

Board of Management Finance and General Purposes Committee

Date: 1 March 2016

Time: 2pm

Room: 2009

A G E N D A

		Presented by
1	Welcome and Apologies for Absence	JH
2	Declaration of Interest	JH
3	Minute of Meeting of 8 December 2015 (attached)	JH
4	Matters Arising	
5	Fire, Health and Safety Update (report attached)	HP
6	Sale of Catherinefield Update (verbal)	HP
7	Financial Update (inc January Management Accounts) (report attached)	KH
8	Aged Debt Report (report attached)	KH
9	Cash Flow Forecasts (report attached)	KH
10	Any Other Business	
11	Date and Time of Next Meeting - Tuesday 24 May 2016 at 2pm	

Board of Management

Minute of the Meeting of the Finance and General Purposes Committee of the Board of Management of Dumfries and Galloway College, held on Tuesday 01 March 2016 at 2.00 pm in Room 2009, Dumfries campus.

Present: John Henderson (Chair) Ros Francis
Kenny Henry

In attendance: Jannette Brown, Secretary to the Board and Vice Principal Corporate Services & Governance
Karen Hunter, Finance Manager
Helen Pedley, Director of Organisational Development

Minute Taker: Heather Tinning, Executive Team Assistant

1 Welcome and Apologies for Absence

The Chair welcomed members to the meeting, including Heather Tinning, Executive Team Assistant, to her first Finance and General Purposes Committee meeting as Minute Taker. Apologies for absence were intimated on behalf of Carol Turnbull and Karen McGahan.

The Secretary to the Board confirmed the meeting was quorate with enough members present to allow decisions to be made.

2 Declaration of Interest

Members agreed to declare any declarations of interest as appropriate throughout the meeting.

3 Minute of Previous Meeting

The Minute of the Finance and General Purposes Committee held on 08 December 2015 was approved.

4 Matters Arising

None.

5 Fire, Health and Safety Update

The Director of Organisational Development and Facilities spoke to the report which had been issued, summarising ongoing works over the last couple of months. The Director confirmed that the Health and Safety Officer was still absent from college and that a Consultant had been employed in his absence. Members noted the key themes from recent audits that had been completed in relation to a Fire Audit and a Health and Safety Audit. The Chair thanked the Director for a very full report.

Board of Management

The Chair asked the Director of Organisation Development and Facilities if there were plans in relation to the new build retention. She updated the committee on the state of the radiators and that the retention monies would be used to replace all radiators over the summer.

5.1 Flooding Update

The Director of Organisational Development and Facilities also provided an update on the recent flooding in the College, advising that the main areas affected were the service yard and level 00, caused by the unprecedented rainfall and water from the neighbouring fields. The College was closed for one day to all staff and students. Almost all courses in the Building and Engineering were postponed for one week allowing the cleanup crew unhindered access to the area.

Members noted minimal disruption to the staff and students owing to the efficient services of the Zurich, college insurers, and the invaluable labour organised by the Loss Adjuster, which allowed works to be completed quicker than anticipated.

6 Update of the Sale of Catherinefield

The Director of Organisational Development and Facilities reported on recent discussions with the current tenant in the Catherinefield premises. The Director advised that it was the College's intention not to renew the lease and that the current tenant had been offered first refusal on the purchase of the premises. It is understood that at present the tenant is holding discussions with his bank regarding the purchase. Members noted that recent works had been completed by the College at Catherinefield, in terms of demolition of an outbuilding to create car parking spaces.

Although the Scottish Funding Council (SFC) previously permitted the sale of Catherinefield, the College has been advised because of reclassification the College should seek permission to sell the building.

Action: The Director of Organisational Development & Facilities to write to the SFC seeking permission to sell.

The Director of Organisational Development and Facilities left the meeting

7 Financial Update (inc January Management Accounts)

The Finance Manager spoke to the report which had been issued. She reminded members that the accounting period has reverted to a July year end. The Finance Manager reported on the budget changes, in particular the contingency set aside for any costs resulting from the flood damage.

Members noted that the Balance sheet was looking positive.

Board of Management

The Vice Principal Corporate Services and Governance reported that Andrew Ewart from Dumfries & Galloway Council will be giving a presentation on the Local Government Pension Scheme/FRS17 implications at the Board meeting on the 8th March. A paper had been sent to Board Members providing a background to the Presentation.

Members noted that the summary had been revised slightly, showing budget changes for the periods against approved budget and forecast for the year.

The Chair thanked the Finance Manager for a comprehensive report.

