

Principal's Report

1.0 PURPOSE OF PAPER

For discussion

- 1.1 This paper summarises College activities not reported elsewhere, as well as items which may be of general interest to the Board, including external engagements undertaken by the Principal and CEO. It also provides an update on Key Performance Indicators (KPIs).

2.0 EXECUTIVE SUMMARY

- 2.1 This paper details developments since my last report in December 2024.
- 2.2 Overall, KPI's show a positive position.
- 2.3 With national pay negotiations now relatively settled, the funding level for the entire FE sector and our Region in particular is now the most significant risk for Borders College.
- 2.4 We are taking a number of actions to mitigate risk, improve student experience and outcomes, and deliver a more efficient and sustainable business model.

3.0 RECOMMENDATION(S)/ACTION(S) REQUIRED

- 3.1 This paper is presented for information and discussion.

4.0 UPDATES ON COLLEGE ACTIVITIES

4.1 External Engagements and Liaison

- 4.1.1 Since the last Board meeting, in addition to continued liaison with regional partners via the Regional Economic Partnership, Community Planning Delivery Board and Elected Member Oversight Committee of the Edinburgh and South East Scotland City Region Deal, my external engagements and liaison have included: -
- Continuing regular meetings with the Chief Executive of Scottish Borders Council to consider matters of mutual interest and benefit.
 - Continuing regular meetings with the Chief Executive of South of Scotland Enterprise (SoSE) to consider matters of mutual interest and benefit.
 - Attended the Convention of the South of Scotland. Further details on this are noted below.

- Continued to promote the College's interests and involvement in Galashiels place planning via the Galashiels Town Team.
- Attended the Scottish Borders Chamber of Commerce (SBCC) Business Dinner at Aikwood Tower and also the SBCC Expo, where the College had taken a table to promote our enterprise and entrepreneurship offers.
- Welcomed Rachael Hamilton MSP to the College to discuss how the College contributed to the Borders economy, but also the limitations to our delivery caused by funding levels.
- With the Director of Enterprise and Business Innovation, attended a British Council event at City of Glasgow College, meeting overseas delegates to discuss areas of mutual interest and potential collaboration.
- Attended a South of Scotland Destination Alliance (SSDA) roundtable event to consider how partners across the public and private sectors could provide positive interventions in the visitor economy.
- Attended a Prosper event to hear from the Secretary of State for Scotland his views on how collaboration between Westminster and Holyrood administrations could support economic growth.
- Attended the Army Engagement Event held at the College on 12 March, including our re-commitment to the Armed Forces Covenant. We also initiated discussions on how we can work more closely to support individuals prior to a career in the armed forces.
- Hosted a roundtable with Edinburgh Napier University, South of Scotland Enterprise, NHS Borders and Scottish Borders Council to consider collaborative opportunities. A number of areas were explored with further work to be undertaken on health and social care, sport, hospitality and tourism.

4.1.2 I also continue to represent the College and college sector at: -

- College Principal's Group (Colleges Scotland)
- CDN Good Governance Steering Group
- College Employers Scotland
- Modern Apprenticeship Working Group (Colleges Scotland)
- College Sector Finance Committee (Colleges Scotland)
- Board of Directors of Advanced Procurement for Universities and Colleges (APUC)

4.2 Staff Matters

4.2.1 The most significant matter to report is the ongoing consultation to merge activities currently within our four curriculum sectors and the Department for Enterprise and Business Innovation (DEBI) to create a single delivery model, undertaken within the four sectors. The consultation is one of the key actions taken as part of our Strategic Implementation Plan to create a sustainable academic and resourcing model. The model was created in response to feedback from staff groups from across the College and aims to give a more responsive and efficient service. It should also reduce annual staff costs by £160k.

4.2.2 The consultation closes on 28 March 2025, with transition intended to allow for full implementation from 01 August 2025.

