

Mid Year Financial Forecast Return

1.0 PURPOSE OF PAPER

For decision

- 1.1 To provide members with an overview of the Mid-Year Financial Forecast Return (MYR) due for submission to Scottish Funding Council (SFC) on 31/3/24.

2.0 EXECUTIVE SUMMARY

- 2.1 The Mid-Year Financial Forecast Return (MYR) is required to be submitted to the Scottish Funding Council (SFC) by the 31 March, based on the assumptions within the guidance issued by SFC
- 2.2 The MYR provides a forecast position to 31 July 2024 and provides a comparison against the 2023-24 Financial Forecast Return (FFR) submitted to SFC in June 2023.
- 2.3 The Adjusted Operating Result for the MYR is a £1k surplus which is in line with the FFR submitted in June 2023. The full MYR is contained in Appendix1.

3.0 RECOMMENDATION(S)/ACTION(S) REQUIRED

- 3.1 I recommend that the Regional Board approve the MYR contained in Appendix 1 for submission to SFC on 31 March 2024.

4.0 BACKGROUND

- 4.1 The SFC requires all Colleges to submit a MYR which estimates the forecast outturn for the year based on the actual position as at the end of period 6. The returns are to enable the SFC to obtain a meaningful revised forecast of the Colleges Income & Expenditure, adjusted operating position, balance sheet and liquidity. It also draws comparisons with the 2023-24 forecast submitted in June 2023.
- 4.2 The SFC issued guidance on 4 March 2024 detailing the assumptions to be used and the timeframes for the return.

5.0 MID YEAR FINANCIAL FORECAST RETURN

5.1 The SFC issued guidance on 4 March 2024 detailing the assumptions to be used and the timeframes for the return. A summary of the assumptions are shown below

- If core credit thresholds are not met, core grant funding to be reduced accordingly.
- Non SFC income projections to be aligned to local circumstances
- Job evaluation costs to be incorporated in return
- Payaward to be based on latest pay offer (£2k for 2022/23 plus £1.5k for 2023/24)
- No funding will be provided for severance costs
- Additional funding will be provided to fund increased employer contributions of Scottish Teachers Superannuation scheme.
- Changes to support staff pension contributions

5.2 We are forecasting exceeding the credit threshold for 2023/24. Reduced funding of core grant is therefore not applicable.

5.3 All the assumptions issued within the guidance have been used and the figures included in the MYR are reflective of the financial position presented to the Finance and Resources Committee on 14 March.

5.4 The main variances shown between the FFR approved by the Board in June and the MYR are detailed below. Overall the financial projections contained in the MYR are in line with the FFR.

Line description	Variance £000's	Explanation
Other Income	474	Additional grant funded received from non SFC sources such as SPF
Other operating expenses	421	Additional costs incurred in delivery of grant funded activities
Tuition Fees – HE	(95)	Reduction in enrolments from those anticipated
SFC Capital Grant	45	Additional funding for Digital Poverty
Balance sheet – Fixed Assets	1,300	Revaluation of fixed assets required as part of Year End accounts, after submission of FFR
Balance sheet – Cash	425	Adjusted of timing of payment of invoices and pay awards.

- 5.5 The Adjusted Operating Result for the MYR is a £1k surplus which is the same as the FFR submitted in June 2023.

6.0 IMPLICATIONS AND CONSIDERATIONS

6.1 Financial Implications

- 6.1.1 There are no direct financial implications from the contents of this report. The report is reflective of the overall financial position of the College for 2023/24 and is reflective of the financial monitoring reported to Finance and Resources Committee on 14 March 2024.

6.2 Learner Implications

There are no direct learner implications relating to this report.

6.3 Staff Implications

There are no direct staff implications relating of this report.

6.4 Equality and Diversity Implications/Equality Impact Assessment

There are no direct equality and diversity implications relating to this report.

6.5 Sustainability/Environmental Implications

There are no direct sustainability implications relating to this report.

7.0 RISK COMMENTARY

- 7.1 The financial sustainability of the College is a key risk and is monitored within the Strategic Risk Register. The MYR to the SFC provides the Board and the SFC with a projected update position of the College for the current year, based on key assumptions and provides assurance to the SFC of the financial position of the College.

