

# FINANCE & GENERAL PURPOSES COMMITTEE

<b>Subject:</b> Draft Annual Report of the F&GP Committee to the Regional Board 2018-19	<b>Purpose:</b> <b>For Approval</b> <input type="checkbox"/> <b>For Discussion</b> <input checked="" type="checkbox"/> <b>For Information</b> <input type="checkbox"/>
<b>Prepared by:</b> Hazel Robertson, Vice Principal – Finance & Corporate Services	<b>Date:</b> 23 September 2019
<b>Purpose:</b> To approve the draft annual report of the F&GP Committee to the Regional Board.	
<b>Linked to Strategic Goal 5: Build Sustainability.</b>	
<b>Executive Summary:</b>  The attached report has been prepared by the Chair and summarises the work of the Committee during the year 01 August 2018 to 31 July 2019.	
<b>Recommendation:</b> Committee to approve the contents of the report and its submission to the Regional Board.	
<b>Previous Committee Approvals:</b> n/a	
For publication <input checked="" type="checkbox"/>	For publication with redactions <input type="checkbox"/>
Not for publication <input type="checkbox"/>	

## **Borders College**

### **Finance & General Purposes Committee – 3 October 2019**

#### **Draft Annual Report of Chair of Finance and General Purposes Committee (F&GP) 2018-19**

##### **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.

Board Committee structures and membership were reviewed in June 2018. The Board agreed to disband the Human Resources Committee and transferred its responsibilities to the Finance and General Purposes Committee.

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, and revisions to the financial forecast. Full minutes of F&GP meetings are available on request.

##### **2. Budget 2018-2019**

In June 2018, the Board approved the 2018/19 budget and capital commitment, and agreed that once the guidance for the Five Year Forecast Return (FFR) was produced, the Chair's Committee would approve the FFR. The budget resulted in an Income and Expenditure (I&E) deficit of £46k.

Planning for a small deficit allowed us to effectively use our cash resources. However to achieve this we needed to make continued efficiencies within staff budgets. Management plans were in place to achieve the savings requirement for 2018/19.

The budget was further revised during the year:

- The FFR submission showed a budgeted deficit of £41k. The main changes were updates to the staff budget as a result of changes to structure and taking into account the curriculum plan which was updated following enrolment.
- The budget and the FFR was approved by the Chair's Committee in August 2018.
- Following a high level review of the QTR1 position the staff budget was rebased to ensure it reflected changes made in curriculum areas. The outcome was a budgeted surplus of £163k. Reasons for the improvement include savings which had not been deducted from the base budget, and a rebasing of temporary lecturing costs.
- The revised budgeted surplus was authorised to fund a donation of £150k to BFET, resulting in a broadly breakeven budget.

The actual result was an operating deficit of £28k before accounting for the actuarial gain/loss of £k, taking the net operating position to a surplus/deficit of £.

### **3. Financial Statements 2018-2019**

In October the Committee reviewed the draft annual accounts for the period to 31 July 2019, and met jointly with the Audit Committee on 21 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 5 December 2019.

### **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. Renewed efforts have been made to dispose of the Melrose Road site.

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

Significant enabling funds were received from South of Scotland Enterprise Partnership to establish the South of Scotland Skills & Learning Network across Borders and Dumfries & Galloway.

- This has enabled the installation of a network of digital hub rooms across our campuses. They will be connected to digital spoke sites in local schools and other locations, early in the 2019-20 academic year to allow remote delivery, commencing with Higher Psychology.
- The collaboration with Dumfries and Galloway College has resulted in the creation of a common platform for shared material to be available through [DigiSkillScotland.com](http://DigiSkillScotland.com)
- We have created a physical and digital STEM hub in the Hawick Campus, including a passive house, and a focus on construction and renewables. This will improve our offer to businesses, schools and the community.

### **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 2019-2020**

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 Board approved the one year budget in summer 2019, showing a small deficit (£19k) and as recommended in that paper, the Board requested consideration of the Five Year Financial Forecast and Scenarios by the Chair's Committee and a five year plan to be submitted to the Board for consideration. The Chair's Committee have expressed their concerns over the drop in income arising from the funding formula and the potential impact of a range of scenarios which have been modelled. It was agreed that these challenges would be explicit in the submission to the Scottish Funding Council (due by end September 2019).

## **7. Self Evaluation**

At its meeting in June 2018 the Board considered the Board Enhancement and Operational Plans which resulted from an agreed process of self-evaluation. The actions agreed for the Finance and General Purposes Committee were:

- endeavour to appoint new members with necessary business expertise
- improve focus of management on planning for longer term and increasing financial income resources/external business development
- reporting on compliance with staff governance standard.

A new Board member with relevant business experience was appointed with the intention of joining the Committee, however turnover in the Audit Committee Chair meant that this member joined the Audit Committee instead. It was noted that the Vice Principal for Finance and Corporate Services was undertaking a commercial MBA and it was felt that this would add additional expertise to the considerations of the Committee.

During the year there has been a focus on developing longer term strategy for estates, ISLT and finance. The implementation of SOSEP funded projects has also encouraged a longer term focus for the College.

A report on compliance with the staff governance standard will be scheduled for consideration at an appropriate juncture in the workplan.

## **8. Briefings and Conduct of Business**

The Committee is indebted to the Principal and to Vice Principal Finance and Corporate Services, Hazel Robertson, for the high quality briefings and papers received.

Elaine Acaster

Chair, Finance and General Purposes Committee, 18 September 2019