

Finance and General Purposes Committee

Tuesday 9 June 2015 at 2.00 pm in 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 9 December 2014	(attached) JH
4	Matters Arising	
4.1	Item 4.1 Retention Monies	(verbal update) CAT
5	SFC Offer of Grant	(letter attached) CAT
6	Revised Budget 2015-16	(report attached) KH
7	Cash Flow Projections 2015-16	(report attached) KH
8	Fee Policy 2015-16	(report attached) KH
9	Estates Projects 2015-16	(report attached) JB
10	Financial Update at May 2015	(report attached) KH
11	Aged Debt Report	(report attached) KH
12	Risk Register	(report attached) JB
13	Any Other Business	
14	Date and Time of Next Meeting	

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 9 June 2015 at 2.00 pm in Room 2009, Dumfries campus.

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

In attendance: Brian Johnstone, Regional Chair Karen Hunter, Finance Manager
Jannette Brown, Vice Principal and Susan Sutherland, Executive Team
Secretary to the Board Assistant

1 Welcome and Apologies

The Chair welcomed members to the meeting in particular Ros Frances to her first meeting and Brian Johnstone, Regional Chair who was attending. Apologies were received from Karen McGahan.

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

2 Declaration of Interest

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

3 Minute of Previous Meeting

The Minute of the Finance and General Purposes Committee held on 9 December 2014 was approved. The Chair reminded members that Finance and General Purposes Committee business was covered at the Board meeting of the 3rd March 2015.

4 Matters Arising

4.1 Item 4.1 Retention Monies

The Committee noted no change since last report at the full board.

4.2 Item 9 Self Insurance

The Vice Principal reported that the College had gone out to tender for its insurance services, following the three year derogation granted to colleges from the Scottish Government in respect of continued use of commercial insurance. College Management and a representative from APUC had reviewed the two tenders received on 8 June 2015, and a full report would be made to the next Committee meeting.

5 Scottish Funding Council Offer of Grant 2015-16

The Committee formally noted the Scottish Funding Council letter of 17 April 2015 advising of the final funding allocation for academic year 2015-16 regional outcome agreement.

6 Revised Budget for 2015-16

The Finance Manager spoke to the report which had been issued, informing the Committee on revisions to the Budget for the 2015-16 financial year, following receipt of the final offer of grant for 2015-16.

Board of Management

The Committee reviewed the assumptions for the revised budget and, following discussion, agreed to recommend the Budget to the Board for approval at the meeting on 30 June 2015.

7 Cash Flow Projections

The Finance Manager spoke to the report which presented the cash flow forecasts to the Committee and highlighted the key assumptions made in the forecasts.

Members noted that a cash flow return was submitted to SFC on a monthly basis to draw down core grant, funding for projects and student support, and projections to July 2016 would be required in due course. The SFC grant was received mid-month and in order to ensure that sufficient funds were available to meet liabilities as they fell due until the SFC grant funding was received, a minimum month-end balance of £1M was considered to be appropriate.

The Committee noted the key assumptions used in preparing the cash flow forecasts and expected balances.

8 Fee Policy 2015-16

The Finance Manager spoke to the report which had been issued, listing the fee rates effective from 1 August 2015.

It was noted that there were no changes to main fees, in line with Scottish Government guidance, and so the Committee approved the fee policy for 2015-16.

9 Estates Projects 2015-16

The Vice Principal spoke to the report which had been issued, providing information on four estates projects where curriculum delivery improvements required changing the purpose of some rooms and redeveloping the layout of others.

During the discussion it was highlighted that the 2015-16 budget did not include funding for these particular estates projects. It was proposed that they be funded from depreciation (in line with Scottish Funding Council guidance) and or bidding into the Scottish College Foundation. During discussion the committee raised concerns about long term sustainability of funding estates projects.

The committee approved the expenditure of up to £410,000 on the estates projects, provided the necessary approval from the Scottish Funding Council on the use of depreciation was granted and or a successful application to the Scottish College Foundation was granted.

10 Financial Update at May 2015

The Finance Manager spoke to the report which been issued. The report was in a new format reflecting the budget planning objective of the College, following reclassification of the Scottish College Sector within Central Government, 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, which would be closely monitored by Scottish Government.

Board of Management

The Committee noted the results to 30 April 2015, the income and expenditure to April 2015 (and forecasts to July 2015) and the balance sheet movement for period between March and April, and approved the new format of reporting.

11 Aged Debt Report

The Finance Manager spoke to the report which had been issued, giving a breakdown of the aged debtor balances as at 31 March 2015.

Following discussion, the Committee approved the proposed write-off of £3,073.65.

12 Strategic Risk Register

The Vice Principal spoke to the report which had been issued, and highlighted the changes at Risk 14 (failure to achieve attainment targets) and 15 (failure to achieve affective outcome following the Education Scotland Review) which had been agreed at the Board meeting on 21 April 2015.

Further to these, Management was proposing that Risk 5 'National Pay Bargaining' be raised to the highest level in view of recent notification on likely industrial action.

The Committee noted the report and approved the changes.

13 Any Other Business

None.

14 Date and Time of Next Meeting

The Calendar of Board and Committee meetings for Session 2015-16 would be confirmed at the Board meeting on 30 June 2015.

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 9 December 2014 at 2.00 pm in Room 2009, Dumfries campus

Present: J Henderson (Chair)
K Henry
P Kirby

In attendance: J Brown, Vice Principal and Secretary to the Board
K Hunter, Finance Manager
S Sutherland, Executive Team Assistant

1 Apologies for Absence

Apologies were intimated on behalf of K McGahan and C Turnbull.

2 Declaration of Interest

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

3 Minute of Previous Meeting

The Minute of the Finance and General Purposes Committee held on 26 August 2014 was approved.

4 Matters Arising

4.1 Item 4.1 Retention Monies

The Vice Principal reported that Millers had accepted that there would be no retention monies repaid but that there was still ongoing discussion regarding the definition of latent defects. However, the College was confident that the situation would be resolved in the near future.

The Committee noted the position.

4.2 Item 9 Self Insurance

The Vice Principal reported that the Government had granted a three year derogation from the Scottish Public Finance Manual for colleges, in respect of the continued use of commercial insurance.

5 Financial Report for the Quarter ended 30 September 2014

The Finance Manager spoke to the report which had been issued.

Members noted that SFC had recently advised that HM Treasury had offered colleges a derogation to change their accounting year end back from 31 March to 31 July, subject to colleges meeting Treasury budgeting and reporting requirements. This would mean colleges working to two reporting periods, ie one to SFC at 31 March and the year end period to 31 July. College systems and procedures had been revised in order to ensure that the information required to forecast accurately was available and that reporting mechanisms were in place to highlight any variances for reporting and action by the Executive Team.

The Committee viewed the summary of results for the quarter ended 30 September 2014. The Finance Manager explained the forecast deficit was due to changes in technical reporting and timing when compared to last year.

The Committee expressed their concern at the additional workload for the Finance Team. The Vice Principal explained extra staff had been recruited to the team which has addressed the additional workload. The Vice Principal also reminded the committee that the Finance Manager is now line managed by her providing the Finance Manager with additional support and guidance.

6 Aged Debt Report as at 30 September 2014.

The Finance Manager spoke to the report which had been issued.

The Committee noted that the total level of debt had increased since the last report at June 2014, which was mainly due to one large client invoice and several invoices to self-funding students who were paying by regular instalments. Bursary debts had decreased since the previous report.

Members noted the report and approved the proposed write-offs.

7 Technical Accounting Changes

Members noted the content of the report which had been issued advising of the technical changes to budget reporting arising from the ONS changes and the requirement to comply with Scottish Government budgeting and accounting requirements.

8 Student Funding Update

The Finance Manager spoke to the report which had been issued on the current position for the Student Support Budget for 2014/15 and change in demand for support from previous years.

The number of applications received for 2014/15 indicated that bursary numbers remain high, with a corresponding high demand for childcare support. Further requests for discretionary funding were expected to be received during the remainder of the academic year. Projections based on applications indicated that additional funds of £140,000 would be required in order to meet the demand for student support and this had been requested through the SFC in-year redistribution process. The outcome of the request had not been received.

Members noted the report.

9 Any Other Business

9.1 Financial Memorandum 2015/16

The Vice Principal advised that the Financial Memorandum had just been received and once the content had been digested, any changes would be reported to the Board and any other relevant committees.

10 Date and Time of Next Meeting

The next meeting of the Committee would take place on 3 March 2015.

Board of Management

Financial Report for the quarter ended 30 September 2014

1. Changes to Financial Reporting and Budgeting

The ONS reclassification of the college sector has impacted the budgeting and reporting framework for Dumfries and Galloway College, with effect from 1 April 2014. The main focus for budgeting and financial reporting going forward will be 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.

SFC have recently advised that HM Treasury has offered colleges a derogation to change their accounting year-end from 31 March to 31 July, subject to colleges meeting Treasury's budgeting and reporting requirements. The change is proposed to take effect from 2015, with the current accounting period being extended to a 16 month period ending on 31 July 2015.

Changes already implemented to the College financial reporting calendar and cycle will continue, including submitting monthly cash flow projections to SFC in order to draw down grant income, and periodic budget returns to allow the SFC to monitor budgets within each financial year. As the budget reporting period to SFC will remain as 31 March, and the out-turn at 31 March will still require to show a balanced budget, the figures presented in this report relate to the 12 month period to 31 March 2015. The proposed income and expenditure for the additional period April to July 2015 is currently being assessed, and will be reported in due course, with the aim of showing a balanced net out-turn for the period.

The College systems and procedures have been revised in order to ensure that the information required to forecast accurately is available, and that reporting mechanisms are in place to highlight any variances for reporting and action by the Senior Management Team.

2. Summary of Results

Income and expenditure for the period April to September 2014 and the forecast for the period to March 2015 is summarised as follows:

	PERIODS 1 TO 6			FORECAST TO MARCH 2015		
	Actual	Budget	Variance	Forecast	Budget	Variance
	£000	£000	£000	£000	£000	£000
Income	<u>6,588</u>	<u>6,604</u>	<u>-16</u>	<u>14,416</u>	<u>14,432</u>	<u>-16</u>
Staffing Costs	3,630	3,663	<u>33</u>	7,416	7,449	<u>33</u>
Other Costs	2,736	2,583	<u>-153</u>	7,043	6,886	<u>-157</u>
Total Expenditure	<u>6,366</u>	<u>6,246</u>	<u>120</u>	<u>14,459</u>	<u>14,335</u>	<u>124</u>
Operating Surplus/- Deficit *	<u>222</u>	<u>358</u>	<u>-136</u>	<u>-43</u>	<u>97</u>	<u>-140</u>

**Any forecast operational surplus which is likely to be achieved by 31 March will be ear-marked for transfer to the Foundation, or used within the year for development.*

Board of Management

Overall income and expenditure for the six months to September 2014 show an increase in costs from budget. However this is considered to be a timing difference, and a review of budget holder plans for the remaining period has not highlighted any areas which would adversely affect the out-turn at 31 March 2015. The budget and forecasts will continue to be monitored closely in order to ensure that a break-even position is achieved.