4.2.3 Our Great Places to Work 2025 survey has now closed and initial results show a positive trend, with high level outcomes as follows: -

Response rate

2023	2024	2025
56%	53%	57%

Trust Index Level

2023	2024	2025
71%	69%	76%

Lowest Scoring Factor

2023	2024	2025
54%	46%	61%

Positive comments included: -

- *"It is refreshing to see that the college pay's more than "Lip Service" to considering the student voice at all levels, this has the effect that students feel that their voices have a direct and physical effect on their time at college. This same ethos is also evident for the staff who are regularly consulted about changes at the college."*
- *"Borders College make a great difference to life chances of people in our region."*
- *"In difficult times we all pull together and together we are a great team!"*
- *"The staff make it a great place to work."*
- *"You can feel the synergy and its a pleasure working for Borders College."*
- *"Treated fairly and trusted to do a good job. Listened to when I have new ideas. Given opportunities to develop outside of work."*
- *"The camaraderie is second to none in my particular department and feels more like a family than anything else."*
- *"The good relationships, friendship and support between staff. The people make the college a great place to work."*
- *"The social/well-being events which are organised for staff - work, rest, play...mingle & jingle, etc."*

4.2.4 Full results are now being shared with managers and they will work with their own teams to create action plans. A full report will be shared with the Board in due course.

4.3 National Pay Bargaining and Job Evaluation

4.3.1 As previously reported, national pay negotiations for lecturing staff are settled for the period to 31 August 2026.

4.3.2 The previous round of support staff negotiations settled pay up to and including 31 August 2025. The Support Staff Pay Claim for 2025-26 was

submitted by UNISON and Unite on Tuesday 11 February 2025, seeking a flat rate increase of £2,000 per year for Academic Years 2025-26 and 2026-27, a no compulsory redundancy guarantee, an increase in the overtime ceiling to £44,000, a standby allowance increase to £120 per week, and an increase in the First Aid allowance to £550 per annum.

- 4.3.3 The management side provided an opening statement at the meeting, highlighting the financial context for the Scottish college sector and presented a formal offer of a 2.5% consolidated increase on all salary points for support staff from 1 September 2025. While the staff side rejected the offer of 2.5%, it did indicate that it may consider a multi-year percentage-based offer similar to the current Public Sector Pay Policy figures. It was agreed to convene a series of meetings to further discuss pay.
- 4.3.4 With the “UNISON FE” branch still under national supervision, we currently have a liaison officer appointed by the Scottish region and are working towards agreeing a local recognition and procedures agreement (LRPA).
- 4.3.5 Nationally, work is now underway to enable the support staff job evaluation scheme to progress, with regular meeting between the joint secretaries. Management have made it clear that there will be no pay harmonisation and have been asked to confirm this in writing. The next step will be to confirm a clear project plan that will allow Scottish Government to release funding.

4.4 Financial Sustainability and College Sector Finances

- 4.4.1 Financial sustainability remains the most significant risk to Borders College. Executive, working with the Board, have now identified a range of actions which the College will work through to reach a sustainable business model. These include those identified in the Strategic Implementation Plan (SIP) plus a range of “Level 2” and “Level 3” actions which will have the potential to result in fundamental change to the College. An update is provided in a separate paper, with a detailed plan to be considered by the Board on 17 April 2025.
- 4.4.2 The College is committed to working with the Scottish Funding Council (SFC) to reach an agreed financial plan, including mitigating the impacts on our estates and other operating costs as a result of Heriot-Watt University (HWU) withdrawing from our shared campus and services agreement. Members of College management have now had a series of meetings with SFC to share our understanding of the position and explore longer term options. We have agreed to submit the plan following the Board meeting on 17 April.
- 4.4.3 SFC have also made proposals to re-set the sector funding model in three stages: -
- Stage 1 will re-calculate the Credit value applicable for each institution based on their current curriculum delivery profile.
 - Stage 2 will remove the current premia from across the sector and re-apply a fixed element of funding, via college “families”.

- Stage 3 will begin the process to withdraw Credits from colleges where current delivery is not in priority areas or where it does not meet Credit guidelines. This will then be re-allocated to regions who can demonstrate unmet demand.

