

Zoom, 4.30pm

AGENDA

1. Declarations of Interest

FOR APPROVAL

2. Minutes of Meeting of 23 March 2021
3. Matters Arising
 - a) F/20/024 Q2 Forecast Outturn 20/21
4. Tuition Fees & Fee Waiver Policy Session 2021-22 David Allison
5. Accounting Policies for year ended 31 July 2021 Senga McKerr
6. Procurement Strategy and Procurement Policy Ester Vasallo

FOR DISCUSSION

7. [REDACTED] Jennifer Tempany
(Paper 7 is 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.)
8. Budget 2021-22 Senga McKerr
(Elements of paper 8 are withheld from publication on the Forth Valley College website under Section 33 Commercial Interests and the Economy and Section 36 Confidentiality of the Freedom of Information (Scotland) Act 2002.)
9. 3 Year Financial Forecast Return (FFR) – This item was deferred Senga McKerr
10. Q3 Forecast Outturn 2020-21 Moira France
(Elements of paper 10 are withheld from publication on the Forth Valley College website under Section 33 Commercial Interests and the Economy and Section 36 Confidentiality of the Freedom of Information (Scotland) Act 2002.)
11. Review of Committee Meetings (Verbal) Alison Stewart
12. Review of Risk
13. Any other competent business

FOR INFORMATION

Forward Agenda

Board Calendar

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Zoom (commencing at 4.00pm)

Present: Liam McCabe
Trudi Craggs
Ken Richardson
Andrew Smirthwaite

Apologies: Andrew Caldwell

In Attendance: Ken Thomson, Principal
Alison Stewart, Vice Principal Finance and Corporate Affairs (VPFACA)
Senga McKerr, Head of Finance (HOF)
Stephen Jarvie, Corporate Governance and Planning Officer (CGPO)
Moira Niven, West Lothian College Chair of Finance and General Purposes Committee (Observer)

The Chair welcomed Moira Niven from West Lothian College to the meeting. Ms Niven thanked the Chair and members for allowing her to attend as part of her Board development activity and issued an invite to any interested members to attend her Finance and General Purposes Committee meeting.

F/20/021 Declarations of Interest

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

F/20/022 Minute of Meeting of 17 November 2020

The CGPO highlighted that there had been an omission in the minute in relation to the approval of the September 2020 minute.

The minutes of the meeting of 17 November 2020 were approved, subject to the amendment above.

F/20/023 Matters Arising

The Chair raised the issue of additional external audit fees for the 2019-20 financial statements and queried if the College had been able to negotiate a reduction of all or part the significant fee increases. The VPFACA reported that the College had managed to have the additional fee reduced but not removed entirely. She informed members that this additional fee had been raised with both the Scottish Funding Council (SFC) and Audit Scotland as it appeared to not be standard across the sector.

She also highlighted to members that Audit Scotland had, *after* the external audit had been completed, released additional guidance on the assessment of going concern for Colleges which should help to address this next year.

The Chair respectfully suggested that the Audit Committee may wish to look to either agree a fixed fee for next year's audit or put in place arrangements for approval of additional fees before they are incurred. However the Chair emphasised that such discussion was for the Audit Committee and not a matter in which the Finance Committee had a direct locus.

F/20/024 Q2 Forecast Outturn 2020-21

The HOF presented the Q2 forecast for members' consideration. She highlighted that the original budget for the year had been created using a number of assumptions regarding Covid restrictions and the amount of access to campus that may be available. Given the change in this activity since the original budget, considerable work had been done to realign the Q2 forecast with the current and anticipated situation.

The HOF informed members that a surplus was now forecast and noted that this was based on an assumption around additional funding expected from SFC. The VPFACA confirmed to members that the figure used was based on discussions between SFC staff and the College Finance Directors network in February 2021. She noted that, given how close SFC were to the end of their financial year (31 March), the College had expected confirmation of this in time for the meeting, and had this as an agenda item, but that unfortunately confirmation from SFC had not been issued at this time.

The HOF outlined a number of key assumptions and risks associated with the Q2 forecast and the reasons for each of these.

The VPFACA discussed additional funding from SFC that had been received and was anticipated, noting that some money from the next financial year was expected to be brought forward to support activity to allow students to complete their courses once access to the campuses is restored.

The HOF highlighted to the Committee that the 2% pay settlement for support staff was currently out to Unison members for consideration and approval.

Members welcomed the level of detail in the report and commended the Finance Team for the significant level of complexity in pulling together this forecast.

Members noted the prospective BP Senegal contract and asked for an overview on how this delivery would occur which was provided to the Committee's satisfaction.

The Principal provided members with an overview of the anticipated permitted increase in student numbers on campus from after the Easter break in line with Scottish Government guidance.

a) Members noted the content of the report

F/20/025 SFC Indicative Allocation 2021/22

The VPFACA confirmed that, like the in-year allocation for 2020-21, SFC had not released this information and that this would therefore be deferred to the Board meeting on 29 April 2021 for consideration.

The Chair noted the intention to bring this to the full Board of Management but asked, given the time period involved, whether the release with a short covering paper could be issued to Committee members once it was available.

The VPFACA confirmed that this would happen.

F/20/026 Falkirk Council LGPS Triennial Valuation

The HOF presented the triennial valuation of the pension scheme used for College support staff. She noted that the College was pleased to see that there were no planned increases for the College contribution for a couple of years after a period of 0.5% rises for a number of years.

The Chair asked, for context, what a 0.5% increase equated to.

The HOF noted that this was approximately £50,000.

The Chair asked whether there was any planned increases in employee contributions.

The HOF confirmed that this was not the case.

a) Members noted the content of the report

F/20/027 Review of Risk

Risks were covered in their papers.

F/20/028 Any Other Competent Business

The Principal informed members that the National Joint Negotiating Committee had announced while the meeting was occurring that resolution with EIS had not been reached and that the next planned national strike day would be going ahead.

1. Purpose

To seek approval from members for the level of tuition fees and fee waiver policy for Session 2021-22.

2. Recommendation

That members discuss and approve the proposed tuitions fees and fee waiver policy for Session 2021-22.

3. Background

The Board of Management (through its Finance Committee) has responsibility for determining tuition fees. It is a condition of grant that no fees should normally be charged to home (Scotland) or EU students studying full-time in Scottish further education colleges and the notional fees are set by Scottish Government and published through SFC and the Students Awards Agency for Scotland (SAAS) for these students. These fees have yet to be set, therefore approval of tuition fees will be subject to any changes made to nationally set fees. SFC publishes its Fee waiver grant policy annually, with the latest available policy published for Session 2012-21. Approval of the fee waiver policy will be subject to any changes made to the national policy for Session 2021-22.

4. Key Considerations

Tuition Fees

As mentioned above full time fees are set nationally. It is yet to be confirmed if there are to be any changes from Scottish Government to the notional fees for Session 2021-22, and as such the full time fees are shown below at the same levels as for 2020-21. It should be noted that these fees have not changed over the last ten sessions, and are unlikely to change for Session 2021-22.

Full time FE: £1,008

Full time HE (HNC/D): £1,285

Full time Degree: £1,820

SQA fees are a large determinant when setting part time fees. SQA's have remained unchanged for the current Session and the previous three sessions, and although we won't know their position for Session 2021-22 in time to influence our fee setting, it's unlikely that Scottish Government would approve an increase in SQA fees.

The most recent Consumer Price Inflation (CPI) rate for April is 1.6%, which is the highest rate since February 2020, and therefore the highest rate since the pandemic began, with most of the last year CPI being just below or above 1%. An inflationary increase would now add less than £1 to the cost per Credit for an FE course, HE course or Degree course. The College has chosen not to increase our part time fees to remain competitive with neighbouring colleges in the last three

sessions, with the last increase in fees being by £5 per Credit four years ago. A comparison of our fees against neighbouring colleges has again been undertaken, and our fees for the current session are, with the exception of Dundee and Angus, higher or on a par with other Colleges, with most Colleges last session, and the last few sessions, also not raising their fees. As a comparison of current HE fees, Dundee & Angus charge £140 per Credit, compared to our £130 per Credit, while our nearest neighbours in West Lothian, New College Lanarkshire and Fife currently charge between £110 and £120 per Credit. The most common fee per Credit for part time FE is around £100, which is less than our fee of £115 per Credit. The impact of applying an inflationary 1.6% increase to our part time and Credit based evening provision based on current activity levels could see an additional £12K received through tuition fees. College costs are subject to inflationary increases, so there is a strong argument to pass on a small amount of this cost through our part time fee levels, however we are already more expensive than our neighbouring Colleges. The recommendation is to keep our fees for 2021-22 at the same level as the current session.