8 Aged Debt Report

The Finance Manager spoke to the report which had been issued. She reported that a substantial amount had been invoiced recently for Complete Training Solutions (CTS) courses, with only a few invoices remaining unpaid. In terms of decrease of student fees outstanding, Scottish Awards Agency for Scotland (SAAS) has now paid the tuition fees, thus making a slight change to the bad debt provision.

Members noted the report.

9 Cash Flow Forecasts

The Finance Manager spoke to the report which had been issued. Members noted the new layout of the Forecast, making for easier reading. The Manager reported on the large amount of money due this month from SAAS, amounting to over £1/2m. Following discussion on the amount of cash noted, the Vice Principal Corporate Services & Governance reported that the college must now follow Scottish Funding Council guidance on cash flow which is to keep as low as possible. The Finance Manager reported that the College will be required to move its banking services to the Royal Bank of Scotland in-line with Scottish Government Banking guidance. The College is awaiting a migration date.

Members noted the report.

10 Any other Business

No other business.

11 Date and Time of Next Meeting

The next meeting of the committee planned to take place on Tuesday 17th May 2016, at 2 pm.

Board of Management Finance and General Purposes Committee

Minute of the Meeting of the Finance and General Purposes Committee of the Board of Management of Dumfries and Galloway College, held on Tuesday 08 December 2015 at 2.00 pm in Room 2009, Dumfries campus.

Present John Henderson (Chair) Karen McGahan
 Kenny Henry Carol Turnbull
 Ros Francis

In attendance Jannette Brown, Secretary to the Board and Vice Principal Corporate Services & Governance

Minute Taker Caroline Donoghue, Executive Team Assistant

1 Welcome and Apologies

The Chair welcomed members to the meeting. There were no apologies received for absence.

The Secretary to the Board confirmed the meeting was quorate with enough members present to allow decisions to be made.

2 Declaration of Interest

Members agreed to declare any declarations of interest as appropriate throughout the meeting.

3 Minute of Previous Meeting

The Minute of the Finance and General Purposes Committee held on 07 October 2015 was approved.

4 Matters Arising

4.1 Insurance

The Vice Principal, Corporate Services and Governance, spoke to the report which had been issued. She advised members of the outcome of the recent tender exercise for insurance and insurance services. The College secured the services of Advanced Procurement for Universities and Colleges (APUC) to assist them in the tendering process. Members were asked to note that Zurich Municipal has been awarded the contract for the period 01 August 2015 to 31 July 2018 at a saving of £2,518 over 3 years.

Members noted the report.

4.2 Part-Time Course Costing Model

The Vice Principal, Corporate Services and Governance, spoke to the report which had been issued detailing the course costing model operated by the College. The model allows for a % contribution to college overheads and allows for flexibility to consider a number of factors before determining the final fee such as:

- Is this fee in line with the market?
- Can the market take a higher fee?

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- Is this the first time we have run the course (it's a pilot)- consider a reduced group size or reduced fee
- Is this the first time working with a specific employer / sector – consider a reduced fee in spirit of partnership working and volume of future business

Members discussed and noted the report.

4.3 Estates Project Update

The Director of Organisational Development and Facilities spoke to the report, the purpose of which was to provide the Committee with an update on Estate developments and Health and Safety. The Director gave an overview of all completed projects and those which are to be completed before the end of session 2015-16. The Director also confirmed that the College has employed the services of a health and safety consultant who is reviewing the College's procedures in relation to health and safety.

Members noted the report.

5 Estates Strategy

The Director of Organisational Development and Facilities spoke to the paper which had been issued. The purpose of the paper was to provide the Finance and General Purposes Committee with an opportunity to comment on the draft Estates Strategy before the Strategy is presented to the Board of Management for approval. The Director confirmed this was a live report and after discussion members congratulated the Director on a comprehensive report.

Members approved the report which will now be presented to the Board of Management for approval at its meeting on the 15th December 2015.

6 Climate Change Action Plan

The Director of Organisational Development and Facilities spoke to the paper which had been issued. The purpose of the paper was to provide the Finance and General Purposes Committee with an opportunity to comment on the Climate Change Action Plan before the Plan is presented to the Board of Management for approval. The Director confirmed the report was based around a template created by the Carbon Trust. Members discussed and considered the report, no concerns were raised.

Members approved the report which will now be presented to the Board of Management for approval at its meeting on the 15th December 2015.

7 Financial Statements 2014 - 15

The Vice Principal, Corporate Services and Governance, and the Finance Manager spoke to the report which had been issued. The Vice Principal confirmed that the qualification which had been placed on the remuneration report had been lifted. The Finance Manager provided an overview of the Annual Report and Financial Statements for 2014-15. After discussion an amendment to some of the narrative was agreed. The amended copy would be submitted to the External Auditors. The members congratulated the Auditors, the Finance Manager and her team for all their hard work.

