



Falkirk Campus, Steeple Suite 16.30 – 18.30

AGENDA

	Type	Lead
1 Apologies and Declarations of Interest	Discussion	Trudi Craggs
2 Draft Minutes and Matters Arising of Meeting of 7 December 2023	Approval	Trudi Craggs

(Elements of paper 2 are withheld from publication on the Forth Valley College website under Section 36 Confidentiality of the Freedom of Information (Scotland) Act 2002.)

3 Minutes of Committee Meetings		
3.1 Learning & Student Experience – 8 February 2024	Noting	Lorna Dougall
4 Principal's Executive Summary Report	Discussion	Kenny MacInnes

(Paper 4 is withheld from publication on the Forth Valley College website under Section 33 Commercial Interests and the Economy of the Freedom of Information (Scotland) Act 2002.)

5 Chair's Update	Verbal	Trudi Craggs
6 Student Association Report	Discussion	Steve Kemlo

STRATEGIC PLAN IMPLEMENTATION

7 Strategic Planning	Discussion	Kenny MacInnes
8 Financial Update	Presentation / Discussion	Alison Stewart

(Paper 8 is withheld from publication on the Forth Valley College website under Section 33 Commercial Interests and the Economy of the Freedom of Information (Scotland) Act 2002.)

9 College Dashboard	Presentation / Discussion	David Allison
10 Forth Valley College Foundation – Grant Application - International Business Development Manager	Approval	Colin McMurray

(Paper 10 is withheld from publication on the Forth Valley College website under Section 33 Commercial Interests and the Economy of the Freedom of Information (Scotland) Act 2002.)

GOVERNANCE

11 Board of Management Scheme of Delegation	Approval	Alison Stewart
12 Board of Management Standing Orders	Approval	Alison Stewart



OPERATIONAL OVERSIGHT

- | | | | |
|----|-------------------------------|---------------|-----|
| 13 | Action Short of Strike (ASOS) | Verbal Update | All |
| 14 | Review of Risk | Discussion | All |

FOR INFORMATION

SFC Financial Sustainability of College in Scotland 2020-21 to 2025-26

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2. Minutes of Meeting of 7 December 2023 For Approval

22 February 2024
BOARD OF MANAGEMENT

S1.20, Stirling Campus, 10.00am

Present: Lorna Dougall (Chair)
Kenny MacInnes, Principal
Craig Arthur
Hazel Burt
Rhona Geisler
Philip Harris
Jennifer Hogarth
Steve Kemlo, Forth Valley Student Association President (FVSAP)
Kirsten Kennedy, Forth Valley Student Association Vice President (FVSVP)
Liam McCabe
Alistair McKean
Emma Meredith, via Teams
Campbell Ure

Apologies: Paul Devoy
Katherine Graham
Caroline Johnston
Trudi Craggs

In Attendance: Alison Stewart, Vice Principal Finance & Corporate Affairs (VPFACA)
David Allison, Vice Principal, Infrastructure and Communications (VPIC)
Sarah Higgins, Vice Principal Learning and Student Experience (VPLSE)
Colin McMurray, Vice Principal Business & Innovation (VPBI)
John Laird, Educations Scotland for item B/23/053 only
Rob McDermott, Head of Learning and Quality (HLQ) for item B/23/053 only
Stephen Jarvie, Corporate Governance and Planning Officer and Deputy Board Secretary (CGPO)
Martin Loy, Head of Estates, Facilities Management and Health and Safety (HEFMHS) for item B/23/059 only

B/23/052 Apologies and Declarations of interest

Apologies are noted above.

B/23/053 FVC Education Scotland Annual Engagement Visit (Online Presentation)

John Laird, Education Scotland, joined the meeting via Teams, to discuss the recent annual engagement visit (AEV).

He outlined the methodology of the AEV and raised a number of highlights identified during the visit, noting that the report was one of the strongest in the recent cycle of AEV's in the sector. He discussed the impact of Covid and the mitigations put in place to support learners.



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He highlighted the positive impact of the Learning Development Worker and Learner Improvement Facilitator roles within the College. He also noted the impact of the continuous curriculum review process and reported that staff valued the process. He noted that there were a couple of minor areas for development, including understanding the role of the Student Association (FVSA) within the College and also around consistent use of metaskills across the curriculum.

The HLQ reported that the College also found the AEV to be a positive experience and confirmed that the College agreed with the areas for improvement identified. He discussed measures being undertaken to further involve FVSA and to look at metaskills utilisation.

He informed members that the previous year's AEV had made some recommendations in relation to safeguarding and it was pleasing to see these recommendations had been undertaken.

Members requested a definition of metaskills which John Laird provided.

Members also commented that the highest rating the College was able to achieve is 'satisfactory' which didn't seem to reflect the very positive outcome.

John Laird noted that this was the terminology used by Education Scotland but that he would not have an issue if, internally, more positive terminology was used.

The Principal informed members that a list of actions had been created to address the recommendations made and that this would be discussed at the Leadership Management Team.

a) Members noted the content of the presentation

B/23/054 Minutes & Matters Arising of Meeting of 28 September 2023

The minutes of the meeting of 28 September 2023 were approved

Matters Arising

None

B/23/055 Minutes of Committee Meetings

4.1 Learning & Student Experience – 26 October 2023

The Committee Chair reported on the business of the Committee. She informed members that the Outcome Agreement draft had been considered and that the Committee had asked for text to be added to clarify the detrimental impact of financial restrictions on the College's ability to deliver the curriculum.



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She discussed the recent “on campus” graduation ceremonies and commended these to other Board members.

a) Members noted the content of the report

4.2 Finance, Resource & Infrastructure Committee - 21 November 2023 (to follow)

The Committee Chair reported on the recent meeting, noting that this meeting had a joint component with Audit Committee to consider the College’s financial statements.

He confirmed that the Committee had considered and approved the Annual Procurement Report for the College, noting the importance of this report and its public facing components. He also informed members that the College was due for an external review of procurement practices by APUC.

He confirmed to members that the report on the College as a going concern had been considered and that the Committee considered that this was the case.

[REDACTED]

He noted some large upcoming projects including the Forth Greenport initiative and the need for sufficient resource being available to support it.

He discussed the estates update report that had been presented to the Committee and noted that, owing to the importance of this area, this would become a standing item for the Committee.

a) Members noted the content of the report

4.3 Audit Committee - 21 November 2023 (to follow)

The Committee Chair confirmed the discussions on the College financial statements.

She noted that an updated College Data Policy had been presented and approved.

She discussed the internal audit reports presented to the Committee and confirmed that these reports were clear. She noted the report on cyber security had prompted a lot of good discussion at the meeting.

a) Members noted the content of the report



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B/23/056 Principal's Executive Summary Report

[REDACTED]

The Principal presented his summary report in a new format, noting that the previous one had been quite dense. The aim of the new format was to be more direct and he welcomed feedback on the new approach.

He discussed the key highlights outlined, including the College's sector leading position in relation to the 2021/22 sector PI's which had recently been released.

He noted that the Education Scotland AEV report discussed earlier had highlighted 21 separate areas of positive progress.

He commented on the success of the College's first in house graduation ceremonies.

He also informed members that the College had been awarded "provider of the year" by ECITB, as well as being the joint winners of the 'Green Apple' award.

He congratulated Gareth Edwards, the College staff member who had won the Service Colleague of the Year award at the College Development Network awards ceremony.

He outlined the recent staff briefings he had undertaken to update staff on the performance of the College and the current financial position. 308 staff attended these sessions and there was a good level of feedback and suggestions.

He discussed a range of visits, including from the Minister for Higher and Further Education.

In relation to the Skills Transition Centre project previously briefed to the Board, he confirmed that the Outline Business Case had been completed and submitted.

He discussed the recent announcement from Petroineos and the impact on a small cohort of apprentices currently at College as well as the wider impact on the local community in Grangemouth and beyond.

He confirmed that, following the completion of the recent period of Action Short of Strike (ASOS) marking boycott, all outstanding registers had been completed.

He reported on projected credit delivery, noting that the projection was within the SFC allocated variance.

Members commented that the new format was useful and highlighted key information well.



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In relation to the Petroineos issue, members queried whether there would be transition training or similar offered to the apprentices. The Principal confirmed that there would be discussions about this and that the College would be participating in these.

Members noted that the College had previously reported on the upcoming implementation of a new HR system and queried how the roll out of the system had progressed. The Principal confirmed that the launch had been managed successfully and the VPFA confirmed that there had been two periods where the new system was run in parallel with the old system to ensure the data matched before going live.

In relation to ASOS, members queried whether staff who participated in this action were paid or not. The Principal confirmed that they currently were being paid but that the sector as a whole was looking at this in case of further instances of ASOS.

a) Members noted the content of the report

B/23/057

Chair's Update (Verbal)

As the Chair was absent, the Principal was asked to provide some information.

The Principal confirmed he continues to have weekly meetings with the Chair to discuss the issues the sector is facing in of areas such as funding and the challenges of forecasting budgets.

He also confirmed that information raised at the College Principal's Group was also discussed with the Chair, who can feed this into the Chair's group as appropriate.

He confirmed that the meetings with the Chair continued to be positive.

a) Members noted the content of the update

B/23/058

Student Association Report

The VPVSA updated members on progress with the Student Partnership agreement, noting the positive progress to date. She discussed the work of the student council which the Principal attended, noting a number of motions had been considered and that the students participating seemed to be really engaged.

She discussed the "Tell us Tuesday's" initiative which were fortnightly sessions designed to engage with students and get feedback on a range of topics, such as peer support and how this can be enhanced.

She outlined to members the preparations being put in place for the refreshers sessions in early 2024. Members queried whether the FVSA received any commercial sponsorship for these events.



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It was confirmed that this was not in place at the moment and the Principal noted that this was something that could be looked at in the future.

a) Members noted the content of the report

STRATEGIC PLAN IMPLEMENTATION

B/23/059 Estates Backlog and Cyclical Maintenance Position

The HEFMHS presented a report outlining both the estates backlog maintenance position and also the cyclical maintenance requirements, noting that the paper had been considered at both the Leadership Management Team and the Finance, Resource and Infrastructure Committee.

He informed members that the funding provided to the College remains insufficient to fund the necessary maintenance of College buildings.

Members noted that, other than overall funding levels, this area was the greatest financial risk to the College.

The VPFACA commented to members that, owing to the funding models given for each of the three campuses, the College was at a disadvantage to other new College builds whose funding models include SFC paying 50% of maintenance costs.

The Principal confirmed to members that this point, along with the overall risk to campuses remaining viable, has been made directly to the SFC's Director of Finance who stated that there was no additional funding.

The VPFACA also confirmed that the need for adequate maintenance has been made frequently to SFC since 2017.

Members queried whether the necessary maintenance has been reviewed and prioritised.

The HEFMHS confirmed that this was done and that it was also being used to value engineer the tender being developed for the provision of Total Facilities Management to the College.

The Principal noted that an action plan for maintenance to 2023 was being developed.

Members expressed concern as Trustees of the College regarding the position ongoing and cumulative insufficient funding levels was putting the College in. The discussed a range of options that could be looked at to mitigate this.



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It was agreed that –

- A statement from the Board to SFC be drafted to outline the Board's concern and also to ask for additional time to tender the TFM contract
- Board members with estates experience would engage directly with the HEFMHS to see if there was additional advice they could provide.

a) Members noted the content of the report and requested that an update be provided to the February 2024 Board meeting

B/23/060 Financial Update (Presentation)

The VPFACA presented the current financial position of the College and also informed members that, prior to the start of the meeting, the Board Remuneration Committee had approved the College approach SFC to amend the current Voluntary Service scheme for staff.

She outlined the range of scenarios being considered by SMT at this time, noting that flat cash was currently the best case scenario for funding allocations and that a cut was a possibility.

She outlined what these scenarios would mean for the College budget, in terms of projected deficit positions that need to be addressed.

She also informed members that there had been no commitment from Scottish Ministers in relation to the Flexible Workforce Development Fund and that it was hoped to address this shortfall with an increase in commercial activity.

She confirmed that national bargaining had not been resolved, with the Unions rejecting the pay offer from employers. She noted that the current offer was included in the assumptions on budgets at this time and that staffing costs were currently 79% of total College expenditure.

Members noted the information on upcoming changes to pension contribution levels and requested further detail which the VPFACA provided.

Members noted that the College and the Board need to be able to demonstrate a range of scenarios to address projected deficits and requested that an update on the scenario planning be brought to the February 2024 meeting.

a) Members noted the content of the presentation



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GOVERNANCE

B/23/061 Annual Report and Financial Statements 2022/23 (Verbal)

The VPFAA informed members that the College was not in a position to bring the accounts or external auditor's report for members consideration as there are two areas of contention between the College and the external auditors and noted that while a route toward agreement had been identified, this would not likely be completed until into the new year.

Members queried whether this would change the overall figures as considered by the joint Audit and Finance, Resource & Infrastructure Committee in November 2023.

The VPFAA confirmed that the figures would not change and confirmed that the delay was primarily related to the Auditors wider scope opinion.

- a) Members noted the content of the update

B/23/062 Audit Committee Chair's Report to the Board of Management

The Chair of the Audit Committee presented her report, noting that this was a standard annual report demonstrating to members that the Committee had been meeting and carrying out their duties.

- a) Members approved the content of the report

B/23/063 Board Chair Recruitment (Verbal)

The VPFAA informed members that Public Appointments Scotland had reported that they had not been successful in identifying appropriate individuals to interview for the role of Board Chair.

The current Chair has agreed to remain in post to the end of June 2024 to allow a replacement to be recruited.

The VPFAA also informed members that she and the Principal and Chair had met with Scottish Government to look at lessons learned from the recruitment and ways to identify potential candidates.

- a) Members noted the content of the update



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OPERATIONAL OVERSIGHT

B/23/064 Review of Risk

Members considered the strategic risks and agreed –

- The Finance risks should be reviewed
- That the risk of having a new Principal should be removed

B/23/065 Any other competent Business

Additional Board Date

The VPFACA noted that, given the business discussed during the meeting, it may be necessary to call an additional meeting.

B/23/066 Members meeting with the Senior Independent Member in Private

This occurred at the close of the meeting and is not minuted.

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3.1 Learning & Student Experience Committee

– 8 February 2024

For Noting

22 February 2024

BOARD OF MANAGEMENT

Steeple Suite, Falkirk Campus (commencing at 4.30pm)

Present: Lorna Dougall (Chair)
Jen Hogarth
Steve Kemlo, Forth Valley Student Association president (FVSAP)
Emma Meredith

Apologies: Liam McCabe
Campbell Ure

In Attendance: Anna Fenge Co-opted (via Teams)
Kenny MacInnes, Principal
David Allison, Vice Principal Infrastructure and Communications (VPIC)
Sarah Higgins-Rollo, Vice Principal Learning and Student Experience (VPLSE)
Colin McMurray, Vice Principal Business and Innovation (VPBI)
Stephen Jarvie, Corporate Governance and Planning Officer (CGPO)
Lyndsay Condie, Director of Operations (DOO)
Rob McDermott, Head of Learning and Quality (HLQ)
Laurence Ferguson, Learning and Digital Skills Manager (LDSM) for item L/23/000
Sarah Tervit, Head of Inclusion and Student Services (HISS) left after L/23/000

L/23/015 **Declarations of Interest**

None.

L/23/016 **Minute of Meeting of 26 October 2023**

The minutes of the meeting of 26 October 2023 were approved.

L/23/017 **Matters Arising**

4.1 L/22/003 Matters Arising re Student Journey Dashboard and L/22/003 Matters Arising re Student Activity Report

The Chair confirmed the meeting with FVSA Sabbatical Officers had occurred following the December 2023 Board meeting.

4.2 L/23/008 Student Journey Dashboard

The Chair noted that an update on this topic was included in the agenda.

4.3 L/23/009 PI Prediction Review Dashboard

The Chair noted that an update on this topic was included in the agenda.



3.1 Learning & Student Experience Committee

– 8 February 2024

For Noting

22 February 2024

BOARD OF MANAGEMENT

4.4 L/23/011 Student Activity Dashboard

The Chair noted that a demonstration on this topic was included in the agenda

4.5 L/23/012 Future Agenda Items

The Chair confirmed that the additional items requested by members had been added to the future agenda items

L/23/018 Education Scotland Thematic Review: ASN (Verbal)

The HLQ updated members on the recent visit from Education Scotland (ES) for a thematic review which had a primary focus on Additional Support Needs (ASN).

ES recognised the increase in demand for support services, particularly ASN related, and were interested in how the College was managing and adapting to increasing demand levels. They also looked at wider student support for learning, transitions and also partnership working.

As part of the visit, ES spoke to both academic and corporate services staff to gain an understanding of their interactions with the services.

The HLQ noted that thematic reviews do not result in a formal report but that the ES team had provided the College with useful verbal feedback.

Some of the key points fed back included –

- the School/College Partnership work was effective in using resource to support a complex range of needs
- the Continuous Curriculum Review process impressed the ES staff, as did the Triple S system

There were also recommendations on ensuring staff training to assist staff to support the changing needs of students. He reported that this is available but not widely rolled out.

He also noted that ES met with FVSA and there was a clarity from them on how to access support for students. The FVSA President also confirmed this.

The HISS also confirmed that the visit had been of use to her team.

- a) Members welcomed the report on the outcome of the AEV
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3.1 Learning & Student Experience Committee

– 8 February 2024

For Noting

22 February 2024

BOARD OF MANAGEMENT

L/23/019 Learning and Digital Skills Academy Ambition Dashboard

The LDSM presented the regular report on the progress of the academy. He outlined recent work undertaken to support specific teaching teams to develop their offerings to include the benefits of digital processes and assets.

He informed members that the ALF funding underpinning the LDSA is scheduled to end in June 2024 and confirmed activities were underway to map out the activities of the LDSA with a view to embedding this wherever possible.

He outlined some of the other key achievements since the last meeting of the Committee.

Members queried the level of staff engagement with LDSA activity.

The Principal commented that this had been low but that digital skills training was now mandatory for all new staff and work is underway to engage with other staff.

Members queried how the College can review the impact of the range of training. The LDSM noted that currently it was a mixture of feedback from specific mentees and wider listening to employees activity but acknowledged engagement levels overall could be improved.