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

Given the relatively low numbers of direct-entry International and Rest of the UK students it's proposed that fees for International and Rest of the UK remain the same for Session 2021-22. These fees are competitive compared with the average costs in the University sector, and are comparable with other College International fees. These fees are for students enrolling on mainstream courses, and as background, the college has historically low numbers of fee paying international students (none in the current session, and one in Session 2019-20), however this number may increase due to the UK leaving the European Union. Following Brexit, EU Nationals require to have settled status or have applied through pre-settled status to be eligible for Credits and home fees. Full time students from the EU who don't have settled or pre-settled status who wish to study in the UK require to apply for a visa through UKVI. For all other modes of study, with the exception of flexible/online learning, UKVI legislation requires non-UK residing students to provide evidence of settled or pre-settled status. Bespoke international provision would be priced on an individual contract basis.

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

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

National Fee Waiver

National Fee Waiver Policy has remained unchanged since Session 2012-13, with the exception of updates to reflect changes to benefit schemes and increases in the threshold levels for means-

tested fee-waiver, however the College's Fee Waiver policy will be adapted should there be any changes to the National Policy, once published.

Local Fee Waiver

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

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

5. Financial Implications

Please detail the financial implications of this item – The College could potentially apply an increase to our fees, and based on current activity levels it is forecast that there is potential for an increase of £12K in tuition fees received in Session 2021-22 compared to Session 2020-21 if an inflationary 1.6% increase was applied to our part time fees. However, our fees are higher than neighbouring colleges, and an increase could potentially lose us income overall, if we are viewed as too expensive.

6. Equalities

Assessment in Place? – Yes No

If No, please explain why – From a review of our part-time fee paying students by protected characteristic there are no characteristic groupings of students who would be more impacted by this change than students who don't have this characteristic.

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

7. Risk

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

	Likelihood	Impact
Very High		
High	X	
Medium		
Low		X
Very Low		

Please describe any risks associated with this paper and associated mitigating actions – The only risk identified is additional workload and bureaucracy which will be created through additional residency checks required of all students, as a result of Brexit.

Risk Owner – David Allison

Action Owner – Pamela Duncan

8. Other Implications –

Please indicate whether there are implications for the areas below.

Communications – Yes No

Health and Safety – Yes No

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

Paper Author – Pamela Duncan/David Allison

SMT Owner – David Allison

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TUITION FEES 2021/22

	2020/21	2021/22	Note
	£	£	
Full-time HE (HNC/HND) Courses	1,285	1,285	
Full-time Degree Courses	1,820	1,820	
Full-time FE (non-advanced) Courses	1,008	1,008	
Part-time Courses			
Further Education - rate per credit	115	115	
Higher Education - rate per credit	130	130	
Evening (non-credit based) – rate per course	Priced per course	Priced per course	a
Degree – rate per subject	205	205	
ECDL	360	360	
ECDL rate per module	60	60	
ECDL Advanced per module	105	105	
National 4/National 5/Higher	345	345	
International/RUK Students			
Full Time Higher Education	6,000	6,000	
Higher Education - rate per credit	425	425	b
Full Time Degree	8,000	8,000	
Full Time Further Education	5,000	5,000	b
Further Education – rate per credit	175	n/a	b

Notes

- evening courses will be priced on a course by course basis, where delivery is outwith standard FE/HE Credit based delivery.
- for full time students a non-refundable deposit of 50% of total fee required to secure a place, with remainder due prior to Confirmation of Acceptance to Study (CAS) being issued, is required to allow the applicant to apply for a Tier 4 Visa.
- for all other modes of study, with the exception of flexible/online learning, UKVI legislation requires non-Scottish residing students to provide evidence of settled or pre-settled status.

Examination Fees

Degree (re-sits)	£50 per subject/unit
ECDL Advanced (re-examination)	£25 per module
ECDL Advanced Mock Test	£20 per test
ECDL (re-examination)	£20 per module
ECDL Mock Test	£15 per test

Forth Valley College
Fee Waiver Policy 2021/22

All Students wishing to apply to have their fees waived must complete a fee waiver application form and provide satisfactory proof of eligibility. Students studying on a part-time HE course can be funded through fee waiver to a maximum of 9 credits. Students studying on a part-time FE course can be funded through fee waiver to a maximum of 12 hours per week.

A Under National Policy

For qualifying courses^{a)} tuition fees (including SQA registration and examination fees) will be waived for eligible students in the following categories.

Further education (FE) students following full-time non-advanced courses for which Credits can be claimed.

Students who were classified as full-time under the previous definition but who are classified as part-time under the new definition ^{b)}.

1. FE students on courses classified in Credit Price Group 5 – Special Programmes.
2. Students on part-time courses for which Credits can be claimed who meet the following criteria:
 - i) The student/student's family^{c)} are in receipt of:
 - Income Support* , or
 - Working Tax Credit, or
 - Pensions Credit, or
 - Housing Benefit, or
 - Income Related Employment and Support Allowance* , or
 - Income-based Job Seekers Allowance*
 - Universal credit

***(evidence must be dated within 3 months)**
 - or
 - ii) The student is in receipt of:
 - Carer's Allowance (or carers who have an 'underlying entitlement' to Carer's Allowance but gave up the allowance to, for example, claim their pension), or
 - Carer's Allowance Supplement or the Young Carer's Grant, or
 - Disability Living Allowance, or
 - Attendance Allowance, or
 - Incapacity Benefit, or
 - Contributory Employment and Support Allowance* (this also includes people whose contributory ESA has ended due to the time-limiting nature of this benefit, but who remain entitled to NI credits for incapacity.)
 - Personal Independence Payment.

***(evidence must be dated within 3 months)**
 - or
 - iii) Where the student is a home or privately educated school pupil

or

- iv) where the taxable income of the student's family^{c)} in the previous financial tax year (2020-21) is equal to or less than (see table below):

Student Circumstances	Household Income	Evidence Required
households with only one person	£8,282	Council Tax Notice, P60 or last 3 months payslips
households consisting of a couple without children	£12,395	Council Tax Notice, P60 or last 3 months payslips
households with dependent children /adults living in parental home	£18,977	Child Benefit or Child Tax Credit letter, P60 or last 3 months payslips

In such cases, the burden of proof is on the student to satisfy the college with evidence of their low income. Where there has been a material reduction in income from the previous financial tax year, the taxable income of the student's family^{c)} in the current financial tax year can be assessed.

or

- v) The student is a person, or the spouse or child of a person, who is an asylum seeker living in Scotland (as defined in section 18 of the Nationality, Immigration and Asylum Act 2002), which can be accessed at <http://www.legislation.gov.uk/ukpga/2002/41/contents>

or

- v1) Or the student is under 26 and care experienced. This is defined as looked after and in the care of the local authority and can include situations where the student is living in a foster home, children's home, residential home, in kinship care or in the care of the local authority in their own home.

3. State school pupils undertaking college activities that form part of their school-based curriculum.

4. A college will be able to use fee waiver grant in respect of the activity of a student only if they meet all the relevant criteria of the fee waiver grant policy and:

- i) That person falls within the definition of eligibility in Schedule 1 of *The Education (Access Funds)(Scotland) Determination 2019*.

The current regulations are available at:

[http://www.sfc.ac.uk/web/FILES/GuidanceStudentSupport/FE Residency Guide April 2019.pdf](http://www.sfc.ac.uk/web/FILES/GuidanceStudentSupport/FE_Residency_Guide_April_2019.pdf)

or

- ii) The student is a person, or the spouse or child of a person, who is an asylum seeker living in Scotland on either a full-time English for Speakers of Other Languages (ESOL) course or a part-time non-advanced or advanced course,

or

- iii) The student is a child of an asylum seeker or a young asylum seeker person on a full-time non-advanced course (excludes ESOL) and meets the criteria outlined in paragraph 5,

or

- iv) The student is a non-asylum seeker living in Scotland on a part-time ESOL course and the student's main purpose for being in the European Union is not to receive education (note that these students are still subject to the requirements as stated in paragraph 2).

5. The criteria referred to in paragraph 4 (iii) are that the student's asylum application (their own or their family's application) must have been made prior to the end of 2006, and the student:
 - i) Is resident in Scotland on 1 August, 1 January, 1 April or 1 July closest to the beginning of the first term of the person's course
 - ii) Has been resident in Scotland for a minimum period of three years
 - iii) Was under 18 years old on the date when the application for asylum was made (the application must have been made prior to 1 December 2006), and
 - iv) Is under 25 years old on 1 August, 1 January, 1 April or 1 July closest to the beginning of the first term of the person's course.
6. This will apply to those students starting a new course or those continuing on a course. These criteria ensure that we meet our obligations under the United Nations Convention on the Rights of the Child.
7. Colleges cannot use fee waiver grant for a student being supported by an Individual Training Account (ITA) grant.
8. Under the temporary non-resident arrangements, forces personnel and veterans are treated as being resident in the country in which they were ordinarily resident before they signed up/enlisted. If they are ordinarily resident in Scotland but are serving overseas, they would also be eligible. Family members of serving forces personnel and veterans are also considered eligible in the country in which the serving forces personnel was ordinarily resident.
9. The Ministry of Defence (MOD) programme to assist service veterans gain access to education is continuing. The MOD will meet the fees for study up to Scottish Credit Qualifications Framework (SCQF) level 6 for some service veterans who do not meet the Scottish Funding Council's fee waiver criteria. More information is available on the Enhanced Learning Credits Administration Service [website](#).

