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# FINANCE & GENERAL PURPOSES COMMITTEE REPORT

| | |
|---|---|
| **Subject:** Business Review | **Purpose:**<br>**For Approval** ☐<br>**For Discussion** ☒<br>**For Information** ☐ |
| **Prepared by:** Hazel Robertson | **Date:** 16 February 2021 |

**Purpose:**
To provide members with an overview of the financial position at period 6 2020/21.

**Linked to Strategic Goal: We will take a leading role in enabling an inclusive, resilient and sustainable Scotland**

## Financial Forecast Return

**Three years projection**

| AY | Outturn | Savings |
|---|---|---|
| 2020-21 | £67k | £772k |
| 2021-22 | £120k | £177k |
| 2022-23 | £78k | £360k |

Staff restructure complete
Significant supplies savings from reduced campus based activity
Improved income compared to pessimistic scenario
Potential support staff pay negotiation

## In year budget changes

**Savings achieved**

| Category | Rec | NR | Target |
|---|---|---|---|
| Turnover | £96k | - | £96k |
| Contracts | £115k | - | £115k |
| Income | £138k | - | £138k |
| Grant | £178k | - | £178k |
| Structure | £289k | £(69k) | £245k |

Additional grant allocations
£8k mental health (students)
Student funding TBA
Covid TBA

## Management accounts (Appendix 1)

In year position at a high level £304k underspend:

- £33k Covid underspend
- £45k income surplus
- £172k temporary lecturing
- £119k support staff

## Cashflow (Appendix 2)

- Opening balance in August £1.516m
- Cash days are strong, between 30 and 50. Elevated at end July and March due to draw down of full grant.
- Projected July 2021 improved to £1.7m from £1.4m in August.

## Debtors (Appendix 3)

Debt at October 2020 was £440k which is slightly higher than last year (£410k) and is a combination of trade debt and student debt. HWU debt is a major factor.

## Creditors (Appendix 4)

In the current reporting period payment performance has reduced to an average of 43 days, and the amount within 30 days has dropped significantly. Transformational change will be taken forward this year.

**Recommendation:**
Members to seek clarification on any aspects of the report and note the strong cash position.

| **Previous Committee Approvals:**<br>Nil | | |
|---|---|---|
| **For publication** ☒ | **For publication with redactions** ☐ | **Not for publication** ☐ |

**APPENDIX 1 Management Accounts**

An overview of the period 6 management accounts is provided below, with the full analysis attached.

## Overview

The management accounts show an overall favourable variance of £304,072.

The major elements contributing to the position are:

- Net underspend of £33,087 relating to Covid-19. This includes additional furlough income over budget, benefits from underspends on utilities, vehicles/travel and printing/post/phones. Additional costs of health and safety equipment and the substantial loss in income from the catering contract are more than covered by the savings. We honoured funding to the BSCA even though we do not have the Union surplus to draw on.
- There are a range of variances on income which currently contribute a small positive position of £45,721. These are being reviewed in more detail.
- Support staff underspend of £119,442 which is principally explained by the delay in agreement to the pay award.
- Temporary lecturing budget underspend of £172,508. This underspend is available to support teaching activity in the last half of the year.

## Savings

Savings targets of £772,000 have been achieved although a full review of income is underway to confirm that the income target of £278,000 has been fully achieved on a recurring basis. In general terms the income position is better than predicted in the pessimistic budget scenario.

The restructure target of £245,000 will be over achieved on a full year basis (£289,430 achieved). The general target of £249,000 is achieved in year, with work ongoing to review if these savings are likely to be recurrent.

## Covid 19 Contingency planning

The curriculum areas are currently reviewing scenarios relating to the potential for student deferrals into next year. Additional activity may be possible to increase student completion rates. Any unused temporary staffing budget and Covid related underspend should be considered for this use. It is also possible that we may receive a share of the sector wide Covid consequential funding.

Should these resources be insufficient to meet the costs of any contingency plan, it is technically possible for the Board to consider a variation to the overall budget to support these one off costs. The Colleges underlying adjusted operating position is more than ample to allow the College to breakeven on income and expenditure without creating an underlying deficit. Additional spend of £67k could be authorised within a breakeven position. If the Board were minded to incur a small deficit this could also be accommodated whilst still delivering an underlying surplus.

## Student funding

Student funding allocations are underspent by £227,903. This does not show as a variance in the management accounts as any underspend is clawed back by SFC. This underspend is due to less transport and childcare costs, a reduction in course costs and lower level of laptop costs due to other funding sources becoming available. We purchased additional loan laptops and have recently topped up again by another 100. We set aside £50k of College resources on financial support for students who do not meet SFC funding criteria.

Our in year redistribution return indicated a predicted underspend. This is similar to other Colleges. We have been advised by SFC to expect an in year redistribution to be spent by end March.

## Digital Transformation

The Digital Transformational Programme has now made formal recommendations on Phase 2 Infrastructure and MIS. Contracts for both have been approved. The financial values of these contracts is in line with the cost model previously supplied to the Committee. The team are in the final stages of the VLE procurement and these costs have come back in line with the funding model. Further detail will be provided to the Committee to enable approval of the contract. BFET have approved £70k to support the programme. Timing of cash flows is to be determined.

## Capital

The cost of the modular building at NSB has come in on budget although it is still subject to building control sign off.