3. Key Financial Performance Indicators

The Key Performance Indicators which require to be monitored will be updated and targets set following completion of the revised Financial Memorandum, and are likely to include monitoring of the forecast out-turn for the year, and working capital.

KPI's for these areas at 30 September 2014 are set out below:

Income and Expenditure:

Operating Surplus/ deficit as % of income	0.3%
Non-SFC income as % of total income	16.69%

Balance Sheet:

Current Assets: Current liabilities	2.3
Days cash to annual expenditure (excluding depreciation)	66

4. Budget changes

The budget for the period has been updated to reflect revised estimates for income and expenditure. Additional income has been included in the forecasts to show ONS grant funding due for the period, and a reduction in forecast income for some joint working with UWS and Glasgow University on HE courses.

The budget income and expenditure for the hospitality developments has been updated to reflect the accounting treatment and the estimated split between capital and revenue expenditure, and related grant funding. The split between capital and revenue will be re-assessed when the development has been completed and costs are finalised.

The expected income and costs for the Crest project have also been updated.

The staff costs budget is currently being updated to reflect the forecast staffing costs up to July 2015.

5. Cash Flow

The cash flow projections for the period to July 2015 are attached at Appendix 2.

The overall cash balances have decreased in line with SFC guidance, and reflect a reduction in requests for SFC core grant during the period. SFC core grant of £3,165,681 has been requested for the period to date, which represents 37% of the allocation for the year.

Board of Management

6. Results for the period April to September 2014:

6.1 Income

SFC & Other grant income – grant funding from SFC now requires to be drawn only when required, based on the level of unrestricted cash reserves and planned expenditure. The budget profile for accounting purposes has been revised to show core grant released evenly over the year as the grant is earned, with a corresponding debtor reflected in the balance sheet.

The demand for student support has increased during the current academic year, and additional funds have been requested from SFC to meet the increased bursary and childcare commitments, as part of the In-Year Redistribution request.

Fee income – Fees for SAAS funded students are expected to be higher than the budget amount, but as the total fees will not be confirmed until December, the budget has not been revised. The expected income from Glasgow University for the Joint HN programme has been reduced from earlier estimates. CTS fees are expected to increase during the period to March 2015.

Other income – bank interest and sales of materials for the period have been higher than forecast.

6.2 Expenditure

Salary costs – overall salary costs were lower than expected for the period to September. The budget includes some contingency monies for sickness cover, and this is expected to be utilised to cover long-term sickness absence.

Other costs – property costs includes an adjustment of £75,000 for increased future Lennartz payments, based on revised partial exemption calculations. Supplies and services and other costs were higher than the budget for the period to date, but these are expected to be timing differences, and there are no indications that this will affect the projected out-turn to 31 March 2015.

6.3 Hospitality developments

The overall costs for the hospitality developments, including the main construction contract as well as the agencies, remain within the overall budget. The cash flow profile for expenditure and SFC grant claims have been updated, but are expected to be completed before 31 March 2015.

6.4 Student Support

The demand for student support has increased during the current academic year. The overall numbers of applications are in line with 2013/14, but the figures include a reduction in EMA numbers, and an increase in FE bursary applications, as well as an increase in childcare requests.

A request for additional funds of £140,000 was requested in October as part of SFC's in-year re-distribution exercise, and the outcome of the request is expected to be known during November.

Board of Management

7. Balance Sheet

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

	September '14	June '14	<i>Movement</i>
Fixed Assets	40,432	40,225	207
Current Assets	4,420	4,669	-249
Current Liabilities	(1,919)	(1,726)	-193
Long Term Liabilities	(1,139)	(1,184)	45
Provisions	(750)	(750)	0
Pension Liability	(3,928)	(3,928)	0
Net Assets	37,116	37,306	-190
Deferred Capital Grants	(28,556)	(26,784)	-1,772
Revaluation Reserve	(6,514)	(6,564)	50
I&E Account	(2,046)	(3,958)	1,912
	(37,116)	(37,306)	190
Cash at Bank	2,417	3,422	-1,005
Net current assets	2,501	2,943	-442

Fixed Assets – the additions to fixed assets includes the expenditure on the main development during the period, net of depreciation charges.

Current Assets and Liabilities – overall bank balances have decreased by £1,005,000 from June, with overall balances of £2,417,000 at 30 September, and a further reduction of £741,000 to October 2014. The corresponding debtor for core grant funding earned to 30 September amounted to £1,000,000.

Long Term Liabilities – the reduction in long term liabilities represents the repayments made for Lennartz, net of the increase due to revised partial exemption calculations.

Cash Flow Projections for 2014-15

NOVEMBER FORECAST

	Actual April '14 £000	Actual May '14 £000	Actual June '14 £000	Actual July '14 £000	Actual August '14 £000	Actual Sept '14 £000	Actual Oct '14 £000	Forecast Nov '14 £000	Forecast Dec '14 £000	Forecast Jan '15 £000	Forecast Feb '15 £000	Forecast March '15 £000	Projected FY £000	Forecast April £000	Forecast May £000	Forecast June £000	Forecast July £000	Projected AY 2014-15 £000
Income																		
SFC Grants																		
SFC Core Grant	1,082,996	666,459	-	1,416,226	-	-	-	661,000	900,000	500,000	1,200,000	2,033,889	8,460,570	-	250,000	700,000	2,085,766	8,330,655
SFC (Projects Non ERDF)	-	-	-	-	-	2,400	-	-	-	-	-	-	2,400	-	-	-	-	2,400
- SPARQS - Single College Student Association	-	-	-	-	-	12,000	-	12,000	12,000	12,000	12,000	11,000	71,000	17,750	17,750	17,750	17,750	142,000
Student Support																		
Bursary	304,138	83,061	246,000	-	131,000	187,000	186,000	186,000	184,000	172,000	103,000	101,763	1,883,962	304,138	133,061	133,061	129,790	1,950,813
FE Childcare	26,828	34,737	5,000	-	20,000	21,000	18,000	18,000	14,000	14,000	9,000	4,691	185,256	20,000	16,000	15,000	-	169,691
HE Childcare	5,777	15,528	3,000	-	6,000	6,000	2,000	2,000	1,000	2,000	2,000	2,321	47,626	6,000	6,000	12,357	-	47,678
FE Hardship	17,218	24,033	2,000	-	19,000	9,000	10,000	10,000	2,000	10,000	5,000	2,899	111,150	20,000	11,000	8,214	-	107,113
Capital Maintenance	-	-	-	-	-	-	-	-	378,676	-	-	-	378,676	-	-	-	-	378,676
EMA Admin	-	-	8,000	-	-	-	-	-	-	-	-	-	8,000	-	-	-	-	-
EMA Student Maintenance	24,500	46,000	10,000	8,220	-	32,000	32,000	40,000	38,000	38,000	37,000	26,780	332,500	24,500	28,500	10,500	28,500	335,780
ESOL	3,207	-	-	5,445	-	-	-	3,107	1,069	-	-	-	12,828	-	-	-	-	4,176
ESF	-	-	-	14,909	-	-	-	-	-	-	-	-	14,909	-	-	-	-	-
Capital	-	-	-	-	-	-	-	-	-	-	-	-	0	-	-	-	-	-
Other Income																		
ERDF Grants received	2,971	21,987	-	-	-	85,775	-	37,564	39,000	18,948	-	19,014	225,259	-	-	-	-	200,301
Other grant income	-	19,800	-	-	-	-	10,000	32,700	-	5,000	-	-	67,500	2,500	-	-	-	50,200
HE Hardship	-	-	-	-	25,146	-	-	-	-	-	-	10,777	35,923	-	-	-	-	35,923
SAAS Fees	-	-	-	1,285	-	-	-	-	-	421,200	-	20,000	442,485	-	-	-	-	441,200
Re-charges - UWS/ Gl. Uni/ DGC	-	-	-	-	-	17,955	12,549	67,295	64,603	-	-	85,250	247,652	-	-	-	-	247,652
SDS fees	26,452	19,349	33,716	27,307	14,317	54,225	31,247	24,000	27,000	18,000	24,000	8,211	307,824	33,000	32,000	32,000	35,000	333,000
Other cash received	64,272	38,135	79,546	26,474	51,446	63,725	46,676	30,000	29,324	35,000	45,275	40,000	549,873	34,000	25,000	64,000	78,000	542,446
Total cash in	1,558,359	969,089	387,262	1,499,866	266,909	491,080	348,471	1,123,666	1,690,672	1,246,148	1,437,275	2,366,595	13,385,392	461,888	519,311	992,882	2,374,806	13,319,703
Expenditure																		
Payroll	668,553	619,543	630,869	616,804	587,245	590,982	609,540	616,646	629,507	627,783	625,566	635,961	7,458,999	625,566	599,152	635,691	625,566	7,409,205
ESOL Salaries	-	-	-	-	-	-	879	-	-	-	-	-	879	-	-	-	-	879
ESOL	1,338	-	2,961	-	-	-	-	1,069	1,069	1,069	1,046	3,207	11,759	1,069	1,069	1,069	1,069	11,736
SPARQS Salaries	-	-	-	-	-	-	2,738	-	-	-	-	-	2,738	-	-	-	-	2,738
SFC - SPARQS - Single College Student Association	-	-	-	-	-	-	-	14,000	14,000	14,000	14,000	12,262	68,262	17,750	17,750	17,750	17,750	139,262
EMA payments	24,630	24,760	39,330	-	-	17,850	28,380	43,075	36,000	38,000	38,000	42,475	332,500	28,500	29,500	30,000	-	331,780
Bursary payments (inc. student transport)	121,254	122,134	185,717	1,322	-	168,469	189,379	247,324	231,960	228,810	201,838	185,757	1,883,963	122,660	135,977	159,808	158,230	2,030,211
FE Childcare	21,038	20,356	24,002	-	-	17,364	15,648	30,698	23,061	18,270	9,184	5,635	185,256	20,000	16,000	15,000	-	170,860
HE Childcare	7,328	7,839	8,395	-	-	4,277	4,701	3,819	3,685	3,838	2,542	1,202	47,626	6,000	6,000	12,357	-	48,421
FE Hardship	12,748	13,294	17,309	-	-	2,218	10,476	19,805	16,939	7,709	7,790	2,862	111,150	20,000	11,000	8,000	-	106,799
HE Hardship	3,540	3,210	3,660	-	-	720	4,181	4,000	3,000	3,099	4,000	6,513	35,923	4,000	4,000	4,000	-	37,513
Other Student Support	1,956	8,526	1,768	-	-	-	-	1,500	1,500	2,200	2,200	2,600	22,250	1,200	1,200	1,200	-	13,600
PL payments (excl student transport)	305,197	326,453	263,344	63,787	230,610	315,801	176,543	177,330	146,900	157,337	149,759	165,834	2,478,895	225,000	170,000	175,000	220,000	2,310,114
Maintenance costs	-	-	-	-	-	-	-	-	378,676	-	-	-	378,676	-	-	-	-	378,676
Other payments	42,417	33,324	-	22,237	20,318	3,587	12,735	17,000	11,500	14,500	10,500	11,000	199,118	36,000	12,000	10,000	7,500	166,640
Capital Grant - payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SDS - clawback	-	-	-	-	-	-	-	-	-	-	-	61,204	61,204	-	-	-	-	61,204
Retention for Crichton	-	-	-	-	-	-	-	-	-	-	78,000	-	78,000	-	-	-	-	78,000
Total cash out	1,209,999	1,179,439	1,177,355	704,150	838,173	1,121,268	1,055,198	1,176,265	1,497,797	1,116,615	1,144,425	1,136,512	13,357,196	1,107,745	1,003,648	1,069,875	1,030,115	13,297,636
Net cash inflow/(outflow)	348,360	(210,350)	(790,093)	795,716	(571,264)	(630,188)	(706,727)	(52,599)	192,876	129,533	292,850	1,230,083	28,196	(645,857)	(484,337)	(76,993)	1,344,691	22,067
Balance b/f	535,377	883,737	673,387	(116,706)	679,010	107,746	(522,442)	(1,229,169)	(1,281,768)	(1,088,893)	(959,360)	(666,510)	535,377	563,573	82,284	566,621	643,614	679,010
Balance c/f	883,737	673,387	(116,706)	679,010	107,746	(522,442)	(1,229,169)	(1,281,768)	(1,088,893)	(959,360)	(666,510)	563,573	563,573	(82,284)	(566,621)	(643,614)	701,077	701,077

