

Steeple Suite, Falkirk 4.30pm

**AGENDA**

		Type	Lead
1	Education Scotland	Discussion	Ian Beach/ John Laird
2	Apologies and Declarations of interest	Discussion	Ross Martin
3	Minutes and Matters Arising of Meeting of 28 April 2022 and 3 May 2022	Approval	Ross Martin
Elements of paper 3 are withheld from publication on the Forth Valley College website under Section 36 Confidentiality and Section 38 Personal Information of the Freedom of Information (Scotland) Act 2002			
4	Minutes of Committee Meetings		
	Draft Audit Committee – 19 May 2022	Noting	Lorna Dougall
	Draft Learning & Student Experience Committee – 9 June 2022	Noting	Lorna Dougall
	Draft Finance Committee – 14 June 2022	Noting	TBD
5	Principal's Report	Discussion	Ken Thomson
Elements of paper 5 are withheld from publication on the Forth Valley College website under Section 36 Confidentiality of the Freedom of Information (Scotland) Act 2002.			
6	Chairs Update (Verbal)	Discussion	Ross Martin
7	Student Association Report and Annual Report	Discussion	Amber Little
<b>STRATEGIC PLAN IMPLEMENTATION</b>			
8	Budget 2022-23	Approval	Alison Stewart
Elements of paper 8 are withheld from publication on the Forth Valley College website under Section 33 Commercial Interests and the Economy of the Freedom of Information (Scotland) Act 2002.			
9	Consultation Update – Verbal	Discussion	Kenny MacInnes
<b>GOVERNANCE</b>			
10	Board Calendar 2022-23	Approval	Alison Stewart
<b>OPERATIONAL OVERSIGHT</b>			
11	Review of Risk	Discussion	All
12	Any Other Competent Business	Discussion	All
	- Board Member Self-Evaluation	Discussion	Alison Stewart

**FOR INFORMATION**

- 13 Tuition Fee & Fee Waiver Policy – Approved by Finance Committee

Paper 13 is withheld from publication on the Forth Valley College website under Section 25 Information Otherwise Accessible of the Freedom of Information (Scotland) Act 2002 –  
<https://www.forthvalley.ac.uk/media/8423/tuition-fee-waiver-policy-2022-23.docx>

- 14 Procurement Strategy and Policy – Approved by Finance Committee

Paper 14 is withheld from publication on the Forth Valley College website under Section 25 Information Otherwise Accessible of the Freedom of Information (Scotland) Act 2002 –  
<https://www.forthvalley.ac.uk/about-us/procurement/>

- 15 SFC Financial Sustainability Report

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# College Progress Visit Report

**Forth Valley College**

26 May 2022

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<b>College Principal</b>	<b>Dr Ken Thomson</b>
<b>Progress Visit (PV) Date</b>	<b>8 February 2022</b>
<b>College Nominee</b>	<b>Helen Young</b>
<b>Lead Inspector</b>	<b>Ian Beach HMI</b>
<b>College HMI</b>	<b>John Laird HMI</b>
<b>Outcome of Progress Visit</b>	<b>Satisfactory progress</b>

## Purpose of the progress visit

Progress Visits (PV) are planned collaboratively between the college, Education Scotland and the Scottish Funding Council (SFC). The team carrying out a PV engages with staff, learners and other stakeholders and produce a summary report for each college, which will be shared with the principal, college Regional Board and/or college Board of Management.

## Overall judgement regarding progress

At the end of the PV, HM Inspectors of Education, Associate Assessors and Student Team Members review the evidence gathered during their discussions with college managers, staff, learners and stakeholders. They assess the progress that colleges have made against their Action Plans, taking account of any changes to local circumstances. Based on this evidence, the team will form a view as to whether the college has made satisfactory progress against its Action Plans or has not made satisfactory progress. This outcome is contained within this report with accompanying commentary to support the findings.

The PV for Forth Valley College explored five overarching themes linked to the college's enhancement plan and priorities around COVID-19 recovery. The themes are:

- Curriculum, learning, teaching and assessment;
- Services to support learning;
- Learner engagement;
- Evaluation to facilitate improvement; and
- Learner progress and outcomes.

## Background and context

### The college and its context

Forth Valley College is a large, multi-site college serving its local communities from campuses in Falkirk, Stirling, Alloa and the Raploch Community Campus. The college works collaboratively with Falkirk, Clackmannanshire and Stirling local authorities, and the nationally significant oil, gas and chemical sectors in Grangemouth.

As part of its outcome agreement with SFC, the college provides around 90,000 credits of activity each year through a range of further education (FE) and higher education (HE) programmes at levels 1-10 on the Scottish Credit and Qualifications Framework (SCQF).

Forth Valley College offers a range of school-college partnership programmes for young people to all three local authorities. At the time of the PV, the college had 53 Foundation Apprenticeship (FA) learners across eleven frameworks at SCQF levels 4, 5 and 6. The college also offers four partnership degree programmes with the University of Stirling and two associate student programmes with Heriot Watt and Strathclyde universities.

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## Findings from the progress visit

### Curriculum, learning and teaching and assessment

#### Areas of positive progress

- The college curriculum is portrayed well by the college *Mind Map*, which is a graphical representation of the curriculum offer at Forth Valley College. College managers review the Mind Map regularly, helping to ensure that curriculum planning meets the needs of learners, community partners and industry.
- College managers have worked effectively over the past two years to alleviate the impact of COVID-19 restrictions on the curriculum, particularly in subject areas with a high proportion of practical units. Most learners are able to complete their studies in these practical subjects through creative scheduling and good use of resources.
- The college acted quickly during the pandemic to supply learners with the devices and connectivity they required to engage in remote learning. College managers have accelerated the application and funding processes, in partnership with Connecting Scotland, to ensure that learners are able to access essential learning platforms such as Microsoft Teams and the college virtual learning environment.
- Prior to the pandemic, the college had established a Digital Skills Academy (DSA), which worked well to support staff with their digital skills. The DSA offers training opportunities for digital technology through workshops, individual support and mentoring. The DSA is continuing to help staff improve their digital capability as the college moves towards hybrid working and flexible, bespoke programme delivery.
- Teaching staff have created valuable opportunities for learners to interact socially online through the Microsoft Teams chat function, chat rooms, drop-in sessions, Kahoot and quizzes. This is supporting learners well to interact with their peers online and helps to reduce the impact of social isolation during periods of remote learning.
- The college provided helpful, timely and clear guidance to staff on assessment approaches during the pandemic, when awarding body guidance was delayed or challenging to interpret. *College Improvement and Quality Assurance Panels* and adapted quality assurance arrangements continue to ensure robust application of assessment guidance and effective moderation of assessment judgements.
- Teaching teams use e-portfolios well to support the assessment process. Digital tools such as *Insights* help staff to monitor individual learner engagement effectively and identify learners who need additional support. Teaching staff work well to integrate assessments where appropriate, creating a lighter burden on learners and encouraging a more holistic approach to the learning process.
- The college has strong pastoral guidance arrangements in place where staff provide effective support for learners with identified personal needs, wellbeing concerns and safeguarding issues. Learning Development Workers (LDW) make a strong contribution in

supporting new learners, monitoring their progress and ensuring they have the skills required for independent learning.

- Almost all learners highlight how supportive and accessible teaching staff are. Learners are confident in approaching staff when they encounter challenges with their learning or college experience.
- The college has prioritised practical-based programmes and apprenticeships for on-campus delivery to help learners re-engage in their studies. Teaching staff made good use of project-based learning to engage FE learners who were unable to participate in practical activities during the pandemic. Curriculum managers have created timetables to alternate campus and online delivery each week for those learners who find difficulty engaging with online learning over an extended period.

### Areas for further progress and actions required

- None

### Services to support learning

#### Areas of positive progress

- The college provides a comprehensive and effective range of support services that are promoted well to all learners. Support service teams work collaboratively with curriculum teams to enhance the learning experience and to support learners with their studies. Guidance Advisors, LDW, teaching staff and curriculum managers all contribute effectively to monitoring and delivering the support needs of learners.
- At the start of the pandemic, support service teams switched quickly to online communication methods that supported learners effectively through their remaining time at college. Support services staff ensured that the application, admissions and induction processes were available online, or by telephone, when college premises were closed. This approach provided valuable opportunities for learners to highlight any additional equipment or support they required.
- The college continues to keep Learning Resource Centres open for learners to study and to access support services during periods when entry to the campus is restricted. This is particularly helpful for those learners where home circumstances are not conducive to study. The library service has increased the number of eBooks and periodical subscriptions to improve access for learners to these materials online, rather than attending campus.
- LDW work well with curriculum teams to identify those learners who require additional support at any stage in their studies. They refer these learners promptly to support services and often provide one to one support themselves when appropriate. Although this approach works well for FE learners, HE learners would prefer a timetable of activities to choose from, with topics such as confidence building and mental health awareness.
- The college has introduced new criteria for bursary payments, which now monitor the levels of learner engagement rather than physical attendance. This approach recognises that some

learners prefer the flexibility offered by hybrid learning and is improving active learner engagement in lessons and assessments.

- College managers have revised the recruitment arrangements in light of the move to remote working. This process now incorporates greater use of teacher predictions, virtual interviews, group interviews and online information to support learners with their choice of the most appropriate programme.
- The college expanded its counselling support services during the pandemic with a substantial increase in face-to-face and online support for learners. Mental Health Mentors provide learners with practical strategies to support them through crisis periods and help them to continue with their studies. Learners now have the opportunity to self-refer for mental health appointments through a Quick Response (QR) code accessible by their mobile device. An external provider, *Talking Rooms*, is providing additional capacity for learners referred for counselling and mental health support.
- The Time 4 Me initiative provides mentoring support for the most vulnerable learners, match funded through the Robertson Trust. This mentoring supports learners to improve their soft skills and build their confidence, which helps them to stay engaged in their studies
- The college uses the PI Prediction and Triple S systems effectively to provide student services and curriculum teams with live information on learner attendance, engagement and progress. This detailed information supports staff to develop appropriate interventions for vulnerable learners. The Cause for Concern forms provide an additional method for identifying and monitoring learners who are in need of supportive intervention.

#### **Areas for further progress and actions required**

- None

#### **Learner engagement**

##### **Areas of positive progress**

- The college offers a wide range of opportunities for learners to engage in college decision-making processes and to provide feedback on their learning experience. These include the Forth Valley Students' Association (FVSA), class representative system and surveys such as Listening to Learners. Teaching staff and curriculum managers are proactive in seeking feedback from learners and respond effectively to any issues or suggestions raised.
- The FVSA meet regularly with senior managers, including the principal. This provides a valuable conduit for two-way communication around a range of topics including the learner experience, teaching approaches and the delivery of support services. Teaching staff and curriculum managers respond well to learner feedback.
- The college uses learner feedback well to understand the needs of learners. For example, managers have identified that HE learners are more comfortable with independent study than FE learners and are able to direct college resources accordingly. The college also makes good use of learner feedback to decide on priority groups for their return to campus

and to identify appropriate social and support services for those learners who are most in need.

- Overall, the FVSA support the student body well. They organise and promote social events and campaigns, which help to create a sense of community for many learners. For example in the current academic year, they have campaigns focused on mental health and digital poverty.
- The Board of Management are supportive of the FVSA and have recently increased the number of student members represented on college committees. It has also supported FVSA projects on discrimination and sustainability, including the work undertaken for accreditation as a Hedgehog Friendly Campus.
- The FVSA engage well in the college quality assurance processes. They arrange focus group feedback and analysis for the Listening to Learners survey and support the recruitment and training of class representatives. Class representatives from HE groups who had participated in the online training, are positive and enthusiastic about the way this has prepared them for their roles and supplemented their management skills.

#### **Areas for further progress and actions required**

- Many learners are not aware of the college response to their feedback and are unclear about the role of FVSA.
- During the pandemic, the level of commitment from class representatives has declined and overall, they feel less comfortable representing the views of other learners gathered through remote engagement.

#### **Evaluation to facilitate improvement**

##### **Areas of positive progress**

- The college has systematic arrangements in place to facilitate improvement and these align well with a comprehensive curriculum strategy. Centres of Excellence have been established which focus HE provision for certain subject areas at particular campuses, helping to deliver the best curriculum offer for each local area.
- College managers have developed a helpful continuous improvement cycle to review the portfolio of college programmes. This process includes the important themes of digitisation of the curriculum and assessments, analytical systems, support services and digital upskilling.
- Curriculum and support teams use learner feedback and course evaluations well to improve programme delivery and the learner experience. Examples of improvement include simplified processes for online applications and interviews, the increased use of e-portfolios, project-based and integrated assessments and the wider use of video input from guest speakers.
- The college has developed a detailed dashboard of performance information to help managers and staff to monitor curriculum delivery. The data available from this system

supports managers well to monitor the life cycle and performance of each college programme and for monitoring the progress of individual learners.

- College managers use the PI Prediction system effectively to focus on learners at greatest risk of leaving their studies. This performance monitoring helps staff to identify learners who require additional support and assess the effectiveness of any interventions put in place. The college can now provide quicker and more targeted interventions to support learners at risk of leaving their studies early. The graphical representation of performance is helping to stimulate wider and richer conversations for improvement, provides good opportunities for staff collaboration and is building staff confidence in decision-making.
- Senior managers hold quarterly Continuous Curriculum Improvement meetings that provide an opportunity for curriculum leaders to present and critically review the performance of the programmes in their curriculum area using a risk-rating approach. Senior managers have underpinned the analysis of programme performance with a set of college-wide parameters to evaluate improvements across programme areas, to good effect.
- The college has recently introduced a revised approach to curriculum self-evaluation. The new approach includes the analysis of data from the Triple S system, learner feedback, attendance levels, Scottish Index of Multiple Deprivation SIMD categories and four-year trends for enrolment, retention and attainment. Managers use this approach effectively to identify improve actions for programmes that are not meeting college performance criteria.
- Staff use a range of methods effectively to evaluate and improve the quality of learning and teaching. These include observation of teaching and learning, recording of lessons with feedback, mentors for new teaching staff and peer observations.
- The college uses employability partnership meetings, labour market intelligence, Skills Development Scotland data and regional skills assessments effectively to analyse and reflect on what is working well and not so well, guiding decision-making and action planning for improvement.
- The quality team collate and analyse feedback from learner surveys and meet with curriculum managers each month to share the analysis of this feedback and suggest improvement actions. The college is investing in a student portal to promote and support increased levels of participation by learners in college surveys.

### Areas for further progress and actions required

- Teaching and support staff do not always record and share informal feedback from learners. Along with the low response rates for learner surveys, this reduces the ability of managers to recognise fully those cross-college issues that may require improvement.

## Learner progress and outcomes

### Areas of positive progress

- Based on recent performance data supplied by the college for 2020/21, most college programmes are on target to maintain learner withdrawal and attainment rates in line with those in the pre-pandemic period.
- Strong and well-established working relationships with schools help to prioritise the return of school pupils to campus. This is supporting many young people to complete their programmes successfully.
- According to the latest published data, attainment rates for learners on full-time FE programmes are consistently above national performance levels by around four percentage points.
- According to the latest published data, attainment rates for learners on part-time FE programmes are consistently high and sit at around ten percentage points above national performance levels.
- According to the latest published data, attainment rates for learners on part-time HE programmes are consistently high and in 2019/20 were fourteen percentage points above national performance levels.

#### **Areas for further progress and actions required**

- According to the latest published data, attainment rates for learners on full-time HE programmes have fallen below national performance levels by two percentage points.

#### **What happens next?**

The progress visit report will be shared with SFC, the college Board (and in multi-college regions, the Regional Strategic Body).

**Ian Beach**  
**HM Inspector**

**Falkirk Campus, 4.30pm**

- Present: Ross Martin (Chair)  
Professor Ken Thomson  
Naila Akram  
Andrew Caldwell  
Trudi Craggs (Vice Chair)  
Lorna Dougall  
Claire Green, Forth Valley Student Association Vice President (FVSAVP)  
Lindsey Hastie  
Jennifer Hogarth  
Amber Little, Forth Valley Student Association President (FVSAP)  
Emma Meredith  
Liam McCabe  
Alistair McKean  
Ken Richardson
- Apologies: Hazel Burt  
Paul Devoy  
Katherine Graham
- In Attendance: Alison Stewart, Vice Principal Finance & Corporate Affairs (VPFACA)  
David Allison, Vice Principal, Infrastructure and Communications (VPIC)  
Kenny MacInnes, Vice Principal Learning and Student Experience (VPLSE)  
Sarah Higgins, Director of Curriculum (DOC) for B/21/046 only  
Stephen Jarvie, Corporate Governance and Planning Officer and Deputy Board Secretary (CGPO)
- B/21/040 Apologies and Declarations of interest**  
As noted above
- B/21/041 Minutes and Matters Arising of Meeting of 25 February 2022**  
Members approved the minute of the meeting of 25 February 2022.
- B/21/042 Minutes of Committee Meetings**  
**Draft Finance Committee – 22 March 2022**  
The Chair reported on the business of the meeting, noting that the SFC Indicative Allocations had not been released prior to the meeting.  
a) Members noted the content of the report

**HR Committee – 21 April 2022**

The Chair reported on discussions around hybrid working, noting that the College is intending to survey staff on how this is progressing and will report back to the Committee at a later date.

She also reported that the Committee considered a range of health and wellbeing initiatives including mental health support and resilience and a new menopause policy.

She noted that the Committee had considered the internal audit report on health and safety which had raised a number of recommendations which the College had either addressed or were in the process of doing so.

a) Members noted the content of the report

**B/21/043 Principal's Report**

(Elements of this section are withheld from publication under Section 33 Commercial Interests and the Economy of the Freedom of Information (Scotland) Act 2002.)

The Principal presented his report on activities since the last meeting of the Board of Management.

He highlighted the scenario planning work conducted by the College in preparation for the SFC indicative allocations announcement and noted the work of the three Vice Principals to support this.

He updated members on the national strike action planned by EIS-FELA

He confirmed to members that the applications previously approved by the Board for submission to the ALF on Time4Me and Digital Skills had been considered and funding approved by the ALF.

a) Members noted the content of the report

**B/21/044 Chair's Report (Verbal)**

The Chair updated members on his activity since the last meeting.

He provided members with an overview of the work of the Employers Association in engaging with Unions to reach conclusion on the pay deal. He noted the level of support in the ballot for strike action by EIS-FELA and outlined the current offer being made by the management side.

He highlighted work he was doing with the economic recovery group and engagement with every College Region on this.

He informed members that the College had hosted the first ever Forth Valley Regional Economy event links to which can be found here;

Part 1 - <https://vimeo.com/688006264>

Part 2 - <https://vimeo.com/688053005>

He noted his thanks for the work of the Director of Operations and the Marketing team in making this such as successful event.

He updated members on the ongoing work regarding the review of Colleges Scotland and the Employers Association which has now been separated operationally from Colleges Scotland and rebranded as College Employers Scotland.

He also noted that work was underway to look at how the Employers Association activity would be funded separately from the CS membership fees.

Members noted that, given the financial constraints in the sector, the offer being made to EIS-FELA seemed fair and queried whether the sector was being proactive in terms of publicising this?

The Chair confirmed that there was local, national and social media coverage of the employers offer.

a) Members noted the content of the update

**B/21/045 Student Association Report**

The FVSAP provided members with an update on the activities of the Association.

They outlined changes to staffing within the association and a range of competitions that had been conducted.

They informed members that the student awards ceremony was scheduled to take place on 26 May 2022.

They highlighted the work being undertaken by the Association to move their food bank activity from an initial pilot to running for the remainder of the academic year.

They also noted that there would be a mental health fortnight held instead of a traditional refresher's fayre.

a) Members noted the content of the report

**B/21/046 University College Health Partnership and Opportunity for a Closer Collaboration**

Sarah Higgins, Director of Curriculum (DOC) presented members with a report on the work on the University College Health Partnership (UCHP) which is the first project of its kind in the UK.

She provided some background on the UHCP and noted that the College was the lead in the establishment of a number of skills pathways. She noted a number of projects under development and highlighted that these were underpinned through the use of health inequality and geographical data.

She informed members that the proposed aims and governance arrangements for the UCHP were appended to the report and that these had been approved by the Senior Management Team. She confirmed these would be considered by the Forth Valley NHS Board at their next meeting on where after they would be public and that the College wanted the Board to have sight of these before that happened.

Members were supportive and noted that this was a ground-breaking project and an example of the College continuing to lead in the regional economy.

Members highlighted that the risks associated with this project needed to be developed further along with the financial information.

The Principal confirmed that, if the Board were content with the direction of travel, a business plan would be created and brought to the December 2022 meeting for member's consideration.

Members queried timescales for the project as well as composition of the proposed oversight Board.

The DOC reported that it was intended for this to be finalised by the Forth Valley NHS Board meeting and that there were communications being prepared in relation to this as well.

Members agreed that further clarity on the composition of the oversight Board would be useful as well as further information on the relationship between the oversight Board and the Boards/Court of the partner organisations.

It was also suggested that it may be beneficial to have a joint meeting with all the relevant Boards/Court. The Principal confirmed that this would be suggested once the Oversight Board was in place.

Members queried whether there would be an intention for a member of the oversight Board to sit on the College Board, noting that this would not be possible. The Principal noted that it was his understanding that there may be an opportunity for a Board member to participate in the Oversight Board. The DOC was asked to clarify the position for the next meeting.

Members also highlighted that this model can be beneficial to ongoing regional economy development.

Members queried whether there would be additional governance information or a Memorandum of Understanding in place they could see. The Principal confirmed this would be circulated to members by email when it was ready.

[REDACTED]

[REDACTED]

[REDACTED]

a) Members approved the College to progress with both UHCP and further [REDACTED]

#### STRATEGIC PLAN IMPLEMENTATION

##### B/21/047 SFC Indicative allocation

The VPFACA presented the SFC indicative allocations which had been published at the end of March 2022.

She highlighted that, while some areas such as Foundation Apprenticeships were not as bad as originally anticipated with additional funding for one year of activity allocated, overall the allocations for the sector were not good.

She confirmed to members that the position for the College, taking into account this information was a decrease of just over £1m and that there was still no information on funding levels for the Young Persons Guarantee.

She also highlighted that the capital maintenance allocation for the College had only increased by £47k

The Chair noted that this was an item he raised regularly with SFC as there is a need to ensure the new campuses are reasonably maintained.

Members agreed, noting that once an organisation gets into a position of backlog maintenance, it can take a significant amount of time to address this.

Members queried whether SFC were utilising the funding model in a manner that eliminated long running funding inequalities for the College compared to other Colleges in the sector?

The VPFACA confirmed that SFC were not using the model in this manner and noted that SFC had been looking at a fairer funding model for at least the last 8 years but that this has not been finalised.

She confirmed that both she and the Principal continue to raise this issue of underfunding with SFC but that this has not had any success.

Members queried why there was a reduction in student funding levels.

The VPFACA reported that this was a combination of a reduction in credits assigned to the College for delivery, that a range of additional Covid related funding had been removed and that under 22 year olds can now access free bus travel which reduces the need for Colleges to fund some travel costs.

The Principal also highlighted to members that there was a spending review planned for May/June which could give rise to further financial challenges for the sector and the College moving forward.

a) Members noted the content of the report

B/21/048

**Restructure Consultation April 2022**

[REDACTED]

The VFPACA presented a cover paper outlining the need for the consultation and highlighted a number of areas. She also noted that the full consultation document was appended for members to see.

She updated members on interest levels in the previous approved Voluntary Severance (VS) scheme. She noted that there had been 56 applications for VS and that the College was anticipating accepting 21 of these applications. She confirmed that the College had funding in this year's budget to support granting VS to these applications.

She informed members that the consultation was seeking to reduce the College headcount by nearly 43 FTE and that, after factoring in VS, proposed realignment of services and removing certain vacancies, it was anticipated that there was still a required reduction, equivalent to 3.5 FTE. This resulted in 17 members of staff being at risk.

She provided members with an overview on how the College arrived at the proposed structure in the consultation document and the underpinning assumptions, including

the reduction in credits which corresponded to a reduction in the number of teaching hours to be delivered.

She highlighted that the College intended to exit from the Raploch Community campus both as a reflection on the duplication of courses in other campuses but also in terms of the student experience and the difference between attending Raploch and one of our own campuses.

She also highlighted for member's attention that one of the areas affected by the consultation, Hairdressing and Beauty, had also been impacted by the recent Instructor Assessor posts and that there would likely be a reaction from EIS-FELA.

