

# FINANCE & GENERAL PURPOSES COMMITTEE REPORT

<b>Subject:</b> 2022/23 Outlook	<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	<b>Date:</b> 24 February 2022
<b>Purpose:</b> To update members on the overall financial position through a financial review and initial development of planning scenarios for 2022/23.	
<b>Linked to Strategic Goal:</b> We will take a leading role in enabling an inclusive, resilient and sustainable Scotland  <b>Performance Measures:</b> Recognise nationally as a progressive organisation	
<b>Linked to Strategic Risk Register:</b> 2 - Financial Plan Objectives  <b>New Risk Commentary:</b>	
<b>Executive Summary:</b>  For the last few years the College has achieved its financial targets and has been able to achieve sufficient savings to allow some modest investment in service improvements.  We do not yet have confirmation of our SFC funding level for 2022/23 but are advised to plan on flat cash. This results in a significant challenge for the coming year when coupled with other issues such as pay uplifts and ongoing cost pressures.  I have provided a slide pack (attached) which contains information which will be helpful in setting out our budget proposition for the coming year. We have planned an SLT strategy day which will provide a focus on the financial position and will involve consideration of solutions to the difficult scenarios we face. Current projections focus on a least pessimistic outlook and a most pessimistic outlook (normally I also provide an optimistic scenario).  The main points for you to note are as follows.  <b>SFC funding</b> <ul style="list-style-type: none"> <li>• Core credits static with one year out of the most recent four where we obtained additional credits of 300 and over achieved</li> <li>• Credit income was £9.3m in 2018/19 compared to projection of £9.3m in 2022/23</li> <li>• Predicted loss of mental health and digital learning funds</li> <li>• SFC income rising from 63.3% of total income to 67.6% in 2021/22</li> </ul> <b>Other income</b> <ul style="list-style-type: none"> <li>• Year on year increase in FWDF.</li> <li>• Benefit from job retention scheme in last two years.</li> <li>• Net loss from refectory of £11k rising to £125k during Covid years. We will be aggressively managing this going forward.</li> </ul>	

**Staffing**

- Costs rising significantly year on year.
- Increase of 5 posts from 2017/18 to 2020/21 in elearning, quality and programme / project management.
- Several restructuring exercises to provide flexibility and focus in delivery.
- Uncertainty re current year pay award – full and final offer not acceptable to staff side.
- Finalisation of job evaluation and impact due March next year. No additional national funding to cover financial risk.
- Pension valuations have pushed us into technical deficits in last few years. 25% increase in costs over the last three years.

**Scenarios**

- Two scenarios have been modelled – least pessimistic (£579k) and most pessimistic.(£1,593k)
- Significant variables are SFC income, other income including FWDF, project, HWU and catering, pay costs and Facilities Management costs.

**Solutions being explored**

- Organisational change
- Non SFC income
- SLT savings challenge
- Reducing delivery costs
- Changing curriculum
- Transformation and redesign

The outlook is significantly more challenging than in recent years. Once we have confirmation of SFC funding we will extend the forward look for three years so that we can prepare an FFR for consideration and approval.