Discussions are to be held with SFC in relation to retaining the capital receipt of £85k and the still to be finalised sale of the remainder of the Melrose Road site (£280k). The small loss on sale can be accommodated within the overall underspend.

We are considering minor capital works to reconfigure space at Galashiels, which can be accommodated within existing resources.

We are engaging advisor support to assist in design on changes to the Galashiels campus to underpin the Borderlands proposition. These costs will in due course be part of the business case for Borderlands and in the current year could be accommodated within the receipt.

# MANAGEMENT ACCOUNTS End February 2021 (Period 6)

| | | Annual Budget | | | | Pay Year to date | | | Non Pay Year to date | | | Income Year to date | | | TOTAL YEAR TO DATE | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Pay £ | Non Pay £ | Income £ | TOTAL £ | Budget £ | Actual £ | Variance £ | Budget £ | Actual £ | Variance £ | Budget £ | Actual £ | Variance £ | Budget £ | Actual £ | Variance £ |
| **E-Learning** | | | | | | | | | | | | | | | | | |
| C15 | E Learning | 113,969 | 1,600 | (2,175) | 113,394 | 56,988 | 52,467 | 4,521 | 798 | 9,225 | (8,427) | (1,086) | (1,650) | 564 | 56,700 | 60,042 | (3,342) |
| C07 | Quality | 67,949 | 16,422 | 0 | 84,371 | 44,822 | 46,895 | (2,073) | 8,208 | 6,797 | 1,411 | 0 | 0 | 0 | 53,030 | 53,693 | (663) |
| C14 | Student Association | 41,227 | 9,600 | 0 | 50,827 | 20,616 | 20,292 | 324 | 4,794 | 2,240 | 2,554 | 0 | (50) | 50 | 25,410 | 22,482 | 2,928 |
| **Creative Industries, Sport & Business** | | | | | | | | | | | | | | | | | |
| A231 | Catering & Hospitalitry | 112,110 | 32,790 | (210,026) | (65,126) | 56,058 | 49,208 | 6,850 | 16,398 | 6,145 | 10,253 | (91,943) | (141,295) | 49,352 | (19,487) | (85,942) | 66,455 |
| A233 | Hairdressing & Beauty | 367,623 | 16,300 | (836,603) | (452,680) | 185,570 | 170,323 | 15,247 | 8,148 | 10,501 | (2,353) | (364,789) | (244,755) | (120,035) | (171,071) | (63,930) | (107,142) |
| A235 | Sport | 355,633 | 98,150 | (1,205,377) | (751,594) | 177,828 | 180,486 | (2,658) | 49,080 | 52,608 | (3,528) | (530,302) | (572,401) | 42,099 | (303,394) | (339,307) | 35,912 |
| A237 | Creative & Digital Industries | 155,512 | 12,000 | (262,895) | (95,383) | 77,760 | 63,144 | 14,616 | 6,000 | 4,430 | 1,570 | (118,311) | (28,382) | (89,929) | (34,551) | 39,192 | (73,743) |
| A121 | Business & Computing | 288,404 | 9,630 | (404,844) | (106,810) | 144,204 | 127,224 | 16,980 | 4,818 | 6,944 | (2,126) | (183,915) | (180,522) | (3,393) | (34,893) | (46,354) | 11,462 |
| G235 | Sport commercial | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (1,425) | 1,425 | 0 | (1,425) | 1,425 |
| A283 | Land based | 511,866 | 50,570 | (979,056) | (416,620) | 255,930 | 256,638 | (708) | 25,290 | 43,900 | (18,610) | (429,273) | (518,457) | 89,184 | (148,053) | (217,919) | 69,866 |
| G283 | Land based commercial | 0 | 7,124 | (7,881) | (757) | 0 | 0 | 0 | 3,564 | 4,195 | (631) | (3,942) | (2,825) | (1,117) | (378) | 1,370 | (1,748) |
| **Cons, Engineer & Land Based** | | | | | | | | | | | | | | | | | |
| A282 | STEM | 643,364 | 24,408 | (1,046,524) | (378,752) | 321,696 | 322,981 | (1,285) | 12,210 | 18,601 | (6,391) | (458,500) | (308,201) | (150,299) | (124,594) | 33,381 | (157,975) |
| A175 | Care & Employability Skills | 252,239 | 17,313 | (136,481) | 133,071 | 126,120 | 87,613 | 38,507 | 8,658 | 5,016 | 3,642 | (59,349) | (8,077) | (51,272) | 75,429 | 84,552 | (9,123) |
| A281 | Cons & Engineering | 587,107 | 65,000 | (1,161,373) | (509,266) | 293,568 | 295,637 | (2,069) | 32,496 | 42,943 | (10,447) | (514,509) | (697,547) | 183,038 | (188,445) | (358,966) | 170,521 |
| G281 | Cons & Eng Commercial | 0 | 2,000 | (6,382) | (4,382) | 0 | 0 | 0 | 996 | 565 | 431 | (3,192) | (6,830) | 3,638 | (2,196) | (6,265) | 4,069 |
| G282 | STEM commercial | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 130 | (130) | 0 | 0 | 0 | 0 | 130 | (130) |
| A171 | Care & Childcare | 452,178 | 34,200 | (1,461,286) | (974,908) | 226,098 | 194,627 | 31,471 | 17,100 | 13,443 | 3,657 | (641,394) | (873,333) | 231,938 | (398,196) | (665,262) | 267,066 |
