Board of Management
Finance and General Purposes Committee

Date: 14 March 2017
Time: 2pm
Room: 1074b

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 29 Nov 2016	(attached)	JH
4	Matters Arising		
	4.1 Sale of Catherinefield	(verbal)	HP
	4.2 5 year financial strategy	(verbal)	JB
5	Carbon Management Plan Progress Report	(attached)	HP
6	Indicative Funding 2017-18	(attached)	JB
7	Financial Update (inc Management Accounts)	(attached)	KH
8	Aged Debt Report	(attached)	KH
9	Cash Flow Forecasts	(attached)	KH
10	Any Other Business		
111	Date and Time of Next Meeting - Tuesday 23 May 2017 at 2pm		

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 14 March 2017 at 2.00 pm in Room 1074b, Dumfries Campus.

Present:	John Henderson (Chair) Karen McGahan Kenny Henry	Ros Francis Carol Turnbull
In attendance:	Jannette Brown, Vice Principal Corporate Services & Governance and Secretary to the Board Karen Hunter, Finance Manager Helen Pedley, Director of Organisational Development and Facilities Brian Johnstone, Chair of the Board of Management	
Minute Taker:	Heather Tinning, Executive Team Assistant	

1 Welcome and Apologies for Absence

The Chair welcomed members to the meeting, and thanked Karen McGahan for Chairing the last meeting on his behalf.

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 indicate declarations of interest as appropriate throughout the meeting.

3 Minute of Previous Meeting

Members asked for item 4.2 of the minute to be amended to 'The College's inability to set aside cash for future developments. The Minute of the Finance and General Purposes Committee held on 29 November 2016 was then approved.

4 Matters Arising

4.1 Sale of Catherinefield

The Director of Organisational Development and Facilities reported that the missives had now been concluded and payment received for the sale of Catherinefield.

4.2 Five-year Financial Strategy

The Vice Principal Corporate Services & Governance reported that the College Sector Finance Directors Steering Group are looking to develop a template for the sector to use which can then be tailored for individual colleges. The strategy will come to this committee for consideration prior to going to the full board.

4.3 Update on Lennartz Ruling

The Vice Principal Corporate Services & Governance advised that no change in the information relating to Lennartz since the committee last met. However, the College will continue to keep this under review and update the Committee if the situation changes.

5 Climate Change Action Plan Update

The Director of Organisational Development and Facilities spoke to the report, which had been issued providing members with progress on the actions, detailed in the plan. The Director confirmed that the College was on target to achieve the reductions planned over the five-year period. The College is in the process of agreeing tenders to replace the boilers at the Stranraer campus, new energy efficient gas boilers have been installed at the Dumfries Campus, as well as replacement to and upgrading of lighting. The Director reported that early indications show cost savings in energy bills when compared to the same period last year. A college wide Sustainability Working Group including student reps and the college's climate change officer, had been set up to help meet the Scottish Government's aim to transition to a low carbon economy.

Members noted the report.

6 Indicative Funding 2017-18

The Vice Principal Corporate Services & Governance spoke to the report, which had been issued, on indicative funding allocation for next year. The Vice Principal highlighted the differences from last year to this, and whilst there is a slight increase overall the increase will not cover the increased pay costs.

The Principal provided members with an update on the current EIS situation following an Employers Association meeting she and the Director of Organisational Development and Facilities had attended.

Members noted the report.

7 Financial Update (inc Management Accounts)

The Finance Manager spoke to the report, which had been issued. The February Accounts had been updated to reflect the sale of Catherinefield. She reported that the College is on target to achieve an underlying operating break-even position. She also reported that the forecast deficit includes planned 'depreciation cash' expenditure of £355k to meet the 2015-16 consolidated pay award and estimated voluntary severance scheme costs.

Members noted the report.

8 Aged Debt Report

The Finance Manager spoke to the report, which had been issued, providing members with an update on debtor balances and bad debts arising since 31 October 2016. She advised that there were no debts to write off and asked members to note the position.

Members noted the report.

9 Cash Flow Forecasts

The Finance Manager spoke to the report, which had been issued, summarising the cash flow forecasts up to 31st July 2017. She advised that all capital maintenance projects to be paid by the end of March and Voluntary Severance Scheme Payments to be paid by the end of July.

Members noted the report.

10 Any Other Business

10.1 College Banking

The Chair of the Board advised members that the College is on course to switch to government banking with the Royal Bank of Scotland by the agreed 1st April deadline.

