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FINANCE & GENERAL PURPOSES COMMITTEE

Subject: Finance Update	**Purpose:** **For Approval** ☐ **For Discussion** ☒ **For Information** ☐
Prepared by: Andy Jones, Finance Business Partner	**Date: 9th March 2020**
Purpose: To provide the Board with an analysis of the current financial position.	
Linked to Strategic Goal 3: Provide a high quality College experience.	

Financial Forecast Return 2019-20 • FFR approved surplus of £16k. • Scenarios negative impact £55k. • Savings required £161k Future years savings projections (prior to scenario planning) • 2020-21 £126k • 2021-22 £177k • 2022-23 £360k • 2023-24 £178k Mid year FFR to be submitted by 27 March.	**In year budget changes** Corporate Savings achieved • Recurring £161k • Non recurring £54k Institutional efficiency return to be submitted by 3 April. Agreement reached to recruit two e-Learning Facilitators (one fixed term and one permanent). £140k additional student support funding confirmed. £50k Garage for the sea funding confirmed.
Management accounts Aug19-Jan20 Management Accounts: • Pay: Favourable variance. Profiling of temporary staff required for next Quarter • Non Pay: on budget • Income: not shown as continues to require profiling (note: included) Mid year review process is underway Appendix 1	**Cashflow** Opening balance in August £1,126k Closing balance in January £860k Cash holdings are regularly greater than 20 days target (30-34). A low spot in October which reflects temporary issues with HWU SLA payment. Appendix 2
Debtors £204k aged debt, is less than at this time last year, however there is a drop in the level which is current. Additional focus shall be applied to debt recovery. Appendix 3	**Creditors** Payment performance is improving, and further redesign of processes is ongoing. 71.44% of invoices were paid within 40 days. Appendix 4

Recommendation: Members to note • the satisfactory management accounts position at end January 2020 • the achievement of savings targets for 2019/20 • additional funding confirmations • effective cash management supported by lower level of debtors and improved creditors payment performance.		
Previous Committee Approvals: n/a		
For publication ☒	**For publication with redactions** ☐	**Not for publication** ☐

APPENDIX 1 Management accounts extract

Borders College Management Accounts 1 August 2019 to 31 January 2020 (P1 tp P6)