The Principal noted that it was for the College to put in place the culture and ambition for developing these skill sets and this would benefit from a more central commitment, with SMT leading from the front, on CPD activity for digital skills.

a) Members noted the content of the dashboard

L/23/020 Intervention and Student Success

The HISS presented a paper outlining the work of the Intervention and Student Services (ISS) team and the impact this has on achievement and retention rates for students.

She confirmed that the ISS utilise a 'needs led' model with resource going to where the greatest areas of demand are at any particular time. Support is available for students at any point in the student journey, from application to graduation.

She reported that College data indicated that the ISS team supported approximately 1/3 of the College student population. She confirmed that, compared to sector data from SFC, the College performed better than the sector average across a number of key metrics.

She also provided information on a range of specific support mechanisms in place for students and the interaction with these, showing a positive impact for students who chose to engage rather than not.



3.1 Learning & Student Experience Committee

– 8 February 2024

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She also discussed the challenges of getting some cohorts within the College to engage with ISS.

Members welcomed the data and analysis showing the positive impact of support and questioned whether there were any particular gender or cultural reasons where there was low uptake of support.

The HISS confirmed that there were elements of culture, with male apprentices being underrepresented in accessing support.

Members noted the range of activities which are externally funded and queried if this presented challenges in the longer term.

The HISS confirmed that it was challenging, with more organisations chasing the same or smaller pots of funding.

The Principal noted that, in a situation where demand for the services continues to increase, the case for additional funding needs to be made to Scottish Government.

a) Members noted the content of the report

L/23/021

Student Journey Dashboard

The DOO presented an updated dashboard showing progress to date and noted that the dashboard would be evolving once this data starts to be reported through the Power-BI system.

She reported that the January recruitment had gone well, and that recruitment for Session 2024/25 showed progress similar to last year.

She informed members that the work on the student journey which had been done for Full Time students would be mapped against other modes of attendance and implemented.

She reported on other improvements being developed for the system, but noted that some were dependant on external information such as the release date from SFC for student funding information. She confirmed that Colleges were lobbying SFC to bring the publication date forward.

Members welcomed the reported and commented on the importance of making students feel welcome as soon as they express an interest in attending College.

a) Members noted the content of the report



3.1 Learning & Student Experience Committee

– 8 February 2024

For Noting

22 February 2024

BOARD OF MANAGEMENT

L/23/022 PI Prediction Review Dashboard

The VPLSE presented the dashboard to the Committee, noting that this was one of the first of this style of dashboard using Power-BI and comments on its composition would be welcomed.

She noted that the dashboard covered a lot of information and that a short cover paper providing additional context could be added to future reports if members would find it useful.

She highlighted that the 23/24 HE levels were below target levels, primarily as a result of clearing and universities accepting more applicants.

In relation to PI Predictions, she reported that these were currently on par with the previous academic year although FE was slightly down. She confirmed that actions were being taken address this and the impact of these would be measured in the March review meetings.

Members welcomed the range of data presented and noted that a number of measures which had been amber previously were now rated green which was a positive step.

It was noted that the timings of the PI reviews and the Committee meetings did not align and meeting dates may be revised for the next academic session.

a) Members noted the content of the report

L/23/023 Student Activity Dashboard

The VPIC presented the dashboard which was a snapshot of progress from late January 2024. He confirmed that the College was on target to hit a 98% credit usage level which is within the SFC allocated margin so there would be no clawback of funding.

He noted that while an overall 4% drop compared to last year might seem a problem, this was against an overall reduction in credits from SFC of 10%.

a) Members noted the content of the report

L/23/024 Outcome Agreement Dashboard

The VPIC presented the dashboard noting that it was a positive position at this time, primarily for the reasons covered in the previous papers on the agenda. He did note that there was an amber against SIMD-10 activity levels but clarified this had been triggered by a 0.07% drop so overall this was not significant.

a) Members noted the content of the report



3.1 Learning & Student Experience Committee

– 8 February 2024

For Noting

22 February 2024

BOARD OF MANAGEMENT

L/23/025 Overall College Dashboard - Demonstration

The VPIC presented members with a presentation on the overall College data dashboard which has been under development.

He demonstrated how this was a live system and each of the overarching metrics could be drilled down to the underlying data to support College decision making.

The Principal commented that there had been a significant amount of work put into the development of the system and it allowed managers to interrogate the most up to date data.

He also noted that the dashboard would continue to be developed, with areas such as mandatory training levels, headcount and vacancy levels to be added. The VPIC added that HR, Health and Safety and Student Satisfaction information were other areas that would soon be incorporated.

Members noted that the dashboard would be very useful for Board members and a demonstration would be arranged at the next Board of Management Strategic session.

a) Members noted the content of the report

L/23/012 Future Agenda Items

The VPIC presented the list of future agenda items. He noted that the Outcome Agreement process was not in alignment with the Committee meetings.

The Principal highlighted that the dates for meetings had been brought up earlier in the meeting and it was agreed that the VPLSE and VPIC would look at the schedule of Committee dates to suggest possible changes. Members commented that it would be possible to increase from 3 to 4 meetings per year if appropriate, with 3 online and 1 in person.

a) Members noted the content of the report

L/23/013 Review of Risk

Members highlighted funding for ASN support as a potential risk.

L/23/014 Any Other Competent Business

The Principal informed members on recent Union ballot action and the current status of national bargaining. He outlined upcoming action from EIS-FELA members and the measure that were being taken in response to this across the sector.

a) Members noted the update



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 contents of this report.

3. Background

To inform the Board of FVSA activities.

4. Key Considerations

Since the last Board of Management FVSA have conducted several activities.

Tell us Tuesday's

We have continued asking students for feedback regarding their college experience.

Recent questions asked:

- What items are important to students for the student pantry? This question was asked so we, the FVSA, could ensure the right items were being offered.
- If the student pantry is needed for students now because of the introduction of the "too good to go" bags. Same reason as above question.
- We asked students for feedback regarding McGill's bus service. This issue was highlighted during Student Council. FVSA had 47 responses and the feedback was collated into a presentation to be shared with the Principal and McGills.

After each Tell us Tuesday question the responses are analysed and if more information is needed a follow up question is asked.

Tell us Tuesday's

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6. Student Association Report For Discussion

22 February 2024
BOARD OF MANAGEMENT

After each Tell us Tuesday question the responses are analysed and if more information is needed a follow up question is asked.

Executive Officer By-Election

The nomination period for the executive officer by-election has now closed and one student responded and put themselves forward for the role of diversity and inclusion officer. One executive officer who formally ran as diversity & inclusion officer has stepped down due to personal reasons.

We currently have an education officer, a wellbeing officer and the diversity and inclusion officer who is running for position.

Voting is ongoing with 27 votes so far.

Class Representatives

We currently have 235 class reps. We continue to hold class rep clinics, although we are discussing ways to maximise engagement.

Step Count Challenge

The FVSA have worked in collaboration with the Forth Valley College Active Travel team to create a step count challenge involving students and staff.

The FVSA staff, including the Vice President and Student President, have also put themselves forward as team captains. The Student President and Vice President felt that captaining their own teams would be a positive step in promoting the Step Count Challenge. This event runs from the 19th of Feb for 4 weeks. Working collaboratively with the active travel coordinators means we have been able to combine efforts in creating a successful event. There are prizes for several different categories and participation gifts planned.

Induction Tables

Induction tables were situated in each of the three campuses to welcome January Start students and returning students after the Christmas break.

Class Visits

The Student President, Vice President and Student Engagement Co-ordinator have conducted class visits across all three campuses.

The total number of class visits booked were 7. Unfortunately, due to staff sickness only 3 went ahead. FVSA will honour any requests to rebook these visits should it be required.



NUS (National Union of Students) Awards nominations

The FVSA have submitted award nominations, for the NUS Awards ceremony at the NUS Scotland Conference, for the following categories:

- Mental Health and Wellness Campaign for Campaign of the Year Award – Vice President
- Dungeon's and Dragon's Society for Club/society of the year – FVC Student
- Katarzyna Slapek for Staff member of the Year
- The International Cookbook Project for the Community and Solidarity Award – Student President

These awards, and NUS conference, take place 27th & 28th March.

Student Awards

For the 2024 awards ceremony FVSA have been discussing the opportunity to involve HND Media students in the design of the award ceremony materials. The marketing team approached FVSA with the idea of using this event as an opportunity to provide students with a working example of an event, to produce materials that could be included in their portfolio for their course. FVSA are excited about this collaboration and appreciate their involvement.

Planning is ongoing. Student Awards will take place 23rd May.

Education Scotland Visit

Her Majesty's Inspectorate (HMI) visited FVC to ask Sabbatical Officers, Executive Officers and FVC students questions about their experiences surrounding additional support needs for students and how FVC were meeting these needs. The session was very informal, with well thought out questions, and offered a wonderful opportunity to highlight the fantastic support-based work that FVC departments currently carry out.

5. Risk

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

	Likelihood	Impact
Very High		
High		
Medium		
Low		
Very Low	x	x

6. Other Implications – None



6. Student Association Report For Discussion

22 February 2024
BOARD OF MANAGEMENT

Paper Author – Kirsten Kennedy VP, Steve Kemlo SP

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1. Purpose

To provide Board members background information in relation to the planning process for the development of a new strategic plan.

2. Recommendation

That members note and comment on

- the internal audit recommendations
- the progress to date against the 2022-2025 Strategic Plan and agree a process for future reporting arrangements
- the proposed planning process and timeline for the 2024-2027 Strategic Plan.

3. Background

The College is about to enter into its next phase of strategic planning as the current strategic plan expires in 2025. Prior to embarking on developing a new strategic plan the Principal wanted a review of the College's strategic planning processes and how effectively the College monitored progress of the strategic plan and the reporting arrangements. It was recognised that a number of objectives within the 2022/25 strategic plan were not easily measurable and that reporting on progress was challenging. The Principal therefore requested as part of the internal audit needs assessment that the strategic planning process be reviewed and best practice identified prior to embarking on a new strategic planning cycle.

4. Findings of internal audit review

The internal audit review reported a weak level of assurance surrounding the College's strategic planning arrangements and have identified one high grade recommendation and one medium grade recommendation for improvement. This report will be presented to the Audit Committee at its next meeting on 16 May 2024

The review highlighted that the current progress of the strategic plan is not formally documented and as such it is difficult to assess progress against the plan. The planning of the strategic plan was not fully documented and therefore it was not known if all key stakeholders were fully consulted in its development.

The Internal Auditors also reported that the College is unable to assess whether it is meeting its strategic objectives, and strategic plan, as several of the College's objectives are not measurable to enable consistent reporting on progress.

Internal audit review recommendations

High: It is recommend the College uses SMART objectives to enable monitoring, and that the progress against these objectives is regularly reported to the Board of Management.



Medium: It is recommend that the College documents the strategic planning process including: key steps, stakeholder engagement and other key areas. Documentation gathered in the planning process should be retained.

Response to recommendations

There are a number of reporting cycles, processes and College committees already in place within the College that does allow the College to identify if it is meeting its overall strategic objectives and does allow action to be taken if issues/concerns are identified. The functionality of this approach is demonstrated through the performance of the College as being identified as a high performing organisation in terms of Sector Performance Indicators, Education Scotland College review feedback, student satisfaction and positive destination survey results, and the volume of industry repeat work.

However, reporting against strategic objectives is not in a standardised format which increases the risk of a lack of cohesive College wide review and limited visibility by SMT, and Board of Management, if the College is meeting its overall strategic aims. There is also the potential for issues not to be identified expediently and fully actioned or communicated. This combined with the fact that there are objectives that are not easily measurable it is recognised that this leaves the college exposed to potential underperformance and not achieving our strategic goals.

5. Strategic Plan 2022-2025

As noted above it has been identified that it is difficult to measure progress against the current strategic plan. Appendix 1 provides a progress report against the operational objectives linked to the 2022-2025 Strategic Plan.

6. Planning for Strategic Plan 2024-2027

Proposed timeline for the development of the Strategic Plan 2024-2027.

Action	Date	Owner
Internal audit on College's strategic planning processes to be carried out and report submitted	Jan/Feb 24	Principal
Strategic planning day format and internal audit report findings taken to BoM	22 Feb 24	Principal
Strategy day arranged with BoM, strategic partners and stakeholders	25 April 24	Principal
Outputs from strategy day to be formulated into strategic objectives	June 24	SMT
Board feedback on strategic objectives	Sept 24	BoM
Board sign off on strategic plan	Nov/Dec 24	BoM
Launch of 24/28 strategic plan	Dec 24	BoM

Recognising that formal stakeholder engagement has been limited in the past a Strategic Planning session has been scheduled for 25 April 2024, which our Board members and strategic partners / stakeholders have been invited to. This includes SFC, SDS, Chief Executives and Directors of Education from each of the 3 local authorities, Heads of Education and key Industry partners.



The proposed format of the strategy day will be split between scene setting in the morning to give delegates background information on the status of the college sector, and a facilitated strategy session in the afternoon where delegates will discuss the future objectives of the College.

7. Resource Implications (Financial, People, Estates and Communications)

There is no immediate implications on Financial, People, Estates and Communications.

8. Equalities

Who does this impact? There were no staff, students or partners impacted by the audit process.

Assessment in Place? – No.

It was deemed that an Equalities Impact Assessment was not required.

9. Communities and Partners

The reason for this audit is for an external review to give recommendations that will improve the College's strategic planning and monitoring processes that will enhance the College's engagement, relationships and curriculum for our students, communities and stakeholder groups.

10. Risk and Impact

Please complete the risk table below. Risk is scored against Likelihood x Impact, with each category scored from Very Low through to Very High. Risks should be robustly scored and, if the combined score (Likelihood x Impact) is higher than the Board Risk appetite for the risk category identified, additional justification must be provided on why this risk is necessary.

If the paper is an approval, please reflect on whether the approval will have any direct or indirect impact for any other areas of operational activity internally or externally within the College – No

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

Total Risk Score – 8



7. Strategic Planning For Discussion

22 February 2024
BOARD OF MANAGEMENT

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

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

There is a risk that without assessing its progress, the College may be severely underperforming against its objectives without understanding its position, which could lead to it not delivering on its long-term objectives.

There is a risk that without retaining documentation relating to the planning process, lessons learned cannot be documented, resulting in future Strategic Plans potentially not being as valuable to the College.

Is the score above the Board Risk Appetite level? The risk is below Board risk appetite level.

Risk Owner – FVC Board of Management

Action Owner – FVC Board of Management

Paper Author – Kenny MacInnes

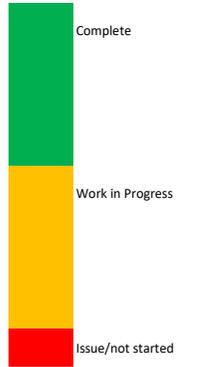
SMT Owner – Principal

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Operational Plan 2023/24

1. Leading on Economic Recovery

Strategic Objective	Operational Objective 23/24	Timeline	Performance Indicator (KPI)	SMT Lead	February Update	June Update	Status
1.1 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	50 Deliver BoM and stakeholder strategy day for creation of 2024/28 strategic plan	Apr 24	Strategic information gathered from stakeholders	Principal	On target for 24/25.		Complete
	2 Deliver Year 2 of Commercial Strategy.	Jul 24	To be derived from Commercial Strategy	VPBI	ASC overall ahead of Budget		Work in Progress
	42 Create international strategy and recruit international Business Development Manager	Jul 24	Manager successfully recruited	VPBI	Bid to ALF going to the Feb Board meeting		Work in Progress
	3 Assess value of college partnerships relative to Strategic Plan	Jul 24	Strategic partnerships developed	VPBI	List being created to show spend, value and brand value		Work in Progress
	45 Deliver Skills Transition Centre to Full Business case	Jul 24	FBC submitted on time and to plan	VPBI	OBC V2 submitted - expected feedback May 24		Work in Progress
	46 Establish College consortia action plan to deliver Green Free Port skills/training needs.	Jul 24	Action plan targets created	VPBI	Consortia established and first meeting held		Issue/not started
1.2 Build new, and grow existing, learning pathways from school to college and onwards to employment or advanced study	4 Review School College Partnership against curriculum to identify collaboration areas to optimise activity levels for 24/25	Apr 24	Complete review and action targets met.	VPLSE	Ongoing consultation with schools and awaiting budget to confirm curriculum offering		Work in Progress
	40 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	Apr 24	Review undertaken with new pathways identified	VPLSE	Ongoing		Work in Progress
	6 Complete and implement Student Learning Experience strategy 2024/30.	Jul 24	Outcome Agreement PI Targets met	VPLSE	Planning and scoping sessions completed with Senior Student Experience team (DofC's, HofLQ & HISS)		Work in Progress
1.3 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	6 Complete and implement Student Learning Experience strategy 2024/30.	Jul 24	Outcome Agreement PI Targets met	VPLSE	Planning and scoping sessions completed with Senior Student Experience team (DofC's, HofLQ & HISS)		Work in Progress
	7 Through Student Learning Experience strategy, develop a flexible curriculum portfolio to include future use of full and part time provision and introduction of an enhanced e-learning offering.	Jul 24	Courses developed	VPLSE	Scoping exercise started for FVC E-Learning offering.		Work in Progress
	15 Introduce college dashboards to monitor college performance and metrics.	Jul 24	Dashboards created and implemented into LMT meeting process	VPIC	A first version of an overall College dashboard has been built, with underpinning reports.		Complete
	40 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	Apr 24	Review undertaken with new pathways identified	VPLSE	Ongoing		Work in Progress
	4 Review School College Partnership against curriculum to identify collaboration areas to optimise activity levels for 24/25	Apr 24	Complete review and action targets met.	VPLSE	Ongoing consultation with schools and awaiting budget to confirm curriculum offering		Work in Progress
	51 Establish action plan to increase student activity in Alloa to pre-Covid levels.	Jul 24	Actions created	VPLSE	Action plan in development.		Work in Progress
	2 Deliver Year 2 of Commercial Strategy.	Jul 24	To be derived from Commercial Strategy	VPBI	ASC overall ahead of Budget		Work in Progress
1.4 Ensure our support for economic recovery is resilient, agile and aligned to wider environmental considerations	3 Assess value of college partnerships relative to Strategic Plan	Jul 24	Strategic partnerships developed	VPBI	List being created to show spend, value and brand value		Work in Progress
	45 Deliver Skills Transition Centre to Full Business case	Jul 24	FBC submitted on time and to plan	VPBI	OBC V2 submitted - expected feedback May 24		Work in Progress
	50 Deliver BoM and stakeholder strategy day for creation of 2024/28 strategic plan	Apr 24	Strategic information gathered from stakeholders	Principal	On target for 24/25.		Complete
1.5 Identify sources of additional funding to support the regional economy	11 Identify and bid for Strategic Funding Opportunities and sponsorships/grants	Jul 24	Bids identified and progressed	VPBI	Ongoing - horizon scanning for all opportunities		Work in Progress
	46 Establish College consortia action plan to deliver Green Free Port skills/training needs.	Jul 24	Action plan targets created	VPBI	Consortia established and first meeting held		Issue/not started