Members noted that the paper raised a range of challenging issues for the College and noted the significant piece of work done by management to reduce the required saving from 43 FTE down to 3.5 FTE.

Members queried whether there were any additional financial costs relating to the exit from Raploch.

The VPFA confirmed that, provided six months' notice of exit was provided, there were no additional costs. She confirmed that the intention to exit had not been communicated to Stirling Council yet as it was appropriate to let the Board consider this first. She confirmed that, if the consultation was approved, the Council would be made aware at the same time as the document was released to the College Unions.

The FVSAP raised an objection to the consultation and listed a number of concerns regarding the impact of the consultation on the staffing and activity of FVSA along with the Board paper being the first time they had been made aware of certain aspects, including a member of staff applying for VS.

The Chair and members assured the FVSAP that the College's commitment to the Association and its growth was not changing and that discussions around the creation of a stable funding base are underway.

The Principal provided some additional context behind the overall approach to the consultation, including the impact on teaching of a reduction in credits and the use of strong learner analytics to underpin the decisions. He noted, in relation to the VS application that related to FVSA, that the process of VS is confidential and that the document was being provided to them as Board members and not as an FVSA office holder.

He noted that he would be happy to have further discussions on this matter with FVSAP and the VPLSE.

The Chair also noted that the College is legally obliged to open a VS scheme to all staff and consider each application on its merits.

The Principal also highlighted that Board members, under their legal obligations as charity trustees, are not permitted to let the College run at a deficit and that the consultation was the only way to balance the budget given the challenges facing the College and sector.

The VPFACA also confirmed that, as the FVSA is autonomous, there are no changes to the structure of FVSA or its funding from the College. The changes proposed relate to College staffing and the duties the existing post holder has to support FVSA will still be delivered but in another manner.

She noted that there would be an opportunity to explore this further as part of the consultation exercise and highlighted that the materials provided were confidential until such time they were shared with the College Unions the following week. Members acknowledged that they have a duty to maintain a balanced budget position for the College but highlighted the document was very details and had only been released the previous day.

Following discussion, it was agreed to hold an additional meeting the following week so that members could consider the content of the consultation more fully.

The Principal confirmed that, while the intention was to conclude the consultation before the staff broke off for summer, there was leeway in the timescale to delay the launch for an additional week and that an additional Board meeting could be arranged.

Following further discussion it was agreed to hold an additional meeting by zoom on Tuesday 3 May 2022 at 6pm

a) A decision on this item was deferred to the meeting on 3 May 2022

## Governance

### B/21/049 Appointments of Vice Chairs and Senior Independent Member

The Chair presented a paper seeking approval for the Vice Chairs role and the Senior Independent Member role.

He noted he had received votes from Trudi Craggs for Vice Chair and Lorna Dougall for Senior Independent member and they would therefore be reappointed on that basis. He requested that any interest in the remaining Vice Chair role be passed to the VPFACA and this matter would be revisited at the next Board meeting.

a) Members approved the appointment of Trudi Craggs and Lorna Dougall

**OPERATIONAL OVERSIGHT**

**B/21/050      Review of Risk**

Risks were identified in their covering papers.

**B/21/051      AOCB**

Naila Akram informed members that the Scottish Association for Minority Ethnic Educators had contacted her to see if the College would be interested in sponsoring their awards. The Principal requested that the relevant information be sent to him and he would review it.

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**Zoom 6pm**

Present: Ross Martin (Chair)  
Professor Ken Thomson  
Naila Akram  
Trudi Craggs (Vice Chair)  
Paul Devoy  
Lorna Dougall  
Katherine Graham  
Claire Green, Forth Valley Student Association Vice President (FVSVP)  
Jennifer Hogarth  
Amber Little, Forth Valley Student Association President (FVSAP)  
Alistair McKean  
Ken Richardson

Apologies: Hazel Burt  
Andrew Caldwell  
Lindsey Hastie  
Liam McCabe  
Emma Meredith

In Attendance: Alison Stewart, Vice Principal Finance & Corporate Affairs  
David Allison, Vice Principal, Infrastructure and Communications (VPIC)  
Kenny MacInnes, Vice Principal Learning and Student Experience (VPLSE)  
Stephen Jarvie, Corporate Governance and Planning Officer and Deputy Board Secretary (CGPO)

**B/21/052 Apologies and Declarations of interest**

As noted above

**B/21/053 Restructure Consultation April 2022**

The VPFACA presented the consultation paper as issued with the previous week's papers. She informed members that the College was seeking approval to issue the consultation which was seeking an overall FTE reduction of approximately 43 as part of a wider programme of reform and review of current provision.

She confirmed that, as part of the consultation, the College is also seeking to exit the Raploch Community campus as part of that wider operational review and that this particular improvement in effectiveness would also contribute to greater financial efficiency.

She provided background information to members on why the College was in a position where it was seeking to run the consultation, highlighting reductions in core funding and credits, as we look to implement our recently approved Strategic Plan.

She outlined the process where the curriculum was reviewed based on robust data and input from the Directors of Curriculum and how other areas of service change which had the potential to realise operational savings were also reviewed.

Members were reminded that the College implemented a Voluntary Severance (VS) scheme following Board approval in order to help mitigate the impact of realising the savings needed. She reported that between VS and other identified savings, the FTE numbers at risk had been significantly reduced.

She discussed the levels of FTE reduction outlined in the paper and also the ring fencing of posts for a significant majority of the roles at risk in the consultation. She also noted that the VS scheme will be reopened again to give staff another opportunity in the wider climate of changing work patterns and workforce considerations.

She also noted that the document as presented was very detailed as it had been written with the staff in mind and to provide them with as full a picture as is possible as we work together through this process.

Members requested further information on the pension payback period noted in the section of the report on VA.

The VPFACA informed members that there were potential pension implications for the College depending on which pension scheme the staff applying for VS are in. The Local Government Pension Scheme (LGPS) requires the College to make a “strain” payment if the person leaving on VS is over 55 (and in some cases 50) as they will be able to access their pension without actuarial reduction. The cost of this can be prohibitive so this needs to be taken into account in the decision making process.

Members noted the comprehensive process being followed by the College and welcomed the confirmation that the College was cognizant of SPFM and other requirements in the decision making process.

The Chair noted that two of the members who were not able to be in attendance had submitted notes expressing similar sentiments about the processes being followed by the College.

Members noted that there was the potential for a range of negative publicity and the College should be able to demonstrate that a range of options have been considered, as part of the delivery of our recently approved Strategic Plan.

The Principal confirmed that this has been occurring through his engagement with key stakeholders such as Scottish Government officials and Ministers. He also confirmed that he presented on this topic directly to the Board of SFC when they were on campus earlier in the year.

Members noted the Scottish Government's preference for no compulsory redundancies where possible. The VPFACA emphasised the work done to significantly reduce the numbers at risk and informed members that SFC have been kept apprised through the development of the consultation and had not raised concerns.

Members recognised that the College was working within the strategic direction of the College and was designing a structure to help meet this.

The VPLSE also confirmed that strategic targets were a factor in the full curriculum review which was conducted.

Members queried whether the secondment of the Director of Strategic Partnerships to the Fuel Change project could lead to missed opportunities for the College during that time.

The Principal noted that a range of key opportunities such as the city deal etc had been identified and that the Development and Fundraising Manager would assist in taking these forward.

Members noted a number of title changes within the document and queried whether this could raise similar objections to when the introduction of Instructor Assessors occurred.

The VPFACA assured members that, while there were some title changes, these did not reflect changes to the responsibilities of the roles or grades and were mainly to recognise posts where line management responsibilities already existed currently.

Members noted the responsibility of the Board to ensure a balanced budget and that, while there was a potential for reputational damage, the consultation is aimed to achieve this.

The FVSAP noted their previous objections and stated they wished to abstain from the vote on this matter.

The Chair recognised their comment and asked that it be minuted.

The VPFACA clarified that, while individual members could abstain or vote against a decision and the minute could reflect this, if the decision by the full Board is to approve a matter all members have joint responsibility for this.

a) Members approved the consultation document for issue to staff

**OPERATIONAL OVERSIGHT**

**B/21/054      Review of Risk**

Risks were identified in the discussion above.

**B/21/055      AOCB**

None

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**Zoom (commencing at 4pm)**

Present: Lorna Dougall (Chair)  
Alistair McKean  
Emma Meredith

In Attendance: Professor Ken Thomson, Principal  
Alison Stewart, Vice Principal Finance and Corporate Affairs (VPFACA)  
David Archibald, Henderson Loggie  
Stephen Reid, Ernst & Young

**A/21/031 Declarations of Interest**

David Archibald declared an interest re A/21/035

**A/21/032 Apologies for Absence**

Hazel Burt  
Paul Devoy

**A/21/033 Minutes of meeting of 16 November 2021**

The minutes of the meeting of 16 November 2021 were approved.

**A/21/034 Matters Arising - None**

Members queried whether the outstanding query regarding the Board Chair's remuneration had been finalised. The Chair confirmed that this was the case.

Members queried the increase in the perceived UK Cyber risk. The CGPO informed members that, as well as keeping up to date on latest guidance, the College was also supported in cyber resilience by JISC.

**A/21/035 Extension of Internal Auditor Appointment**

The VPFACA presented a paper seeking approval to extend the appointment of Henderson Loggie for an additional year.

She confirmed that this extension was permissible under the original contract for Internal Audit services and outlined ongoing work between the College and Henderson Loggie.

She also confirmed to members that the internal audit service would be retendered for next year

a) Members approved the extension of the internal auditors.

**A/21/036 External Audit Plan**

Stephen Reid, Ernst & Young, presented members with the draft external audit plan for this financial year. He noted that this would be their final year under the current appointment from Audit Scotland.

He discussed the content of the plan and the areas of risk identified. He also confirmed that the content of the plan had been shared with College senior management who were content with the content.

The VPFACA confirmed that this was the case.

Members noted the change in climate change reporting outlined and queried what guidance there was on this.

Stephen Reid confirmed that there was some guidance available from Audit Scotland, mainly focussing on SFC funded activity but that the overall sector was also being proactive and working to develop this further in order to demonstrate contribution to Scottish Government environmental commitments.

a) Members approved the External Audit Plan

**A/21/037 Presentation of Internal Audit Reports**

David Archibald, Henderson Loggie presented two reports to the Committee.

**Data Protection**

He outlined the scope of the report and reported that not only was there a framework in place for data protection within the college but there are mechanisms to ensure that it is applied consistently across the college.

He noted that there was a recommendation that an annual overview on data protection be brought to this committee.

Members confirmed they would welcome an annual report from the College on data protection.

a) Members noted the content of the report

**Procurement and Creditors/Purchasing**

David Archibald presented the report on procurement and creditors/purchasing.

He noted that the fieldwork showed that the policies were being followed and that delegated authority levels were clear. He also noted that the financial regulations

were undergoing a review. The VPFACA confirmed that these would go to Finance Committee for approval in due course.

Members noted the value of procurement and discussed whether procurement should be on the strategic risk register.

The VPFACA noted that the Finance Committee monitor procurement activity along with the annual procurement report and would identify any relevant risks during this process.

a) Members noted the content of the report

**A/21/038 Internal Audit Progress Report**

David Archibald outlined the content of the report and focussed on a number of changes since the last report to the Committee.

He noted that some activity had been delayed into the following academic year to free up audit days for a quality assurance review this year. He confirmed that the scope for this audit has already been agreed with the VPFACA and VPLSE.

He confirmed that the fieldwork for the Business Continuity audit had been completed and the report was currently being prepared and would come to the next meeting of the Committee.

Members discussed the addition of the quality assurance review and the VPFACA provided further background, noting that there had been a couple of incidents of malpractice/maladministration identified. She informed members that further information on this was intended to be presented to the upcoming meeting of the Learning & Student Experience Committee.

a) Members noted the content of the report

**A/21/039 Progress Report on Audit Recommendations**

The CGPO presented the regular update on progress. He noted that there were some recommendations where an extension to the timescale was being sought and briefly outlined the reasons for this.

a) Members noted the content of the report and the requested timescale extensions

**A/21/040 Risk Management**

The VPFACA presented the latest update to the College Strategic Risk Register for member's consideration. She highlighted that there was a new risk that related to the maladministration/malpractice item discussed earlier in the meeting.

Members queried whether the current consultation exercise might impact on the progress of the People Strategy.

The VPFA confirmed that there was a new people strategy under development and that this would be taken into consideration.

The Principal noted that a key part of the new strategy would be to invest in developing the leadership skills within the College and that funding had been allocated and a procurement exercise was currently underway on this.

The Principal presented the Springback Risk Register to members, noting that there were three risks the College was recommending be retired.

He also queried, given Springback was now operationalised, whether the Committee wished to see a specific risk register on this at their meetings.

Following discussions members agreed that, as the risks within the register would be covered by reporting at other Committees, it was sensible to retire this register.

a) Members noted the content of the report and the removal of the Springback Risk Register

**A/21/041 Risk Appetite Workshop Outputs**

David Archibald presented members with an overview of the outputs from the risk appetite session which had taken place at the February 2022 Board Strategic event.

He outlined a number of ways in which this appetite could be reflected in either the risk register or in covering papers that are brought to Committees.

Following discussion, it was agreed that the College would look to amend the cover paper template to include this information.

a) Members noted the content of the report

**A/21/042 Review of Risk**

Members noted that there were a range of external financial pressures impacting on the College and students/staff which may warrant a review of the financial risks on the register.

The VPFA confirmed that these and other factors would be present in the budget paper being taken to the upcoming Finance Committee meeting.

The Principal also informed members that College PI data was also showing an increased pressure from students to work more from employers/personal circumstances which could impact on their course attendance and/or results.

A/21/043      Any Other Competent Business

None.

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**Zoom (commencing at 4.30pm)**

Present: Lorna Dougall (Chair)  
Kat Graham  
Claire Green, Forth Valley Student Association Vice President (FVSAVP)  
Emma Meredith

Apologies: Naila Akram  
Anna Fenge

In Attendance: Professor Ken Thomson, Principal  
David Allison, Vice Principal Infrastructure and Communications (VPIC)  
Stephen Jarvie, Corporate Governance and Planning Officer (CGPO)  
Rob McDermott, Head of Learning and Quality (HLQ)

Lorna Dougall informed members that, until a new Chair was designated, she had been asked to chair the meeting.

**L/21/025 Declarations of Interest**

None.

**L/21/026 Minute of Meeting of 10 February 2022**

The minute was accepted as an accurate record of the meeting.

**L/21/027 Matters Arising**

**a) L/21/019 Student Journey – Project Update**

The Chair noted that this was included in the future agenda items paper being presented later in the agenda

**b) L/21/016 Outcome Agreement 2021-22**

The VPIC reported that members had queried a figure in the Outcome Agreement document. He confirmed that this figure was checked, found to be erroneous and the correct figure substituted into the document.

**L/21/028 Maladministration Report - Verbal**

The HLQ provided members with a verbal briefing on a general rise in malpractice/maladministration across the sector as well as the identification of a number of instances within the College.

He also highlighted that SQA consider both malpractice and maladministration to be malpractice.

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He stressed that the College was engaging proactively with SQA and that there were no indications that they had any significant concerns.

He also outlined aspects that the College thought may have contributed to these cases and corrective measures being taken.

Members welcomed the information and asked for some examples to contextualise the level of issue which were provided.

The Principal noted that the cases identified were not significant in nature but that these had been self-reported to SQA and were being brought to the Committee's attention as the College wishes to be transparent.

The HLQ gave further examples of work being done to ensure correct practices are used, including additional mandatory training for all staff who may have anything to do with student assessment.

The CPGO also noted that, as reported at the recent Audit Committee, College management had designated some days within the 2021/22 audit schedule to gain an outside review of our quality practices to ensure these are robust.

The Principal also discussed the possibility of an annual report for the Committee on this topic.

- a) Members welcomed the content of the verbal report and confirmed an annual report on malpractice would be welcomed

**L/21/029**

**Learning and Digital Skills Academy Ambition Dashboard and Hybrid Learning**

The HLQ presented the latest dashboard for the Learning and Digital Skills Academy (LDSA) and also presented on progress with hybrid learning within the College.

For the LDSA, he highlighted the range of works underway and that there were no significant concerns in relation to meeting the established targets.

For hybrid learning he reported on the development of a learner baseline to assist in ensuring all students can benefit from hybrid learning.

He highlighted the internal mentors in place who were assisting colleagues to upskill and take best advantage of the platforms available.

He confirmed that this would also be supported by the running of a quality day for staff at the start of the 2022/23 academic year.

Members queried if there were materials to assist students to engage with hybrid learning. The HLQ confirmed that, while the lecturer takes the lead on assisting

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individuals, his team was also working with the Student Association to develop additional resources.

a) Members noted the content of the report

**L/21/030 SFC College Leaver Destination Survey**

The HLQ presented a paper on the College leaver survey that SFC required to be completed annually.

He provided background on this, noting that the students were selected by SFC and highlighted the difficulties in gathering the required information which was resource and time intensive.

He referred to the table in the report covering response levels and the percentage positive destinations in recent years.

Members noted that this activity must give rise to a lot of suplicate effort across Colleges and queried whether there was an appetite to manage this centrally.

The VPIC confirmed that this had been raised numerous times with SFC as this was their data request and the sector thought they should lead on this but there does not appear to be an appetite at SFC to do so.

The Principal noted the data was a snapshot in time and that there was no follow up in subsequent time periods to ascertain ongoing destinations.

The VPIC also highlighted that students who exit during their course to move into employment aren't noted in the figures, despite it being a positive destination.

a) Members noted the content of the report

**L/21/031 College Teaching Departments Restructure**

The Chair noted that this topic had been covered in the main Board when reviewing and approving the consultation document but that the College wanted to bring this to the Committee to provide more information on the impact on the student experience.

The VPIC provided an overview of changes to the teaching departments within the College, noting the change from 4 to 3 and outlining the rational for making this change.

He discussed the synergies the new arrangements would bring, aligning teaching areas who share resources such as workshops into a single department and confirmed that requests for voluntary severance at Department Head and Curriculum Manager level meant these changes could be implemented without placing staff at risk.

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Members welcomed the information and noted that there did not appear to be any impact on students.

The Principal also informed members that the consultation was concluding the following day and it appeared that the aims of the consultation could be met without any posts being at risk thanks to the work of College staff and the College trade unions.

a) Members noted the content of the report

L/21/032

**PI Prediction Review Report**

The VPIC presented members with the latest PI prediction report following the second review period.

He outlined the trends currently being shown and discussed where he anticipated the year to end up.

He highlighted to members the increase in withdrawals and discussed some of the underlying trends including an increase in students withdrawing for employment as well as students identifying that they had struggled to cope.

He confirmed that the College would be looking further into these to see what could be done to address this.

Members noted the trend of student moving into employment and asked if there was an indication of whether this was sector wide.

The VPIC confirmed that, from conversations with colleagues, this did appear to be the case.

He also noted that the increase in hybrid learning and the ability to learn around their own schedule going forward would hopefully mitigate this somewhat.

a) Members noted the content of the report

L/21/033

**2020-21 Sector Performance Indicators**

The VPIC presented the report which is prepared by SFC and covers the previous academic year.

He noted, as SFC had in the report, the impact on Covid on certain courses and the increased levels of deferment on these courses during Covid and confirmed the sector as a whole was down for all metrics except part time HE courses.

He discussed how the College compared with the sector and noted that our figures on full time HE courses had been raised at the recent Education Scotland visit. He

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confirmed additional support was now planned for these courses with direct engagement by Learner Development Workers who, until now, had primarily focused on FE level courses. He confirmed that these workers did not assist directly with coursework but were an accessible link to support and other pastoral aspects for students.

Members noted that the year covered by the report was atypical and welcomed that additional resource had been identified to support HE level courses.

Members noted that this was the first time the sector had not met the overall credits target assigned to it and queried what kind of feedback or support colleges were receiving from SFC.

The Principal confirmed that, for ESF and certain apprenticeship funding, there would be clawbacks but also noted that there were additional credits included as part of the Covid consequentials and it would be interesting to see what future years show.

Members enquired of the new SFC funding model and queried whether there was an indicative timescale for this.

The Principal informed members that there was not a timescale at the moment but that, with a new SFC Director of Finance in post, and following comments from the Cabinet Secretary it was hoped that a new funding model would be in place in the next few years.

Members queried the level of clawback that the College may face. The VPIC reported that there was a meeting with the College's Outcome Agreement manager the following day but that the College estimated and had budgeted for a clawback of approximately £23k

a) Members noted the content of the report

**L/21/034 Student Activity Report**

The VPIC presented the regular update on student activity levels. He confirmed that the College was nearing reaching its credits target and overall enrolments for next year looked healthy.

He reported to members that evening class demand was looking positive and that the only area of possible concern was in relation to some full time courses, with overall enrolments and therefore Credits being below last year's levels.

a) Members noted the content of the update

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**L/21/035      Future Agenda Items**

The VPIC presented the paper on future agenda items.

Members queried if it would be useful to have a paper outlining student's experiences at College and their impressions of the support on offer.

The Principal commented that the student journey project would be looking at this as one of its areas and this may be useful to include in the dashboard that would be coming to the Committee.

a) Members noted the content of the report

**L/21/036      Review of Risk**

Members noted that the point on maladministration had already been included in the College Strategic Risk Register and that there were no additional risks identified.

**L/21/037      Any Other Competent Business**

None

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**Zoom (commencing at 4.30pm)**

Present: Liam McCabe  
Andrew Caldwell  
Lindsey Hastie

Apologies: Trudi Craggs  
Amber Little  
Ken Richardson

In Attendance: Professor Ken Thomson, Principal  
Alison Stewart, Vice Principal Finance and Corporate Affairs (VPFACA)  
David Allison, Vice Principal Infrastructure and Communications (VPIC)  
Kenny MacInnes, Vice Principal Learning and Student Experience (VPLSE)  
Senga McKerr, Director of Finance (DOF)  
Moira France, Finance Manager (FM)  
Ester Vasallo, Supply Chain Manager (SCM) until item F/21/032  
Stephen Jarvie, Corporate Governance and Planning Officer (CGPO)

**F/21/027 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/21/028 Minute of Meeting of 22 March 2022**

Members approved the minute of the meeting of 22 March 2022.

**F/21/029 Matters Arising**

None

**F/21/030 Tuition Fees & Fee Waiver Policy Session 2022-23**

The VPIC presented the annual review of the Tuition Fees and Fee Waiver Policy for session 2022-23.

He noted that this was the first time since 2016/17 that the College were proposing to change our prices.

Full time fees remain set nationally and if there are changes to these this will be reflected both in the Tuition Fees and Fee Waiver documentation. This information is expected by the end of June.

He outlined the proposed changes to the fee levels and noted that this is in line with the increase in the Consumer Price Index which is predicted to be close to 10% by

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October 2022 and also reflects inflationary pressures being experienced by the College.

He outlined the known fee levels across the sector and confirmed that the College remains in line with the sector in terms of fees.

Members noted the justification for the increases provided and commented that these seemed reasonable in the circumstances.

Members commented that any price increase could meet with negative publicity and that relevant communications should be prepared.

Members queried whether they thought the increases would impact on recruitment. The VPIC noted that the evening prospectus had recently been published with the newer price levels and there had not been a decrease in interest levels.

a) Members approved the Tuition Fees and Fee Waiver Policy Session 2022/23

**F/21/31**

**Accounting Policies for year ended 31 July 2022**

The FM presented the accounting policies for use in the preparation of the 2021/22 financial statements.

She confirmed that these had been reviewed and that there were no changes proposed to be made from the previous year's version.

a) Members approved the Accounting Policies for year ended 31 July 2022

**F/21/32**

**Procurement Strategy, Policy and Procedures**

The SCM presented members with a new Procurement Strategy for 2022-2026 and associated updated policies and procedures.

She noted the main drivers for change in the policy, including a refocus of the procurement objectives and a target to improve contract and supplier management processes and communications.

Members noted that the policy was clear and well laid out and welcomed the inclusion of environmental factors in procurement decision making.

Members queried how the impact of the policy would be measured.

The SCM confirmed that there is an annual report on procurement performance which is taken to the Finance Committee in November each year.

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The SCM discussed the policy and procedures, noting that there were minor changes to both and that the main ones related to new terms and conditions, guidance on writing procurement specifications and cyber risks.

She also highlighted that there had been an audit recommendation from a recent review by the College's Internal Auditors which had highlighted management of procurement activity below threshold limits and that measures relating to this were included in the document.