| A173 | Supported Programmes | 491,886 | 12,950 | (682,288) | (177,452) | 245,952 | 217,991 | 27,961 | 6,468 | 2,067 | 4,401 | (296,243) | (189,199) | (107,044) | (43,823) | 30,859 | (74,681) |
| G171 | Health & Social Care commercial | 0 | 250 | (12,837) | (12,587) | 0 | (183) | 183 | 126 | 0 | 126 | (5,709) | (18,480) | 12,771 | (5,583) | (18,663) | 13,079 |
| **Dept for Enterprise and Business Innovation** | | 1,044,796 | 109,067 | (1,582,292) | (428,429) | 522,562 | 504,325 | 18,237 | 56,519 | 34,385 | 22,134 | (732,472) | (720,482) | (11,991) | (153,391) | (181,772) | 28,380 |
| **Curriculum Wide** | | | | | | | | | | | | | | | | | |
| A123 | Learning Support | 151,059 | 700 | 0 | 151,759 | 75,528 | 66,090 | 9,438 | 354 | 0 | 354 | 0 | 0 | 0 | 75,882 | 66,090 | 9,792 |
| A450 | Curriculum Management | 220,234 | 900 | 0 | 221,134 | 110,118 | 110,070 | 48 | 444 | 70 | 374 | 0 | 0 | 0 | 110,562 | 110,140 | 422 |
| B550 | Admin Campus | 568 | 0 | 0 | 568 | 282 | 0 | 282 | 0 | 0 | 0 | 0 | 0 | 0 | 282 | 0 | 282 |
| A500 | Admin Curriculum Wide | 88,943 | 1,300 | 0 | 90,243 | 47,154 | 43,224 | 3,930 | 648 | 10 | 638 | 0 | 0 | 0 | 47,802 | 43,235 | 4,567 |
| A600 | Admin Project Wide | 124,692 | 23,900 | (175,000) | (26,408) | 62,346 | 64,258 | (1,912) | 11,952 | 18,234 | (6,282) | (87,498) | (88,537) | 1,039 | (13,200) | (6,045) | (7,155) |
| C11 | Student Services | 216,542 | 21,170 | (43,212) | 194,500 | 108,276 | 114,119 | (5,843) | 10,584 | 5,881 | 4,703 | (21,606) | (30,968) | 9,362 | 97,254 | 89,032 | 8,222 |
| C06 | Student Funding | 82,260 | 2,424,272 | (2,435,772) | 70,760 | 41,130 | 40,234 | 896 | 778,900 | 778,900 | 0 | (778,748) | (778,748) | (0) | 41,282 | 40,386 | 896 |
| C23 | Library | 0 | 69,178 | 0 | 69,178 | 0 | 0 | 0 | 34,590 | 32,731 | 1,859 | 0 | 135 | (135) | 34,590 | 32,866 | 1,724 |
| **Corporate** | | | | | | | | | | | | | | | | | |
| C20 | Facilities | 673,045 | 786,434 | (682,563) | 776,916 | 336,528 | 280,857 | 55,671 | 393,228 | 419,004 | (25,776) | (341,280) | (220,137) | (121,143) | 388,476 | 479,724 | (91,248) |
| G100 | SBC Events | 414 | 0 | (2,000) | (1,586) | 414 | 413 | 1 | 0 | 0 | 0 | (1,002) | 0 | (1,002) | (588) | 413 | (1,001) |
| C04 | ISLT | 542,541 | 400,688 | (227,141) | 716,088 | 271,267 | 265,994 | 5,273 | 200,334 | 153,783 | 46,551 | (113,568) | (96,324) | (17,244) | 358,033 | 323,453 | 34,580 |
| C12 | Marketing | 87,632 | 44,100 | 0 | 131,732 | 43,818 | 48,795 | (4,977) | 22,044 | 15,000 | 7,044 | 0 | 0 | 0 | 65,862 | 63,795 | 2,067 |
| C10 | MIS | 223,286 | 850 | 0 | 224,136 | 111,642 | 117,003 | (5,361) | 420 | 812 | (392) | 0 | 0 | 0 | 112,062 | 117,815 | (5,753) |
| C05 | HR | 200,404 | 46,000 | 0 | 246,404 | 100,206 | 78,755 | 21,451 | 22,998 | 35,299 | (12,301) | 0 | 0 | 0 | 123,204 | 114,054 | 9,150 |
| C03 | Finance | 276,989 | 28,955 | 0 | 305,944 | 138,498 | 130,240 | 8,258 | 14,472 | 30,814 | (16,342) | 0 | 0 | 0 | 152,970 | 161,055 | (8,085) |
| C02 | Support (Retirals) | 0 | 53,545 | 0 | 53,545 | 0 | 0 | 0 | 26,772 | 27,226 | (454) | 0 | 0 | 0 | 26,772 | 27,226 | (454) |
| C08 | Board | 33,042 | 6,700 | 0 | 39,742 | 16,518 | 18,504 | (1,986) | 3,354 | 14,990 | (11,636) | 0 | 0 | 0 | 19,872 | 33,494 | (13,622) |
| C09 | Senior Management | 341,009 | 6,500 | 0 | 347,509 | 170,502 | 173,656 | (3,154) | 3,252 | 4,499 | (1,247) | 0 | 0 | 0 | 173,754 | 178,155 | (4,401) |
| C500 | SMT Admin | 72,233 | 0 | 0 | 72,233 | 36,114 | 36,117 | (3) | 0 | 0 | 0 | 0 | 0 | 0 | 36,114 | 36,117 | (3) |
| B02 | Includes course dev/sick/staff dev | 62,245 | 2,322,734 | (2,256,647) | 128,332 | 0 | 6,862 | (6,862) | 1,113,788 | 971,622 | 142,166 | (1,112,809) | (1,087,025) | (25,784) | 979 | (108,541) | 109,520 |
| A455 | | 0 | 3,500 | 0 | 3,500 | 0 | 0 | 0 | 1,752 | 0 | 1,752 | 0 | 0 | 0 | 1,752 | 0 | 1,752 |
| C16 | Strategic Partnerships & Projects | 90,198 | 20,000 | 0 | 110,198 | 45,114 | 44,914 | 199 | 10,002 | 0 | 10,002 | 0 | 0 | 0 | 55,116 | 44,914 | 10,201 |
| | | 8,973,198 | 6,780,800 | (15,820,655) | (66,657) | 4,471,226 | 4,229,774 | 241,452 | 2,911,559 | 2,773,012 | 138,547 | (6,891,440) | (6,815,513) | (75,927) | 491,345 | 187,273 | 304,072 |