B Under College Policy

- For qualifying courses^{b)} tuition fees (including SQA registrations and examination fees) will be waived for students in categories 7 through 11. Students under 18 years of age on date of enrolment should be assessed on parental income if not a school pupil **or** in full time Further Education.
10. Full-time students from Forth Valley College undertaking a flexible learning course or a part-time day course (excluding Full Cost Recovery and leisure courses).
 11. Students sponsored by sportscotland Institute of Sport's programme for elite athletes.
 12. College Staff (including retired staff) and their immediate family (spouse, partner and children under 18 years of age) and Board members undertaking a part-time/evening course (excluding Full Cost Recovery and leisure courses).
 13. School pupils where college activity does not form part of their school-based curriculum.
 14. College discretion (individual students or groups of students)^{d)}

Notes

- a) Full-time non-advanced (FE) courses and part-time FE and HE courses for which Credits can be claimed. Excludes certain specialised courses for which a higher fee is charged.
- b) The previous definition of full-time may be found in the 2004-05 SUMs guidance (circular FE/26/2004). Credit guidance: 2019-20 student activity data guidance for colleges provides the current definition of full-time and part-time.
- c) Family means:
 - A married or unmarried couple or;
 - A couple in a civil partnership or;
 - A married or unmarried couple in a civil partnership and any child or young person who is a member of the same household and the responsibility of either or both members of the couple as described above or;
 - A person who is not a member of a married or unmarried couple or civil partnership (this will usually be a lone parent) and any child or young person who is a member of the same household and the responsibility of that person.
- d) For use on an individual basis in the interest of good customer care. Such cases to be approved by a member of the Senior Management Team.

If there is any doubt about the interpretation of the National Policy, reference should be made to SFC Circular Fee Waiver Grant Policy 2020-21 (SFC/GD/09/2020) dated 30 June 2020.

If the student's status changes during their period of study, the student will be eligible for fee waiver if they satisfy the eligibility rates on the "required date for funding" for the course.

1. Purpose

To present to the members the proposed accounting policies to be applied to the Report and Financial Statements for the year ended 31 July 2021.

2. Recommendation

That members approve the accounting policies for application to the Financial Statements for the year ended 31 July 2021.

3. Background

The Finance team has reviewed the accounting policies to ensure that they remain the most appropriate to the College's particular circumstances. The College's accounting principles are based on the current Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) 2019.

4. Key Considerations

The proposed accounting policies are attached for consideration. No changes have been made to the accounting policies since they were last presented to the Finance Committee on 16th June 2020. The financial statements will include additional narrative as requested by the external auditors, Ernst & Young. This is not repeated in detail here, as it will specifically relate to the results of the year to 31 July 2021 and the balance sheet at that date, and does not alter the policies being applied.

5. Equalities

An equalities assessment is not applicable given the subject matter of the paper.

6. Risk

	Likelihood	Impact
Very High		
High		
Medium		
Low		
Very Low	x	x

Risk Owner – Alison Stewart

Action Owner – Alison Stewart

7. Other Implications

Communications – No

Health and Safety – No

Paper Author – Senga McKerr

SMT Owner – Alison Stewart

Appendix 1

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice (SORP) 2019: 'Accounting for Further and Higher Education'; the Financial Reporting Standards FRS 102 and the 2015-16 Government Financial Reporting Model (FRM) 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. Forth Valley College is a public benefit entity as defined by FRS102.

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 College's financial statements for 2020-21 will be prepared on a going concern basis. The activities of Forth Valley College are over 70% funded by the Scottish Government through the Scottish Funding Council (SFC) to provide Higher and Further Education. The Board of Management of Forth Valley College has no reason to believe that future support from Scottish Funding Council will not be forthcoming. The College's medium term financial forecasts are in surplus, and the College has cash working capital of c£1 million.

In accordance with the FRM, the College has prepared its financial statements on a going concern basis as we have not been informed by the Scottish Government through the Scottish Funding Council of the intention for dissolution without transfer of services or function to another entity of the Higher and Further Education provision within Forth Valley College.

Cash flow projections will be prepared for twelve months from the date of approval of the financial statements. Senior management have considered various scenarios in assessing the impact of Covid-19 on future financial performance and cash flows. The College has already demonstrated that we can deliver much of our curriculum remotely and the lessons learned will mitigate the impact of another lockdown. We are actively pursuing other income streams to supplement our current commercial income base. Taking account of the business risks facing the College, we believe that the College is well placed to continue to manage its business risks successfully.

The conclusion from the assessment of financial position is that it is considered appropriate to adopt a going concern basis for the preparation of the 2020-21 annual financial statements.

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 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 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. All campuses 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.

1. Purpose

To notify members of changes to procurement strategy and policy and to and seek approval thereof.

2. Recommendation

That members approve the changes to the

- Procurement Strategy 2020-2022
- Procurement Policy

3. Background

The Procurement Reform (Scotland) Act 2014 introduced a regulatory duty on public contracting authorities with over £5m procurement expenditure to publish a procurement strategy and review it annually.

There have been recent changes in policy and legislation that need to be reflected in our procurement strategy, policy and procedures:

- The [Scottish Procurement Policy Note \(SPPN 1/2021\)](#) clarifies expectations with respect to climate and circular economy considerations in procurement;
- The [SPPN 3/2021](#) sets out action for public bodies to apply Fair Work First criteria in regulated procurement processes; and
- UK exiting the EU.

4. Key Considerations

The key changes in procurement documentation include:

- Removing the sustainable procurement policy and embedding sustainability considerations within our procurement policy, procedures and templates.
- Removing EU references and updating them with the GPA (World Trade Organisation Agreement for Government Procurement) thresholds.

5. Financial Implications - None

6. Equalities – N/a

7. Risk

	Likelihood	Impact
Very High		
High		
Medium		
Low		
Very Low	x	x

The changes to the procurement documentation are minor but they are recommended to reflect recent changes in policy and legislation.

Risk Owner – Alison Stewart

Action Owner – Ester Vasallo

8. Other Implications

Communications – Yes

Health and Safety – No

The procurement strategy and policy will be published on the College website.

Paper Author – Ester Vasallo

SMT Owner – Alison Stewart



Procurement Policy

Status	Draft
Date of Version	[insert date of approval]
Responsibility for Contents	Procurement Manager
Responsibility for Review	Vice Principal of Finance and Corporate Affairs
Review Date	June 2022
Primary Contact	Procurement Manager

Contents

- 1. Purpose..... 3
- 2. Scope..... 3
- 3. Responsibilities.....4
- 4. Key Principles.....4
 - 4.1. Value for Money.....4
 - 4.2. Collaborative Procurement.....5
 - 4.3. Legislative Compliance6
 - 4.4. Sustainable Procurement6
 - 4.5. Efficiency and Effectiveness.....7
 - 4.6. Appropriate Skills, Expertise, Integrity7
 - 4.7. Fair and Equal Treatment.....8
 - 4.8. Ongoing Review of Performance.....8
- 5. Review of Procurement Policy9
- 6. Relevant Links9

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1. Purpose

1.1. The purpose of this Procurement Policy is to:

- set out the operational steps required for the College to meet its key strategic objectives in the Procurement Strategy
- maintain the highest ethical standards linked to procurement matters and the expenditure of public funds
- ensure a uniform approach to quotation/tendering and contract management procedures for use by the College employees with any element of purchasing responsibility in their job role
- ensure that all potential suppliers are treated in a fair, open and transparent manner
- ensure best value is achieved at all times
- promote and implement best practice sustainable procurement principles
- promote equality and diversity in relation to relevant procurement matters
- comply with all legislative obligations in relation to procurement, including the requirements of the [EU Procurement Directives \(as set out in the Public Contracts \(Scotland\) Regulations 2015\)](#), the Procurement Reform (Scotland) Act 2014, and the Procurement (Scotland) Regulations 2016 and all subsequent amendments.

2. Scope

2.1. This Procurement Policy applies to all purchases of goods, services or works made by/on behalf of the College. The Policy must be adhered to by all College employees with any aspect of purchasing responsibility in their job role, including [Head of Teaching Department, Curriculum Directors, Operational and Curriculum Managers](#), Head of Service, budget holders, requisitioners and administrators.

2.2. The Policy should be read in conjunction with the following related College Policies/Procedures/Regulations:

- College Procurement Strategy 2020-22
- College Procurement Procedures
- Scheme of delegation as approved by the Finance Committee/Board of Management
- College Financial Regulations
- Gifts and Hospitality Policy
- Anti-Fraud and Anti-Corruption Policy

2.3. There should be clear separation of budgetary authority and procurement authority. Budget holders should have authority to initiate purchasing/procurement activity by specifying their requirements and providing budgetary authority for the expenditure. The authority to purchase (Delegated Purchasing Authority (DPA)) and ultimately place the purchase order should be conducted separately.