Lennartz:																		
Quarterly payments	-	59,177	-	-	104,708	-	-	95,954	-	-	95,954	-	355,793	-	95,954	-	-	392,570
Cash outflow	-	59,177	-	-	104,708	-	-	95,954	-	-	95,954	-	355,793	-	95,954	-	-	392,570
Balance b/f	1,597,788	1,597,788	1,538,611	1,538,611	1,538,611	1,433,903	1,433,903	1,433,903	1,337,949	1,337,949	1,337,949	1,241,995	1,597,788	1,241,995	1,241,995	1,146,041	1,146,041	1,538,611
Balance c/f	1,597,788	1,538,611	1,538,611	1,538,611	1,433,903	1,433,903	1,433,903	1,337,949	1,337,949	1,337,949	1,241,995	1,241,995	1,241,995	1,241,995	1,146,041	1,146,041	1,146,041	1,146,041

Cash Flow Projections for 2014-15

NOVEMBER FORECAST

	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Projected FY	Forecast	Forecast	Forecast	Forecast	Projected AY 2014	
	April '14	May '14	June '14	July '14	August '14	Sept '14	Oct '14	Nov '14	Dec '14	Jan '15	Feb '15	March '15	£000	April	May	June	July	15	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Hospitality Project:																			
SFC - Capital Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SFC - Capital element	-	-	-	-	-	-	-	-	127,877	-	-	-	-	-	-	-	-	-	127,877
Income from Foundation (Capital)	-	-	2,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total cash in	-	-	2,000,000	-	-	-	-	-	127,877	-	-	-	-	-	-	-	-	-	127,877
Payments made	-	-	-	169,990	172,385	151,955	34,784	760,428	562,059	113,225	163,051	-	2,127,877	0	0	0	0	0	1,957,887
Cash outflow	-	-	-	169,990	172,385	151,955	34,784	760,428	562,059	113,225	163,051	-	2,127,877	-	-	-	-	-	1,957,887
Net cash inflow/(outflow)	0	0	2,000,000	(169,990)	(172,385)	(151,955)	(34,784)	(760,428)	(434,182)	(113,225)	(163,051)	0	0	0	0	0	0	0	(1,830,010)
Balance b/f	-	-	-	2,000,000	1,830,010	1,657,625	1,505,670	1,470,886	710,458	276,276	163,051	0	-	0	0	0	0	0	1,830,010
Balance c/f	-	-	2,000,000	1,830,010	1,657,625	1,505,670	1,470,886	710,458	276,276	163,051	0	0	0	0	0	0	0	0	0

Total closing bank balances	2,481,525	2,211,998	3,421,905	4,047,631	3,199,274	2,417,131	1,675,620	766,639	525,333	541,641	575,486	1,805,569	1,805,569	1,159,712	579,421	502,428	1,847,119	1,847,119
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Opening bank balances 2,133,165

Board of Management

Aged Debt Report as at 30 September 2014

	June 2014 Total £	Sept 2014 Total £	Current £	> 1 mth £	> 2 mths £	> 3 mths £	3+ £	*No Debts 3+
Client	35,742	74,020	41,975	17,598	11,766	-	2,682	19
Student	(10,694)	14,496	4,150	9,045	(10)	-	1,312	32
Bursary 2008/09	260	-	-	-	-	-	230	1
Bursary 2011/12	-	-	-	-	-	-	-	-
Bursary 2012/13	591	357	-	-	(25)	-	382	3
Bursary 2013/14	7,164	6,382	-	-	-	-	6,382	18
Grand Total	33,063	95,484	46,124	26,642	11,731	-	10,987	73

**The No Debts 3+ column shows the number of debtors that are classed as "bad debts" and are being pursued through a Debt Collection agency i.e. it excludes those paying by instalments.*

General Comments

The total level of debt has increased by £62,421 or 188.8% since the last Aged Debt Report at June 2014. This increase is mainly due to one large client invoice and several invoices to self-funding students. Bursary debts have decreased from the report at June 2014.

The system of regular reminder letters for overdue debts is in place to ensure that debtor balances are current with debts being and any difficult cases are referred within the prescribed timescale to the College debt collection agents, TNC, to pursue.

Client Debt

Client debt has increased by £38,278 or 107% since March 2014. The balance includes a number of smaller invoices, many of which have now been paid, as well as a larger invoice for £30,447 to the University of the West of Scotland which was issued in September and is currently under query.

Student Debt

The total level of student debt has increased by £25,190 since June 2014. This is mainly due to a number of invoices for tuition fees being issued in September, many of which have now been paid. There are also some smaller balances where students are paying with regular instalments.

Bursary Debt

The overall level of bursary debt has decreased by £1,046 or 13% since June 2014 due to repayments by students and write offs amounting to £485 in the quarter.

Board of Management

Provision for Bad Debts

At 30 September 2014 the provision included in the accounts remains at £1,577 which reflects the low level of older debts at the year-end.

Debt Collection Company

The total balance currently at the final stage of debt collection amounts to £4,221.78. These have been forwarded to TNC.

Proposed Write-offs

<u>Reference</u>	<u>Amount</u>	<u>Position @ 30 Sept 2014</u>	<u>Debt Type</u>	<u>Date</u>
1301644	120.00	W5 – Irrecoverable	Student	2013-14
0901527	1050.00	W5 – Irrecoverable	Bursary	2013-14
0901775	329.92	W5 – Irrecoverable	Bursary	2013-14
0301637	110.76	W5 – Irrecoverable	Bursary	2013-14
0906789	813.90	W5 – Irrecoverable	Bursary	2013-14
0903764	346.50	W5 – Irrecoverable	Bursary	2013-14
DAR02	273.90	W5 – Irrecoverable	Bursary	2013-14
WIL37	591.50	W5 – Irrecoverable	Bursary	2013-14

Summary of Amounts Written Off

A table is attached at Appendix 1 which shows the debts written-off in each of the previous six years.

Board of Management

APPENDIX 1

Summary of amounts previously written-off:

Year debt was written-off	Year of original debt:						
	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09	2007/08
2014/15	485.20						
2013/14		8,107.20	634.42				
2012/13			200.00		50.00	50.00	
2011/12				2,033.17		320.58	
2010/11				220.00	1,237.00	3,942.00	191.00
2009/10						25,653.00	6,276.00
2008/09							26,210.00
2007/08							1,539.00
	485.20	8,107.20	834.42	2,253.17	1,287.00	29,965.58	34,216.00

Board of Management

Technical Accounting: Changes

1. PURPOSE OF REPORT

The purpose of this report is to highlight the technical changes to budget reporting arising from the ONS changes and the requirement to comply with Scottish Government budgeting and accounting requirements.

2. REPORT

The ONS reclassification has impacted on how SFC and the College sector monitors its budgets in order to comply with the Scottish Public Finance Manual (SPFM), which is effective from 1 April 2014. This includes a requirement to comply with HM Treasury's Consolidated Budgeting Guidance as sector level information on income and expenditure is sent by SFC to the Scottish Government and then on to HM Treasury for consolidation.

SFC has responsibility now to allocate cash and resource budgets to colleges to support the delivery of the Outcome Agreements, as well as distribute cash on the basis of need and provide information to the Scottish Government and to HM Treasury on the expected drawdown and spend against resource budgets for the government fiscal year to 31 March. SFC has established a financial reporting calendar which includes regular budget returns from colleges to enable them to monitor the forecast out-turn for the sector for the fiscal year, and to ensure that the sector meets its budget targets, and Department Expenditure limits (DEL).

The budget allocation from SFC includes a Resource (revenue) and Capital budget allocation. In general terms, the net operating results as set out in the management accounts correspond with the net Resource out-turn for budget reporting, but certain transactions are treated differently from the accounts for budget reporting purposes. In addition, a budget for Annually Managed Expenditure (AME) is available to SFC, which relates to inherently volatile areas of expenditure, which by their nature are less easy to manage.

The main differences which are relevant to the College accounts and budget treatment of specific areas are as follows:

Bursary and discretionary funding – the College financial accounts exclude bursary income and expenditure on the basis that these are 'agency' arrangements for accounting purposes, but the budget return requires the costs to be treated as Resource income and expenditure (RDEL).

Pensions – the accounting treatment of changes to the College annual pension scheme valuation under FRS 17 are treated as 'Annually Managed Expenditure' (AME) for budget reporting.

