C

FINANCE & RESOURCES COMMITTEE

14 March 2024

BORDERS COLLEGE REGIONAL BOARD

Business (Finance) Review and Update

1.0 PURPOSE OF PAPER

For discussion

1.1 The purpose of the paper is to provide Committee members with an overview of the financial position as at 31 January 2024, and an update of the forecast position to 31 July 2024.

2.0 EXECUTIVE SUMMARY

2.1 The initial budget for 2023-24 was approved by the Board in June 2023. Work has been ongoing across all areas of the College to review the financial forecast position to 31 July 2024.

2.2 Appendix 1 shows the Income and Expenditure forecast to 31 July 2024.

2.3 Appendix 2 shows non Scottish Funding Council (SFC)/credit income forecast to 31 July 2024.

2.4 Appendix 3 shows the actual capital spend at 31 January 2024 along with a forecast to 31 July 2024.

2.5 Appendix 4 shows the Key Performance Indicators for 2023-24.

3.0 RECOMMENDATION(S)/ACTION(S) REQUIRED

3.1 It is recommended that the Finance & Resources Committee: -

3.1.1 Approve the Income and Expenditure forecast position to 31 July 2024 in Appendix 1;

3.1.2 Note the Non SFC/credit income forecast position in Appendix 2;

3.1.3 Note the Capital forecast position in Appendix 3 and approve the re-purposing of unallocated funds;

3.1.4 Note the Key Performance Indicators in Appendix 4;

3.1.5 Note that the Quarter 2 budget review/forecast figures will form the basis of the Mid Year Financial Forecast Return to SFC.

4.0 BACKGROUND

4.1 The College sets its budget in June for the following Academic Year. The budget for 2023-24 was approved by the Regional Board on 22 June 2023.

4.2 In line with the Financial Procedures Manual, budget review meetings are held with senior managers/budget holders on a regular basis, and always at the end of each quarter. The outcome of these meetings, along with any other relevant information received, is reflected in the updated forecasts.

4.3 The College is required to submit a Mid Year Financial Forecast Return to SFC – the Q2 forecast figures in table 5.1.1 below will form the basis of this return.

5.0 QUARTER 2 FINANCIAL REVIEW

5.1 The table below shows the updated forecast position following the Quarter 2 budget review. These figures are detailed further in Appendix 1; the large increase in Construction and decrease in Other Support Services is the result of re-allocating the Shared Prosperity Funding reflect where delivery of the work is undertaken.

5.1.1

	23-24 initial budget £'000	23-24 Q1 forecast £'000	**23-24 Q2 forecast £'000**	Variance Q2 forecast -v- Q1 forecast £'000	22-23 full year actual £'000
Credit income	(9,878)	(9,878)	**(9,878)**	-	(9,904)
Non SFC / credit income	(2,228)	(2,234)	**(2,484)**	(250)	(2,254)
Other income	(2,985)	(3,148)	**(3,210)**	(62)	(3,635)
Total income	**(15,091)**	**(15,260)**	**(15,572)**	**(312)**	**(15,793)**
Staff costs	10,408	10,573	**10,475**	(98)	11,080
Other costs	4,771	4,855	**5,184**	329	5,391
Total costs	**15,179**	**15,428**	**15,659**	**231**	**16,471**
(Surplus) / Deficit	**88**	**168**	**87**	**(81)**	**678**
AOP	**(1)**	**79**	**0**		**50**

5.1.2 A full list of non SFC/credit income is summarised in Appendix 2, along with comments where relevant.

5.1.3 Movements in other income includes a number of small changes across several areas eg Bank Interest £10k, Hire of Accommodation £4k, Training Restaurant Income £4k etc.

5.1.4 Movements in staff costs include the following:

- update of variable hours for 23-24 course delivery, along with adjustment to grant funded posts – £49k;
- removal of additional 1FT post in Health & Social Care and 3PT posts no longer required in the current year – (£74k);
- reduction in LGPS employer contribution rate by 1.5% from 1/4/24 – (£23k);
- various minor adjustments across all areas – (£94k).