			Annual Budget				Pays Year to date			Non Pay Year to date			Income Year to date			TOTAL YEAR TO DATE		
B Holder	Cost centre	centre description	Pay £	Non Pay £	Income £	TOTAL £	Budget £	Actual £	Variance £	Budget £	Actual £	Variance £	Budget £	Actual £	Variance £	Budget £	Actual £	Variance
	Care & Access				0													
JG	A171	Care & Childcare	398,408	34,200	(1,520,663)	(1,088,055)	199,206	226,307	(27,101)	17,100	5,852	11,248	(568,394)	(699,643)	131,249	(352,088)	(467,484)	115,396
JG	A173	Supported Programmes	535,853	12,950	(591,380)	(42,577)	267,942	255,014	12,928	6,468	2,528	3,940	(213,382)	(356,613)	143,231	61,028	(99,071)	160,099
JG	A283	Land Based	450,917	52,570	(937,047)	(433,560)	225,456	255,750	(30,294)	26,286	15,956	10,330	(346,373)	(421,471)	75,098	(94,631)	(149,765)	55,134
JG	G283	Land based commercial	0	7,124	(29,927)	(22,803)	0	0	0	3,564	2,620	944	(14,009)	(8,629)	(5,380)	(10,445)	(6,009)	(4,436)
JG	G171	CAF- Health & Social Care	0	250	(26,174)	(25,924)	0	0	0	126	0	126	(9,389)	(27,720)	18,331	(9,263)	(27,720)	18,457
JG	G173	CAF - Early Education & spp prg	0	0	(2,500)	(2,500)	0	0	0	0	0	0	(1,248)	0	(1,248)	(1,248)	0	(1,248)
												0						
	Creative Industries, Sport & Business											0						
LG	A231	Catering & Hospitalitry	141,317	32,790	(229,707)	(55,600)	70,656	71,489	(833)	16,398	20,261	(3,863)	(85,987)	(147,116)	61,129	1,067	(55,366)	56,433
LG	A233	Hairdressing & Beauty	425,589	45,800	(956,852)	(485,463)	217,044	188,277	28,767	22,890	26,769	(3,879)	(349,951)	(435,022)	85,071	(110,017)	(219,976)	109,959
LG	A235	Sport	386,635	109,050	(1,102,206)	(606,521)	193,320	170,700	22,620	54,528	68,968	(14,440)	(418,572)	(531,077)	112,505	(170,724)	(291,408)	120,684
LG	A237	Creative & Digital Industries	168,196	12,000	(360,177)	(179,981)	84,096	76,571	7,525	6,000	1,252	4,748	(138,097)	(174,322)	36,225	(48,001)	(96,499)	48,498
LG	A121	Business & Computing	190,615	9,630	(398,801)	(198,556)	102,858	128,203	(25,345)	4,818	1,030	3,788	(161,710)	(188,196)	26,486	(54,034)	(58,963)	4,929
LG	G231	Business Events & Tourism	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LG	G235	CIS Sport	0	0	0	0	0	0	0	0	0	0	0	(2,175)	2,175	0	(2,175)	2,175
	Cons, Engineer & Land Based			0														
DL	A282	STEM	756,290	33,088	(572,025)	217,353	378,150	346,469	31,681	16,548	39,792	(23,244)	(215,633)	(421,515)	205,882	179,065	(35,254)	214,319
DL	A175	Care & employability skills	266,007	21,003	(101,153)	185,857	143,010	142,358	652	10,506	835	9,671	(39,244)	(30,819)	(8,425)	114,272	112,374	1,898
DL	A281	Cons & Engineer	718,467	100,614	(1,801,053)	(981,972)	359,244	316,574	42,670	50,304	35,947	14,357	(676,140)	(541,215)	(134,926)	(266,592)	(188,693)	(77,899)
DL	G281	Cons & Eng Commercial	0	2,000	(15,000)	(13,000)	0	0	0	996	1,786	(790)	(7,500)	(4,140)	(3,360)	(6,504)	(2,354)	(4,150)
DL	G282	CEL STEM	0	0	0	0	0	0	0	0	123	(123)	0	0	0	0	123	(123)
	Business Development Unit (BDU) and Commercial																	
DM	G400	Business Services	703,604	47,780	(874,524)	(123,140)	359,178	356,207	2,971	23,940	37,993	(14,053)	(461,293)	(623,220)	161,928	(78,175)	(229,020)	150,846
DM	G401	Care & Childcare	0	0	0	0	0	0	0	0	(315)	315	0	0	0	0	(315)	315
DM	G402	Short Courses	237,288	17,950	(326,162)	(70,924)	118,644	121,486	(2,842)	9,250	9,040	210	(191,456)	(132,670)	(58,786)	(63,562)	(2,144)	(61,418)