## APPENDIX 2 DRAW DOWN AND CASH FLOW

Changes in grant income:

- Capital for economic recovery £83,636 (maintenance of estates)
- Digital support funding £30,338 (digital poverty)

**February 2021: Profile of grants to be paid to the College** **Borders**

Individual grants will be paid to the college based on the profile entered below (actual payments can not be amended) with the exception of ESF funding which will be paid on an agreed profile. Payment will only be made up to the annual budget.

| | Actual | | | | | | | | | | Current | Forecast | | | | | Budget v Forecast FY 2020/21 | | | Budget v Forecast AY 2020/21 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 | Jul-21 | Budget | Forecast | Variance | Budget | Forecast | Variance |
| **Payments** | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Current | Forecast | Forecast | Forecast | Forecast | Forecast | FY 2020-21 | FY 2020-21 | | AY 2020-21 | AY 2020-21 | |
| Teaching and Fee Waiver Grant | 350,000 | 950,000 | 1,000,000 | 765,812 | 0 | 750,000 | 1,050,000 | 750,000 | 750,000 | 500,000 | 750,000 | 1,035,983 | 450,000 | 950,000 | 800,000 | 1,052,597 | 8,651,795 | 8,651,795 | 0 | 8,838,580 | 8,838,580 | 0 |
| Student Support Consolidated | 261,359 | 183,637 | 193,798 | 108,801 | 50,000 | 180,400 | 199,681 | 180,138 | 217,785 | 183,019 | 193,672 | 220,004 | 236,270 | 265,043 | 286,840 | 41,420 | 2,172,294 | 2,172,294 | 0 | 2,254,272 | 2,254,272 | 0 |
| Student Support IYR1920 | 12,000 | 12,000 | 17,910 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | | 41,910 | 41,910 | 0 | 0 | 0 | 0 |
| National Bargaining harmonisation AY1920 | 16,500 | 16,500 | 16,500 | 20,952 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | | 70,452 | 70,452 | 0 | 0 | 0 | 0 |
| Pension costs (April-July only) | 0 | 0 | 35,572 | 11,857 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | | 47,429 | 47,429 | 0 | 0 | 0 | 0 |
| In-year credit transfer | 0 | 0 | 0 | 50,745 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | | 50,745 | 50,745 | 0 | 0 | 0 | 0 |
| High priority backlog (resource) | 0 | 0 | 0 | 0 | 0 | 0 | 28,000 | 0 | 0 | 0 | | | | | | | 28,000 | 28,000 | 0 | | 28,000 | -28,000 |
| | | | | | | | | | | | | | | | | | | | | | | |
| High priority backlog((capital) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 179,000 | 0 | 0 | | | | | | | 179,000 | 179,000 | 0 | | 179,000 | -179,000 |
| Digital support | | 0 | 0 | 0 | 0 | 0 | 0 | 30,338 | 0 | 0 | | | | | | | 30,338 | 30,338 | 0 | | 30,338 | -30,338 |
| Lifecycle maintenance (capital) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 30,000 | 40,000 | 55,000 | | | | | | | 196,000 | 125,000 | 71,000 | | 125,000 | -125,000 |
| additional capital | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | | 83,636 | 0 | 83,636 | | 0 | 0 |
| | | | | | | | | | | | | | | | | | | | | | | |
| Flexible Workforce development fund 202 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 40,000 | 50,000 | 51,000 | 40,679 | | | | | 181,679 | 181,679 | 0 | 181,679 | 181,679 | 0 |
| FWDF AY2021 Phase 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | | 107,587 | 0 | 107,587 | 107,587 | 0 | 107,587 |
| Additional funding for mental health and v | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | | 19,000 | 0 | 19,000 | 0 | 0 | 0 |
| Funding for Counsellors 1920 | 13,500 | 0 | 0 | 0 | 0 | 3,394 | 3,394 | 16,971 | 0 | 0 | | | | | | | 37,260 | 37,260 | 0 | 0 | 23,760 | -23,760 |
| Funding for Counsellors 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,750 | 6,750 | 6,750 | 12,490 | 11,000 | | | | | 43,740 | 43,740 | 0 | 81,000 | 43,740 | 37,260 |
| ESF AY2021 | 0 | 0 | 0 | 0 | 0 | 16,629 | 8,314 | 8,314 | 8,314 | 8,314 | 8,314 | 8,314 | 8,314 | 8,314 | 8,314 | 8,314 | 66,516 | 66,516 | 0 | 99,773 | 99,773 | 0 |
| ESF AY2019-20 | 8,429 | 8,429 | 8,429 | 8,429 | 0 | 0 | 33,716 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 67,431 | 67,431 | 0 | 33,716 | 33,716 | 0 |
| | | | | | | | | | | | | | | | | | | | | | | |
| **Total Resource Drawdown** | **639,859** | **1,162,137** | **1,263,780** | **958,167** | **50,000** | **930,400** | **1,277,681** | **930,138** | **967,785** | **683,019** | **943,672** | **1,255,987** | **686,270** | **1,215,043** | **1,086,840** | **1,094,017** | | | | | | |
| **Total Capital Drawdown** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **239,338** | **40,000** | **55,000** | **0** | **0** | **0** | **0** | **0** | **0** | | | | | | |
| **Total Strategic Drawdown** | **21,929** | **8,429** | **8,429** | **8,429** | **0** | **20,023** | **45,424** | **32,035** | **55,064** | **65,064** | **71,804** | **59,993** | **8,314** | **8,314** | **8,314** | **8,314** | | | | | | |