5.1.5 Movements in other costs include the following:

- activity which is grant funded eg Shared Prosperity Funding (4 projects), Cycling UK/Scotland, GPSEDs, Scottish Ecosystem Fund

5.2 A summary of progress on capital funding is contained within Appendix 3. Due to difficulties progressing some projects, there is £142k of expenditure which may not be completed in the current year. Work is being carried out to identify replacement projects to ensure that the funding is fully utilised.

5.3 Key Performance Indicators relating to finance are included in Appendix 4.

6.0 IMPLICATIONS AND CONSIDERATIONS

6.1 Financial Implications

Financial implications are detailed above in the report. This report is the second quarter review for 2023-24. Regular forecasting of the financial position is required to enable informed decisions to be made involving all financial aspects of the College.

6.2 Learner Implications – there are no direct learner implications as a result of the contents of this report. Future financial sustainability of the College may have implications to learners.

6.3 Staff Implications – there are no direct implications as a result of the contents of this report. The longer-term financial stability of the College may have implications on staffing levels.

6.4 Equality and Diversity Implications/Equality Impact Assessment – there are no direct equality implications from the contents of this report.

6.5 Sustainability/Environmental Implications – there are no direct sustainability implications from the contents of this report.

7.0 RISK COMMENTARY

7.1 Due to reducing funding the financial sustainability is a significant risk to the College. Strong financial management and reporting is a key mitigation to ensure the College meets its financial targets.

7.2 Staffing costs reflect 70% of the Colleges overall costs. These are subject to national pay bargaining with no pay agreement for either 2022-23 or 2023-24 currently in place for either curriculum or support staff. The forecasts are based on the current full and final offer which has been offered to the Unions. The position of these negotiations is being actively monitored.

7.3 As shown in Appendix 2 the current non SFC/credit income is £2.4m. This funding is non-recurring. There is a risk in future years some or all of these funding streams will not be available. Officers across the College are actively look for additional funding opportunities via partnership working groups and network opportunities.

8.0 CONCLUSION

8.1 The outcome of the Quarter 2 budget review forecasts a break-even Adjusted Operating Position (AOP). Work will be ongoing over the second half of the year to closely monitor activity against the revised forecast position.

Sara Wilson – Director of Finance & Procurement, 7 March 2024

Previous Board or College Committee Approvals:

Finance & Resources Committee 12 June 2023 and 20 November 2023; Regional Board 22 June 2023.

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Income & Expenditure

Appendix 1

Centre Name	TOTAL CONTRIBUTION 2023-24 Approved Budget	2023-24 - Q1 Forecast	2023-24 Q2 Forecast	2023-24 Variance Q2 -v- Q1 Forecast	2022-23 Full Year Actual
	£	£	£	£	£
DEBI	(253,065)	(327,660)	**(372,768)**	(45,108)	(577,172)
Events / Venue Hire	(1,000)	(8,000)	**(12,000)**	(4,000)	(6,500)
Business & Administration	(102,987)	(322,875)	**(285,929)**	36,945	(88,064)
Essential Skills & Transitions	183,710	246,478	**240,630**	(5,848)	160,205
Hospitality & Tourism	(53,400)	12,071	**16,493**	4,422	(56,167)
Hairdressing & Beauty	(349,424)	(232,238)	**(232,254)**	(16)	(172,634)
Creative & Digital Industries	(81,032)	(34,864)	**(21,722)**	13,141	(65,066)
H&SC / Early Educ & Supported Progs	(857,847)	(571,452)	**(584,294)**	(12,842)	(552,259)
Sport	(1,119,569)	(147,830)	**(99,354)**	48,477	(1,097,907)
Construction	(208,540)	(480,104)	**(704,404)**	(224,301)	(421,737)
STEM	(199,222)	(309,331)	**(342,684)**	(33,353)	(232,075)
Rural Skills (incl Horse Care)	(306,875)	(1,125,903)	**(1,100,320)**	25,583	(799,826)
Curriculum Support & Projects	250,430	622,120	**601,472**	(20,648)	87,149
Other Support Services	3,186,161	2,846,828	**2,984,547**	137,719	4,500,527
(Surplus)/Deficit	**87,340**	**167,241**	**87,413**	**(79,828)**	**678,473**