2. Delivering a Successful Student Journey

Strategic Objective	Operational Objective 23/24	Timeline	Performance Indicator (KPI)	SMT Lead	February Update	June Update	Status
2.1 Be the college of choice for students both through our curriculum and through the services we provide	4 Review School College Partnership against curriculum to identify collaboration areas to optimise activity levels for 24/25	Apr 24	Complete review and action targets met.	VPLSE	Ongoing consultation with schools and awaiting budget to confirm curriculum offering		Work in Progress
	6 Complete and implement Student Learning Experience strategy 2024/30.	Jul 24	Outcome Agreement PI Targets met	VPLSE	Planning and scoping sessions completed with Senior Student Experience team (DofC's, HofLQ & HISS)		Work in Progress
	12 Expand effective on-boarding to all modes of study as part of student journey	Jun 24	Application to Enrolment PI increased	VPIC	Journey mappings defined for all modes of study		Work in Progress
	23 Develop and publish a revised Estates Strategy	Jul 24	Approved by Board	VPIC	A draft Estates Strategy is well developed.		Work in Progress
	33 Ensuring effective use of listening to learners and feedback models within the College to ensure the student voice is clearly heard and empowered	Jul 24	Listening to Learners embedded across all courses	VPLSE	Scoping out possibility of AO's supporting completion of LtoL with MA groups.		Complete

		49	Develop an Estates Maintenance Plan to mitigate the impact of backlog maintenance	Jul 24	Plan created	VPIC	Backlog maintenance report has been completed, and is being checked/prioritised.		
2.2	Build the skills of our staff and students to take advantage of new and innovative learning practices	6	Complete and implement Student Learning Experience strategy 2024/30.	Jul 24	Outcome Agreement PI Targets met	VPLSE	Planning and scoping sessions completed with Senior Student Experience team (DofC's, HofLQ & HISS)		
		7	Through Student Learning Experience strategy, develop a flexible curriculum portfolio to include future use of full and part time provision and introduction of an enhanced e-learning offering.	Jul 24	Courses developed	VPLSE	Scoping exercise started for FVC E-Learning offering.		
		8	Create Learning and Digital Skills Academy (LDSA) legacy plan for 2024/25.	Jul 24	Monitored through LDSA Dashboard	VPLSE	In progress. Plan to present to LMT in March 20204		
		9	Mandatory completion of Digital Skills Self-Assessment tool for all staff. Induction process to include DSSA for all new staff.	Jul 24	Monitored through LDSA Dashboard	VPLSE	Consideration of DSSA Tool being included in mandatory training		
		19	Deliver year 2 of the People Strategy 2022 -2025	Jul 24	Approved by Board	VPFACA	Utilising on-line platform LinkedIn learning, LDSA delivering digital skills		
2.3	Develop a relevant and dynamic curriculum for students and stakeholders to a hybrid learning model that balances delivery with elements of flexibility	6	Complete and implement Student Learning Experience strategy 2024/30.	Jul 24	Outcome Agreement PI Targets met	VPLSE	Planning and scoping sessions completed with Senior Student Experience team (DofC's, HofLQ & HISS)		
		7	Through Student Learning Experience strategy, develop a flexible curriculum portfolio to include future use of full and part time provision and introduction of an enhanced e-learning offering.	Jul 24	Courses developed	VPLSE	Scoping exercise started for FVC E-Learning offering.		
		8	Create Learning and Digital Skills Academy (LDSA) legacy plan for 2024/25.	Jul 24	Monitored through LDSA Dashboard	VPLSE	In progress. Plan to present to LMT in March 20204		
		33	Ensuring effective use of listening to learners and feedback models within the College to ensure the student voice is clearly heard and empowered	Jul 24	Listening to Learners embedded across all courses	VPLSE	Scoping out possibility of AO's supporting completion of LtoL with MA groups.		
2.4	Ensure our students are well equipped to excel and flourish	6	Complete and implement Student Learning Experience strategy 2024/30.	Jul 24	Outcome Agreement PI Targets met	VPLSE	Planning and scoping sessions completed with Senior Student Experience team (DofC's, HofLQ & HISS)		
		8	Create Learning and Digital Skills Academy (LDSA) legacy plan for 2024/25.	Jul 24	Monitored through LDSA Dashboard	VPLSE	In progress. Plan to present to LMT in March 20204		
		34	Delivery of equalities action plan targets for 23/24	Jul 24	Action plan targets met	VPLSE	On Track		
		35	Working more closely with FVSA to understand student diversity and assist FVSA to promote a range of student led groups.	Jul 24	Links formalised	VPLSE	FVSA continue to promote student led clubs/societies.		
2.5	Make ours a curriculum of opportunity with links to relevant employment or further study	6	Complete and implement Student Learning Experience strategy 2024/30.	Jul 24	Outcome Agreement PI Targets met	VPLSE	Planning and scoping sessions completed with Senior Student Experience team (DofC's, HofLQ & HISS)		
		8	Create Learning and Digital Skills Academy (LDSA) legacy plan for 2024/25.	Jul 24	Monitored through LDSA Dashboard	VPLSE	In progress. Plan to present to LMT in March 20204		
		40	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	Apr 24	Review undertaken with new pathways identified	VPLSE	Ongoing		
		52	Engage with our HEI partners to improve HEI funded places for 24/25.	Apr 24	Increase enrolments for HEI courses	VPLSE	Identified risks around HEI funding. Action plan devised with UoFS.		
2.6	Provide all our students with a supportive and inclusive environment for learning	6	Complete and implement Student Learning Experience strategy 2024/30.	Jul 24	Outcome Agreement PI Targets met	VPLSE	Planning and scoping sessions completed with Senior Student Experience team (DofC's, HofLQ & HISS)		
		23	Develop and publish a revised Estates Strategy	Jul 24	Approved by Board	VPIC	A draft Estates Strategy is well developed.		
		33	Ensuring effective use of listening to learners and feedback models within the College to ensure the student voice is clearly heard and empowered	Jul 24	Listening to Learners embedded across all courses	VPLSE	Scoping out possibility of AO's supporting completion of LtoL with MA groups.		
		34	Delivery of equalities action plan targets for 23/24	Jul 24	Action plan targets met	VPLSE	On Track		
		35	Working more closely with FVSA to understand student diversity and assist FVSA to promote a range of student led groups.	Jul 24	Links formalised	VPLSE	FVSA continue to promote student led clubs/societies.		

3. Driving a Sustainable Future

Strategic Objective	Operational Objective 23/24	Timeline	Performance Indicator (KPI)	SMT Lead	February Update	June Update	Status
3.1	2	Deliver Year 2 of Commercial Strategy.	Jul 24	To be derived from Commercial Strategy	VPBI	ASC overall ahead of Budget	
	31	Balanced Annual Budget for 2024/25 approved by the Board	Jul 24	Approved by Board	VPFACA	Work ongoing - awaiting confirmation of SFC allocation	
	32	Balanced 5 Year FFR with action plan for achievement of savings where required	Jul 24	Approved by Board	VPFACA	Work ongoing - awaiting confirmation of SFC allocation	
	39	Maximising campus utilisation to generate additional income	Jul 24	Campus utilisation reviewed	VPIC	Campus/Room utilisation reports have been developed	
	41	Deliver staffing efficiencies through Consultation to support financial sustainability	Jul 24	Reduced staffing levels achieved against identified curriculum	SMT	Scenario plans in place. Awaiting confirmation of funding.	
	42	Create International strategy and recruit International Business Development Manager	Jul 24	Manager successfully recruited	VPBI	Bid to ALF going to the Feb Board meeting	
	48	Options review for long term financial sustainability	Dec 24	Paper to LMT/BOM	VPFACA	Chair and Principal involved in "Think the Unthinkable". VPFCA & Principal attending workshop on different operating models as part of the Skills Led Regions working group.	
	49	Develop an Estates Maintenance Plan to mitigate the impact of backlog maintenance	Jul 24	Plan created	VPIC	Backlog maintenance report has been completed, and is being checked/prioritised.	

		52	Engage with our HEI partners to improve HEI funded places for 24/25.	Apr 24	Increase enrolments for HEI courses	VPLSE	Identified risks around HEI funding. Action plan devised with UoFs.		
3.2	Make investment to enhance the student experience	11	Identify and bid for Strategic Funding Opportunities and sponsorships/grants	Jul 24	Bids identified and progressed	VPBI	Ongoing - horizon scanning for all opportunities		
		2	Deliver Year 2 of Commercial Strategy.	Jul 24	To be derived from Commercial Strategy	VPBI	ASC overall ahead of Budget		
		42	Create international strategy and recruit international Business Development Manager	Jul 24	Manager successfully recruited	VPBI	Bid to ALF going to the Feb Board meeting		
3.3	Maximise our use of digital technology and digital learning to provide high quality learning and flexibility of delivery to a wide ranging audience	8	Create Learning and Digital Skills Academy (LDSA) legacy plan for 2024/25.	Jul 24	Monitored through LDSA Dashboard	VPLSE	In progress. Plan to present to LMT in March 2024		
		9	Mandatory completion of Digital Skills Self-Assessment tool for all staff. Induction process to include DSSA for all new staff.	Jul 24	Monitored through LDSA Dashboard	VPLSE	Consideration of DSSA Tool being included in mandatory training		
		42	Create international strategy and recruit international Business Development Manager	Jul 24	Manager successfully recruited	VPBI	Bid to ALF going to the Feb Board meeting		
3.4	Maximise the use of our campuses ensuring they remain fit for purpose and maintained to the highest possible standard	23	Develop and publish a revised Estates Strategy	Jul 24	Approved by Board	VPIC	A draft Estates Strategy is well developed.		
		24	Deliver year 1 of our Net Zero Plan linked to our Estates Strategy	Jul 24	Approved by LMT	VPIC	Working groups to deliver the plan are being established.		
		39	Maximising campus utilisation to generate additional income	Jul 24	Campus utilisation reviewed	VPIC	Campus/Room utilisation reports have been developed		
		49	Develop an Estates Maintenance Plan to mitigate the impact of backlog maintenance	Jul 24	Plan created	VPIC	Backlog maintenance report has been completed, and is being checked/prioritised.		
3.5	Work with our College community and with partners to accelerate our drive toward net carbon zero	24	Deliver year 1 of our Net Zero Plan linked to our Estates Strategy	Jul 24	Approved by LMT	VPIC	Working groups to deliver the plan are being established.		
		50	Deliver BoM and stakeholder strategy day for creation of 2024/28 strategic plan	Apr 24	Strategic information gathered from stakeholders	Principal	On target for 24/25		

4. Create a Thriving College Community

Strategic Objective	Operational Objective 23/24	Timeline	Performance Indicator (KPI)	SMT Lead	February Update	June Update	Status	
4.1	Enhance work life balance through health and well-being and a fair work environment	19	Deliver year 2 of the People Strategy 2022 -2025	Jul 24	Approved by Board	VPFACA	Funding from ALF secured to support wellbeing survey & creation of action plan.	
		43	Implement work task analysis action plan	Jul 24	Review of implemented actions	VPLSE	Being taken to LSE. Actions being implemented to plan.	
4.2	Ensure our campuses are welcoming dynamic hubs for our local communities	4	Review School College Partnership against curriculum to identify collaboration areas to optimise activity levels for 24/25	Apr 24	Complete review and action targets met.	VPLSE	Ongoing consultation with schools and awaiting budget to confirm curriculum offering	
		39	Maximising campus utilisation to generate additional income	Jul 24	Campus utilisation reviewed	VPIC	Campus/Room utilisation reports have been developed	
4.3	Invest in our staff and in our leadership, current and future	19	Deliver year 2 of the People Strategy 2022 -2025	Jul 24	Approved by Board	VPFACA	Staff development supported through Leadership coaching, The Alternative Board, CDN Strategic leadership programmes, TQFE	
		38	Capitalise on the skillset and support of our Board of Management	Jul 24	Opportunities Explored	VPFACA	Board member input into FM contract	
4.4	Promote our cultures, our heritages and our diversity	19	Deliver year 2 of the People Strategy 2022 -2025	Jul 24	Approved by Board	VPFACA	Implementing action plan from cultural survey	
		35	Working more closely with FVSA to understand student diversity and assist FVSA to promote a range of student led groups.	Jul 24	Links formalised	VPLSE	FVSA continue to promote student led clubs/societies.	
		33	Ensuring effective use of listening to learners and feedback models within the College to ensure the student voice is clearly heard and empowered.	Jul 24	Listening to Learners embedded across all courses	VPLSE	Scoping out possibility of AO's supporting completion of LtoL with MA groups.	
4.5	Recognise and celebrate our creative, high performing and transformative college community	19	Deliver year 2 of the People Strategy 2022 -2025	Jul 24	Approved by Board	VPFACA	Success at CDN awards, ECIT Provider of the Year all promoted through marketing team internally and externally.	



11. Board of Management Scheme of Delegation For Approval

22 February 2024
BOARD OF MANAGEMENT

1. Purpose

To provide to the FVC Board of Management with a draft updated Scheme of Delegation.

2. Recommendation

That Board of Management members consider the revised Scheme of Delegation and approve its adoption.

3. Background

Following the review of the Fuel Change project one of the recommendations approved by the Board of Management was that the Scheme of Delegation should be amend to reflect that authority to form a subsidiary or joint venture is reserved to the Board of Management.

4. Key Considerations

The required change is included under s1.15 of the revised Scheme of Delegation. No other changes have been made to the previous Scheme of Delegation.

5. Resource Implications (Financial, People, Estates and Communications)

None

6. Equalities

Assessment in Place? – Not applicable

7. Communities and Partners

Not applicable.

8. Risk and Impact

Please complete the risk table below. Risk is scored against Likelihood x Impact, with each category scored from Very Low through to Very High. Risks should be robustly scored and, if the combined score (Likelihood x Impact) is higher than the Board Risk appetite for the risk category identified, additional justification must be provided on why this risk is necessary.

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

Total Risk Score – 5



11. Board of Management Scheme of Delegation For Approval

22 February 2024
BOARD OF MANAGEMENT

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

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

Failure to amend the Scheme of Delegation in line with the Board's previous decision could potentially result in a lack of clarity concerning who has the authority to form a subsidiary of joint venture of the College.

Is the score above the Board Risk Appetite level? No

Risk Owner – Board of Management

Action Owner – Alison Stewart

Paper Author – Alison Stewart

SMT Owner – Alison Stewart

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SCHEME OF DELEGATION

Scheme of Delegation of the Board of Management of Forth Valley College

Preamble

In accordance with paragraph 12(4) of the Further and Higher Education (Scotland) Act 1992 (“the 1992 Act”) a board may delegate the performance of any of their functions to their chair, to any Committee appointed by them or to any member of their staff.

In accordance with paragraph C.8 of the Code of Good Governance for Scotland’s Colleges (“the Code”) delegation of responsibilities from, and matters reserved to, the Board and its Committee must be clarified through a Scheme of Delegation including the functions delegated by the Board to the Chair, Committees, the Principal and the Board Secretary.

This Scheme of Delegation must be approved by the Board before it comes into effect, and any subsequent amendments must also be approved by the Board.

1 Authority Reserved to the Board

Whilst initial discussion or consideration may take place by Committees or individuals, the Board reserves making decisions on the following matters to itself:

- 1.1 determining the objectives of the Board
- 1.2 final approval of the College’s Strategic Plan, Regional Outcome Agreement and Evaluative Report and Enhancement Plan
- 1.3 approval of the year-end Annual Report and Accounts
- 1.4 approval of the Annual Budget
- 1.5 final consideration of the Annual Audit Report
- 1.6 approval of the Strategic Risk Register
- 1.7 acquisition and disposal of heritable property, subject to approval of the Scottish Funding Council
- 1.8 appointment of Board members, in accordance with the 1992 Act and the College Sector Board Appointments: 2014 Guidance
- 1.9 appointment and removal of the Principal
- 1.10 appointment and removal of the Board Secretary (in accordance with paragraph D.13 of the Code)
- 1.11 approval of terms and conditions of appointment of Board members
- 1.12 approval of the Students’ Association constitution and the election regulations for student officers
- 1.13 delegation of functions of the Board including remits of Committees and this Scheme of Delegation
- 1.14 the making, amendment and revocation of the Standing Orders of the Board.
- 1.15 to form or promote, or to join with any other person in forming or promoting, companies under the Companies Act 2006

2 Delegation to Committees

- 2.1 In accordance with paragraph 13 of Schedule 2 to the 1992 Act, the Board may establish Committees for any purpose and any such Committee may appoint Sub Committees.
- 2.2 In accordance with paragraph C.8 of the Code, the minimum Committees required are Audit, Remuneration, Finance and as appropriate Nominations/Appointments.

- 2.3 Each Committee and Sub Committee shall have a clearly defined remit which shall set out the duties and responsibilities delegated. The remit must be approved by the Board. The Committee may suggest amendments to the remit, but any amendments must be approved by the Board before they are implemented.
- 2.4 The Board may delegate functions to a specific Committee and this shall be clearly detailed within the minutes of the appropriate meeting.
- 2.5 The Board reserves the right to review the Committees required and the authority delegated to them as and when it deems it appropriate to do so.
- 2.6 The minutes of each Committee meeting will be submitted to the Board for information at the next appropriate meeting. In addition, the Committee Chair shall give an update to the Board on key issues where requested to do so.

