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## FINANCE & RESOURCES COMMITTEE REPORT



<b>Subject:</b> Business Review	<b>Purpose:</b> <b>For Approval</b> <input type="checkbox"/> <b>For Discussion</b> <input checked="" type="checkbox"/> <b>For Information</b> <input type="checkbox"/>
<b>Prepared by:</b> Sara Wilson, Director of Finance & Procurement; Kirsty Robb, Vice Principal - Finance & Corporate Services	<b>Date:</b> 12 June 2023
<b>Purpose:</b> To provide members with an overview of the financial position at period 9 2022/23.	
<b>Linked to Strategic Goal: We will take a leading role in enabling an inclusive, resilient and sustainable Scotland</b>	
<b>Performance Measures: Recognise nationally as a progressive organisation</b>	
<b>Linked to Strategic Risk Register: 2 - Financial Plan Objectives</b>	
<b>New Risk Commentary:</b>	

## EXECUTIVE SUMMARY

The scorecard below provides an overview of current financial performance measures at period 9, covering financial plan, forecast, and liquidity.

### Financial Forecast Return (FFR)

#### **FFR (1) – 22-23 – Jun22**

AY	Outturn	Savings	AOR
22-23	£181k	£537k	£180k

### Mid Year Return (MYR)

#### **MYR (1) – 22-23 – Mar23**

AY	Outturn	Savings	AOR
22-23	£(299k)	£537k	£(300k)

One of the main changes from the FFR to MYR is the result of the change in assumptions for the 22-23 pay award.

Final SFC allocations for 2023/24 budget were received in May 2023 with details in a separate paper to Committee.

### In-Year Budget Changes

#### **Additional grant allocations**

- Recent SFC announcements of funding, e.g. Flexible Workforce Development Fund, are lower than budgeted (£109k); MYR also forecast a drop in SDS income (£102k) based on the new contract.

#### **Pay Awards**

- MYR increased forecast from 2% to 5% for 22-23, negotiations are still ongoing

#### **Spending against grant allocations**

- In 21/22 SFC approved the carry forward of the unspent balance of the Melrose Road receipt.
- An additional £115k of spend has been deferred from 21/22 due to late delivery of electric vehicles; these have now been received.

### Management Accounts (Appendix 1)

- YTD Operating surplus of £73k excluding student support.
- Working hard to achieve MYR Adjusted Operating Result but some risks remain.

### Cashflow (Appendix 2)

- Opening balance in August £1.685m
- Cash days sitting at 34 days at end April.
- Projected position for July 2023 at £637k.

### **Recommendation:**

Members to seek clarification on any aspects of the report and note whilst we are now seeing underspends in some budget areas as we head into the last quarter this will be prioritised to fund the Voluntary Severance scheme (£190k estimate); work is on-going to improve on the MYR year end position. The cash position remains strong.

### **Previous Committee Approvals:**

Nil

For publication

For publication with redactions

Not for publication

## APPENDIX 1 Management Accounts

An overview of the period 9 management accounts is provided below, with the full accounts attached.

### Overview

The planned deficit for the year is £298k, as per the Mid Year Review (MYR).

The management accounts show an overall positive variance as below:

Budget area	Variance	Main reasons
Income	+94k	Grant income timing variances due to submission of March year end claims; commercial income also ahead of YTD budget.
Staffing	-143k	Overspend as a result of budget profiling, expected to be within MYR forecast at year end.
Non staffing	+122k	IT underspend (£91k) however orders for replacement hardware now placed; VAT under by £95k; project funded spend ahead of budget due to March year end claims.
Total	+73k surplus	Overall net position is favourable but expected to return to target level by the year end

Student funding is not included above.

### Uncertainty

The Baxter Storey service for 2022/23 is projecting a loss of £40-45k, work is ongoing with Baxter Storey to limit the losses and discussions with Heriot Watt on the sharing of the loss. The tender exercise for future service has been finalised and the outcome of this will be agreed at Campus Management Committee on 6 June for final agreement at the Board on 22 June..