**Recommendation:**

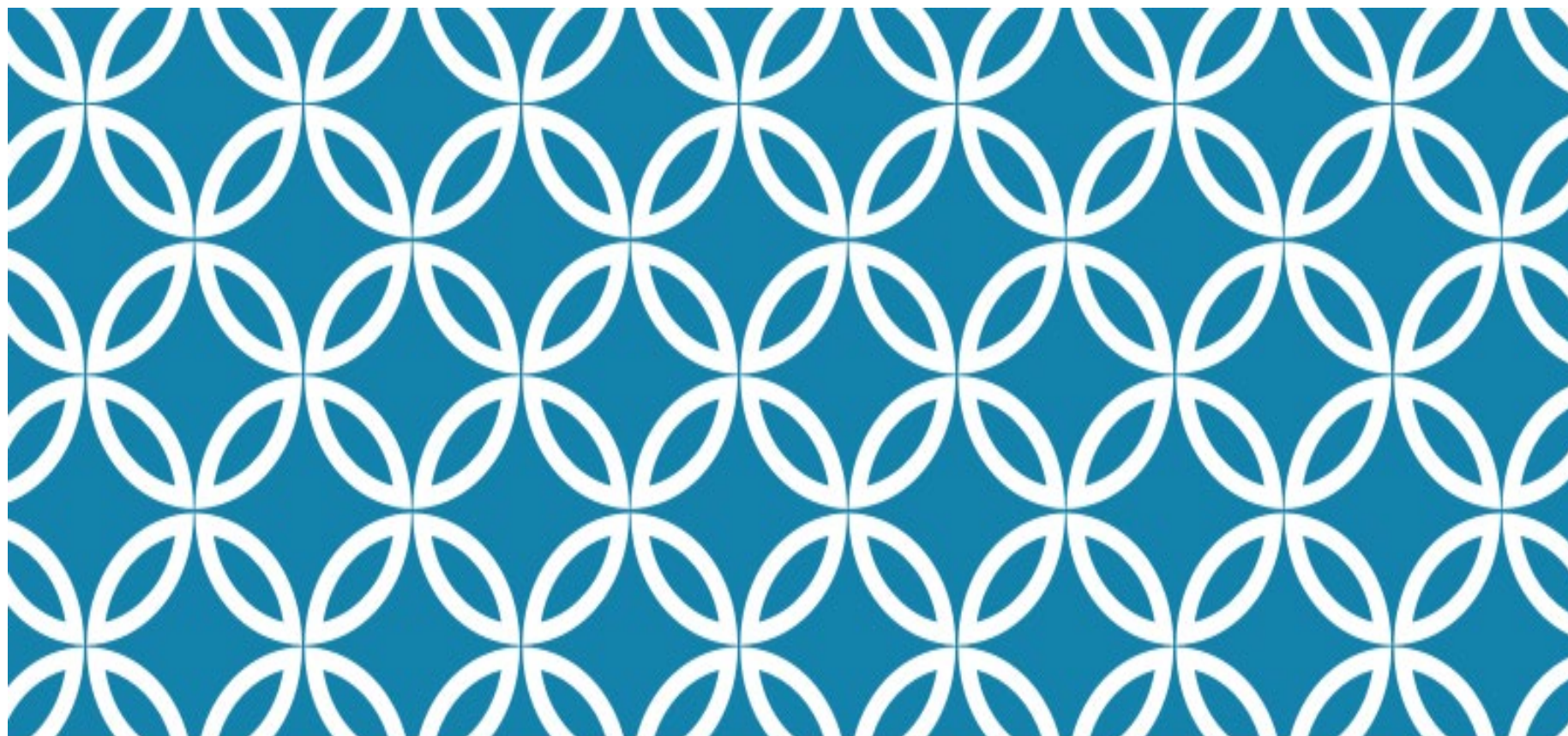
Members to seek clarification on any aspects of the report and note the work being undertaken to further develop the scenario analysis. This will lead to the production of an FFR and budget for approval.

**Previous Committee Approvals:**

For publication ☒

For publication with redactions ☐

Not for publication ☐



# BORDERS COLLEGE FINANCIAL REVIEW

February 2022

## 2022/23 OUTLOOK

- Setting the Scene
  - Sources of funds, history and changes
  - Spend changes
    - Staffing
  - Scenarios
  - Solutions