Note the lower level of draw down of main grant in April 2021. This reflects the requirement to draw down the financial year grant in March and a resulting higher level of cash in April to cover operating spend.

SFC budget figures for the AY for capital draw down are not shown in the spreadsheet provided by SFC. This is simply a timing issue. There is no concern about these funds not being available.

In year redistribution of student support funds is expected to be announced imminently.
Additional MH support funds for student associations has recently been announced, to be spent by end March 2021.
We are hopeful that there will be a distribution of Covid consequentials which may be available to support additional activity from our contingency planning.

**Monthly cashflow forecast: February 21** **Borders**

Feb 21 to be updated by the college for actual expenditure. March 21 to July 21 to be completed with forecast (best estimate of outturn) figures. All figures to the nearest £ (whole numbers only)

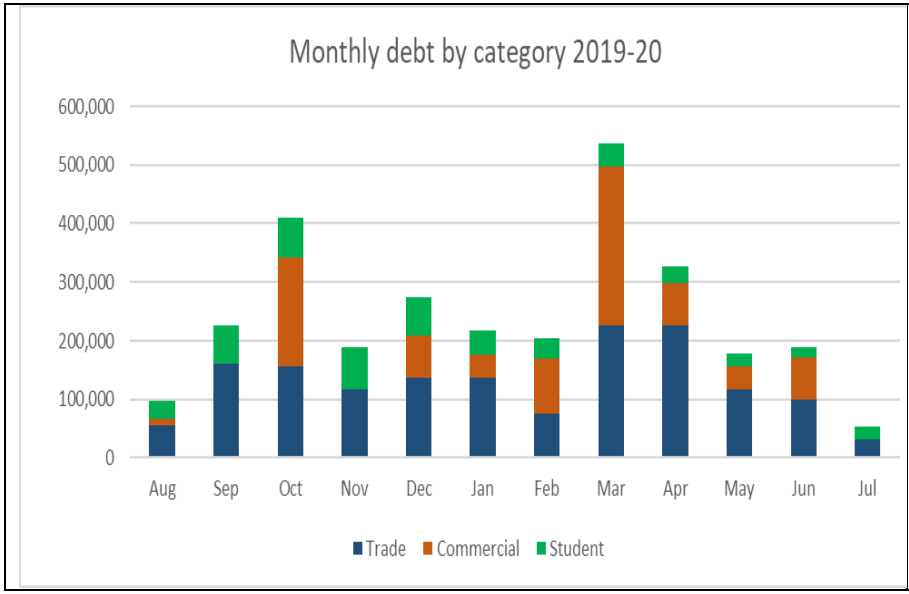
| | Actual | | | | | | | | | | Current | Forecast | | | | | Totals | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 | Jul-21 | Total | Total |
| RDEL | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual OR Forecast | Actual OR Forecast | Current | Forecast | Forecast | Forecast | Forecast | Forecast | FY 2020-21 | AY 2020-21 |
| Income from foundation (revenue) | | | | | | | | | | | | | | | | | 0 | 0 |
| Other Income excluding EMA (revenue) | 305,536 | 125,231 | 247,018 | 272,775 | 173,285 | 227,676 | 107,535 | 473,580 | 82,686 | 365,865 | 204,911 | 446,163 | 280,020 | 288,220 | 117,152 | 274,965 | 3,032,260 | 3,042,058 |
| **Total RDEL income (excluding drawdown)** | **305,536** | **125,231** | **247,018** | **272,775** | **173,285** | **227,676** | **107,535** | **473,580** | **82,686** | **365,865** | **204,911** | **446,163** | **280,020** | **288,220** | **117,152** | **274,965** | **3,032,260** | **3,042,058** |
| Salaries | 450,965 | 786,785 | 776,681 | 1,068,333 | 397,755 | 629,511 | 713,086 | 720,021 | 704,472 | 741,837 | 904,527 | 1,040,696 | 594,009 | 1,111,049 | 949,696 | 1,215,381 | 8,934,670 | 9,722,041 |
| Exceptional Restructuring costs | | | | | | 73,661 | | | 29,338 | | | | | | | | 102,999 | 102,999 |
| Other Operating Expenditure excl' EMA | 126,544 | 167,444 | 113,011 | 427,789 | 87,385 | 256,512 | 337,532 | 407,496 | 264,491 | 153,038 | 202,575 | 180,035 | 169,147 | 158,722 | 101,144 | 168,537 | 2,723,853 | 2,486,616 |
| Student Support (excluding EMA) | 156,448 | 116,704 | 87,121 | 7,830 | 15,895 | 72,452 | 142,515 | 157,068 | 233,457 | 143,976 | 249,672 | 221,952 | 236,270 | 265,043 | 286,840 | 41,420 | 1,605,090 | 2,066,560 |
| **Total RDEL expenditure** | **733,957** | **1,070,933** | **976,813** | **1,503,952** | **501,035** | **1,032,136** | **1,193,133** | **1,284,585** | **1,231,758** | **1,038,851** | **1,356,775** | **1,442,684** | **999,427** | **1,534,814** | **1,337,681** | **1,425,339** | **13,366,611** | **14,378,216** |
| **Net RDEL expenditure (a)** | **-428,421** | **-945,702** | **-729,795** | **-1,231,177** | **-327,750** | **-804,460** | **-1,085,598** | **-811,005** | **-1,149,072** | **-672,986** | **-1,151,864** | **-996,521** | **-719,407** | **-1,246,594** | **-1,220,529** | **-1,150,373** | **-10,334,351** | **-11,336,158** |