Discussions with HWU to complete the 2021-22 reconciliations and agree to the 2022-23 budgets are now complete with 2023-24 budgets going to Campus Management Committee on 6 June.

Pay awards are not yet agreed. In line with SFC guidance, the MYR has assumed an increase in award from 2% to 5%, however Colleges Employers Scotland (CES) has now made a 'full and final offer' on a flat rate basis; if accepted this would cost Borders College an additional £100k.

Income includes activity delivered through the Community Renewal Fund which is an additional source of circa £170k over 22/23, this helps compensate the additional income challenge of £300k set in our annual plan.

### Overall position

There is some uncertainty, perhaps the most significant aspect is the potential pay award, and the impact of any potential industrial action.

**BORDERS COLLEGE MANAGEMENT ACCOUNTS - 1 AUGUST to 30 APRIL FY22-23 (P1 to 9)**

Area	Centre Name	INCOME			STAFFING			NON STAFFING			TOTAL		
		22-23 Budget	22-23 Actual	22-23 Variance	22-23 Budget	22-23 Actual	22-23 Variance	22-23 Budget	22-23 Actual	22-23 Variance	22-23 Budget	22-23 Actual	22-23 Variance
<b>Commercial</b>	DEBI Unit	-1,448,991	-1,490,457	-41,466	956,426	956,157	-269	69,606	70,957	1,351	-422,960	-463,344	-40,384
<b>Curricular</b>	Early Educ & Supported Prog / H&SC	-1,161,629	-1,062,253	99,376	619,639	607,287	-12,352	43,744	31,067	-12,677	-498,246	-423,899	74,347
	Business & Administration	-349,089	-252,671	96,418	240,714	233,721	-6,993	8,367	5,157	-3,210	-100,008	-13,793	86,215
	Essential Skills & Transitions	-51,094	-29,723	21,371	164,074	169,862	5,788	16,000	10,000	-6,000	128,980	150,138	21,159
	Hospitality & Tourism	-155,502	-132,355	23,147	103,533	97,481	-6,052	14,882	21,694	6,812	-37,087	-13,180	23,907
	Hairdressing & Beauty	-415,918	-372,989	42,929	214,267	211,262	-3,005	8,894	6,267	-2,627	-192,758	-155,461	37,297
	Creative & Digital Industries	-111,395	-92,521	18,874	53,038	52,482	-555	3,784	3,596	-188	-54,574	-36,443	18,131
	Construction	-983,638	-1,059,808	-76,170	704,400	703,038	-1,362	92,560	81,502	-11,057	-186,679	-275,268	-88,589
	STEM	-513,462	-552,065	-38,603	370,421	367,565	-2,856	40,409	42,763	2,353	-102,632	-141,738	-39,106
	Sport & Horse Care	-1,105,053	-744,207	360,846	446,554	445,182	-1,373	57,214	53,372	-3,842	-601,285	-245,654	355,631
	Rural Skills	-1,006,232	-1,216,522	-210,290	569,048	566,851	-2,196	56,655	55,469	-1,185	-380,530	-594,201	-213,671