Non SFC/credit income

Appendix 2

Funder	Fund/Purpose	2023-24 Approved Budget £000's	2023-24 Forecast £000's	Confirmed	Update
Scottish Borders Council	Shared Prosperity Fund – Retrofit	180	359	Y	£530k over 2 years
Scottish Borders Council	Shared Prosperity Fund - Employability	91	38	Y	£95k over 2 years; additional £98k match from DWP/SBC (NOLB)
Scottish Borders Council	Shared Prosperity Fund - AIMS		23	Y	£79k over 2 years
Scottish Borders Council	Shared Prosperity Fund - Landbased		50	Y	
Scottish Borders Council	Schools Academy	50	50	Y	
SFC	Flexible Work Force Development	252	159	Y	no allocation for 23-24
Turing Scheme	International opportunities for students	37	38	Y	
City Deal	Training & delivery sustainability courses	72	72	Y	
City Deal	Training & delivery digital courses		50	Y	
Robertson Trust	Mental Health Support	50	22	Y	reduction due to vacant posts
Skills Development Scotland	Modern Apprentices	413	444	Partial	
Education contracts	Apprentices via SNIPEF, CITB, SECTT & SMTA	204	216	Partial	
FE & HE Tuition Fees	Full time & Part time Course	698	591	Partial	
Dumfries & Galloway Council	Advance Manufacturing	26	0	N	Unsuccessful
Scottish Borders Council	Business Support and Training Programmes	135	0	N	Unsuccessful
Others	Various projects	20	111	Partial	
Scottish Funding Council	Digital Poverty		45	Y	student devices
Scottish Funding Council	Mental Health transition fund		83	Y	reduction due to delay in recruitment
Sport Scotland	Active Campus Co-ordinator		40	Y	£40k p.a. for 2 years
Scottish Funding Council	Free Access to Sanitary Products		6	Y	
Scottish Enterprise	Scottish Ecosystem Fund		45	Y	
Scottish Borders Council	LEP (NOLB) funding - Find Your Vibe course		42	Y	
Total		**2,228**	**2,484**		

Capital (lifecycle and high priority backlog maintenance) funding

Appendix 3

	2022-23 b/f £000's	2023-24 £000's	Total Budget 2023-24 £000's	2023-24 Forecast £000's	Actual spend £000's	Update
Balance Sheet Expenditure						
Two mini buses		82	82			Order to be placed, currently unavailable in UK
Grounds Management		30	30	31	31	completed
Esports phase 2	79	25	104	84	75	project nearing completion; additional monies b/fwd. from 22-23 should release most of the 23-24 allocation
Brake Roller Tester/MOT testing		20	20			Under review
Chris 21 Platform upgrade		21	21	12	7	project nearing completion
NSB Student Support/Welfare area		30	30	35	35	completed
NSB roof	108		108	114	114	completed
Total Balance Sheet Expenditure	**187**	**208**	**395**	**276**	**262**	
Income & Expenditure spend						
LCMF		97	97	97	48	on target
Repairs & Maintenance		25	25	25	13	on target
Laptop refresh		50	50	50	6	on target
Network review & refresh		24	24	5	5	project started
Finance to the Future + EMP 21 Perf Module		5	5	5		project started
Digital Poverty Funding		45	45	45	43	Additional funding from Scottish Funding Council
Additional capital allocation		60	60	60	49	project started
Total I&E Expenditure	**0**	**306**	**306**	**287**	**164**	
unallocated / contingency		4	4	142		
Total SFC Lifecycle & High Priority backlog maint funding	**187**	**518**	**705**	**705**	**426**	

Key Performance Indicators

Appendix 4

			23-24 Approved Budget	23-24 Forecast	22-23 Full Year Actual
Staff Expenditure	staff expenditure / total expenditure	%	69	67	67
Non SFC/Credit Income	non-sfc/credit income / total income	%	15	16	14
Cash Days		no of days	46	45	34