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After narrative amendments, members recommended the Financial Statements to the Board for approval at its meeting on the 15th December 2015.

8 Financial Update

The Finance Manager spoke to the report which had been issued. The report is an update for the committee on the income and expenditure up to the end of September 2015. The Finance Manger reminded members that the accounting period has reverted to a July year end with the current period ending on 31 July 2016.

Members noted the report.

9 Revised Budget

The Finance Manager spoke to the report which had been issued. The purpose of the report is to seek approval for revisions to the budget for the 2015-16 financial year. The budget had previously been approved by the Committee and the Board. The review has been necessary because of European Funding income that the College will now not receive. Members felt that the figures in this report should show a comparison between the Budget approved in June alongside the revised budget with an explanation of the differences. The Finance Manager agreed to update the report with these changes before submitting the report to the Board for approval.

Members noted the amendments to the revised budget and will now be presented to the Board of Management for approval at its meeting on the 15th December 2015.

10 Procurement Update

The Finance Manager spoke to the draft procurement strategy which had been issued. She confirmed this is the first Procurement Strategy the College has produced at the recommendation of Advanced Procurement for Universities and Colleges (APUC). It sets out a clear pathway for identifying and acting on improvements to ensure that best value is being obtained consistently when goods and services are purchased. Members were asked to consider the draft strategy and feedback on any inclusions they deem necessary.

Members noted a comprehensive strategy. The committee recommends the strategy to the Board of Management at its meeting on the 15th December 2015.

11 Aged Debt Report

The Finance Manager spoke to the report which had been issued. The report was a breakdown of all aged debt balances up to 31 October.

Members approved the write-off of balances totalling £2,106.79.

12 Cash Flow Forecasts

The Finance Manager spoke to the report which was issued. The purpose of this report is to present the updated 2015-16 Cash Flow forecasts to the Committee and highlight the key aspects for review.

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Members noted the report and complemented the Finance Manager on a comprehensive report.

13 National Pay Bargaining Update

The Principal gave an update to the meeting with regards to the National Pay Bargaining. There has been no change to the situation since the last update given. No new meetings have been held since 19 November.

Members noted the update.

14 Any other business

The Finance Manager spoke to the tabled management accounts for November 2015. This report had already taken into account the changes to the budget discussed earlier in the meeting.

After discussion, the Chair of the Committee, John Henderson, expressed a desire to have monthly management accounts submitted to him for information purposes rather than wait until committee meetings. The Vice Principal, Corporate Services and Governance asked the Chair if he had any concerns regarding financial management particularly given the recent assurances from external and intern audit. The Chair explained that he would like monthly reports and didn't see that this would be an onerous task as the Executive Team monitored the figures on a monthly basis. The Principal stated that she did not understand why the Chair felt it was necessary to receive this report monthly and that given there are no issues with financial management saw monthly monitoring as an operational matter.

The Principal agreed to provide the Chair with a copy of the monthly accounts up until the next Finance and General Purposes Committee.

15 Date and Time of Next Meeting

The next meeting of the Committee would take place on Tuesday 01 March 2016 at 2pm

Finance and General Purpose Committee

FIRE, HEALTH AND SAFETY UPDATE

1. Introduction

The purpose of this report is to provide the Finance and General Purposes Committee with an update on Health and Safety during the current academic session.

The College employs a Health and Safety Officer who has unfortunately been absent since August 2015. The role is to advise the College on all matters relating to fire, health and safety. In his absence the Director of Organisational Development and Facilities commissioned an independent health and safety report for the College to provide an overview of current policies, procedures and practices across the College. In addition the College has undergone a full fire safety audit of the Dumfries Campus by the local Fire Officer in December 2015. An audit will be due by the fire officer at the Stranraer Campus during 2016.

2. Health and Safety

The audit took place over a 4 day period at Dumfries and 2 days at Stranraer with a desk top review of policies and procedures. These are currently being revised and where appropriate policies will return to the Committee to seek approval.

The themes from the audit relating to practices were:

- No unsafe practices were observed during the audit.
- PPE compliance was very good and adequate supervision was available at all times in the workshops. Risk assessments could be more detailed therefore changes to documentation have been put in place and training will be provided to staff concerned;
- COSHH risk assessments were not conducted fully in all areas, although data sheets were present. Training will be provided to staff concerned.
- Weekly checks of equipment were not being conducted in a routine manner and documented accordingly.
- 3 monthly checks required on all ladders in use.
- Generally housekeeping could be improved in certain areas.