| **CDEL** | | | | | | | | | | | | | | | | | | |
| Income from foundation (capital) | | | | | | | | | | | | | | | | 70,000 | 0 | 70,000 |
| Proceeds of sale of fixed assets | | | | | | | | | 85,000 | | | 300,000 | | | | | 385,000 | 385,000 |
| **Total CDEL income** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 85,000 | 0 | 0 | 300,000 | 0 | 0 | 0 | 70,000 | 385,000 | 455,000 |
| Capital Expenditure: | | | | | | | | | | | | | | | | | 0 | 0 |
| Very High Priority Capital Maintenance (SFC) | | | | | | | | | | | 350,000 | | | | | | 350,000 | 350,000 |
| Additions- IT | 94,668 | 121,776 | 131,914 | 39,863 | 131,520 | 9,125 | 53,235 | 35,811 | 33,146 | 19,315 | | | | | | | 670,374 | 282,152 |
| Digital support F21010 | | | | | | | | | 30,338 | | | | | | | | 30,338 | 30,338 |
| **Total CDEL expenditure** | 94,668 | 121,776 | 131,914 | 39,863 | 131,520 | 9,125 | 53,235 | 35,811 | 63,484 | 19,315 | 350,000 | 0 | 0 | 0 | 0 | 0 | 1,050,712 | 662,490 |
| **Net CDEL expenditure (b)** | -94,668 | -121,776 | -131,914 | -39,863 | -131,520 | -9,125 | -53,235 | -35,811 | 21,516 | -19,315 | -350,000 | 300,000 | 0 | 0 | 0 | 70,000 | -665,712 | -207,490 |
| **ODEL** | | | | | | | | | | | | | | | | | | |
| **Capital Loan/Lennartz Repayments (c)** | | | | | | | | | | | | | | | | | 0 | 0 |
| **EMA** | | | | | | | | | | | | | | | | | | |
| EMA income | | | | | 210 | | 3,000 | 6,690 | 11,670 | 12,240 | 13,590 | | | | | | 47,400 | 47,400 |
| EMA expenditure | 8,250 | 15,240 | 15,240 | | | 3,180 | 6,840 | 11,670 | 12,240 | 13,590 | | | | | | | 86,250 | 47,520 |
| **Net EMA (d)** | -8,250 | -15,240 | -15,240 | 0 | 210 | -3,180 | -3,840 | -4,980 | -570 | -1,350 | 13,590 | 0 | 0 | 0 | 0 | 0 | -38,850 | -120 |
| **Total Net Outflows/(Inflows) (a) +(b)+(c )+(d)** | **-531,339** | **-1,082,718** | **-876,949** | **-1,271,040** | **-459,060** | **-816,765** | **-1,142,673** | **-851,796** | **-1,128,126** | **-693,651** | **-1,488,274** | **-696,521** | **-719,407** | **-1,246,594** | **-1,220,529** | **-1,080,373** | **-11,038,913** | **-11,543,768** |
| **Opening Bank Balance** | **1,156,451** | **1,286,900** | **1,374,748** | **1,770,007** | **1,465,563** | **1,056,503** | **1,190,161** | **1,370,594** | **1,720,309** | **1,655,032** | **1,764,465** | **1,291,668** | **1,911,127** | **1,886,305** | **1,863,068** | **1,737,694** | | |
| **Net Cash Available** | 625,112 | 204,182 | 497,799 | 498,967 | 1,006,503 | 239,738 | 47,488 | 518,798 | 592,183 | 961,381 | 276,191 | 595,147 | 1,191,721 | 639,711 | 642,540 | 657,321 | | |
| **SFC Cash Drawdown Total** | 661,788 | 1,170,566 | 1,272,209 | 966,596 | 50,000 | 950,423 | 1,323,105 | 1,201,511 | 1,062,849 | 803,083 | 1,015,476 | 1,315,980 | 694,584 | 1,223,357 | 1,095,154 | 1,102,331 | 11,793,588 | 11,837,857 |
| **Closing Bank Balance** | **1,286,900** | **1,374,748** | **1,770,007** | **1,465,563** | **1,056,503** | **1,190,161** | **1,370,594** | **1,720,309** | **1,655,032** | **1,764,465** | **1,291,668** | **1,911,127** | **1,886,305** | **1,863,068** | **1,737,694** | **1,759,652** | | |
| **Closing bank balance / Actual Expenditure per day = days at that rate** | 36 | | 42 | 96 | 39 | 31 | 48 | 46 | 72 | 36 | 56 | 80 | 45 | 46 | 48 | | | |

