughtie, Chancellor of the University and Graham Houston, Chair of SQA and past leader of Stirling Council.

█ [REDACTED]

█ [REDACTED]

- 6.9 Chris Horne, Curriculum Manager for Sport and I met with Cathy Gallagher, the new Director of Sport at Stirling University to look at opportunities for collaboration and to build on strong strategic relationships with the University.

- 6.10 I met with Professor David Gaimster from the Huntarian Institute, Glasgow University who took me around the new kelvin hall/Glasgow University development and a look at their Learning Space model.

- 6.11 I met with Dominic Munro, the new Director of Fair Work, Employability and Skills to discuss the Employability funding and the role of Local Employability Partnerships.
-

7. Colleges Scotland

7.1 In the three months since the last Board meeting I have attended one meeting of the College Principals Group; one meeting of the Colleges Scotland Finance and Funding Committee, one meeting of the SFC Innovation Group and the CS Leading and Learning Group for senior manager CPD. I also attended one meeting of the SFC/SDS Joint Skills Committee.

8. Community Planning Partnership

8.1 Since the last Board meeting I have attended one meeting of the Falkirk Community Planning Leadership Board where a new Board structure was discussed. The College will continue to be a lead partner in the new structure.

8.2 I have attended one meeting of the Stirling Community Planning Leadership Group.

9. Financial Implications

None

10. 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

11. 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

12. 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

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1. Purpose

For members to note the draft Outcome Agreement Self Evaluation report for 2015-16.

2. Recommendation

That members note our Outcome Agreement Self Evaluation report for Session 2015-16. This report has been reviewed by a sub-group of this committee, comprising of Anne Mearns, Fiona Campbell and Alan Buchan, before submission to SFC.

3. Background

The College is expected to complete an Outcome Agreement Self Evaluation report each year as the end of the Outcome Agreement cycle. This year the OA self evaluation has been combined with the institution-led review of quality report.

4. Key Considerations

SFC have asked for comment on the following within the OA Self Evaluation:

- The delivery of the commitment to DYW including growth in senior phase pathways.
- The delivery of widening access and progression targets
- Improved progression in access-level progression.
- Industry-linked provision with a focus on employer needs.
- Improved support to increase completion of courses and progression to university.
- Progress with curriculum development to align to regional economic need.

SFC have also asked that a statement be added to the report to confirm that College Boards formally pledge/commit to engage with SFC and ES over the coming year as new quality arrangements are developed. This is included within page 7 of the report.

5. Financial Implications

Please detail the financial implications of this item – None.

6. Equalities

Assessment in Place? – Yes No

If No, please explain why – As part of the Outcome Agreement process we set and monitor targets in relation to protected characteristics.

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	x	x

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

Risk Owner –

Action Owner –

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 –

Paper Author – David Allison/Fiona Brown

SMT Owner – David Allison/Fiona Brown

Forth Valley College 2015-16 Outcome Agreement Self Evaluation

Summary

In Session 2015-16 Forth Valley College met its student activity target, and our student achievement rates remain high. During the Session the College won a UK-wide Times Education FE Award for Best Learning and Teaching Initiative in recognition of our creative learning community. Our creative approach to learning also secured us top awards in the 'Learning and Teaching' and 'Essential Skills' categories at the Scottish College Development Network Awards in 2015. Creative Learning also featured prominently in our latest Education Scotland review which took place earlier this year, and was identified as an example of sector-leading best practice. This was in addition to 19 areas of positive practice, highlighted through the Review. Our Student Association also won the top prize in the 'Enterprise' category at Scotland's National Union of Students Awards this year. They earned this award for their tremendous work on developing a credit union service to students across all campuses.

Efficient Regional Structures

As a single college region there is a single board as governing body with the existing Chair of the Board of Management appointed as Regional Chair. Through the Principal, Associate Principals and Vice Chair of the College's Board of Management, the College plays a key role in Falkirk, Stirling and Clackmannanshire Community Planning Partnerships, and leads the local employability partnerships in Stirling and Clackmannanshire.

Meeting the Needs of Learners

In Session 2015-16 the College met its student activity target, delivering 86,272 Credits against a target of 86,214 Credits.