3 Delegation to Chair of the Board

The Chair must abide by the terms and conditions of their appointment in leading the Board and ensuring its effectiveness, and in exercising any delegated authority. The Chair has delegated authority to:

- 3.1 exercise judgement in the event of a need for an urgent decision during the period between Board meetings, such that:
 - 3.1.1 an extraordinary Board meeting is called in the case of material decisions;
 - 3.1.2 a proposal is circulated and a decision is approved by email (in accordance with the Standing Orders) and is thereafter ratified at the next Board meeting.
 - 3.1.3 to make the required decision, subject to ratification at the next meeting
 - 3.1.4 to refer the decision to a meeting of the Board Chairs Committee
- 3.2 on behalf of the Board, sign and date the College's Annual Report and Accounts, after Board approval, and other documents as may be required.
- 3.3 represent the Board within the College and externally.
- 3.4 issue communications on behalf of the Board in whatever form is appropriate, both within and out with the College.
- 3.5 monitor, review and record the Principal's performance at least annually against performance measures agreed by the Board.
- 3.6 monitor, review and record the Board Secretary's performance at least annually against performance measures agreed by the Board.
- 3.7 ensure each Board member participates in an annual development meeting, facilitated either by the Chair or Vice Chair as appropriate.
- 3.8 initiate action further to a decision of the Board to take disciplinary action against, or suspend, the Principal or Board Secretary.

- 3.9 initiate action further to a decision of the Board to appoint a new Principal or Board Secretary.

4 Delegation to the Principal

The Principal, as Chief Executive of the College, shall be responsible for the operational management of the College subject to strategic and policy direction by the Board and the terms of any specific authority reserved to the Board. The Principal may in turn delegate tasks as appropriate to staff, including the Board Secretary.

In exercising any delegated function, the Principal shall take into account:

- (a) the legislation and any further provisions set out in the Standing Orders and Scheme of Delegation
- (b) guidance issued by the Scottish Ministers and the Scottish Funding Council
- (c) any potential conflict of interest as outlined in the Code of Conduct
- (d) the provisions of the Code of Good Governance for Scotland's Colleges

The Principal has delegated authority to:

General Management

- 4.1 as appropriate, take such measures as may be required in emergencies, subject to advising the Chair where possible and ratification at the appropriate Committee or to the Board as soon as possible thereafter, on any items for which approval of the Committee or the Board would normally be necessary.
- 4.2 facilitate the management of the College and its provision of services within the framework determined by the College's Strategic Plan and Regional Outcome Agreement, the approved budget, and any other policies and strategies determined by the Board or its Committees.
- 4.3 consult on behalf of the Board with representatives from key organisations, local and national, about the priorities contained within the College's Strategic Plan and Regional Outcome Agreement prior to final approval by the Board.
- 4.4 respond on behalf of the Board to consultative documents that may be sent to the College by the Scottish Government, the Scottish Funding Council or other external agencies.
- 4.5 incur expenditure in making visits and the provision of reasonable hospitality to representatives of other Colleges, organisations and companies, taking into account the principles of the Bribery Act 2010.
- 4.6 give a direction in special circumstances that any member of staff shall not exercise a delegated function.
- 4.7 take out membership of and attend meetings of outside bodies and professional associations where it is compatible with the duties of Principal and in the interests of the College to do so.

- 4.8 authorise the issue of press releases for publication and broadcasting on behalf of the College.
- 4.9 authorise the publication of any document on behalf of the College.
- 4.10 engage the services of outside persons, firms or organisations and enter into contracts and sign all deeds and other documents binding the Board for all purposes except those where the power to engage such services is not delegated to a Committee or is not reserved to the Board.
- 4.11 raise funds for and apply them to any of the activities which the Board has power to undertake.
- 4.12 provide courses as required by outside agencies and negotiate appropriate charges for these.
- 4.13 determine the dates of the College holidays and other details of the College's academic calendar.
- 4.14 appoint a senior member of staff to deputise for the Principal during periods of planned absence.

Staff Management

- 4.15 determine an appropriate staff structure for the College consistent with the conditions of employment that currently apply after consultation and where appropriate, negotiation with representatives of recognised trade unions.
- 4.16 consult and negotiate with representatives of recognised trade unions on behalf of the Board.
- 4.17 establish procedures for the appointment of College staff in circumstances where the power to appoint has not been delegated to a Committee or is not reserved to the Board.
- 4.18 supervise, manage and deploy staff within the College and arrange appropriate Induction and training for College staff.
- 4.19 establish procedures for taking disciplinary action against College staff up to and including dismissal subject to complying with the policies laid down by the Board.
- 4.20 grant unpaid leave of absence to any member of College staff in accordance with the relevant policies laid down by the Board.
- 4.21 represent the Board in negotiating and implementing conditions of service in relation to relevant College staff, including participation in national collective bargaining.
- 4.22 approve the secondment of College staff to external agencies in accordance with relevant policies laid down by the Board and to approve the appointment, where necessary, of a temporary replacement for the duration of the secondment.

- 4.23 in exceptional circumstances agree individual severance arrangements with staff, taking into account limits set by the Scottish Funding Council and functions delegated to the Board or a Committee.
- 4.24 establish any other procedures required for the orderly management of College staff.

Student Management

- 4.25 arrange for the provision of appropriate curriculum and support services for students and clients.
- 4.26 administer, in accordance with any policy determined by the Scottish Government or the Scottish Funding Council or the Board the disbursement of monies to students attending the College.
- 4.27 administer, in accordance with any policy of the Board, the provision of financial or other assistance to students of the College.
- 4.28 set and amend as necessary the level of tuition fees, examination expenses, maintenance and contribution scales for all courses offered by the College and to waive or grant remission of such fees or expenses in special cases within guidelines set by the Board.
- 4.29 authorise students and to make grants to students, to enable them to attend courses and conferences, and to undertake educational visits and excursions within the UK or abroad, within approved budgets and policies of the Board.
- 4.30 take appropriate disciplinary action including exclusion, against students in accordance with any policies of the Board.
- 4.31 provide financial or other assistance to the Students' Association of the College within the terms approved by the Board.

Property Management

- 4.32 allocate accommodation within the College in order to meet student and staff needs and to arrange for any necessary alterations or adaptations to College property.
- 4.33 apply to the appropriate authority for any necessary statutory consents.
- 4.34 grant any way leave or servitude over property of the College on such terms as may be appropriate.
- 4.35 grant the use of College accommodation to outside bodies or persons for the purpose of holding meetings and functions on such terms and conditions as are reasonable in the circumstances.

Financial Management

- 4.36 take personal responsibility for ensuring the proper and effective operation of financial, planning and management controls, and for giving effect to the Board's

policies for securing the efficient, economical and effective management of all the College's income, assets and expenditure. This includes agreeing Board approved budgetary limits.

- 4.37 act at all times in compliance with the Financial Memorandum, Conditions of Grant, Scottish Public Finance Manual and to follow the College's Financial Regulations, taking particular account of the delegated financial limits.
- 4.38 enter into and negotiate contracts and other binding arrangements for the supply of goods and services (whether bought, leased, hired or otherwise acquired) to the College or to authorise another to enter into such contracts up to a value of the relevant EU Procurement threshold or Board approved budgetary limits and all in accordance with the College's financial regulations.
- 4.39 terminate contracts, when it is in the best interests of the College to do so.
- 4.40 check the financial standing of potential contractors.
- 4.41 dispose of assets up to the value of the delegated financial limit as set out in the Finance Regulations and in line with the requirements of the Scottish Public Finance Manual.
- 4.42 take out any necessary insurances to protect the interests of the College.
- 4.43 settle any claims whether or not such claims are insured or whether or not a court action has been raised.
- 4.44 spend public funds only for the purposes for which they were given and in accordance with any terms and conditions attached to them.
- 4.45 arrange for the presentation to the Board for approval an Annual Budget of income and expenditure, including revenue and capital, and to give regular updates on income and expenditure account, balance sheet and cash flow statement.
- 4.46 arrange for the preparation, audit and presentation to the Board of Accounts following the end of each financial year in compliance with the requirements of the Accounts Direction and encompassing Audit Scotland and the Scottish Funding Council instruction.
- 4.47 report to the Scottish Funding Council should the Board adopt a policy or commission an action which is incompatible with the terms of the Financial Memorandum or the Scottish Public Finance Manual, or which would infringe on the requirements of propriety or regularity, and report to the Board in writing on such matters being considered and advise the Board that, should it wish to choose to continue with the policy or action, then as Accounting Officer he or she must report the Board's intentions to the Scottish Funding Council in writing.

5 Absence of the Principal

- 5.1 In the absence of the Principal, the Senior Management Team shall ensure that the essential functions and delegated authorities of the Principal are carried out with due

regard to any relevant provisions of the Financial Memorandum with Fundable Bodies in the College Sector.

- 5.2 After a period of four weeks' unplanned continuous absence of the Principal, the Board shall designate the Depute Principal as the accountable officer for the duration of the Principal's absence, ensuring that the Scottish Funding Council is advised of such absence at the earliest opportunity.

6 Delegation to the Board Secretary

The Board Secretary has delegated authority to:

- 6.1 administer, circulate, retain and publish as appropriate the records of all Board and Committee business.
- 6.2 undertake appropriate actions to ensure that the Board is sufficiently informed of its obligations as defined in legislation, the terms and conditions of grant, the Scottish Public Finance Manual, the Code and the Standing Orders.
- 6.3 administer staff elections to the Board and act as returning officer.
- 6.4 act as Standards Officer in accordance with Advice on the Role of a Standards Officer (issued by the Standards Commission for Scotland).
- 6.5 in accordance with the Code, report any unresolved concerns about the governance of a body to the relevant funding body (i.e. the Scottish Funding Council)

7 Absence of the Board Secretary

- 7.1 In the absence of the Board Secretary, the Board shall agree temporary arrangements that can be put in place either by appointing the Depute Board Secretary or a staff member to fulfil the delegated functions, or by making such other arrangements as may be required.

8 Previous Schemes

- 8.1 This Scheme of Delegation replaces any previous versions as may have been approved by the Board.

Approved by the Board [22 February 2024](#)



12. Board of Management Standing Orders For Approval

22 February 2024
BOARD OF MANAGEMENT

1. Purpose

To provide to the FVC Board of Management with draft updated Standing Orders that reflect the addition of Trade Union (TU) members to the Board of Management.

2. Recommendation

That Board of Management members consider the attached Standing Orders and approve their adoption.

3. Background

In 2016, the Good Governance Task Force made a recommendation to Scottish Government on the inclusion of two TU members on College Boards. The recommendation was accepted and the Scottish Government confirmed legislation would be amended to provide for this.

Following a delay as a result of the Covid 19 Pandemic, a Scottish Statutory Instrument (SSI) called "2023 No. 363 The College of Further Education and Regional Strategic Bodies (Membership of Boards) (Scotland) Order 2023" was passed by the Scottish Parliament on 30 November 2023.

This SSI comes into force on 31 January 2024 and amends key legislation underpinning College governance to include two members of the College TU's (one teaching and one non-teaching member) as members of the Board of Management.

Appointment of the TU members is under the purview of the respective unions and elected members will serve for a period of 4 years, unless they either a) resign their post, b) leave their respective union or c) their employment at the College ends.

The SSI also amends the number of members who serve on the Board. Previously membership was required by legislation to be between 15 and 18 total members. This is now 15 to 20 members.

4. Key Considerations

The changes to the attached Standing Orders are minimal and are designed to reflect the membership of TU Board members.

The changes have been provided by the sector's Good Governance Group and it is anticipated these will be adopted across all Colleges.

5. Resource Implications (Financial, People, Estates and Communications)

None – Board Membership is unremunerated except for the position of Chair.

6. Equalities

Assessment in Place? – Not applicable



12. Board of Management Standing Orders For Approval

22 February 2024
BOARD OF MANAGEMENT

7. Communities and Partners

Not applicable.

8. Risk and Impact

Please complete the risk table below. Risk is scored against Likelihood x Impact, with each category scored from Very Low through to Very High. Risks should be robustly scored and, if the combined score (Likelihood x Impact) is higher than the Board Risk appetite for the risk category identified, additional justification must be provided on why this risk is necessary.

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

Total Risk Score – 5

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

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

As this change is as a result of an SSI, the College does not have an option not to adopt these changes. Failure to appoint TU members to the Board would therefore result in non-compliance of a legislative requirement.

There is very little risk involved in the addition of TU members to the Board, indeed it will help to introduce additional perspectives which should strengthen the overall decision making of the Board.

Is the score above the Board Risk Appetite level? No

Risk Owner – Board of Management

Action Owner – Alison Stewart

Paper Author – Stephen Jarvie

SMT Owner – Alison Stewart

Standing Orders of the Board of Management of Forth Valley College

Preamble

Under Paragraph 11 of Schedule 2 to the Further and Higher Education (Scotland) Act 1992 "Schedule 2", a Board may regulate its own proceedings and those of any Committee appointed by it.

The purpose of these Standing Orders is to ensure the orderly and effective conduct of the meetings of the Board of Management ("the Board") and of Committees of the Board ("Committees"). They shall apply to all meetings of the Board and its Committees and shall, subject to a resolution by the Board for their suspension, remain in force unless and until they are varied or revoked as hereinafter provided.

The Standing Orders were adopted by the Board on **22 February 2024** and come into effect on **22 February 2024**. They replace all other Standing Orders previously adopted by the Board, which are hereby revoked.

1 Meetings of the Board and Committees

- 1.1 The Board shall hold as many Board and Committee meetings as may be necessary for the performance of its functions and at such times, places and frequency as the Board determines.
- 1.2 The Governance Professional shall produce an annual programme of meetings which shall be presented to the Board for approval.
- 1.3 Extraordinary meetings of the Board and Committees may be called on the instructions of the Chair or by agreement by a majority of the members entitled to vote at such a meeting.
- 1.4 Board and Committee meetings shall be called giving no less than five working days' notice. Where extraordinary meetings are called and, exceptionally, due to the urgency of the business five working days' notice cannot be given, notice will be given as soon as is reasonably practicable and giving no less than two working days' notice.

2 Quorum and Voting Rights

- 2.1 The quorum for a meeting of the Board or Committee shall be no less than one half of the members entitled to vote at such a meeting.
- 2.2 If a meeting does not have a quorum of members present 15 minutes after its scheduled start time or falls below having a quorum of members present part way through, the Chair must either adjourn the meeting to a new date and time, or proceed with the agenda, ensuring that any decisions are taken by members at the next meeting of the Committee or Board, whichever is the sooner.
- 2.3 If the Chair of the Board or Committee is not present at any meeting, the Vice Chair (where this office exists) shall assume that role. Where a Vice Chair is not available, members shall elect from amongst themselves a Board member who is entitled to vote as the Chair of that meeting.

- 2.4 A question on which a vote is required shall be determined by a majority of votes of the members of the Board present and voting on the question and, in the case of an equal division of votes, the Chair of the meeting shall have a second or casting vote.
- 2.5 Only matters identified on the agenda as requiring a decision shall, if consensus is not possible, be decided by vote.
- 2.6 In exceptional circumstances, such as for matters requiring urgent attention, and when the approval of the Board or Committee is required, decisions can be taken, with the prior agreement of the Chair, by written procedure. That is, decisions can be taken without calling a physical meeting of the Board or Committee. In such circumstances for a decision to be deemed to be taken:
- The Governance Professional shall email all Board members outlining the decision required, together with relevant briefing information.
 - A quorum, as defined in 2.1 of these Standing Orders, must have replied to the email.
 - The Governance Professional shall ensure that a deadline for response is clearly specified and Board members shall endeavour to respond within that timeframe.
 - Any decisions taken in this way shall be homologated at the next relevant meeting of the Board or Committee.
- 2.7 Where a proposal is amended, voting will take place on the amendment against the proposal, or the series of amendments, in the order of the last amendment first, until a single amendment is put against the proposal. Thereafter, voting will take place upon the proposal amended. All members have a single vote.
- 2.8 No-one shall be entitled to tender his or her dissent from any decision, except at the meeting at which it has been passed; but any member not present may at the next meeting have his or her dissent recorded.
- 2.9 No proposal nor any amendment to any such proposal, shall be moved if it involves a reconsideration of any question or proposal which has been decided or adopted by the Board at any time within the preceding six months unless:
- it is moved by the Chair
 - in addition to being signed by the mover, it is signed by at least one third of the total members of the Board.

3 Attendance at Board and Sub Committee Meetings

- 3.1 The Governance Professional shall have oversight of all Board and Committee meetings in order to ensure meetings are conducted in accordance with legislation, terms and conditions of grant (including in relation to its Financial Memorandum, the Scottish Public Finance Manual, the Code of Good Governance for Scotland's Colleges), the Board's Scheme of Delegation and these Standing Orders, and in order to ensure a record is kept of proceedings.
- 3.2 It shall be a matter for the Board or Committee to determine which College employees (with the exception of the staff **and trade union** Board Members who shall be invited to attend all meetings of the Board and Committees they are a member of) or other individuals should be invited to attend any Board or Committee meeting or any part of it in an advisory capacity in order to ensure that the Board or Committee has the required advice to fulfil its functions. Where invited to do so by the Chair at the meeting, these employees or individuals may contribute to the discussion, but may not vote.

- 3.3 The Board may decide to meet privately without the Principal or any Senior Management Team members being present. In these circumstances the Governance Professional shall be present at the meeting unless requested by the Chair to leave. Where the Governance Professional is requested to leave, there must be a clear and specific reason for this recorded in the minutes and the Chair shall ensure that appropriate arrangements are made for recording the discussion and any decisions taken at the meeting in the minutes. Staff, trade union and student Board members are permitted to attend such meetings unless they have a conflict of interest in relation to the matter being discussed.

4 Agenda

- 4.1 The Governance Professional in consultation with the Chair and Principal shall prepare the draft agenda. Other members may place an item on the agenda for discussion by submitting this to the Governance Professional no later than 10 working days in advance of the meeting (except in the case of an extraordinary meeting where only the urgent business notified at the time the meeting was requested will be placed on the agenda). The Governance Professional shall ensure that all items placed on the agenda fall within the remit of the Board or Committee.
- 4.2 All matters for consideration by the Board or Committee shall be clearly identified on the draft agenda as to whether it is for approval, decision, discussion, noting or for information purposes.
- 4.3 The order of business shall be:
- Apologies for absence
 - Declarations of any Potential Conflicts of Interest in relation to any agenda items
 - Approval of the minutes of the previous meeting
 - Matters arising
 - All other business with those items of business requiring approval or a decision taking precedence over items of business for noting
 - Date of the next meeting(s).
- 4.4 All business at Board and Committee meetings shall be conducted through the Chair by members indicating to the Chair that they wish to speak. The Chair shall be heard without interruption.
- 4.5 The Chair shall be responsible for the general conduct of the meeting to preserve order and to ensure that every member has the opportunity to contribute.