DM	G403	Govt Programmes	117,516	44,964	(322,417)	(159,937)	58,734	48,096	10,638	17,652	4,907	12,745	(117,403)	(124,656)	7,253	(41,017)	(71,653)	30,636
DM	G404	Flexible learning (community)	0	0	0	0	0	680	(680)	0	0	0	0	(90)	90	0	590	(590)
	Curriculum Wide																	
C Nairn	A123	Learning Support	150,445	620	0	151,065	75,228	70,918	4,310	318	0	318	0	0	0	75,546	70,918	4,628
HA	A450	Curriculum Management	210,459	700	0	211,159	105,228	108,444	(3,216)	348	328	20	0	0	0	105,576	108,773	(3,197)
HA	B550	Admin Campus	83,022	100	0	83,122	41,514	8,954	32,560	48	0	48	0	0	0	41,562	8,954	32,608
HA	A500	Admin Curriculum Wide	223,953	130	0	224,083	111,978	54,368	57,610	66	624	(558)	0	0	0	112,044	54,993	57,051
HA	A600	Admin Project Wide	111,172	34,900	(265,851)	(119,779)	53,925	60,872	(6,947)	17,448	13,401	4,047	(123,623)	(71,127)	(52,497)	(52,250)	3,147	(55,397)
C Nairn	C11	Student Services	193,716	21,410	(87,250)	127,876	96,864	87,232	9,632	10,704	7,215	3,489	(43,620)	(73,199)	29,579	63,948	21,249	42,699
C Nairn	C13	Student Accommodation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
HR	C06	Student funding	80,034	2,203,006	(2,213,006)	70,034	40,020	39,744	276	1,101,510	1,085,974	15,536	(1,106,508)	(1,112,721)	6,213	35,022	12,998	22,024
A Hamilton	C14	Student Association	58,567	14,344	(9,910)	63,001	29,286	25,026	4,260	7,176	4,621	2,555	(4,956)	(5,941)	985	31,506	23,706	7,800
S Moncrief	C23	Library	0	81,000	0	81,000	0	0	0	40,500	40,147	353	0	585	(585)	40,500	40,732	(232)
	Corporate																	
R Hewitt	C20	Facilities	627,786	782,359	(763,191)	646,954	313,896	308,698	5,198	391,188	436,464	(45,276)	(381,594)	(251,792)	(129,802)	323,490	493,370	(169,880)
R Hewitt	G100	SBC Events	4,931	0	(12,020)	(7,089)	2,466	2,449	17	0	(0)	0	(6,012)	(7,539)	1,527	(3,546)	(5,089)	1,543
S Moncrief	C04/C15	ISLT/TEL	619,168	557,070	(282,007)	894,231	260,079	269,828	(9,749)	278,532	291,968	(13,436)	(141,006)	(103,593)	(37,413)	397,605	458,203	(60,598)
C Reith	C12	Marketing	87,091	50,100	(50)	137,141	43,548	43,246	302	25,050	18,849	6,201	(24)	0	(24)	68,574	62,095	6,479
JR	C07	Quality	199,762	19,422	0	219,184	117,718	107,595	10,123	9,708	11,479	(1,771)	0	0	0	127,426	119,075	8,351
N Whitely	C10	Student Records	212,036	850	0	212,886	103,668	106,133	(2,465)	420	641	(221)	0	0	0	104,088	106,774	(2,686)
D Kerr	C05	HR	156,843	86,568	0	243,411	78,420	77,964	456	43,290	27,688	15,602	0	0	0	121,710	105,652	16,058
HR	C03	Finance	283,881	26,800	0	310,681	164,940	164,218	722	13,404	19,801	(6,397)	0	0	0	178,344	184,019	(5,675)
HR	C02	Support (Retirals)	0	53,788	0	53,788	0	0	0	26,892	26,773	119	0	0	0	26,892	26,773	119
A Cox	C08	Board	30,853	6,200	0	37,053	14,243	13,945	298	3,102	2,592	510	0	0	0	17,345	16,537	808
A Cox	C09	Senior Management	333,761	7,740	0	341,501	166,884	171,413	(4,529)	3,882	3,350	532	0	0	0	170,766	174,763	(3,997)
A Cox	C500	Corporate Admin	71,844	0	0	71,844	35,922	35,678	245	0	0	0	0	0	0	35,922	35,678	245
HR	B02	Includes course dev/sick/staff dev	374,190	2,491,016	(2,860,660)	4,546	31,182	10,659	20,523	1,276,196	1,277,219	(1,023)	(1,435,577)	(1,085,165)	(350,412)	(128,199)	202,713	(330,912)
HR	U	Unallocated	0	0	0	0	0	0	0	0	230	(230)	0	0	0	0	230	(230)
HA	A455		0	3,500	0	3,500	0	0	0	1,752	1,629	123	0	0	0	1,752	1,629	123
Total			9,610,216	7,025,387	(16,661,712)	(26,110)	4,664,547.00	4,471,564.61	192,982	3,538,908.00	3,546,340.22	(7,432)	(7,258,700.60)	(7,580,800.08)	322,099	944,754	437,104.75	507,650