Depreciation – HM Treasury have provided 'non-cash resource budget cover' to cover the college sector depreciation charges, which fall within operating costs for accounting purposes. Deferred grant release is netted off against depreciation costs to arrive at the required cover for budget reporting purposes. Any increased depreciation costs arising from future revaluations may require to be met from Resource DEL.

Impairments – losses or damages resulting from normal business operations should be treated as Resource DEL.

Bad debt write-off – these should be treated as Resource DEL.

Board of Management

Provisions – the sector has received derogation from HM Treasury, and any provisions which were agreed with auditors and applied in the financial statements at 31 March 2014 are out with the scope of budgeting. The College has minimal provisions which will fall within this derogation.

Lennartz – the balance in place at 31 March 2014, as well as cash repayments made against that balance, are deemed to be out with the scope of budgeting. Any ‘enhancement’ of the liability, for example the increase in overall liability due to revised partial exemption calculations, will require to be recognised as ‘new’ post 31 March 2014 provision. This new provision is recognised as an AME adjustment for budget purposes. However the additional cash payments for the remainder of the budget year score as Resource DEL.

3. SEPTEMBER BUDGET RETURN

The management report for the period April to September 2014 shows a forecast Operating Deficit of £43,000. As the increased costs reported at 30th September relate to timing differences, the overall outcome at 31st March 2015 is expected to be a minimal surplus, and those figures were used as the basis for the report to SFC.

The adjustments applied to the forecasts to 31st March for budget reporting purposes include:

Depreciation – the net score against Ring-fenced RDEL is £388,000;

Lennartz – the total costs applied to the forecast figures to 31st March for accounting purposes amounts to £75,000. Of this total, the additional cash payments forecast for the period scoring against RDEL is £17,000, with the balance of £58,000 reported as an AME adjustment.

Student Support – student support grant claimed for the period to date were higher than expenditure by £278,000, which has increased the operating results for budget reporting purposes. The forecasts to 31st March are based on student support claimed to match expenditure.

The overall forecast to 31st March 2015 for the budget return shows a net Resource (RDEL) underspend of £465,000, and an Annually Managed Expenditure (AME) spend of £58,000.

4. RECOMMENDATION

Members are asked to note the technical changes to budget reporting under the Scottish Government budgeting and reporting requirements.

Board of Management

STUDENT FUNDING UPDATE

1. PURPOSE OF REPORT

The purpose of this report is to note the current position for the Student Support budget for 2014/15, and the change in demand for support from previous years.

2. REPORT

The bursary, childcare and discretionary funds grant represents a large proportion of the overall budget allocation to the College annually, with a total allocation of £2,235,502 for the 2014/15 academic year.

The funds are made available in order for the College to provide maintenance grants, childcare, and other grants to full-time students to support them in their studies. The college bus service and some essential costs for study items are also met from the bursary funds. The funds are cash-limited, and unlike EMA funding, any overspend by the College requires to be met from the College's own funds. SFC invites colleges to apply for additional student support funds through the 'In-year management of student support allocations' process, which provides an opportunity for SFC to re-distribute funds to meet demand. As the total funds available are limited, SFC are not always able to be met requests for additional grants in full.

The overall number of full-time student enrolments has increased since 2012/13, and within this increase, the categories of students who are entitled to bursary support has increased and the number of students eligible for EMA support has decreased. The increase in demand for 2013/14 was partially met from an increase in bursary funds provided through SFC's In-Year Redistribution, with the college meeting the additional costs from its core budget.

The number of applications received for 2014/15 indicate that the bursary numbers remain high, with a corresponding high demand for childcare support. Further requests for discretionary funding are expected to be received during the remainder of the academic year. Projections based on current applications indicate that additional funds of £140,000 will be required in order to meet the demand for student support, and this has been requested through SFC's In-year redistribution request. The outcome of the request has not yet been received.

A summary of numbers of awards and costs are at listed on the second page of this report.

3. RECOMMENDATION

Members are asked to note the current position for the Student Support budget.

Board of Management

STUDENT FUNDING UPDATE

Number of awards	Bursary	EMA	Childcare	FE Discretionary
2014/15 - to date	649	280	103	80
2013/14	644	392	102	126
2012/13	681	440	76	106
2011/12	652	400	58	109

Total costs (£)	Bursary	EMA	Childcare	FE Discretionary
2014/15 - projected	2,025,000	286,000	365,000	140,000
2013/14	1,959,000	304,000	305,000	128,000
2012/13	1,921,000	360,000	219,000	109,000
2011/12	1,854,000	337,000	186,000	98,000

17 April 2015

Brian Johnstone
Chair
Dumfries & Galloway College

Carol Turnbull
Principal & CEO
Dumfries & Galloway College

Dear Chair/Principal

Final funding allocations for AY 2015-16 Regional Outcome Agreement

I am writing to confirm that the Scottish Funding Council (SFC) will fund Dumfries and Galloway College on the basis of the attached regional Outcome Agreement for academic year (AY) 2015-16.

I have attached a breakdown of funding and student activity targets for your College region in Annexes A and B. The conditions of this grant funding are set out in Annex C.

Please sign the attached Outcome Agreement on behalf of your College region. This signing will represent the formal confirmation of your acceptance of SFC's offer of grant funding, student activity targets and associated conditions of grant for your College region.

The information in this letter is confidential to your College region until 22 April 2015, when we plan to publish college regional Outcome Agreements and sector funding/activity information on the SFC website.

Please email your signed Outcome Agreement to Kelly Parry (kparry@sfc.ac.uk) by **Friday 24 April 2015**. If you have any queries relating to this letter, please contact Aileen Ross, Outcome Agreement Manager (email: aross@sfc.ac.uk or telephone: 0131 313 6534).

Yours sincerely



Laurence Howells
Chief Executive

cc: Aileen Ross, Outcome Agreement Manager

Scottish Funding Council
Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD
T 0131 313 6500
F 0131 313 6501
www.sfc.ac.uk

Dumfries and Galloway
Overall funding allocations, AY 2015-16

Annex A

	Regional total
Teaching and fee waiver **	£8,413,961
European Social Fund*	£605,439
Student support	£2,188,604

* The European Social Fund allocation is to pay for the ESF credits target and associated student support

*European Social Fund allocation includes matched funding from ESF

Strategic funds

SPARQS - Single College Student Associations	£71,000
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FY 2015-16

Capital/Maintenance	£378,942
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Student number targets, AY 2015-16

Credits **	30,371
ESF Credits	1,277
Total credits to be delivered	31,648

*European Social Fund allocation includes matched funding from ESF

*European Social Fund Credits to be confirmed

** Annex B outlines the change from 2014-15 for these lines

Student support

Bursary	£1,800,000
Childcare	£303,000
Discretionary	£85,604
ESF student support	£302,720
Total	£2,491,324

Dumfries and Galloway

Annex B

<i>2014-15 announced teaching and fee waiver grant</i>	£8,330,655
<i>2014-15 WSUM target</i>	42,529
Change from 2014-15	1%
2015-16 teaching and fee waiver grant (2014-15 adjusted for change in volume)	£8,413,961
2015-16 WSUM target (2014-15 adjusted for change in volume)	42,955
Equivalent credit target for 2015-16	30,371
Teaching and fee waiver grant under new simplified approach	£8,383,937
Teaching and fee waiver	£6,477,135
ELS premium	£1,021,909
Social Inclusion funding	£84,893
Rural premium	£800,000
Assumed fees from other sources	£743,894
<i>Gross Funding</i>	<i>£9,127,831</i>
2015-16 teaching and fee waiver grant to be paid	£8,413,961
2015-16 T & FE using simplified approach (for information only)	£8,383,937
Difference in grant if simplified approach had been fully implemented	-£30,024

Annex C: Conditions of outcome agreement funding

1. Grant is provided to allow colleges/regional strategic bodies to deliver their regional outcome agreements under Sections 9 and 10 of the Further and Higher Education (Scotland) Act 2005 ('the 2005 Act').
2. Governing bodies and their designated officers must comply with the terms of the Financial Memorandum (FM) between the Scottish Funding Council (SFC) and fundable bodies in the college sector:
http://www.sfc.ac.uk/web/FILES/Guidance_Governance/Financial_Memorandum_with_the_College_Sector_-_1_December_2014.pdf.
3. Colleges/regional strategic bodies are expected to follow public sector pay policy set by HM Treasury.
4. Colleges/regional strategic bodies are required to comply with any principles of governance which appear to SFC to constitute good practice in relation to such bodies. Regional strategic bodies receiving grants from SFC are required, when making payments to any college assigned to it, to impose this condition on the college.
5. Colleges/regional strategic bodies must maintain provision of acceptable quality and develop and implement a satisfactory quality improvement strategy.
6. If the Scottish Government revises its grants to SFC we reserve the right to make in-year adjustments to funding. In this case, SFC would renegotiate the terms of its regional outcome agreement with colleges/regional strategic bodies.
7. Where appropriate, colleges/regional strategic bodies must provide data returns requested by SFC by the deadlines and to the standards specified. Our Student Activity Data Guidance for Colleges can be found on the SFC website.
8. Where appropriate, colleges/regional strategic bodies must follow SFC's Student Support guidance.
9. Where a college/regional strategic body is in receipt of European Social Funding (ESF) it must follow SFC's ESF guidance.

Tuition fees

10. Where applicable, colleges must charge student tuition fees at the levels set by Scottish Ministers under either the Student Fees (Specification) (Scotland) Order 2006 or the Student Fees (Specification) (Scotland) Order 2011, whichever is applicable. Regional strategic bodies receiving grants from SFC are required, when making payments to any college assigned to it, to impose this condition on the college. However:

- the tuition fee levels set by Scottish Ministers under the Student Fees (Specification) (Scotland) Order 2006 do not apply to students who do not have a relevant connection with the United Kingdom and Islands or are not excepted students within the meaning of the Education (Fees and Awards) (Scotland) Regulations 2007; and
- the tuition fee levels set by Scottish Ministers under the Student Fees (Specification) (Scotland) Order 2011 do not apply to students who do not have a relevant connection with Scotland or are not excepted students within the meaning of the Education (Fees) (Scotland) Regulations 2011, but any tuition fees charged to students from the rest of the United Kingdom must not exceed £9,000 per year.

Strategic funding

11. Strategic grant funding must only be used for the purpose(s) for which it is provided.

Capital/Maintenance grant

12. Capital grant funding must only be used for items which can be capitalised, including Information Technology (IT). Maintenance grant funding must only be used for estates/infrastructure maintenance and/or debt servicing associated with capital developments.

Failure to adhere to these conditions

13. If the college/regional strategic body does not deliver the regional outcome agreement and the targets within it, or does not meet the other conditions of grant set out in this document, SFC will consider the clawback of grant or reductions in future funding.