# SFC INCOME

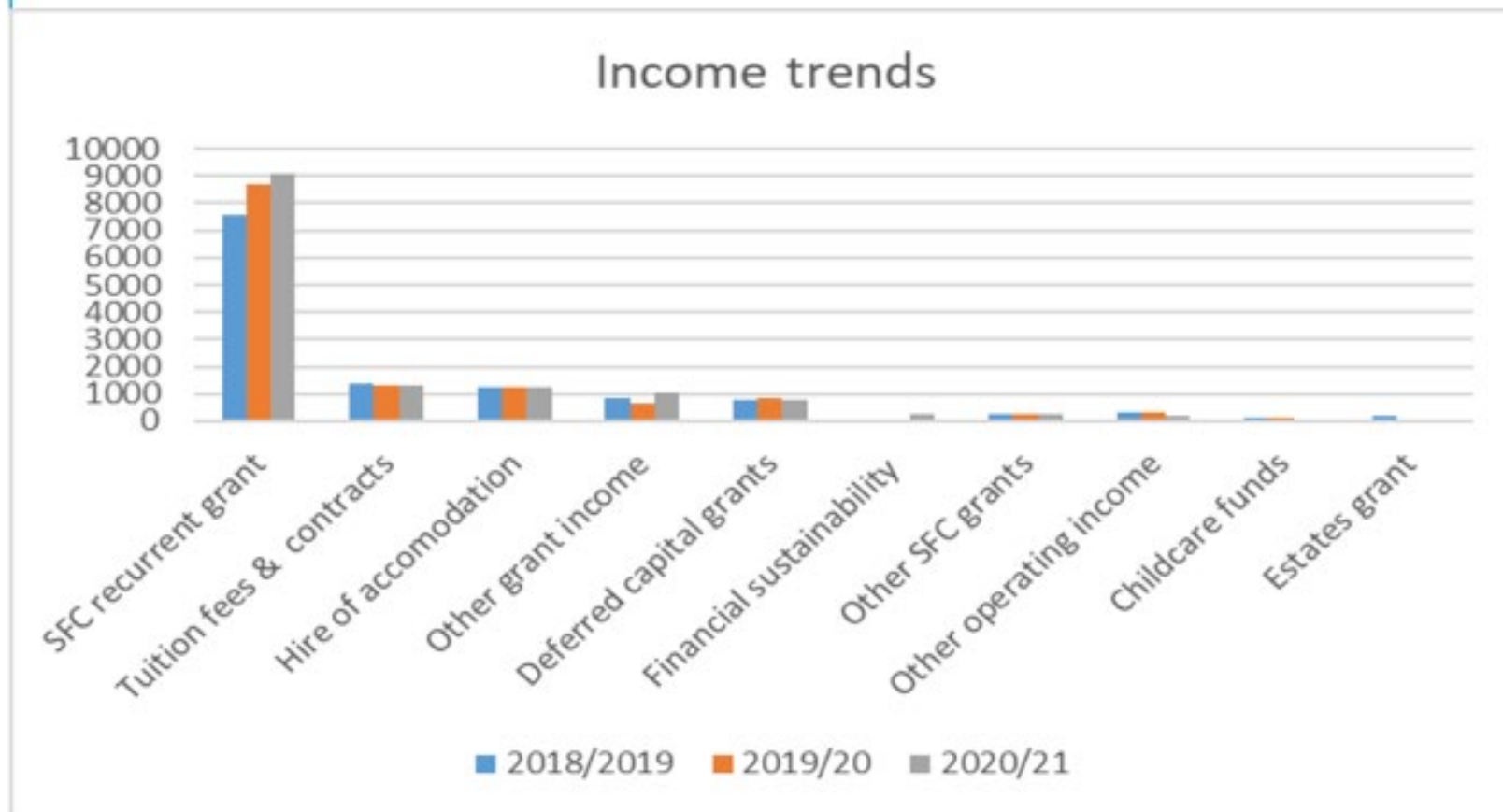
	2018/19	2019/20	2020/21	2021/22 (subject to performance)	2022/23 estimate
Core grant in aid	8,599 46	8,730	9,447	9,072	9,273
In year transfer					
FA				303	
Deferred / Covid	0	0	279	176	
Cost pressure	655 NB	83+211	174+47	204	
Digital learning	0	0	30	74	
Mental health	0	81	81	65	
Subtotal ex ESF	9,300	9,105	10,058	9,894	9,273
Sanitary products	28	19	5	5	
ESF	134	135	133	136	136

# SFC CREDIT TARGETS

	2018/19	2019/20	2020/21	2021/22
Core Credits redistribution	25,176 +300	25,176	25,176	25,176
ESF	574	478	454	454
FA				1,028
Price per core credit	£342	£347	£345	£375
Price per redistribution	£153			
Price per ESF	£233	£282	£292	£292
Price per FA				£295
Scotland average core	£268	£274	£289	£279



