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BORDERS COLLEGE REGIONAL BOARD

FINANCE & RESOURCES COMMITTEE

30 November 2023

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 October 2023, 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 actual Income and Expenditure position at 31 October 2023 along with a forecast to 31 July 2024.

2.3 Appendix 2 shows the actual non Scottish Funding Council (SFC) / credit income position at 31 October 2023 along with a forecast to 31 July 2024.

2.4 Appendix 3 shows the actual capital spend at 31 October 2023 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 Note 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;

3.1.4 Note the Key Performance Indicators in Appendix 4.

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 in 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.

5.0 QUARTER 1 FINANCIAL REVIEW

5.1 The table below shows the updated forecast position following the Quarter 1 budget review. These figures are detailed further in Appendix 1; the large increase in Curriculum Support & Projects deficit is the result of a reclassification of staff costs.

5.1.1

	23-24 initial budget £'000	23-24 Q1 forecast £'000	Variance Q1 forecast -v- initial budget £'000	23-24 YTD actual £'000	22-23 full year actual £'000
Credit income	(9,878)	(9,878)	-	(2,469)	(9,904)
Non SFC / credit income	(2,228)	(2,395)	(167)	(811)	(2,254)
Other income	(2,985)	(2,987)	(2)	(245)	(3,635)
Total income	**(15,091)**	**(15,260)**	**(169)**	**(3,525)**	**(15,793)**
Staff costs	10,408	10,573	165	2,272	11,080
Other costs	4,771	4,855	84	1,018	5,391
Total costs	**15,179**	**15,428**	**249**	**3,290**	**16,471**
(Surplus) / Deficit	**88**	**168**	**80**	**(235)**	**678**
AOP	**(1)**	**79**			**50**

5.1.2 A full list of non SFC/credit income is summarised in Appendix 2, along with comments where relevant. Income and associated costs for recently awarded income is currently being refined and clarified for inclusion in the Quarter 2 budget review.

5.1.3 Movements in staff costs include the following:

- final outcome of the Curriculum Review, award of guaranteed hours and confirmation of variable hours for 23-24 course delivery - £71k;
- additional posts required in Health & Social Care (1FT and 1 PT) - £51k;
- extension of contracts for employees due to finish in July 2023 (VS scheme) - £25k;
- increase in SPPA employer contribution rate by 3% from 1/4/24 - £32k;
- maternity costs £16k;

- various minor adjustments across all areas – (£30k).

5.1.4 Movements in other costs include the following:
- activity which is grant funded eg Mental Health Transition Fund, Free Access to Sanitary Products, Digital Poverty funding;
- a reduction in the forecast amount payable within the Scottish Rugby Union contract of £41k due to contraction of contract as a result of changes in SFC credit guidance.

5.2 A summary of progress on capital funding is contained within Appendix 3.

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 first 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 barging 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 £2.2m. 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 1 budget review forecasts a deficit Adjusted Operating Position (AOP) of £. Work will be ongoing over the next 3 months to find reduce this deficit and bring the forecast position back into a balanced position.

Sara Wilson – Director of Finance & Procurement, 23 November 2023

Previous Board or College Committee Approvals:

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

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Income & Expenditure

Appendix 1

Centre Name	TOTAL CONTRIBUTION				
	2023-24 Approved Budget	2023-24 Forecast	2023-24 Variance Forecast -v- Budget	2023-24 Year-to-date Actual	2022-23 Full Year Actual
	£	£	£	£	£
DEBI	(253,065)	**(327,660)**	(74,595)	(26,632)	(577,172)
Events / Venue Hire	(1,000)	**(8,000)**	(7,000)	304	(6,500)
Business & Administration	(102,987)	**(322,875)**	(219,888)	(77,063)	(88,064)
Essential Skills & Transitions	183,710	**246,478**	62,768	40,033	160,205
Hospitality & Tourism	(53,400)	**12,071**	65,471	(5,046)	(56,167)
Hairdressing & Beauty	(349,424)	**(232,238)**	117,185	(62,643)	(172,634)
Creative & Digital Industries	(81,032)	**(34,864)**	46,169	(11,384)	(65,066)
H&SC / Early Educ & Supported Progs	(857,847)	**(571,452)**	286,395	(194,955)	(552,259)
Sport	(1,119,569)	**(147,830)**	971,739	(131,580)	(1,097,907)
Construction	(208,540)	**(480,104)**	(271,564)	(153,074)	(421,737)
STEM	(199,222)	**(309,331)**	(110,109)	(73,859)	(232,075)
Rural Skills (incl Horse Care)	(306,875)	**(1,125,903)**	(819,029)	(393,550)	(799,826)
Curriculum Support & Projects	250,430	**622,120**	371,691	102,302	87,149
Other Support Services	3,186,161	**2,846,828**	(339,333)	752,117	4,500,527
(Surplus)/Deficit	**87,340**	**167,241**	**79,901**	**(235,031)**	**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	180	Y	£530k over 2 years
Scottish Borders Council	Schools Academy	50	50	Y	
SFC	Flexible Work Force Development	252	252	Partial	
Turing Scheme	International opportunities for students	37	37	Y	
City Deal	Training & delivery sustainability courses	72	72	Y	
Skills Development Scotland	Modern Apprentices	413	413	Partial	
Education contracts	Apprentices via SNIPEF, CITB, SECTT & SMTA	141	141	Partial	
FE & HE Tuition Fees	Full time & Part time Course	761	761	Partial	
Dumfries & Galloway Council	Advance Manufacturing	26	26	N	
Scottish Borders Council	Shared Prosperity Fund - Employability	91	91	N	
Robertson Trust	Mental Health Support	50	50	Partial	
Scottish Borders Council	Business Support and Training Programmes	135	135	Partial	
Others	Various projects	20	33	Partial	
SFC	Digital Poverty		45	Y	
SFC	Mental Health transition fund		109	Y	New £74k in 23-24 + underspend b/fwd.
Sport Scotland	Active Campus Co-ordinator			Y	New approx. £40k p.a. for 2 years
Scottish Funding Council	Free Access to Sanitary Products			Y	New approx. £5k
Scottish Enterprise	Scottish Ecosystem Fund			Y	New - approx. £k
Total		**2,228**	**2,395**		

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	82		Order to be placed, currently unavailable in UK
Grounds Management		30	30	30	31	completed
Esports phase 2	79	25	104	84	67	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	20		Under review
Chris 21 Platform upgrade		21	21	21	7	project nearing completion
NSB Student Support/Welfare area		30	30	30	29	completed
NSB roof	108		108	114	114	completed
Additional capital allocation		60	60	60		Additional funding from Scottish Funding Council
Total Balance Sheet Expenditure	**187**	**268**	**455**	**441**	**248**	
Income & Expenditure spend						
LCMF		97	97	97	24	on target
Repairs & Maintenance		25	25	25	6	on target
Laptop refresh		50	50	50	36	on target
Network review & refresh		24	24	24		project started
Finance to the Future + EMP 21 Perf Module		5	5	5		not started
Digital Poverty Funding		45	45	45		Additional funding from Scottish Funding Council
Total I&E Expenditure	**0**	**246**	**246**	**246**	**66**	
unallocated / contingency		4	4	18		
Total SFC Lifecycle & High Priority backlog maint funding	**187**	**518**	**705**	**705**	**314**	

Key Performance Indicators

Appendix 4

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