2.4. Any proposal to award a contract over £25,000 without competition must be approved in advance by the Scottish Funding Council, in accordance with the requirements of the Scottish Public Finance Manual (SPFM). A Single Source Justification Form must be completed and approved prior to the award of such contracts.

2.5. Any external consultancy contracts with a value of £100,000 aggregated over 4 years must be approved in advance by the Scottish Funding Council, in accordance with the requirements of the Scottish Public Finance Manual (SPFM).

3. Responsibilities

3.1. This Policy has been approved by the College Finance Committee/Board of Management.

3.2. The Vice Principal for Finance and Corporate Affairs is accountable for the implementation of this Policy and for continuous review of the Procurement Policy and submitting any changes to the College Finance Committee/Board of Management for approval.

3.3. The Procurement ~~Department-service~~ is responsible for the effective operation of this Policy and will ensure that appropriate Procedures are in place and embedded.

3.4. The Procurement ~~Department-service~~ is responsible for managing the College's procurement activity and compliance with all legislative/regulatory/best practice matters.

3.5. The ~~Head of Teaching Department/Curriculum Directors and Heads of Service~~ are responsible for ensuring that all purchasing activity within their ~~Department-areas~~ is carried out in line with this Policy, associated legislation and regulations.

3.6. All College employees with any aspect of purchasing/procurement responsibility in their job role are responsible for adhering to the Policy and complying with associated Procedures.

3.7. Any breach of this Procurement Policy shall be investigated. Failure by any employee to comply with this Policy may give rise to disciplinary procedures.

4. Key Principles

4.1. Value for Money

4.1.1. A fundamental principle of the Procurement Policy is to ensure the achievement of Value for Money in a legally compliant manner.

4.1.2. Value for Money is the balance between quality and cost, and will vary for every purchase depending on the requirements of the College. The two main aspects that impact on the achievement of Value for Money:

- Product/Service specification – appropriate quality and quantity
- Source of supply – right time, right place, right price

4.1.3. Where you are involved in the purchase of goods, services or works, it is important to consider the following criteria as part of the specification:

- Purpose/performance of goods/services
- Necessary characteristics (size, finish etc.)
- Life span
- Installation/Maintenance requirements
- Sustainability considerations ([global climate emergency](#), [circular economy](#), [recycled materials](#), environmentally friendly characteristics, packaging, safe disposal, [fair work](#))
- [Equality and diversity](#)
- [Risks](#)

4.2. Collaborative Procurement

4.2.1. The College will seek to maximise opportunities to collaborate in the procurement of goods, services or works where it can be demonstrated that such collaboration delivers the best overall Value for Money solution to meet the College's needs.

4.2.2. Collaboration may include the use of Framework Agreements which have been procured by collaborative procurement organisations such as APUC, Scottish Procurement, Scotland Excel and other similar Procurement 'Centres of Expertise'. Where a Framework Agreement exists and can meet the needs of the College in respect of the product/service required, that Framework Agreement should be used, unless otherwise agreed by the Procurement [Department service](#).

4.2.3. A list of all Framework Agreements currently available to the College can be found below.

4.2.4. The benefits of utilising a collaborative Framework Agreement include:

- **Economies of scale** – more competitive pricing as a result of the greater purchasing power achieved through collaboration
- **Compliance with procurement legislation** – compliance has already been met when the Framework Agreement was procured by the Centre of Expertise (i.e. APUC), therefore reducing the burden on the College.
- **Supplier vetting** – suppliers on these Framework Agreements have demonstrated compliance in a number of ways including: financial health, insurances, corporate and social responsibility, Health and Safety, Quality Management, Equalities, sustainability
- **Supplier performance** – such Framework Agreements include well defined terms and conditions, as well as Contract and Supplier Management processes to support the College in the event of poor supplier performance
- **Efficiency** – procuring legally compliant contracts can be time consuming and resource intensive both for the Procurement [Department service](#) and the requisitioning department, which is a hidden cost often not considered. Utilising Framework Agreements can reduce time and associated cost for everyone involved.

4.2.5. Collaboration may also include maximising opportunities to work across College departments to deliver contracts for commonly purchased goods and services, such as stationery, materials, equipment or consumables where there are currently no contracts in place.

4.2.6. The benefits of College wide collaboration include:

- **Commonality and Standardisation of products and services** – this provides a College wide standard for the products and services being purchased, as well as the re-assurance that all departments are paying the same prices for the same goods and services.
- **Efficiency** – by everyone working together in the same way, and using the same suppliers and buying the same products/services it reduces duplication of time and effort, thereby creating efficiency benefits
- **Supplier performance monitoring** – if we are all using the same supplier then it is easier to monitor supplier performance, identify common issues and feedback to suppliers.

- **Cross functional learning** – by working together it helps to identify different ways of working and requirements within different departments which can all be used to identify College wide improvements to processes and ways of working

4.3. Legislative Compliance

4.3.1. The College will ensure that it complies with the following procurement legislation and all subsequent amendments:

- ~~EU Procurement Directives (as set out in the~~ Public Contracts (Scotland) Regulations 2015),
- Procurement Reform (Scotland) Act 2014,
- Procurement (Scotland) Regulations 2016

4.3.2. In addition, the Procurement ~~Department service~~ will ensure compliance with all relevant legislation and all subsequent amendments on a contract by contract basis, including but not limited to:

- Equality ~~ies~~ Act 2010
- Bribery Act 2010
- Freedom of Information (Scotland) Act 2002
- Health and Safety at Work Act 1974
- UK General Data Protection Regulation (GDPR)

4.4. Sustainable Procurement

4.4.1. The College recognises that procurement can play an important role in improving our economic, social and environmental performance as an organisation through our collective approach to the procurement of goods, services and works. This is recognised within the College's Sustainability Statement and by procurement representation on the College Sustainability Committee.

4.4.2. Additionally, the Procurement Reform (Scotland) Act 2014 introduces a number of duties upon the College including the Sustainable Procurement Duty.

4.4.3. In recognition of the importance placed on sustainable procurement by the College and the Scottish Government, the College has ~~developed a Sustainable Procurement Policy~~ embedded Sustainable Procurement within our Procurement Procedures and templates.

4.4.4. This recognises some of the key measures and tools the Procurement ~~Department~~ service use in order to improve the sustainability outcomes from our procurement activity, including:

- Compliance with the Sustainable Procurement Duty
- Taking account of the Strategic National Priority regarding the Global Climate Emergency. Where relevant, we shall include climate impact, circular economy considerations in our procurement activities;
- Consider fair work practices and the First Work First criteria;
- Utilise the Sustainable Procurement Prioritisation Tool to assess sustainability risks and opportunities for appropriate categories of goods and services
- Complete the Sustainability Test for relevant procurements to assess any possible social, economic or environmental impacts from a procurement exercise in order to maximise opportunities for improvement in the wellbeing of the local community
- Utilise the Scottish Government's Flexible Framework to assess the College's performance against best practice indicators

4.5. Efficiency and Effectiveness

- 4.5.1. Procurement Procedures: The College has developed Procurement Procedures to align to this Policy, as dictated by the College's Financial Regulations. These procedures follow the Scottish Government's Procurement Journey with the intention of embedding best practice and legal compliance within the College's procurement function.
- 4.5.2. The aim of the Procedures is to set out clear guidance to College employees as to their relative roles and responsibilities depending on their job role and levels of responsibility within the purchasing/procurement process.
- 4.5.3. The Procedures are intended to be proportionate to the value/risk of procuring the goods, services or works and to minimise unnecessary steps or administrative requirements throughout the process.
- 4.5.4. E-Procurement: The College currently uses a number of e-Procurement systems to maximise the efficiency and auditability of its procurement processes.
- 4.5.5. The College's e-Procurement system (P2P) must be used for placing purchase orders with suppliers who have been approved by the Procurement [Department/service](#), unless another method has been authorised by the Finance Department.
- 4.5.6. The Procurement [Department/service](#) will continue to identify appropriate e-Procurement systems and processes which aim to increase efficiency for the College.
- 4.5.7. Terms and Conditions: The College's Terms and Conditions for the supply of goods and services will be issued for all tender processes.
- 4.5.8. All purchases/contracts entered into by the College which are not made through an authorised Framework Agreement must only be entered into under the College's Terms and Conditions, unless otherwise agreed by the Procurement [Department/service](#). A copy of these Terms and Conditions can be found below.
- 4.5.9. All purchases/contracts entered into using an authorised Framework Agreement must only be entered into under the Framework Agreement terms and conditions as set out by the relevant purchasing consortia, which the suppliers have agreed to. Please speak to the Procurement Manager for further information.