Specific issues were:

- Dust extraction system to be reviewed at the Dumfries Campus;
- Noise assessment to be carried out in the joinery and engineering workshops.
- Procedure required for lone working in the dark room out with normal student hours.
- Ventilation in the dark room requires a standalone local exhaust ventilation system.
- Racking systems on level 00 need to be reviewed and secured.
- Consider relocating the dust collection point in joiner workshop at Stranraer.

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3. Fire Audit

A fire audit was conducted of the Dumfries Campus in December 2015 by the Fire Authority as a result of a number of unwanted fire alarm activations. The audit consisted of a review of all documentation and testing relating to fire and an inspection of the building. A number of recommendations were made and actions taken as follow:

- Review the fire risk assessment in line with PAS79. The current documentation does not take into account the complex nature of the College building. This is currently underway at the time of writing the report and will be completed for both Campus.
- All fire doors to be checked and intumescent strips replaced where required. This is due to use of the doors and would be expected after 6 or 7 years of use. This work will have commenced by the meeting date.
- The door to the laundry to be converted to a fire door with an automatic self close and intumescent strip. This work has been completed.
- Storage of commercial waste bins to be more secure. A lock has been fitted to the door.
- Use of standalone heaters to be reviewed as part of risk assessment.
- Although evacuations have taken place, drills to be conducted as a matter of routine with staff.
- Training for all staff to be recorded in relation to fire safety. A new on line module relating to fire safety will be rolled out for all staff to complete prior to Summer 2016.

Upon completion of the Fire Risk Assessments any identified actions will be taken.

4 Recommendation

Members are asked to note the report.

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FINANCIAL UPDATE AT JANUARY 2016

1. Changes to Financial Reporting and Budgeting

The budget planning objective for Dumfries and Galloway College following re-classification of the Scottish College Sector within Central Government for budgeting and reporting is now to achieve a balanced budget each year, manage cash balances throughout the year, and maintain broadly the same level of working capital year on year.

The College accounting period has reverted to a July year end, and the current period is a 12 month period ending on 31 July 2016. The income and expenditure reports in the attached Appendix include projections for the 12 month accounting period August 2015 to July 2016.

2. Budget Changes

Our practice in previous years has been to report the initial College budget to the Finance and General Purposes Committee and Board for approval, but make changes and updates to the budget as the year progresses, in order to reflect up to date assumptions and information and forecast more accurately. The monthly results and changes to forecasts are monitored by the Executive Management Team, as noted below. Revisions to the budget which were incorporated in the December 2015 and January 2016 monthly reports are:

Grant income - additional SFC grants of £82,000 has been forecast, including £75,000 'Developing the Young Workforce' grant and £7,000 ESOL grant. The SFC clawback for 2014/15 of £22,806 will be deducted from the March 2016 grant payment but this has already been provided at July 2015 and has no impact on the current year forecasts;

Fee income – the forecasts have been reduced overall by £94,000 to reflect the removal of forecast income from the Open University and a reduction in partnership fees, which has been offset by an increase in expected SAAS fees.

Pay costs – the net budget for pay contingencies has been reduced following discussions with the Executive Management Team.

Property costs – the budget for property costs has been updated to provide a contingency for additional costs from flood damage.

Other overheads - forecast expenditure has been reduced by £7,000 to reflect up to date costs for the Internal Audit contract, and insurance costs. In addition, some costs relating to the 'Developing the Young Workforce' project have been forecast.

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3. Results to 31st January 2016

3.1 Key Performance Indicators

The Key Performance Indicators for monitoring the out-turn for the year, and working capital position at 31st January 2016 are summarised as follows:

Income and Expenditure:

Operating Surplus/ deficit as % of income 0.04%

Non-SFC income as % of total income 19.2%
(including ALF grant income)

Balance Sheet:

Current Assets: Current liabilities 2.01

Days cash to annual expenditure 66 days
(excluding depreciation)

The KPI's indicate that the College is operating with low net assets, and the bank balances are not excessive, in line with the requirements of Central Government budgeting and reporting.

3.2 Income and Expenditure

Income and expenditure for the period to January 2016 and forecasts to July 2016 are reported below.