The College is committed to delivering on Scottish Government priorities such as Developing the Young Workforce, and can evidence that 50% of Credits are delivered to 16-19 year olds, with 72% of all Credits delivered to 16-24 year olds. This is further evidenced through full-time enrolments where 52% of all Credits are delivered to 16-19 year olds, and 74% delivered to 16-24 year olds. Please note that these Outcome Agreement targets were set in WSUMs without knowledge of how WSUMs would convert to Credits, so any benefits of making comparisons using Credits is limited.

The College has in place an established regional curriculum strategy. We continue to map local provision to key industries and learner needs across all campuses. This approach has enabled the development of an efficient hub and spoke system of learning provision across our campuses, with Science/Engineering centred in Falkirk, Hospitality and Creative Industries centred in Stirling and Alloa being the hub for Business. As evidence of this for Session 2014-15 the Department of Business moved its base along with a significant volume of its provision to our Alloa campus, and for Session 2015-16 HE construction provision was moved to our Falkirk campus.

The number of learners benefitting from our school/college partnership from learners within the senior phase (S4 and beyond) has increased and in delivering 4,895 Credits we were in line with our target of 5,000 Credits to this cohort.

Our partnership links with Higher Education continue to evolve, and have developed from traditional articulation models to a model of integration where learners in Engineering, Life Sciences, Heritage Conservation, Digital Media and Computing can seamlessly progress through College activity on to the relevant level within Stirling, Strathclyde and Heriot-Watt universities.

In Session 2015-16, in partnership with the University of Stirling, we have continued to grow the number of students on our integrated degree programmes, with Digital Media and Applied Computing programmes entering their second year. Unlike traditional articulation arrangements, these are wholly integrated tertiary programmes, jointly designed, developed and delivered by the University, College and industrial partners. Learners are able to exit with an HNC, HND, ordinary degree or honours degree, in all cases equipped with technical skills and industrial experience. Furthermore, shared delivery arrangements between the University and College produced more effective utilisation of learning resources. These courses are funded through the SFC associated student initiative for partnership between colleges and universities.

Improved Support to Increase Completion of Courses and Progression to University

In our 2015-17 Outcome Agreement we had targets for successful achievement for 2015-16 as shown against actuals below:

	FE		HE	
	Target	Actual	Target	Actual
FT	71%	70%	73%	75%
PT	90%	91%	89%	88%

In all cases other than FT FE and PT HE, our OA target has been exceeded. Whilst it is disappointing to have narrowly missed these targets by less than 1%, for FT FE, the actual achieved is consistent with the previous two years and still evidences an upward trend over the last five years. Across all modes and levels early withdrawal remained steady or decreased in 2015-16, however across the board there was an increase in further student withdrawals. Each year we rigorously analyse student retention and achievement at course level through our self-evaluation processes and teams routinely plan actions to enhance support, remove curricular barriers to achievement and increase completion of courses. We are currently undertaking a detailed analysis of retention for academic year 2015-16, to investigate whether there are underlying thematic causal factors that require action at College level.

As regards progression to university and articulation, during 2015-16 the College's Student Services team refined and further developed their Toolkit for Higher Education, providing a very well-planned range of services to ensure that all students considering progression to university are effectively supported through the UCAS application process, are made fully aware of existing articulation routes and have ready access to 'Study Skills Academy' workshops to prepare them for university study. Students on the four integrated degree programmes that we offer in partnership with the University of Stirling also benefit from additional planned transition activities throughout their second year, including visits to and classes held at the University.

In terms of progression to further study, for full-time students successfully completing their Forth Valley College course in June 2015, 71% moved on to further study (from a 94% return rate). 78% of full-time FE students progressed to further study, a 5% increase on the previous year; and 57% of full-time HE students progressed, a 7% increase on the previous year. In terms of articulation with no loss of time, the data available at the time of writing indicates that a total of 91 students who had completed Forth Valley College HN programmes in June 2015 entered a degree course with Advanced Standing in session 2015-16. This includes a total of 49 Associate Students progressing to year 3 (year 2 in the case of Strathclyde) of their degree programmes. This represents 17% of the successful HN leavers from the College in June 2015.