Members welcomed the changes and their clear alignment to the Procurement strategy and the overall College Strategic Plan.

Members queried whether the College would use established procurement frameworks for expenditure where possible.

The SCM confirmed that it was part of the procedure that a quote or tender process could only be used in circumstances where there was not an existing procurement framework.

The Principal noted that SFC were tightening up on adherence to procurement policy and procedures and we had received a request to conduct a review which would be done and communicated back to them.

Members queried what the approval process was for expenditure over £25k. It was confirmed that SMT approval was required for this expenditure.

a) Members approved the Procurement strategy, policy and procedures

F/21/33

**Budget 2022-23**

The DOF presented the 2022-23 revenue budget to members.

She discussed the assumptions used to compile the budget and noted that, while it did appear to be a deficit budget, this related to a number of one off costs and overall the actual position should be one of a small surplus on core activity as outlined in appendix 1 of the paper.

She highlighted that, even with the budget, there were still some risks remaining especially as the Scottish Government spending review highlighted flat cash for the next few years which amount to ongoing cuts.

She noted that pay increases could be an issue and outlined the assumptions used in the budget for these.

She discussed funding that had originally been designated to be donated to the ALF and that, after the budget process, it had been decided to ask permission from SFC to retain this and carry forward into next year.

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She outlined a request from SFC for Financial Forecast Returns and highlighted that the assumptions SFC have asked the College to use do not match the College's.

It was therefore proposed to complete an FFR using the College's own assumptions and she confirmed the full FFR would come to the September meeting of the Committee, once SFC had provided details of future funding levels.

The VPLSE informed members that discussions were ongoing with University of Stirling regarding the release of the HEI block grant funds.

Members agreed that, in relation to the FFR, the College should present as realistic a view as possible as this was both a reflection of good management and the professional opinions of those involved.

The VPFACA provided members with an update on the progress with the consultation which had concluded that week. She confirmed that the savings the consultation had been designed to secure had been realised.

The Principal informed members that the College and the impact of the consultation had been mentioned in the Scottish Parliament the previous week and that it was regrettable that the information presented was not fully correct. He confirmed he had a meeting this week with Jamie Hepburn MSP, the Minister for Higher/Further Education, Youth Employment and Training to discuss this further.

Members commended the College team for preparing the budget and for realising the savings needed. Members noted the challenges which lie ahead given SFC's flat cash allocation in the recent Scottish Government 3 year spending review.

a) Members noted the content of the budget and endorsed this for approval by the Board of Management

F/21/34

#### Q3 Forecast Outturn 2021-22

The FM presented the Q3 forecast to members, noting that this projected a carry forward into 2022-23 of £555k.

She noted a surplus compared to the Q2 forecast as presented previously to members and noted that this was primarily in relation to gap funding and the intention to carry forward surplus from the BP Senegal contract.

The VPFACA confirmed she would be discussion this further with SFC to gain their approval for the proposed approach.

Members queried the forecast of the VS payments. The DOF confirmed that forecast level and noted that the final amount was dependant on issues such as payment for

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holiday provision and payment in lieu of notice for those staff who are approved for VS. The DOF confirmed the forecast would be sufficient to cover the final cost.

a) Members noted the content of the report

**F/21/035      Review of Risk**

Members noted that, while 2022-23 appeared to be ok, there were concerns about subsequent years and that this, and other risks discussed, should be considered for inclusion in the College Strategic Risk Register.

**F/21/36      Any Other Competent Business**

None

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1. Purpose

To present to the Board of Management the thirty-sixth Principal's report on key and strategic activity undertaken since the Board meeting on the 28<sup>th</sup> April 2022.

2. Recommendation

The Board should note and comment on the activity undertaken by the Principal since the April 2022 Board meeting.

3. Key Highlights

3.1 It may have only been two months since the last Board meeting but much has happened. ■■■■■

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3.2 We concluded the 30 day consultation process on the 10<sup>th</sup> June 2022 and fed back to all staff through Efocus on the 15<sup>th</sup>. We noted staff had been given the opportunity to provide feedback, all of which had been taken into account and influenced final decisions. As a result there are now no members of staff at risk; we have downsized the establishment by 40 staff and as reported to the Board in April we have chosen to close the Raploch Campus with students transferring to other campuses from next session. Those choosing to take this option will have additional financial travel support until January 2023. We have also redesigned the Alloa Campus Refectory times and have provided alternative options for students on all the courses impacted by the consultation or cancelled due to low recruitment. The latter is an annual event as we assess the sustainability of all programmes. In addition we are now moving to three teaching departments with 23 curriculum areas, the new department titles will be:

- Care, Sport, Business and Communities
- Creative, Digital and Leisure Industries
- STEM and Construction.

In undertaking this exercise we have no compulsory redundancies and we have met the savings required to protect the security and financial integrity of the College. This has been a substantial piece of work for my SMT and LMT.

3.3 By being proactive in our communications to local authority CEO's, MSP's and MP's we have been able to address early confusion between the Raploch Campus and Stirling Campus. I also had a telephone conference call with Jamie Hepburn MSP and Minister for Further Education, Higher Education, Youth Employment and Training following a Parliamentary Question where

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the closure of Raploch Campus with the loss of 40 jobs was raised. I was able to confirm with the Minister these were not fully accurate figures, nor the actual financial figures, which he quoted had been provided to Forth Valley College as they were baseline without Covid Consequentials. We did indeed have to make £2.2m of savings which have been done through efficiency savings in estate, staff restructure and realignment of services and rationalisation of provision.

- 3.4 We are meeting with Jamie Hepburn MSP and Ivan McKee MSP and Minister for Business, Trade, Tourism and Enterprise on 22<sup>nd</sup> June. This visit follows a very successful meeting with Stephen Pathirana, Director for Advanced Learning and Science and on the back of the National Strategy for Economic Transformation (NSET) publication. I will feedback to the Board how the meeting went on the day.
- 3.5 Delighted to say the EIS FELA national strike action concluded on 14<sup>th</sup> June 2022 with a pay settlement of £1000, consolidated. We await the outcome of the Unison ballot but are confident they will also accept the same offer.
- 3.6 Kate Forbes MSP and Cabinet Secretary for Finance and Economy announced the Scottish Government Resource Spending Review on Tuesday 31 May 2022.

The key headlines in the Resource Spending Review in relation to the college sector are:

- The Scottish Funding Council will receive £1.5billion per year until 2026-27. This represents a flat-cash position for the Scottish Funding Council, before taking into account the current rate of inflation.
- The Scottish Funding Council has advised that the Scottish Government Ministers will still be involved in determining the allocation and utilisation of this resource. Today was an announcement of Level 2 allocations, the Scottish Government will take the allocations to Level 3 in this next step over the coming months before the next Autumn Budget.
- The Resource Spending Review confirms that levels of College Capital Expenditure remains unchanged up until 2027. However, the joint SFC-Colleges Infrastructure Strategy will be completed by the summer of 2022 giving Ministers sight of a revised and up-to-date figure reflecting capital needs across the sector.

The Strategic Plan 2022 – 2025 will allow Forth Valley College to take forward proactive and pragmatic actions as a key economic partner and as an anchor institution in the region to maximise opportunities for sustainable future.

- 3.7 I have been invited to be a member of the Independent Review Group on Qualifications and Assessment, chaired by Professor Louise Hayward from Glasgow University. This group will report back to the Education Cabinet Secretary as part of the Scottish educational reform in March 2023.
- 3.8 Finally, we are nearing completion of the College's 2022/23 Operational Plan to deliver year one of the Strategic Plan 2022 – 2025 and I have attached a draft for information. We will
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review the plan against KPI's for the appropriate Board Committees using the RAG scoring and comment.

#### **4 Networking and Presentations**

4.1 AS we move into a Covid-19 normal, I have been able to attend a number of face-to-face events, which included the IoD Award Winners dinner and the SCDI Annual Forum Dinner. We also had our first Student Association Awards event in the Falkirk Campus with key note judge, the Lord Lieutenant Alan Simpson OBE in attendance and this was followed the following week by the Staff Awards Dinner with over 80 staff, family and friends in attendance for an outstanding meal provided by Hospitality students. The evening was excellently hosted by Amy Irons as MC and by the Marketing and Communication events team led by Lynsey Reid and Laura Riley. Thanks to all Board members who attended the events and took part in the judging.

4.2 One week we have staff and student awards, the following week we had the Industrial Biotechnology Innovation Centre and ScotChem (The Scottish Universities Chemistry Department Associations) co-hosting a round table discussion on "Barriers to Decarbonising the Chemical Industries". Dr Mhairi Hay, our Director for STEM and Construction was also in attendance. Both the IBioIC and ScotChem are going to have a presence in the Falkirk campus in the future.

#### **5. Key Meetings**

5.1 Ross Martin and I continue to meet weekly with a broad agenda which continues to include areas including sustainable future funding, regional economic opportunities, the Falkirk Investment Growth Deal as well as the usual standing agenda items on Colleges Scotland, National Employers Association (now known as College Employers Scotland) and responding to Scottish Government and the SFC. In addition, Kenny MacInnes, VP Learning and Student Experience and I continue to have monthly meetings with the Student Association.

5.2 Over the last two months I have had meetings with [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED] and with Linda McKay, who colleagues may not know was the previous Principal at Forth valley College, retiring in 2013, and had never been to the new Falkirk campus as a consequence of Covid-19.

5.3 I was also involved in meeting with the judges for the prestigious RIAS Andrew Doolan Best Building in Scotland Award and the Royal Institute of British Architects National Awards for the Falkirk Campus building and the great work by Reiach and Hall Architects. I recently circulated a letter to all Board members from Jamie Hepburn MSP offering his congratulations.

#### **6. Colleges Scotland (CS)**

6.1 Colleges Scotland CPG continues to meet bi monthly, most recently in relation to the Scottish Government's Spending Plan which indicated flat cash to SFC for the next five years with no differentiation between University or College allocations. As a member of the Colleges

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Scotland Funding and Finance Committee we are developing a proposal for the multi-year funding along with a contribution to the Scottish Government Statement of Intent for Colleges - due May 2023. I have indicated to Jamie Hepburn MSP that our Strategic Plan 2022-2025 will be our "statement for intent".

**7. Community Planning Partnership**

7.1 There has been two meetings of the Falkirk Community Partnership and one from the Stirling CPP. Kenny MacInnes, VP for Learning and Student Experience continues to lead on the Stirling CPP given his responsibility for the Stirling Campus. We play a lead role in community planning and continue to lead on key projects relating to the college's purpose.

**8. Financial Implications**

None

**9. Equalities**

Assessment in Place? – Yes  No

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

**10. Risk**

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

	Likelihood	Impact
Very High		
High		
Medium		
Low		
Very Low	X	X

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

Risk Owner – Ken Thomson

Action Owner – Ken Thomson

**12. Other Implications –**

Communications – Yes  No

Health and Safety – Yes  No

Paper Author – Ken Thomson

SMT Owner – Ken Thomson

## Forth Valley College Operational Plan 2022/23

### 1. Leading on Economic Recovery

Strategic Objective	Operational Objective 22/23	Timeline	Performance Indicator (KPI)	SMT Lead	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Be a trusted partner of choice, prioritising the impact of our strategic partnerships in line with the college purpose, best use of resources and future potential	Develop Commercial Strategy, which will include on-line delivery, international, green agenda, and maximising the use of our campuses.	Sep 22	Approved by Board	VPFACA				
	Assess value and priorities of college partnerships and develop Strategic Partnerships Plan	Jul 23	Strategic partnerships developed	P/VPFACA				
Build new, and grow existing, learning pathways from school to college and onwards to employment or advanced study	Review School College Partnership against curriculum to identify collaboration areas to increase activity levels for 23/24	Oct 22	Review complete and actions identified	VPLSE				
	Review articulation agreements against universities to identify areas of limited engagement across the curriculum to build and promote new learner pathways to enhance the learner experience	Dec 23	Review undertaken with new pathways identified	VPLSE				
	Organise a School College Partnership and Integrated Degree Open Day across three local authorities to maximise recruitment	Apr 23	Open Day successfully planned	VPLSE				
Ensure our curriculum continues to deliver the right learning, in the right place, at the right time using a wide range of innovative learning pathways	Complete and implement NxGen Curriculum plan for 23/34 through utilisation of the CCI and PIPT tools to improve retention and attainment.	Jul 23	Outcome Agreement PI Targets met	VPLSE				
	Deliver Year 1 of Commercial Strategy	Jul 23	To be derived from Commercial Strategy	VPFACA				
	Deliver on Learning and Digital Skills Academy (LDSA) ambitions targets for 22/23	Jul 23	Monitored through LDSA Dashboard	VPLSE				
Ensure our support for economic recovery is resilient, agile and aligned to wider environmental considerations	Develop Commercial Strategy, which will include on-line delivery, international, green agenda, and maximising the use of our campuses.	Sep 22	Approved by Board	VPFACA				
Identify sources of additional funding to support the regional economy	Identify and bid for Strategic Funding through a 22/23 Strategic Funding Strategy/Plan Covering Falkirk Investment Zone, Shared Prosperity Fund, SG/SFC Strategic Funding Opportunities, Fundraising opportunities - sponsorships/grants and UCHP	Jul 23	Bids identified and progressed	VPFACA				

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## 2. Delivering a Successful Student Journey

Strategic Objective	Operational Objective 22/23	Timeline	Performance Indicator (KPI)	SMT Lead	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Be the college of choice for students both through our curriculum and through the services we provide	Organise a School College Partnership and Integrated Degree Open Day across three local authorities to maximise recruitment	Apr 23	Open Day successfully planned	VPLSE				
	Ensure effective on boarding as part of student journey via a review of 22/23 cohort	Feb 23	Application to Enrolment PI increased	VPIC				
	Complete and implement NxGen Curriculum plan for 23/34 through utilisation of the CCI and PIPT tools to improve retention and attainment.	Jul 23	Outcome Agreement PI Targets met	VPLSE				
	Ensure effective learning support at HN level	Jul 23	Improved retention and achievement	VPLSE				
	Implement Mental Health Plan	Jul 23	Improved retention and achievement	VPLSE				
	Maximise the utilisation of student funding financial support to support to students throughout their time at college	Jul 23	Improved retention and achievement	VPFACA				
Build the skills of our staff and students to take advantage of new and innovative learning practices	Deliver on Learning and Digital Skills Academy (LDSA) ambitions targets for 22/23	Jul 23	Monitored through LDSA Dashboard	VPLSE				
	Identifying applicable digital standards for staff across the College and supporting staff to meet these via the Digital Skills Self-Assessment tool, linked to reflective practice	Jul 23	Monitored through LDSA Dashboard	VPLSE				
	Continue delivery of time4me system for students. Learning Improvement Facilitators being created under transformation strategy and will be embedded in 22/23	Jul 23	Time4me mentees tracked	VPLSE				
	Develop and publish People Strategy 2022 -2025	Jul 23	Approved by Board	VPFACA				
	Deployment of learning pods monitoring of their usage in supporting the delivery of hybrid learning during 2022/23	Aug 22	Pods deployed and usage monitored	VPLSE				
Develop a relevant and dynamic curriculum for students and stakeholders to a hybrid learning model that balances delivery with elements of flexibility	Through NxGen, develop a flexible curriculum portfolio to include future use of full and part time provision and introduction of microcredentials	Jul 23	Courses developed	VPLSE				
	Undertake a review of the utilisation of campuses to identify where we can be more effective, and energy efficient, in campus use. Baseline to be established over 2022/23 for future target planning	Jul 23	Baselines established to enable target setting	VPIC				
	Providing laptop (and Chromebook where course appropriate) resources for students, particularly those experiencing digital poverty to ensure access to digital learning for all.	Jul 23	Student demand for laptops met	VPIC				
	Ensuring effective use of listening to learners and feedback models within the College to ensure the student voice is clearly heard and empowered	Jun 23	Listening for Learners embedded across all courses	VPLSE				
Ensure our students are well equipped to excel and flourish	Develop and publish a revised Creative Learning and Technology Strategy	Dec 22	Approved by Board	VPLSE/VPIC				
	Complete and implement NxGen Curriculum plan for 23/34 through utilisation of the CCI and PIPT tools to improve retention and attainment.	Jul 23	Outcome Agreement PI Targets met	VPLSE				
Make ours a curriculum of opportunity with links to relevant employment or further study	Develop and publish a revised Creative Learning and Technology Strategy	Dec 22	Approved by Board	VPLSE/VPIC				
	Complete and implement NxGen Curriculum plan for 23/34 through utilisation of the CCI and PIPT tools to improve retention and attainment.	Jul 23	Outcome Agreement PI Targets met	VPLSE				
	Ensure effective on boarding as part of student journey via a review of 22/23 cohort	Feb 23	Application to Enrolment PI increased	VPIC				
Provide all our students with a supportive and inclusive environment for learning	Utilise learner analytics and business transformation systems to show added value for students.	Jul 23	Improved retention and achievement	VPIC				
	Review effectiveness/user experience of Inclusion and Student Services service	Jun 23	Evaluation undertaken	VPLSE				
	Delivery of equalities action plan targets for 22/23	Jul 23	Action plan targets met	VPLSE				
	Utilise Campus M system when introduced to signpost students to campus, support services and other digital resources.	Jul 23	Establish baseline of usage in 22/23 to underpin future targets	VPIC				

### 3. Driving a Sustainable Future

Strategic Objective	Operational Objective 22/23	Timeline	Performance Indicator (KPI)	SMT Lead	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Continue to deliver financial sustainability in a challenging environment	Balanced Annual Budget approved by the Board	Jun 23	Approved by Board	VPFACA				
	Balanced 5 Year FFR with action plan for achievement of savings where required	Jun 23	Approved by Board	VPFACA				
	Assess value and priorities of college partnerships and develop Strategic Partnerships Plan	Jul 23	Strategic partnerships developed	P/VPFACA				
	Develop Commercial Strategy, which will include on-line delivery, international, green agenda, and maximising the use of our campuses.	Sep 22	Approved by Board	VPFACA				
Make investment to enhance the student experience	Providing laptop (and Chromebook where course appropriate) resources for students, particularly those experiencing digital poverty to ensure access to digital learning for all.	Jul 23	Student demand for laptops met	VPIC				
	Maximise the utilisation of student funding financial support to support to students throughout their time at college	Jul 23	Improved retention and achievement	VPFACA				
	Upgrade Alloa and Stirling Wi-Fi environments to same high density Wi-Fi system as Falkirk to support multiple users	Sep 22	Wi-Fi installed	VPIC				
Maximise our use of digital technology and digital learning to provide high quality learning and flexibility of delivery to a wide ranging audience	Deliver on Learning and Digital Skills Academy (LDSA) ambitions targets for 22/23	Jul 23	Monitored through LDSA Dashboard	VPLSE				
	Utilise Campus M system when introduced to signpost students to campus, support services and other digital resources.	Jul 23	Establish baseline of usage in 22/23 to underpin future targets	VPIC				
Maximise the use of our campuses ensuring they remain fit for purpose and maintained to the highest possible standard	Develop and publish a revised Estates Strategy	Jul 23	Approved by Board	VPIC				
	Complete review of campus energy usage and develop targeted reductions	Apr 23	Baseline established and targets set	VPIC				
	Review and adoption of Sustainable Development Goals Accord	Aug 22	Accord signed	VPIC				
	Undertake a review of the utilisation of campuses to identify where we can be more effective, and energy efficient, in campus use. Baseline to be established over 2022/23 for future target planning	Jul 23	Baselines established to enable target setting	VPIC				
Work with our College community and with partners to accelerate our drive toward net carbon zero	Develop and publish a Net Zero Plan linked to our Estates Strategy	Jul 23	Approved by LMT	VPIC				
	Develop and publish a revised Estates Strategy	Jul 23	Approved by Board	VPIC				

#### 4. Create a Thriving College Community

Strategic Objective	Operational Objective 22/23	Timeline	Performance Indicator (KPI)	SMT Lead	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Enhance work life balance through health and well-being and a fair work environment	Develop and publish People Strategy 2022 -2025	Jul 23	Approved by Board	VPFACA				
	Reviewing working patterns to support work life balance and business need, including due diligence report on 4 day working week.	Jul 23	Review undertaken	VPFACA				
	Implement Mental Health Plan	Jul 23	Improved retention and achievement	VPLSE				
Ensure our campuses are welcoming dynamic hubs for our local communities	Review of campus availability and identify ways to promote any spare capacity to community groups	Jul 23	Campus utilisation reviewed	VPIC				
	Develop Commercial Strategy, which will include on-line delivery, international, green agenda, and maximising the use of our campuses.	Sep 22	Approved by Board	VPFACA				
Invest in our staff and in our leadership, current and future	Developing approaches to leadership that are people centred, practical, and supportive of individual and team needs as well as meeting college objectives, including leadership training for LMT	Jul 23	Leadership training for LMT in place	VPFACA				
	Develop and publish People Strategy 2022 -2025	Jul 23	Approved by Board	VPFACA				
	Capitalise on the skillset and support of our Board of Management including mentoring for future leaders	Jul 23	Opportunities Explored	VPFACA				
Promote our cultures, our heritages and our diversity	Working more closely with FVSA to understand student diversity and assist FVSA to promote a range of student led groups.	Jul 23	Links formalised	VPLSE				
	Ensuring effective use of listening to learners and feedback models within the College to ensure the student voice is clearly heard and empowered	Jun 23	Listening for Learners embedded across all courses	VPLSE				
	Complete and implement NxGen Curriculum plan for 23/34 through utilisation of the CCI and PIPT tools to improve retention and attainment.	Jul 23	Outcome Agreement PI Targets met	VPLSE				
Recognise and celebrate our creative, high performing and transformative college community	Provide a staff pulse survey to understand base line position for health and well being, workload and satisfaction data to identify a range of key targets for the strategic plan period, linked to our ongoing People strategy	Jul 23	Survey undertaken and actions identified	VPFACA				
	Working with our alumni to promote and advocate the benefits and opportunities of investing in the college	Jul 23	Establish baseline of members in 22/23 to underpin future targets	VPIC				

### 1. Purpose

To provide members with an update on the recent activities of the Forth Valley Student Association (FVSA)

### 2. Recommendation

That members note the content of the report.

### 3. Key Considerations

Since the last Board of Management on the 28<sup>th</sup> of April 2022 FVSA have conducted several activities.

#### **Sabbatical Officer Elections**

The 2<sup>nd</sup> to the 6<sup>th</sup> of May was our Sabbatical Officer elections with the announcement facilitated by the amazing Stephen Jarvie on the 9<sup>th</sup> of May, our new sabbatical officer team for 2022/2023 will be:

Student President: Amber Little

Vice President: Claire Green

#### **World Bee Day**

Our incredible Environmental Officer, Steve Kemlo helped us host a few informational tables on all three campuses around World Bee Day (17<sup>th</sup> – 19<sup>th</sup> of May) we also hosted a raffle for students to win various bee themed freebies from bee hotels to a simple jar of honey – we raised £65 for local bee conservation charities, Heather Hills and The Scottish Bee Company.

#### **DWP Youth Hub Launch**

The FVSA Student President attended the DWP Youth Hub launch on the 23<sup>rd</sup> of May along with some key members of staff from the college, the Youth Hub was launched by the Department of Work and Pensions so that young people can find a positive destination that is best for them.

#### **Student Awards Ceremony**

FVSA hosted their first ever in person student awards ceremony on the 26<sup>th</sup> of May hosted by the FVSA Student President and Vice President, we had 9 categories which were: Student Leadership Award, Department of the year, lecturer of the year, event of the year, Executive member of the year, Club/Society of the year, the collaborative award, Equality and Diversity Champion and most engaged class rep

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The winners are:

<b>Student Leadership Award:</b>	Sebastian Grzelak – NC ESOL (English for Speakers of Other Languages) for employability
<b>Department of the year:</b>	Care, Sport and Construction
<b>Lecturer of the year:</b>	Tracy Coupland – Creative Industries, Hospitality & Tourism
<b>Event of the year:</b>	The Time to Shine Project – Lucy Hawkins
<b>Executive Member of the year:</b>	Chris Green – HNC Cyber Security
<b>Club/Society of the year:</b>	The Badminton Club
<b>The Collaborative Award:</b>	Kristie McIntosh- HNC Working with Communities
<b>Equality and Diversity Champion:</b>	Joseph McGarry – NC Creative Industries: Graphic Design
<b>Most Engaged Class Rep:</b>	Kirstie Young - HND Contemporary Art Practice

Extra special thanks goes to the catering team for the incredible buffet they produced, Olly and Ollie from HNC Sound Production for making us sound better than normal, Liam Hardie for the wonderful entertainment, Andrew Smirthwaite for handing out prizes and the wonderful Ken Thomson for an incredible opening speech! (And the loan of the Antonine suite)

Congratulations to all!

