



Agenda

14 August 2025
BOARD OF MANAGEMENT

Falkirk Campus, 4.30pm

		Publish on Web?	Type	Lead
1	Apologies, Declaration of Interests and Changes to Members' Register of Interest	N/A	Discussion	Abhi Agarwal
2	Board Members Responsibilities for Financial Sustainability	Yes	Discussion	Alison Stewart
3	Revenue Budget 2025/26 (Paper 3 is withheld from publication on the Forth Valley College website under Section 36 Confidentiality of the Freedom of Information (Scotland) Act 2002.)	No	Approval	Alison Stewart
4	Financial Forecast Return 2024-28 (Paper 4 is withheld from publication on the Forth Valley College website under Section 36 Confidentiality of the Freedom of Information (Scotland) Act 2002.)	No	Approval	Alison Stewart
5	College Transformation Framework (Paper 5 is withheld from publication on the Forth Valley College website under Section 36 Confidentiality of the Freedom of Information (Scotland) Act 2002.)	No	Discussion	Alison Stewart
6	Board Committee Membership	Yes	Approval	Alison Stewart
7	Review of Risk	Yes	Discussion	All
8	Any Other Competent Business	Yes	Discussion	All



2. Board Members Responsibilities for Financial Sustainability For Discussion

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BOARD OF MAANGEMENT

1. Purpose

To present members with a summary of the statutory requirements for the Board of Management in relation to the financial sustainability of the College.

2. Recommendations

That members note the following conclusions from the various publications.

- The Board of Management is responsible for the financial sustainability of the College
- The Board of Management can approve a deficit budget in an individual year as long as there is a plan to balance the financial position over the following 2-3 years and there is sufficient cash to cover the deficit.
- As a public body, the College is by definition a going concern.

3. Summary of Guidance

The responsibilities of the Board of Management in relation to the financial sustainability of the College are referenced in several published documents, the primary ones being:

- [Audit Scotland](#) published a guide for auditors in respect of Going Concern in the public sector (December 2020)
- [The Code of Good Governance for Scotland's Colleges](#) (September 2022) has a section on Financial and Institutional Sustainability, requiring the Board of Management to ensure compliance with the Financial Memorandum and relevant aspects of the Scottish Public Finance Manual.
- As a condition of grant, [the Scottish Funding Council through the Financial Memorandum](#) monitors institutions to ensure that they plan and manage activities in a way which ensures their sustainability and financial viability. The responsibility for ensuring compliance with the Financial Memorandum lies with the Board of Management.
- As charity trustees [the Charities and Trustee Investment \(Scotland\) Act 2005](#) applies to members of the Board of Management. The Act requires trustees to act with care and diligence when managing the affairs of the charity, including ensuring that the charity is run properly, responsibly and lawfully.
- The [Companies Act 2006](#) applies to the responsibilities of directors when a company is likely to encounter financial difficulties and cease to be a going concern. Continuing to trade when they knew or ought to have known that there was no reasonable prospect of avoiding insolvency and failed to minimise potential losses to creditors is known as Wrongful Trading and can result in punitive consequences for directors. The Companies Act does not apply to the College, and this is only mentioned to highlight the difference between the private and public sectors. As explained below, as a public body the College is deemed to be a going concern.

4. Key Considerations

The concept of a **going concern** assumes that an entity's functions and services will continue in operational existence for the foreseeable future. As a public entity, the College cannot be dissolved without statutory prescription, as such it must prepare financial statements on a going concern basis of accounting unless informed by the relevant government body of the intention for dissolution without transfer of services or function to another entity.



2. Board Members Responsibilities for Financial Sustainability For Discussion

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The Audit Scotland December 2020 guide states that in determining the appropriateness of the going concern basis of accounting, the continued use of the assets to deliver services is more important than the continued existence of a particular public body, and as such the use of going concern basis of accounting will always be appropriate for public bodies, and as such does not require justification by future forecasts and cash flow projections. Based on the Audit Scotland guidance the College is by definition a going concern.

Separate to the concept of going concern is the **Financial Sustainability** of the College, which considers the ability to generate cash from day-to-day operational activities, and evidence that liabilities can be met as they fall due. Given the uncertainty in the current economic environment, high wage demands, tightening of government finances, and high inflation, the assessment of financial sustainability is more complex. Ultimately, the financial sustainability of the College, and indeed the sector, requires one or more of the following – reduction in delivery volumes, increases in funding levels and/or fundamental restructures. All of these require input from Scottish Government.