	Curriculum - Management	0	0	0	117,454	115,961	-1,494	0	0	0	117,454	115,961	-1,494
	Curriculum Wide	0	0	0	0	0	0	0	0	0	0	0	0
	Administrators - Curriculum Wide	0	0	0	58,080	56,287	-1,793	0	0	0	58,080	56,287	-1,793
	Projects - Curriculum Wide	-272,403	-396,024	-123,622	199,634	190,628	-9,007	34,309	75,023	40,714	-38,459	-130,374	-91,915
	T&L - Extended Learning Support	0	0	0	127,763	121,145	-6,617	740	1,109	369	128,503	122,254	-6,248
<b>General</b>	Student Services	-70,698	-54,025	16,673	239,706	226,805	-12,901	19,077	25,623	6,546	188,085	198,402	10,317
	Marketing & Publications	-848	-995	-147	96,301	93,492	-2,809	29,194	28,672	-523	124,647	121,168	-3,479
	Human Resources	0	-4,800	-4,800	116,510	114,362	-2,148	58,277	62,155	3,878	174,787	171,717	-3,070
	Student Records	-6,287	-4,234	2,054	167,448	165,007	-2,441	1,500	11,729	10,229	162,660	172,502	9,842
	TEL Unit	0	0	0	124,092	122,036	-2,056	0	0	0	124,092	122,036	-2,056
	BC Student Association	0	0	0	32,178	29,421	-2,757	3,273	1,616	-1,657	35,452	31,038	-4,414
	Quality	0	0	0	145,509	143,469	-2,040	2,330	3,160	830	147,839	146,629	-1,210
	Facilities Management	-581,153	-592,719	-11,566	506,852	504,300	-2,552	746,258	740,648	-5,610	671,958	652,229	-19,728
	ICT	-119,203	-117,602	1,601	337,672	329,807	-7,865	433,622	344,837	-88,786	652,091	557,041	-95,050
	Library	0	0	0	0	0	0	59,138	54,730	-4,408	59,138	54,730	-4,408
	Finance	0	0	0	213,619	204,295	-9,324	24,817	7,205	-17,612	238,436	211,500	-26,936
	Student Funding	-1,834,150	-1,957,460	-123,310	68,050	66,002	-2,048	1,834,149	1,897,277	63,128	68,049	5,819	-62,230
	Administrators - Campus	0	0	0	0	0	0	0	0	0	0	0	0
	Administrators - SMT	0	0	0	57,173	56,229	-944	0	0	0	57,173	56,229	-944
	Board of Management	0	0	0	31,254	31,038	-216	16,816	1,349	-15,467	48,070	32,387	-15,682
	College Management	0	0	0	342,283	346,077	3,794	820	25,172	24,352	343,103	371,249	28,146
	College Wide	-3,287,092	-3,498,916	-211,824	267,829	515,909	248,081	1,704,258	1,654,080	-50,178	-1,315,006	-1,328,927	-13,921
	Corporate Projects	0	0	0	62,584	61,669	-915	0	0	0	62,584	61,669	-915
	Pensioners (Retirals)	0	0	0	0	0	0	42,516	42,679	163	42,516	42,679	163
	Strategic Partnerships & Projects	0	0	0	0	624	624	0	-1,942	-1,942	0	-1,318	-1,318
<b>Grand Total</b>		<b>-13,473,837</b>	<b>-13,632,349</b>	<b>-158,511</b>	<b>7,754,102</b>	<b>7,905,451</b>	<b>151,349</b>	<b>5,423,208</b>	<b>5,356,964</b>	<b>-66,244</b>	<b>-296,527</b>	<b>-369,934</b>	<b>-73,407</b>