This number is currently short of the target we have in the 2015-16 Outcome Agreement. However data from the National Articulation Database, which also includes returning students who have previously completed an HN with FVC and have perhaps taken time out before returning to articulate, is not yet available for this time period and will be included in due course.

We were aware that in 2015-16 there appeared to be an increase in students disclosing mental health issues than in previous years. During 2015-16, the Student Services team, working closely with the Student Association, established a working group that focused on meeting and filling any gaps in support for students who required or wished to access services in relation to mental health. The team has devised a range of support tools and measures that students and staff are now able to access. The College now has a Mental Health Protocol which has been designed to support and inform staff on how to effectively signpost students in distress, and how and where to access and where to support. The College's online student portal also now hosts a signposting tile which students can access 24hrs a day, offering a range of links to support services, which have been categorised to make them easy to find and to minimise distress when seeking support. Furthermore, the Student Association piloted in-house delivery of the Scottish Mental Health First Aid course to over 90 students in 2015-16, with excellent feedback. The College believes that these interventions will make a positive difference to students requiring this form of support.

Developing the Young Workforce

The College's Outcome Agreement for 2015-17 (April 2015) includes a Developing the Young Workforce (DYW) implementation plan. In the intervening period, there have been significant developments at national, sector and regional level that have to some extent changed the detail of the implementation plan, however the direction of travel and the overarching strategic aims agreed with our local authority partners have remained the same.

In 2015-16 we began the migration of the SCQF level 4 vocational courses on offer to school pupils to SCQF level 5, to align with the new OA measure definition for 2016-17. This strategy was not without risk, as the joint strategic aims with our local authority partners include, as a priority, continued provision for senior phase pupils at risk of low achievement and negative post-school destination. This priority is met through the jointly-delivered School-College Opportunities to Succeed (SCOTS) courses in Falkirk and Stirling and 'alternative curriculum' transition provision in Alloa, both of which depend upon suitable vocational qualifications (Skills for Work) being available to which pupils can progress. For many of these pupils, achievement at SCQF level 5 is a significant stretch and it has been important to balance the drive to align with the new OA measure with retaining vocational provision that these young people can realistically achieve. Consequently, in 2015-16, we moved four Skills for Work courses from SCQF level 4 to 5 for 2015-16, with the plan to migrate all other SCQF level 4 courses to level 5 for 2016-17, providing there is no negative impact on these more vulnerable pupils.

In terms of growth in senior phase vocational pathways, in line with the new OA measure definition, we have delivered a continued growth in enrolments and headcount, from 106 in 2013-14, to 157 in 2014-15 and 258 in 2015-16. This 258 was out of a total of 380 places on vocational courses at SCQF level 5 and above offered for 2015-16, as set out in the April 2015 OA DYW implementation plan. Of the 258 pupils on vocational pathways at SCQF level 5 and above, 83 were enrolled on HNC programmes (36 in year 1 and 47 in year 2). Of those in year 2 in 2015-2016, 35 successfully completed their HNC qualification before leaving school and, in many cases, the HNC was instrumental in enabling them to progress to the next stage of their learning, for example by allowing them to progress directly to year 2 of an HND or securing them entry to university.

The overall vocational offer for school pupils in 2015-16 (including SCOTS and SCQF level 4 courses), totalled 742 places, however only 574 of these places were ultimately taken up. Three of the courses offered did not recruit sufficient pupils to be viable at all and were withdrawn. However many other courses ran with lower, and in some cases significantly lower, numbers than targeted. This is not a sustainable position for the College and throughout 2015-16 and beyond the College has further extended efforts to work with school partners to provide clear information to school staff, parents and pupils about the benefits and relevance of senior phase vocational pathways and their equivalences to the more familiar school qualifications. There remain, however, considerable challenges around alignment with school timetables and failure of schools to treat the senior phase vocational pathways as an integral part of the senior phase timetable and not an 'add on'. Further, conflicting pressures on schools to raise attainment, are driving them to focus on the attainment of National Qualifications at the expense of vocational qualifications.