Board of Management

REVISED BUDGET FOR 2015-16

1 PURPOSE OF REPORT

The purpose of this report is to approve the revisions to the budget for the 2015-16 financial year.

2 REPORT

This budget relates to the period August 2015 to July 2016, and incorporates the grant offer from Scottish Funding Council for Academic Year 2015-16.

The final funding offer from Scottish Funding Council includes a revised split between core grant and student support for the Youth Employment Initiative project funding.

The 2015-16 budget has been prepared taking into account an assessment of the operational supplies, services and support required in order to deliver the agreed Curriculum Plan and Outcome Agreement targets for the academic year. Detailed discussions have been held with all College budget holders in order to assess changes planned for 2015-16, and the effect on related income and expenditure for each area.

The budget for salaries is based on the teaching staffing necessary to deliver the planned curriculum for 2015-16, and related support required, taking into account the increased credit target, known changes to contracts and other planned changes. In addition, some budget has been earmarked for curriculum development time and the increased National Insurance and pension contribution costs.

Contingency balances have been set aside for unforeseen additional student support costs. The contingency budget would be released in due course if the funds set aside are not required, as part of the revisions and re-forecasting which will take place as part of the new budgeting cycle.

Key Assumptions

The key assumptions inherent within the draft budget are as follows:

Grant Allocation – Scottish Funding Council have notified the College of the grant allocations for the 2015-16 academic year in their letter of 17 April 2015.

Income – the budget has been prepared on the basis that the main income streams will be in line with the out-turn for 2014-15, taking into account known contracts, and agreements with external partners.

Salaries – the budgeted payroll figures have been based on the 2015-16 curriculum plan. The overall costs include costs for additional teaching staff to meet the increased credit target for student numbers. The budget includes a provision for sickness cover.

The budget includes an allowance for additional National Insurance costs from April 2016 when the NI rebate for 'contracted out' pensions is due to end. Budget of £50,000 has been provided for these additional costs.

Board of Management

The Employer pension rates for the Scottish Teachers Superannuation Scheme are due to increase by 2.3% in September 2015, and the Local Government Pension Scheme rates have already increased by 1.2% in April 2015. Additional budget of £100,000 has been set aside to cover this increase in payroll costs.

Property costs – costs for ongoing estates maintenance and repairs have been assessed, and budget has been set aside to cover core costs.

Operational Plan and Developments – the current budget has allowed for £100,000 to be set aside to meet operational plan requests during 2015-16. Any additional estates or other developments would be require to be funded from other sources – for example a grant from the Arms Length Foundation, or approved expenditure from the depreciation cash budget.

Assets – depreciation and the corresponding release of deferred capital grants have been calculated based on the fixed assets at 31 March 2015, including an allowance for additional depreciation on the hospitality developments. The depreciation costs will require to be updated following the property revaluation at 31 July 2015.

Any further fixed asset additions will require to be fully grant funded, and a switch from Maintenance to Capital grant funding is subject to approval to by the Scottish Funding Council.

Student Support Funding – the budget for student support funding has been shown separately for clarity. The total student bursary, childcare and hardship funding as set out in the Scottish Funding Council's grant letter, and an estimate of EMA costs and related claims are included in the total income and expenditure budget.

A contingency for potential further student support costs has also been set aside in the College operating budget.

3 FORECAST FINANCIAL RETURN

The Scottish Funding council have indicated that they will continue to require high level budget forecasts for 2015-16 and 2016-17 in line with the previous Forecast Financial Return (FFR Return) requests. The main assumptions for the 2016-17 forecasts will be based on the 2015-16 student number targets, pay costs, and overheads.

In addition, a report showing a monthly breakdown of the detailed budget is required by the Scottish Funding Council, which will include a forecast of the budget cut-off at 31 March 2016.

4 SUMMARY

The revised budget presented to the Board includes forecasts for essential pay and overhead costs in order to show a break even operating position for the financial year.

5 RECOMMENDATION

Members are requested to review the assumption for the revised 2015-16 budget, and recommend the revised budget to the Board.

Board of Management
APPENDIX
BUDGET SUMMARY
2015/16

	August 2015 to July 2016
<u>INCOME</u>	£000's
Grant Income	9,207
Release of deferred capital grant	836
Fee Income	1,557
Other Income	68
Total Income	£11,668
<u>EXPENDITURE</u>	
Total Pay Costs	£7,848
Property Costs	673
Other overheads	1,814
Depreciation	1,232
Student Support Contingency	100
Total Other Costs	£3,819
Total Expenditure	£11,667
OPERATING SURPLUS/ (DEFICIT)	£1

	August 2015 to July 2016
<u>STUDENT SUPPORT</u>	£
Income	2,837
Expenditure	2,837
Net costs to be met by College	£0

Board of Management

CASH FLOW PROJECTIONS FOR 2015-16

1. PURPOSE OF REPORT

The purpose of this report is to present the 2015-16 Cash Flow forecasts to the Finance and General Purposes Committee and highlight the key assumptions made in the forecasts.

2 REPORT

The Scottish Public Finance Manual (SPFM) states that grant payment will not be made to the College in advance of need, and unrestricted cash reserves held during the course of the year should be kept to the minimum level consistent with the efficient operations of the institution.

A cash flow return is submitted to the Scottish Funding Council (SFC) to draw-down core grant, funding for projects, and student support on a monthly basis, and projections to July 2016 will be required in due course.

The SFC grant is received mid-month and in order to ensure that sufficient funds are available to meet liabilities as they fall due until the SFC grant funding is received, a minimum month end balance of £1,000,000 is considered to be appropriate. The draw-down of core grant from SFC has been forecast on that basis.

The key assumptions used in preparing the cash flow forecasts are as follows:

Budget – the total budget for core grant, student support and other SFC projects has been advised by SFC for academic year 2015/16. The split of budget for the period August to March and April to July will be updated in due course when further details are available.

Non-SFC income and expenditure are in line with the revised budget for 2015-16, adjusted for cash flow purposes.

Opening liabilities – some expenditure has been included in the cash movement to reflect payment of estimated creditor balances at July 2015.

Student Support – funding for bursaries, childcare, discretionary funding and EMAs will be drawn down from SFC in line with expenditure incurred each month.

Capital Maintenance Grant – this will be drawn to meet capital maintenance expenditure. The timing of expenditure and related grant claims will be updated when further details are available. The forecasts assume that the grant will be utilised for revenue costs, and do not include any 'capital' element of this grant.

Lennartz – the Lennartz expenditure forecasts have been updated in line with the VAT periods which now end in July. Cash of £1,242,367 was brought forward from 31 March 2015 in order to meet future liabilities.

Hospitality Project – cash of £144,536 was retained at 31 March 2015 in order to pay the final invoices which were outstanding. These are expected to be settled before 31 July 2015.

Board of Management

Depreciation Budget – the cash flow forecasts do not include any additional expenditure during the period to utilise any depreciation cash budget.

The net cash movement for the 12 month period August 2015 to July 2016 shows a projected increase in 'core' College cash balances of £258,876, which is consistent with the budget for the period, adjusted for non-cash income and expenditure. Total cash balances are expected to decrease during the period, due to Lennartz payments, settlements of opening liabilities for the Hospitality project and other commitments.

A copy of the Cash Flow Projections which cover the period April 2015 – July 2016 is attached.

3 RECOMMENDATION

Members are asked to note the key assumptions used in preparing the Cash Flow projections for 2015/16 and expected balances.