### World Oceans Day

For World Oceans Day on the 8<sup>th</sup> of June, FVSA hosted a few information tables on all three campuses where students could sign up for a beach clean in the new academic term and take away information on how to protect our oceans by simple recycling tips. There were some self-managed activity sheets available.

### Strategic plan

Included for information is FVSA Strategic plan 2022/2026, we have made this with student feedback we have received, but also kept it in line with the college's strategic plan. Please note we are going to update the aesthetics of the document over the summer but any suggestions for changes are welcomed.

## 4. Financial Implications

**Please detail the financial implications of this item** – there are no financial implications

## 5. Equalities

**Assessment in Place?** – No

**If No, please explain why** – Not applicable

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**6. Risk**

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

	Likelihood	Impact
Very High		
High		
Medium		
Low		
Very Low	x	x

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

**7. Other Implications –**

Please indicate whether there are implications for the areas below.

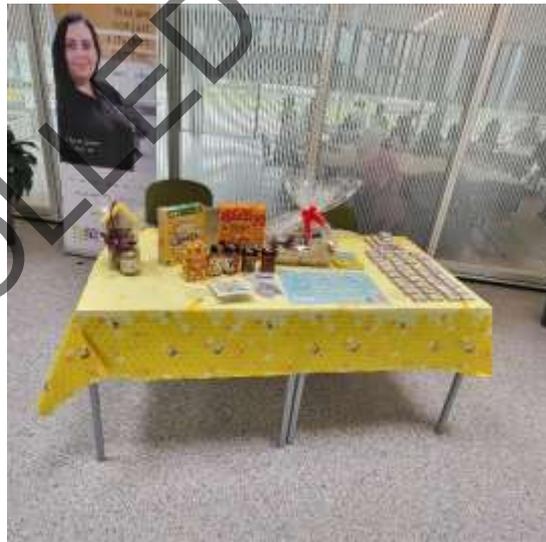
**Communications – Yes**  
**Health and Safety –No**

Please provide a summary of these implications – FVSA extensively promote events, clubs and opportunities to be involved in the work of the association.

**Paper Author** –Amber Little & Claire Green

**Owner** – Kenny MacInnes

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# Strategic Plan 2022-2026

# Introduction

Since we were formed in 2014, FVSA have been in a position of sustained development. We have continued to build and adapt to meet the needs of our members and students.

FVSA have worked with students, class representatives, executive officers, sabbatical officers, staff and our partners to develop this plan. Throughout the process we have empowered our members to shape our goals and our vision to ensure that we are truly a student led organisation.

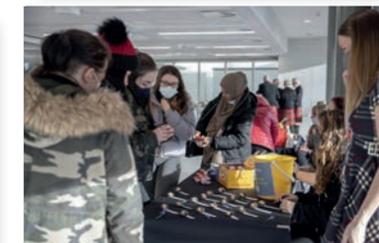
FVSA would like to thank Forth Valley College staff and management for their continued support, as well as the Forth Valley College Board of Management for the support and encouragement given to us by Board Members.



We will be the Student Association that our students need us to be; available, accessible and empowering students to make positive change

Our Values:

- Advocacy
- Representation
- Opportunities



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## To maintain a sustainable organisation that has long term financial stability

To continue to improve the learning experience of our students and strive to achieve this through strong financial management. Securing the best value for money within the distribution of our resources, ensuring we continue to seek out efficiencies within our business processes, encouraging innovative business solutions and operations. We will seek out income generating activities, promoting enterprise and innovation to generate surpluses that can be invested to help achieve our ambitions.

We will do this by:

- Identifying further commercial income opportunities
- Achieving best value for money
- Seeking to build on partnerships internal/external to ensure strong financial management

## Understanding our core business, purpose and valuing our members

We will build an Association where students know not only who we are, but what we do throughout the year. We want students to get involved in the work we do, not only through giving feedback, but by helping us plan and carry out activities, campaigns and events. We want our students to know that their voice and votes count throughout our elections, leading to meaningful elections that are well contested and where elected leaders are truly the student voice in our College. Our leaders will escalate the student voice across our communities and at a national level to shape the wider student experience in Scotland.

We will do this by

- Strengthening our communication with students and partners, making sure that all students are able to feed into, and hear back on the work of the Association.
- Engaging our members in carrying out work, in order to increase our capacity, empower our students and develop them into future leaders.
- increasing our presence across the College in order to ensure students are able to access the representation, support and opportunities we provide

## To develop strong and equal partnerships across our community that will benefit our members and students

We will develop our partnership with FVC, identifying new and existing partnerships where we can work together to improve the student experience. Students will know who we work with, how they can get involved and what the benefits are. We will work with students and the College to engage with the local community, ensuring students can access the opportunities, support and facilities available across Forth Valley.

We will do this by

- Developing our partnership with FVC, strengthening how we work with departments across the College by sharing information, increasing support and providing better opportunities for students.
- Increase awareness of existing partnerships, both of the Association and the College, and how these benefit students.
- Engaging with external partners to support the development of our students through volunteering, external learning opportunities and providing support to students in the community.
- Develop a strong volunteer culture throughout the Association, identifying and creating further opportunities to volunteer and opportunities for development and accreditation for all of our volunteers.



**fvsa**  
Forth Valley Student Association



**Forth Valley Student Association**

# **Annual Report 2021-22**

**Last updated: 16 June 2022**

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# FVSA Highlights 2021-22

<NEW IMAGES TO BE ADDED>

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#fvsa21

#fvsa22

#fvsawelcome

#fvsaelections

#fvsafreshers



@forthvalleysa



@fvsagram

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## Introduction

Welcome to Forth Valley Student Association's Annual Report 2021-22. It has been another successful year for FVSA this report will detail all the hard work that has gone into ensuring our students have the most productive and enjoyable learner experience possible.

We would like to thank our executive team, student members, volunteers, and partners for their continued support in making the student experience here at Forth Valley College the best it can be.

## About Forth Valley Student Association

Forth Valley Student Association (FVSA) are an autonomous organisation who are responsible for representing the voice of students in order to improve the educational experience of its members and students of the College as a whole.

### FVSA Strategic & Operational Plan

Strategic Plan 2018-22: [Click here](#) to view the Strategic Plan for 2018-2022

Operational Plan 2021-2022: [Click here](#) to view the operational plan for 2021/22.

### FVSA Constitution

FVSA are required by the Education Act 1994 to have a Constitution. This Constitution is a legal document that sets out the activities and procedures of FVSA. It provides a framework for the operation of FVSA by:

- Defining what the Association can or cannot do.
- Indicating how the Executive Committee can act on behalf of Association members.
- Outlining how Association members can air their concerns.

The FVSA Constitution also outlines the FVSA structure and role profiles for each Executive Officer. The current version of the Constitution was published in April 2017 however changes were made to the document which were approved at Student Representative Council in April 2021.

[Click here](#) to view the FVSA Constitution.

## **Student Council**

The Student Council is the decision making body of FVSA, and forum for students to hold elected officers to account, provide feedback to FVSA on the learner experience and to shape the work of the Student Association based on the views of students. Students can put forward motions, vote on issues and vote for changes to the FVSA constitution. FVSA are responsible to the student body via the constitution, which outlines what the Association and it's members can and cannot do.

Student Council takes place twice a year, once in block 1 and once in block 2. The meetings are always well attended and gives the Class Representatives/students a chance to provide feedback on their learning experience directly to a member of the Senior Management Team (SMT) through an open floor discussion.

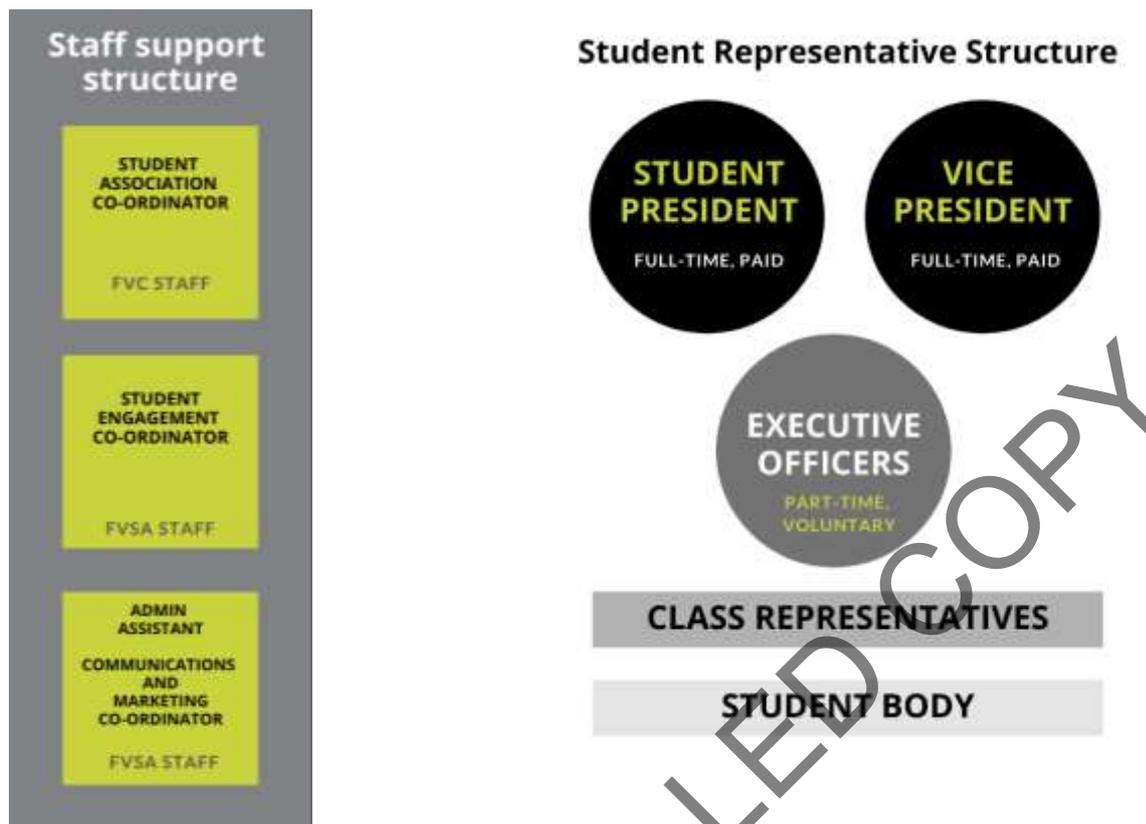
## **FVSA Structure**

### FVSA Student Members

The Sabbatical officers lead the work of FVSA through the Executive Committee, which consists of the Sabbatical and Voluntary officers. All elected members are responsible to the Student Council, which is made of class reps and students from across the College. This ensures that students are fairly represented and able to hold officers to account for their work. Student Council is also the forum where any larger decisions are voted on by the student body, as set out in the FVSA Constitution.

This structure follows the representation that the National Union of Students offers on a national level, with our local officers ensuring under represented student groups have a voice within FVSA, and are able to take this to a national platform through NUS Scotland and NUS UK.

## FVSA Staff Members



The Student Association Co-ordinator supports FVSA Officers and Staff and is responsible for supporting FVSA to deliver on the Strategic Plan. Staff members are line managed through the Student Association Co-Ordinator, however they support the work of FVSA as set out in by the Executive Committee, and within the Strategic Plan.

## FVSA Advisory Group

FVSA currently have an advisory group in place, made up of students, sabbatical officers, College Board members, College Staff and an independent member from another Student Union. The group are responsible for supporting the development of FVSA, advising on HR or other challenges we are facing and for advising us on managing our relationship with the College. This is recognised by NUS Scotland as good practice in ensuring good governance within FVSA.

## FVSA Team 2021-22

FVSA Executive Committee:



**Amber Little**  
Student President



**Claire Green**  
Vice President



**Steve Kemlo**  
Environmental  
Officer



**Chris Green**  
Education Officer

FVSA Staff members:



**Angela Muirhead**  
Student  
Association  
Co-ordinator



**Elena Semple**  
Student  
Engagement  
Co-ordinator



**Lynne Tomlinson**  
Communication  
& Marketing  
Co-ordinator



**Lindsay Graham**  
Administration  
Assistant

## Highlights of 2021-22

Even though the pandemic still played a huge part in how we conducted FVSA duties, there were still some great highlights from the year.

### Class Rep Training

Again FVSA delivered all Class Rep training online. We worked together as a team to establish the best way forward to deliver and focus more on the delivery of the training through evaluation and feedback from past Class Reps. Therefore we created a SWAY presentation that focused more on what a Class Rep does and how to fulfill their role and the second part of the training was an interactive session with the officers. The training gave Class Reps all the necessary information and advice that they will need to undertake their new role.

## **Department Class Rep Meetings**

As these meetings was a way to engage with students to gather feedback and were well attended we decided to continue this on. These were continued all the way through the year with the officers leading on each meeting. Block 2 we introduced for the CM to attend, to help with the feedback and continuity of the department.

## **Feedback Fridays**

This was continued on from last year as we found this very successful. We focused on timelines for certain topics within the college to gather feedback such as Mental Health, exam season etc as well as gathering our own data in terms of elections/events. This was once again done on teams as we found this was the most successful way to gather feedback.

## **FVSA Student Awards**

The Student Association ran a in person award ceremony in May 2022 to celebrate the amazing achievements of students across the College. There were 60 tickets available and almost all tickets had been booked. This years' event saw an increase in the number of categories from 6 last year to 9 this year:

1. Lecturer of the Year (new)
2. Society of the Year
3. Event of the Year (new)
4. Department of the Year (new)
5. Most Engaged Class Rep
6. Student Leadership Award
7. Executive Member of the Year
8. Collaboration Award
9. Equality and Diversity Champion

Nominations were open during the month of March and a total of 49 nominations were received. A shortlisting panel, which consisted of FVSA members, FVC staff and an external member of the local community, then narrowed down the nominees. We worked with the FVC catering department to provide a buffet and catering service for the ceremony.

Two forms of entertainment have been arranged, which includes a student performer and an external organisation.

The Student President and Vice President led on presenting at the award ceremony and Ken Thomson, FVC Principal, had also been invited to do some opening remarks.

## St Andrews Day Celebrations *(add photos)*

In November of 2021, FVSA worked with ESOL and other College staff to arrange a welcome celebration to our international students. ESOL students had been facing some barriers accessing student benefits and systems, so had been feeling isolated and not part of the student community. We also want to give the Senegalese and Mauritian students a warm welcome to Falkirk and we thought the best way was to throw a Scottish 'party' in their honour.

## Student Equalities Forum

The Student Association launched the new forum for students with the following aims:

- The forum will be a place for students to come together and discuss all things equality and diversity.
- The forum will be responsible for evaluating campaigns, projects and initiatives of the student association to improve the representation of liberation groups.
- Your elected student officers will take your feedback and direct input at the college Equality and Inclusion group from the forum.
- This would also be a place where students could create policy for the student association.

The membership of the forum is open to self-defining students under the following characteristics:

- LGBT+
- Mature (25 years and over)
- Black and Minority Ethnic
- Women and Non-binary
- Disabled
- Care Experienced
- Student Carer / Parent

The forum has been successful to gather important feedback on the impact of the pandemic on these groups.



## **FVSA LGBT+ Support Network**

The Forth Valley Student Association sought to create a network between staff and students to provide tailored support for students that identify as lesbian, gay, bisexual, trans and other identities under the LGBT+ umbrella. We recognise that students may wish to discuss some issues around their sexual and/or gender identity while at College, and we believe it would be beneficial to speak to someone who may understand these issues better from their own experiences.

### **Who can you find in the network and how can they support you?**

The network is made up of academic and support staff who identify as LGBT+. Like Learner Advisors, the network members can offer sympathetic support and signpost you to further support within the College, FVSA and elsewhere. If they feel they cannot help you, they will ensure you get support from appropriate sources.

#### **The network can:**

- Help you access LGBT+ specific support
- Provide a welcoming, understanding person to speak to

#### **The network cannot:**

- Offer befriending or mentoring support
- Provide immediate crisis support

## **Mental Health Partnership Agreement**

Forth Valley College and the Student Association have developed a student mental health agreement. Both the Vice President and the Student Engagement Co-ordinator sit on the SMHA team where they provide input on the student voice. In the SMHA the association aims to highlight support services available to students as well as hold mental health events and activities throughout the year.

## Student Democracy

### Student Council

- 🔗 Block 1 (November 2021) – [Click to view](#)
- 🔗 Block 2 (April 2022) – Click to view *(still to be uploaded to FVSA Website)*

Motions passed at Student Council in April 2022: *(To be updated once student council report is complete)*

- 🔗 FVC – Net Zero Eco Heroes
- 🔗

### NUS Scotland Conference

NUS Scotland Conference was held in person for the first time in 2 years at the Apex Hotel and Spa in Dundee. Motions that were discussed included: An independent NUS Scotland, Sexual Harassment and Violence, Housing and Mental Health and Wellbeing .

### NUS National Conference

NUS UK Conference was also held online and in person . It was held in a similar manner to NUS Scotland Conference. The policies passed at conference were around Housing, funding, Accessibility, GBV, and the international student experience

## Events and Campaigns

Due to COVID we were unfortunately unable to run some of our familiar events on-campus this year. However, we did still run them online and they were a BIG success

### Freshers & Refreshers Fair:



Freshers was held in September with a number of online sessions and activities students could take part in. These were:

- Live Performance from Tapedeck45
- Two free Cinema viewings
- Davey's Smartphone quiz
- FVSA Live (with the principal)
- Who Cares? Scotland Drop in sessions
- Police Scotland sessions

We also gave out some freebies that students could come and collect from our offices!



### Executive Officer Campaigns

Chris Green (Education Officer):

- To get practical work experience to complement students studies
- Make qualifications meaningful to the individual earning them.
- Workshop to listen to ideas

Steve Kemlo (Environmental Officer):

- Promote the sustainability work of the student association + college.
- Start student-led group to discuss and promote environmentalism.
- Work with students to create a biodiverse space on at least one campus.
- Host events or raise awareness on important environmental days.

## Looking ahead to 2022-23

The year ahead for FVSA is another beginning going back to things we used to do such as in person events, more collaboration on projects, in person engagement with students. We really look forward to what the year has to bring and offering students an excellent student experience.

### Sabbatical Elections

The elections this year all took place in person with candidates going out and talking to students and staff, having tables set up on all three campuses to answer any general questions around the election process.

Staff hosted tables during the advertisement of elections to help with engagement and any questions the students may have had. We also had campaign materials that candidates could use to help with creating a manifesto, how to campaign etc. Voting numbers was quite low but a slight uptake on numbers from 2020-21. We had a total of 52 who voted for Student President and 54 who voted for Vice President.

With things moving forward this year and being back on campus with more in person events and presence on campus we are hoping the elections for next term will be better supported.

### New Sabbatical Officers for Academic Term 2022-23



**Student President  
Amber Little**



**Vice President  
Claire Green**

## 1. Purpose

To present members with the Revenue Budget for 2022-23, for approval.

## 2. Recommendation

That members consider the revenue budget for 2022-23 and:

- Approve the Revenue Budget for 2022-23.
- Note that although the presented budget is in deficit, once one-off costs funded from prior year surplus are separated out, the Core College position is a small surplus.

## 3. Background

This budget is prepared on the basis that we will operate a full hybrid learning model that is primarily face-to-face in campus for the full year. Much of the expenditure at FVC is unavoidable arising directly from our core business and estates portfolio. Predicted changes to the underlying expenditure as a consequence of economic inflationary pressures and staff working a hybrid between office and home have been incorporated.

The budgeted position for 2022-23 is set out in Appendix 1, and has been split in to a Core operating surplus of £245k, which after providing for the loan repayments is a surplus of £44k, with one-off costs of £545k resulting in the presentation of a reportable adjusted operating deficit of £501k.

Scottish Funding Council requires Colleges to balance their income & expenditure accounts over a period of 2-3 years, allowing deficits in one year to be covered by surplus in another year. For academic year 2020-21 FVC made an underlying operating surplus of £1.8m. The recently completed Q3 forecast for 2021-22, projects that the deficit will be substantially below the £1.8m leaving surplus for 2022-23, hence the allowance for carried forward/exceptional one-off costs of £545k.

This budget, along with the Q3 forecast will form the basis of the FFR part one, due by the end of June comprising 2021-22 and 2022-23. The full FFR covering forward to 2026-27 is due by 30 September 2022, and this will be presented to the Finance Committee before submission.

## 4. Key Considerations

The key assumptions and explanations are set out in Appendix 2. It has been apparent for some years now that Grant in Aid income has not kept pace with FVC staffing and property costs. The funding allocations from SFC for grant in aid was a decrease of 4%, within which there was ring-fenced funding for Foundation Apprenticeships and a reduction in core credits (1.9%) to provide some assistance with cost pressures. However, when pay awards and increased energy costs are taken in to account, the real decrease in funding is 8%.

The College sector is therefore working in an austere funding environment, and following the recent publication of the Scottish Government Resource Spending Review, it is clear that this will continue until at least 2026-27.

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 later in the year when we look at the Q1 forecast position for 2022-23. The Leadership Management Team will continue to seek ways of increasing income streams and reducing costs, so although the budgeted Core surplus for 2022-23 is minimal we are confident that there are a number of potential actions available to us should they be required.

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## 5. Financial Implications

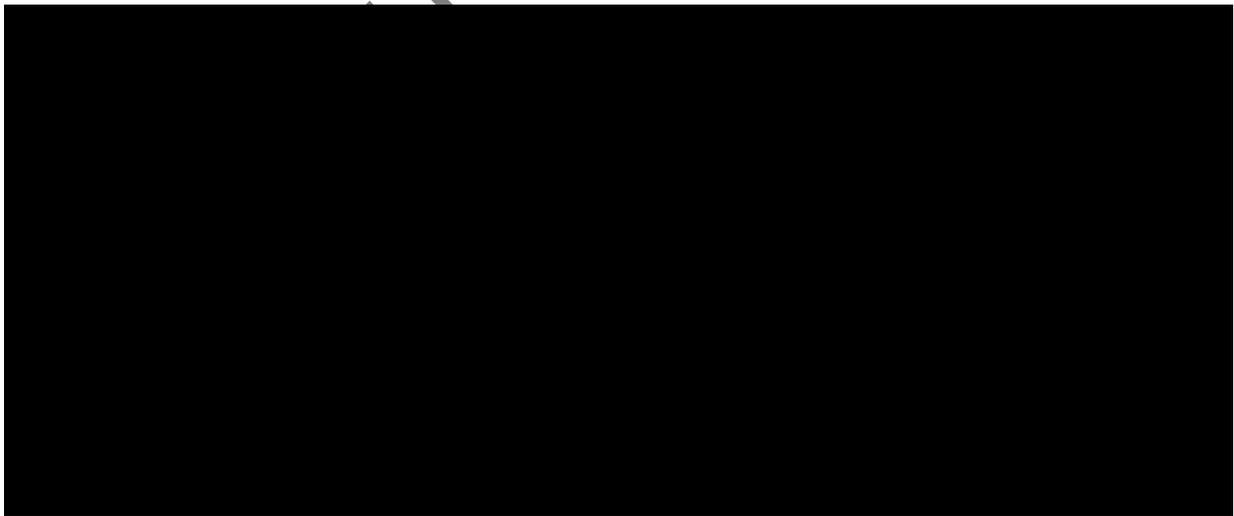
Within this budget, there are a number of areas of financial risk, which are noted in section 8 below, and in summary are:

- Resolution of negotiations with Unions on pay awards, every 1% pay increase is c£250k. While September 2021 is almost agreed, the September 2022 negotiations now begin.
- [REDACTED]
- Energy prices – substantial increases are included based on the current price caps only
- Updating the forward forecasts for the following 3 years to determine the likely gap should funding be confirmed as flat cash, and therefore the need for any further efficiencies to be identified. This is currently being carried out as a high level exercise for the purposes of the FFR (see table below) but we require confirmation from SFC of future funding levels before this exercise can be properly undertaken.

## 6. Implications of the Scottish Government Spending Review

The implications for the College sector following the Spending Review are hugely significant. All indications are that SFC will receive flat cash for the next 5 years but that pay awards would still be “fair”, with the overall public sector wage bill not increasing. In other words, pay increases are to be paid for through staff reductions.