In 2015-16 we also undertook to enhance progressively the relevance of senior phase vocational pathways to employer and labour market need by replacing some Skills for Work provision with Foundation Apprenticeship provision as it emerged. In our 2015-17 OA we set out plans to deliver a Pathfinder Foundation Apprenticeship in Health and Social Care, however late changes to the content of this course by Skills Development Scotland rendered it very difficult to market to schools, pupils and parents, and we were only able to recruit seven pupils to the course. Six of these pupils remain on the course in 2016-17. Subsequent to submission of our 2015-17 OA, we were also able to offer a Foundation Apprenticeship Pathfinder in Early Education and Childcare in Stirling, which attracted 12 pupils, 10 of whom are still on the course. There have, of course, been significant national developments in Foundation Apprenticeships since April 2015 and the College has endeavoured to continue to grow this provision, with four Foundation Apprenticeships running in 2016-18. Recruitment to these programmes still, however, remains very challenging and the College is working closely with SDS and our school partners to ensure that future Foundation Apprenticeship cohorts are fully-subscribed, otherwise the College will be unable to sustain these.

A further commitment in the 2015-16 OA DYW implementation plan was to engage more fully with employers in the design and delivery of vocational pathways for school pupils. Our engagement with employers through the developing Foundation Apprenticeship provision has played a major part in this and we have developed close and productive relationships with key regional employers in the social services and healthcare, childcare and early education and financial services sector as a result. We continue to develop links with a wider range of employers across all disciplines through review of our full-time curriculum. In particular, we are developing closer links with engineering employers who will provide work placements for future Engineering Foundation Apprentices. The College has also played a pivotal role in the development of the Forth Valley Developing the Young Workforce Regional Group and is host employer for the newly-appointed Programme Team, who are currently developing detailed work plans to focus on the creation of employer-education partnerships.

Finally, in December 2015, SFC offered Forth Valley College an additional £75,000 to support Developing the Young Workforce. In the funding offer letter of 2 December 2015, Colleges were asked to provide a formal update on the key achievements, outcomes and emerging impact of the activities supported by this funding. This report was to be provided within this document and can be found in Appendix 2.

Meeting the Needs of Employers

The College was proud to be the first learning institution in Scotland to achieve STEM (Science, Engineering, Technology and Maths) Assured status, the UK-wide industry-led quality mark for STEM training, awarded by the New Engineering Foundation (NEF). This prestigious standard recognises excellence in STEM provision within the Further Education sector, with a particular focus on an interdisciplinary approach and on meeting the needs of business and industry. The College has recently been examined for STEM re-accreditation and we were delighted to be successfully awarded this in xxx 2016.

In Session 2015-16, the number of Skills Development Scotland (SDS) funded Modern Apprenticeships (MAs) starts was 256, an increase from 235 starts in Session 2014-15. We also increased the total number of MAs supported by the College to over 1,100. We also met our target against the number of Full Time FE students who have access to a work placement delivering 582 work placements against a target of 570. We also delivered 22,263 Credits (26% of all Credits) through employer-related activity.

There are very strong links to industry across courses in all teaching departments, with employers having significant input to course design, and in many cases, courses designed specifically for employers. A few examples are bespoke Management and Construction courses tailored for FES (a locally headquartered Facilities Management company), an extensive range of bespoke provision within Engineering including delivery to companies such as Scottish Power, Shell UK and Ineos, to name just a few.

Access, Equality and Diversity

In Session 2015-16, 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 have published our Mainstreaming Report and our Equality Outcome progress together with our annual employment data and equal pay statement.

Equality remains a key element of staff development with general awareness-raising sessions delivered to complement online training. Specific resources for equality are also made available for staff. Staff from our Learning Support Service have 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. All policies and learning materials are equally audited to ensure compliance with Equality requirements.

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 will be 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 Campaign (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 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.

The College's Equalities team provides a needs-led learning support service for learners with additional support needs. Support is tailored to individual circumstances with the learners at the centre of the process to ensure their needs are met effectively. High standard needs assessments are completed with learners and the College is an accredited needs assessment centre for Disabled Student Allowance applications. All current and prospective learners are informed of the support available at College and how to access it – learners are able to disclose any additional support needs at any time during their time in College. In Session 2015-16, we provided support to 590 students with additional support needs who are completing a range of programmes at various levels.