The Executive Management Team review the management accounts on a regular basis, and revise plans in order to achieve a break-even out-turn to 31 July 2016 for operating activities. The accounts for the six months to January 2016 show variances from the revised budget as follows:

- The costs for materials and supplies is in line with the budget profile for the period to date, and has been updated to reflect Bursary-funded 'study costs';
- Property costs include the developments which have been funded by the Scottish Colleges Foundation grant, including the car park extension and refurbishment of the beauty salons;
- The property costs incurred to date have been offset by the net reduction in future Lennartz costs. The future commitments have been re-calculated based on the 2015

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financial statements, which show a decrease in 'non-business' income, and a consequential reduction in future Lennartz commitments as described below;

- Staff budget and costs for the period to December 2015 were assessed by the Executive Management Team, and the forecasts have been revised to incorporate up to date estimated costs to cover for long-term staff sickness, costs of the teaching and support staff pay offer, and planned development time for the remainder of the academic year.
- Any additional costs resulting from the recent flooding in the Dumfries campus are being collated for the insurance claim, subject to the policy excess of £2,500 and input VAT.

A break-even out-turn on operating activities at 31 July 2016 is planned, subject to the accounting adjustments at the year-end as noted below.

3.3 Balance Sheet

The balance sheet movement for the period between September and January is as follows:

	January '16	September '15	Movement
	£000	£000	£000
Fixed Assets	37,354	37,769	(415)
Current Assets	2,889	2,571	318
Current Liabilities	(1,427)	(1,781)	354
Long Term Liabilities	(584)	(745)	161
Provisions	(796)	(796)	-
Pension Liability	(5,219)	(5,219)	-
Net Assets	32,217	31,799	418
Deferred Capital Grants	(26,319)	(26,591)	272
Revaluation Reserve	(4,492)	(4,540)	48
I&E Account	(1,406)	(668)	(738)
	(32,217)	(31,799)	(418)
Cash at Bank	1,957	1,612	345
Net current assets	1,462	790	672

Fixed Assets – the decrease in fixed assets represents the depreciation charges on the College buildings and other fixed assets.

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Current Assets and Liabilities – overall bank balances have increased by £345,000 from September balances. Grant funding from the Scottish Funding Council is drawn when required in order to meet expenditure as it falls due each month. The grant drawn is calculated based on maintaining a bank balance of £1m on a monthly basis, and the balance at January was higher than forecast due to the costs in January being lower than expected. The amount of SFC grant unclaimed and treated as a debtor at January 2016 amounts to £257,000.

The ratio of current assets to current liabilities has increased from September balances, and includes the increased bank balances.

The decrease in long-term liabilities reflects the decrease in future Lennartz commitments as noted below.

4. Student Support

Projections for student support for the 2015/16 academic year have been updated based on current commitments, and take into account the split of grant for the two budget periods to March 2016 and July 2016. The current projections indicate that SFC grant available will cover existing commitments to students for Bursaries, Childcare and Further Education Discretionary funds. No additional funds have been requested through the SFC in-year re-distribution exercise, and SFC have advised that the clawback of unspent student support for 2014/15 of £133,263 will be offset against the current year draw-down of funds.

The Student Awards Agency for Scotland (SAAS) have provided additional grants of £15,000 which will ensure that the Higher Education Discretionary Funds will be sufficient to meet the commitments to students for the remainder of the academic year.

Income and expenditure forecasts for student support funds are as follows:

<u>STUDENT SUPPORT</u>	PERIODS 1 TO 6		FORECAST - 12 MONTHS TO		
	August 2015 to		JULY 2016		
	January 2016		August 2015 to July 2016		
	Actual	Budget	Forecast	Budget	Variance
	£000	£000	£000	£000	£000
Income	1,248	1,248	2,549	2,549	0
Expenditure	1,248	1,248	2,549	2,549	0
Net costs to be met by College	0	0	0	0	0

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5. Lennartz

Following discussions between the six Scottish colleges which have Lennartz agreements, a tender exercise has appointed Ernst and Young to review the VAT/ Lennartz position of each college, with a view to recommending any action which might be appropriate following the recent case which is with the Court of Appeal. Ernst and Young are currently collating information from each College, and will advise on their proposals in due course.

The Lennartz calculations for 2015/16 have been updated based on the 2015 Financial Statements, and show a decrease in output VAT due to a decrease in 'Non-business' income for the year. The overall decrease in the Lennartz liability of £170,000 has been applied to the December accounts.

6. Review of variances and forecasts to 31 July 2016

The Executive Management Team will continue to consider and review the monthly management accounts and changes to income and expenditure forecasts. As the College is unable to retain any reserves going forward, the College plans to achieve a break-even position at 31 July for operating results.

7. Accounting adjustments and changes

The changes arising from the year-end accounting adjustments for pension obligations and any additional expenditure from depreciation cash will continue to have an impact on the results reported in the financial statements in due course.

The transition to prepare financial statements under the International Financial Reporting Standards and the revised Statement of Recommended Practice for Further and Higher Education are currently being considered, and will be reported to the Finance and General Purposes Committee and Board in due course.

1. Recommendation

Members are asked to discuss the contents of the financial update.