## APPENDIX 2 CASH FLOW

Cash held is around 30-40 days of expenditure. SFC are being more diligent in following up with Colleges that they consider to be holding cash in advance of need. Total expenditure is planned to outstrip income in AY22/23 by c£800k as deferred incomes are released and the plan to invest in capital includes previously held cash.

	Actual												Current	Forecast				Totals	
	Apr-22 Actual	May-22 Actual	Jun-22 Actual	Jul-22 Actual	Aug-22 Actual	Sep-22 Actual	Oct-22 Actual	Nov-22 Actual	Dec-22 Actual	Jan-23 Actual	Feb-23 Actual	Mar-23 Actual	Apr-23 Current	May-23 Forecast	Jun-23 Forecast	Jul-23 Forecast	Total FY 2022-23	Total AY 2022-23	
<b>RDEL</b>																			
Income from foundation (revenue)																	0	0	
Other Income excluding EMA (revenue)	242,319	163,013	313,100	172,891	203,855	485,517	296,724	237,402	189,138	402,825	122,210	122,423	227,000	227,000	227,000	227,000	2,951,417	2,968,094	
RSB funding																	0	0	
<b>Total RDEL income (excluding drawdown)</b>	<b>242,319</b>	<b>163,013</b>	<b>313,100</b>	<b>172,891</b>	<b>203,855</b>	<b>485,517</b>	<b>296,724</b>	<b>237,402</b>	<b>189,138</b>	<b>402,825</b>	<b>122,210</b>	<b>122,423</b>	<b>227,000</b>	<b>227,000</b>	<b>227,000</b>	<b>227,000</b>	<b>2,951,417</b>	<b>2,968,094</b>	
Wages and Salaries	470,529	817,363	792,605	1,397,566	446,942	780,265	794,751	821,755	822,829	822,117	790,920	1,117,583	563,924	877,924	877,924	1,634,915	9,875,225	10,351,849	
restructuring costs																	0	0	
Other Operating Expenditure excl' EMA	266,941	319,865	343,394	762,475	330,162	518,378	318,082	343,648	242,773	291,701	299,098	384,944	197,437	190,008	189,301	223,080	4,421,461	3,528,612	
NPD Unitary charges (paid by colleges)																	0	0	
Donation to Foundation								200,000									200,000	200,000	
High priority backlog- resource																	0	0	
Lifecycle maintenance resource					69,178								30,000	30,000	12,001		69,178	141,179	
Student Support expenditure (excluding EMA)	278,987	156,508	194,835	496,501	0	106,556	143,250	128,704	361,915	120,335	331,793	127,283	385,000	220,000	153,346	517,168	2,446,667	2,595,350	
<b>Total RDEL expenditure</b>	<b>1,016,457</b>	<b>1,293,736</b>	<b>1,330,834</b>	<b>2,656,542</b>	<b>846,282</b>	<b>1,405,199</b>	<b>1,256,083</b>	<b>1,494,107</b>	<b>1,427,517</b>	<b>1,234,153</b>	<b>1,421,811</b>	<b>1,629,810</b>	<b>1,176,361</b>	<b>1,317,932</b>	<b>1,232,572</b>	<b>2,375,163</b>	<b>17,012,531</b>	<b>16,816,990</b>	
<b>Net RDEL expenditure (a)</b>	<b>-774,138</b>	<b>-1,130,723</b>	<b>-1,017,734</b>	<b>-2,483,651</b>	<b>-642,427</b>	<b>-919,682</b>	<b>-959,359</b>	<b>-1,256,705</b>	<b>-1,238,379</b>	<b>-831,328</b>	<b>-1,299,601</b>	<b>-1,507,387</b>	<b>-949,361</b>	<b>-1,090,932</b>	<b>-1,005,572</b>	<b>-2,148,163</b>	<b>-14,061,114</b>	<b>-13,848,896</b>	
<b>CDEL</b>																			
Income from foundation (capital)																	0	0	
Proceeds of sale of fixed assets																	0	0	
Other income (capital)																	0	0	
<b>Total CDEL income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Backlog maintenance capital					34,589			93,909					60,000	41,883	40,000	45,000	128,498	315,381	