Under-representation of women in 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 in primary schools; marketing case studies using female role models; 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.

In Session 2015-16, the College was successful in its bid to the Equality Challenge Unit for the Attracting Diversity Project. Our project is to ensure that our specialist science and engineering provision and enhanced school/college activity in STEM subjects is actively promoted to women and girls who are currently under-represented in these subject areas. We aim to build on our STEM Assured status and strong partnership links to tackle stereotypical vocational choices in relation to gender. A project team has now been established within the College, and as part of the project the team will be setting targets, hoping to gain insight and experience from other colleges involved within the projects and seeking to benefit from the experience of staff from within the Equality Challenge Unit. One of the activities which has already been undertaken has involved evidence-gathering through a survey of our school link cohort to gather knowledge of the key influencers on subject choice and the rationale for subject choice. The outcomes will help us better understand how the College can influence future learners.

In Session 2014-15, the College achieved the Buttle Chartermark, which demonstrated our work to attract and support care leavers and looked-after young people. In Session 2015-16 we also committed to the Who Cares? Scotland Corporate Parent pledge. Our Senior Management Team undertook training earlier this year and this is now also being rolled out to other key members of staff. We provided learning to 113 care-experienced students. We met our target of 48% of our activity being from female students, and met our target of 3% of enrolments being from students from an ethnic minority. In delivering 14% of activity to learners who have declared a disability we have exceeded our target of 10%, and in delivering 11.5% of our activity to students from the most deprived 10% postcodes in Scotland we met our target and also delivered beyond our regional rate as 7% of the Forth Valley population reside within the 10% most deprived postcodes in Scotland.

In Session 2015-16, 878 students progressed to HE level study from FE level study the previous session. This is an increase from 760 students who made this progression in Session 2014-15.

The welfare of our staff and students also continues to be a top priority. Our Student Association recently boosted our Healthy Body, Healthy Mind rating from two stars to three stars. Earlier this year, we were also officially accredited as a UK Living Wage Employer demonstrating our dedication to ensuring Forth Valley College is a progressive, socially-aware place to work. This follows on from our achievement of becoming the first College in Scotland to take the Scottish Business Pledge back in July 2015.

Sustainable Institution

The College recognises that the changing climate will have far-reaching effects on Scotland's economy, people and environment. Consequently, the commitment to carbon reduction remains a key strategic objective for the College as indicated by its inclusion within the College's mission statement *Making Learning Work*.

Our vision is to lead by example in all our activities and to ensure that learners are aware of the impact their actions will have, on the environment. This commitment is supported by the College Green Sustainability Statement that is approved by the Board of Management and Senior Management Team.

The College, through our partnership with UCCCfS (Universities and Colleges Climate Commitment for Scotland) has developed a Carbon Management Plan (CMP) which replaces the previous Climate Change Action Plan under the Carbon Trust. The College estate has altered considerably since the CMP baseline year of 2008-2009, with the opening of our new campus in Alloa (2011) and new campus in Stirling (2012) both of which received the BREEAM (Building Research Establishment Environmental Assessment Method) Excellent rating. The College remains on target to reduce t(CO₂) levels by 25% from the baseline figure of 2,873.62 tCO₂ by the year 2020. The figures for Session 2015-16 evidence that we are ahead of target with our gross carbon footprint reduced to 2,262 tCO₂.

Early Progress Towards 2016-17 Outcome Agreement Targets

The College has seen healthy recruitment in Session 2016-17, recruiting close to target overall. The key date for early retention is yet to be met, however early monitoring shows that retention is tracking to a similar pattern as last session. Both of these factors combined indicate, and give us confidence, that we will achieve our activity targets for the 2016-17 Session.

New Quality Arrangements

The College Board of Management is committed to engaging with Education Scotland and the Scottish Funding Council in the year of development of new quality arrangements, and commit to producing an evaluation report and an enhancement plan for October 2017.

Signed by:



Date:

27/10/16.