The SFC has provided written confirmation that there will be cash flow support in the event that the College is running short of cash. This is likely to take the form of a working capital advance. While this helps with liquidity it does not resolve the underlying issues of flat cash, unchanged delivery levels and inflation.

The SFC instructions for the completion of the FFR are that the 4-year period of the forecast (being the current year expected outturn, the budget, and the following 2 years of forecasts) should aim to be balanced in each budget year. However, the guidance goes on to note that “where a deficit is forecast in any one year, colleges must work towards bringing income and expenditure back into balance over the forecast period”. It is therefore acceptable to have a deficit budget in any one year if there is a plan to balance the financial position over the FFR period.

In recent years where the FFR has been forecasting substantial deficits, the Board of Management has written to SFC directly regarding the unsustainable financial position and has made it clear that the Board is not approving the achievement of balanced budgets through the theoretical corrective actions included in the balanced Financial Forecast Returns.

SFC has now confirmed in writing that given the exceptional circumstances they are content with Forth Valley College showing an unbalanced budget in its FFR which is in line with the approach taken by other colleges.

It should also be noted that the Board of Management has previously approved deficit budgets with the most recent approval being in September 24 for the Budget 2024/25 which had a deficit of £887k.

The key consideration is whether the College will have sufficient cash to cover the deficit, either through its own cash reserves or with support from SFC.

Risk Owner – Alison Stewart
Paper Author – Senga McKerr

Action Owner – Board of Management
SMT Owner – Alison Stewart



6. Board of Management: Committee Membership For Approval

14 August 2025

BOARD OF MANAGEMENT

1. Purpose

To provide an overview of the proposed Committee Membership.

2. Recommendation

That members review and approve the Committee membership.

3. Background

It is good practice to periodically update the membership of committees as this both allows members to gain an understanding of the College across a number of areas and ensures that new perspectives and constructive challenge is provided for management. With the extension of two current members and the recruitment of four new members now approved by Scottish Government this is an ideal time to revise the membership.

4. Key Considerations

Below is the proposed membership of each committee.

As at 1 September 2025	Audit	FRAIC	LSE
No of Members (minimum)	5	7	5
No of Meetings	3	4	3
Chair	Rhona Geisler	Liam McCabe	Lorna Dougall
Vice Chair	Suzanne Reynolds	Philip Harris	Chris Brodie
	Lorna Dougall	Craig Arthur	Yvonne Harley
	Liam McCabe	Chris Brodie	Jen Hogarth (Staff)
	Emma McGregor	Suzanne Reynolds	Annemarie Harley (Union)
	Vacancy - Accountant	Mary McLuskey	Monika Smith (FVSA)
	Grace Hepburn (Staff)	Angus Gray	Anna Fenge - co-opt
		Vacancy (Support Union)	Jayne Donaldson - co-opt
		Julie McKenzie - co-opt	

The proposal includes

- adding Chris Brodie to FRIAC from 1 August 2025
- adding Suzanne Reynolds to Audit from 1 August 2025
- the allocation of the four new members across committees from 1 September 2025
- the allocation of two co-opted members to committees from 1 September 2025

Please also note

- Campbell Ure remains a Board member, and a member of FRAIC until his tenure ends on 30 August 2025.
- Liam McCabe will remain on the Audit Committee until we recruit / co-opt a qualified accountant to sit on the Audit Committee.

5. Resource Implications (Financial, People, Estates and Communications) - None

6. Equalities – N/a



6. Board of Management: Committee Membership For Approval

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7. Communities and Partners - N/a

8. Risk and Impact

	Likelihood	Impact
Very High (5)		
High (4)		
Medium (3)		
Low (2)		x
Very Low (1)	x	

Total Risk Score – 2

The College has a Strategic Risk appetite for categories of risk as defined by the Board of Management. Decisions being taken at LMT/SMT/Board level must have cognisance of this. Please indicate the single most relevant risk category in the table below.

BoM Risk Categories & Risk Appetite (Select one area only)					
Cautious <15		Open 15> <20		Eager >20	
Governance	x	Strategy		People	
Legal		Financial		Project/Programme	
Property		Reputational			
		Technology			

This is low risk as the Board has a history of refreshing Committee membership for the reasons outlined earlier in the report.

Is the score above the Board Risk Appetite level - No

Risk Owner – Chair Board of Management

Action Owner – Board Secretary

Paper Author – Alison Stewart

SMT Owner – N/a