Stages 1 and 2 are proposed for implementation in 2025-26 with transition to Stage 3 beginning in 2026-27. We expect this to be confirmed on 27 March 2025 as part of the Indicative Funding allocations for 2025-26 and a verbal update will be given at the meeting. This will also be factored into the plan for submission to SFC.

4.4.4 In terms of the Scottish Government budget, there has been little change since the draft budget was announced on 04 December 2024. It is now likely that the £12.3m (1.8%) increase in funding from 2024-25, will include the £4.5 Scottish Government commitment to fund the additional 1.14% increase to lecturers' pay as part of the four-year pay settlement. SFC have now confirmed that the increase to lecturers' pension costs will be covered for 2024-25 but we have yet to have confirmation beyond that date. 60% of the increases to national insurance costs will also be met, but only from August 2025, leaving a gap for the period April-July. Again, we expect confirmation in the announcement of 27 March.

4.4.5 Colleges Scotland has been successful in obtaining a commitment of an additional £3.5M for the sector, with £3M of that being to support an Offshore Wind Skills Programme and £500k to support a Care Skills Partnership. The former is being progressed by Energy Skills Partnership (ESP) on behalf of the sector; for the latter, the sector has yet to agree how to resource the implementation, although a paper is due to be considered by College Principals' Group (CPG) on 27 March. While potentially of benefit to industry sectors and intended to enable collaboration, neither proposal would be expected to have any significant immediate impact on financial sustainability.

4.5 Heriot-Watt University / Scottish Borders Campus

4.5.1 As previously advised, we now have formal confirmation that Heriot-Watt University will vacate all shared spaces and cease all shared services by October 2026 and are planning on that basis.

4.5.2 This forms a significant element of activity in our Strategic Implementation Plan over the next two years.

4.5.3 Considerable work has been undertaken with Mott MacDonald to create a Campus Masterplan and this will be presented to the Board on 17 April 2025.

4.6 Convention of the South of Scotland

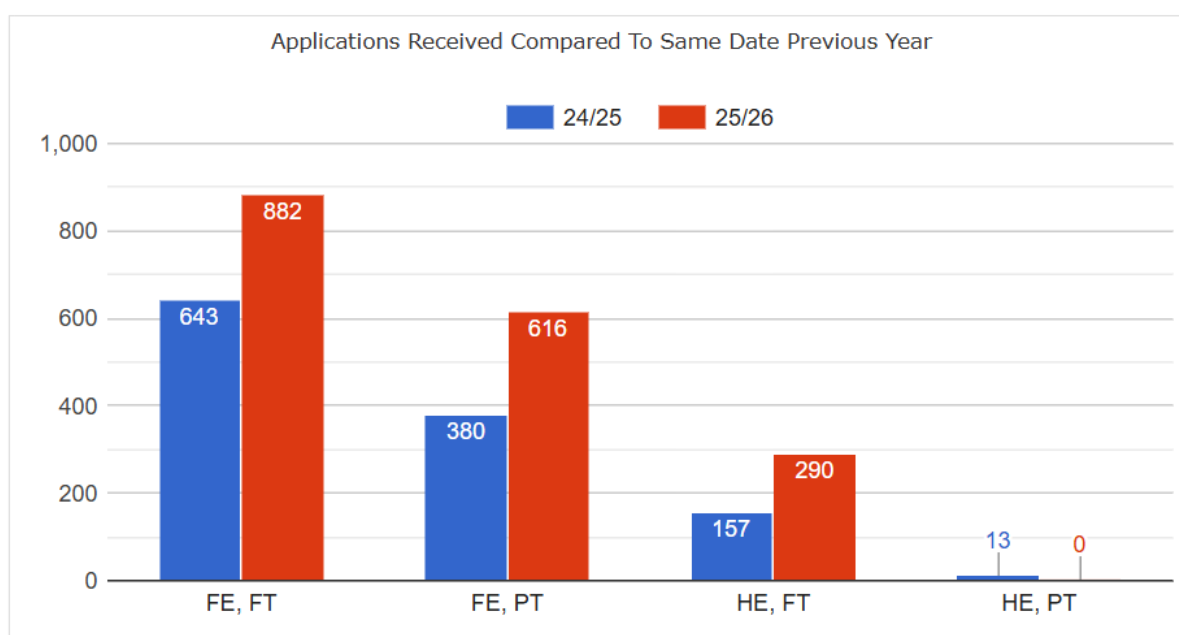
4.6.1 The most recent meeting took place on 10 March 2025, chaired by the Cabinet Secretary for Transport. The focus was on the transport challenges in the South of Scotland. At the time of writing, the formal outputs are not available; however, I took the opportunity to again stress that our three "grand challenges" of housing, transport and skills are interdependent, and we