Position:

Principal

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Appendix 1 – Progress against key 2015-16 Outcome Agreement Targets

Target	Delivery															
Forth Valley College will deliver 86,214 Credits.	Forth Valley College delivered 86,272 Credits in Session 2015-16.															
We will retain or increase the current high levels of achievement across FE full time, FE part time, HE full time and HE part time.	<p>We have exceeded or are within one percentage point of our targets:</p> <table border="1"> <thead> <tr> <th></th> <th>Target</th> <th>Actual</th> </tr> </thead> <tbody> <tr> <td>FE Full Time</td> <td>71%</td> <td>70%</td> </tr> <tr> <td>FE Part Time</td> <td>90%</td> <td>91%</td> </tr> <tr> <td>HE Full Time</td> <td>73%</td> <td>75%</td> </tr> <tr> <td>HE Part Time</td> <td>89%</td> <td>88%</td> </tr> </tbody> </table>		Target	Actual	FE Full Time	71%	70%	FE Part Time	90%	91%	HE Full Time	73%	75%	HE Part Time	89%	88%
	Target	Actual														
FE Full Time	71%	70%														
FE Part Time	90%	91%														
HE Full Time	73%	75%														
HE Part Time	89%	88%														
* We will deliver 55% of Credits to learners aged 16-19 and 20% of Credits to learners aged 20-24.	We delivered 46% of Credits to learners aged 16-19 and 21% of Credits to learners aged 20-24.															
* Within our delivery to full-time learners 58% of Credits will be delivered to learners aged 16-19 and 22% of Credits to learners aged 20-24.	We delivered 52% of our full-time Credits to learners aged 16-19 and 26% of our full time Credits to learners aged 20-24.															
We will deliver 10.5% of all activity to students from the 10% most deprived postcodes in Scotland.	We delivered 11.5% of all activity to students from the 10% most deprived postcodes in Scotland.															
48% of all activity will be from female students	48% of our activity was from female students.															
3% of all enrolments will be from students from an ethnic minority.	3% of all enrolments were from students from an ethnic minority.															
10% of all activity will be from students who have declared a disability.	14% of all activity was from students who have declared a disability.															
We will provide learning for 28 care-experienced students.	We provided learning to 113 care-experienced students.															
We will deliver 340 Credits to learners with profound and complex needs enrolled on courses involving formal recognition of achievement.	We delivered 340 Credits to learners with profound and complex needs enrolled on courses involving formal recognition of achievement.															
We will deliver 5,000 Credits to learners at S3 or above as part of 'school-college' provision.	We delivered 4,895 Credits to learners at S3 or above as part of 'school-college' provision.															
We will enrol 285 new starts through direct contract apprenticeships.	We enrolled 256 new starts through direct contract apprenticeships, with over 1,100 apprentices supported through their training at the College.															
We will provide 570 full time learners with substantial placements.	We provided 582 full time learners with substantial placements.															
Our Gross carbon footprint will be 2284.8 tCO ₂	Our Gross carbon footprint was 2262 tCO ₂															

Note: * These targets were set in WSUMs without knowledge of how WSUMs would convert to Credits, so any benefits of making comparisons using Credits is limited.

Appendix 2 - Update on Use of Additional Developing the Young Workforce (DYW) Funding from December 2015

The Forth Valley College proposals to use the additional DYW funds, agreed with Outcome Agreement Manager Alison Meldrum are listed below, along with an update report on each.

Key achievements, outcomes and emerging impact

- 1. A full time seconded Development Support Coordinator post from January to July 2016 to work with our partner secondary schools to maximise recruitment to school-college vocational programmes across all three of our partner local authorities for 2016-17.** This post was previously funded by SFC under the 'early adopter' funding and proved successful in increasing senior phase school pupil participation in vocational learning, through the introduction of HNC programmes for S5 and S6 pupils and the extension of the School-College Opportunities to Succeed (SCOTS) course to Stirling. Recruitment to school-college vocational qualifications, particularly those at SCQF level 5 and above, remains a challenge. While awareness is improving, school staff, pupils and parents still often do not see these qualifications as equal in value to school-based National Courses. This post enabled us to amplify the message during the recruitment cycle for 2016-17 courses.