8.0 CONCLUSION

- 8.1 The MYR, contained in Appendix1, has been produced in line with the required assumptions and is reflective of the financial position presented to the Finance and Resources Committee. The projected Adjusted Operating Result is a £1k surplus.

Kirsty Robb, Vice Principal Finance & Corporate Services

Sara Wilson, Director Finance & Procurement

Previous Board or College Committee Approvals: 2023/24 Draft Budget and Financial Forecast Return, Regional Board, 22 June 2023

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Mid-Year Return 2023-24

College

Contact

Telephone

Email:

DECLARATION:	The attached worksheets represent an update on the financial forecasts for the College, based on the actual financial results for the year to date and other relevant information. I consider the revised forecasts to be a reasonable assessment of the College's projected financial position at the end of this academic year in the light of the information available to me.
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Signed:

Principal

Date:

Borders College

	FFR 2023-24	MYR 2023-24	Variance	Variance	Explanation for variance
Statement of Comprehensive income and expenditure (Consolidated)	£000	£000	%	£	
INCOME					
Tuition fees and education contracts	1,317	1,249	-5.2%	-68	reduction in FTHE and rUK
Funding council/RSB grants	11,206	11,279	0.7%	73	
Research grants and contracts	0	0		0	
Other income	2,319	2,793	20.4%	474	award of new grant funded projects including 4 SPF projects
Investment income	10	20	100.0%	10	higher bank balance due to delay in pay awards
Total income before donations and endowments	14,852	15,341	3.3%	489	
Donations and endowments	0	0		0	
Total income	14,852	15,341	3.3%	489	
EXPENDITURE					
Staff costs	10,407	10,445	0.4%	38	
Staff costs - exceptional restructuring costs	0	30		30	
Exceptional costs - non-staff	0	0		0	
Other operating expenses	3,104	3,525	13.6%	421	grant funded activity
Donation to Arms Length Foundation	0	0		0	
Depreciation	1,371	1,371	0.0%	0	
Interest and other finance costs	57	57	0.0%	0	
Total expenditure	14,939	15,428	3.3%	489	
Surplus/(deficit) before other gains and losses and share of operating surplus/deficit of joint ventures and associates	(87)	(87)	0.0%	0	
Gain/(loss) on disposal of fixed assets	0	0		0	
Gain/(loss) on investments	0	0		0	
Share of operating surplus/(deficit) in joint venture(s)	0	0		0	
Share of operating surplus/(deficit) in associate(s)	0	0		0	
Surplus/(deficit) before tax	(87)	(87)	0.0%	0	
Other taxation	0	0		0	
Surplus/(deficit) for the year	(87)	(87)	0.0%	0	
Unrealised surplus on revaluation of land and buildings	0	0		0	
Actuarial (loss)/gain in respect of pension schemes	0	0		0	
Other comprehensive income	0	0		0	
Total comprehensive income for the year	(87)	(87)	0.0%	0	