cannot resolve issues with housing and transport without increased investment in skills.

4.7 Applications 2025-26

4.7.1 A comparison of applications for 2025-26 against the equivalent period in 2024-25 is shown below in **Figure 1**:

Figure 1: Application totals 2024-25 and 2025-26



4.7.2 As can be seen, we are significantly ahead of the equivalent period last year, although it should be noted that we have been more efficient in processing applications from returning students.

4.7.3 Of particular note is the early indication of a recovery in HE full-time students. This would have a positive impact on our fee income and will be factored into our 2025-26 Budget process once trends become clearer.

4.7.4 From the overall numbers, we would expect to meet our enrolment targets and look to be on course to also meet our Credit target for 2025-26.

4.8 Other College Activity

4.8.1 It is worth highlighting the recent successful outward mobilities, enabled by the UK Government Turing Scheme and the Scottish Government's Scottish Education Exchange Programme: -

- Toronto. Four members of the DEBI Health and Social Care team visited Centennial College Toronto to learn about their practices while sharing our own. The team will use their learning in developing our own future programmes and sharing with colleagues across the College.
- Tenerife. A group of students from courses including sports, health and social care, and business visited Tenerife. They took part in activities specific to their areas of study, but also including confidence-building,

time-keeping, independence and how their chosen specialisms may be different in Tenerife.

- Dublin. 2 staff members - Greg Steel and Mark Easson - along with staff from the Verdancy Group, visited Mount Lucas near Dublin, to see the Sustainable Construction National training facilities in Ireland. This trip was funded from the Scottish Education Exchange programme with the aim of developing new training frameworks in Sustainable construction, retrofitting and energy efficiency in the built environment. The learning will help to develop our short courses and enable us to embed best practice into our curriculum, so that we can be ready to meet our net zero emissions targets in the construction

5.0 KEY PERFORMANCE INDICATORS

5.1 Student Outcomes

- 5.1.1 As previously reported, with the exception of part-time FE, our learner success rates have dropped from 2022-23 to 2023-24. This was expected due to an increase in withdrawals, however, the anticipated impact of this on learner success was reduced due the improvement in partial success.
- 5.1.2 Also for 2023-24, our learner success rates are trending above the 2022-23 sector averages in all modes and levels. Similarly, our partial success rates in 2023-24 are below the 2022-23 sector averages in all modes and levels. So, while our performance has dipped in comparison to the previous year, the comparison to the 2022-23 sector performance provides a strong indication that we will remain above sector averages in 2023-24 also. Outcomes and Withdrawals are shown in **Tables 1 – 2** below: -

