



FINANCE & RESOURCES COMMITTEE

27 November 2025



Financial Strategy (2025-30)

1.0 PURPOSE OF PAPER

For decision

- 1.1 The purpose of this paper is to provide the Committee with the draft Financial Strategy (2025-30) for final input before the Strategy is finalised and launched.

2.0 EXECUTIVE SUMMARY

- 2.1 The Financial Strategy has been developed to reflect the Vision 2030 and is contained in the Appendix.
- 2.2 The Strategy sets out the aims and vision for the Financial Strategy 2025 to 2030, including measurable outcomes to allow demonstrable progress and success.

3.0 RECOMMENDATION(S)/ACTION(S) REQUIRED

- 3.1 I recommended that the Committee Name: -
- 3.1.1 Review and agree any amendments of the draft Strategy prior to launch.

4.0 BACKGROUND

- 4.1 The Vision 2030 approved by the Board on 26 June 2025 sets out a clear vision for the College, including the role of digital and data in achieving this vision.
- 4.2 The strategy has been developed, recognizing the financial constraints within the college sector, which has seen a 20% real reduction in funding from Scottish Funding Council since 2021/22.
- 4.3 The strategy has recognised the additional financial pressure to Borders College from the decision of Heriot Watt University discontinue with the shared campus and services.

5.0 Financial strategy

- 5.1 The draft Strategy has been developed in conjunction with the aims included in the approved Vision 2030.
- 5.2 The Strategy is split into 3 key areas.
- Revenue Diversification and Growth
 - Cost Efficiency and Resource Management
 - Financial Stewardship
- 5.3 The Strategy includes key KPI's which will be monitored and reported to the Finance and Resources Committee annually.

6.0 IMPLICATIONS AND CONSIDERATIONS

6.1 Financial Implications

The financial implications of the strategy will be incorporated into future revenue and capital budget plans as they are developed.

6.2 Learner Implications

The ability to diversify and grow income streams and improve efficiency will ensure the college can minimize any direct impact of the financial constraints and pressures on the learners.

6.3 Staff Implications

The ability to diversify and grow income streams and improve efficiency will ensure the college can minimize any direct impact of the financial constraints and pressures on staff.

6.4 **Equality and Diversity Implications/Equality Impact Assessment**

The ability to diversify and grow income streams and improve efficiency will ensure the college can minimize any direct impact of the financial constraints and pressures on individual groups or neurodiverse learners.

6.5 **Sustainability/Environmental Implications**

The ability of the College to deliver some of the sustainability targets, such as net zero, are reliant on additional funding to being available. The environmental impact of decision will be considered within any financial decisions.

7.0 **RISK COMMENTARY**

- 7.1 Due to the funding constraints of the College sector and increasing costs resulting from inflation, the risk of financial failure has increased. This risk is contained and monitored within the strategic risk register. The strategy is a key mitigation for this risk as it sets out the key aims to improve both the financial stability and the management of the financial position.

8.0 **CONCLUSION**

- 8.1 The Financial Strategy 2030 has been developed reflecting the current financial constraints and pressures.

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Previous Board or College Committee Approvals:

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Financial Strategy 2030

Resource Innovation and Sustainable Growth



Your College, Your Future

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Financial Strategy 2030

Resource Innovation and **Sustainable** Growth

Foreword and Introduction

Borders College **Vision 2030** “Your College, Your Future” is our statement of ambition, setting out what we want to achieve for the Scottish Borders by 2030, in terms of curriculum delivery, re-skilling and up-skilling, support for business and, ultimately economic growth. In order to achieve those ambitions, we are clear that we must follow a path of efficient resource utilisation and sustainable growth and this Financial Strategy is therefore one of the six key supporting strategies which will be pivotal in ensuring our ambitions are realised.

We operate against a background of extremely challenging public sector funding and, with the majority of our learning being publicly-funded full-and part-time further and higher education and apprenticeships, we must ensure we deliver value for money.

Our overarching driver must always remain the success of our learners, supported by our Skills and Enterprise Strategy.