Lifecycle maintenance capital																	0	0	
Digital poverty																			
Other capital expenditure (land, buildings, fixtures, IT)																			
Work in Progress (Assets Under Construction)																	0	0	
Surrender of proceeds																			
<b>Total CDEL expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>34,589</b>	<b>0</b>	<b>0</b>	<b>93,909</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>60,000</b>	<b>41,883</b>	<b>40,000</b>	<b>45,000</b>	<b>128,498</b>	<b>315,381</b>	
<b>Net CDEL expenditure (b)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-34,589</b>	<b>0</b>	<b>0</b>	<b>-93,909</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-60,000</b>	<b>-41,883</b>	<b>-40,000</b>	<b>-45,000</b>	<b>-128,498</b>	<b>-315,381</b>	
<b>ODEL</b>																			
<b>Capital Loan/Lennartz Repayments (c)</b>																	<b>0</b>	<b>0</b>	
<b>EMA</b>																			
EMA income	0	5,610	11,520	11,580	5,730	0	6,480	6,000	10,260	12,780	6,570	23,770	1,400	7,320	6,150	6,240	100,300	92,700	
EMA expenditure	7,320	6,150	11,490	5,820	0	6,480	6,000	10,260	12,780	6,570	10,770	14,310	7,320	6,150	6,150		97,950	86,790	
<b>Net EMA (d)</b>	<b>-7,320</b>	<b>-540</b>	<b>30</b>	<b>5,760</b>	<b>5,730</b>	<b>-6,480</b>	<b>480</b>	<b>-4,260</b>	<b>-2,520</b>	<b>6,210</b>	<b>-4,200</b>	<b>9,460</b>	<b>-5,920</b>	<b>1,170</b>	<b>0</b>	<b>6,240</b>	<b>2,350</b>	<b>5,910</b>	
<b>Total Net Outflows/(Inflows) (a) +(b)+(c)+(d)</b>	<b>-781,458</b>	<b>-1,131,263</b>	<b>-1,017,704</b>	<b>-2,477,891</b>	<b>-671,286</b>	<b>-926,162</b>	<b>-958,879</b>	<b>-1,354,874</b>	<b>-1,240,899</b>	<b>-825,118</b>	<b>-1,303,801</b>	<b>-1,497,927</b>	<b>-1,015,281</b>	<b>-1,131,645</b>	<b>-1,045,572</b>	<b>-2,186,923</b>	<b>-14,187,262</b>	<b>-14,158,367</b>	
<b>Opening Bank Balance</b>	<b>2,499,916</b>	<b>2,508,563</b>	<b>2,598,393</b>	<b>2,756,396</b>	<b>1,685,003</b>	<b>1,413,717</b>	<b>1,437,555</b>	<b>1,760,854</b>	<b>1,341,186</b>	<b>1,203,756</b>	<b>1,683,671</b>	<b>1,703,364</b>	<b>1,510,289</b>	<b>1,600,244</b>	<b>1,497,027</b>	<b>1,480,723</b>			
<b>Net Cash Available</b>	<b>1,718,458</b>	<b>1,377,300</b>	<b>1,580,689</b>	<b>278,505</b>	<b>1,013,717</b>	<b>487,555</b>	<b>478,676</b>	<b>405,980</b>	<b>100,287</b>	<b>378,638</b>	<b>379,870</b>	<b>205,437</b>	<b>495,008</b>	<b>468,599</b>	<b>451,455</b>	<b>-706,200</b>			
<b>SFC Cash Drawdown Total</b>	<b>790,105</b>	<b>1,221,093</b>	<b>1,175,706</b>	<b>1,406,498</b>	<b>400,000</b>	<b>950,000</b>	<b>1,282,178</b>	<b>935,206</b>	<b>1,103,469</b>	<b>1,305,033</b>	<b>1,323,494</b>	<b>1,304,852</b>	<b>1,105,236</b>	<b>1,028,428</b>	<b>1,029,268</b>	<b>1,343,577</b>	<b>13,197,635</b>	<b>13,110,741</b>	
<b>Closing Bank Balance</b>	<b>2,508,563</b>	<b>2,598,393</b>	<b>2,756,396</b>	<b>1,685,003</b>	<b>1,413,717</b>	<b>1,437,555</b>	<b>1,760,854</b>	<b>1,341,186</b>	<b>1,203,756</b>	<b>1,683,671</b>	<b>1,703,364</b>	<b>1,510,289</b>	<b>1,600,244</b>	<b>1,497,027</b>	<b>1,480,723</b>	<b>637,377</b>			
Cash Days	53	55	58	36	30	30	37	28	25	36	36	32	34	32	31	13			

The cash flow above relates to ongoing activity and does not include the sinking fund.