Table 1: Learner Success

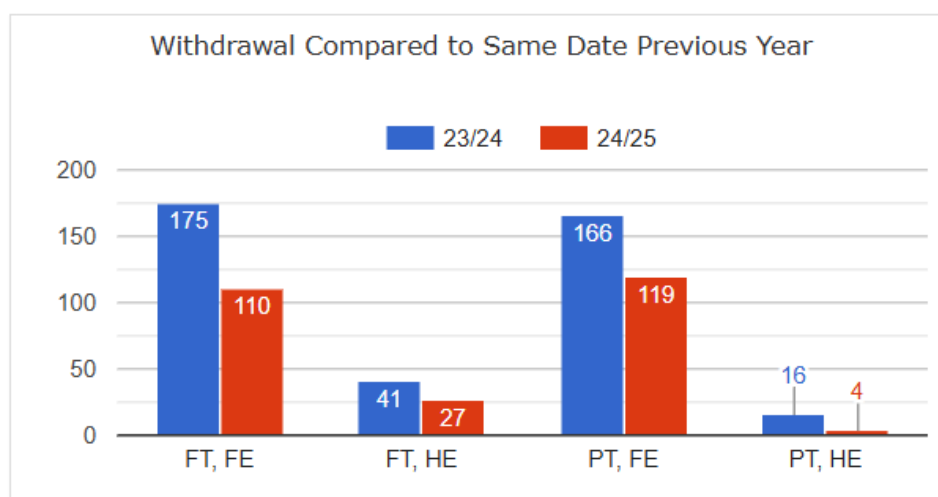
Learner Success						
Mode	Level	BC 22-23	Sector 22-23	BC 23-24	Variance from BC 22-23	Variance from Sector 22-23
FT	FE	68.3%	63.6%	67.2%	-1.1%	3.6%
FT	HE	65.6%	65.5%	65.5%	-0.2%	0.0%
PT	FE	75.1%	77.3%	79.3%	4.1%	2.0%
PT	HE	87.3%	78.6%	84.5%	-2.8%	5.9%

Table 2: Partial Success

Partial Success						
Mode	Level	BC 22-23	Sector 22-23	BC 23-24	Variance from BC 22-23	Variance from Sector 22-23
FT	FE	7.3%	11.1%	7.5%	0.2%	-3.6%
FT	HE	13.1%	14.0%	12.7%	-0.4%	-1.2%
PT	FE	14.7%	12.2%	7.9%	-6.8%	-4.3%
PT	HE	1.7%	12.0%	1.0%	-0.7%	-11.0%

- 5.1.3 As noted previously, in order to address the 2023-24 increase in withdrawals, we created a new Retention Committee, with the aim of sharing best practice across the College to ensure our students are able to complete their studies. This would appear to be having some impact, with withdrawals reduced as shown below in **Figure 2**:-

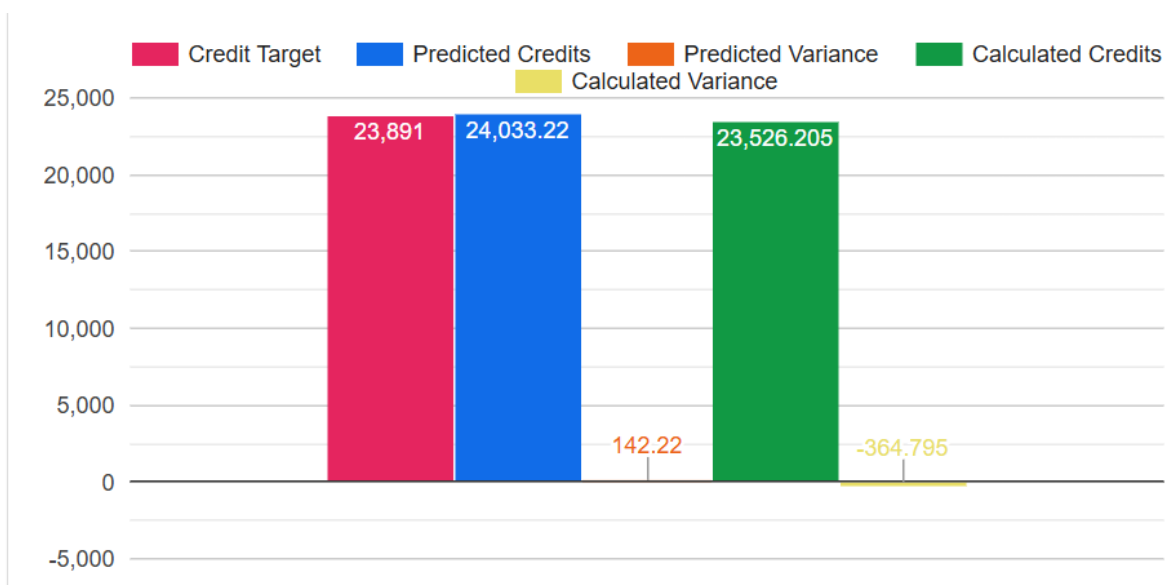
Figure 2: Withdrawals



5.2 Credit Utilisation

- 5.2.1 Our projected Credit position for 2024-25 is shown in **Figure 3** below:-

Figure 3: Projected 2024-25 Credit Position



As can be seen, we expect to exceed our Credit target. We continue to make the case to SFC to increase the allocation to our Region.