The impact for College funding will be twofold - a flat cash grant in aid allocation plus the removal of the additional funding for Foundation Apprenticeships. Whilst there may be some redistribution of the overall pot between individual colleges, the impact on FVC is likely to be greater than most due to the size of our FA programme.



7. Equalities

An equalities assessment is not required given the nature of this report.

8. Risk

	Likelihood	Impact
Very High		x
High	x	
Medium		
Low		
Very Low		

There are specific risks to be highlighted at this time, and the potential financial implications noted where known:

- The contract awarded by SDS for the year to March 2023 of £1.4m is below the level at which we expect to be claiming. Budgeted income (£1.76m) is therefore dependent on in-year requests for additional funds being granted, but this has never been a problem in past years, and we would view this risk as low.
- The pay awards offered for September 2021 of £1,000 per FTE are now almost agreed, with the result of the UNISON ballot due by the end of June. The pay award for September 2022 remains to be negotiated. We have mitigated this risk by budgeting for the same pay award as this year, although realistically this is not affordable in the longer term.

• [REDACTED]

Risk Owner – Alison Stewart

Action Owner – Alison Stewart

Paper Author – Senga McKerr

SMT Owner – Alison Stewart

**1. Purpose**

To present members with the proposed Board and Committee schedule of meetings for academic year 2022-23.

**2. Recommendation**

That members consider the attached calendar and approve the dates within.

**3. Background**

In order to assist in planning, the College aims to have a set calendar of meetings in place for the coming academic year.

**4. Key Consideration**

While the calendar is in place, there will remain flexibility on dates/additional meetings as required by circumstances at the time.

The Board of Management meetings have returned to being fully in campus meetings since Covid restrictions ended.

Committees continue to run a mixture of in person and online meetings which has worked well to date. If the calendar is approved, Committee chairs should work with members and the College to designate what form each meeting will take.

**5. Financial Implications - None**

**6. Equalities - N/A given nature of paper.**

**7. Risk**

	Likelihood	Impact
Very High		
High		
Medium		
Low		
Very Low	x	x

**Risk Owner** – Alison Stewart

**Action Owner** – Alison Stewart

Low risk – the schedule is based on previous year's activity and there is additional flexibility to hold additional meetings if required by members.

**Paper Author** – Stephen Jarvie

**SMT Owner** – Alison Stewart

Meeting	Academic Year 2022/23				
<b>Board of Management</b>	Thursday 22 September 2022 Falkirk – Steeple Suite	Thursday 8 Dec 2022 Stirling – S1.18 and S1.19 (Morning Meeting and Xmas lunch)	Thursday 23 Feb 2023 Falkirk – Steeple Suite	Thursday 27/28 Apr 2023 Strategic Session – Venue TBC	Thursday 22 June 2023 Falkirk - Steeple Suite
<b>Remuneration</b>					
<b>Audit</b>	Thursday 8 Sept 2022	Tuesday 15 Nov 2022 5pm Falkirk – Steeple Suite			Thursday 18 May 2023
<b>Finance</b>	Tuesday 13 Sept 2022	Tuesday 15 Nov 2022 4pm Falkirk – Steeple Suite		Tuesday 21 Mar 2023	Tuesday 13 June 2023
<b>HR</b>		Thursday 10 Nov 2022		Thursday 20 April 2023	
<b>Learning &amp; Student Experience</b>		Thursday 27 Oct 2022		Thursday 9 Feb 2023	Thursday 8 June 2023
<b>Nominations</b>	As required				



# FINANCIAL SUSTAINABILITY OF COLLEGES AND UNIVERSITIES IN SCOTLAND



Scottish Funding Council  
Comhairle Maoinachaidh na h-Alba

21 MARCH 2022

COVER PHOTOS:  
 EDINBURGH NAPIER UNIVERSITY  
 FIFE COLLEGE  
 UNIVERSITY OF STRATHCLYDE  
 UNIVERSITY OF ABERTAY  
 CITY OF GLASGOW COLLEGE

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## FINANCIAL SUSTAINABILITY OF COLLEGES AND UNIVERSITIES IN SCOTLAND

The Scottish Funding Council (SFC) has a key role in ensuring that the institutions we fund continue to plan and manage their activities in a way which ensures their sustainability and financial viability. This contributes to the success of students and researchers, local communities and the wider Scottish economy. Financial sustainability is, therefore, a condition of grant and is set out in our Financial Memorandum.

This report presents an aggregate picture of the financial health of Scottish institutions based on a review of their latest forecasts<sup>1</sup>. The analysis includes twenty incorporated and six non-incorporated colleges and eighteen<sup>2</sup> higher education institutions. While this report presents an aggregate position, there is significant variation in the financial position of individual institutions.

<sup>1</sup> Colleges provided Financial Forecast Returns (FFRs) covering the period 2020-21 to 2023-24 in October 2021; Higher education institutions provided Strategic Plan Forecast (SPF) returns for the years 2020-21 to 2022-23 at the end of June 2021.

<sup>2</sup> The Open University in Scotland is not included in this analysis due to different reporting arrangements in place. While the Open University has operations in Scotland, the institution's accounts are only produced on a UK basis.

Financial management is a dynamic process and the information contained within this report is an update to the information provided in our report published on 29 June 2021 as part of phase three of the SFC Review of Coherent Provision and Sustainability: [Financial sustainability of colleges and universities June 2021](#). At the time of writing, we have received some, but not all, institutions' 2020-21 annual reports and accounts. We plan to report on actual results achieved for 2020-21 in June 2022.

## FINANCIAL SUSTAINABILITY OF THE COLLEGE SECTOR

The financial sustainability of the college sector is very fluid, with assumptions being updated as circumstances change. All the figures in this section capture incorporated and non-incorporated colleges.

### KEY MESSAGES

- As a result of additional funding from SFC, and their own mitigating actions, colleges managed the impact of the COVID-19 pandemic more positively than anticipated but longer-term financial sustainability remains challenging, with the sector forecasting deficits over the next two years;
- As a result of an additional one-off injection of £15 million SFC grant to address the challenges of the global pandemic, Coronavirus Job Retention Scheme (CJRS) income of £9.5 million and lower staff and other operating costs, the sector forecast adjusted operating position for 2020-21 has improved with a projected surplus of £16.7 million. Two colleges are expecting to report adjusted operating deficits in 2020-21;
- However, the financial outlook is challenging with the sector forecast adjusted operating position expected to deteriorate to a deficit of £5.7 million in 2021-22, followed by a deficit of £2.7 million in 2022-23, before returning to a small surplus of £2.0 million in 2023-24. Twelve colleges are forecasting adjusted operating deficits in both 2021-22 and 2022-23, reducing to nine colleges in 2023-24;
- The additional funding made available to the college sector through COVID-19 support has helped to stabilise institutions' finances through the pandemic but it is important to note that this is non-recurring funding. While the 2021-22 budget includes additional COVID-related 'consequentials' in the form of one-off funds, it excludes the SFC financial sustainability funding and CJRS income provided in 2020-21;

- Colleges remain heavily dependent on SFC grant funding which is forecast to amount to 79% of total income at a sector level in both 2020-21 and 2021-22;
- Most forecasts assume that student activity and other income targets will be achieved during 2021-22, however, these targets are likely to prove challenging to achieve in the context of the continued impact of the COVID-19 pandemic and may potentially result in recovery of SFC grant.
- One-off cost savings generated during 2020-21 will not be repeated and staff and other operating expenses are expected to increase across the forecast period reflecting a return to pre-COVID levels of activity with a return to full campus operations. Colleges have also highlighted inflationary cost pressures which are particularly impacting on capital projects while the rising cost of living is also increasing pressures in relation to pay settlements and running costs;
- Cash balances of £121.7 million and £64.9 million are forecast at the end of July 2021 and July 2022 respectively. The July 2021 position is much improved on previous forecasts due to a combination of the more favourable operating position as a result of the additional SFC grant and unspent balances of 'ring-fenced' SFC monies. It is expected that unspent 2020-21 funds will be spent or recovered during 2021-22;
- Three colleges are forecasting a negative cash position throughout the period 2021-22 to 2023-24. The projected combined cash deficit for the three colleges at 31 July 2024 amounts to £2.6 million; and
- The aggregated sector position masks varying degrees of challenges across all individual colleges.

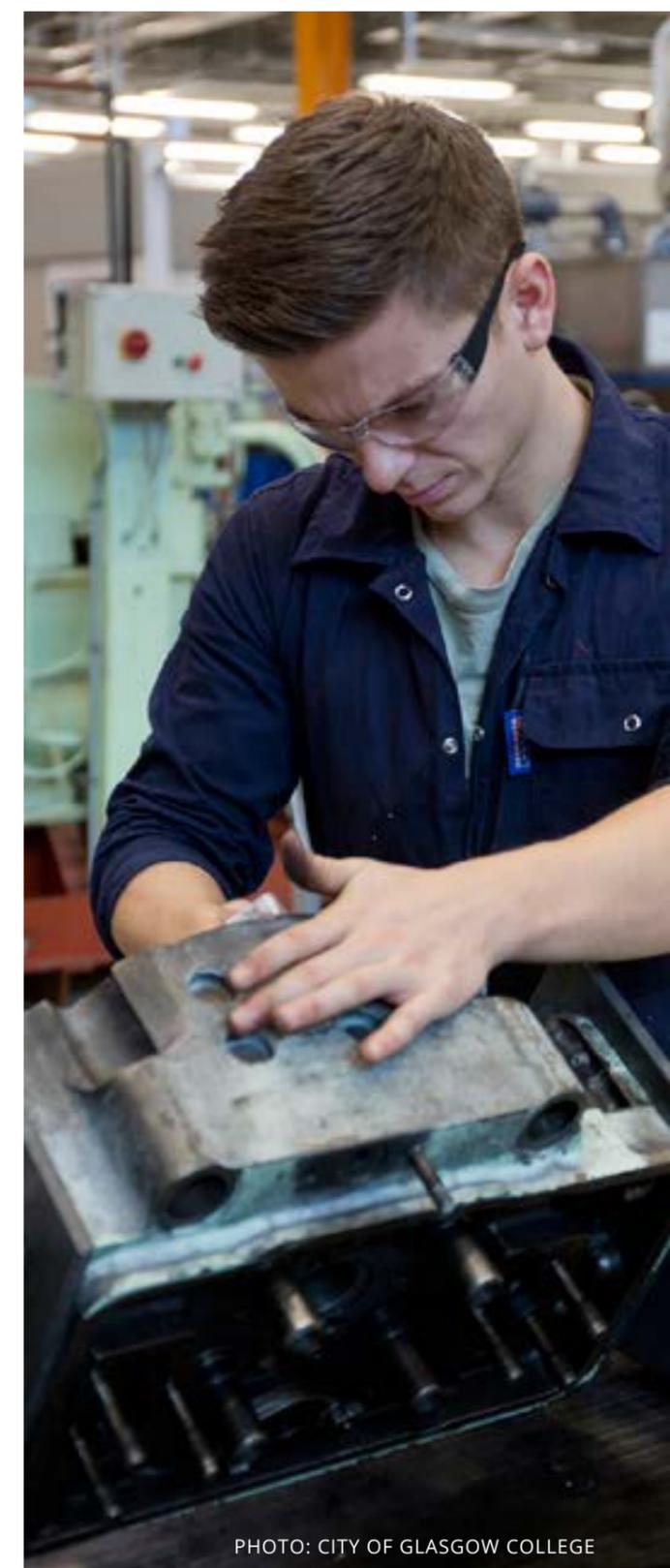


PHOTO: CITY OF GLASGOW COLLEGE

## ACTIONS TO DATE

The Financial Sustainability of Colleges and Universities in Scotland – Review Report, published in June 2021, set out details of actions taken to date in responding to the COVID-19 emergency in 2019-20 and 2020-21. These included:



### ENHANCED FLEXIBILITY

- We did not recover SFC funds for COVID-19 related shortfalls against core activity targets during 2020-21;
- We increased flexibility in the administration of student support funds;
- We undertook an in-year redistribution exercise of student support to meet requests

for additional funding in 2020-21 (£1.6 million) and we repurposed and reallocated £5 million unspent funds to allow colleges to provide students with equipment and support those in hardship;

- We extended timescales for spending the Flexible Workforce Development Fund (FWDF) and increased the 2020-21 budget; and
- We provided flexibility in grant drawdowns to several colleges encountering liquidity challenges.



### REDUCING REPORTING BURDENS

- We kept returns and reporting requirements to a minimum; and
- Updated the college credit guidance.



### PROVIDING ADDITIONAL FUNDS

- Additional funding was made available, from 2020-21, through the introduction of the Young Person's Guarantee programme and the National Transitional Training Fund;
- The Coronavirus Job Retention Scheme (CJRS) provided additional income during 2019-20 and 2020-21;
- We provided additional funding for student mental health and wellbeing support during 2020-21;
- Additional funding was made available for college student associations and unions during 2020-21;

- We provided an additional £15 million of financial sustainability funding during 2020-21, distributed to all colleges, to help address the major impact that COVID-19 has had on colleges in terms of reduced commercial income, increased COVID-related costs and general weakening of their financial sustainability;
- We allocated funding to three colleges for income lost during 2020-21 in providing student accommodation rent rebates;
- We provided an additional £3 million winter COVID-19 discretionary funds for colleges during 2020-21;
- We provided £6.5 million additional capital funding to support economic recovery during 2020-21; and
- We provided £2.3 million additional capital funding to support digital provision during 2020-21.

## ADJUSTED OPERATING POSITION

The Financial Forecast Return includes an adjusted operating position section. The methodology for calculating the adjusted operating position, or underlying position, has been agreed following sector consultation with a view to ensuring consistency of approach and interpretation of colleges' financial performance.

Depreciation and pension adjustments (non-cash items that are beyond a college's immediate control) account for most of the difference between the operating position and the adjusted operating position. Incorporated colleges receive a 'non-cash' budget to cover depreciation but this additional budget is not recognised under the FE/HE Statement of Recommended Practice (SORP) accounting rules.

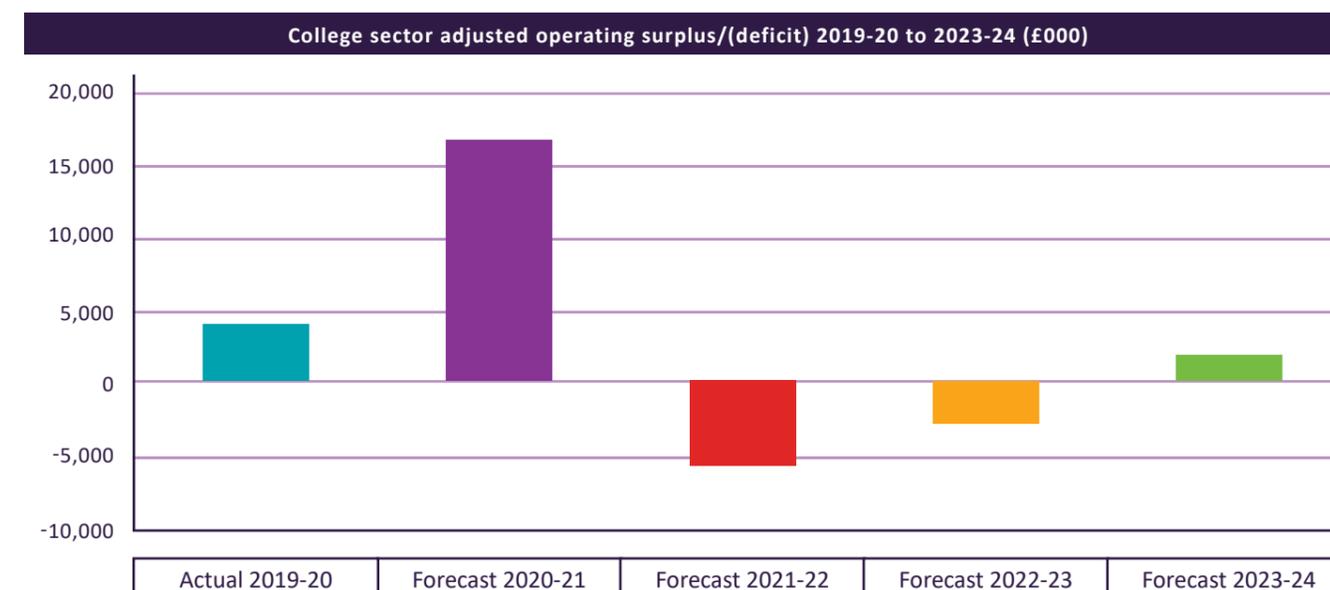
Annually Managed Expenditure (AME) pension adjustments may also impact on the reported operating position. Consequently, we would expect to see operating deficits reported across the college sector.

The adjusted operating position is therefore intended to reflect the financial performance after allowing for non-cash adjustments and other material one-off or distorting items required by the SORP. The adjusted operating position is designed to smooth any volatility in reported results arising from the implementation of Financial Reporting Standard 102 and to recognise that some of the reported costs do not have an immediate cash impact on the college. This should give a better indication of the college's operational cash generating capacity and a clearer picture of a college's short-term financial health.

The overall adjusted operating position for the sector, is set out in both the table and graph below:

Adjusted operating surplus/(deficit)					
2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
ACTUAL £'000	ACTUAL £'000	FFR FORECAST £'000	FFR FORECAST £'000	FFR FORECAST £'000	FFR FORECAST £'000
12,887	4,065*	16,728	(5,668)	(2,664)	2,027

\* Figures restated from those previously reported to reflect updated figures for Orkney College (2019-20 accounts).



As a result of an additional one-off injection of £15 million SFC grant to address the challenges of the global pandemic, Coronavirus Job Retention Scheme (CJRS) income of £9.5 million and lower staff and other operating costs, the sector forecast adjusted operating position for 2020-21 has improved with a projected surplus of £16.7 million. Two colleges are expecting to report adjusted operating deficits in 2020-21. At the time of writing, we have received some but not all colleges' 2020-21 annual accounts. We will issue an update on the actual results achieved in 2020-21 once all the accounts have been signed and submitted.

Based on the latest forecast information, the sector adjusted operating position is expected to deteriorate to a deficit of £5.7 million in 2021-22. While the 2021-22 budget includes additional COVID-related 'consequentials' in the form of one-off funds, it excludes the SFC financial sustainability funding and CJRS income provided in 2020-21. Colleges' costs are also expected to increase to pre-COVID levels in 2021-22. For some colleges, expenditure that was due to be incurred in 2020-21 has also been delayed to 2021-22. However, uncertainties around recruitment, income generation, and pay awards may affect the final position for 2021-22.

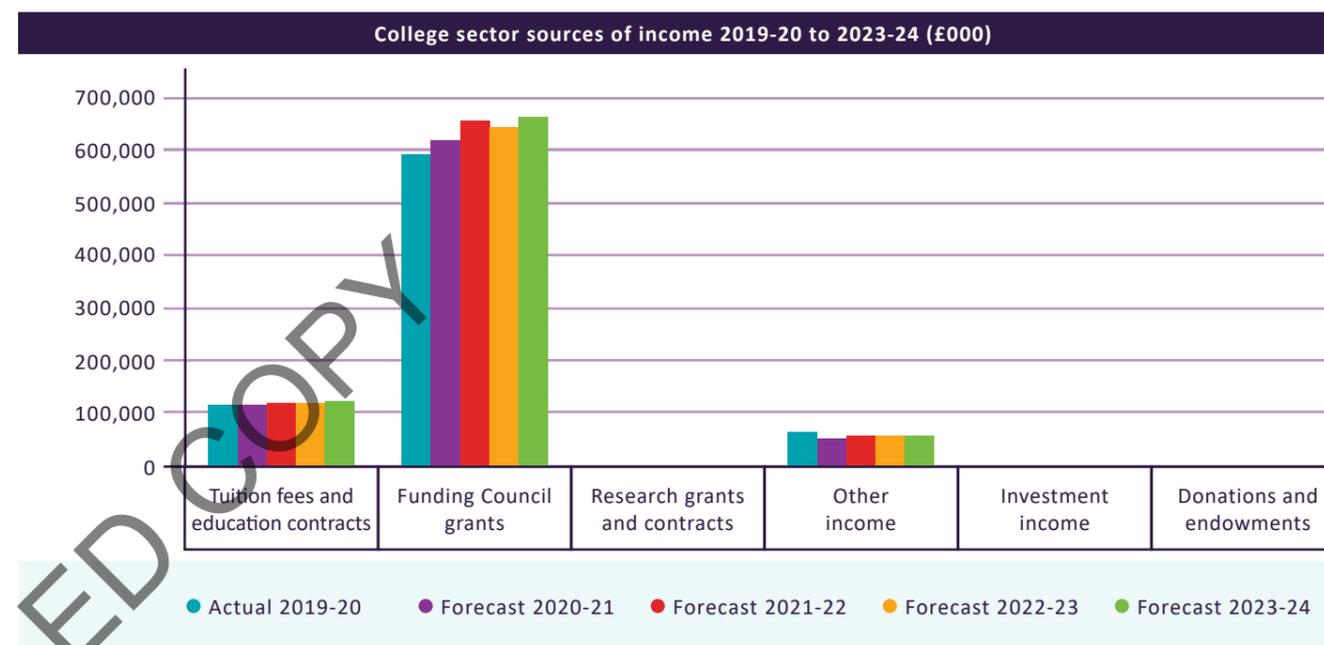
Most colleges are forecasting that student activity and other income targets will be achieved during 2021-22, however, these targets are likely to prove challenging in the context of the continued impact of the COVID-19 pandemic. While some colleges have stated that they expect to make up the shortfall, others have factored under-delivery against 2021-22 activity targets into their forecasts. Colleges are facing increased competition from universities for students as a result of widening access policies that have enabled young people from disadvantaged communities to go direct to university and improved SQA results, while recruitment levels have also been impacted by young people staying at school for longer and / or going directly into employment because of the buoyant jobs market.

A sector adjusted operating deficit of £2.7 million is forecast in 2022-23 with a return to a small surplus of £2.0 million projected for 2023-24. It should be noted that it is anticipated that the 2022-23 funding allocation will be less favourable in comparison to the planning guidance provided to colleges for the forecast and therefore the forecasts for 2022-23 (and 2023-24) may represent a more optimistic position. Final 2022-23 funding allocations are expected to be announced in May 2022.

Twelve colleges are forecasting adjusted operating deficits in both 2021-22 and 2022-23 before reducing to nine colleges in 2023-24.

## INCOME

The graph below indicates the projected movement in key sources of income over the forecast period:



The impact of the COVID-19 global pandemic on colleges' income is evident in the recent forecasts provided by colleges. COVID-19 accounts for reductions in other operating income against 2019-20 levels albeit the most recent 2020-21 position is improved against previous 2020-21 projections as a result of additional COVID funding. There are limited opportunities for colleges to increase surplus-generating commercial income, and developing income streams has become more challenging as a result of increases in staff costs following the implementation of National Bargaining harmonisation and job evaluation in recent years. However, CJRS income of £9.5 million and other cost savings have helped to mitigate the reduction in that revenue stream. Tuition fee and education contract income is forecast to gradually increase against 2019-20 levels over the planning period.

Colleges remain heavily dependent on SFC grant funding which is forecast to amount to 79% of total income at a sector level in both 2020-21 and 2021-22. The 2021 FFR forecasts reflect the additional SFC 2020-21 financial sustainability funding of £15 million, announced in March 2021,

which was allocated to colleges in proportion to their respective main teaching grant allocations and which recognised that all colleges were facing financial pressures. Conditions of the funding included supporting students in finishing their courses and achieving their qualifications, minimising deferrals, and enabling necessary organisational change to be implemented fairly and reasonably. In addition, a further c£300,000 was allocated to three colleges for income lost during 2020-21 in providing student accommodation rent rebates.