Notes

1. Phasing required for 6 month review and FFR return to SFC.
2. The overall position is an underspend of over £193k on salaries, supplies are £7.4k over budget. Salaries budgets include assumed increases associated with inflation and job evaluation.

APPENDIX 2 **DRAW DOWN AND CASH FLOW : March 2020**

March 20: Profile of grants to be paid to the College **Borders College**

Individual grants will be paid to the college based on the profile entered below (actual payments can not be amended) with the exception of ESF funding which will be paid on an agreed profile. Payment will only be made up to the annual budget.

	Actual											Current	Forecast				Budget v Forecast FY 2019/20				Budget v Forecast AY 2019/20			
	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Budget	Forecast	Variance	Comment	Budget	Forecast	Variance	Comment
Payments	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Current	Forecast	Forecast	Forecast	Forecast	FY 2019-20	FY 2019-20			AY 2019-20	AY 2019-20		
College Maintenance	0	0	0	0	0	26,200	26,200	26,200	26,200	26,200	0	138,000					269,000	269,000	0					
Grant in aid	666,161	730,000	673,394	898,557	250,000	750,000	350,000	1,000,000	875,000	300,000	550,000	1,190,200	350,000	950,000	1,000,000	765,812	8,233,312	8,233,312	0		8,331,012	8,331,012	0	
Scottish Teachers Superannuation scheme	0	0	0	0	0	11,800	11,800	11,800	11,800	11,800	11,800	12,200					83,000	83,000	0		83,000	83,000	0	
Student Support Consolidated	177,169	179,281	287,860	2,772	15,000	100,000	199,070	192,890	239,148	162,212	276,465	99,126	211,359	183,637	193,798	158,801	1,930,993	1,930,993	0		2,031,506	2,031,506	0	
AY1819 student support unspent funds March 20												-65,548					-65,548	-65,548	0		-65,548	-65,548	0	
Student Support IYR1920											0	98,090	12,000	12,000	10,000	7,910	98,090	98,090	0		140,000	140,000	0	
National Bargaining harmonisation AY1819	0	0	0	153,989	0	0	0	0	0	0	0						153,989	153,989	0		0	0	0	
National Bargaining harmonisation AY1920	0	0	0	0	10,000	12,500	12,500	12,500	12,500	12,500	12,500	8,615	16,500	16,500	16,500	20,952	93,615	93,615	0		164,067	164,067	0	
SFC Capital Grant	0	0	0	43,474	0	0	0	0	0	0	0						43,474	43,474	0					0
ESOL Funding	0	0	0	0	0	0	0	0	0	0	0						0	0	0		0	0	0	
FWDF 1819	0	0	0	0	0	13,828	13,828	0	0	0	0						27,656	27,656	0		27,656	27,656	0	
FWDF 1920	0	0	0	0	0	0	35,055	35,055	35,055	35,055	0						140,220	140,220	0		140,220	140,220	0	
South Scotland Skills and Learning network	70,000	180,000	36,709	324,496	386,871	74,023	297,804	0	48,684	163,086	167,725	77,202	0	0	0	0	1,896,200	1,826,600	69,600		0	1,215,395	-1,215,395	Comment
Funding for counsellors	0	0	0	0	0	0	0	0	0	0	13,500	13,500	13,500	13,500	13,500	13,500	43,740	27,000	16,740	Comment	81,000	81,000	0	
Access to sanitary products FY1920										0	0						0	0	0		0	0	0	
ESF 1516 DSW Clawback									-1,244	0	0						-1,244	-1,244	0		-1,244	-1,244	0	
ESF Developing Scotland's Workforce (2019-20	0	0	0	0	8,429	8,429	8,429	8,429	8,429	8,429	8,429	8,429	8,429	8,429	8,429	8,429	67,431	67,431	0		101,146	101,146	0	
ESF Developing Scotland's Workforce (2018-19	8,408	8,408	8,408	8,408	0	0	33,631	0	0	0	0	1,483	0	0	0	0	68,745	68,745	0		35,114	35,114	0	
Total Resource Drawdown	**843,330**	**909,281**	**961,254**	**1,055,318**	**275,000**	**900,500**	**599,570**	**1,243,390**	**1,164,648**	**512,712**	**850,765**	**1,480,683**	**589,859**	**1,162,137**	**1,220,298**	**953,475**								
Total Capital Drawdown	**0**	**0**	**0**	**43,474**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**								
Total Strategic Drawdown	**78,408**	**188,408**	**45,117**	**332,904**	**395,300**	**96,280**	**388,747**	**43,484**	**90,924**	**206,570**	**189,654**	**100,614**	**21,929**	**21,929**	**21,929**	**21,929**								
College Innovation Project																								
Training Garage for the Sea: H20020											10,000	40,000					50,000	50,000						

Additional drawn down agreed for Student Support Funding £140,000 and Garage for the Sea £50,000

Monthly cashflow forecast: March 20 | **Borders College**

March 20 to be updated by the college for actual expenditure. April 20 to July 20 to be completed with forecast (best estimate of outturn) figures. All figures to the nearest £ (whole numbers only)