5 Board and Committee Papers

- 5.1 Board and Committee papers may be submitted by the Principal, a member of the Senior Management Team or the Governance Professional.
- 5.2 The Governance Professional shall ensure the circulation of papers to Board or Committee members at least five working days prior to the meeting. Where this timescale is not possible, the Governance Professional shall advise members of this and advise of the reason for the delay and when papers might be expected.

6 Minutes of Board and Committee Meetings

- 6.1 In addition to recording the decisions and basis of decisions of all business on the agenda, the minutes shall include a record of those members present and any individuals in attendance, for all or part of the meeting.
- 6.2 Draft minutes shall be prepared for the Chair's agreement normally within five working days of the meeting and shall be labelled 'draft'.
- 6.3 Once agreed by the Chair, minutes shall be circulated to members normally within ten working days of the meeting and shall be labelled 'unapproved circulated'.

- 6.4 The minutes shall be considered for approval by the Board or Committee at its next meeting and the Chair of the meeting shall thereafter confirm the minute which shall be labelled 'final version'.
- 6.5 The Governance Professional shall be responsible for ensuring that a final version of the minutes is securely retained.
- 6.6 The Governance Professional shall be responsible for ensuring that the final version of the minutes of each Board and Committee meeting is timeously published on the College website.
- 6.7 In the event that extraordinary business is being transacted and additional meetings are being arranged, the timescales for preparing minutes shall be adjusted to ensure their availability for approval at the next meeting.
- 6.8 Where a Committee meets infrequently, draft minutes shall be circulated by email to all Members who will be required to confirm their approval or otherwise of the draft within eight weeks of the meeting having taken place. The meetings shall thereafter be confirmed by the Chair of the meeting and labelled as 'final version'.
- 6.9 All Committee minutes will be submitted to the Board for information at the next scheduled meeting of the Board, regardless of whether the minutes are labelled as draft, unapproved circulated or final version.

7 Establishment of Committees and Sub-Committees

- 7.1 As provided for in Schedule 2, the Board may establish Committees and a Committee may establish Sub-Committees, references in these Standing Orders include Sub-Committees.
- 7.2 A Committee shall consist of at least three Board members appointed by the Board. One of these Members shall be elected as Chair of the Committee. The Board may also wish to elect a Vice Chair of each Committee.
- 7.3 Each Committee shall review its remit annually and shall submit any proposed changes to the Board for approval.

8 Appointment of Vice Chair

- 8.1 A Vice Chair shall be appointed by the Board from amongst its members.
- 8.2 In the absence of the Chair, the Vice Chair shall have the authority the Chair would have under these Standing Orders.

9 Appointment of Senior Independent Member

- 9.1 A Senior Independent Member shall be appointed by the Board from amongst its members.
- 9.2 The Senior Independent Member shall undertake the role as detailed within The Guide for Board Members in the College Sector.

10 Suspension of Standing Orders

- 10.1 These Standing Orders may be suspended when at least two-thirds of the members present entitled to vote agree to such a motion.

Approved by the Board **22 February 2024**



FINANCIAL SUSTAINABILITY
OF COLLEGES IN SCOTLAND
2020-21 TO 2025-26



Scottish Funding Council
Comhairle Maoinachaidh na h-Alba

Scotland's tertiary education and research authority

JANUARY 2024



Photo: UHI Perth

Introduction

The Scottish Funding Council (SFC) has a key role in ensuring that the colleges we fund continue to plan and manage their activities in a way which ensures their sustainability and financial viability. This report provides an aggregate picture of the financial health of Scottish colleges, based on their annual accounts for academic years 2020-21 and 2021-22, and the latest forecasts for the period from 2022-23 to 2025-26 academic years. It does not take into account the most recent budget announcement for 2024-25. Incorporated colleges, non-incorporated colleges and Glasgow Colleges' Regional Board are all included in the analysis¹.

The report also considers key risks that could have a significant impact on colleges' financial sustainability. In the context of our assessment of sector finances, we engage regularly with the Scottish Government, sector bodies and auditors.

It is important to note that the 2020-21 position included a full year of the COVID-19 impact, including additional financial support provided to colleges. Colleges were already facing a series of cost pressures prior to the pandemic, including increases in employer pension contributions, the cost of maintaining buildings and withdrawal from the European Union. The COVID-19 crisis heightened those challenges, particularly for colleges with high levels of commercial income. The results for 2021-22 reflected colleges returning to 'normal' business but the financial sustainability of the sector remains challenging.

We have previously reported on the financial sustainability of the college (and university) sectors in [SFC/CP/02/2020](#), [SFC/CP/05/2020](#), [The Financial sustainability of colleges and universities in Scotland – Review report](#) in October 2020, [Coherence and Sustainability: Financial Sustainability of colleges and universities](#) in June 2021, and [SFC/CP/02/2022](#).

¹ Scotland's Rural College (SRUC) is classed as a higher education institution and is covered in the publication Financial sustainability of universities in Scotland 2020-21 to 2024-25.




SFC monitoring and engagement

SFC monitors and assesses the financial health (sustainability and viability) of colleges and supports them in making the best use of their resources through regular engagement and analysis of financial returns which colleges are required to submit to SFC each academic year. SFC also considers colleges' individual circumstances and exposure to risk, capacity to respond to financial challenges and other relevant available information.

Financial sustainability is a condition of grant set out in SFC's Financial Memorandum with colleges. Colleges are responsible for their own financial sustainability and are required to notify SFC if they identify material risks to their financial viability or sustainability.

SFC increases levels of engagement and monitoring activity for those colleges facing risks to their financial health. SFC works closely with such colleges to understand and assess the problem areas and requires colleges to develop plans to bring them back to a sustainable position.

Financial health of the college sector

Key messages



Colleges continue to operate in an extremely tight fiscal environment alongside many challenges, such as increasing staff costs, general inflationary pressures, high energy costs and rising interest rates impacting on loan repayments.



The financial position of colleges is deteriorating. The sector reported an adjusted operating surplus of £7.2m in 2021-22 which represents a deterioration against the 2020-21 result (£19.3m surplus). Eight colleges (30%) reported adjusted operating deficits in 2021-22.



The sector is forecasting an adjusted operating deficit of £27.2m for 2022-23. The deterioration reflects flat cash in SFC grants and reduction in tuition fees relating to higher education provision not matched by the same level of reductions in costs. Twenty-four colleges (92%) forecast adjusted operating deficits in 2022-23. Colleges take a cautious approach to forecasting and in recent years the actual results have often shown an improved position against earlier projections.



Adjusted operating deficits are projected to continue over the next three years. Seventeen colleges (68%) are forecasting adjusted operating deficits in 2023-24, reducing to 13 colleges in 2024-25 and 2025-26.



Colleges remain highly reliant on SFC grant which is forecast by colleges to remain at 78% of total income.



Staff costs continue to be the largest element of colleges' spending (just under 70% of total costs) and are the main focus of savings as colleges try to balance their budgets in the current fiscal environment. **The sector reported staff restructuring costs of £6.7m in 2021-22 and forecasts staff restructuring costs of £13.2m in 2022-23 and £8.2m in 2023-24. Based on current forecasts, significant staff reductions of 2,387 FTEs are projected over the period 2022-23 through to 2025-26, equating to the potential removal of 21% of FTE staff employed in the sector.** Staff reductions are expected through a combination of vacancy management (1,130 FTEs), voluntary severance schemes (1,103 FTEs) and compulsory redundancies (154 FTEs). Given the experience to date of industrial relations within the sector, this level of staff reduction is likely to result in widespread industrial action.



The sector reported an aggregate cash balance of £141.4m at the end of July 2022 but cash reserves are forecast to deteriorate to a cash deficit of £4.2m by the end of July 2026 reflecting colleges' weak operating positions. No college reported a cash deficit at the end of July 2022, but four colleges are forecasting a cash deficit by the end of July 2024, increasing to six colleges by the end of July 2026. This projected deterioration in liquidity, particularly in the context of continually challenging budget settlements and continued high government savings expectations, will make it increasingly difficult for SFC to manage cash advances and reprofile grant payments to ensure colleges have sufficient cash to manage their liabilities, as we have done in the past. It will also become increasingly difficult for colleges to self-fund staff restructuring activity and rebalance their cost base as a pathway to sustainability.



Overall sector borrowing reduced from £244.1m at the end of July 2021 to £232.1m by the end of July 2022. Borrowing is forecast to reduce further to £186.4m by the end of July 2026. Most of the sector's borrowing is in the form of NPD/PFI commitments relating to three colleges. The borrowing figures exclude cash deficits projected by many colleges. **The weakening liquidity increases the risk of covenant breaches and heightens the risk of colleges defaulting on debt repayments.**



The position beyond 2023-24 is uncertain. We know that the budget for 2024-25 will be particularly challenging but there remains uncertainty about future year allocations. The assumptions used for these forecasts included flat cash SFC grant, 3.5% annual pay awards in the latter years of the forecast and Office for Budget Responsibility (OBR) forecasts for inflation to non-staff costs (3%-5% p.a.), in line with Scottish Government advice. **Colleges have also provided SFC with alternative scenarios based on more pessimistic planning assumptions which show an even greater deterioration in the sector's financial position.**



It is important to note that:

- the sector is not homogeneous and there is significant variation in the financial position of individual colleges that is not reflected in the aggregate indicators.
- the financial sustainability of the sector remains extremely fluid with assumptions being constantly updated as circumstances change. The results can only be viewed as a snapshot in time and are historic. Forecasts are not a guarantee of future performance returns and are highly likely to change over the planning period.



Photo: Sabhal Mòr Ostaig

Risks to colleges' financial health

Colleges identified many risks in their returns which could adversely affect their financial health and ability to achieve student activity and other income targets. The most significant risk areas for colleges relate to:



Increasing staff costs due to cost of living pay awards which are still to be negotiated, increases in employer contributions to pension schemes, and the outcome of the job evaluation exercise for support staff.



Difficulties in meeting activity thresholds due to demographic changes and prospective students securing employment or obtaining places at universities instead of going to college, leading to changes to funded activity levels.



Uncertainty over funding recovery exposure due to lower levels of recruitment across the sector and ongoing discussions with colleges around potential mitigations.



The requirement for colleges to self-fund the staff restructuring costs could substantially diminish colleges' available cash balances following the Scottish Government's withdrawal of £26m transformation funding in 2023-24.



Any further unanticipated in-year reductions in funding which would place significant added pressure on colleges to maintain a sustainable trajectory.



The uncertain macro-economic outlook, with inflation reducing but remaining high by historic standards, and rising interest rates.



Rising energy costs with the centrally negotiated contract for college energy costs ending across 2022-23 to 2023-24 and colleges moving onto a new contract. Changes to government support that helps with colleges' energy bills are also proposed for 2023-24 which are likely to make this support less generous.



The impact of cost efficiencies (including the impact of reduced staff numbers, changes to frontline student services and potential decisions about the future of particular campuses) on the quality of student experience, the health and wellbeing of college staff, and breadth and width of the curriculum offered to students.



The impact of the outcome of the **Independent Review of Skills Delivery and Purpose and Principles** on the sector, as the Scottish Government continues to develop its response.



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.



The ability to address **backlog estates maintenance and digital requirements** to deliver a 21st century learning and teaching environment.



The requirement for colleges to invest in the **achievement of public sector net zero targets**, with a recent estimate of the cost of achieving net zero targets across the UK FE sector sitting at £6.7bn².



The impact of **reinforced autoclaved aerated concrete (RAAC)** on the college estate with potential building closures and expenditure required to make affected buildings safe for use.



Challenges of diversifying income due to **increased competition** from external providers reducing colleges' ability to generate commercial surpluses.



Delivering against **fragmented funding streams** and programme requirements.

² The Cost of Net Zero | EAUC

Mitigating actions

Colleges remain heavily reliant on SFC grant (78% of total income) and generating commercial income is challenging in the current fiscal environment. This is mainly due to:

- difficulty in competing for contracts against private sector providers that have lower fixed cost bases (especially staff costs);
- weak liquidity limiting the sector's ability to expand their offer because that may require additional investment; and
- the lack of fiscal flexibilities associated with their public body status to exploit further commercial opportunities.

Colleges have provided assurances that they are addressing the risk of not achieving student activity targets 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, and shifting delivery patterns.

From 2023-24, SFC has made changes to the college funding model as a first step towards a more dynamic, forward-looking approach that will help colleges limit their exposure to the risk of funding recovery due to under-delivery in 2023-24. The changes include:



Introducing a reduced credit threshold, while maintaining the same level of funding as in 2022-23.



Providing a 2% tolerance on the reduced credit threshold.



Aligning the required date with universities for claiming credits, meaning colleges can now claim credits for full-time students on courses lasting over 20 weeks if the student is still in active learning after five weeks from the course start date.



Decoupling 20% of the value of credits to take account of college sunk costs, recognising that colleges bear an element of semi-fixed costs even when credits are not delivered.

Staff costs are the main focus of savings. Colleges have indicated that their options for non-staff cost savings are limited because of previous cost reductions and current inflationary pressures. Many colleges have raised the possibility of compulsory redundancies as a last resort or in order to target staff reductions, as they believe their capacity to achieve savings through voluntary severance schemes, while sustaining coherent provision, is reducing. There will be a significant leadership challenge for colleges to ensure that planned staff reductions do not adversely affect a college's reputation, student outcomes (quality, retention and other performance indicators) and the mental health, morale and turnover of remaining staff. Other mitigating actions colleges are actively considering include curriculum reviews and freezing non-essential spending.

It is important that colleges continue to adapt to the challenging fiscal environment and other uncertainties. Financial challenges are likely to affect individual colleges differently and each college should pursue the mitigating actions that are right for its mission and context. We expect colleges to be alert to the risks to their financial health and have scenario planning and contingency arrangements in place to address them. We encourage colleges to constantly review and consider the range of options available to them so they can take corrective action rapidly as risks begin to emerge.

Colleges should continuously review their operating models and consider options for reducing costs and maximising income in this challenging environment of increasing staff costs, inflationary pressures, high

energy costs and interest rates, and flat cash settlements.

In our engagement with colleges we are seeing a mix of strategies being adopted, for example:

- Exploring opportunities for strategic collaborations and consolidation with other institutions or appropriate other bodies, including shared services, centralising costs and business process improvements.
- Reviewing estates to ensure the size, structure and design is right for the college. This could include downsizing; looking at how buildings and facilities are used; disposing of surplus buildings; and reducing annual maintenance costs. We recognise this may require some upfront investment. SFC is supporting colleges in this work through the delivery of the College Infrastructure Strategy published in November 2022 (see page 23) and in tri-partite work with the Scottish Government and Colleges Scotland on the reinvestment of capital receipts following disposal.
- Reviewing teaching provision, with a view to consolidating or rationalising curriculum, including the closure of courses that are considered to be financially unsustainable.
- Developing more commercial income streams although we recognise this can be challenging in the current financial environment, especially due to the lack of fiscal levers available to colleges.

It is recognised that achieving further efficiencies will require significant investment over many years. In addition, some of these strategies could have an impact on student choice and experience, staff and local communities, and on the size, shape and capacity of the sector more widely. SFC will continue to work closely with colleges to understand any such impact and provide appropriate support as colleges explore options to remain financially sustainable.

In considering the future policy and funding environment, these key actions could assist colleges on the path to financial sustainability:



Multi-year funding settlements and realistic future funding assumptions, to enable colleges to undertake better planning, adapt business models and collaborative activity.



Continuing to work collaboratively on future funding models.



Reducing the fragmentation of funding streams.



Transformation funding to support the way colleges may need to adapt their provision, structures, approach to collaboration and target operating models.



Providing additional year-end financial management flexibility around the March financial year-end to support the reprofiling of income and expenditure to the end of July, and exploring whether there is potential for enhancing flexibilities for Scotland's colleges within the ONS classification designation.



Recognising the role colleges play, through specific funding and the review of apprenticeship and work-based learning opportunities, in responding to the needs of employers.



Engaging positively with the reform programme for post-16 education and skills so that it takes account of the financial and funding context and supports opportunities for colleges to continue to make a difference as anchor regional institutions, in changing lives, and in creating value for Scotland and local communities.



Supporting national level and efficient infrastructure planning and procurement, for example in relation to estates and digital infrastructure.

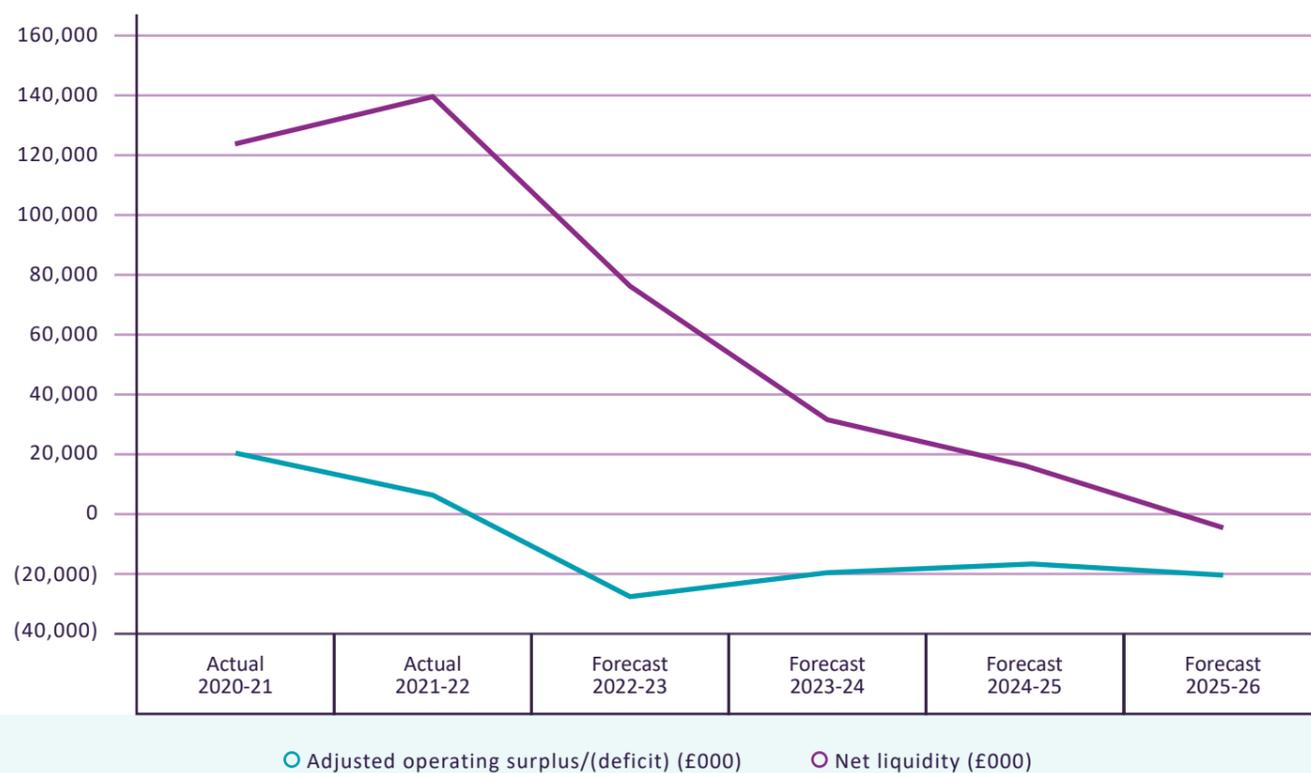
Analysis of financial returns

This section reports on the results of our analysis of data from colleges' 2021-22 annual accounts return (including 2020-21 academic year) and the Financial Forecast Return which provides forecast data for the period from 2022-23 to 2025-26 academic years. The table below provides a summary of key financial information for the college sector over these six years.