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INCOME AND EXPENDITURE	PERIODS 1 TO 6		12 MONTHS TO JULY 2016				
	August to January 2016		August 2015 to July 2016				
	Actual	Revised Budget	Forecast	Revised Budget - December '15	Changes for approval - March '16	Revised Budget - March '16	Variance
	£000	£000	£000	£000	£000	£000	£000
INCOME							
Grant Income	5,037	5,032	9,559	9,473	82	9,555	(4)
Release of deferred capital grant	408	408	815	816	0	816	1
Fee Income	794	732	1,527	1,559	(94)	1,465	(62)
Other Income	35	35	69	68	0	68	(1)
							0
Total Income	6,274	6,207	11,970	11,916	(12)	11,904	(66)
EXPENDITURE							
Gross pay costs	2,945	2,920	6,213	6,224	(35)	6,189	(24)
Pensions	536	529	1,058	1,051	0	1,051	(7)
National Insurance	196	202	428	435	0	435	7
Total Pay Costs	3,677	3,651	7,699	7,710	(35)	7,675	(24)
Property Costs	421	593	1,152	1,283	42	1,325	173
Other overheads	729	749	1,685	1,714	(11)	1,703	18
Depreciation	598	600	1,199	1,200	0	1,200	1
Adjustment for timing differences *	-	-	230	-	0	-	(230)
Student Support Contingency	-	-	-	-	0	-	-
Total Other Costs	1,748	1,942	4,266	4,197	31	4,228	(38)
Total Expenditure	5,425	5,593	11,965	11,907	(4)	11,903	(62)
OPERATING SURPLUS/ (DEFICIT)	849	614	5	9	(8)	1	(4)

* NOTE - The forecast expenditure will be updated as the year progresses with the aim of achieving a break-even out-turn.

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AGED DEBT REPORT

1 Debtors and College Total Income

The value of sales invoices issued by the College on an annual basis is relatively small in comparison to total income. The majority of College income relates to grant funding from the Scottish Funding Council, and other grants which are received at agreed stages during the year. Approximately 1,000 invoices are issued each year, which represents less than 10% of college income.

The number of reminder letters issued for late payments each year is relatively low in comparison to total College income. In addition, the debts which are eventually forwarded to debt collection agents to pursue is very small in comparison to the total invoices raised each year

2 Aged Balances as at 31 January 2016

A breakdown of the aged debtor balances as at 31st January 2016 is as follows:

	October	January						
	2015	2016	Current	> 1 mth	> 2 mths	> 3 mths	3+	*No Debts
	Total	Total						3+
	£	£	£	£	£	£	£	
Client	9,452	36,316	6,791	17,227	11,820	-	478	27
Student	14,324	5,438	1,218	597	1,574	-	2,049	31
Bursary 2014/15	1,885	419	-	-	-	-	419	3
Bursary 2015/16	-	-	656	-	214	-	284	4
Grand Total	25,660	42,172	8,665	17,824	13,608	-	3,230	65

The total level of debt has increased by £16,512 or 64% since October 2015. This is mainly due to an increase in client debt with a significant decrease in student and bursary debt in the quarter.

The College continues to ensure that debtor balances are current by following the procedures for weekly reminder letters with difficult cases being referred to the debt collection agents, TNC, to pursue.

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3 Client Debtor Balances

Client debt has increased by £24,864 since October 2015. The balance includes an older invoice to the value of £11,700 which has been followed up as part of our debt review processes and payment has now been received. The majority of the remaining client balance is made up of a number of invoices issued in January for which payments are expected in the near future.

4 Student Debtor Balances

The total level of student debt has decreased by £8,886 or 62% since October 2015. Many of the outstanding tuition and registration fees that were included in the October balance have now been paid or are being paid in instalments. An older debt of £691 has been written off since October.

5 Bursary Debtors

The overall level of bursary debt has decreased by £1,466 since October 2015, mainly due to older debts totalling £1,415 being written off.

6 Bad Debt Provision

At 31 January 2016 the provision in the accounts has been increased to reflect the current level of older balances, and amounts to £1,722. The provision remains relatively low, in line with the level of older debts. The provision will be reviewed on an ongoing basis.

7 Debt Collection Agents

The total balance currently at the final stage of debt collection amounts to £298.83 and is being handled by TNC. The balance relates to invoices for bursary overpayments, and doesn't include any course fees.

Overpayments of student support are difficult to pursue, as the individuals who have been overpaid generally are no longer attending College, are experiencing other difficulties and are unable to pay the balances. However, the College must pursue these debts in order to comply with Scottish Funding Council and Student Awards Agency for Scotland policies.