# SOURCES OF FUNDING PROFILE

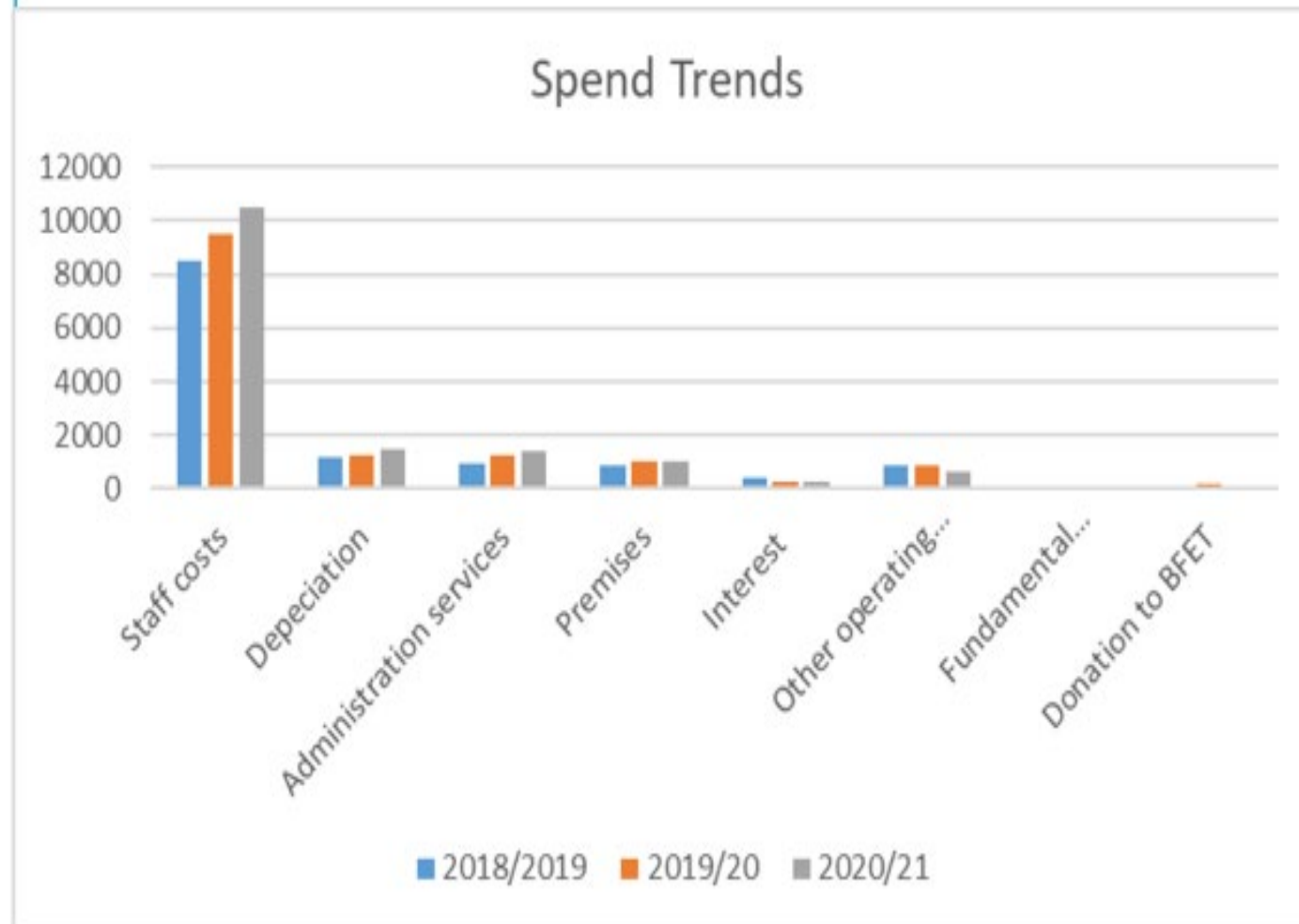


# SIGNIFICANT INCOME VARIABLES

	2018/19	2019/20	2020/21
SOSEP grant	212	515	74
Other grants SFC	17	46	348
FWDF	84	133	172
Job retention	0	215	189
Refectory income	463	338	23
Refectory spend	474	378	148
(Loss)	(11)	(40)	(125)
SFC funding as % of total	63.3%	66.9%	67.6%



# SPENDING PROFILE



## STAFFING CHANGES

Ave no of staff	2017/18	2018/19	2019/20	2020/21
Teaching departments	87	80	85	82
Teaching support	18	22	25	21
Admin and central	74	80	82	84
Premises	21	20	18	18
TOTAL	200	202	210	205

Increases in

- eLearning and quality
- Student services (funded by DYW income)
- Programme and Project Management

## SIGNIFICANT PAY CATEGORIES

	2018/19	2019/20	2020/21	% increase
Sals - Lecturers	2,957	3,190	3,124	5.6%
Sals - Teaching Support	483	600	545	12.8%
Sals - Admin	3,057	2,912	3,363	10.0%
Sals - Premises	341	357	369	8.2%
Pension costs	1,068	1,359	1,334	24.9%
FRS 102 Charge	895	826	997	11.4%

Increase in support staff costs is largely driven by job evaluation anticipated impact

**Pensions increases have resulted in below the line deficit in previous years**

# SCENARIOS FOR 2022/23

Area of Spend / Income	Least Pessimistic	Most Pessimistic	Narrative
SFC income	(150)	(447) (64) (303)	Flat cash, no digital, no sanitary Counselling Foundation apprenticeships
Project income	300	200	Continuation of previous trends
Commercial delivery	150	75	Innovation, FWDF
HWU income	0	(50)	Reduce HWU benefit on ISLT
Pays	(500) (209)	(500) (209)	2021/2 award 2022/3 award
Teaching resources	(50)	(75)	More on campus
FM and utilities	(120)	(120)	Significant unknown utilities risk in 23/24
Catering	0	(100)	Manage aggressively to breakeven
TOTAL	(579)	(1,593)	

# SOLUTIONS

- Organisational change      £500k (cost to implement)
- Additional non SFC income      £200k (cost to achieve)
- SLT savings challenge      target for each SLT member
- Reduced delivery costs      eg foundation apprentices  
more efficient timetabling
- Change curriculum      use bubble charts to prioritise change
- Change management      impact of digital transformation/  
process review