DUMFRIES AND GALLOWAY COLLEGE

CASH FLOW PROJECTIONS FOR 2015-16

	Actual Apr-15	Forecast May-15	Forecast Jun-15	Forecast Jul-15	Forecast Aug-15	Forecast Sep-15	Forecast Oct-15	Forecast Nov-15	Forecast Dec-15	Forecast 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	
Income																			
SFC Grants																			
SFC Core Grant	150,000	600,000	850,000	1,435,766	-	850,000	750,000	710,000	725,000	600,000	400,000	850,000	7,920,766	650,000	750,000	850,000	1,278,961	8,413,961	
ESF Funding 50% Core	-	-	-	-	25,226	25,226	25,226	25,227	25,227	25,227	25,226	25,226	201,811	25,227	25,227	25,227	25,227	302,719	
SFC (Projects Non ERDF)	-	-	-	-	-	-	-	-	-	-	-	-	0	-	-	-	-	-	
- SPARQS - Single College Student Association	17,750	17,750	-	-	5,917	5,917	5,917	5,917	5,917	5,917	5,917	5,917	47,336	5,916	5,916	5,916	5,916	71,000	
Student Support																			
Bursary	183,000	112,327	189,000	107,409	-	175,000	210,000	185,000	185,000	190,000	205,000	210,000	1,951,736	155,000	145,000	140,000	-	1,800,000	
FE Childcare	20,000	6,638	15,000	36,825	-	31,000	28,000	13,000	27,000	27,200	27,200	28,000	259,863	30,550	27,500	27,441	-	266,891	
HE Childcare	6,000	5,257	5,200	10,173	-	3,000	3,000	3,500	3,500	4,000	4,000	3,500	51,130	4,000	4,000	3,609	-	36,109	
FE Hardship	20,000	1,219	8,000	23,400	-	7,000	8,500	8,000	8,000	8,500	8,500	8,500	107,181	10,000	9,700	8,904	-	85,604	
ESF Funding 50% Student Support	-	-	-	-	-	30,272	30,272	30,272	30,272	30,272	30,272	30,272	211,904	30,272	30,272	30,272	-	302,720	
Capital Maintenance	-	-	-	-	-	-	-	-	-	378,942	-	-	378,942	-	-	-	-	378,942	
EMA Admin	-	-	-	-	-	-	-	8,000	-	-	-	-	8,000	-	-	-	-	8,000	
EMA Student Maintenance	24,500	15,730	18,435	-	-	32,000	32,000	25,305	28,115	38,000	2,230	24,685	241,000	24,500	24,500	24,500	-	255,835	
ESOL	-	1,069	1,069	1,069	-	-	-	-	-	-	-	-	3,207	-	-	-	-	3,207	
ESF	-	-	-	-	-	-	-	-	-	-	-	-	0	-	-	-	-	0	
Capital	-	-	-	-	-	-	-	-	-	-	-	-	0	-	-	-	-	0	
Other Income																			
ERDF Grants received	-	-	-	38,722	-	-	-	-	-	-	-	-	38,722	-	-	-	-	-	
Other grant income	11,057	-	-	-	-	-	10,000	2,500	-	-	-	-	23,557	-	-	-	-	12,500	
HE Hardship	-	-	-	-	35,000	-	-	-	-	10,220	-	-	45,220	-	-	-	-	45,220	
SAAS Fees	-	-	-	-	-	-	-	-	-	-	405,500	-	405,500	43,200	-	-	-	448,700	
Re-charges - UWS/ GI. Uni/ DGC	16,587	-	-	-	-	-	-	-	105,000	60,000	-	50,000	231,587	40,000	-	-	-	255,000	
SDS fees	33,863	26,140	26,500	26,500	21,500	18,500	18,000	20,500	21,500	21,500	22,500	25,500	282,503	28,500	25,500	21,500	22,000	267,000	
Other cash received	21,000	30,000	63,500	42,500	50,500	63,000	45,500	45,500	20,000	25,500	65,500	45,500	518,000	32,500	25,000	45,000	24,500	488,000	
Total cash in	503,757	778,192	1,176,704	1,722,364	138,143	1,240,915	1,166,415	1,074,721	1,192,531	1,425,278	1,201,845	1,307,100	12,927,965	1,079,665	1,072,615	1,182,369	1,356,604	13,438,201	
Expenditure																			
Payroll	622,659	611,841	645,500	620,500	627,000	631,000	648,000	651,000	664,000	650,000	654,000	660,000	7,685,500	661,500	635,000	658,000	662,000	7,801,500	
ESOL Salaries	1,213	-	-	-	-	-	-	-	-	-	-	-	1,213	-	-	-	-	-	
ESOL	-	1,069	1,069	1,069	-	-	-	-	-	-	-	-	3,207	-	-	-	-	3,207	
SPARQS Salaries	3,732	2,500	2,500	2,500	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	43,232	4,000	4,000	4,000	4,000	48,000	
SFC - SPARQS - Single College Student Association	112	2,500	2,500	2,500	1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917	22,948	1,916	1,916	1,916	1,916	23,000	
EMA payments	14,730	25,500	18,435	-	-	32,000	32,000	25,305	28,115	38,000	2,230	24,685	241,000	24,500	24,500	24,500	-	255,835	
Bursary payments (inc. student transport)	110,327	185,000	189,000	107,409	-	175,000	210,000	185,000	185,000	190,000	205,000	210,000	1,951,736	155,000	145,000	140,000	-	1,800,000	
ESF Funding - Student Support	-	-	-	-	-	30,272	30,272	30,272	30,272	30,272	30,272	30,272	211,904	30,272	30,272	30,272	-	302,720	
FE Childcare	10,638	16,000	19,500	32,325	-	31,000	28,000	13,000	27,000	27,200	27,200	28,000	259,863	30,550	27,500	27,441	-	266,891	
HE Childcare	5,700	5,557	1,158	14,215	-	3,000	3,000	3,500	3,500	4,000	4,000	3,500	51,130	4,000	4,000	3,609	-	36,109	
FE Hardship	7,781	11,000	17,000	14,400	-	7,000	8,000	8,000	8,000	8,500	8,500	8,500	107,181	10,000	9,700	8,904	-	85,604	
HE Hardship	5,186	5,100	5,100	2,106	-	4,520	4,520	4,520	4,520	4,520	4,520	4,520	49,132	4,520	4,520	4,540	-	45,220	
Other Student Support	23	1,200	1,200	-	-	-	-	-	-	-	-	-	2,423	-	-	-	-	-	
Student support overspend	-	-	-	-	-	-	-	-	-	-	-	25,000	25,000	25,000	25,000	-	-	100,000	
PL payments (excl student transport)	102,328	170,450	160,000	250,000	155,000	220,000	150,000	175,000	125,000	110,000	205,000	195,000	2,017,778	155,000	150,000	140,000	130,500	1,910,500	
Maintenance costs	-	-	-	-	-	-	-	-	-	378,942	-	-	378,942	-	-	-	-	378,942	
Other payments	22,585	12,000	10,000	7,500	10,417	10,417	10,417	10,417	10,417	10,417	10,417	10,417	135,421	10,417	10,417	10,417	10,417	125,004	
Capital Grant - payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Retention for Crichton	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total cash out	907,014	1,049,717	1,072,962	1,054,524	798,334	1,150,126	1,130,626	1,111,931	1,091,741	1,457,768	1,157,056	1,205,811	13,187,610	1,116,675	1,071,825	1,078,599	808,833	13,179,325	
Net cash inflow(outflow)	(403,257)	(271,525)	103,742	667,840	(660,191)	90,789	35,789	(37,210)	100,790	(32,490)	44,789	101,289	(259,645)	(37,010)	790	103,770	547,771	258,876	
Balance b/f	494,079	90,822	(180,703)	(76,961)	590,879	(69,312)	21,477	57,266	20,056	120,846	88,356	133,145	494,079	234,434	197,424	198,214	301,984	590,879	
Balance c/f	90,822	(180,703)	(76,961)	590,879	(69,312)	21,477	57,266	20,056	120,846	88,356	133,145	234,434	234,434	197,424	198,214	301,984	849,755	849,755	

DUMFRIES AND GALLOWAY COLLEGE

CASH FLOW PROJECTIONS FOR 2015-16

	Actual Apr-15	Forecast May-15	Forecast Jun-15	Forecast Jul-15	Forecast Aug-15	Forecast Sep-15	Forecast Oct-15	Forecast Nov-15	Forecast Dec-15	Forecast 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
Lennartz:																		
Quarterly payments	-	-	127,939	-	-	104,708	-	-	95,954	-	-	95,954	424,555	-	-	95,954	-	392,570
Cash outflow	-	-	127,939	-	-	104,708	-	-	95,954	-	-	95,954	424,555	-	-	95,954	-	392,570
Balance b/f	1,242,367	1,242,367	1,242,367	1,114,428	1,114,428	1,114,428	1,009,720	1,009,720	1,009,720	913,766	913,766	913,766	1,242,367	817,812	817,812	817,812	721,858	1,114,428
Balance c/f	1,242,367	1,242,367	1,114,428	1,114,428	1,114,428	1,009,720	1,009,720	1,009,720	913,766	913,766	913,766	817,812	817,812	817,812	817,812	721,858	721,858	721,858

Hospitality Project:																		
SFC - Capital Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SFC - Capital element	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income from Foundation (Capital)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total cash in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments made																		
SFC - Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foundation	62,008	82,528	-	-	-	-	-	-	-	-	-	-	144,536	-	-	-	-	-
Cash outflow	62,008	82,528	-	-	-	-	-	-	-	-	-	-	144,536	-	-	-	-	-
Net cash inflow(outflow)	(62,008)	(82,528)	-	-	-	-	-	-	-	-	-	-	(144,536)	-	-	-	-	-
Balance b/f	144,536	82,528	-	-	-	-	-	-	-	-	-	-	144,536	-	-	-	-	-
Balance c/f	82,528	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Total closing bank balances	1,415,717	1,061,664	1,037,467	1,705,307	1,045,116	1,031,197	1,066,986	1,029,776	1,034,612	1,002,122	1,046,911	1,052,246	1,052,246	1,015,236	1,016,026	1,023,842	1,571,613	1,571,613
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Opening bank balances 1,880,982

Board of Management

DUMFRIES & GALLOWAY COLLEGE FEE POLICY 2015/16
Fee Rates (effective from 1 August 2015)

		2015/16	
		Fee	Additional Registration Fee to be charged
1	UK (AND EU) RESIDENT STUDENTS		
1.1	Advanced Courses - Full Time		
	HND	£1,285.00	£125.00
	HNC	£1,285.00	£103.75
1.2	Advanced Courses - Part Time/ Day Release/Evening/ SVQ/ Infill		
	1 HN credit (8 SCQF credits)	£86.00	£13.00
	2 HN credits (16 SCQF credits)	£171.00	£13.00
	3 HN credits (24 SCQF credits)	£257.00	£13.00
	4 HN credits (32 SCQF credits)	£342.00	£52.00
	5 HN credits (40 SCQF credits)	£428.00	£65.00
	6 HN credits (48 SCQF credits)	£514.00	£103.75
	7 HN credits (56 SCQF credits)	£599.00	£103.75
	8 HN credits (64 SCQF credits)	£685.00	£103.75
	9 HN credits (72 SCQF credits)	£771.00	
1.6	Non Advanced - Full time		
	Modular Course (eg SVQ, SGA, NC, NQ)	£1,008.00	N
1.7	Non Advanced - Part Time		
	DR Modular Course without twilight	£451.00	Y
	DR Modular Course with twilight	£528.00	Y
1.8	Non Advanced - Infill		
	Single, one & a half and half modules	£86.00	£7.50
	Double modules	£172.00	£7.50
1.9	Highers		
	based on 4 credits per higher	£392.50	N
1.10	Assessment on Demand		
	based upon one hour of lecturer time plus additional registration fee per unit	£100.00	£13.00

Board of Management

2	OVERSEAS STUDENTS	
	Full Time programme: Overseas fee	£5,250.00 N
	Residents in UK but not eligible for Home Tuition fees	£4,950.00 N
	Concession	£500.00
	5 or 6 month Visit programme	TBC
3	REGISTRATION FEES	
3.1	SQA SVQ SVQ individual Unit in Levels 1- 4, each	£7.50
	SVQ individual Unit in Levels 5, each	£14.50
	SVQ Group Award Level 1	£47.25
	SVQ Group Award Level 2	£50.00
	SVQ Group Award Level 3	£54.75
	SVQ Group Award Level 4	£64.50
	SVQ Group Award Level 5	£127.75
	SQA HN HNC	£103.75
	HND	£125.00
	HN Individual Unit	£13.00
	SQA National Qualifications (NQ)	
	National Unit	£7.50
	National Course (total for all units which make up course)	£44.50
	Note: Registration fees are subject to change by the awarding body.	
4	OTHER COSTS	
	Other College facilities will be costed depending on requirements, but the following rates will be used as a guide:	
	Staffing	Rate per Hour
	Lecturer	£100.00
	Trainer	£64.00
	Other Support [when charged seperately]	£25.00
	Contribution to overheads [when charged seperately]	£55.00
	College Facilities	Rate
	Classroom (per half-day or evening)	£34.00
	Sports Hall (per hour)	£30.00
	Conference Room (half-day)	£130.00
	Conference Room (full-day)	£210.00
	Meeting Room (half-day)	£85.00
	Meeting Room (full-day)	£150.00
	Video Conference Room (half day or evening)	£100.00

Board of Management

ESTATES PROJECTS: 2015-16

1 PURPOSE OF REPORT

The purpose of this report is to provide an update on the 2012/13 capital expenditure programme.