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INCOME		FFR	MYR	Variance	Variance	Explanation for variance
		2023-24	2023-24			
		£000	£000	%	£	
1	Tuition fees and education contracts					
	a) FE - UK	342	337	-1.5%	-5	
	b) FE - EU	0	0		0	
	c) HE	420	325	-22.6%	-95	reduction in anticipated enrolments
	d) Non-EU	0	0		0	
	e) SDS contracts	413	444	7.5%	31	in-year re-distribution of funds
	f) Education contracts	142	143	0.7%	1	
	g) Other	0	0		0	
	Total tuition fees and education contracts	1,317	1,249	-5.2%	-68	
2	SFC / RSB Grants					
	a) SFC / RSB FE recurrent grant (including fee waiver)	9,878	9,878	0.0%	0	
	b) UHI recurrent grant - HE provision	0	0		0	
	c) FE Childcare funds	0	0		0	
	d) Release of SFC / RSB deferred capital grants	875	875	0.0%	0	
	e) SFC capital grant	201	246	22.4%	45	digital poverty funding
	f) SFC grant for NPD	0	0		0	
	g) Other SFC / RSB grants - FE provision	252	280	11.1%	28	assume SPPA increase is funded
	h) Other UHI grants - HE provision	0	0		0	
	Total SFC / RSB Grants	11,206	11,279	0.7%	73	
3	Research grants and contracts					
	a) European Commission	0	0		0	
	b) Other grants and contracts	0	0		0	
	Total research grants and contracts	0	0		0	
4	Other Income					
	a) Catering and residences	0	0		0	
	b) Other European Income	0	0		0	
	c) Other income generating activities	20	24	20.0%	4	
	d) Grants from ALF	0	0		0	
	i) Revenue	0	0		0	
	II) Capital	0	0		0	
	e) Non-government capital grant	0	0		0	
	f) Other grant income	802	1,251	56.0%	449	mainly due to SPF projects; a no of small grants approved in-year
	g) Release of non-SFC government deferred capital grant	156	156	0.0%	0	
	h) Other income	1,341	1,362	1.6%	21	
	Total other income	2,319	2,793	20.4%	474	
5	Investment income					
	a) Investment income on endowments	0	0		0	
	b) Investment income on restricted reserves	0	0		0	
	c) Other investment income	0	0		0	
	d) Other interest receivable	10	20	100.0%	10	higher bank bal than forecast due to delay in pay awards
	e) Net return on pension scheme	0	0		0	
	Total investment income	10	20	100.0%	10	
6	Donations and endowment income					
	a) New endowments	0	0		0	
	b) Donations with restrictions	0	0		0	
	c) Unrestricted donations	0	0		0	
	Total donation and endowment income	0	0		0	

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EXPENDITURE

	FFR 2023-24	MYR 2023-24	Variance	Variance	Explanation for variance
STAFF COSTS	£000	£000	%	£	
1 Teaching departments	4,585	3,905	-14.8%	-680	re-classification of Assessors to teaching support
2 Teaching support services	763	1,507	97.5%	744	re-classification of Assessors from teaching
3 Other support services	0	0		0	
4 Administration and central services	4,593	4,599	0.1%	6	
5 Premises	466	434	-6.9%	-32	re-classification of workshop asst to teaching support
6 Catering and residences	0	0		0	
7 Other income generating activities	0	0		0	
8 Other staff costs	0	0		0	
9 Impact of FRS 102 pensions reported costs (less contributions paid included above)				0	
Normal staff costs	10,407	10,445	0.4%	38	
10 Exceptional restructuring costs	0	30		30	
Total staff costs	10,407	10,475	0.7%	68	

Additional breakdown of staff costs					
Salaries	7,963	7,970	0.1%	7	
Social security costs	810	812	0.2%	2	
Pension contributions	1,634	1,663	1.8%	29	
Non-cash pension adjustments - net service cost				0	
Non-cash pension adjustments - early retirement provision				0	
Severance payments	0	30		30	
Total staff costs	10,407	10,475	0.7%	68	

NON-STAFF COSTS

1 Exceptional costs - non-staff		0	0		0
2 Other operating expenses	a) Teaching departments	455	664	45.9%	209 grant funded activity
	b) Teaching support services	11	19	72.7%	8
	c) Other support services	0	0		0
	d) Administration and central services	1,594	1,792	12.4%	198 grant funded activity
	e) General education	0	0		0
	f) Premises	865	867	0.2%	2
	(i) Maintenance	165	165	0.0%	0
	(ii) Utilities	463	464	0.2%	1
	(iii) Other	237	238	0.4%	1
	g) Catering and residences	3	7	133.3%	4
	h) Other income generating activities	0	0		0
	i) Overspend on student support funds *	0	0		0
	j) Planned maintenance	176	176	0.0%	0
	k) Movement on early retirement pension provision	0	0		0
	l) NPD	0	0		0
	m) Other	0	0		0
Total other operating expenses		3,104	3,525	13.6%	421
3 Depreciation	a) Government funded assets	1,297	1,297	0.0%	0
	b) Non-government funded assets	74	74	0.0%	0
	c) NPD funded assets	0	0		0
Total depreciation		1,371	1,371	0.0%	0
4 Interest	a) On bank loans, overdrafts and other loans	57	57	0.0%	0
	b) Finance lease interest	0	0		0
	b) Other	0	0		0
	c) Net charge on pension scheme				0
	d) NPD interest	0	0		0
Total interest		57	57	0.0%	0

* Includes any overspend on bursaries, discretionary funds, and student funds received from SAAS, but excludes childcare funds.

