Borders College

Finance & General Purposes Committee – 22 November 2018

Draft Annual Report of Chair of Finance and General Purposes Committee (F&GP) 2017-2018

1. The Committee: planning and monitoring function

The Finance and General Purposes Committee is responsible for agreeing matters of financial policy and regulation, including policies on treasury management. It recommends the annual revenue and capital budgets to the Regional Board.

The Committee has adhered to the principles of good governance emphasised in the sector's Code of Good Governance, has relied upon the College's Financial Memorandum and monitored performance and financial objectives to support the College's strategy for a sustainable future. A standing item on all F&GP agendas, Business Review, up-dates the Committee on year-to-date performance including management accounts, balance sheet, financial KPIs, revisions to the financial forecast and projected achievement of student activity targets. Full minutes of F&GP meetings are available on request.

2. Budget 2017-2018

The Committee was briefed on the historical and future funding landscape prior to consideration of the draft budget for 2017-2018, a budget for a 12 month period to run concurrently with the academic year. Despite the College's clearly articulated strategic plan, uncertainty around future Public Sector and SFC funding inhibited the ability to plan ahead with certainty for more than one year. Such constraint inevitably impacted upon the budget which was recommended to The Regional Board and approved in summer 2017.

At its meeting on 22 June 2017, the Board originally budgeted for an operating deficit of £80k for the year to 31 July 2018. This deficit was as a result of a 1% pay award, and it was assumed that savings of £80k ought to be possible by 2018/19. In August 2017, the Chairs Committee approved a budgeted resource deficit of £110k for the academic year, noting that management would take action to bring back a balanced outturn position. Subsequent revisions reported in November brought the planned I&E deficit to £69k. The actual result was an operating deficit of £76k before accounting for the actuarial gain of £4,154k, taking the net operating position to a surplus of £4,078k.

3. Financial Statements 2017-2018

In October the Committee reviewed the draft annual accounts for the period to 31 July 2018, and met jointly with the Audit Committee on 22 November to review the draft External Audit Report and draft Annual Accounts. External auditors confirmed that they intend to issue an unqualified audit opinion (TBC). It was agreed to recommend the Financial Statements and associated documents for approval by the Board on 6 December 2018.

4. Major Estates and ISLT Developments

The Estates Strategy identifies the main priority for the College is to secure a long-term solution for land based programmes to replace the current facility at Newtown St Boswells. Discussions are in progress with possible collaborators. In the meantime minor upgrading has taken place and increased utilisation of external facilities has been implemented.

The College has made significant progress in implementing its Sustainability Strategy and, in respect of reduction in its carbon footprint, is ahead of target.

The major investment in ISLT in 16-17 and the early part of 17-18 has been completed with positive outcomes and good feedback from students. Further significant expenditure is needed to assist with continuing digitisation of the curriculum and to improve business systems.

5. Risk

Risk is a standing item on all F&GP agendas. The Committee reviews the Risk Register and in particular high level strategic risks relevant to its responsibilities.

6. Budget 2018-2019

The Committee has been thoroughly briefed on the key financial pressures and remedies proposed by the Principal and her senior team and has supported the ongoing case for delivery of the strategic plan, balanced by the need for financial stability.

The Committee was pleased to note prospective opportunities for developments associated with South of Scotland Enterprise Agency, Borderlands and City Deal Initiatives.

The Board approved the budget recommended by F&GP in summer 2018. However, unavoidable costs related to the cumulative effect of increases in National Insurance, Nationally Negotiated Pay Awards and Pensions place further challenges upon the College on an ongoing basis. Along with other College sector bodies the College will continue to press SFC to provide for increased costs related to unavoidable responsibilities.

7. Briefings and Conduct of Business

The Committee is indebted to the Principal and to Vice Principal, Pete Smith, and his team for the high quality briefings and papers received, and to other colleagues who have assisted the members of the Committee throughout the year.

Elaine Acaster

Chair, Finance and General Purposes Committee, 22 November 2018