2 BACKGROUND TO REPORT

The main funding allocation provided a capital allocation for 2015-16 of £378,492. The guidance states that the capital allocation *'must be used for estates/build maintenance and debt servicing associated with capital developments. All spend must be aligned to each institution's estate plan. Expenditure on items of specialised equipment to support the curriculum must be discussed with SFC prior to purchase'*.

There are a number of curriculum delivery improvements planned that require changing the purpose of some rooms and redeveloping the layout of others. These projects are not included in the budget for 2015-16. The funding of these projects will be from depreciation (subject to approval from the Scottish Funding Council) and/or bidding into the Scottish Colleges Foundation. The projects are:

Changes to layout of two hairdressing salons at Dumfries campus (July 2016)	£120,000
Changes to layout of two beauty salons at Dumfries campus (August 2015)	£120,000
Relocate and redevelop the childcare 'play' room at Dumfries campus (August 2015)	£120,000
Replace old network infrastructure cabling at the Stranraer Campus (July 2016)	£50,000
Total	£410,000

3 REPORT AND RECOMMENDATION

Members are asked to approve expenditure of up to £410,000 on the above projects providing the necessary approval/bid application is granted.

Board of Management

Financial Update at May 2015

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 current accounting period is a 16 month period ending on 31 July 2015, and the income and expenditure reports in the attached Appendix include projections for the 16 month accounting period April 2014 to July 2015.

The budget reporting period for Funding Council reporting will continue to cover the 12 month period April to March.

2. Utilisation of Depreciation Budget Funds

The Scottish Funding Council proposals for the sector to utilise the depreciation cash budget were agreed by the Scottish Government in March. The Scottish Funding Council approved the College's plans to use net depreciation costs of £391,000 for the period to meet the estimated student support overspend at that time of £92,000 and revenue costs associated with the Hospitality developments of £299,000.

The additional expenditure will result in a deficit for accounting purposes for the period, but has ensured that the College has met its forecast out-turn to 31 March for budget reporting purposes and has utilised the net cash available up to 31 March, which would otherwise have been frozen.

The Scottish Funding Council have indicated that they expect that the net depreciation cash budget for 2015/16 will be able to be used in the same way, and they will provide further advice when the proposals have been developed. Net depreciation costs for 2015/16 are approximately £394,000 based on current property valuations. However, the College buildings are being revalued at 31 July 2015 and the depreciation calculations will require to be revised in line with any changes in the valuation.

3. Results to 30th April 2015

3.1 Key Performance Indicators

The Key Performance Indicators for monitoring the out-turn for the year, and working capital position at 30th April 2015 are summarised as follows:

Income and Expenditure:

Board of Management

Operating Surplus/ deficit as % of income	2.32%
Non-SFC income as % of total income	20.19%

Balance Sheet:

Current Assets: Current liabilities	1.34
Days cash to annual expenditure (excluding depreciation)	35

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 April 2015 and forecasts to July 2015 are summarised as follows:

	PERIODS 1 TO 13		FORECAST TO JULY 2015		
	Actual	Budget	Forecast	Budget	Variance
	£000	£000	£000	£000	£000
Income (1)	13,191	13,185	16,140	16,134	6
Staffing Costs (2)	8,019	8,011	9,987	9,979	-8
Other Costs (3)	5,355	5,367	6,527	6,539	12
Total Expenditure	13,374	13,378	16,514	16,518	-4
Operating Surplus/- Deficit	-183	-193	-374	-384	10

The forecast operating deficit reflects the utilisation of depreciation funds of £387,000 for the period to March 2015.

3.3 Budget changes

The budget figures included in this report have been updated to include the additional income and expenditure for the period April to July 2015. The budget reflects the re-allocation of a portion of the contingency budget to meet some of the requests from the 2015/16 Operational Plan as well as the overspend on student support to 31st March. The utilisation of depreciation funds for revenue costs relating to the Hospitality development have also been reflected in the budget.

Board of Management

3.4 Balance Sheet

The balance sheet movement for the period between March and April is as follows:

	April '15	March '15	Movement
	£000	£000	£000
Fixed Assets	40,859	40,962	-103
Current Assets	2,673	2,522	151
Current Liabilities	(1,995)	(2,085)	90
Long Term Liabilities	(948)	(948)	0
Provisions	(750)	(750)	0
Pension Liability	(3,928)	(3,928)	0
Net Assets	35,911	35,773	138
Deferred Capital Grants	(27,753)	(27,819)	66
Revaluation Reserve	(6,399)	(6,416)	17
I&E Account	(1,759)	(1,538)	-221
	(35,911)	(35,773)	-138
Cash at Bank	1,416	1,881	-465
Net current assets	678	437	241

Fixed Assets – the decrease in fixed assets represents the depreciation charges on the College buildings and other fixed assets. Depreciation will be calculated for the Hospitality developments costs when the final invoices are available, and the costs have been assessed to split capital and revenue costs for accounting purposes.

Current Assets and Liabilities – overall bank balances have decreased by £465,000 from March balances. The core grant available for the period to March was claimed in full, and for the period to July 2015, grant is being drawn as required from the Scottish Funding Council. The debtor for core grant at 30th April amounted to £803,000.

4. Student Support

The overspend on student support for the period to March 2015 amounted to £92,000. The student support funding available for the remainder of the 2014/15 academic year should be sufficient to cover the remaining commitments for the period, and the net overspend to July is expected to remain at £92,000.

Board of Management

The overspend has been met from the depreciation cash budget as noted above.

5. Hospitality Developments

The final costs for the hospitality developments have not yet been received, but the total costs including costs for adjacencies, landscaping, and equipment for the up to 31st March amounted to £1,934,000. The Scottish Colleges Foundation grant has met costs of £1,492,000 with the remaining costs being paid from the depreciation cash budget.

Unspent grant of £508,000 was returned to the Scottish Colleges Foundation, and will be available for future projects.

The costs are currently being reviewed to ensure the split between capital and revenue is correct for accounting purposes.

6. Capital Grant

The Scottish Funding Council are currently providing a Capital/ Maintenance Grant to the College under the new budget regime. The Maintenance portion of the budget requires to be used provided for estates and infrastructure maintenance costs and the Capital portion of the grant must only be used for items which can be capitalised.

The College will now require to request a split of the grant allocation between revenue and capital costs, and any future fixed asset additions will need to be planned in advance to ensure that the capital budget is available to fund those costs.

The capital element of the 2014/15 Capital Maintenance budget was originally allocated against the Hospitality project, and some funds were released to purchase new cars and equipment before the budget cut-off at 31st March.

The 2015/16 budget has been ear-marked for revenue costs with the estates maintenance being met from these funds.

7. External Development

The income and expenditure for the External Development areas in the College continue to be monitored on a monthly basis.

Income compared to budget for the 13 month period to 30th April is as follows:

Business and Community - Income of £216,000 against a budget of £202,000

SDS Training Contracts – Income of £427,000 against a budget of £426,000

Board of Management

International – Income of £28,000 against a budget of £29,000

The overheads for the External Department areas are also within budget for the period to date. A report for the financial year to July 2015 will be prepared in due course to summarise the net out-turn.

8. Lennartz

Some discussions have taken place recently between the six Scottish colleges which have Lennartz agreements, following a recent Tax Tribunal. An issue has been raised by a firm of VAT advisers which could be relevant to each of the Colleges affected and they have indicated that the tax law may have been applied incorrectly to the College sector and there may be an opportunity for the Colleges to claim back any VAT deemed to have been overpaid for a four year period.

The Chairman of Scotland's' Colleges Finance Development Network is currently assessing the procurement position on behalf of the colleges involved in order to seek further professional advice. The Committee will be updated when any further information becomes available.

Board of Management

Appendix

INCOME AND EXPENDITURE
INCOME
Grant Income
Release of deferred capital grant
Fee Income
Other Income
Total Income
EXPENDITURE
Total Pay Costs
Property Costs
Other overheads
Depreciation
Student Support Contingency
Total Other Costs
Total Expenditure
OPERATING SURPLUS/ (DEFICIT)

PERIODS 1 to 13	
April 2014 to April 2015	
Actual	Budget
£000	£000
9,706	9,704
845	846
1,866	1,862
111	110
12,528	12,522
7,855	7,847
1,384	1,383
2,107	2,118
1,273	1,275
92	92
4,856	4,868
12,711	12,715
(183)	(193)

FORECAST - 16 MONTHS TO JULY 2015		
April 2014 to July 2015		
Forecast	Budget	Variance
£000	£000	£000
11,832	11,830	(2)
1,068	1,069	1
2,298	2,294	(4)
122	121	(1)
		0
15,320	15,314	(6)
9,732	9,724	(8)
1,651	1,650	(1)
2,602	2,613	11
1,597	1,599	2
112	112	-
5,962	5,974	12
15,694	15,698	4
(374)	(384)	(2)

STUDENT SUPPORT
Income
Expenditure
Net costs to be met by College

PERIODS 1 to 13	
April 2014 to April 2015	
Actual	Budget
£000	£000
2,768	2,768
2,860	2,860
(92)	(92)

FORECAST - 12 MONTHS TO JULY 2016		
April 2014 to July 2015		
Forecast	Budget	Variance
£000	£000	£000
3,479	3,479	0
3,571	3,571	0
(92)	(92)	0

Board of Management

AGED DEBT REPORT

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. Of the total College income of £14,541,000 for the 12 month period to March 2015, £1,099,000 or 7.6% relates to approximately 1,000 sales invoices which were issued during that period.

A large proportion of the invoices issued relates to income which has already been agreed in advance, including Skills Development Scotland funding for apprenticeships, shared services with partners, grants, and SAAS fees. Commercial income invoiced in the period amounted to £212,000 and fees of £120,000 were invoiced.

24 of the invoices raised in the period related to Bursary and other student support overpayments totalling £4,850 or 0.03% of total income. Any income received from invoices for student support overpaid requires to be repaid to the Scottish Funding Council.

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

AGED BALANCES AS AT 31 MARCH 2015

A breakdown of the aged debtor balances as at 31 March 2015 is as follows:

	Sept 2014 Total £	March 2015 Total £	Current £	> 1 mth £	> 2 mths £	> 3 mths £	3+ £	*No Debts 3+
Client	74,020	37,125	14,765	21,915	375	-	70	20
Student	14,496	1,473	-	(147)	(380)	-	2,001	19
Bursary 2008/09	230	170	-	-	-	-	170	1
Bursary 2012/13	357	-	-	-	-	-	-	-
Bursary 2013/14	6,382	2,666	-	-	-	-	2,666	9
Bursary 2014/15	-	1,535	-	-	-	-	1,535	5
Grand Total	95,484	42,969	14,765	21,767	(5)	-	6,441	54

Board of Management

The total level of debt has decreased by 55% since September 2014. This decrease is mainly due to reductions in monies due from clients and self-funding students. Bursary debts have also decreased.