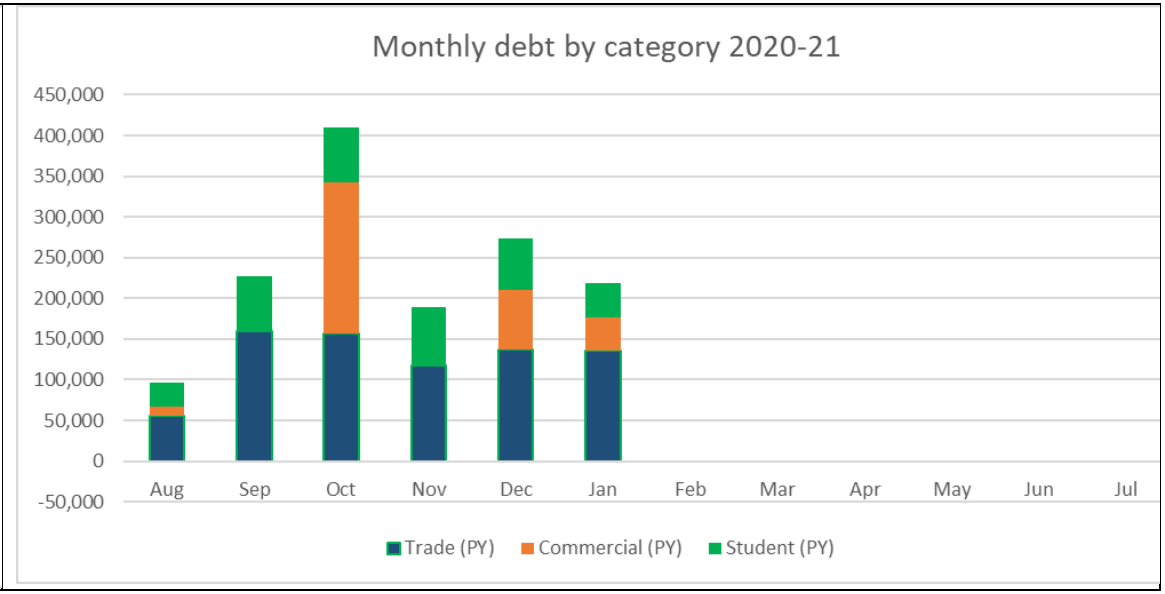
Cash days remain very strong, generally between 30 and 50. Elevated at end July and end March due to requirement to draw down full grant allowance. Closing balance increased from £1.2m in April to £1.8m in July.

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

£350k cash outflow has been moved to February and relates to modular building at NSB which is funded by maintenance allocation over two years, as agreed with SFC.