8 Recommendation

There are currently no proposed balances to write off. Members are asked to note the report.

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CASH FLOW FORECASTS FOR 2015-16

1. Purpose of the Report

The purpose of this report is to present the updated 2015-16 Cash Flow forecasts to the Committee and highlight the key aspects for review.

2. Report

The Scottish Funding Council (SFC) have established a process to manage the payment of grants to Colleges, in line with Government Financial Reporting and Budgeting requirements. The College has continued to submit a monthly claim to SFC which summarises bank balances and planned expenditure, and highlights cash requirements.

The format of the College's cash flow projections was updated in order to predict cash movements as accurately as possible and forecast cash requirements each month. The report provides details on core College cash movements and Lennartz balances.

The main areas for the Committee to review are the 'Total closing bank balances' each month, and the movement at the SFC budget cut-off periods March and July. The monthly grant claim is calculated in order to provide total forecast bank balances of £1m each month to meet operating expenditure.

Additional student support grant was requested for the period August 2015 to March 2016 to meet the expected higher demand for that part of the academic year. The increase in student support has been offset by SFC by a reduction in core grant for that period.

The bank balances are higher than originally forecast in January. Payments for student support and other costs were lower than forecast for December, and fee income for part-time courses was higher than expected.

The cash flow forecasts include additional expenditure from 'depreciation funds' of £400,000 as well as the developments which are being funded from the Scottish Colleges Foundation.

3. Recommendation

Members are asked to note the forecast movements and closing bank balances in the period.

Dumfries and Galloway College
Cash Flow Projections for 2015-16

	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Projected FY</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Projected AY</u>
	<u>Nov-15</u>	<u>Dec-15</u>	<u>Jan-16</u>	<u>Feb-16</u>	<u>Mar-16</u>		<u>Apr-16</u>	<u>May-16</u>	<u>Jun-16</u>	<u>Jul-16</u>	<u>2014-15</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
February 2016 Cashflow											
<u>Income</u>											
<u>SFC Grants</u>											
SFC Core Grant	750,000	750,000	650,000	-	1,117,694	8,103,460	1,200,000	650,000	850,000	623,461	8,391,155
SPARQS - Single College Student Association	10,143	10,143	10,143	10,143	10,143	71,000	-	-	-	-	71,000
Developing Young Workforce	-	-	-	-	30,265	30,265	11,184	11,184	11,184	11,183	75,000
<u>Student Support</u>											
Bursary	-	185,000	285,000	205,000	254,000	2,014,050	165,000	160,000	161,000	-	1,800,000
FE Childcare	28,000	27,550	27,200	28,000	28,000	259,951	30,550	27,500	11,091	-	266,891
HE Childcare	4,500	4,500	4,500	5,000	5,000	42,658	3,500	3,109	-	-	36,109
FE Hardship	9,000	9,500	9,500	9,500	9,203	103,417	8,500	8,000	4,901	-	85,604
Capital Maintenance	-	-	378,942	-	-	378,942	-	-	-	-	378,942
EMA Admin	-	-	-	-	-	11,000	-	-	-	-	11,000
EMA Student Maintenance	25,305	28,115	38,000	2,230	24,685	241,960	24,500	24,500	24,500	-	255,835
ESOL	-	-	-	-	-	4,276	-	-	-	-	-
ESOL (2015-16)	4,702	4,702	4,702	4,701	4,701	23,508	3,743	3,743	3,743	3,743	38,480
<u>Other Income</u>											
ERDF Grants received	-	-	-	-	-	38,830	-	-	-	-	-
Other grant income	380,000	-	-	2,500	-	403,557	-	-	-	-	392,500
HE Hardship	-	-	-	18,170	-	45,220	-	-	-	-	45,220
SAAS Fees	-	-	65,828	531,990	-	630,649	-	-	-	-	609,515
Re-charges - UWS/ GI. Uni/ DGC	2,377	3,196	23,098	116,902	50,000	259,284	40,000	-	-	-	253,254
SDS fees	29,298	17,104	18,912	22,500	21,098	322,717	28,500	25,500	21,500	22,000	265,704
Other cash received	47,215	46,378	38,515	46,107	25,500	509,454	32,500	45,000	45,000	34,500	468,453
Total cash in	1,290,540	1,086,188	1,554,340	1,002,743	1,580,289	13,494,198	1,547,977	958,536	1,132,919	694,887	13,444,662
<u>Expenditure</u>											
Payroll	622,473	504,706	744,574	650,490	737,952	7,539,494	661,500	635,000	658,000	662,000	7,687,401
ESOL Salaries	1,338	1,143	1,128	9,952	9,953	32,927	-	-	-	-	27,738
ESOL	-	-	-	-	-	4,935	-	-	-	-	-
ESOL (2015-16)	-	-	-	-	-	-	3,743	3,743	3,743	3,743	15,818
SPARQS Salaries	4,274	4,120	4,374	3,493	3,494	46,466	-	-	-	-	33,314
SFC - SPARQS - Single College Student Association	4,164	457	1,666	13,497	13,498	46,584	-	-	-	-	39,008
EMA payments	24,780	30,180	40,680	15,470	20,465	245,395	24,500	24,500	24,500	-	256,075
Bursary payments (inc. student transport)	189,675	278,070	234,350	301,171	346,372	1,863,000	155,000	145,000	140,000	-	1,976,628