The system of weekly reminder letters for debtor balances is ongoing and ensures that debtor balances are current. Any difficult cases are referred within the prescribed timescale to the College debt collection agents, TNC, to pursue.

CLIENT DEBTOR BALANCES

Client debt has decreased by £36,895 or 49.8% since September 2014. The balance includes an invoice for £13,950 to the University of Glasgow which was issued at the end of March and has now been paid. There are also a number of smaller invoices, most of which were also issued in March 2015.

STUDENT DEBTOR BALANCES

The total level of student debt has decreased by £13,023, or 89% since September 2014. This is mainly due to the settlement of the large number of invoices for tuition fees which were issued in September.

BURSARY DEBTORS

The overall level of bursary debt has decreased by £2,598 since September 2014 due to repayments by students and write offs in the period. An older balance is included in the above summary schedule, which relates to an invoice for overpaid student support which was being paid in instalments.

BAD DEBT PROVISION

At 31 March 2015 the provision in the accounts amounts to £2,000, and reflects the low level of older debts.

DEBT COLLECTION AGENTS

The total balance currently at the final stage of debt collection amounts to £5,970 and is being handled by TNC. The balance includes invoices of £4,782 for bursary invoices and £1,188 of fees. This equates to approximately 0.54% of the total invoices raised.

The number of debts being pursued by the College debt collection agents as noted above is relatively low, and mainly relates to invoices for overpayments of student support. A number of balances currently being pursued for overpaid student support relate to payments made for periods covered by sickness absence.

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 requires to pursue these debts in order to comply with Scottish Funding Council and Student Awards Agency for Scotland policies.

Board of Management

PROPOSED BALANCES TO WRITE-OFF

The recent balances which have been pursued through the debt collection agents, and which have now been classed as irrecoverable by them are noted below. Total balances of £3,073.65 are now proposed to be written-off, which comprises student fees of £589.75 and student support overpayments of £2,483.90:

<u>Reference</u>	<u>Amount £</u>	<u>Debt Type</u>	<u>Date</u>
0603511	93.50	Fees	28/08/2014
0300728	392.50	Fees	02/05/2014
0302386	103.75	Fees	02/05/2014
0800472	170.00	Bursary	08/05/2009
0905840	220.00	Bursary	29/10/2014
1400104	360.50	Bursary	28/08/2014
0402886	273.90	Bursary	02/05/2014
0900674	363.90	Bursary	02/05/2014
1301255	639.10	Bursary	02/05/2014
MCD10	456.50	Bursary	11/06/2014
	£ 3,073.65		

The following table shows the debts written-off in each of the previous six years: .

Year debt was written-off	Year of original debt:						
	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09	2007/08
2014/15	4,121.68						
2013/14		8,107.20	634.42				
2012/13			200.00		50.00	50.00	
2011/12				2,033.17		320.58	
2010/11				220.00	1,237.00	3,942.00	191.00
2009/10						25,653.00	6,276.00
2008/09							26,210.00
2007/08							1,539.00
	4,121.68	8,107.20	834.42	2,253.17	1,287.00	29,965.58	34,216.00

RECOMMENDATION

Members are requested to approve the write-off of the above balances

Strategic Plan 2008-2015 Risk Register

Risk No.	Strategic Aim	Risk Description	Inherent Risk			Controls in Place	Assurances	Internal/ External	Residual risk			Further Action	Risk Owner
			Likelihood	Impact	Total				Likelihood	Impact	Total		
1	SA 6	Unable to achieve WSUM target	2	4	8	1. Real time monitoring system. 2. Contingency plans in place to offer additional provision as required. 3. Annual review of staffing and provision to rebalance areas of growth with areas of decline. 4. Annual review carried out by internal audit	1. Reviewed by ET on a weekly basis 2. Reviewed by ET on a weekly basis 3. Review carried out by HR and presented to ET for consideration/approval. 4. Internal audit report presented to audit committee	Internal / External	1	3	3	No further action.	JB
2	SA 1, 3 & 6	Loss of collaborative partnership arrangements	2	3	6	1. Policy of limiting dependence on any one partnership. 2. Regular reporting of partnership issues at ET. 3. Constant scanning to identify new potential partnerships.	1. Currently not specifically reviewed 2. ET meetings/minutes 3. ET meetings/minutes	Internal	1	2	2	No further action. Although policy not specifically reviewed, any issues would be identified through regular reporting at ET. Internal audit review planned for 14/15	ET
3	SA 1 & 6	Imbalance between demand for student support funds/bursaries and funds available	2	3	6	1. Detailed analysis and monitoring of spend undertaken on an ongoing basis by Finance Manager, discussed monthly with VP (CS&G) who updates ET. 2. Allocation and amounts reviewed on an annual basis to ensure funding constrained within amount available. 3. Annual review carried out by internal audit	1. ET meetings/minutes 2. ET meetings/minutes 3. Internal audit report presented to audit committee	Internal / External	1	2	2	No further action but continue to monitor expenditure and amend student funding policies to match demand with available budget. For session 2015-2016 SFC advised depreciation funds to be used for student funding shortfall	JB
4	SA 1, 2 & 6	Impact of the implementation of new 'needs led' funding model along with the simplification approach (WSUM replacement)	4	4	16	1. Principal member of College Sector Funding Group. 2. Vice Principal (CS&G) college lead in the parallel running of new simplification approach 3. Continuous review of curriculum and delivery by ET to ensure that adverse impact minimised.	1. Feedback to ET and Board meetings 2. Reports to L&T Committee	Internal	2	2	4	1. Parallel running of simplification methodology in 14/15 with full implementation starting 15/16. Implementation of 'needs led' funding approach in 15/16. Internal audit review planning for 15/16	CAT/ JB
5	SA5 & 6	Move to National Pay Bargaining	4	4	16	1. Detailed financial planning undertaken and approved by Finance and General Purposes Committee to ensure "affordability" of any offer. 2. Clear and well established negotiation processes in place with recognised unions. 3. Government public sector pay guidance for 2015-16 is for maximum 1%.	1. F&GP meetings/minutes 2. Feedback to ET and the Board 3. Included in budget which is monitored and reported through F&GP	Internal	4	4	16	The Board will be asked to sign up to a National Recognition and Procedure Agreement	ET
6	SA 1,2,3,4,5,6,7	Disruption to business continuity due to Influenza pandemic, terrorism, fire or other disaster	2	4	8	1. Business continuity plan in place (check audit report recs)	1. Reviewed by ET and report to Board 2. Internal audit review carried out in 11/12	Internal / External	2	2	4	Implementation of audit recs	ET
7	SA 1 & 6	Failure to maintain student numbers	2	4	8	1. Strategies in place to improve retention. 2. Self evaluation process. 3. Poorly performing programmes removed from the curriculum.	1. Monitored at course level and review by ET. Exception reporting to Board. 2. Monitored through self evaluation process and reported to ET and L&T committee	Internal	1	3	3	Internal audit review planned 13/14	ET
8	SA 6	Loss of 'charitable' status	2	4	8	1. Internal control and governance arrangements in place to meet requirements of OSCR. 2. Work with Colleges Scotland to influence and respond to any potential change to legislation affecting charitable status.	1. External audit coverage as part of annual review of financial statements.	External	1	2	2	No further action	CAT
9	SA 6	Downturn impacts on recruitment of Modern Apprentices	2	3	6	1. Maintain regular dialogue with training bodies. 2. Alter curriculum delivery to accommodate low numbers as and when required. 3. Contracts with relevant sector skills bodies and SDS in place.	1. Curriculum plans approved by ET and L&T Committee 2. Curriculum monitor contract on ongoing basis	Internal	2	2	4	Reduction in demand and income to be balanced by staffing reductions. Planned internal audit on strategic planning in 14/15	AW
10	SA 1,2,3,4,5,6,7	Public sector funding cuts - forecast for session 2016-17	4	4	16	1. Scenario planning undertaken and measures to offset reduction identified which is then used to inform curriculum planning. 2. Annual review of provision undertaken through planning and budgetary process to ensure match of income and expenditure.	1. Curriculum plans approved by ET and L&T 2. Budget approved by the Board	Internal	2	4	8	Reduce curriculum provision and or student services in line with funding and implement cost savings. Seek to increase non SFC income.	ET
11	SA 6 & 7	Changes to structure of FE colleges in Scotland adversely impacts on DAGCOL	2	4	8	1. D&G now confirmed as a single college region. Uncertainty still exists about future Crichton relationship and impact of being second smallest region in Scotland. Current indications are that under 'needs-led' funding model college is a growth region.	1. Scottish Government confirmed D&G as a single college region 2. Principal member of Crichton Leadership group and feeds back to ET and Board	Internal / External	1	2	2	Proactive involvement of ET and BoM in process	ET
12	SA 6 & 7	Governance implications resulting from reclassification of colleges by the ONS	4	4	16	1. Senior Management and Finance Manager representation at relevant briefings and ongoing monitoring of changes 2. External audit advice	1. Feedback to ET and Board	Internal/ External	2	2	4	SFC Guidance on Depreciation and Deficits External audit will review any changes to accounting treatments	ET
13	SA 1,2,3,5 & 6	Unable to increase Broadband width	4	4	16	1. Vice Principal (CS&G) member of H&FE Sector Oversight Board for ICT 2. Vice Principal (CS&G) member of Jisc RSC Scotland Advisory Board	1. Implementation of SWAN monitored 2. Feedback to ET and Board	Internal / External	2	2	4	No further action	JB
14	SA 6 & 7	Failure to achieve attainment targets	4	4	16	1. Real time monitoring systems in place 2. Strategies in place to improve retention. 3. Poorly performing programmes removed from the curriculum.	1. Monitored at course level and review by Vice Principal (Learning and Skills) 2. Monitored through self evaluation process and reported to ET and L&T committee	Internal/ External	1	4	4	Moving forward achieving attainment targets agreed with the SFC in the Regional Outcome will be a condition of grant. Low attainment can be detrimental to college reputation	ET
15	SA 6 & 7	Failure to achieve an 'effective' outcome following Education Scotland Review	4	4	16	1. Real time monitoring systems. 2. Quality learning, learner engagement and quality culture monitored through annual self evaluation	1. Monitored through self evaluation process 2. Education Scotland Annual Engagement Visit 3. Monitored through external audits and external moderation visits 4. Regularly reviewed by executive team, L&T and the Board.	Internal/ External	1	3	3	A less than favourable review will be detrimental to the college reputation. Moving forward achieving attainment targets agreed with the SFC in the Regional Outcome will be a condition of grant. Low attainment can be detrimental to college reputation	ET