Summary of college sector aggregate financial data						
	2020-21 Actual	2021-22 Actual	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast
Total income (£000)	792,332	830,635	814,908	806,684	806,338	808,933
Total expenditure (£000)	839,745	890,753	861,001	842,918	842,447	850,237
Adjusted operating surplus/ (deficit) (£000)	19,320	7,202	(27,187)	(19,178)	(16,620)	(20,335)
Adjusted operating surplus/ (deficit) as % of total income	2.4%	0.8%	(3.3%)	(2.4%)	(2.0%)	(2.5%)
Cash flow from operating activities (£000)	86,244	57,240	(30,175)	(16,361)	8,949	5,436
Cash flow from operating activities as % of total income	11%	7%	(4%)	(2%)	1%	1%
Net liquidity (£000)	122,907	141,438	76,635	31,709	15,004	(4,170)
Net liquidity days	57	62	35	15	7	(2)
Total borrowing (£000)	244,055	232,186	220,818	209,262	197,534	186,378
Total borrowing as a % of total income	31%	28%	27%	26%	24%	23%

At an aggregate sector level, the table above and the graph that follows show a downward trend in the financial health of colleges as shown by the deteriorating underlying operating position and liquidity.

College sector adjusted operating position and net liquidity (£000)



The 2021-22 financial result represented a deterioration against the 2020-21 outturn and the sector is forecasting a further decline in financial operating performance from 2022-23, with costs increasing at a faster rate than income. Liquidity is also forecast to decline from 2022-23 onwards. There remains a significant variation in financial performance across the sector for all years.

The substantial deterioration in the sector’s operating position over the planning period is largely due to increases in staff costs, self-financed severance costs (£27.5m) and other operating costs, reflecting inflationary pressures. It is important to note that a portion of the college cost base is fixed or semi-fixed as it forms part of the infrastructure for curriculum delivery which makes further cost reduction challenging to achieve. Increasing commercial income can also be difficult for colleges, as mentioned earlier in the report.

Financial performance

Adjusted operating position

The adjusted or underlying operating position reflects the financial performance of colleges after allowing for non-cash adjustments and other material one-off or distorting items required by the FE/HE Statement of Recommended Practice (SORP). This smooths volatility in reported results arising from the implementation of Financial Reporting Standard 102 and recognises that some of the reported costs do not have an immediate cash impact on the college. This gives a better indication of colleges’ operational cash generating capacity and a clearer picture of colleges’ short-term financial health.

The methodology for calculating the adjusted operating position has been agreed following sector consultation to ensure a consistency of approach in the interpretation of colleges’ financial performance (Annex C).

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. Annual 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 sector reported an adjusted operating surplus of £7.2m for 2021-22, which represents a significant deterioration against the previous year’s result

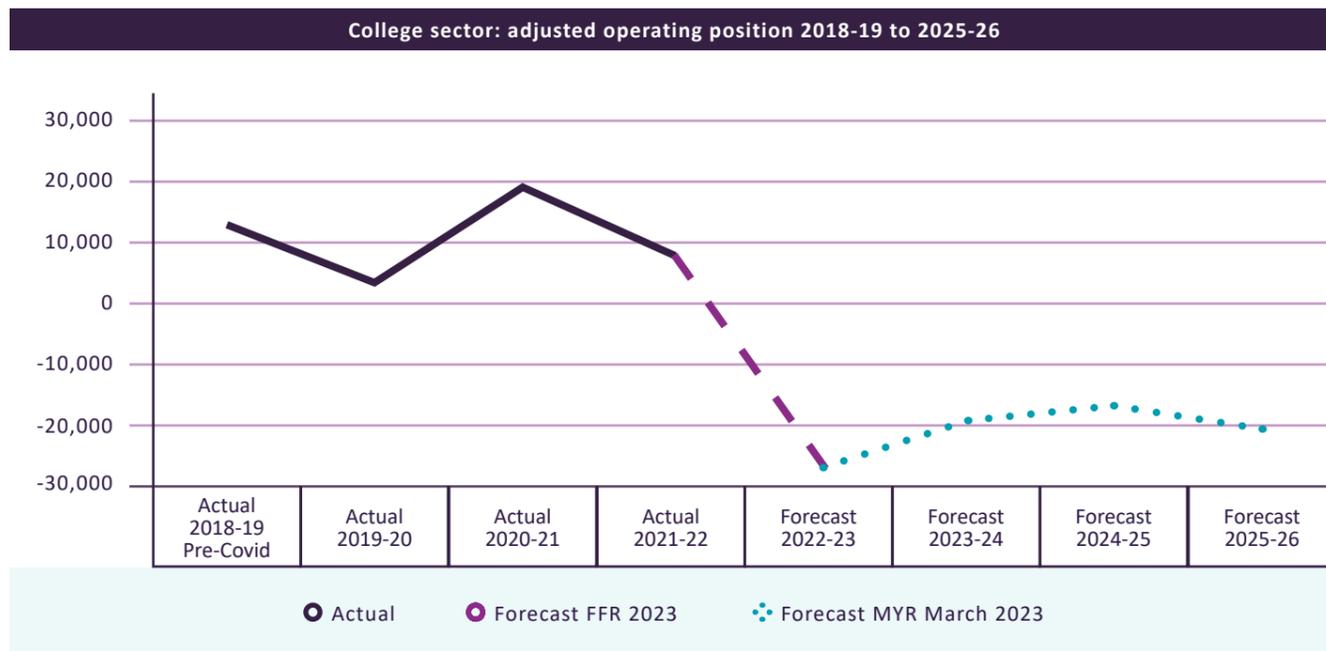
(£19.3m surplus) due to increases in staff costs, reflecting the impact of the pay award and some additional recruitment. Other operating costs also increased because of the return to campus activity combined with inflationary impacts. Sector income increased due to increased SFC grant more than offsetting the reduction in one-off COVID funding, and a rise in other income due to the return to campus activity more than offsetting the loss of furlough funding. Tuition fee and education contract income also increased against the previous year’s levels.

The 2022-23 forecast shows a sector adjusted operating deficit of £27.2m. The deterioration against the 2021-22 outturn reflects forecast reductions in SFC grants and HE tuition fees and the lack of corresponding reductions in costs. Further substantial deficits of £19.2m, £16.6m and £20.3m are projected in 2023-24, 2024-25 and 2025-26 respectively.

Nine colleges (33%) reported an adjusted operating deficit in 2021-22 compared to three (11%) colleges in 2020-21. A total of 24 colleges (92%) forecast adjusted operating deficits in 2022-23, reducing to 17 colleges (68%) in 2023-24 and 13 colleges (52%) in the final two years.

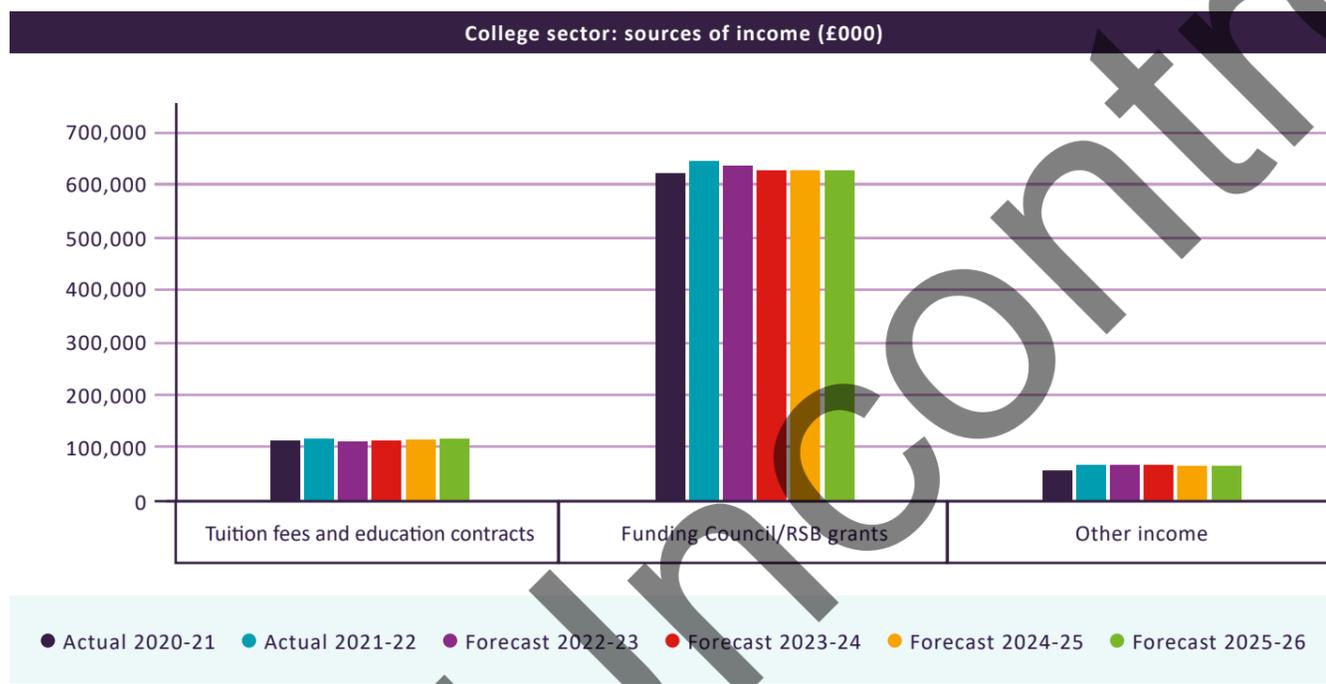
The number of colleges forecasting adjusted operating deficits is of real concern and it is clear that many colleges are not sustainable on the basis of these forecasts. However, these forecasts do reflect a snapshot in time. Alternative scenarios with more pessimistic planning assumptions show an even greater deterioration in the sector’s financial position.

The graph below illustrates the marked deterioration in the forecasts³ against the actual outturns from 2018-19 to 2021-22.



Income

The graph below shows the projected movement in sector income over the period from 2020-21 to 2025-26.



³ MYR is the Mid-Year Return collected at the end of March which provides a budget update for the current year only against the original budget

Total sector income increased by 4% in 2021-22 but is expected to decrease over the remainder of the forecast period.

Colleges remain heavily reliant on SFC grant which for the purposes of these forecasts was projected by colleges to remain flat and at around 78% of overall sector income throughout the forecast period, although there is some minor variation in grant reliance across the sector. Several colleges do not expect to achieve student activity and other income targets during 2022-23 and some (but not all) have included recovery of SFC grant in their latest forecasts, reducing their projected income further.

The primary source of non-SFC income is tuition fee and education contract income. Other income generating activities include residence and catering income. Several colleges have trading subsidiaries which contribute to commercial income. There has been some recovery in trading subsidiary revenue and catering income in 2021-22 because of the return to on-campus activity after the relaxation of pandemic measures. However, non-SFC income is forecast to remain relatively flat from 2022-23 onwards.

Recruitment challenges

Approximately half of all colleges anticipate they will have under-delivered their student activity in 2022-23 because of the continued impact of the buoyant labour market and competition from universities. This has been reflected in the reduction of higher education fee income in the sector as students opt to go into employment or attend university.

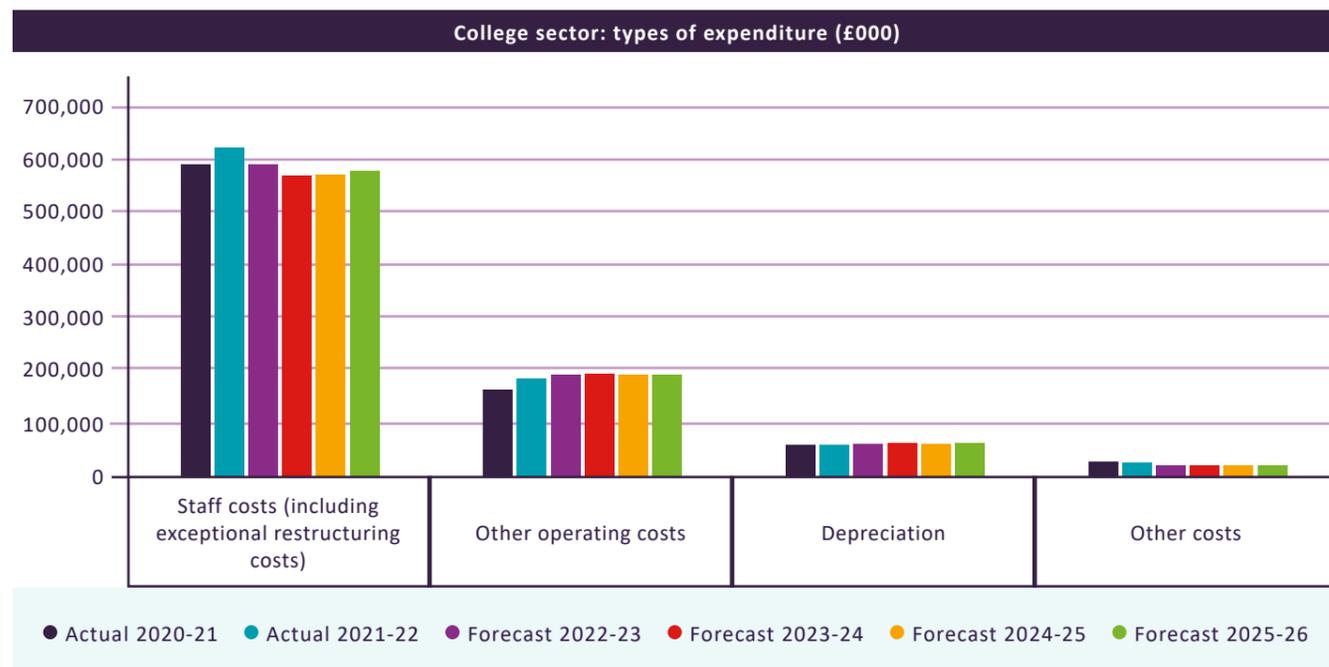
Several colleges have continued to experience recruitment challenges over recent years due to reductions in demand driven by demographic trends, in particular the decline of the population of 16- to 24-year-olds in their regions. Recruitment performance ranges from 90% to 127% against target.

As colleges work to address shortfalls and the data cleansing and audits are finalised, these figures are likely to change. The current level of delivery at the sector level is 98.0%. SFC continues to consider the implications of this shortfall as figures are finalised and arrangements are made for recovery of funding.



Expenditure

The graph below shows the projected movement in sector expenditure over the period from 2020-21 to 2025-26:



Staff costs represent the largest element of expenditure for colleges at 69% of total costs in 2021-22. The results for 2021-22 reflected increased pay costs and employer contributions to pension schemes. One-off savings from freezes to non-essential recruitment activity have not recurred in 2021-22 though some colleges have reported difficulties in recruiting staff due to tight labour market conditions.

Underlying staff costs, excluding severance and pension costs, are forecast to increase by £14.1m (2.5%) in 2022-23, before decreasing by £15.8m (2.7% reduction) in 2023-24 due to the savings generated from previous severance activity. Colleges have assumed a pay increase of 5% for 2022-23 and 3.5% thereafter in their forecasts, but this could be understated given current inflation and the ongoing negotiations on the pay offer. Staff costs are projected to increase by £5.7m (1.1%) in 2024-25 and by £9.1m (1.6%) in 2025-26, reflecting the continued impact of pay awards.

An additional staff cost pressure which colleges are likely to face from April 2024 is increased employer pension contributions because of changes in the discount rate being applied to the Scottish Teachers Superannuation Scheme. The UK Government intends to provide funding to affected government bodies to meet this additional cost. The Scottish Government provided £7.5m funding to colleges to support the change to the employer contribution rate from September 2019.

Other operating expenses are forecast to increase across the forecast period reflecting the resumption of full campus operations. Utilities costs are expected to rise consistently over the forecast period, increasing from £16.4m in 2021-22 to £27.0m by 2025-26 (64% increase).



Staff restructuring plans

Thirteen colleges spent £6.7m on staff restructuring costs in 2021-22 (2020-21: £6.5m across 12 colleges). Colleges intend to spend a further £27.4m on staff restructuring activity over the forecast period to 2025-26. This is expected to be funded from within colleges' existing resources. Several colleges have indicated that they may have to resort to compulsory redundancies to achieve the level of savings required to rebalance their financial position. In addition to voluntary and compulsory severance, colleges are also generating savings through vacancy management.

Savings tend to be generated in the year after the voluntary severance investment is made due to departures occurring at or near the end of the academic year. Colleges believe voluntary departures are now more difficult to secure due to the volume of severance previously undertaken and the perceived unattractiveness of the terms of schemes to those staff that remain. In some cases, colleges are no longer able to afford voluntary severance. The sector anticipates using compulsory redundancies in future.