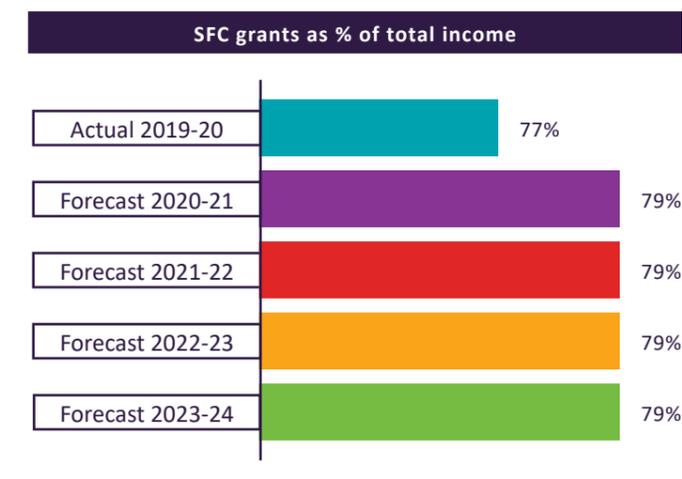
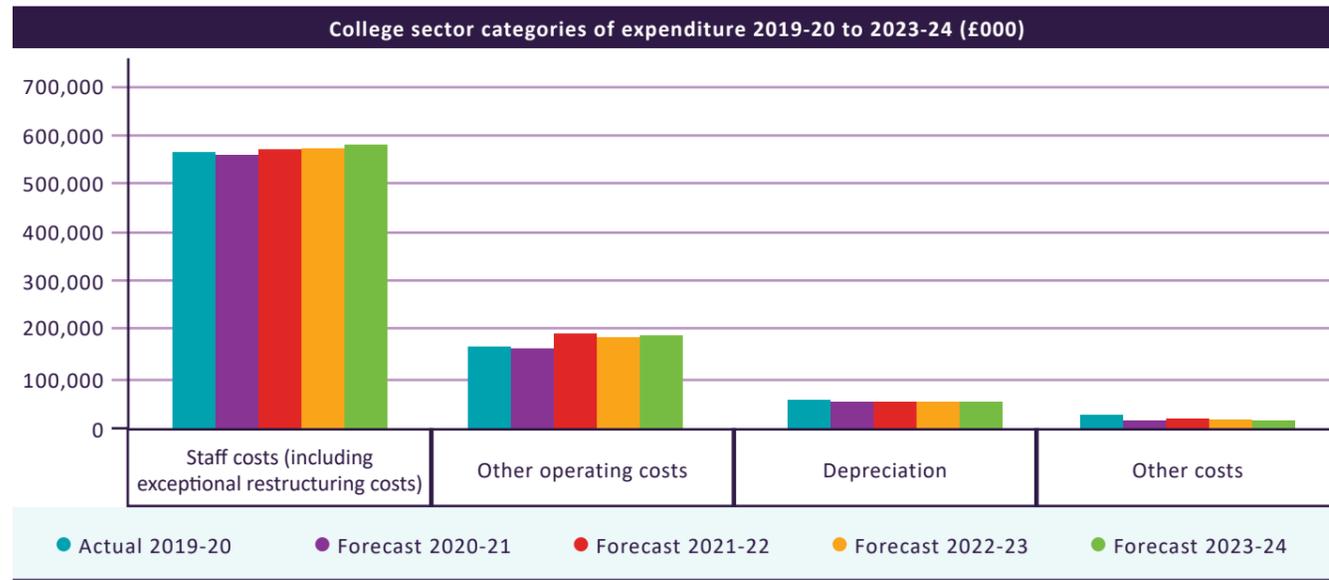


PHOTO: NEWBATTLE ABBEY COLLEGE

## EXPENDITURE

The graph below indicates the projected movement in sector expenditure over the forecast period:



Staff costs continue to represent the largest element of expenditure for colleges and are expected to constitute 69% of total sector costs in 2020-21, reduce to 67% in 2021-22 and remain at 68% for the last two years of the forecast. Colleges expect to report staff restructuring costs of £6.2 million in 2020-21 (13 colleges), a large proportion of which is funded from the additional financial sustainability funding, reducing to £2.7 million in 2021-22 (five colleges). Colleges have highlighted challenges in terms of the affordability of meeting the future costs of pay awards and being able to self-fund staff restructuring programmes in future years. Many colleges also operated a freeze on non-essential recruitment during the COVID lockdown but this represented a one-off saving and staff costs are expected to increase as vacancies are filled and activity returns to pre-COVID levels.

Other operating costs are expected to reduce in 2020-21 against the previous year. Colleges have indicated that savings have been generated during the year in the following areas: academic materials and consumables; residences and catering; utilities; property costs; photocopying; and travel and subsistence. However, colleges have also

reported that they have incurred additional costs related to online learning and remote working. On the other hand, student support, which is demanded, has not been a cost pressure in 2020-21 on the basis of returns provided.

The estimated annual cost of the 1.25% increase to employer National Insurance contributions across the sector (to be implemented from April 2022) is estimated to exceed £5 million. Colleges have also highlighted inflationary cost pressures in their latest financial forecast returns. In particular, these are impacting on the delivery costs associated with capital projects while the rising cost of living is also increasing pressures in relation to pay settlements and running costs.

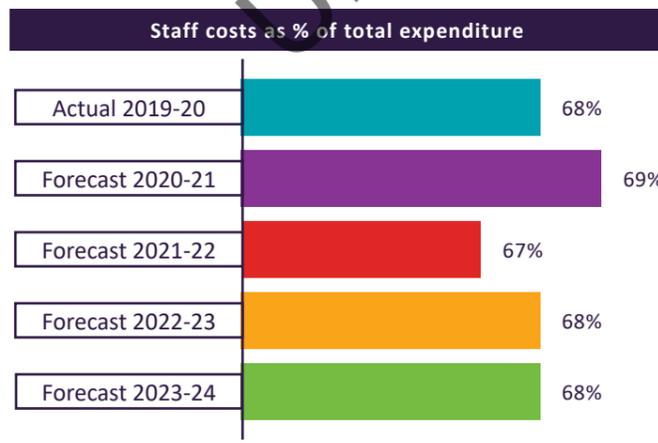


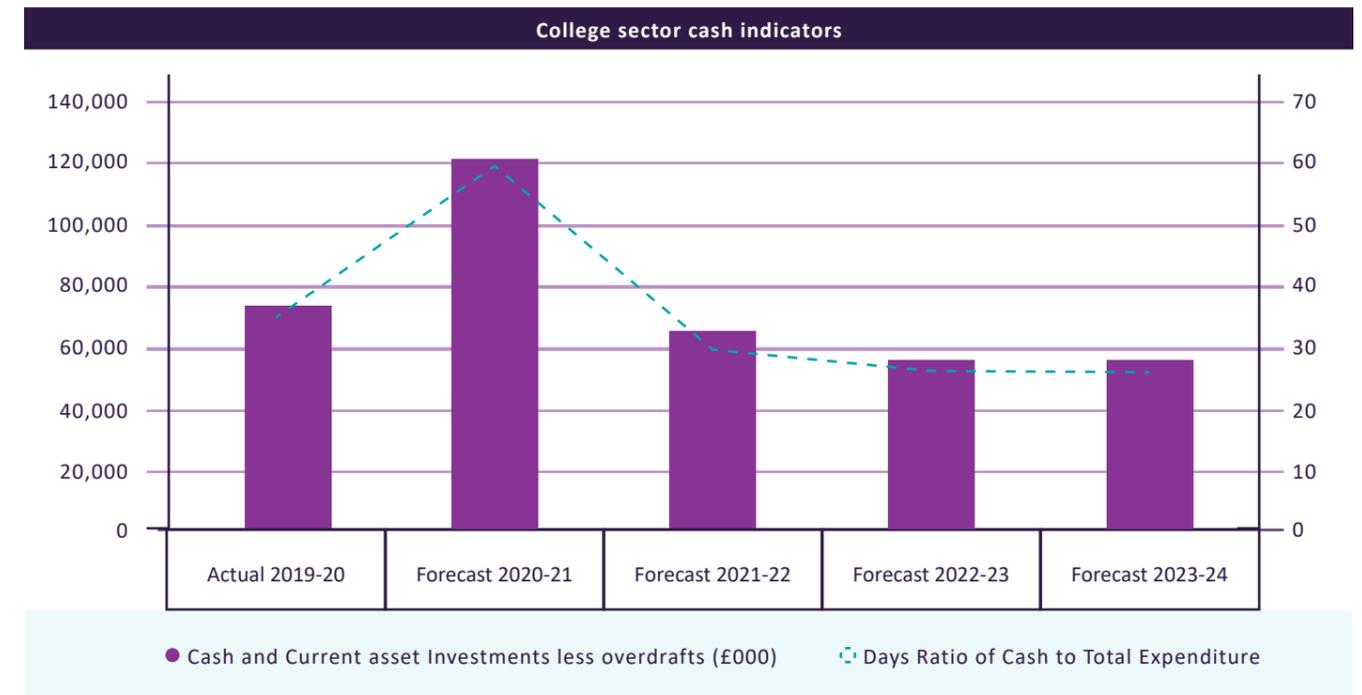
PHOTO: FIFE COLLEGE

## CASH BALANCES

Cash balances of £121.7 million and £64.9 million are forecast at the end of July 2021 and July 2022 respectively. The July 2021 position is much increased on 2019-20 (£73.3 million) and previous 2020-21 projections due to a combination of the more favourable operating position as a result of the additional SFC grant and unspent balances of 'ring-fenced' SFC monies, some of which relate to additional funding provided during the pandemic. This includes colleges placing on hold capital works because of restrictions enforced through the COVID-19 lockdown and unspent student support funds. It is expected that unspent 2020-21 funds will be spent or recovered during 2021-22.

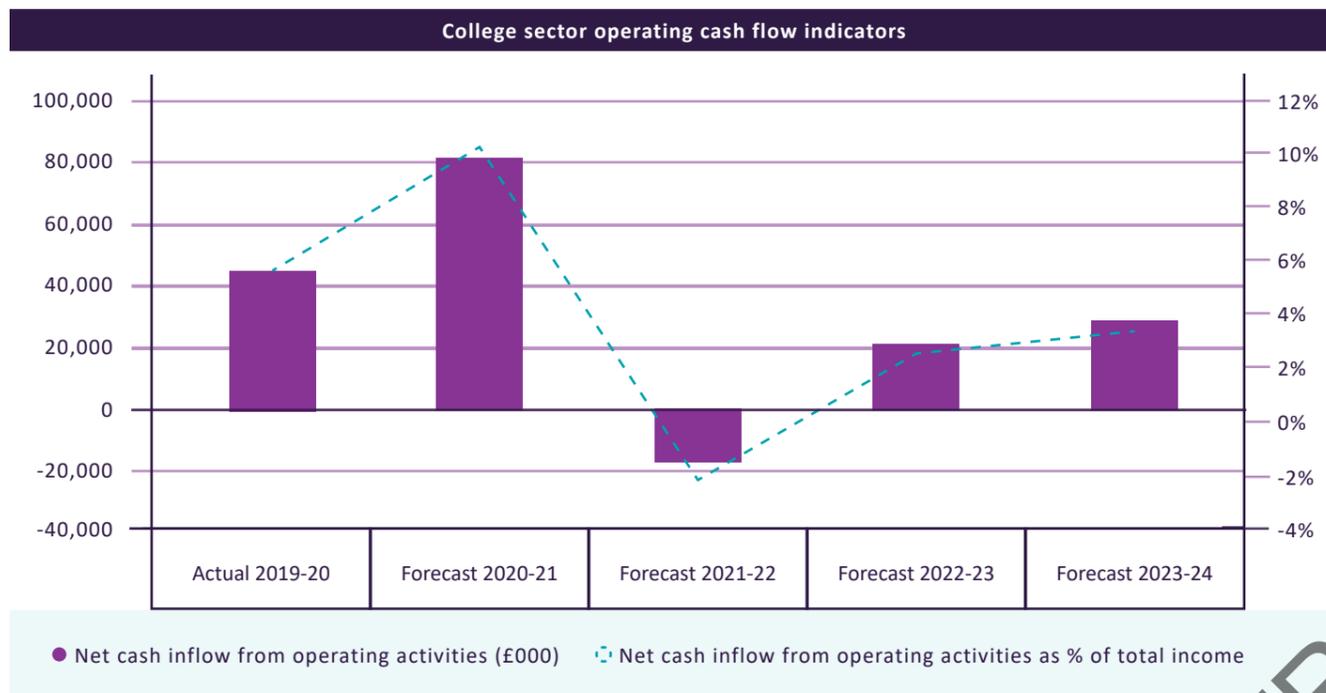
Only one college is forecasting fewer than 20 days' cash reserves at the end of July 2021, increasing to ten colleges by the end of July 2022 as cash balances drop. This is reflected in the sector position which shows the number of cash days reducing from 60 to 30 over the same period.

Three colleges are forecasting a negative cash position throughout the period 2021-22 to 2023-24. The projected combined cash deficit for the three colleges at 31 July 2024 amounts to £2.6 million. SFC continues to engage closely with these colleges in managing liquidity and operational challenges.



## CASH INFLOW FROM OPERATING ACTIVITIES

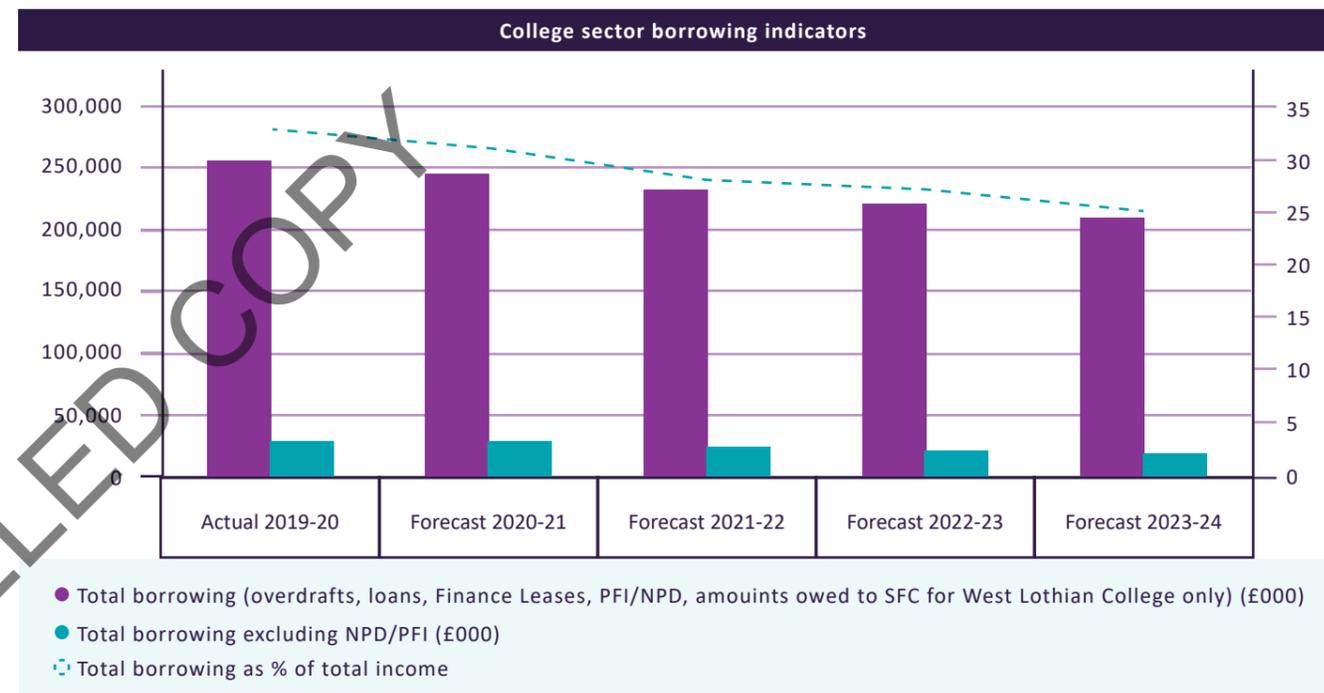
This measure provides an indication of the financial health of an institution in terms of its day-to-day operations, as it does not include any items of non-cash expenditure (such as depreciation, amortisation and, most importantly, adjustments for pension liabilities), or income from and expenditure on financing activities.



Based on the latest returns, two colleges are forecasting negative net cash inflow from operating activities in 2020-21, increasing to 18 in 2021-22 reflecting the weaker projected operating position in that year. Across all colleges, the sector net cash inflow from operating activities as a proportion of total income has moved from 5.8% in 2019-20 to 10.4% in the FFR for 2020-21, reducing to -2.1% for 2021-22 and then returning to a positive position in the last two years of the forecast.

## BORROWING

Total borrowing, including colleges' Non-Profit Distributing (NPD) and Private Finance Initiative (PFI) commitments, is expected to decrease from £254.5 million at the end of July 2020 to £210.1 million by the end of July 2024. Excluding NPD/PFI commitments, total borrowing is forecast to decrease from £29.1 million to £20.0 million over the same period.



Fifteen colleges are projecting outstanding borrowing at the end of July 2024. No college reported any breach of bank covenants during 2020-21. Overall capital expenditure of £505.9 million is projected in the period up to the end of July 2024.



PHOTO: GLASGOW KELVIN COLLEGE



PHOTO: ARGYLL COLLEGE UHI

## MITIGATING ACTIONS

Colleges reacted rapidly to the COVID-19 crisis and undertook a variety of measures to mitigate the impact on their operations. Measures included vacancy management and mission critical only recruitment, freezing non-essential spend and delaying capital spend.

Staff costs represent the largest element of college expenditure. Given that the sector has in previous years delivered significant non-staff cost efficiencies, this is the area that colleges are focused on to make efficiencies in the event of income targets becoming challenged. Colleges have highlighted that operational impacts of staff reductions are serious in terms of both reputation and impact on student outcomes (quality, retention and other performance indicators) and in relation to the mental health, morale and turnover of remaining staff.

In terms of achieving 2021-22 activity targets, colleges have provided assurances that this risk is also being addressed through undertaking scenario and contingency planning, proactive budget monitoring, effective curriculum planning and management, developing stronger partnerships with schools, universities, employers and industry, increased marketing activity, implementation of business process improvement initiatives, estates rationalisation, shift in delivery patterns and through ensuring that electronic devices are available for students.

While the additional 2020-21 and 2021-22 funding made available to the college sector through COVID-19 support has helped to stabilise institutions' finances, it is important to note that this is non-recurring funding.

Colleges' latest forecasts for the years 2020-21 to 2023-24, along with additional financial returns over the coming months, will continue to further develop our understanding of COVID-19 impacts on individual colleges and the overall sector, and enable provision of further advice to Scottish Government.



## KEY RISKS

The most significant risk areas for colleges that could adversely affect their financial performance and sustainability relate to:

- Increasing staff costs arising from cost of living pay awards, increases in employer contributions to pension schemes and national insurance, and the outcome of the National Bargaining job evaluation exercise for support staff;
- Inflationary pressures will put significant added pressure on the ability of colleges to continue to deliver similar levels of activity without an increase in funding;
- The continued impact of the COVID-19 pandemic including the potential consequential failure to achieve student activity and other income targets;
- Maintaining short-term liquidity;
- Changes to the SFC funding model and colleges' ability to deliver regional outcome agreements and Government priorities;
- The impact of cost efficiencies, including reduced staff numbers and frontline student services, on both the quality of student experience, student outcomes, and on the health and wellbeing of college staff;
- Future arrangements for funding Foundation Apprenticeships;
- The requirement for colleges to self-fund the cost of staff restructuring programmes while not being able to hold reserves;
- The uncertainty of the UK Government's policies designed to mitigate the effects of leaving the EU, in particular the development of the Shared Prosperity Fund;
- Addressing the increasing level of backlog estates maintenance and ICT/digital requirements to deliver a 21st century learning and teaching environment;
- Challenges of diversifying income due to increased competition from external providers reducing colleges' ability to generate commercial surpluses; and
- Delivering against multiple funding streams and programme requirements.

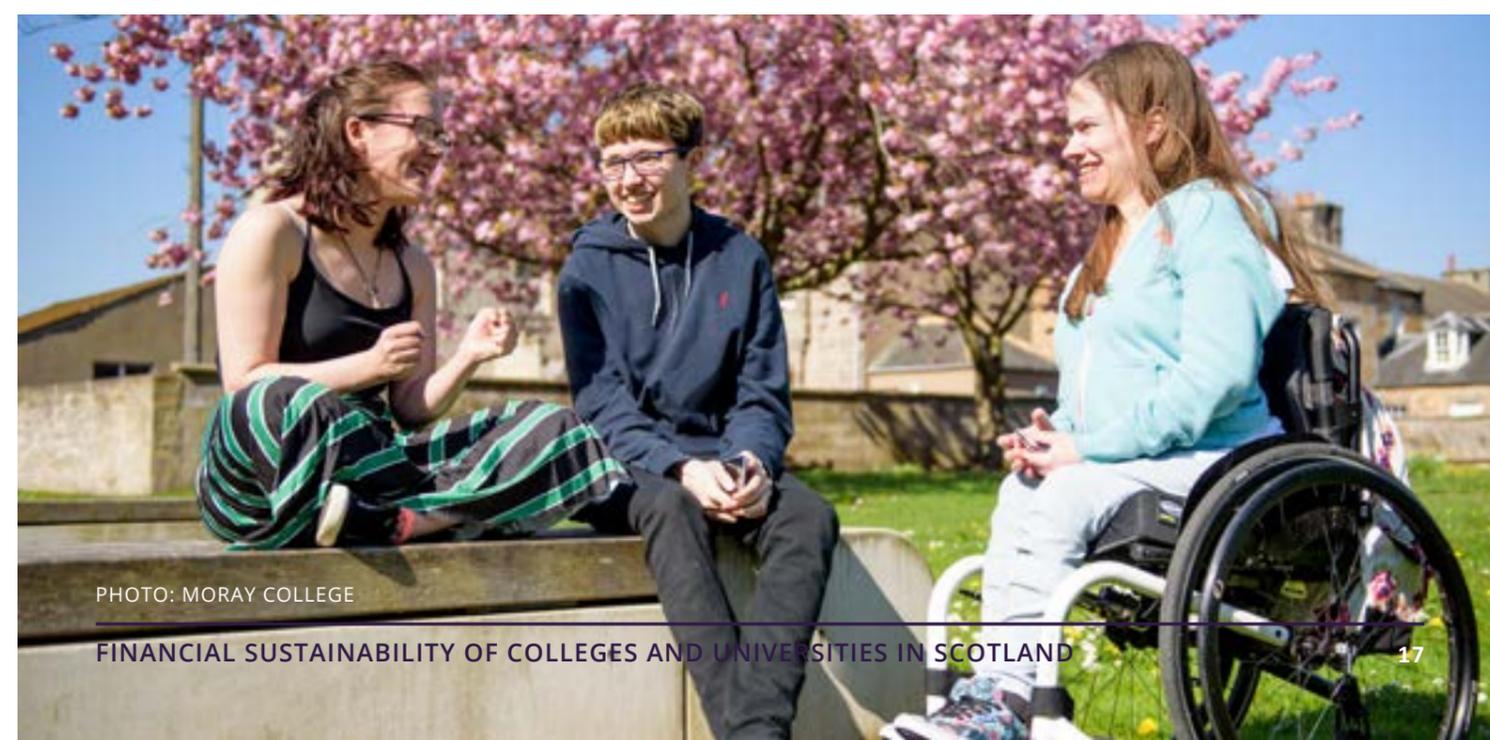


PHOTO: MORAY COLLEGE

## FINANCIAL SUSTAINABILITY OF THE UNIVERSITY SECTOR

At this current time, the financial sustainability of the university sector remains extremely fluid, with assumptions being constantly updated as circumstances change.

### KEY MESSAGES

- As a result of additional funding from SFC, and their own mitigating actions, institutions managed the impact of the COVID-19 pandemic more positively than anticipated but longer-term financial sustainability remains a challenge for many institutions;
- The latest projections show that the university sector is forecasting an underlying<sup>3</sup> surplus of £226.1 million for 2020-21 compared to the previous forecast (April 2021) of an underlying surplus of £154.8 million. This is largely accounted for by additional income of £52.2 million, due to higher international fee income, SFC grant, research grant, CJRS income, residence income and other income generating activities, and lower staff and other operating costs of £19.1 million;

<sup>3</sup> The reported operating surplus/(deficit) for the year does not represent the underlying operating performance of institutions as it will also include non-operational items required to be accounted for under the Financial Reporting Standard 102 (FRS 102). For the purposes of this report, the underlying operating position is calculated as the operating surplus/(deficit) adjusted for Universities Superannuation Scheme 'credits' and staff restructuring costs. It is recognised that institutions provide a separate analysis in their annual reports and accounts to explain the underlying surplus and this calculation may involve adjustments for other items e.g. some large capital grants, windfall income, non-cash pension costs etc. Not all institutions use the same basis for reporting and calculating the underlying operating position and a common methodology is currently in the process of being developed with the sector.