Objectives and Outcomes:

a) To fill all available places on school-college partnership programmes in 2016-2017 (will contribute to OA targets 'Volume of Credits delivered to learners at S3 and above as part of 'school-college' provision' and 'Number of senior phase age pupils studying vocational qualifications delivered by Colleges' and will be measured by recruitment statistics). As a result we have achieved 87% of filled senior phase vocational pathways places offered for 2016-2017, as opposed to 68% in 2015-2016.

b) To contribute to targets to address gender imbalance in OA 2016-17 and beyond, as set out in Annex D of SFC OA Guidance 2016-17, paragraphs 13 and 14 (targets to be agreed with OA Manager and will be measured by participation rates by gender). As regards school-college partnership courses, which this post was intended to influence, there has been a very minor shift in pupils selecting non-gender stereotypical courses. This year we have six males in traditionally female courses (Care and Salon Services), three times as many as the previous year; however only two female students selected traditionally male courses (Engineering and Construction), the same as last year. We do expect this to be a longer term target that will require further action to address.

- 2. Staff time and operational costs for the coordination and delivery of a series of events and activities in Spring/Summer 2016 to further promote STEM learning and career opportunities to school pupils, again focussing on challenging gendered choices.** This activity has wider reach and is in support of longer term aims in relation to STEM and gender balance. We have already been undertaking a range of initiatives to promote STEM to school pupils and particularly to girls and our STEM Club and SCOTS course were featured at the SFC event in 2015 around its gender action plan. This funding enabled us to extend and diversify this activity during the remainder of 2015-2016 to include wider engagement with primary school children; development of a 'STEM Plus' Club for older pupils; and a STEM conference, with extensive employer involvement, for secondary school pupils. This successful, event was held on

1 June at the Falkirk Campus. There were over 100 delegates, with pupils from eleven secondary schools attending, along with teachers, college lecturers, college learners, local businesses and council representatives. The conference consisted of an introduction by the College principal, Ken Thomson, then two speakers, Professor Sa'ad Medhat and David Cameron, who delivered rousing talks about the future of STEM, job possibilities in STEM and introduced a host of exciting technological breakthroughs and potential opportunities in STEM careers moving forward. The delegates then got the opportunity to attend three of ten stimulating workshops delivered by the College's teaching departments and external agencies including Dogfi.sh Mobile, Diageo, Charles River, Historic Environment Scotland, Scottish Power Energy Networks, Equate Scotland, and Skills Development Scotland amongst others. After the workshops, participants gathered back in the hall and visited stands from a range of local employers, and stakeholders including SDS, STEMNET, Diagio, Charles River, Equate Scotland, IbiolC, WGM, Escape Recruitment, SP Energy, Alexander Dennis, SYHA, Dogfish Mobile and Historic Scotland. A conference dinner was also held in the evening, which was sponsored by a private sector partner and not through this SFC grant. These initiatives are not expected to impact in the short term, however we expect that they will contribute to incremental increases in females participation in STEM courses in the future.

Objective and Outcome:

To contribute to targets to address gender imbalance in ROA 2016-17 and beyond, as set out in Annex D of SFC ROA Guidance 2016-17, paragraphs 13 and 14 (targets to be agreed with OA Manager and will be measured by participation rates by gender).

As a result of both the conference itself and the dinner, plans are emerging for a number of follow-on activities to continue to promote and raise awareness of STEM, with a specific focus on challenging gendered career choices. The College is also actively seeking an alternative source of funding to enable us to sustain the staffing resource for STEM, as we see this as a longer term prospect, rather than a quick fix.

A full-time seconded Employer Engagement Officer from January to July 2016 to secure work placements for full time and school-college students. In some subject areas within the College, work experience is a well-established aspect of the full time curriculum, however, in others it is less well-developed. This role allowed us to direct attention to these areas and begin to develop a bank of placements for students from 2016-2017 onwards and also deliver a small uplifted outcome in terms of the number of full time learners with placements in 2015-16.