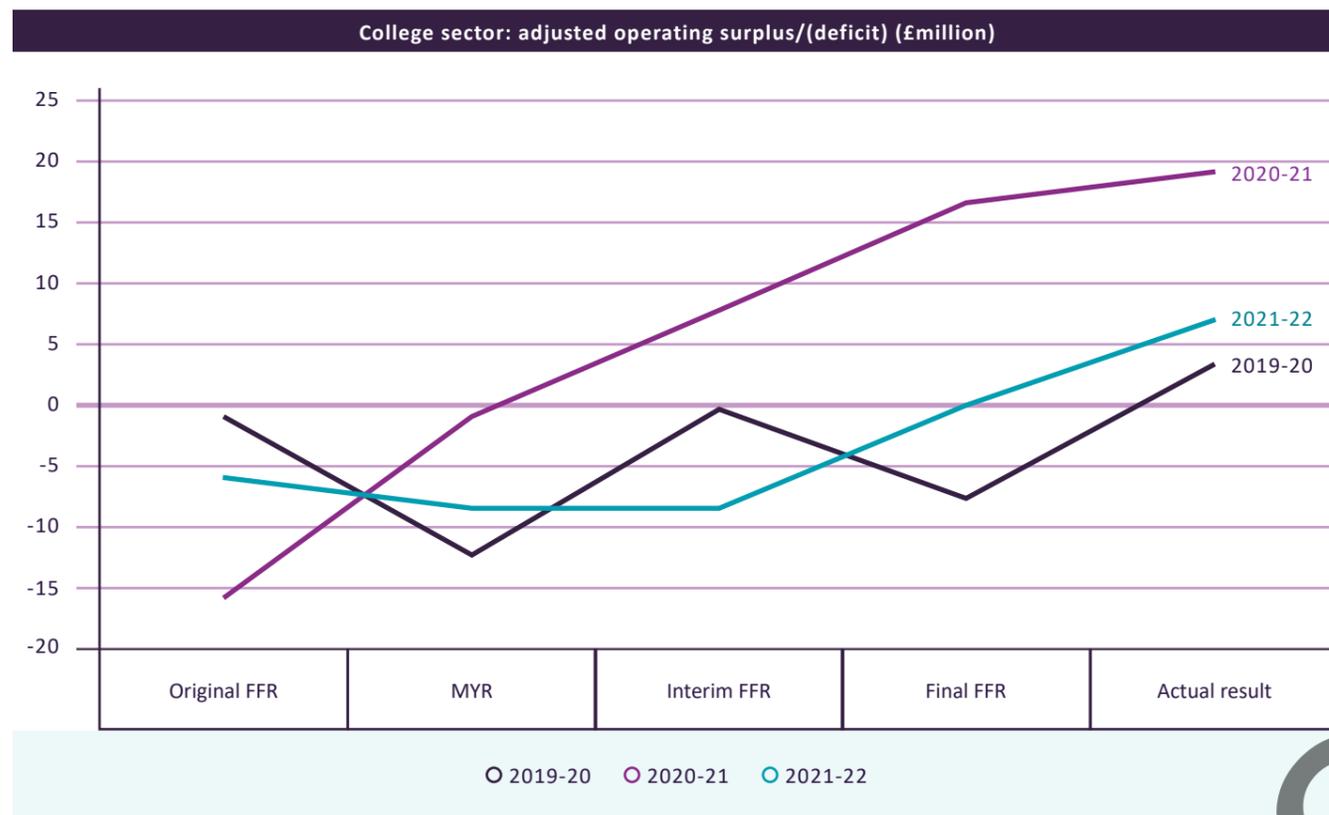
Based on colleges' 2023 Financial Forecast Returns, the expected reduction of 2,387 FTE equates to the removal of 21% of FTE staff employed in the sector. Colleges have highlighted the impact of this level of staff reduction on the student experience. This could compromise colleges' ability to deliver both the breadth and quality of provision and there is a risk to maintaining business as usual when undertaking such fundamental restructuring.

The level of staff reductions, including the potential for significant levels of compulsory redundancies, has already led to industrial relations challenges at several colleges, including ballots for industrial action.

Accuracy of forecasting

For most colleges, movements between actual results and forecast figures can largely be explained by adjustments being made to react to new information. In the last few years, forecasting was difficult due to the uncertainty surrounding the continuing impact of the pandemic, coupled with recent economic uncertainty. To consider the accuracy of forecasting we use historical forecasts and compare them to the actual results. The most recent year of actual results was 2021-22 academic year.

The movements in the adjusted operating position for academic years 2019-20, 2020-21 and 2021-22 are set out in the graph below:



Improvements in actual outturns against forecast have occurred in most years as shown in the graph above. For 2021-22, the initial projected deficits reflected the uncertainty around SFC funding recovery and some uncertainty about the overall impact of the return to campus activities, pay awards and non-pay cost inflation. By the time of the submission of the September 2022 FFR, the positions on some of the above issues had become clearer and this led to colleges forecasting a substantially improved result of £0.2m surplus.

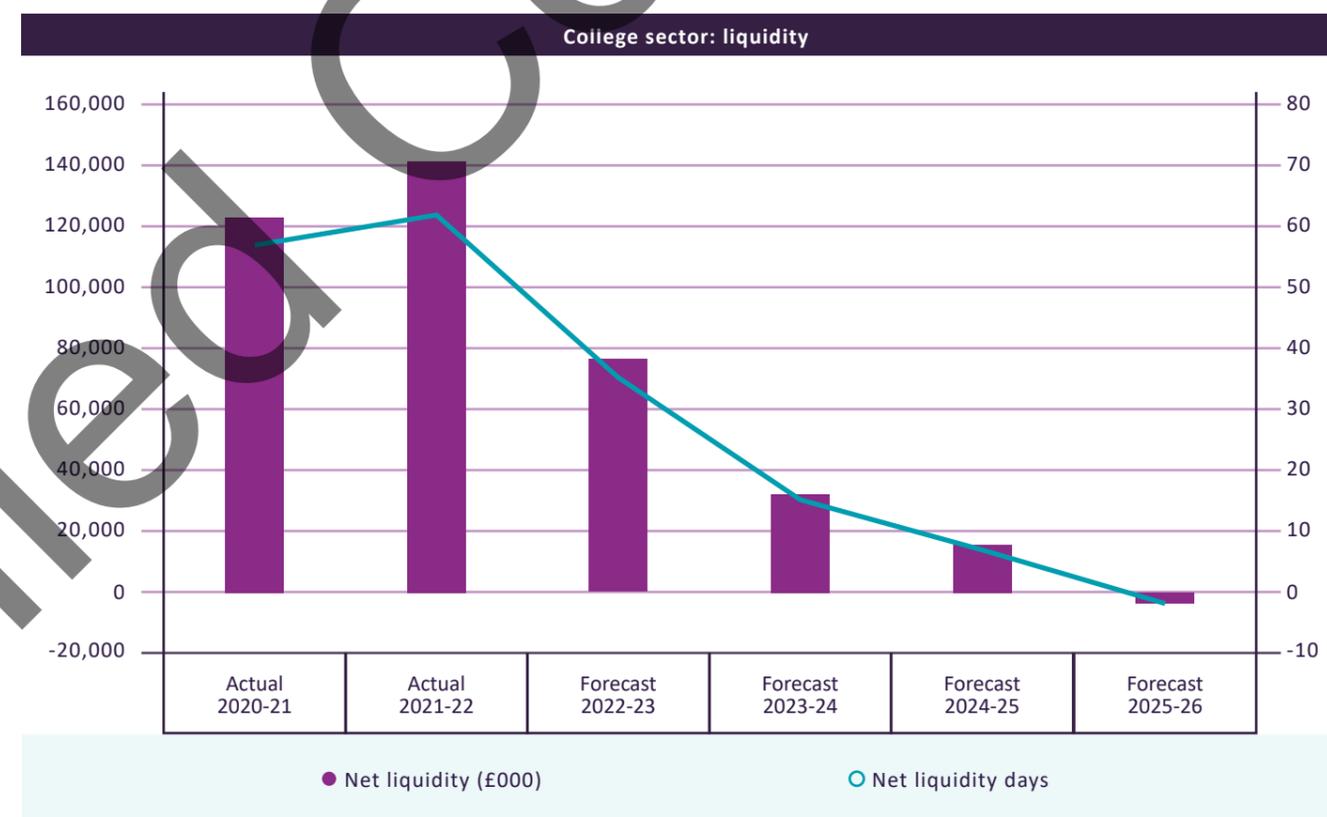
The final outturn reported in colleges' 2021-22 annual accounts was an adjusted operating surplus of £7.2m surplus which represented a favourable variance of £12.9m against the original September 2021 FFR and £7m against the September 2022 FFR forecast. Four colleges reported positive variances against the September 2022 FFR forecast of around £1m which account for most of the overall £7m variance.

We will continue to work with colleges on the accuracy of forecasting as part of our assessment of financial returns for 2022-23 and the current academic year. While SFC recognises that colleges need to make adjustments to their forecasts as they react to new information, they should ensure that their forecasts are as accurate and dependable as possible in future years.

Financial position – strength and resilience

Liquidity

Cash balances and number of days expenditure held in cash reserves are key performance indicators. The graph below shows levels of sector cash reserves and days ratio of cash to total expenditure over the period from 2020-21 to 2025-26.



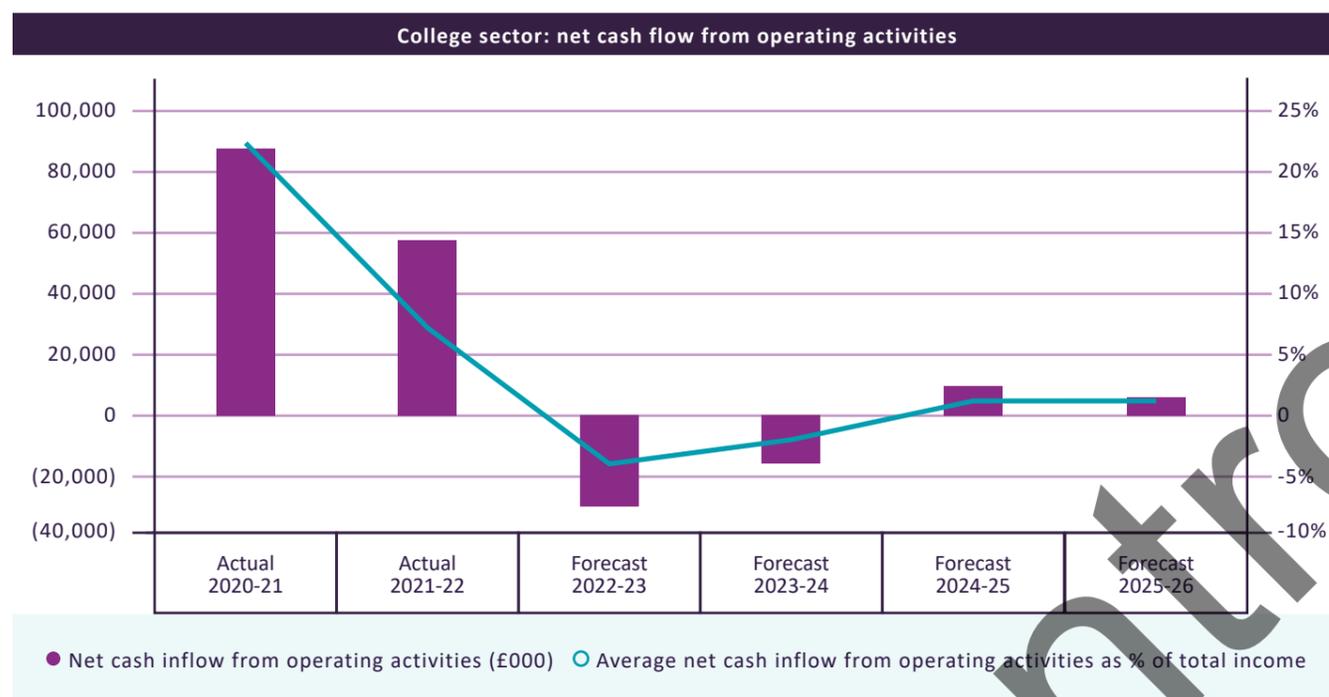
The sector reported a cash balance of £141.4m at the end of July 2022. Cash reserves are forecast to reduce by 46% to £76.6m by the end of July 2023 reflecting colleges' weak operating positions. They are projected to further deteriorate to a cash deficit of £4.2m by the end of July 2026 reflecting further weakening of colleges' operating positions and the spend or return of unspent SFC ring-fenced grants (including unspent student support funds and colleges delaying capital works due to COVID-19 and increased construction inflation) which inflated the July 2022 figures.

The number of colleges forecasting a cash deficit is expected to increase from one college at the end of July 2023 to four colleges (16%) by the end of July 2024, and to six colleges (24%) by the end of July 2026. It should be noted that the college forecasting a cash deficit at the end of July 2023 subsequently reported a positive cash position, having received a cash advance from SFC prior to the end of the academic year.

The sector cash deficit forecast from 2023-24 onwards is at such a high level that it may become difficult for SFC to manage cash advances through reprofiling grant payments. It would also become increasingly difficult for colleges to self-fund staff restructuring activity. The range of negative cash balances at the end of July 2026 (the year of maximum exposure) sits between £866k to £11.5m.

Cash flow

Net cash inflow from operating activities is an important measure of colleges' financial health as it does not include any items of non-cash expenditure (such as depreciation, amortisation and adjustments for pension liabilities), or income from and expenditure on financing activities. It illustrates an institution's ability to generate sufficient cash to repay debt and for estates investment. The graph below shows the sector's net cash inflow as a percentage of total income over the period from 2020-21 to 2025-26.

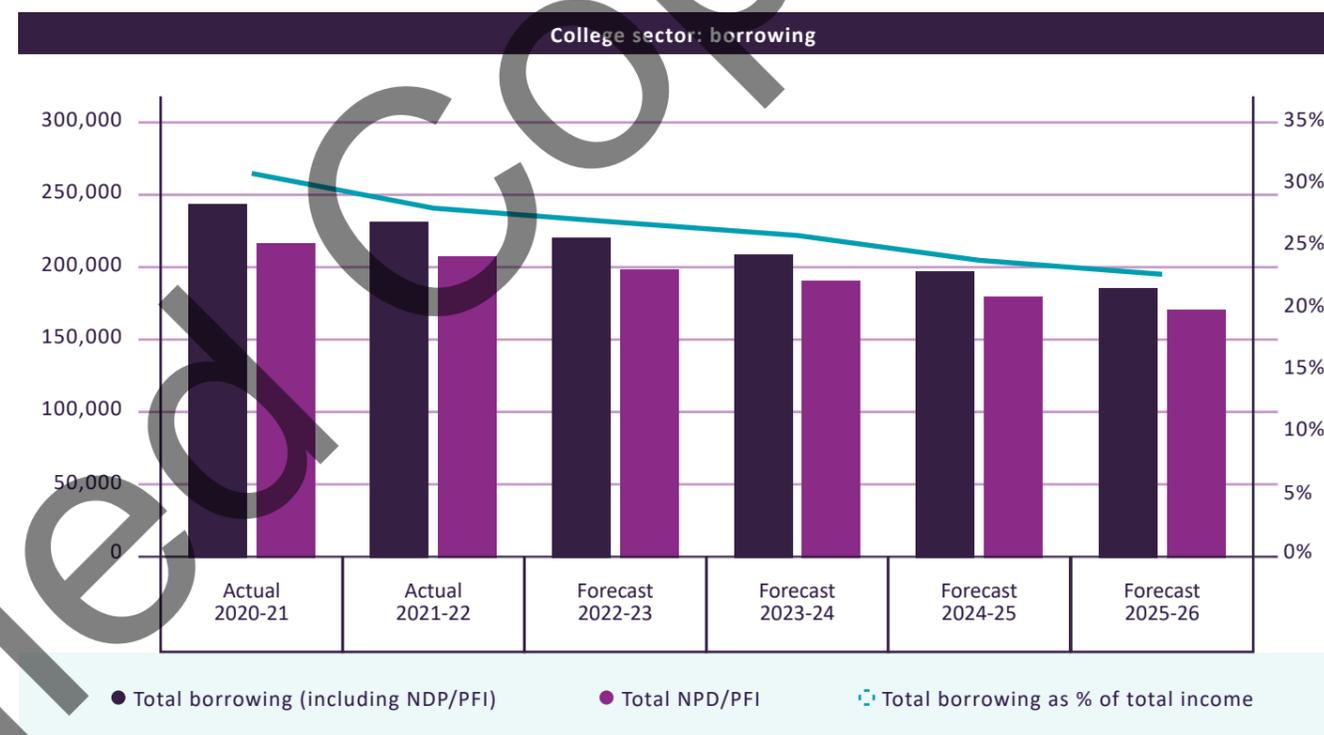


In 2021-22 there was an inflow of operating cash of £57m, equivalent to 7% of total sector income (2020-21: £86m inflow, 11% of income). The forecast for 2022-23 shows a net cash outflow of £30.2 million (4% of total income) with a further net cash outflow of £16.4m (2% of total income) in 2023-24 before returning to positive net cash inflows (1% of income) in the final two years. This reflects the weaker projected operating positions across the forecast period and the impact of high severance costs at the beginning of the forecast period with the savings accruing in later years.

Seven colleges (27%) reported a net cash outflow from operating activities in 2021-22 (2020-21: nil colleges). Twenty colleges (77%) are forecasting net cash outflows from operating activities in 2022-23, reducing to 11 colleges (44%) by the end of the forecast period.

Borrowing

The graph below shows the sector's borrowing and the ratio of borrowing as a percentage of total income over the period from 2020-21 to 2025-26.



Total borrowing (including legacy bank loans, finance leases and NDP/PFI commitments) is expected to reduce by 19.7% from £232.2m at the end of July 2022 to £186.4m at the end of July 2026. Excluding NDP/PFI commitments, borrowing is forecast to decrease by 36% from £23.6m to £15.0m. Twelve colleges (50%) are projecting outstanding borrowing at the end of July 2026 including NDP/PFI debt. It is important to note that the borrowing figures exclude the cash deficit projected by many colleges in the forecast period.