**APPENDIX 3 DEBTORS**

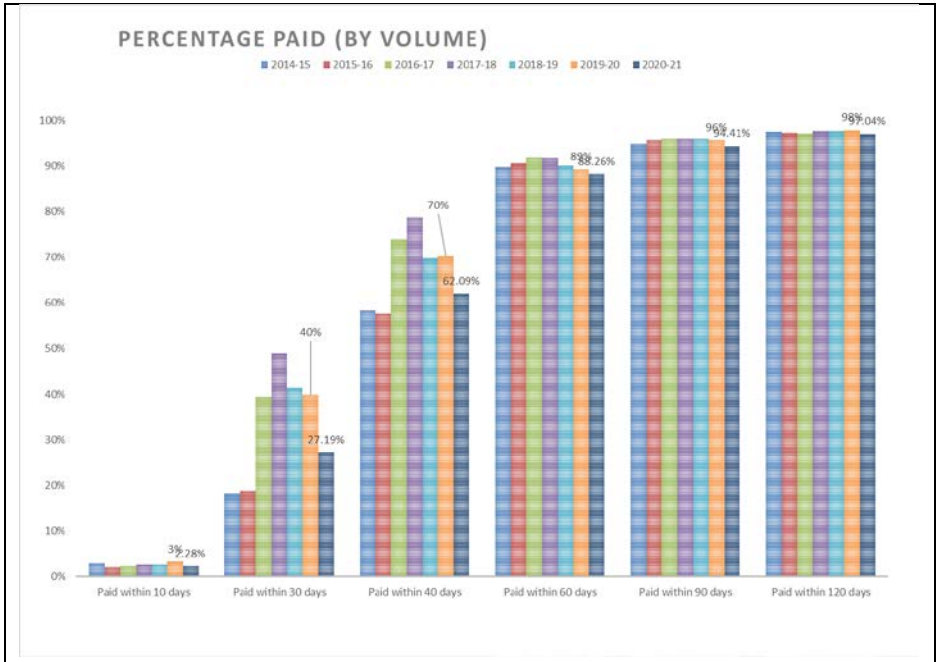


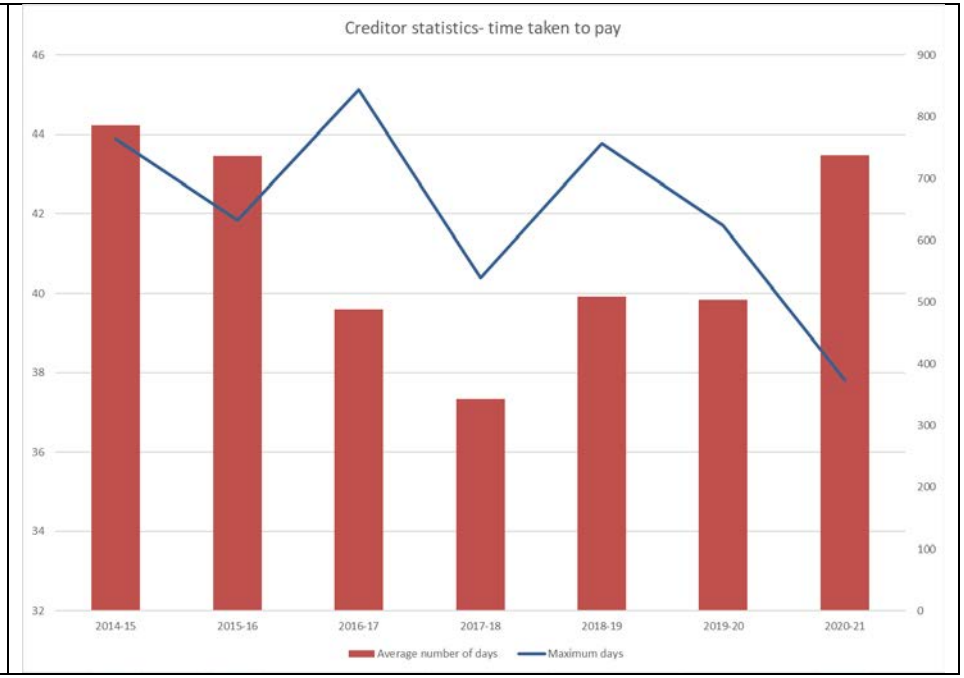




The monthly aged debt totals have a seasonal profile. The majority of sales invoices are generated at the start of the academic year. There is a smaller peak between the end of Block 1 and the start of Block 2, and there is a similar peak towards the end of the financial year. Student and Trade debt levels should normally increase in September/October (after enrolment). Student debt should subsequently decline as payment plans take effect. Commercial debt levels should remain constant at around £90k level during term time, if billing is up to date and regular. Increased debt levels normally occur when commercial billing has lower in the previous month. The riskier older debt levels normally remain relatively stable.

The total debt at end January 2021 was £218k which is equal to last year at this time and significantly improved on 2019 (£272k), and reflects the timing in invoicing HWU for SLA costs. We remain in negotiation with HWU on the ISLT SLA where service changes have been made over the years without the SLA keeping pace. The model operating level agreement and service level agreement have now been finalised. Cost allocations are being reviewed later this month. Reductions in charges have been reflected in invoicing and budgets. Student debt shows a consistent pattern compared with previous years and remains well managed.

## APPENDIX 4 CREDITORS




The College's standard payment terms are to pay within 30 days. We operate two payment runs per month, on the 6th and 20th of the month. The prompt payment code suggests payment of SMEs within 10 days. Our ability to do this is severely constrained by current processes and payment run frequency.

Historically our ability to pay within 30 days has been very challenging, although performance improved significantly in 2017-18 but has been dropping since then. We have been steadily increasing the volume of invoices processed through PECOS and continued efforts on this electronic process should give us more ability to pay promptly.

The chart on the left shows that less than 3% of invoices are paid within 10 days and only a further 27% are paid in 30 days. The chart on the right shows that the average number of days to pay peaked at 44 days in 2014-15, dropped to 37 days in 2017-18 and has risen in the current year, now at 43 days is nearly back at the previous peak. The chart on the left shows that the "tail" has dropped significantly this year. At least part of this can be attributed to a lower level of invoices requiring processing (I suspect largely Covid related) and a push to reduce the backlog. The "tail" has dropped although remains very long.

Prompt payment is a key improvement area for the finance team to work with budget managers to progress.  We have made improvements in this regard and transformational redesign will be taken forward under the leadership of the new AP Finance.  A strenuous effort to increase the use of PECOS, establish call off orders and establishing targets for first time matches of orders, goods received notes and invoices will be key to success.  The amount of manual intervention is currently excessive.