Objective and Outcomes:

To deliver a minimum of 20 new placement opportunities for students to take up in 2016-17 (contributes to OA target 'Number of full-time learners with substantial placements (more than ten days) in business and industry' measured by work placement activity undertaken). Also contributes to the College's capacity to deliver further Foundation Apprenticeship programmes from 2017-18 onwards.

The seconded Employer Engagement Officer sourced 21 additional placement opportunities for 2016-17 in the areas of Civil Engineering; Mechanical Engineering; and Administration and Information Technology. In addition, two Civil Engineering full time NC students were able to undertake successful work placements during April/May 2016.

- 3. Support for curriculum management teams to further develop the active engagement of employers in curriculum design and delivery.** Engagement with employers is already a requirement within the College's curriculum review process, however we note that, in SFC's College Outcome Agreement Guidance 2016-17, paragraph 137 states: 'For 2016-17 college regions should provide detail of the level and scope of employer engagement within curriculum areas and outline how this engagement impacts on student experience and employability.' The resource enabled a modest amount of management time to be dedicated specifically to this activity. Between January and April, each of the College's eight Heads of Department annually prepare a detailed Curriculum Review submission, setting out an analysis of their operating environment and curriculum drivers and their proposed curriculum modifications and developments to address these. As part of the environmental analysis, there is a requirement to carry out direct engagement with employers and include the findings from this in the submission. The College recognised that this was an area of activity that, whilst effective, could still be further strengthened and this element of the funding was used to allow College managers to focus additional time on employer engagement activities.

Objective and Outcomes:

To build capacity across all curriculum areas for effective employer engagement in curriculum design and delivery (measured by evidence of effective employer engagement through the curriculum review reporting process for 2015-16 and evidence of impact through the self-evaluation process for academic year 2015-16)

.A range of consultation and relationship-building activities were undertaken, including an employer open day; employer engagement fora; visits to and tours of College facilities and employer premises. These activities were specifically intended to seek employer views on the College's curriculum and on their future skills requirements. However they have also led to opportunities for future student visits, employer-led seminars, workshops and 'master classes';,work placements and live project briefs.

- 4. The development of an Employer Engagement Database System.** The College currently engages with a large number of employers in a wide variety of different ways, including Modern Apprenticeships, commercial training and procurement of goods and services, as well as work placements and support for our core curriculum delivery. Currently, information about these relationships and activities is not held centrally, but is localised and fragmented across the organisation. Developing a digital system which brings all of this intelligence together will enable us to manage our relationships with employers more cohesively and therefore maximise the opportunities that these relationships could bring to our core curriculum. Ensuring that we have complete and up to date information about our existing and developing employer relationships will also provide a sound base for further sustainable development in employer engagement activities beyond the period covered by this funding.

Objectives and Outcomes:

Provision of a digital system to record all employer engagement activity (measured by evidence of effective employer engagement through the curriculum review reporting process for 2015-16 and evidence of impact through the self-evaluation process for academic year 2015-16).

The proposed Employer Engagement Database System has now been developed, populated with cleansed data on employer engagement held in other College systems and is now ready for

use. It is currently being tested by selected College managers and staff and will be brought into full use during 2016-17. This system will enable us to capture accurate information about all of the College's employer-related activities, so that we can make more effective use of existing employer relationships to further extend employer engagement in designing and delivering the curriculum.

- 5. Development of the HNC Police Studies for senior phase pupils in Falkirk schools.** Along with Falkirk Council and two of its secondary schools, we have been consulting with Police Scotland as it develops revised arrangements for Police Officer recruitment. The HNC Police Studies has been identified as a beneficial vocational qualification for young people preparing to apply for police recruitment. The resource supported the development of the award for pilot delivery with a group of pupils from August 2016 and a group of 16 pupils from Larbert and Graeme High schools are enrolled on the programme, having gone through a rigorous selection process.

Objectives and Outcomes:

a) *Sixteen pupils recruited to HNC Police Studies in August 2016 (measured by enrolment statistics).*

Achieved

b) *Articulation agreement and endorsement of route by Police Scotland in place by June 2017 (evidenced by articulation agreement in place).*

This is currently under discussion with SQA and three universities.