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ADJUSTED OPERATING RESULT	FFR 2023-24 £000	MYR 2023-24 £000	Variance %	Variance £	Explanation for variance
Surplus/(deficit) before other gains and losses and share of operating surplus/deficit of joint ventures and associates	(87)	(87)	0.0%	0	
Add:					
Total depreciation (Government-funded, privately funded and NPD-funded assets) net of deferred capital grant release (<i>incorporated colleges only</i>)	340	340	0.0%	0	
Exceptional non-restructuring items (e.g. impairment costs)	0	0		0	
Donation to Arms-Length Foundation (incorporated colleges only)	0	0		0	
Non-cash pension adjustment - net service cost	0	0		0	
Non-cash pension adjustment - ERP	0	0		0	
Non-cash pension adjustment -net interest costs	0	0		0	
Deduct:					
Non-Government capital grants (e.g. ALF capital grant)	0	0		0	
Exceptional income (if disclosed as exceptional in accounts)	0	0		0	
CBP allocated to loan repayments and other capital items (<i>incorporated colleges only</i>)	252	252	0.0%	0	
NPD payments to reduce NPD balance sheet debt	0	0		0	
Adjusted operating result	1	1	0.0%	0	
Cash budget for priorities (<i>incorporated colleges</i>) :					
Revenue priorities					
Student support funding	0	0			
2015-16 pay award	0	0			
Voluntary severance	0	0			
Estates costs	0	0			
Other - please describe	0	0			
Total impact on operating position	0	0			
Capital priorities					
Loan repayments	252	252			
NPD / PFI repayments	0	0			
Estates costs	0	0			
Provisions pre 1 April 2014	0	0			
Total capital	252	252			
Total cash budget for priorities spend	252	252			

Balance Sheet

		FFR 2023-24	MYR 2023-24	Variance	Variance	Explanation for variance
		£000	£000	%	£	
1 Non-current assets	a) Intangible assets	0	0		0	
	b) Fixed assets	27,642	28,942	4.7%	1,300	
	c) Investments	0	0		0	
Total non-current assets		27,642	28,942	4.7%	1,300	
2 Current assets	a) Stock	0	0		0	
	b) Debtors	1,588	1,728	8.8%	140	timing of HW invoices
	c) Investments	0	0		0	
	d) Cash and cash equivalents	2,545	2,970	16.7%	425	timing of HW invoices; timing of pay award payments
	e) Other (e.g. assets for resale)	0	0		0	
Total current assets		4,133	4,698	13.7%	565	
3 Creditors: amounts falling due within one year	a) Bank loans and external borrowing	0	0		0	
	b) Bank overdrafts	0	0		0	
	c) Lennartz creditor	0	0		0	
	d) Obligations under finance leases and service concessions	0	0		0	
	e) Payments received in advance	0	0		0	
	f) Amounts owed to Funding Council	36	0	-100.0%	-36	assume all student funds used in-year
	g) Obligations under PFI/NPD	0	0		0	
	h) Deferred capital grant	1,031	1,028	-0.3%	-3	
	i) Other creditors and accruals	2,533	2,460	-2.9%	-73	
Total creditors < 1 year		3,600	3,488	-3.1%	-112	
Share of net assets/(liabilities) in associate		0	0		0	
NET CURRENT ASSETS/LIABILITIES		533	1,210	127.0%	677	
TOTAL ASSETS LESS CURRENT LIABILITIES		28,175	30,152	7.0%	1,977	
4 Creditors: amounts falling due after more than one year	a) Local authority loans	0	0		0	
	b) Bank loans and external borrowing	0	0		0	
	c) Lennartz creditor	0	0		0	
	d) Finance leases and service concessions	0	0		0	
	e) Obligations under PFI/NPD	0	0		0	
	f) Deferred capital grant	15,079	15,401		322	
	g) Amounts repayable to Funding Council	0	0		0	
	h) Other creditors	1,543	1,599	3.6%	56	
Total creditors > 1 year		16,622	17,000	2.3%	378	
5 Provisions	a) Pension provisions	1,631	-948	-158.1%	-2,579	2023 movement per actuarial report
	b) Other	976	937	-4.0%	-39	
Total provisions		2,607	(11)	-100.4%	-2,618	
TOTAL NET ASSETS		8,946	13,163	47.1%	4,217	
9 Restricted Reserves	a) Endowment Reserve	22	22	0.0%	0	
	b) Restricted Reserve	0	0		0	
10 Unrestricted reserves	a) Income and Expenditure Reserve	3,159	6,428	103.5%	3,269	2023 movement in pension reserve; 2023 revaluation of L&B
	b) Revaluation reserve	5,765	6,713	16.4%	948	2023 revaluation of L&B
11 Non-controlling interest		0	0		0	
TOTAL RESERVES		8,946	13,163	47.1%	4,217	
Check		0	0		0	