PHOTO: UNIVERSITY OF ABERDEEN

- However, the underlying position declines in the last two years of the forecast to £131.6 million in 2021-22 and £14.4 million in 2022-23. One-off cost savings generated during 2020-21 will not be repeated and staff and other operating expenses are expected to increase across the period reflecting a return to pre-COVID levels of activity with a return to full campus operations. The decline from 2020-21 can also be explained by the reduction in SFC grant and large capital receipts (e.g. City Deal income) which have no matching expenditure in the year of receipt. Subsequent years will reflect the cost of projects in the form of higher depreciation charges;
- While the additional funding made available to the university sector through COVID-19 support has helped to stabilise institutions' finances, it is important to note that this is non-recurring funding;
- There continues to be significant variation between institutions in terms of their financial positions and performance that is not reflected in our aggregate indicators. The latest forecasts are skewed by the projections for three institutions which are projecting a combined underlying surplus of £237.8 million in 2020-21 with the remaining 15 institutions forecasting a combined deficit of £11.7 million;
- Ten institutions are expecting to report underlying operating deficits in 2020-21 albeit the levels of deficit, in general, are significantly reduced against previous returns. Eight institutions are forecasting underlying deficits in both 2021-22 and 2022-23;
- Institutions have highlighted inflationary cost pressures which are particularly impacting on capital projects while the rising cost of living is also increasing pressures in relation to pay settlements and energy costs;

- The forecast cash balance at the end of July 2021 is now £1.922 billion compared to the previous forecast of £1.769 billion. The sector position masks some particular challenges being encountered by individual institutions with 62% of cash balances being held by two institutions. The forecast cash reduces over the last two years of the forecast period reflecting the outlays on major capital programmes in the sector;
- Sector borrowing has increased significantly in recent years. However, the forecast at the end of July 2021 (£1.699 billion) is slightly less than that previously reported (£1.751 billion) which is largely attributable to an institution refinancing its student residences operation. Approximately half of the sector borrowing relates to two institutions. Institutions explored accessing UK Government COVID-related loan schemes but only one institution has drawn down from this source. The loan schemes are now closed to new applicants. Capital repayments will require the generation of surpluses and cash and this could be challenging given the expected multi-year impact of COVID-19. There is a risk that universities with large levels of borrowing are unable to build up sufficient cash reserves to make the repayments required at set points over the term of the borrowing; and
- The aggregated sector position masks varying degrees of challenges across all individual institutions.

## ACTIONS TO DATE

The Financial Sustainability of Colleges and Universities in Scotland – Review Report, published in June 2021, set out details of actions taken to date in responding to the COVID-19 emergency in 2019-20 and 2020-21. These included:



### BEING FLEXIBLE

- Not recovering SFC funds for shortfalls against core outcome agreement targets where these related to COVID-19 during 2020-21.



### REDUCING REPORTING BURDENS

- Keeping returns and reporting requirements to a minimum.



## PROVIDING ADDITIONAL FUNDS

- £75 million support for research;
- More funded SQA student places;
- UK Research and Innovation (UKRI) additional funding of £18 million to universities to support UKRI grant-funded research, research and technical staff and research infrastructures during the period of pandemic disruption, and £10.8 million relating to “change of use” from existing grant portfolios;
- Increased research capital for universities from World Class Labs funding scheme (£11.8 million in 2020-21);
- UK Government Coronavirus Job Retention Scheme income (£27 million in 2019-20; £13.9 million forecast for 2020-21);

- Funding for student mental health and wellbeing support (£612,000 in 2020-21);
- Funding for university student associations and unions (£329,000 in 2020-21);
- £9.7 million for income lost in student accommodation rebates, announced as part of a £30 million package of support for college and university students in hardship as a result of COVID-19;
- £35 million resource funding to help colleges and universities maintain research activity, protect jobs and help students;
- £20 million capital funding for research and knowledge exchange;
- £3.5 million additional capital funding to support economic recovery; and
- £2.4 million additional capital funding to support digital provision.

## UNDERLYING OPERATING POSITION

The latest forecasts show a sector operating surplus of £224.3 million for 2020-21. The projections are impacted by the cost of Universities Superannuation Scheme (USS) net pension provision ‘credits’<sup>4</sup> (£6.3 million) and exceptional staff restructuring costs (£8 million). Seven institutions expect to report exceptional staff restructuring costs in 2020-21.

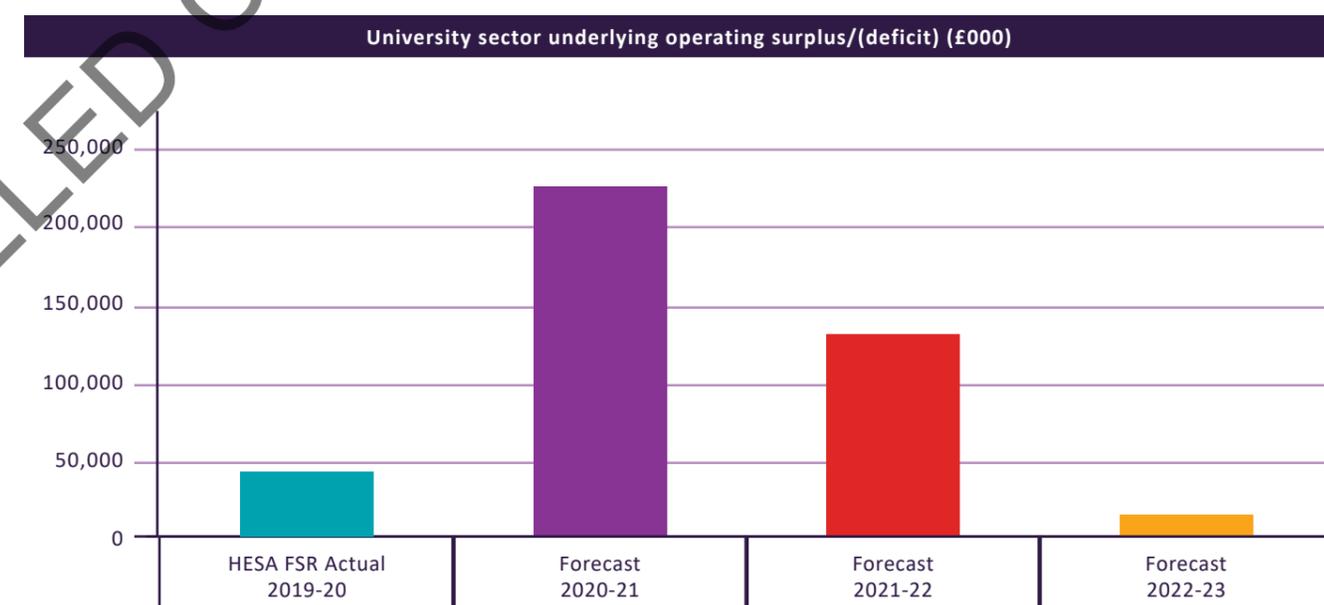
In aggregate, after adjusting for USS ‘credits’ and staff restructuring costs, institutions expect to report an underlying operating surplus in 2020-21 of £226.1 million. The 2020-21 position is significantly improved on previously reported forecasts for that year.

At the time of writing, we have received some but not all institutions’ 2020-21 annual reports and accounts. We will issue an update on the actual results achieved in 2020-21 once all the accounts have been signed and submitted.

<sup>4</sup> Universities’ commitments to fund USS deficit recovery contributions are reflected in their financial returns as a liability. This liability varies from year to year due to changes in the projected pensionable payroll but can also move significantly when there is a change in the level of recovery contributions. A revised set of contributions, arising from the USS 2018 valuation, was agreed in September 2019 and resulted in a decrease in institutions’ USS liabilities and ‘credits’ to the staff costs.

The impact of COVID-19 has not been as severe as initially predicted due to a combination of increased SFC grant (reflecting the additional non-recurrent COVID funding), international fee income, CJRS income, accelerated City Deal funding and a reduction in staff and other operating costs. While the additional funding made available to the university sector through COVID-19 support has helped to stabilise institutions’ finances, it is important to note that this is non-recurring funding. It is also important to note that one-off savings, arising from a freeze in recruitment and deferred capital spend together with reduced consumables budgets, will not be repeated. Filling staff vacancies and catching up deferred spend with a view to restoring the student experience will impact future surpluses.

Six institutions are showing a lower level of surplus for 2020-21 compared to the previous forecasts received in April. The sector underlying position continues to be a surplus, albeit significantly declining, in the last two years of the forecast as illustrated in the following graph:



Ten institutions expect to report underlying operating deficits in 2020-21 albeit the levels of deficit, in general, are significantly reduced against previous returns. Eight institutions are forecasting underlying deficits in both 2021-22 and 2022-23.

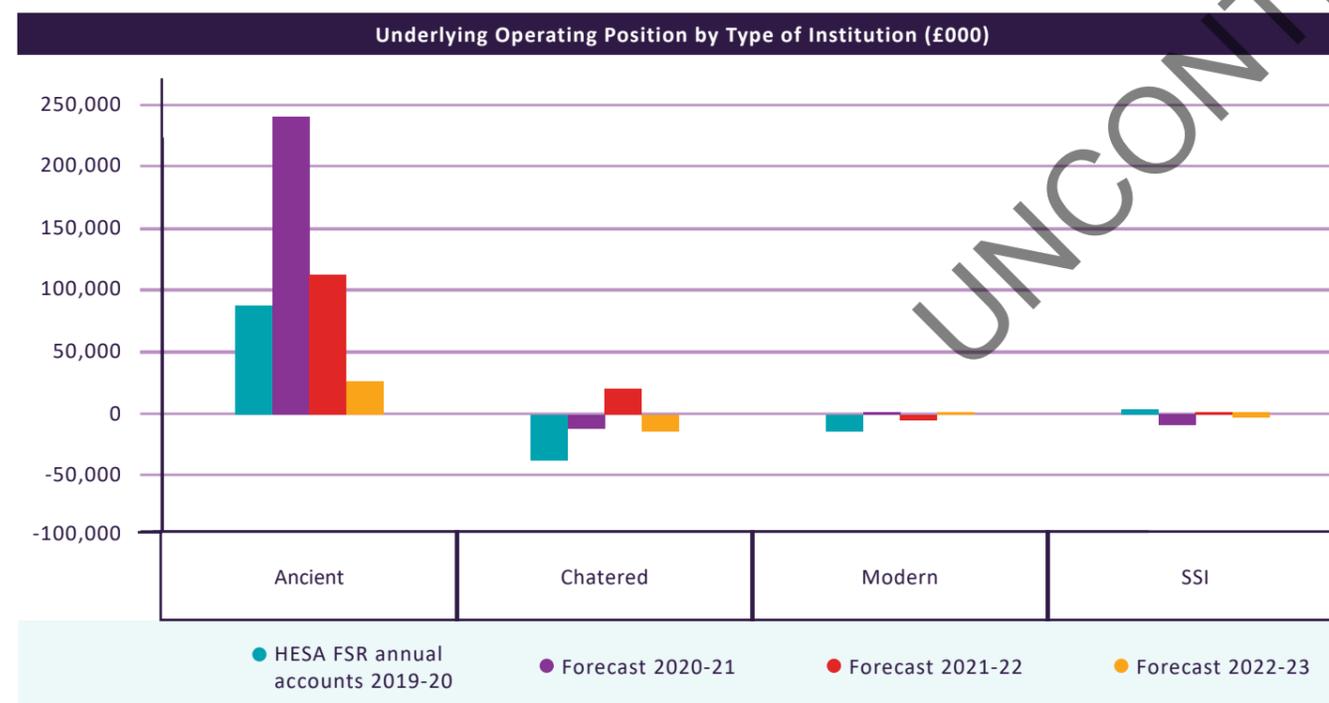
There is significant variation between universities in terms of their financial positions and performance that is not reflected in our aggregate indicators. The latest forecasts are skewed by the projections for three institutions which are projecting a combined underlying operating surplus of £237.8 million in 2020-21 with the remaining fifteen institutions forecasting a combined underlying operating deficit of £11.7 million as illustrated in the following table:

Table 1. Metrics Calculated

	2020-21 £ MILLION	2021-22 £ MILLION	2022-23 £ MILLION
Sum of underlying surpluses in three institutions	237.8	116.5	28.5
Sum of underlying surpluses in remaining institutions (number of institutions)	19.7 (five)	61.3 (seven)	14.0 (seven)
Sum of underlying deficits in remaining institutions (number of institutions)	31.4 (ten)	46.2 (eight)	28.1 (eight)
<b>Total</b>	<b>226.1</b>	<b>131.6</b>	<b>14.4</b>

The extent to which the forecasts are skewed by the ancient universities is illustrated in the following graph:

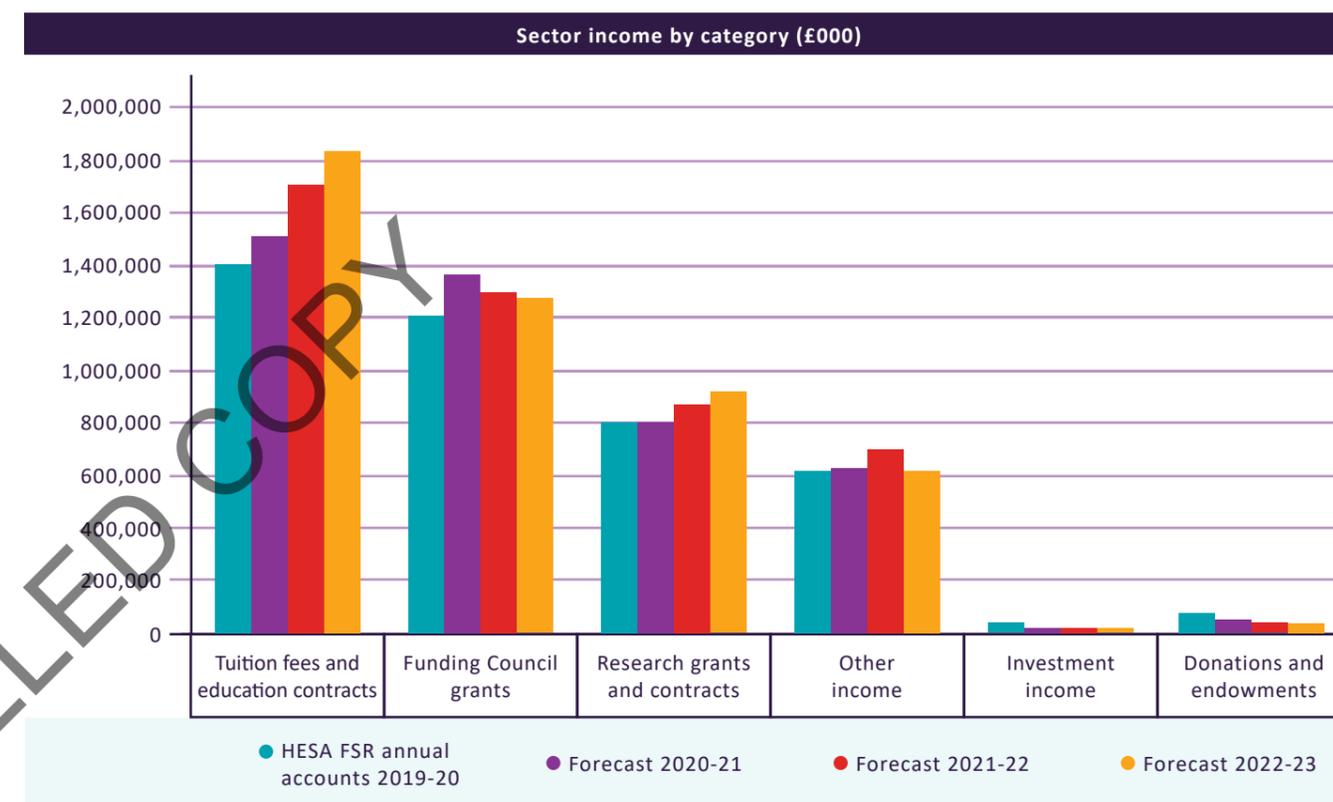
Underlying Operating Position by Type of Institution (£000)



## SOURCES OF INCOME

The graph below indicates the projected movement in categories of sector income over the forecast period.

Sector income by category (£000)

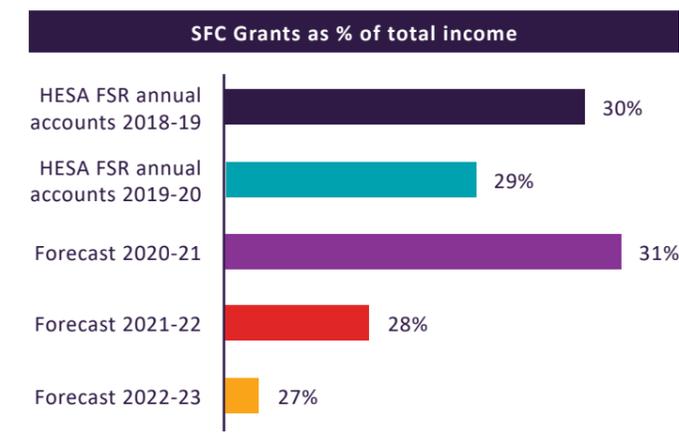


## RELIANCE ON SFC GRANTS

SFC grants are projected to increase to 31% of total sector income in 2020-21, reflecting the additional non-recurrent COVID-19 support funding provided in 2020-21 but institutions' reliance on SFC grant is expected to reduce in the last two years due to the loss of non-recurrent COVID grants and forecast increases in other sources of income, particularly international fee income.

This demonstrates the planned recovery from the impact of COVID-19 by the sector, brought about by its predictions on generating income from international student fees and other non-government income.

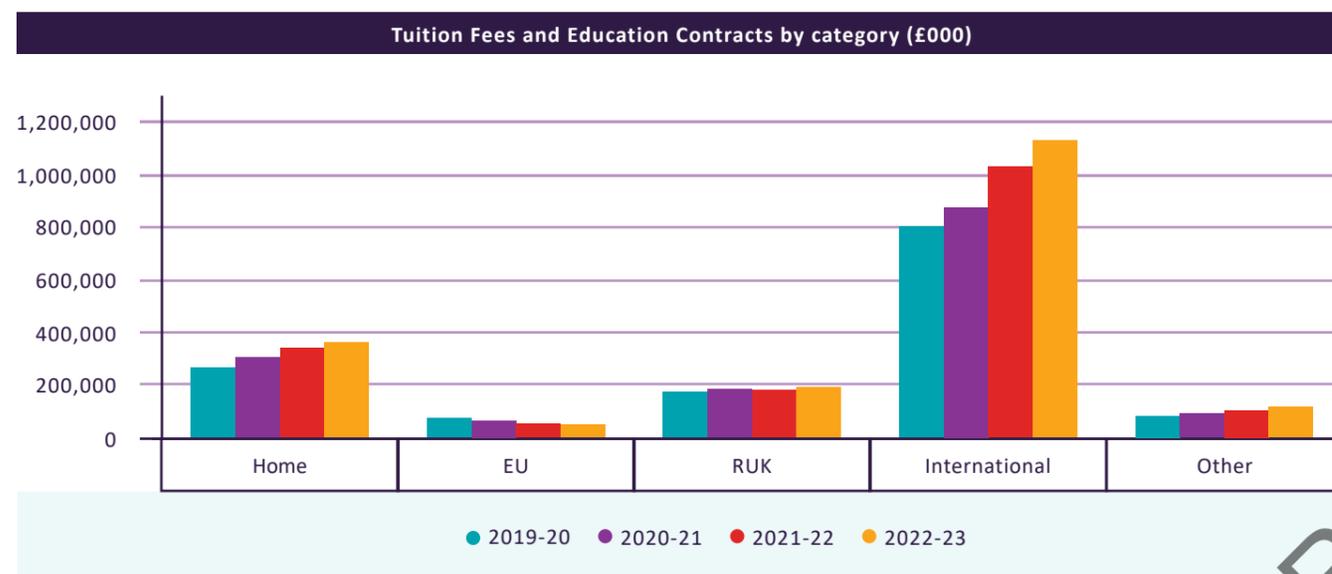
SFC Grants as % of total income



## TUITION FEES AND EDUCATION CONTRACTS

Tuition fee revenue represents the largest source of income for the sector. This source of income is forecast to increase from £1.400 billion in 2019-20 to £1.508 billion in 2020-21 and to £1.836 billion by 2022-23. In 2020-21, most institutions expect to report higher fee levels compared with 2019-20, however, a small number of institutions are reporting a decrease.

Overall tuition fees and education contracts are broken down into five categories as shown in the graph below:



The majority of institutions' revenue from tuition fees and education contracts derives from international fees. There were initial concerns that this source of income would be severely impacted by the pandemic, however, the graph shows substantial increases in this source of revenue income which is expected to rise from £791.5 million in 2019-20 to £1,127.8 million in 2022-23. The increase demonstrates the sector's planned recovery from COVID-19 and is expected to come from higher volumes, emerging markets and also increased fee levels.

While it is clear that institutions are becoming increasingly reliant on international fee income, the levels of growth achieved in recent years are unlikely to continue indefinitely and an increasingly competitive market may force institutions to adapt their business model. The established reputation of the ancient institutions means it is likely that they are better placed to withstand an increased level of competition, while chartered institutions may be more exposed to this risk. In general, modern (post 1992) and small specialist institutions are less reliant on this source of income but will also need to adapt their business model in the face of increased international competition.

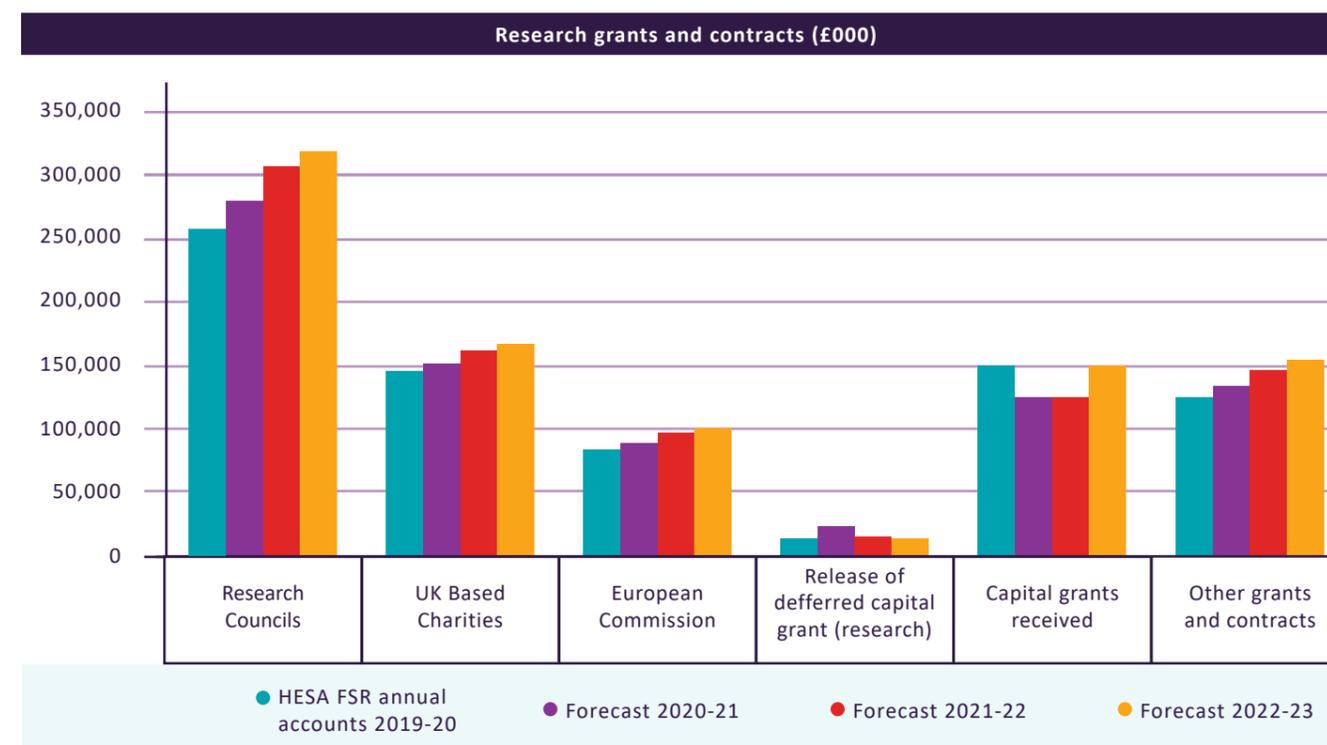
While the majority of institutions are forecasting increases in international fee income, the most significant growth comes from the larger ancient and chartered universities.