Dumfries and Galloway College
Cash Flow Projections for 2015-16

	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Projected FY</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Projected AY</u>
	<u>Nov-15</u>	<u>Dec-15</u>	<u>Jan-16</u>	<u>Feb-16</u>	<u>Mar-16</u>		<u>Apr-16</u>	<u>May-16</u>	<u>Jun-16</u>	<u>Jul-16</u>	<u>2014-15</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
February 2016 Cashflow											
FE Childcare	17,744	20,022	21,709	35,500	65,330	233,548	30,550	27,500	27,441	-	272,805
HE Childcare	9,953	13,004	10,085	-	-	67,277	4,000	4,000	3,609	-	55,465
FE Hardship	10,581	9,373	13,441	12,371	21,192	102,166	10,000	9,700	8,904	-	110,596
HE Hardship	6,395	6,758	7,675	5,000	2,812	47,494	4,520	4,520	4,540	-	47,326
Other Student Support	131	414	-	-	-	2,285	-	-	-	-	2,137
Depreciation spend - estates developmen	504	3,195	5,162	38,783	-	400,000	-	-	-	-	400,000
PL payments (excl student transport)	278,100	150,270	41,596	395,577	286,588	2,558,764	191,184	171,184	146,184	141,684	2,419,077
Maintenance costs - from SFC Capital Ma	-	50,608	23,178	305,159	-	378,945	-	-	-	-	378,945
Other payments	21,991	18,634	19,757	10,000	10,000	225,839	10,000	10,000	9,500	9,000	165,830
Total cash out	1,192,103	1,090,954	1,169,375	1,796,463	1,517,656	13,795,119	1,094,997	1,035,147	1,026,421	816,427	13,888,163
Net cash inflow/(outflow)	98,437	(4,766)	384,965	(793,720)	62,633	(300,921)	452,980	(76,611)	106,498	(121,540)	(443,501)
Balance b/f	445,609	544,046	539,280	924,245	130,525	494,079	193,158	646,138	569,527	676,025	997,140
Balance c/f	544,046	539,280	924,245	130,525	193,158	193,158	646,138	569,527	676,025	554,485	553,639

Dumfries and Galloway College
Cash Flow Projections for 2015-16

	Actual Nov-15	Actual Dec-15	Actual Jan-16	Forecast Feb-16	Forecast Mar-16	Projected FY £000	Forecast Apr-16	Forecast May-16	Forecast Jun-16	Forecast Jul-16	Projected AY 2014-15 £000
February 2016 Cashflow	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Lennartz:											
Quarterly payments	-	37,505	-	-	85,479	350,520	-	-	83,155	-	302,527
Cash outflow	-	37,505	-	-	85,479	350,520	-	-	83,155	-	302,527
Balance b/f	1,014,831	1,014,831	977,326	977,326	977,326	1,242,367	891,847	891,847	891,847	808,692	1,111,219
Balance c/f	1,014,831	977,326	977,326	977,326	891,847	891,847	891,847	891,847	808,692	808,692	808,692
Hospitality Project:											
Income from Foundation (Capital)	-	-	-	-	-	-	-	-	-	-	-
Total cash in	-	-	-	-	-	-	-	-	-	-	-
Payments made											
Foundation	-	-	-	55,128	-	144,536	-	-	-	-	55,128
Cash outflow	-	-	-	55,128	-	144,536	-	-	-	-	55,128
Net cash inflow/(outflow)	-	-	-	(55,128)	-	(144,536)	-	-	-	-	(55,128)
Balance b/f	55,128	55,128	55,128	55,128	-	144,536	-	-	-	-	55,128
Balance c/f	55,128	55,128	55,128	-	-	-	-	-	-	-	-
Total closing bank balances	1,614,005	1,571,734	1,956,699	1,107,851	1,085,005	1,085,005	1,537,985	1,461,374	1,484,717	1,363,177	1,362,331