No college reported any breach of bank covenants during 2022-23 or is forecasting doing so in 2023-24. Given the forecast deterioration in the sector's forecast operating and cash positions, there is a heightened risk of colleges breaching their covenants and defaulting on debt repayments in the later years of the forecast.

Capital Expenditure

Sector capital expenditure amounted to £33.0m during 2021-22, 45% higher than the previous year's total of £22.8m. Capital spend of £189.0m is projected over the planning period. SFC capital grants are forecast to fund £178.7m of this capital expenditure with the remainder being financed through a mix of grants from arms-length foundations, non-SFC grants (such as City Deal funding) and reserves.

College Infrastructure Strategy

In November 2022, SFC published the “College Infrastructure Strategy: the approach to delivering Scotland’s College Infrastructure Plan”. The strategy sets out the collective approach between SFC and colleges to develop an Infrastructure Investment Plan (IIP) for Scotland’s colleges covering the period 2024-2034. The plan will identify infrastructure investment needs for the college sector, including investment in net zero, training equipment and digital infrastructure essential for a sustainable college estate.

Working with Colleges Scotland, SFC has developed a delivery plan for the strategy. In collaboration with Colleges Scotland, we have also developed a set of governance, monitoring and reporting arrangements that will ensure the engagement of appropriate stakeholders including colleges, the Scottish Government and Scottish Futures Trust (SFT) in the strategy delivery. These arrangements include:



The Infrastructure Delivery Group (IDG) to support, advise, monitor and report on progress of the delivery plan.



The College Infrastructure Departmental Assurance Group to provide appropriate challenge and support to IDG, and to build consensus across the Scottish Government, SFC and SFT officials for the provision of updates and advice to Scottish Government Ministers.

Pension Liabilities

Nearly all college staff belong to one of the two pension schemes, the Scottish Teachers Superannuation Scheme (STSS) or the relevant Local Government Pension Scheme (LGPS). The STSS is a notional fund and, therefore, colleges are unable to identify and report their share of the underlying assets and liabilities. Pension liabilities reported in colleges’ financial statements therefore relate to the LGPS multi-employer defined benefit schemes.

Pension Liabilities				
	2018-19 Actual £000	2019-20 Actual £000	2020-21 Actual £000	2021-22 Actual £000
Sector Pension (Liability)/Asset	(253,165)	(467,984)	(354,477)	74,779

The overall sector liability decreased from a deficit of £354.5m at the end of July 2021 to a surplus of £74.8m by the end of July 2022 due to the improved performance of scheme assets exceeding the scheme liabilities.

Ten colleges (38%) have recognised a pension asset in respect of this improvement in investment performance with nine (35%) reporting improved deficits. Six colleges (23%) reported a nil balance. The difference in disclosure and treatment is because of differences in audit approach which capped the recognition of the beneficial movement in the colleges that reported a nil balance.

Arms-Length Foundations

Arms-length foundations (ALFs) were established to mitigate the impact of the reclassification of colleges in relation to cash reserves and future commercial surpluses. Colleges had the option of establishing a local ALF or participating in the sector ‘umbrella’ ALF (Scottish Colleges Foundation). Colleges donated a total of £99m to ALFs before they were reclassified on 1 April 2014. This included £25.3m donated to the Scottish Colleges Foundation. This represented cash balances accumulated by colleges over numerous years.

SFC maintains a close overview of ALFs given the magnitude of public funds donated to ALFs and the levels of scrutiny in this area. SFC’s Finance Committee receives annual assurance on the stewardship of public funds donated by colleges to ALFs along with details of the inflow and outflow of funds.

In financial year 2021-22 (1 April 2021 to 31 March 2022), ALFs paid grants of £7.9m to colleges. This is a significant (72%) increase on £4.6m in 2020-21. Colleges also donated £460k to ALFs resulting in a net reduction on ALF balances of £7.5m (40%). The remaining balance in the ALFs at the end of financial year 2021-22 was £11.3 million.

The sector provided SFC with forecast movements for 2022-23. ALF balances are expected to have increased by £0.4m (3.5%) to £11.7 million by 31 March 2023. Colleges have donated £2.6m to ALFs and expected to receive £2.1m grant funding from ALFs. SFC will consider and report on the accuracy of these projections in its analysis of ALFs’ audited 2022-23 financial statements once these are available.

ALFs are charitable organisations. Their independent nature means that they are accountable to the Office of the Scottish Charity Regulator (OSCR) and Companies House where the legal form of the ALF is a company limited by guarantee. Colleges are required to submit funding applications to ALFs to access funds but there is no guarantee that these applications will be successful. Nevertheless, existing legislation governing charities, companies and contracts, as well as audits and OSCR’s wide-ranging powers in the supervision of charities, provide a series of safeguards in terms of the governance and application of these funds.



Photo: Forth Valley College

Annex A: Summary: college sector operating position, underlying operating position, liquidity and borrowing

College sector: operating position, underlying operating position, liquidity and borrowing								
Incorporated colleges	Operating surplus/(deficit)		Adjusted operating surplus/(deficit)		Cash and cash equivalents less overdraft		Total borrowing	
	2020-21 Actual £000	2021-22 Actual £000	2020-21 Actual £000	2021-22 Actual £000	2020-21 Actual £000	2021-22 Actual £000	2020-21 Actual £000	2021-22 Actual £000
Ayrshire College	(1,082)	(1,479)	2,331	3,232	8,201	12,713	46,272	43,727
Borders College	(697)	(1,711)	307	332	4,018	4,199	0	0
City of Glasgow College	(4,145)	(4,196)	73	(469)	12,250	14,987	134,538	129,290
Dumfries and Galloway College	(1,922)	(2,137)	14	(70)	1,923	2,169	0	61
Dundee and Angus College	(2,172)	(2,054)	2,164	(1,450)	5,853	6,248	3,179	2,726
Edinburgh College	(6,593)	(8,081)	884	(134)	5,289	5,494	8,949	8,408
Fife College	(4,425)	(1,141)	1,609	1,425	11,588	15,234	5,106	3,579
Forth Valley College	(963)	(4,662)	2,217	616	4,420	5,500	3,378	3,185
GCRB	61	(131)	151	4	2,984	2,676	0	0
Glasgow Clyde College	(4,068)	(3,873)	572	787	8,535	10,433	0	0
Glasgow Kelvin College	(2,231)	(1,404)	876	1,092	3,783	4,157	227	227
UHI Inverness	259	(1,474)	1,854	427	6,204	7,496	36,409	35,589
UHI Outer Hebrides	(197)	(1,589)	615	(479)	365	290	0	0
UHI Moray	(852)	(783)	(15)	0	1,795	1,540	302	251
New College Lanarkshire	(7,317)	(6,640)	(1,689)	(1,432)	10,874	7,367	0	0
North East Scotland College	(908)	(2,689)	2,332	468	6,517	9,198	0	0
UHI North Highland	(667)	(1,739)	659	(252)	586	1,132	1,147	1,076
UHI Perth	(1,587)	(2,292)	1,050	309	3,803	3,625	8	4
South Lanarkshire College	356	(1,204)	1,604	1,078	3,473	3,628	0	0
West College Scotland	(5,738)	(6,294)	223	512	8,776	12,826	1,420	1,088
West Lothian College	(1,742)	(2,636)	738	(81)	2,749	2,829	2,211	2,211
Total incorporated colleges	(46,630)	(58,209)	18,569	5,915	113,986	133,741	243,146	231,422
Non-incorporated colleges								
UHI Argyll	966	377	1,288	908	4,991	5,406	0	0
Newbattle Abbey College	(51)	(101)	108	82	1,361	330	16	0
UHI Orkney	(511)	(784)	37	367	n/a	n/a	n/a	n/a
SMO	101	97	101	97	1,179	888	509	453
UHI Shetland	(973)	(1,863)	(973)	(657)	n/a	369	n/a	0
UHI West Highland	190	365	190	490	1,390	704	384	311
Total non-incorporated colleges	(278)	(1,909)	751	1,287	8,921	7,328	909	764
Sector total	(46,908)	(60,118)	19,320	7,202	122,907	141,438	244,055	232,186

Annex B: College Regions

The college sector in Scotland comprises 19 incorporated colleges and five non-incorporated colleges, organised into 13 college regions⁴. Ten of these regions consist of one college. The three remaining regions (Glasgow, Highlands & Islands, and Lanarkshire) have more than one college. The individual colleges in Glasgow and the Highlands & Islands are assigned to the relevant Regional Strategic Body: Glasgow Colleges' Regional Board or University of the Highlands & Islands (UHI)⁵. In Lanarkshire, New College Lanarkshire is the Regional Strategic Body and South Lanarkshire College is assigned to the Lanarkshire Board. Details of all regions and colleges are set out on the next page.

Fundable bodies in the college sector can be incorporated or non-incorporated. Before the Further & Higher Education (Scotland) Act 1992, almost all publicly funded colleges in Scotland were run by local authorities. In 1993, most of these colleges were established with boards of management constituted under the 1992 Act. Colleges with a board of management constituted under the 1992 Act are commonly referred to as incorporated colleges. Incorporated colleges were reclassified as arms-length central government bodies in 2014 and are subject to Government budgeting and accounting requirements and are required to comply with the Scottish Public Finance Manual.

The 1992 Act does not govern the non-incorporated colleges which take a number of different legal forms and/or have differing constitutional arrangements. One non-incorporated college, UHI Orkney, is run by its local authority.

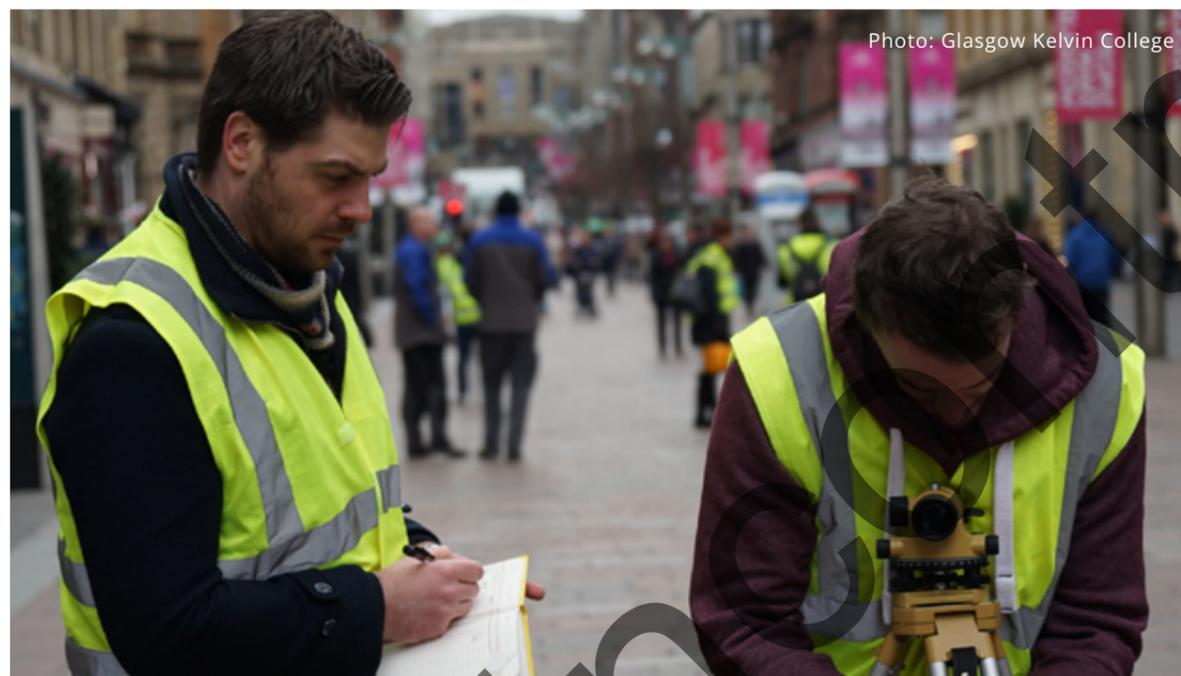


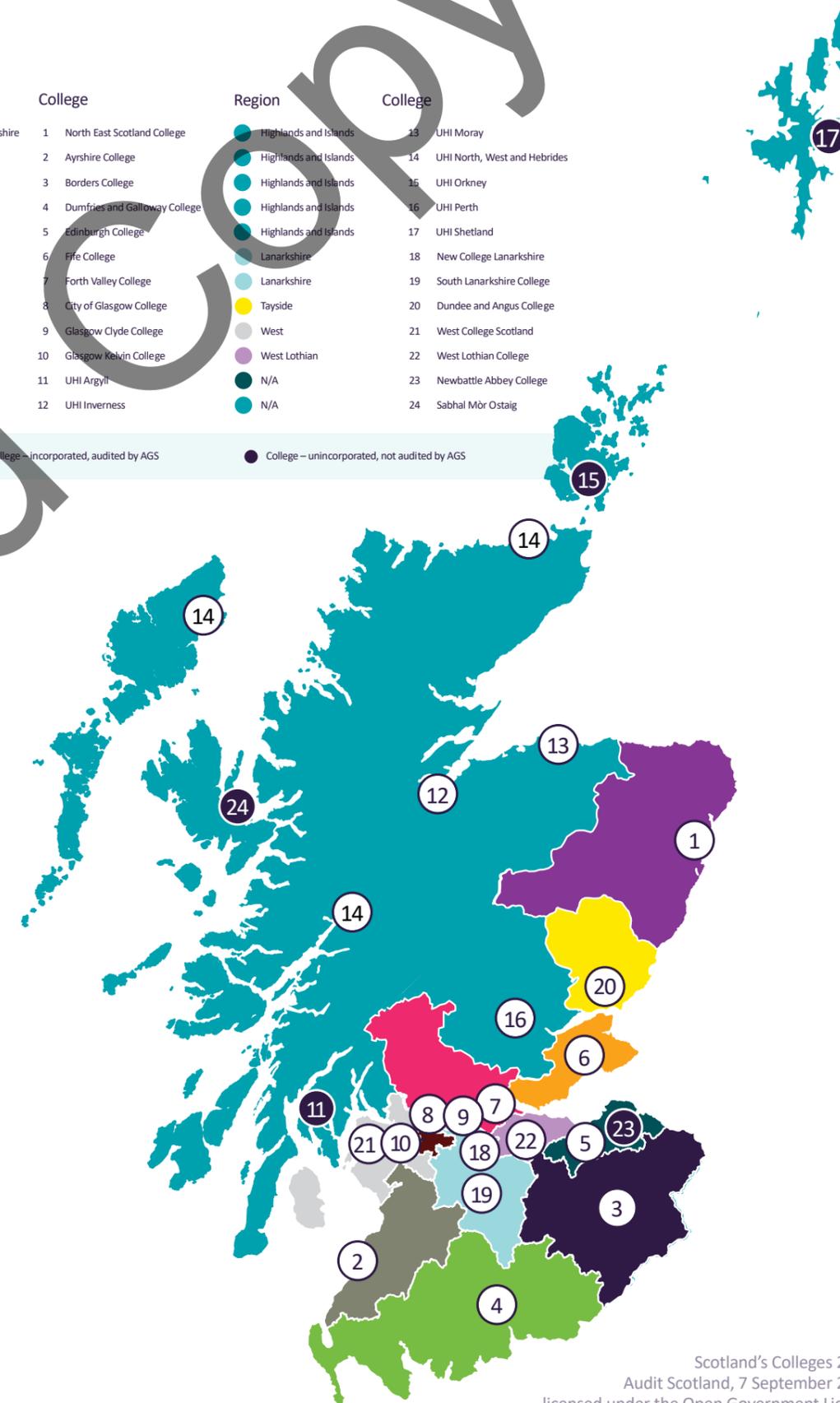
Photo: Glasgow Kelvin College

⁴ UHI Outer Hebrides, UHI North Highland and UHI West Highland merged to become UHI North, West and Hebrides from 1 August 2023.
⁵ Five colleges (UHI Argyll, UHI Inverness, UHI Moray, UHI Orkney and UHI Perth) are currently assigned to UHI with UHI Shetland and UHI North, West and Hebrides due to be assigned in due course.

Annex C:

Region	College	Region	College
Aberdeen and Aberdeenshire	1 North East Scotland College	Highlands and Islands	13 UHI Moray
Ayrshire	2 Ayrshire College	Highlands and Islands	14 UHI North, West and Hebrides
Borders	3 Borders College	Highlands and Islands	15 UHI Orkney
Dumfries and Galloway	4 Dumfries and Galloway College	Highlands and Islands	16 UHI Perth
Edinburgh and Lothians	5 Edinburgh College	Highlands and Islands	17 UHI Shetland
Fife	6 Fife College	Lanarkshire	18 New College Lanarkshire
Central	7 Forth Valley College	Lanarkshire	19 South Lanarkshire College
Glasgow	8 City of Glasgow College	Tayside	20 Dundee and Angus College
Glasgow	9 Glasgow Clyde College	West	21 West College Scotland
Glasgow	10 Glasgow Kelvin College	West Lothian	22 West Lothian College
Highlands and Islands	11 UHI Argyll	N/A	23 Newbattle Abbey College
Highlands and Islands	12 UHI Inverness	N/A	24 Sabhal Mòr Ostaig

○ College – incorporated, audited by AGS ● College – unincorporated, not audited by AGS



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Annex D: College adjusted or underlying operating position

The underlying operating position is a better indicator of colleges' operational cash generative capacity.

The adjustments to the operating position to give the underlying operating position for the colleges have two purposes:



Smooth the volatility in reported results arising from the FRS 102 accounting standard; and



Recognise some of the reported costs do not have an immediate cash impact.

The reported operating surplus/(deficit) figures have been adjusted for:



Depreciation net of deferred capital grant (incorporated colleges only).



Exceptional non-restructuring costs (impairments and lease dilapidation costs).



Non-cash pension adjustments.



Donations to arms-length foundations (ALFs) (incorporated colleges only).



Non-Government capital grant (e.g. ALF capital grant).



Exceptional income.



Loan repayments (incorporated colleges only).



Non-Profit Distributing Project (NPD) income applied to reduce NPD debt.

Cover Photos:

Dundee and Angus College

UHI Perth

UHI Moray

Glasgow Clyde College

Edinburgh College



Scottish Funding Council
Comhairle Maoineachaidh na h-Alba

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