Borders College

LIQUIDITY ANALYSIS

		FFR 24	MYR 24	Variance	
		£000	£000	£000	%
1 Current assets	a) Stocks	0	0	0	
	b) Debtors	1,588	1,728	(140)	(8%)
	c) Investments	0	0	0	
	d) Cash and cash equivalents	2,545	2,970	(425)	(14%)
Total Current Assets		4,133	4,698	(565)	(12%)
2 Less Creditors: Amounts falling due within one year	excl Deferred Capital Grants				
	a) Bank loans and external borrowing	0	0	0	
	b) Bank overdrafts	0	0	0	
	c) Lennartz creditor	0	0	0	
	d) Obligations under finance leases and service concessions	0	0	0	
	e) Payments received in advance	0	0	0	
	f) Amounts owed to SFC	36	0	36	
	g) Obligations under PFI / NPD (Unfunded Only)	0	0	0	
	h) Other creditors and accruals	2,533	2,460	73	3%
Total Creditors: Amounts falling due within one year		2,569	2,460	109	4%
Liquidity position (Baseline Cash)		1,564	2,238	(674)	(30%)
Liquidity ratio		1.61	1.91	(0)	

ADDITIONAL INFORMATION

Longer Term Obligations under PFI / NPD (Unfunded Only)	0	0	0
Other Longer Term Liabilities in Balance Sheet resulting in cash outflows	0	0	0
Other Cash Commitments not included in Balance Sheet	0	0	0
Liquidity position less Longer Term Cash Liabilities/Commitments	1,564	2,238	(674)

Cashflow	FFR 2023-24 £000	MYR 2023-24 £000	Variance %	Variance £	Explanation for variance
1 Cash flow from operating activities					
a) Surplus / (deficit) for the year	-87	-87	0%	0	
2 Adjustment for non-cash items					
a) Depreciation	1,371	1,371	0%	0	
b) Amortisation of intangibles	0	0		0	
c) Benefit on acquisition	0	0		0	
d) Amortisation of goodwill	0	0		0	
e) Loss / (gain) on investments	0	0		0	
f) Decrease / (increase) in stock	0	0		0	
g) Decrease / (increase) in debtors	0	1,000		1,000	timing of HW invoices
h) Increase / (decrease) in creditors	(1,259)	(2,669)	112%	-1,410	rel def cap grant; refund LCMF/HM contribution
i) Increase / (decrease) in pension provision	0	0		0	
j) Increase / (decrease) in other provisions	(100)	(200)	100%	-100	
k) Receipt of donated equipment	0	0		0	
l) Share of operating surplus / (deficit) in joint venture	0	0		0	
m) Share of operating surplus / (deficit) in associate	0	0		0	
n) Other	0	0		0	
Total adjustment for non-cash items	12	(498)	(4250%)	-510	
3 Adjustment for investing or financing activities					
a) Investment income	(10)	(20)	100%	-10	
b) Interest payable	57	57	0%	0	
c) Endowment income	0	0		0	
d) Loss / (gain) on the sale of assets	0	0		0	
e) Capital grant income	(212)	(212)	0%	0	
Total adjustment for investing or financing activities	(165)	(175)	6%	-10	
4 Net cash inflow from operating activities	(240)	(760)	217%	-520	
5 Cash flow from investing activities					
a) Proceeds from sales of fixed assets	0	0		0	
b) Proceeds from sales of intangible assets	0	0		0	
c) Capital grants receipts	212	212	0%	0	
d) Disposal of non-current asset investments	0	0		0	
e) Withdrawal of deposits	0	0		0	
f) Investment income	10	20	100%	10	
g) Payments made to acquire fixed assets	(212)	(326)	54%	-114	late completion of 22-23 project
h) Payments made to acquire intangible assets	0	0		0	
i) New non-current asset investments	0	0		0	
j) New deposits	0	0		0	
Total cash flows from investing activities	10	(94)	(1040%)	-104	
6 Cash flows from financing activities					
a) Interest paid	(57)	(57)	0%	0	
b) Interest element of finance lease and service concession	0	0		0	
c) Endowment cash received	0	0		0	
d) New secured loans	0	0		0	
e) New unsecured loans	0	0		0	
f) Repayments of amounts borrowed	0	0		0	
g) Capital element of finance lease and service concession payments	0	0		0	
Total cash flows from financing activities	(57)	(57)	0%	0	
7 (Decrease) / increase in cash and cash equivalents in the year	(287)	(911)	217%	-624	
8 Cash and cash equivalents at beginning of the year	2,832	3,881	37%	1,049	
9 Cash and cash equivalents at the end of the year	2,545	2,970	17%	425	
Check	(287)	(911)			