This strategy is therefore about setting the financial framework which will support the realisation of Vision 2030 and all its supporting strategies. The strategy is framed around three key areas:

- Revenue diversification and growth
- Cost efficiency and resource management

- Financial stewardship



Pete Smith, Principal and CEO

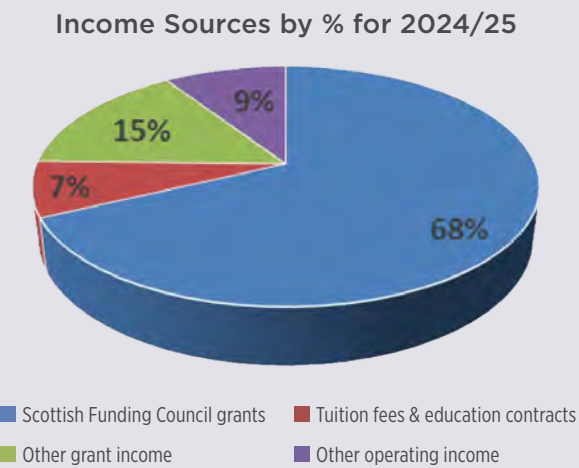


Financial Context

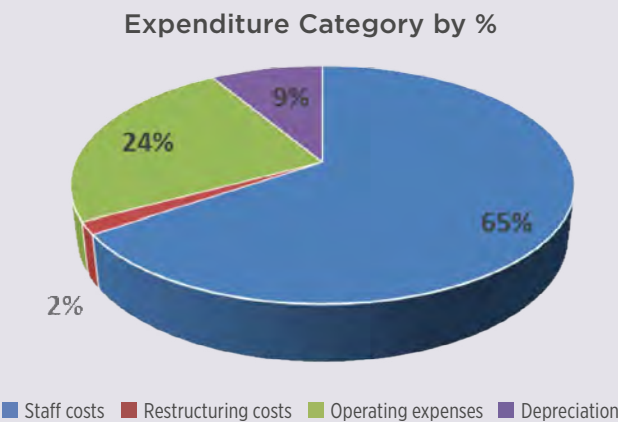
This strategy is set a time of server financial constraints, with Audit Scotland “Scotland colleges 2025” report highlighting a 20% real reduction in funding from Scottish Funding Council between 2021/22 and 2025/26 to colleges.

The public sector regulatory framework means that the College cannot incur commercial borrowing and is restricted in its ability to retain reserves for future investment or to protect against future cost pressures.

College are highly reliant on funding from Scottish Funding Council, currently funding 68% of our activities, with the balance being funded from commercial activities and external grant, as shown in the chart.



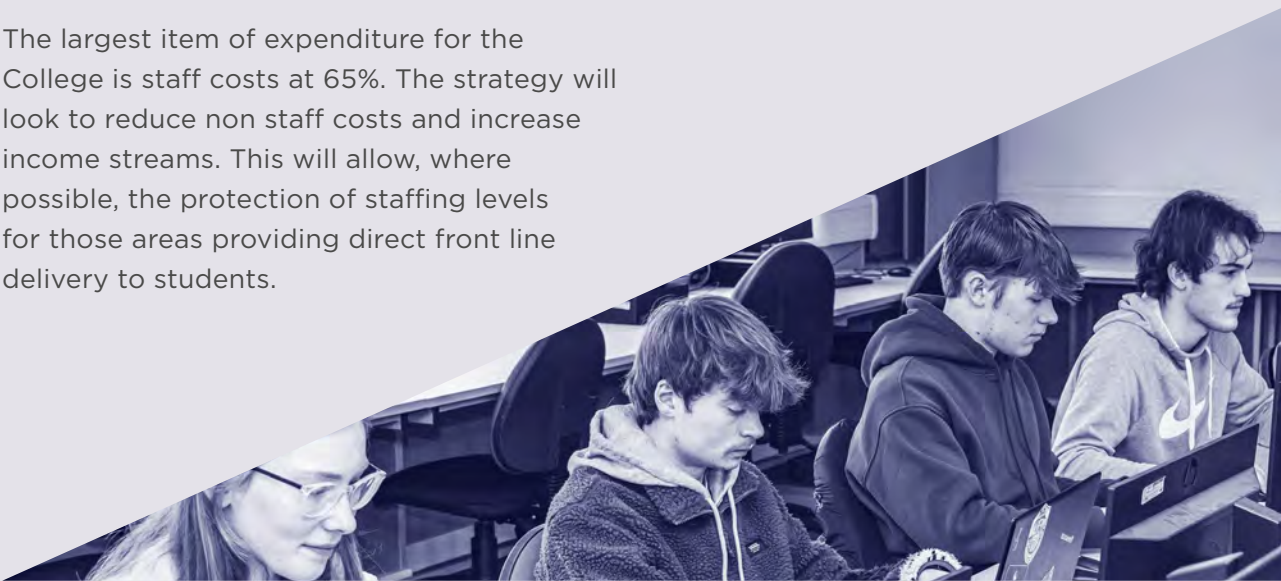
The College’s cost base is centred around staff and operating costs. The chart below shows the breakdown of costs for 2024/25.