4.6. Appropriate Skills, Expertise, Integrity

- 4.6.1. The College will ensure that all employees involved in the procurement process are given the appropriate level of advice and support, whether through access to these Procurement Policy and Procedures, additional advice, or through further training provided by the Procurement [Department/service](#).
- 4.6.2. In order to maintain the highest ethical standards across the College, all employees involved in the procurement process shall be required to:
- Comply with the College's Anti-Fraud and Anti-Corruption Policies
 - Comply with the College's Gifts and Hospitality Policy
 - Comply with the College's Ethical Procurement Code of Conduct
- 4.6.3. Conflict of Interest: Where a potential conflict of interest arises between a College employee and a potential supplier of goods, services or works which may have an influence on the award of business to that supplier, the employee must declare such conflict of interest at the earliest possible opportunity (and before the award of any

business to the supplier) by completing a Declaration of Interest form, and returning it to the Procurement [Department service](#), who shall advise of the next steps to be taken.

4.6.4. If an employee is in doubt as to a potential Conflict of Interest, they should speak to the Procurement [Department service](#) in the first instance.

4.7. Fair and Equal Treatment

4.7.1. Treating all suppliers fairly: A core principle of public procurement regulation, under the [Treaty on the Functioning of the European Union \(TFEU\) procurement legislation](#), is to ensure that all suppliers are treated in an open, fair, equal and transparent manner. This principle is carried through into this Policy and associated Procurement Procedures to ensure that all suppliers have a fair and equal opportunity to secure contracts with Forth Valley College.

4.7.2. Supplier Compliance with Equality ~~ies~~ Act 2010: The College has a statutory duty, as defined by the Equality ~~ies~~ Act 2010, to advance equality of opportunity in all of its functions, including procurement. The College remains responsible for meeting its obligations under the various statutes even when an external contractor provides one or more of the College's functions. Members of staff involved in procurement will take account of the following objectives when placing business with any supplier/contractor:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct that is prohibited by the Equality Act 2010
- Advance equality of opportunity between people who share a relevant protected characteristic and those who do not
- Ensure that the goods, works and services provided are done so in a way that provide for the needs of all users

4.8. Ongoing Review of Performance

4.8.1. Review of supplier performance: The College [have introducedhas](#) a formal Contract and Supplier Management (C&SM) approach to ensure that contracted suppliers continue to deliver the College's requirements as agreed during the tender process. This includes quality of goods/services provided, pricing, customer service levels, performance against KPI's, and adherence to Terms and Conditions as a minimum.

4.8.2. The C&SM approach is determined on a contract-by-contract basis during the pre-tender contract strategy development, in consultation with relevant stakeholders, and considers the overall risk and value of the contract.

4.8.3. There are 3 levels of Contract Management within the C&SM approach:

- Strategic
- Managed
- Routine

4.8.4. The approach to Contract and Supplier Management is intended to be proportionate for both the College and the supplier.

4.8.5. The Procurement [Department service](#) will work in conjunction with relevant stakeholders to implement and manage the C&SM process on a contract-by-contract basis.

4.8.6. An important aspect of C&SM is feedback from College employees, which can be captured in various ways including SharePoint surveys, email or verbal feedback.

4.8.7. Details of the Contract & Supplier Management process can be found in the links below.

4.8.8. Review of Procurement Department Performance: The College participates in the Procurement and Commercial Improvement Programme (PCIP), which replaced the Procurement Capability Assessment (PCA), and is an assessment across all public sector organisations' procurement practices. The PCIP assessment takes place every 2 years, commencing 2016, and focuses on the policies and procedures driving procurement performance and more importantly, the results they deliver. Following the formal PCIP assessment, the College receives feedback and an action plan with recommendations to continually improve performance, based upon best practice.

4.8.9. Furthermore as part of the Procurement Reform (Scotland) Act 2014, the College must also publish an annual procurement report disclosing how its procurement activity has complied with its published procurement strategy.

4.8.10. In addition, the Procurement Department-service continually review its processes to ensure continual improvement through lessons learned reviews and stakeholder and supplier feedback. This PCIP focuses on the policies and procedures driving procurement performance and more importantly, the results they deliver.

5. Review of Procurement Policy

5.1. This Policy will be reviewed on an annual basis, as a minimum, by the Vice Principal Finance and Corporate Affairs in conjunction with the Procurement Manager.

5.2. Any amendments required to the Policy will be presented to the Finance Committee/Board of Management for approval.

6. Relevant Links

Procurement Strategy

[Sustainability Statement](#)

[Sustainable Procurement Policy](#)

Procurement Procedures

[Procurement Journey](#)

[Terms and Conditions](#)

Ethical Procurement Code of Conduct

Declaration of Interest Form

Contract and Supplier Management

[List of currently available Framework Agreements](#)

Commented [e1]: To be updated with links on SharePoint when policy is approved. Documents can be found within the procedures

Procurement Strategy 2020 - 2022

Status

Date of Version

Responsibility for Contents

Responsibility for Review

Review Date

Primary Contact

Draft

[Approval date to be inserted]

Procurement Manager

Vice Principal of Finance and Corporate Affairs

June 2022

Procurement Manager

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 procurement](#) 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 service 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

Vice Principal of Finance and Corporate Affairs

Contents

1	Formation and approval of our Procurement Strategy	3
2	Context.....	43
3	Procurement Mission	64
4	Procurement Policy.....	76
5	Strategic Procurement Objectives	6
6	Ensuring compliance with general duties and specific measures of the Procurement Reform (Scotland) Act 2014	108
7	Annual Procurement Report	13
8	Procurement Action Plan	14

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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 service~~ and Vice Principal of Finance and Corporate Affairs, and is the culmination of consultation and engagement with ~~an appropriate and relevant~~ a wide range of staff involved in procurement 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 22nd September 2020 and subsequently published on our website.

The Procurement ~~Department service~~ and Vice Principal of Finance and Corporate Affairs in consultation with APUC¹ 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 the 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.

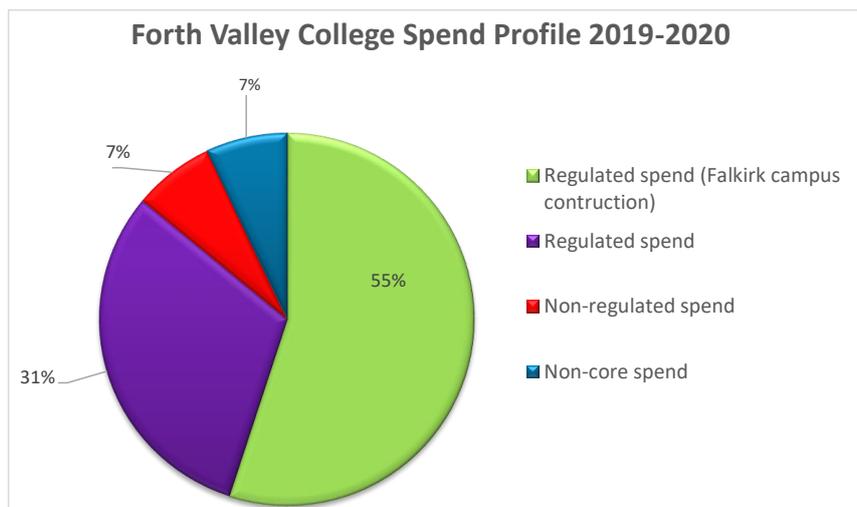
The Act focuses on a small number of general duties on contracting authorities regarding their procurement activities and some specific measures aimed at promoting good, transparent and consistent practice in procurement processes detailed in section 6 below.

¹ [Advanced Procurement for Universities and Colleges](#)

Commented [e1]: I can leave previously approved date by the Board if this updated version just needs approved by LMT and Finance Committee

Commented [e2]: There is already mentioned of consultation in the first paragraph

The College's ~~annual~~ spend profile ~~for 2019/2020~~ is displayed below with a total ~~non-pay spend in the region of £18.7m~~~~35,975,803~~, of which circa £10.2m was linked to the new Falkirk campus construction and £1.4m was non-core spend². ~~This comprises of procurement non-pay spend (influenceable spend) of £34,464,004 and £1,511,799 of non-influenceable spend (2018-19).~~



Thus our annual influenceable procurement spend of ~~£34,464,004~~~~17.3m~~ is made up of ~~£33,528,757~~~~15.9m~~ of regulated spend (above threshold) and ~~£935,247~~~~1.3m~~ of non-regulated spend (below threshold).

~~2018/19 is an exceptional year for the figures shown above due to the procurement of the new Falkirk Campus. Without the capital spend in this year, the recurrent procurement influenceable spend is approx. £4.5m.~~

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.

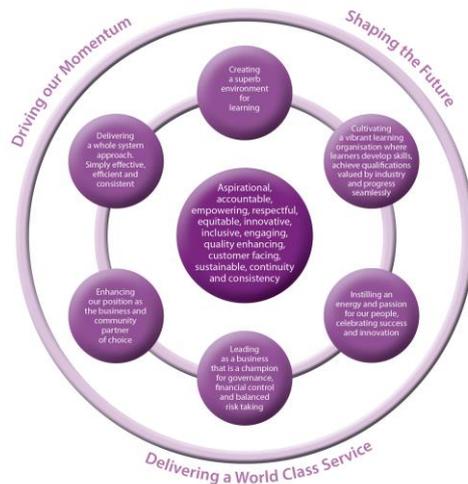
A key element of this Strategy is about moving the balance of procurement effort away from the buying or tendering phase and towards a greater emphasis on the planning and post contract phases of procurement. Included in this is an increasingly greater engagement with our internal and external stakeholders.