Borders College

Capital Expenditure Projects and Forecast Methods of Financing

	FFR 2023-24 £000	MYR 2023-24 £000	Variance %	Variance £	Explanation for variance
Expenditure:					
Land & Buildings	0	114		114	delay in completing 22-23 project
Equipment & Others	212	212	0.0%	0	
	212	326	53.8%	114	
Financed by:					
Cash reserves	0	0		0	
Arms Length Foundation	0	0		0	
Leasing	0	0		0	
SFC/RSB grant	212	325	53.3%	113	delay in completing 22-23 project
Re-investment of proceeds from disposal of assets *	0	1		1	
Non-SFC/RSB grants	0	0		0	
PFI/NPD	0	0		0	
Other - please specify if material	0	0		0	
	212	326	53.8%	114	

* to be included only where this has been agreed by SFC

Capital disposals

Disposal proceeds:

Asset description	0	0
Asset description	0	0
Asset description	0	0
Asset description	0	0
	0	0

Gain/(loss) on disposal:

Asset description	0	0
Asset description	0	0
Asset description	0	0
Asset description	0	0
	0	0

Borders College

FINANCIAL SUMMARY

FFR	MYR
2023-24	2023-24
£000	£000

Income ratios		
Total Income	14,852	15,341
Total Funding Council Grant (excluding release of deferred capital grant) as % of Total Income	75%	74%
Total non-Funding Council Grant (including release of SFC DCG) as % of Total Income	25%	26%
Total Education Contracts and Tuition Fees as % of Total Income	9%	8%
Total Research Grants and Contracts as % of Total Income	0%	0%
Total Other Income as % of Total Income	16%	18%

Expenditure ratios		
Total Expenditure	14,939	15,428
Salaries as % of Total Expenditure	70%	68%
Other operating costs as % of Total Expenditure	21%	23%
Depreciation/amortisation as % of Total Expenditure	9%	9%

Operating position		
Operating Surplus/(deficit)	(87)	(87)
Operating Surplus/(deficit) as % of Total Income	-1%	-1%
Adjusted operating surplus/(deficit)	1	1
Adjusted operating surplus/(deficit) as % of Total Income	0.0%	0.0%

Cash Position		
Cash and Current Asset Investments	2,545	2,970
Overdrafts	0	0
Days Ratio of Cash to Total Expenditure	68	77
Net cash inflow/(outflow) from operating activities	-240	-760
Net cash inflow/(outflow) from operating activities as % of Total Income	-1.6%	-5.0%

Balance Sheet strength		
Unrestricted reserves	3,159	6,428
Liquidity Ratio	1.61	1.91
Unrestricted reserves as % of Total Income	21%	42%
Total borrowing (Overdrafts, Loans, Finance Leases, PFI/NPD)	0	0
Interest cover	-0.53	-0.53