5.3 Financial Indicators

- 5.3.1 Staff Expenditure as a Percentage of Total Expenditure is a helpful indicator of the College's vulnerability to nationally-negotiated pay settlements, as well as its ability to be responsive in flexing resource allocations.
- 5.3.2 Non SFC/Credit Income as a Percentage of Total Income is a helpful indicator of the College's flexibility in resourcing non-core activity.
- 5.3.3 Cash Days held is an indicator of the College's liquidity and ability to meet ongoing commitments. SFC expects us to retain only around 15 days cash at any time, without drawing cash "in advance of need".
- 5.3.4 Current forecast indicators to the year-end, extracted from the College's management accounts are as shown in the following **Table 3**: -

Table 3: Financial Forecast Indicators

			24-25 Approved Budget	24-25 Forecast	23-24 Full Year Actual
Staff Expenditure	<u>staff expenditure</u> total expenditure	%	67	67	65
Non SFC/Credit Income	<u>non-sfc/credit income</u> total income	%	15	16	15
Cash Days		no of days	29	29	38

5.4 People Services Indicators

- 5.4.1 Current People Services indicators are shown in the following **Table 4**: -

Table 4: People Services Indicators

	2023/2024 August to January	2024/25 August to January
No of days lost due to short term absence	258 days (54 staff)	231 days (47 staff)
No of days lost due to long term absence (more than 3 weeks)	448 days (16 staff)	536 days (14 staff)
Total	706 days (70 staff)	767 days (61 staff)

Voluntary staff turnover for the period August 2024 to January 2025 was 3.5%, a decrease from 8.9% for the full year last year.

- 5.4.2 Staff Sickness Absence – The total number of days lost per full time equivalent (FTE) to sickness absence during the period 1 August 2024 to 31 January 2025 was 3.9 days approximately, 2.1% absence rate. For the same period the previous year this was 3.6 days approximately and 2%.

5.5 KPI Summary

- 5.5.1 Withdrawals show a significant decrease over last year, which should also translate to improved student success.
- 5.5.2 Financially, our KPI's are relatively stable, although we expect cash to reduce over time due to the overall negative financial projections.
- 5.5.3 Our People Services indicators also show a relatively stable position compared to 2023-24.

6.0 IMPLICATIONS AND CONSIDERATIONS

6.1 Financial Implications

- 6.1.1 There are no direct financial implications as a result of this paper, although many of the measures discussed are intended to contribute to financial sustainability.
- 6.1.2 The known financial impacts which are identified have all been incorporated within current year projections and future years' budgets. As noted, further mitigations will be a significant focus for Executive and Board over the coming month.

6.2 Learner Implications

- 6.2.1 The impact on learners remains our priority. All our actions are intended to improve experience and outcomes.

6.3 Staff Implications

- 6.3.1 Staff implications are as discussed in Section 4.

6.4 Equality and Diversity Implications/Equality Impact Assessment

6.4.1 There are no direct implications as a result of this paper.

6.5 Sustainability/Environmental Implications

6.5.1 There are no direct impacts as a result of this paper.

7.0 RISK COMMENTARY

7.1 There are no direct risks resulting from this paper. The potential impacts of public funding decisions are highlighted on our College Strategic Risk Register.

8.0 CONCLUSION

8.1 Overall, the College is performing well, with strong application numbers across our curriculum. There are a number of positive actions taking place, with risks being managed.

P D SMITH
Principal & CEO

20 March 2025

Previous Board or College Committee Approvals:

n/a

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