	Actual											Current	Forecast				Totals	
RDEL	**Apr-19 Actual**	**May-19 Actual**	**Jun-19 Actual**	**Jul-19 Actual**	**Aug-19 Actual**	**Sep-19 Actual**	**Oct-19 Actual**	**Nov-19 Actual**	**Dec-19 Actual**	**Jan-20 Actual OR Forecast**	**Feb-20 Actual OR Forecast**	**Mar-20 Current**	**Apr-20 Forecast**	**May-20 Forecast**	**Jun-20 Forecast**	**Jul-20 Forecast**	**Total FY 2019-20**	**Total AY 2019-20**
Income from foundation (revenue)																	0	0
Other Income excluding EMA (revenue)	215,791	182,366	65,056	460,006	63,920	206,531	137,153	178,472	477,658	491,094	184,801	377,991	426,513	125,231	180,347	261,171	3,040,839	3,110,882
UHI HE funding (UHI colleges only)																	0	0
Total RDEL income (excluding drawdown)	**215,791**	**182,366**	**65,056**	**460,006**	**63,920**	**206,531**	**137,153**	**178,472**	**477,658**	**491,094**	**184,801**	**377,991**	**426,513**	**125,231**	**180,347**	**261,171**	**3,040,839**	**3,110,882**
Salaries	443,021	752,896	731,558	1,116,076	393,476	689,772	739,313	787,626	802,938	799,968	786,332	1,095,683	503,138	882,383	855,924	1,226,627	9,138,659	9,563,180
Exceptional Restructuring costs																	0	0
Very High Priority Capital Maintenance (SFC)												138,000					138,000	138,000
Capital Maintenance																	0	0
Other Operating Expenditure excl' EMA	150,614	302,642	219,069	531,724	190,078	381,605	379,038	441,721	265,163	228,496	125,806	218,701	134,946	126,995	137,220	227,945	3,434,657	2,857,714
NPD Unitary charges (paid by colleges)																	0	0
Donation to Foundation																	0	0
Student Support (excluding EMA)	162,038	138,563	179,421	39,635	12,826	151,782	240,952	157,988	140,437	193,205	149,864	266,943	231,359	183,637	241,888	63,286	1,833,654	2,034,167
Total RDEL expenditure	**755,673**	**1,194,101**	**1,130,048**	**1,687,435**	**596,380**	**1,223,159**	**1,359,303**	**1,387,335**	**1,208,538**	**1,221,669**	**1,062,002**	**1,719,327**	**869,443**	**1,193,015**	**1,235,032**	**1,517,858**	**14,544,970**	**14,593,061**
Net RDEL expenditure (a)	**-539,882**	**-1,011,735**	**-1,064,992**	**-1,227,429**	**-532,460**	**-1,016,628**	**-1,222,150**	**-1,208,863**	**-730,880**	**-730,575**	**-877,201**	**-1,341,336**	**-442,930**	**-1,067,784**	**-1,054,685**	**-1,256,687**	**-11,504,131**	**-11,482,179**
CDEL																		
Income from foundation (capital)																	0	0
Proceeds of sale of fixed assets																	0	0
Other income (capital)																	0	0
Total CDEL income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Expenditure																	0	0
Very High Priority Capital Maintenance (SFC)																	0	0
Additions - land																	0	0
Additions - buildings	1,050	2,832	50,302	255,017	6,645	221,076	110,202	0	66,999	35,426	0	28,770					778,319	469,118
Additions - fixtures and fittings	4,362	0	0	0	0	-3,955	5,771	0	3,375	1,536	0	0					11,088	6,726
Additions- IT	46,198	8,292	8,306	3,471	24,258	42,332	59,815	0	56,955	114,115	161,730	148,000					673,472	607,205
Work in Progress (Assets Under Construction)	7,038	6,308	15,689	11,118	7,490	-27,986	4,085	0	0	0	2,522	2,522					28,787	-11,366
Surrender of proceeds																	0	0
Total CDEL expenditure	58,648	17,432	74,297	269,606	38,393	231,466	179,873	0	127,329	151,077	164,252	179,292	0	0	0	0	1,491,666	1,071,683
Net CDEL expenditure (b)	-58,648	-17,432	-74,297	-269,606	-38,393	-231,466	-179,873	0	-127,329	-151,077	-164,252	-179,292	0	0	0	0	-1,491,666	-1,071,683
ODEL																		
Capital Loan/Lennartz Repayments (c)																	0	0
EMA																		
EMA income	0	3,850	14,970	13,230	165	0	9,870	11,850	14,310	13,140	13,140						94,525	62,475
EMA expenditure	8,370	14,970	13,230	0	0	9,870	11,850	14,310	13,560	13,140							99,300	62,730
Net EMA (d)	-8,370	-11,120	1,740	13,230	165	-9,870	-1,980	-2,460	750	0	13,140	0	0	0	0	0	-4,775	-255
Total Net Outflows/(Inflows) (a) +(b)+(c)+(d)	**-606,900**	**-1,040,287**	**-1,137,549**	**-1,483,805**	**-570,688**	**-1,257,964**	**-1,404,003**	**-1,211,323**	**-857,459**	**-881,652**	**-1,028,313**	**-1,520,628**	**-442,930**	**-1,067,784**	**-1,054,685**	**-1,256,687**	**-13,000,572**	**-12,554,117**
Opening Bank Balance	**936,942**	**1,251,780**	**1,309,182**	**1,178,003**	**1,125,894**	**1,225,505**	**964,321**	**548,634**	**624,185**	**1,022,298**	**859,928**	**872,034**	**932,703**	**1,101,561**	**1,217,843**	**1,405,385**		
Net Cash Available	330,042	211,493	171,633	-305,802	555,205	-32,459	-439,683	-662,689	-233,274	140,646	-168,385	-648,594	489,773	33,777	163,158	148,698		
SFC Cash Drawdown Total	921,738	1,097,689	1,006,370	1,431,696	670,300	996,780	988,317	1,286,874	1,255,572	719,282	1,040,419	1,581,297	611,788	1,184,066	1,242,227	975,404	12,996,333	12,552,325
Closing Bank Balance	**1,251,780**	**1,309,182**	**1,178,003**	**1,125,894**	**1,225,505**	**964,321**	**548,634**	**624,185**	**1,022,298**	**859,928**	**872,034**	**932,703**	**1,101,561**	**1,217,843**	**1,405,385**	**1,124,102**		
Closing bank balance / Actual Expenditure per day = days at that rate	36	35	24	59	29	21	14	22	35	25	17	63	31	35	34			