Fee income from Scottish students is expected to increase from £265.8 million in 2019-20 to £357 million in 2022-23, despite the unit of resource per Scottish student being frozen for several years, while fee income from EU students is forecast to reduce from £75.6 million to £51.8 million over the same timeframe.

Fees from the rest of the UK (RUK) students show small increases over the forecast period, rising from £175.7 million in 2019-20 to £187.4 million by 2022-23. This may be an area of risk for those institutions which have relatively more reliance on RUK students and may be impacted more significantly by changes in English higher education policy.

## RESEARCH GRANTS AND CONTRACTS

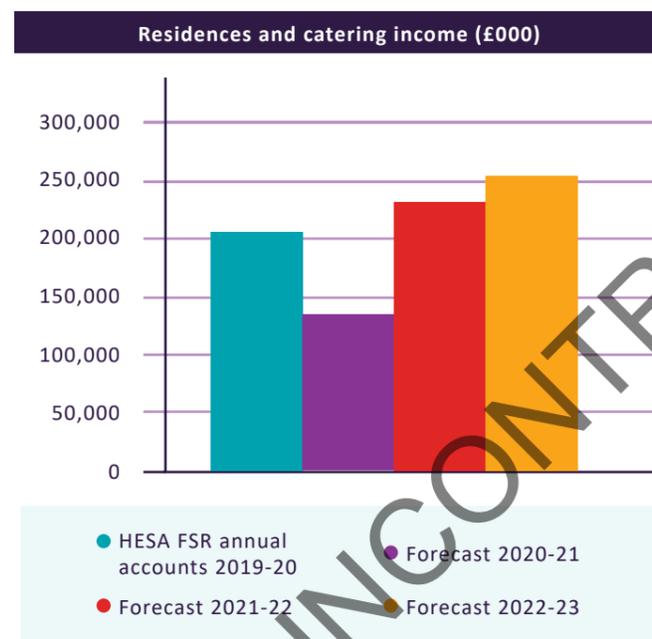
Institutions have experienced disruption to research activities during COVID-19 due to reduced access to campus facilities. Research income amounted to £791.1 million in 2019-20, down £24.7 million from 2018-19, but is expected to recover to £810.2 million in 2020-21 and then increase to £859.2 million in 2021-22 and £908.2 million in 2022-23. In the final year, approximately 69% of the income from this source is generated in three institutions. The breakdown of research and contracts income is shown below:





## OTHER INCOME

While international fee income has to date been largely unaffected by the pandemic, the same cannot be said for income from student residences, catering and conference activity. Virtually all institutions experienced a substantial reduction in income from this source in 2019-20 and particularly in 2020-21 against pre-COVID levels. Ancient and chartered institutions have been impacted the most. Institutions generated £253.8 million from residences, catering and conference revenues in 2018-19, reducing to £205.5 million in 2019-20 and £135.0 million in 2020-21. In general, the forecasts show a gradual build-up of this income and indicate a return to pre-COVID levels in 2022-23.



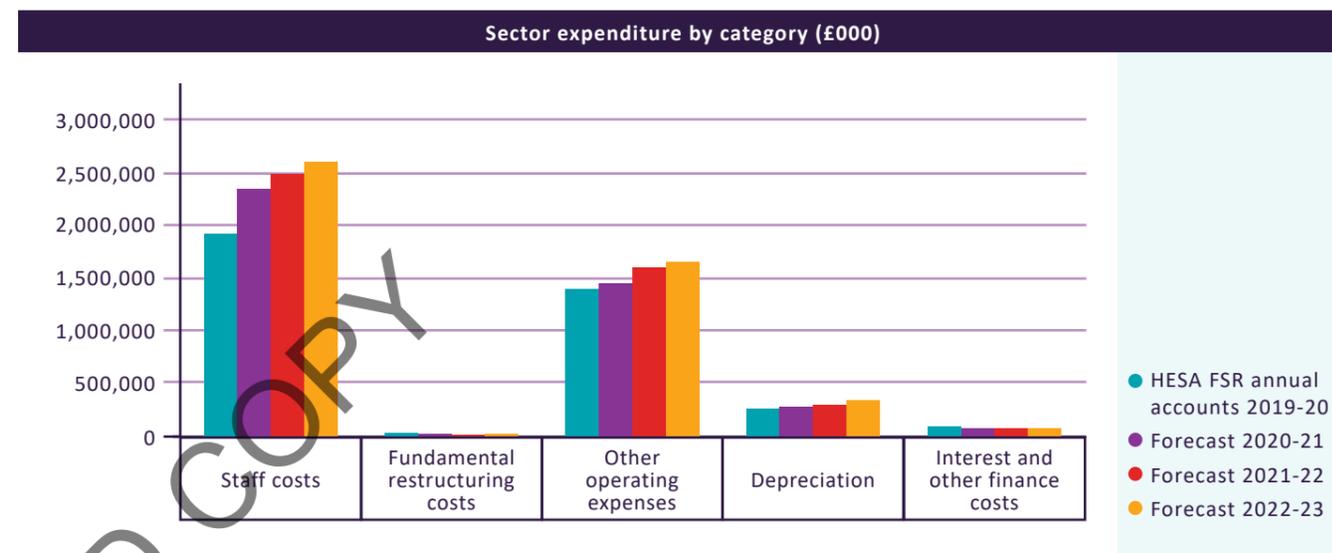
The majority of institutions continued to take advantage of CJRS income during 2020-21 and this accounted for £13.9 million of income. City Deal funding accounted for £65.4 million of income in 2020-21 and is forecast at £23.9 million in 2021-22 and £12.9 million in 2022-23.

Other income generating activities were considerably higher in 2020-21 due to additional income from laboratory testing and, in 2021-22, due to large one-off capital grant receipts.

PHOTO: ROYAL CONSERVATOIRE OF SCOTLAND

## EXPENDITURE

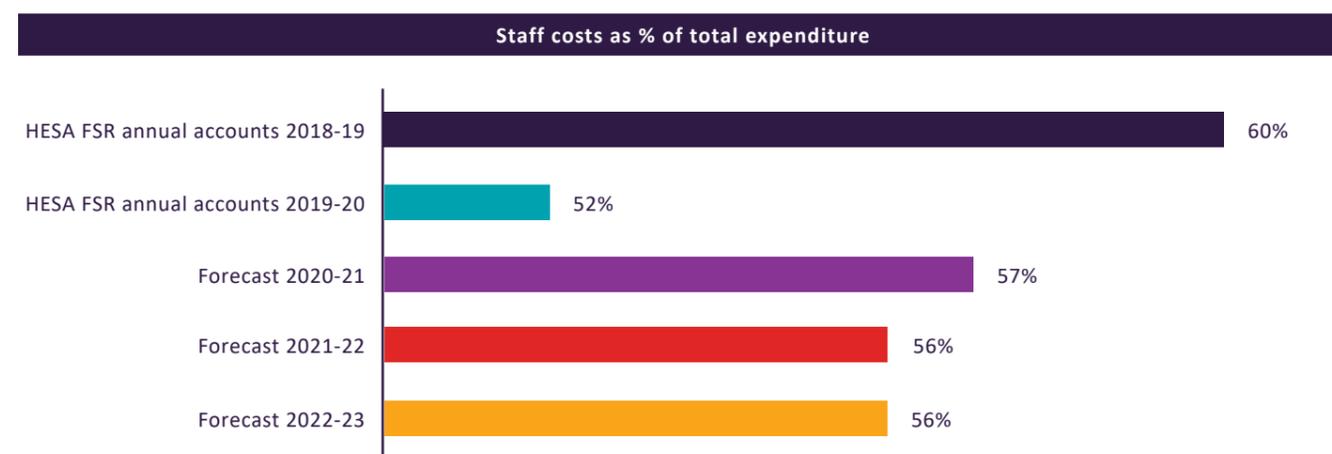
The graph below shows a forecast of expenditure by category:



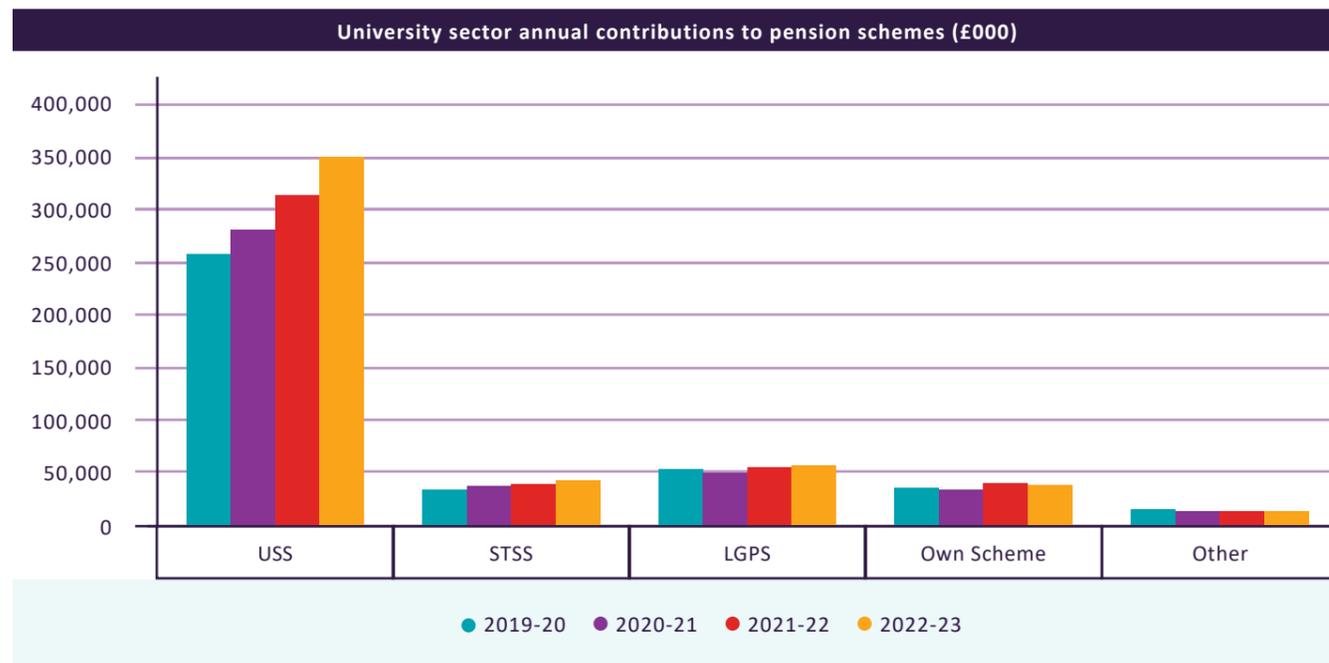
## STAFF COSTS

The increase in staff costs across the forecast period reflects assumed pay awards after 2020-21, incremental drift and also increased pension costs. Many institutions operated a freeze on non-essential recruitment during the COVID lockdown but this represented a one-off saving and staff costs are expected to increase as vacancies are filled and activity returns to pre-COVID levels while institutions are also making strategic staffing investments to support future growth.

Staff costs as a percentage of total expenditure are forecast at 57% for 2020-21 reducing to 56% for the following two years. The percentages for 2018-19 and 2019-20 were skewed by USS pension adjustments.



The graph below shows the increases in annual contributions to the various university pension schemes.



It is anticipated that there will be significant increases in pension costs in future years particularly in the Universities Superannuation Scheme (USS) which collects the bulk of employer contributions. For the USS scheme, the majority of institutions had assumed an increase from 21.1% to 23.7% in October 2021 based on the rates scheduled under the most recent agreed valuation (2018). However, on 6 September 2021, the USS Joint Negotiating Committee proposed new contribution rates which, although subject to consultation, would mean an increase in employer contributions of 0.3% to 21.4%. This proposal also included changes to member benefits to ensure the scheme is sustainable in the long-term.

The proposed changes to the scheme have resulted in institutions' staff taking industrial action across the UK. In Scotland, staff at the universities of Dundee, Edinburgh, Glasgow, Heriot-Watt and Stirling took industrial action.

If the USS proposals are accepted, there will be a reduced cost to institutions but this will, to some extent, be balanced by the proposed 1.25% increase to employer National Insurance contributions from 6 April 2022. The estimated annual cost of the additional National Insurance contributions across the sector is expected to exceed £24 million.

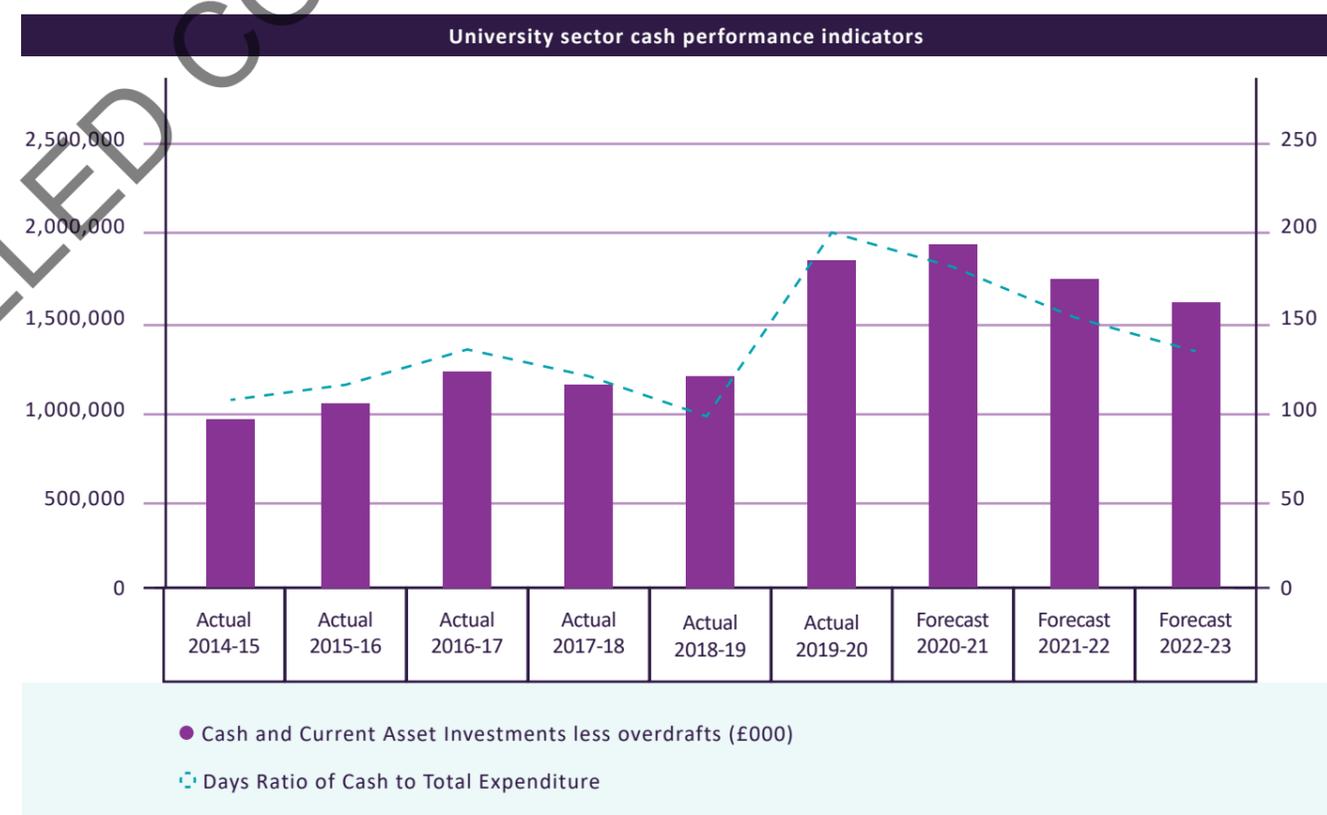
Other operating expenses are forecast to increase across the period reflecting a return to pre-COVID levels of activity with a return to full campus operations.

## INFLATIONARY COST PRESSURES

Institutions have highlighted inflationary cost pressures in their latest financial forecast returns. In particular, these are impacting on construction projects where reduced manufacturing capacity, freight delays, Brexit legislation, and fragmented global supply chains have all contributed to pushing up costs and tightening supply chains. The rising cost of living is also increasing pressures in relation to pay settlements while energy costs are also expected to increase sharply.

## CASH AND EQUIVALENT BALANCES

The graph below shows the trend in the main cash performance indicators for the university sector from 2014-15 to 2022-23.



The forecast cash balance at the end of July 2021 is now £1.922 billion compared to the previous forecast of £1.769 billion, in line with the improved operating position. The forecast cash balance is expected to reduce over the last two years of the forecast period reflecting the outlays on major capital programmes in the sector many of which were delayed during 2020-21. Cash balances and number of days expenditure held in cash reserves are key performance indicators.

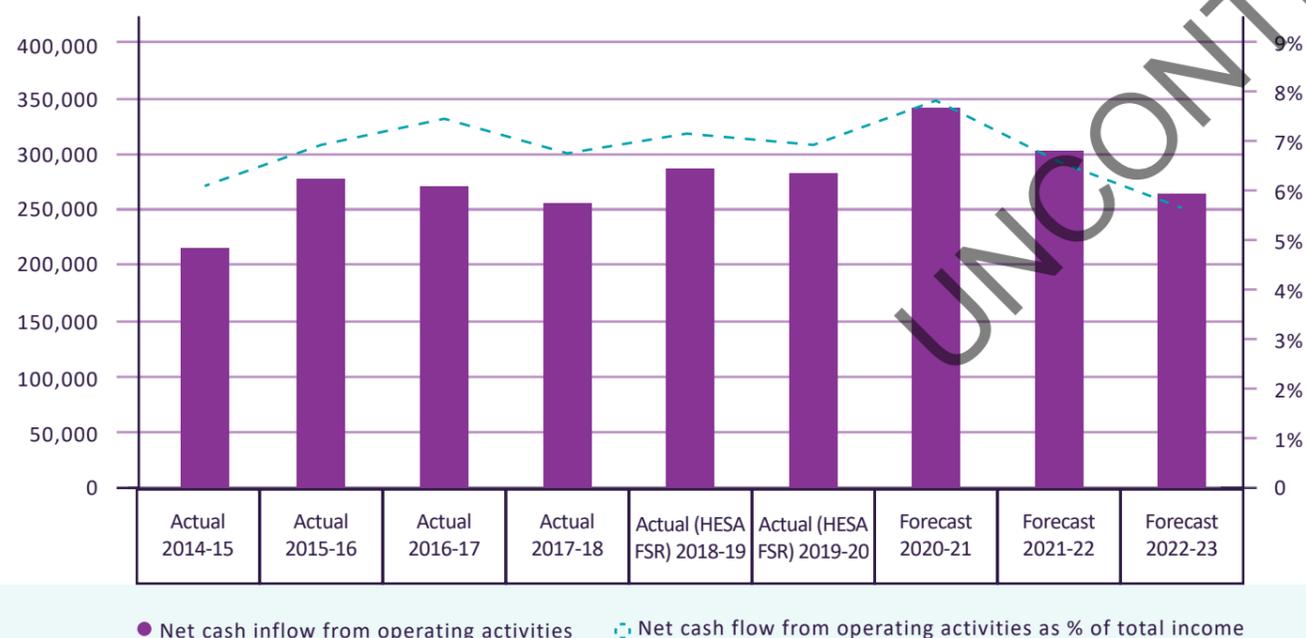
The sector position masks some particular challenges being encountered by individual institutions with 62% of cash balances being held by two institutions and the cash levels held vary considerably across the sector with the number of days expenditure held in cash varying from 59 days to 275 days in 2020-21. Anything less than 60 days may raise concerns, particularly if the institution is encountering other financial challenges.

Maintaining short-term liquidity is critical and institutions' focus during the COVID-19 pandemic has been on protecting cash reserves and thereby their ability to absorb short term operational deficits. Several institutions have agreed overdraft or revolving credit facilities with lenders to provide additional headroom.

### NET CASH INFLOW FROM OPERATING ACTIVITIES

Three institutions expect to report a net cash outflow from operating activities during 2020-21 and this is forecast to reduce to two institutions in each of the later years. Overall, cash generated from operations in the sector is forecast at £340.4 million in 2020-21, £302.3 million in 2021-22 and £264.3 million in 2022-23. Across all institutions, the sector net cash inflow from operating activities as a proportion of total income is expected to reduce from 7.8% in 2020-21 to 6.5% in 2021-22 and 5.6% in 2022-23.

Net cash inflow/(outflow) from operating activities



### BORROWING

The graph below shows the trend in levels of sector borrowing over the period 2014-15 to 2022-23.

University Sector Borrowing Indicators 2014-15 to 2022-23



Total long-term borrowing is forecast to decrease from £1.731 billion at the end of July 2020 to £1.699 billion at the end of July 2021. Seven institutions increased their debt but this was offset by reductions in other institutions as a result of repayment of traditional loan debt by instalments, repayment of some short-term debt taken out in response to COVID-19 impacts and refinancing of an institution's residence operation. Four institutions are forecasting an increase in bank loan debt over the last two forecast years and total sector debt of £1.709 billion is projected at the end of July 2023 of which £141.2 million relates to Financial Transactions.

Sector borrowing has been increasing since 2014-15 and has increased significantly in recent years. The majority of the sector borrowing relates to two institutions which account for 50% of the sector total by value at the end of July 2021. The increase in borrowing since 2018-19 largely relates to the chartered institutions. Institutions have explored accessing UK

Government COVID-related loan schemes during the pandemic but only one institution has drawn down from this source. The Government loan schemes are now closed to new applicants.

Capital repayments require the generation of surpluses and cash and this could be challenging given the expected multi-year impact of COVID-19. There is a risk that institutions with large levels of borrowing are unable to build up sufficient cash reserves to make the repayments required at set points over the term of the borrowing in relation to Private Placements. It is also anticipated that the cost of borrowing will increase over the short to medium-term as interest rates are increased to curb wider inflationary pressures.

No covenant breaches are forecast although in some cases it has been necessary for institutions to re-negotiate covenant terms in light of COVID-19. Institutions have provided assurances that they are engaging on a regular basis with lenders and keeping them fully apprised.

It is possible that banks will adopt a more cautious approach to lending to institutions in future. Many institutions are not currently in a position to commit to future borrowing and are currently reassessing estates development programmes. Environmental sustainability conditions are also likely to be incorporated in future lending agreements.

## MITIGATING ACTIONS

Institutions reacted rapidly to the COVID-19 crisis and undertook a variety of measures to mitigate the impact of COVID-19 on their operations. On the cost side, this included restructuring (seven institutions included staff restructuring costs in their 2020-21 forecasts). Other measures included vacancy management and mission critical only recruitment, freezing non-essential spend, delaying capital spend, taking advantage of VAT payment deferral schemes and renegotiating payment plans with suppliers.

In order to protect income levels, institutions are continuing to expand digital delivery and develop new overseas markets and partnerships as well as focus on income-generating opportunities at home (e.g. better utilisation of residences in the summer break).

Institutions' latest forecasts, along with additional financial returns over the coming months, will continue to further develop our understanding of COVID-19 impacts on individual institutions and the overall sector, and enable provision of further advice to Scottish Government.



## KEY RISKS

The most significant risk areas for universities that could adversely affect their financial performance and sustainability relate to:

- The continuing impact of the COVID-19 pandemic, required public health restrictions that affect Scotland's competitive position, and the potential failure to achieve international student recruitment targets within a more competitive global market;
- Rise in staff costs including increases in employers' pension contributions, the Universities Superannuation Scheme in particular and industrial action;
- Stock market pressures and wider economic challenges that lead to significant drops in regular donations and income from endowments;
- Existing debt levels and the management of lender and private placement relationships and compliance with covenants;
- Future arrangements for funding Graduate Apprenticeships;
- Fall in rUK recruitment in an increasingly competitive market;
- Changes in UK Government policy on higher education.
- UK policy relating to visa and immigration regulations; wider international policies, including mobility and exchange schemes; and the development of policy designed to mitigate the effects of leaving the EU, in particular the development of the Shared Prosperity Fund;
- Unanticipated public spending cuts in teaching and/or research income;
- Impact of changes to UK research funding, and the research funding policies of charities and industry; and
- Failure to effectively manage major capital investment programmes and their financial impacts.



PHOTO: ROBERT GORDON UNIVERSITY

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