² For example, spend on statutory requirements such as tax and other expenditure not covered by procurement legislation

3. Procurement Mission

The Procurement mission for Forth Valley College is: **“To deliver a best in class, coordinated 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 service](#) 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, [the Procurement service](#) 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 [taking account of the Strategic National Priority regarding the Global Climate Emergency. Where relevant, we shall include climate impact, circular economy and fair work](#) considerations in our procurement activities;
- We will conduct all regulated procurements in line with the College's Procurement Policy and Procedures; and
- 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 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 all subsequent amendments; 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

5.1. College Regional Outcome Agreement

The [Regional Forth Valley College Interim Outcome Agreement 2020-21 for the Forth Valley region](#) contains the following SFC [Priority Outcomes](#) key sector priorities and outcomes for students, for economic recovery and social renewal and for responsive and collaborative institutions:

Outcomes For Students
Fair access and transitions
Quality, learning, teaching and participation
Learning with impact
Equalities and inclusion
Outcomes for Economic Recovery and Social Renewal:
Responsive institutions
Work-ready students
Innovation
Responsive and Collaborative
Public health emergency
Collaboration
Climate emergency

- [Efficient and Sustainable](#)
- [Right learning in the right place](#)
- [High quality learning](#)
- [A developed workforce](#)
- [Equalities](#)

5.2. 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



5.3. Forth Valley College – Strategic Procurement Objectives

The Strategic Procurement Objectives (PO) for the period of this Procurement Strategy (2020-2022) 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 coordinated, 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 ~~and~~ 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:</p> <p>EU-GPA regulated procurements Goods and Services greater than £189,330 Works worth more than £4,733,252; and</p> <p>Procurement Reform Act lower value 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,</p>

	<p>transparent and proportionate manner; in line with the Treaty on the Functioning of the European Union principles 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 (equal treatment, non-discrimination, transparency, proportionality and mutual recognition,) 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 through 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</p>

	<p>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 ofutilises available tools and systems such as the Scottish Public Procurement Prioritisation Tool, the Sustainability Test, Life Cycle Impact Mapping, the Scottish Flexible Framework, <u>APUC's Sustain Code of Conduct</u> 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 <u>2, 3, 4 and 7</u>:</p> <ul style="list-style-type: none"> - <u>Economy - We have a globally competitive, entrepreneurial, inclusive and sustainable economy;</u> - <u>Education - We are well educated, skilled and able to contribute to society;</u> - <u>Fair Work and Business - We have thriving and innovative businesses, with quality jobs and fair work for everyone;</u> - <u>Culture - We are creative and our vibrant and diverse cultures are expressed and enjoyed widely;</u> - <u>Environment - We value, enjoy, protect and enhance our environment. We realise our full economic potential with more and better employment opportunities for our people;</u> - <u>We are better educated, more skilled and more successful, renowned for our research and innovation;</u> - <u>Our young people are successful learners, confident individuals, effective contributors and responsible citizens; and</u> - <u>We have tackled the significant inequalities in Scottish society.</u> <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>
Consulting and engaging with those affected by its procurements	<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 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>
The Living Wage	<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 of the living wage.</p>
Promoting compliance with the Health and Safety at Work Act 1974	<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</p>

	with such legislation. Where proportionate, the College also seek to assess the compliance of subcontractors.
The procurement of fairly and ethically traded goods and services	<p>As an organisation which holds Fairtrade status, tThe 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>
The provision of food and improving the health, wellbeing and education of communities in the College's area, and the promotion of the highest standards of animal welfare	<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 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:
 - [A summary of benefits that have had a positive impact on climate change:](#)
 - 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 service and Finance Committee 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.

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Procurement Action Plan

SFC Priority Outcome	<ul style="list-style-type: none"> • Efficient and Sustainable Collaboration 						
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 for Review	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)	November 2022 18 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"> • FVC expenditure analysis • 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 • Quarterly expenditure reports 				

SFC Priority Outcome	<ul style="list-style-type: none"> • Efficient and Sustainable Collaboration • High Quality Learning Quality, learning, teaching and participation • 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 for Review	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 the number of regulated contracts in FVC Contracts Register</p>	<p>November 202218 then annually thereafter</p> <p>November 202218 then annually thereafter</p>	<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 • Maximise use of available electronic processes and tools • Reduce the cost of processing orders and invoices throughout the purchasing cycle 	<ul style="list-style-type: none"> • Relevant staff/stakeholder survey/feedback • FVC procurement policy and procedures • P2P purchasing system • Procurement Cards • PCS/PCS-T • P2P purchasing system/Finance system • Finance Reports 	<p>Reduce total number of Purchase Orders and Invoices processed per annum</p>	<p>November 202218 then annually thereafter</p>	<ul style="list-style-type: none"> • Dashboard • Assessment Q2.3 • Assessment Q4.1 	
	To improve the awareness of procurement policies and procedures amongst	<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 	<p>Total number of FVC staff that have completed the Induction course</p>	<p>July 202219 then annually thereafter</p>		

	relevant College staff and suppliers through various sources of information			Outputs of staff and supplier surveys/feedback (staff)	November 2022 18 then annually thereafter	<ul style="list-style-type: none"> Assessment Q1.4 Assessment Q1.5 	
	<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. 	Number of FVC staff attending training sessions delivered to FVC staff on Procurement topics	July 2022 19 then annually thereafter			
	<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 	Increase the satisfaction percentage in the Procurement Satisfaction Survey (staff)	November 2022 18 then annually thereafter			
	<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 	Increase the satisfaction percentage in the Procurement Satisfaction Survey (suppliers)	November 2022 18 then annually thereafter			
	To ensure that our procurement policies and procedures continue to deliver the requirements of the College in an efficient and effective manner	<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 	Outputs of staff and supplier surveys/feedback (suppliers)	November 20 18 ²² then annually thereafter	<ul style="list-style-type: none"> Assessment Q1.5 Assessment Q1.6 Assessment Q2.3 Assessment Q3.1 Assessment Q3.2 	

SFC Priority Outcome	<ul style="list-style-type: none"> • Collaboration • Responsive institutions 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 for Review	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 	November 20 18 ²² then annually thereafter	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	November 20 21 ²⁴ then annually thereafter	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	July 20 22 ²⁴ then annually thereafter	Assessment Q3.1 Assessment Q3.2 Assessment Q3.3	

SFC Priority Outcome	<ul style="list-style-type: none"> • Efficient and Sustainable Collaboration • Public health emergency • Climate emergency 						
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 for Review	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 • Review the procurement risk register regularly 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 	Review procurement risk register regularly	Quarterly	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 	<ul style="list-style-type: none"> • FVC procurement policy and procedures • Procurement SharePoint page (intranet) • Periodical departmental meetings 	Total number of FVC staff that have completed the Induction course	July 2019 22 then annually thereafter		

		<ul style="list-style-type: none"> Continue to communicate Policy and Procedures to all FVC staff involved in procurement activity 	<ul style="list-style-type: none"> Moodle induction 	Number of FVC staff attending training sessions delivered to FVC staff on Procurement topics	July 2022 19 then annually thereafter		
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SFC Priority Outcome	<ul style="list-style-type: none"> Fair access and transitions Quality, learning, teaching and participation Equalities and inclusion Innovation Efficient and Sustainable Collaboration Climate emergency 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 for Review	PCIP Ref	RAG
To embed sound economic, social and environmental procurement policies and to comply with relevant Scottish and 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) 	<ul style="list-style-type: none"> Scottish Government Public Procurement Prioritisation Tool FVC Commodity Procurement Strategy in conjunction with relevant FVC staff 	Measure of sustainability benefits secured in contracts awarded, including Sustainable Procurement Duty considerations	November 2022 18 then annually thereafter	Dashboard Assessment Q1.2 Assessment Q2.2 Assessment Q2.4	
		<ul style="list-style-type: none"> Identify and maximise Community Benefit opportunities from contracts where appropriate Place at least one contract with a Supported Business Seek to maximise opportunities for SMEs and local businesses, particularly for below regulated procurement opportunities 	<ul style="list-style-type: none"> FVC Contracts Register (website) FVC procurement policy and procedures PCS/PCS-T 	Award a contract to a Supported Business	November 2022 18 then annually thereafter	Dashboard Assessment Q2.4	

	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 College stakeholders 	<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 page 	Annual Report showing the achievement of strategic objectives in line with the requirements of the Procurement Reform (Scotland) Act	November 2022 48 then annually thereafter	Assessment Q1.2	
				Maintain Level 2 of Flexible Framework	July 2022 49 then annually thereafter		
	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 Supplier engagement events 	<ul style="list-style-type: none"> Increase the satisfaction percentage in the Procurement Satisfaction Survey 	November 2022 48 then annually thereafter	Assessment Q2.4	