Cash days at end January are 26 dropping to 17 in February and at an elevated rate of 63 days in March due to requirement to fully draw down funds for the FY end March. Cash days return to a more average level of 31-34 days for the remainder of the AY.

Low spot in October 2019 due to issues with non payment of the HWU SLA. We continue to be in dialogue with HWU to resolve SLA costing issues however they are now paying our invoices as expected.

APPENDIX 3 **DEBTORS: P1-7 (August 2019 – February 2020)**

The monthly aged debt totals have a seasonal profile. The majority of sales invoices are generated at the start of the academic year. There is a smaller peak between the end of Block 1 and the start of Block 2, and there is a similar peak towards the end of the financial year. At these peaks the total debt increases due to the high levels of "current" debt. The riskier older debt levels normally remain relatively stable.

Student and Trade debt levels should normally increase in September/October (after enrolment). Student debt should subsequently decline as payment plans take effect. Commercial debt levels should remain constant at around 90k level during term time, if billing is up to date and regular. Increased debt levels normally occur when commercial billing has lower in the previous month.

The total debt in Feb 2020 was £204k which is lower than last year (£222k), however only 42% of the debt is current, which is a significant drop on last year 's 64%.

APPENDIX 4 **CREDITORS: P1-7 (August 2019 – February 2020)**

The College's standard payment terms are to pay within 30 days. We operate two payment runs per month, on the 6th and 20th of the month. The prompt payment code suggests payment of SMEs within 10 days. Our ability to pay within 10 days is severely constrained by current processes and payment frequency.

The chart on the left shows that only 3% of invoices are paid within 10 days. Historically our ability to pay within 30 days has been very challenging, although the performance improved in 2017-18 and dipped again to the current level of 37%. We have been steadily increasing the volume of invoices processed through PECOS and effective use of this electronic process should give us more ability to pay promptly.

The chart on the right shows that the average number of days to pay peaked at 44 days in 2014-15, dropped to 37 days in 2017-18 and currently sits at 39 days.

Prompt payment is a key improvement area for the finance team to work with budget managers to progress.