The largest item of expenditure for the College is staff costs at 65%. The strategy will look to reduce non staff costs and increase income streams. This will allow, where possible, the protection of staffing levels for those areas providing direct front line delivery to students.

Additional financial pressure will occur with the ceasing of the co-location and shared services of the Galashiels campus. This will provide opportunities for us to develop and rationalise our estate to meet the future skills delivery of the Borders but will require capital funding to do so.

Set against these constraints, through robust financial planning and management, it is our intention to increase flexibility and to target our resources to have the best positive impact on student outcomes and the economy of the Scottish Borders.



Growing the economy

The skills we will deliver for the Scottish Borders are designed to support economic growth across the region and Scotland.

Revenue Diversification and Growth

To reduce dependency on public funding we will look to grow non-core revenues by; growing commercial income; expanding partnership income and increase employer-funded training income streams.

To achieve this, we will:

- Develop commercial training products & services for local employers (short courses, CPD, bespoke training).

- Strengthen employer partnership programmes (joint funding, cost-sharing)
- Seek trust/grant income for specific projects

The success measure will be:

- Achievement of steady growth of our commercial income over the period of the strategy

Cost Efficiency and Resource Management

Reduction of costs, improved efficiency and productivity of resources will assist in achieving financial sustainability. Support and operating costs currently represent 48%. We will aim to increase control on costs; improve productivity; ensure sustainable staffing/overheads; maintain or improve quality while reducing waste.

To achieve this we will:

- Leverage external funding (grants, government innovation funds) for strategic projects

- Monitor and update estate strategy to support flexible learning, improve space utilisation and provide best possible learning environments and facilities
- Review business processes and learning delivery to improve efficiency

The success measures will be:

- Savings delivered from process efficiencies
- Rationalisation of our estate (where funding allows)
- Reduction of 6% of the support and operating costs from the 2024/25 baseline by 2030

Income from our commercial courses will increase

We will deliver increased publicly-funded student activity

Our mission

Our mission is to provide the highest quality learning experience and outcomes, to support business and drive economic growth in the Scottish Borders.

Financial Stewardship

Strong financial stewardship is key to achieving the aim of long-term financial sustainability, which will require changes to our operating models, increased non-core funding and increasing efficiency. These changes will be complex and will be implemented and achieved over the coming years. Reporting and monitoring will ensure we are on track to achieving financial sustainability.

To achieve this, we will:

- Implement the Financial Sustainability Plan and the savings identified
- Set clear income targets for Delivery teams for commercial and non-core income
- Monitor and report savings targets
- Retain modest positive cash balances in line with public sector requirements.

The success measures will be:

- Positive cash positions maintained



Financial Strategy 2030

Resource Innovation and Sustainable Growth

Credits

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Borders College and
NC Art and Design students.

Your College, Your Future

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