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Procurement Objective	KPI	Actual 2018/2019	Target 2019/2020	Actual 2019/2020	Target 2020/2021	Target 2021/2022
1	Increase uptake of available collaborative FW Agreements (% of collaboration frameworks used)	60%	63%	52%	65%	65%
2	Increase the proportion of annual non-pay expenditure covered by a regulated contract	72%	77%	75%	78%	78%
	Increase the number of regulated contracts in FVC Contracts Register	42	50	56	33	33
	Reduce total number of PO's and Invoices processed per annum	Invoices: 8500 POs: 2751	Invoices – reduce by 100 POs – reduce by 100	Invoices: 63936479 POs: 184793	Invoices – reduce by 100 POs – reduce by 100	Invoices – reduce by 100 POs – reduce by 100
	Total number of FVC staff completed induction course	4	4	6	6	6
	Outputs of Staff and supplier surveys/feedback (Staff)	11 staff – 91% satisfied	95%	5 staff - 80% satisfied	97%	97%
	Number of FVC staff attending Training sessions delivered to FVC Staff on Procurement Topics	11 sessions 39 staff	Increase by 50% (including refresher courses)	8 sessions 18 staff	16 staff	16 staff
	Internal staff - increase the satisfaction percentage in the Procurement Survey	11 staff – 91% satisfied	95%	5 staff - 80% satisfied	97%	97%
	Supplier - maintain the satisfaction percentage in the Procurement Satisfaction Survey	4 suppliers responded 75% satisfied	100% satisfied	2 suppliers responded 100% satisfied	100% satisfied	100% satisfied
	Outputs of staff and supplier surveys/feedback (Supplier)	75% satisfied	100% satisfied	100% satisfied	100% satisfied	100% satisfied
3	Annual report to SMT – showing cash savings Non cash savings Added value	Report presented to SMT on 12 November 2019	November 2020	Annual procurement report presented in November 2020	November 2021	By end of December 2022
	Annual report showing achievement of strategic objectives in line with requirements of Procurement Reform (Scotland) Act	Report presented to SMT on 12 November 2019	November 2020	Annual procurement report presented in November 2020	November 2021	By end of December 2022
	Level of staff satisfaction/positive feedback on supplier performance from Focus Groups and Surveys	6 survey responses from staff – all positive feedback	Aim for 100% positive feedback	5 survey responses from staff – 60% positive feedback	Maintain Level of Positive Feedback – 100%	Maintain Level of Positive Feedback – 100%
4	Review Procurement Risk Register regularly (update to show Bi-annually)	Reviewed March 2019	Review March 2020	Reviewed March 2020	Review March 2021	Review March 2022
	Total no. of FVC staff that have completed induction course	4	Increase by 50%	6	6	6
	Number of FVC staff attending No.-of training sessions delivered to FVC staff on different Procurement topics	11 sessions 39 staff	Increase by 50%	8 sessions 18 staff	16 staff	16 staff

5	Measure of sustainability benefits secured in contracts awarded, including Sustainable Procurement Duty considerations	3	3	4	3	3
	Award a contract to a Supported Business	0	1	1 (below regulated)	1	1
	Annual Report showing the achievement of strategic objectives in line with the requirements of the Procurement Reform (Scotland) Act	November 2019	November 2020	Annual procurement report presented in November 2020	November 2021	By end of December 2022
	Maintain Level 2 of Flexible Framework	July 2019	July 2020	Level maintenance – July 2020	July 2021	July 2022
	Maintain the percentage in the Procurement Supplier Satisfaction Survey	50% satisfied (4 supplier responses)	Achieve 100% (see objective 2)	100% Satisfied (2 supplier responses)	Maintain Level of Positive Feedback – 100%	Maintain Level of Positive Feedback – 100%

1. Purpose

To present members with the Revenue Budget for 2021-22 for discussion and approval to submit to the Board of Management.

2. Recommendation

That members:

- discuss the revenue budget for 2021-22 and,
- approve submission to the Board of Management.

3. Background

This budget is prepared on the basis that we will return to a teaching model that is principally face-to-face in campus from August. The departments have considered the impact of social distancing on income and expenses, and made best endeavours financial estimates, reflecting changes to income and savings in costs for a post-Covid way of working. Much of the expenditure at FVC is unavoidable arising directly from our core business and estates portfolio. Predicted changes to the underlying spend as a consequence of staff working a hybrid between office and home have been taken in to account.

The budgeted surplus for 2021-22 of £520k is entirely due to the inclusion of the engineering programme for [REDACTED]. Given the one-off nature of this income, whilst pleased to present a surplus budget for 2021-22, the management team is also focused on the underlying (Core) financial situation of the College. To assist the Committee with this distinction, the I&E presented at [REDACTED] and shows the underlying Core position as being an operating deficit of £56k, which is a Core deficit of £249k after providing for the loan repayments.

Despite a Core deficit, LMT is content with this budgeted position as not only is there the [REDACTED] but given the continuing uncertainty remaining around Covid-19, within this budget, we have prudently allowed for a greater than usual contingency of £200k to cushion for additional costs or loss of income.

As with any budget, there remains a number of areas of risk within, and these are discussed in section 7 below, with the potential financial implications of each noted.

4. Key Considerations

The revenue budget for 2021-22, as detailed in Appendix 1, shows an overall operational surplus of £520k, but with a Core operating deficit of £56k for the academic year. The key assumptions and explanations are as detailed in Appendix 2. To put the £56k deficit in to some context, the last financial year not to be impacted by Covid was 2018-19 when the outturn was £1,016k. Looking at the breakdown of the 2 periods, it is apparent that Grant in Aid income has not kept pace with FVC staffing and property costs.

The measure for Colleges to monitor financial performance is the Underlying Operating position, which adjusts for non-cash and one-off items, and takes account of loan repayments. The table below highlights the Adjusted Operating Position (AOP) both, with and without, the contribution from the [REDACTED]

Adjusted Operating Position		
	2021/22 Budget £'000	2020/21 Q3 forecast £'000
Surplus/(deficit) before other gains and losses	(1,441)	(757)
Depreciation (net of deferred capital grant release)	1,961	1,961
Revenue funding allocated to loan repayments	(193)	(184)
Reportable Underlying Operating Position	327	1,020
[REDACTED]	[REDACTED]	-
Core Underlying Operating Position	(249)	1,020

5. Financial Implications

Inclusion of the [REDACTED] provides a healthy overall surplus of £520k (underlying of £327k) for the FVC budget 2021-22. However, the underlying Core position is running at a deficit albeit with the inclusion of £200k contingency. In addition, the budget position includes areas of high financial risk, which are noted in detail in section 7 below, and in summary are:

- Dispute over the Instructor Assessor role £250k
- Severance costs should FAs be subsumed in to Core Credits £270k

Tight financial control continues to be of paramount importance, given the narrow margin of surplus the College is working within. Difficult decisions on spending may require to be taken when we look at the Q2 forecast position.

Beyond 2021-22 is likely to be a challenging time financially for the College sector, and as such early steps to prepare for this are needed to ensure financial sustainability in the medium term, including:

- Updating the forward forecasts for the following 2 years to determine the need for any reduction in operational expenditure and staff FTE both during 2021-22 and beyond. This is currently being carried out as a high level exercise but we require an indication from SFC of future funding levels before this exercise can be completed.
- [REDACTED]
- Consider reserving the forecast surplus from the [REDACTED] programme to transfer to the ALF, to fund any future significant capital maintenance costs in line with the Estates Maintenance Strategy. This is assuming that it is not required to fund severance costs.

6. Equalities

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

7. Risk

	Likelihood	Impact
Very High		x
High	x	
Medium		
Low		
Very Low		

High Risk

- The risk from the ongoing dispute with EIS-FELA on the role of Instructor Assessors could have a financial implication should it be necessary to revert these roles back to lecturers, and the potential impact on other College roles. The annual cost of this is estimated at £250 - £300k based on the current establishment.
- There is a possibility that the delivery of Foundation Apprenticeships will be subsumed in to core Credits, with a resultant loss of income of c£1,126k. [REDACTED]

Medium Risk

- Delivery of the budgeted £828k FWDF income will depend on companies being willing to prioritise staff training as they adjust to new working practices. This year, despite signing up companies for the majority of the 2020-21 allocation, we continue to have scheduling issues with them so it will be a challenge to deliver on c£200k additional training than we are forecasting for the current year. The value of funds being carried forward for future delivery is growing year on year, with the resultant risk that SFC will request return of funds at some point, although this will not impact the budgeted income for 2021-22.
- This is the final year of ESF funding, and should there be no replacement of the £718k currently received by FVC, [REDACTED]
- A recent VAT ruling has resulted in the risk to the College of VAT on utility invoices being changed from a charge of 5% to the full standard 20% rate. The additional cost to FVC of this would be c£29k per annum. HMRC are currently appealing the ruling, but this change to the legislation cannot be ruled out.

