



FINANCE & RESOURCES COMMITTEE

17 June 2024

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 30 April 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 30 April 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 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 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 2 FINANCIAL REVIEW

- 5.1 The table below shows the updated forecast position following the Quarter 3 budget review; these figures are detailed further in Appendix 1.

5.1.1

	23-24 initial budget	23-24 Q1 forecast	23-24 Q2 forecast	23-24 Q3 forecast	Variance Q3 forecast - v- Q2 forecast £'000	22-23 full year actual
	£'000	£'000	£'000	£'000		£'000
Credit income	(9,878)	(9,878)	(9,878)	(9,878)	-	(9,904)
Non SFC / credit income	(2,228)	(2,234)	(2,484)	(2,399)	85	(2,254)
Other income	(2,985)	(3,148)	(3,210)	(3,284)	(74)	(3,635)
Total income	(15,091)	(15,260)	(15,572)	(15,561)	11	(15,793)
Staff costs	10,408	10,573	10,475	10,424	(51)	11,080
Other costs	4,771	4,855	5,184	5,224	40	5,391
Total costs	15,179	15,428	15,659	15,648	(11)	16,471
(Surplus) / Deficit	88	168	87	87	-	678
AOP	(1)	79	0	(4)		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 an increase in the catering contract £70k, as well as a number of small changes across several areas.
- 5.1.4 Movements in staff costs include the following:
- update of variable hours for 23-24 course delivery – (£88k);
 - various minor adjustments across all areas – £37k.
- 5.1.5 Movements in other costs includes an increase to the catering contract £70k, as well as a number of small changes across several areas.

- 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 third 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 looking for additional funding opportunities via partnership working groups and network opportunities.

8.0 CONCLUSION

- 8.1 The outcome of the Quarter 3 budget review forecasts a balanced Adjusted Operating Position (AOP).

Sara Wilson – Director of Finance & Procurement, 24 May 2024

Previous Board or College Committee Approvals:

Finance & Resources Committee 12 June 2023, 20 November 2023 and 14 March 2024; Regional Board 22 June 2023.

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Income & Expenditure

Centre Name	TOTAL CONTRIBUTION					
	2023-24 Approved Budget	2023-24 - Q1 Forecast	2023-24 Q2 Forecast	2023-24 Q3 Forecast	2023-24 Variance Q2 -v- Q1 Forecast	2022-23 Full Year Actual
	£	£	£	£	£	£
DEBI	(253,065)	(327,660)	(372,768)	(382,115)	(9,346)	(577,172)
Events / Venue Hire	(1,000)	(8,000)	(12,000)	(17,000)	(5,000)	(6,500)
Business & Administration	(102,987)	(322,875)	(285,929)	(298,120)	(12,191)	(88,064)
Essential Skills & Transitions	183,710	246,478	240,630	230,630	(10,000)	160,205
Hospitality & Tourism	(53,400)	12,071	16,493	17,893	1,400	(56,167)
Hairdressing & Beauty	(349,424)	(232,238)	(232,254)	(239,998)	(7,744)	(172,634)
Creative & Digital Industries	(81,032)	(34,864)	(21,722)	(34,208)	(12,486)	(65,066)
H&SC / Early Educ & Supported Progs	(857,847)	(571,452)	(584,294)	(630,396)	(46,102)	(552,259)
Sport	(1,119,569)	(147,830)	(99,354)	(116,287)	(16,933)	(1,097,907)
Construction	(208,540)	(480,104)	(704,404)	(662,702)	41,703	(421,737)
STEM	(199,222)	(309,331)	(342,684)	(349,100)	(6,416)	(232,075)
Rural Skills (incl Horse Care)	(306,875)	(1,125,903)	(1,100,320)	(1,088,982)	11,338	(799,826)
Curriculum Support & Projects	250,430	622,120	601,472	592,822	(8,650)	87,149
Other Support Services	3,186,161	2,846,828	2,984,547	3,064,599	80,051	4,500,527
(Surplus)/Deficit	87,340	167,241	87,413	87,036	(377)	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	258	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		16	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	37	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	608	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		42	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	
Scottish Funding Council	Increase in SPPA contributions		32	N	
Total		2,228	2,399		

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	75	75	completed
Brake Roller Tester/MOT testing		20	20			Under review
Chris 21 Platform upgrade		21	21	10	8	project nearing completion
NSB Student Support/Welfare area		30	30	34	34	completed
NSB roof	108		108	114	114	completed
Upgrade of Fixed Woodwork Machinery				52		orders placed
MV Compressor				10		orders placed
Build Services Commercial training area				27		orders placed
NSB teaching block refurb				35		£70k project with 50% funded by BFET
Finance to the Future				30		project started
Total Balance Sheet Expenditure	187	208	395	418	262	
Income & Expenditure spend						
LCMF		97	97	97	72	on target
Repairs & Maintenance		25	25	25	19	on target
Laptop refresh		50	50	50	8	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	52	project progressing
Total I&E Expenditure	0	306	306	287	199	
unallocated / contingency		4	4			
Total SFC Lifecycle & High Priority backlog maint funding	187	518	705	705	461	

Key Performance Indicators			Appendix 4		
			23-24 Approved Budget	23-24 Forecast	22-23 Full Year Actual
Staff Expenditure	<u>staff expenditure</u>	%	69	66	67
	total expenditure				
Non SFC/Credit Income	<u>non-sfc/credit income</u>	%	15	15	14
	total income				
Cash Days		no of days	46	50	34