Risk Owner – Alison Stewart

Action Owner – Alison Stewart

8. Other Implications

Communications – Yes No

Health and Safety – Yes No

Paper Author – Senga McKerr

SMT Owner – Alison Stewart

1. Purpose

To present the Forecast Outturn for Academic Year 2020-21 to members for discussion, taking in to account the actual results for the year to May 2021.

2. Recommendation

For members to consider the Forecast Outturn for the year to 31 July 2021 and note the changes from the Q2 forecast including the remaining risks therein.

3. Background

A high level forecasting exercise has been carried out to ensure our financial targets remain on course to provide a projected surplus for the academic year.

This report provides a summary of the College's Income & Expenditure forecast outturn for the Academic Year 2020-21 compared to the Q2 forecast, assuming that the College will continue with blended learning for the remainder of the year and activity on campuses remains restricted.

The Scottish Government has allocated various additional funds to Colleges to assist with opportunities for young people and College financial pressures as a result of Covid-19. These one-off additional funds have helped FVC to forecast an in-year surplus.

4. Key Considerations

The revenue forecast, as detailed in Appendix 1, is showing an operational surplus before non-cash items of £1,203k against the Q2 of £969k. This positive position is pleasing and notably has improved from Q2 as a result of income from the UK Job Retention Scheme, savings in staff costs and release of contingency.

While there is a minor shortfall in commercial income in the May management accounts, all other variances are timing in nature, therefore should have negligible impact on the final outturn.

The measure for Colleges to monitor financial performance is the Underlying Operating position, which adjusts for non-cash and one-off items, and takes account of loan repayments.

Adjusted Operating Position		
	2020/21 Q3 Forecast £'000	2020/21 Q2 Forecast £'000
Surplus/(deficit) before other gains and losses	(757)	(992)
Depreciation (net of deferred capital grant release)	1,961	1,961
Revenue funding allocated to loan repayments	(184)	(184)
Underlying Operating Position	1,020	785

Overall income is a decrease on Q3 of £175k

SFC grant income is down by £15k. Earlier in the year SFC awarded Colleges additional grant to assist with financial sustainability. We had expected FVC share to be £627k at the time of Q2, but actually received £724k, an increase of £97k. We will be required to prepare a report justifying receipt of this grant, therefore there is a risk of clawback if SFC do not accept all of our justifications. In addition FVC was awarded £291k for Young Persons Guarantee and Transitional Training programmes. Demand for these programmes, plus the structure of the funding has meant that we may be unable to claim all of this credit funding, therefore this Q3 forecast includes an estimated clawback of £85k. Delivery of FWDF is slightly down by £18k.

Tuition fees are up by £22k following the final reconciliation of SAAS tuition fees.

[REDACTED]

International income is down by £75k, [REDACTED]

Evening provision income is down by £38k as there are difficulties in delivering the hands-on leisure courses due to Covid restrictions, and the extended January lockdown has resulted in many courses after Easter being cancelled and fees being refunded.

The drop of £42k in Commercial training comprises year to date shortfalls in commercial courses.

The drop in income from Modern Apprenticeships of £46k is primarily due to a reduction in milestone income as a result of timing issues with 2 of our larger companies.

Catering and Hospitality income had been removed for the remainder of the year due to the uncertainty around the return to campuses. However, a limited service has restarted in the Gallery restaurant so a nominal amount of income has been added.

Items to note within the increase in Other Income of £277k are income from the Job Retention Scheme of £102k, Recharges to NHS for staff costs in connection with the vaccination centres £60k, additional Fuel Change funded project income of £50k with matching costs in expenditure lines, and secondment income of £44k.

Grants from the ALF was comprised of 2 projects at Q2 – various miscellaneous items carried over from the new campus build £293k and staffing costs for the Enable FVC project £136k. Given the projected surplus, we are now unlikely to need the £293k as we can fund these costs from in-year surplus instead, therefore this grant income has been removed.

Overall Expenditure is a saving on Q2 of £410k

The forecast for Salary costs is £257k down on Q2, [REDACTED] and year to date savings from delays in posts being filled. Allowances for additional hours and overtime during the summer months are included.

The saving of £68k in combined Learning & Teaching costs arises from savings as a consequence of reduced activity for materials £58k, and registration and exam fees £50k offset by an increase in funded project expenses £37k.

The overrun in Property and FM costs of £147k includes £115k for additional maintenance works at Stirling and Alloa campuses, plus higher charges from Servest for winter grounds work at all 3 campuses £28k.

Equipment costs include £25k towards the refit for the construction workshop in the Stirling campus.

Within Finance costs the contingency fund has been reduced from £300k to £50k, as we do not anticipate anything unforeseen in the remaining weeks of the year.

IT Costs are an increase of £33k on Q2, entirely due to a clarification over costs with Virgin Media for network maintenance.

Unresolved issues and areas of risk

The final outturn for the year will depend on the outcome of various issues, which could financially impact FVC, including:

- Justification of spend/need in connection with the £724k financial sustainability grant, which was awarded with the purpose of providing non-recurring Covid revenue support. Examples include loss of commercial income and additional costs incurred, both of which FVC can justify. The funding was also to assist with severance costs relating to organisational change, but FVC is not in a position to progress this in the current year. Use of this grant is to be a focus of Audit Scotland in the autumn.
- [REDACTED]
- [REDACTED]
- [REDACTED]
- The outcome of the ongoing dispute with EIS-FELA on the role of Instructor Assessors.
- The ability to deliver both FWDF and commercial courses in the current environment.

5. Financial Implications

Overall the forecast operating position is a healthy surplus, however, the financial impact of the noted unresolved issues will require to be monitored closely to ensure there is no significant impact on the final outturn. The continuation of the Covid situation makes forecasting more difficult, however, the projected surplus is large enough to provide comfort that the risk of deficits for the year is low.

The final realised surplus for the year will be adjusted to breakeven after loan repayments, by making a donation to the ALF. We may consider ringfencing some, or all, of this donation to fund future severance costs, since we are unable to use the financial sustainability grant for this purpose this year.

6. Cash Balances

The forecast for the bank balance as at 31 July 2021 is £2.0m, and this is on the assumption that there are no non-operating items remaining to be paid from this balance.

7. Equalities

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

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		

Risk Owner – Alison Stewart

Action Owner – Senga McKerr

9. Other Implications

Communications – No

Health and Safety – No

Paper Author – Senga McKerr

SMT Owner – Alison Stewart

Forth Valley College
Programme of Finance Committee Business

	Sep-21	Nov-21	Mar-22	Jun-22	Sep-21
1 Apologies for absence	✓	✓	✓	✓	✓
2 Declarations of interests	✓	✓	✓	✓	✓
FOR APPROVAL					
3 Minutes of previous meeting	✓	✓	✓	✓	✓
4 Maters Arising	✓	✓	✓	✓	✓
Student Association Accounts & Budget	✓				✓
Annual Report & Financial Statements		✓			
Procurement Annual Report		✓			
Fundraising Progress Report		✓			
Estates Maintenance Strategy		✓			
Donation to Forth Valley College Foundation			✓		
Procurement Strategy & Policy				✓	
Tuition Fees & Fee Waiver Policy				✓	
Budget 2022/23				✓	
3 year Financial Forecast Return				✓	
Accounting Policies				✓	
FOR DISCUSSION					
Forecast Outturn 2020/21	✓				✓
Student Funding Outturn 2020/21 & Forecast 2021/22		✓			
Indicative Funding Allocation 2021/22			✓		
Forecast Outturn 2020/21 @ January 2021			✓		
Forecast Outturn 2020/21 @ April 2021				✓	
Review of Risk	✓	✓	✓	✓	✓
Any other competent business	✓	✓	✓	✓	✓
FOR INFORMATION					
Programme of Committee Business	✓	✓	✓	✓	✓
Budget Monitoring - 2021/22 Qtr 1 (Oct 2021)		✓			
Budget Monitoring - 2021/22 Qtr 2 (Jan 2022)			✓		
Budget Monitoring - 2021/22 Qtr 3 (May 2022)				✓	

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Meeting	Academic Year 2021/22					
Board of Management	Thursday 26 August 2021 Falkirk	Thursday pm / Friday am 4 and 5 November 2021 Venue TBC (Strategic Discussion inc overnight stay)	Thursday 2 Dec 2021 Stirling (Morning Meeting and Xmas lunch)	Thursday 24 Feb 2022 Alloa	Thursday 28 Apr 2022 Falkirk	Thursday 23 June 2022 Stirling
Remuneration						
Audit		Thursday 9 Sept 2021 Falkirk	Tuesday 16 Nov 2021 5pm			Thursday 19 May 2022
Finance		Tuesday 21 Sept 2021	Tuesday 16 Nov 2021 4pm		Tuesday 22 Mar 2022	Tuesday 14 June 2022
HR			Thursday 4 Nov 2021		Thursday 21 April 2022	
Learning & Student Experience		Thursday 28 Oct 2021			Thursday 10 Feb 2022	Thursday 2 June 2022
Nominations	As required					