10.2 Vice Principal Corporate Services & Governance

To conclude, the Chair of the Finance and General Purposes committee thanked Jannette Brown for all her help and commitment over the years. He advised that she was a great pillar of support and knowledge, and wished her well with her plans for the future.

11 Date and Time of Next Meeting

The next meeting of the Finance and General Purposes Committee will take place on Tuesday 23 May 2017 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 29 November 2016 at 2.00 pm in Room 1074b, Dumfries Campus.

Present:	Karen McGahan (Acting Chair)	Ros Francis
	Kenny Henry	Carol Turnbull

In attendance: Jannette Brown, Vice Principal Corporate Services & Governance
Karen Hunter, Finance Manager
Helen Pedley, Director of Organisational Development and Facilities
Brian Johnstone, Chair of the Board of Management
Kay Bird, Secretary to the Board/Minute Taker

1 Welcome and Apologies for Absence

The Acting Chair welcomed members and the Chair of the Board of Management to the meeting. Apologies were intimated on behalf of John Henderson.

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 27 September 2016 was amended to make reference at matter 4.1, to DM Hall's valuation. The Minute was approved.

4 Matters Arising

4.1 Sale of Catherinefield

The Director of Organisational Development and Facilities verbally reported the sale had not yet concluded, the solicitors for the purchaser had raised some requisitions which had been attended to and requested new plans which had been drawn up. It was hoped that missives would be concluded prior to Christmas.

4.2 Draft Annual Finance & GP Committee Report

The Finance Manager spoke to the draft report which had been circulated. The Members discussed the report and agreed to an amendment to include a caveat that the College's inability to set aside cash was a technical deferment.

Decision: The Members approved the Report.

4.3 Update on Lennartz Ruling

The Finance Manager spoke to the report which had been circulated and advised this was a follow on from the previous report. She advised three colleges had submitted claims to HMRC and their claims have been rejected. Ernest & Young have advised that HMRC will defend their position strongly and Ernest & Young are taking a step back. EMT's recommendation is that no further action is taken regarding the College's Lennartz agreement, subject to any further advice from Scott Moncrieff who are waiting to hear further from HMRC. The Members discussed this recommendation.

Decision: It was agreed by the Members that based on the advice received there would be no further action taken and that the funds set aside for Lennartz be re-budgeted.

5 2015-16 Financial Statements

The Finance Manager spoke to the report which had been circulated and summarised the main points. She emphasised the changes in the reporting requirements, the changes in the accounting policies for pension adjustments and depreciation cash spend and confirmed that there would have been a small surplus had these new accounting policies not been put in place. A narrative had been included at the beginning of the Statements to highlight what had happened in the College over the period with some comparisons with the previous year. The Acting Chair congratulated the Finance Manager on the narrative.

The Finance Manager advised spoke to the accounts which now included a statement of comprehensive income and the Members commented that the accounts were not as differently presented as they would have first thought. The Acting Chair and Ros Francis congratulated the Finance Manager on a well presented performance report. The Chair of the Board of Management asked for a one page bulletin to be produced to emphasise the key highlights and the Vice Principal Corporate Services & Governance confirmed this had been drafted.

Action: The Vice Principal Corporate Services & Governance confirmed the one page bulletin would be circulated to Board Members forthwith.

Decision: Members recommend for approval the Financial Statements for the year ended 31 July 2016 to the Board.

6 Revised Health and Safety Policy

The Director of Organisational Development and Facilities spoke to the report which had been circulated and advised the policy was revised every three years or earlier if required. She confirmed the H&S Committee have reviewed the H&S Policy together with the Fire Policy which now formed a separate document. The H&S Policy had been simplified and recent changes incorporated. The Members discussed the report and it was agreed that point 1.1.8 on page 23 of the Policy, the word "expects" on the first line would be changed to "required" to strength the emphasis and it was confirmed this policy forms part of the employee's job description and therefore is mandatory.

The Chair to the Board of Management commented that the policies were very detailed and Board Members could not be expected to know whether the policies conform to current legislation, and how the Board satisfies itself in this regard. The Director of Organisational Development and Facilities gave assurances that the Fire Authority had approved the Fire Policy and the College's H&S Officer was responsible for checking the Policy was compliant. The Principal gave the Committee further assurance that the Policy is compliant and that routine H&S audits take place. The Acting Chair advised that John Henderson, the Chair was in agreement to recommend the two policies to the Board of Management.
Action: The Director of Organisational Development and Facilities to make the change to point 1.1.8 on page 23 of the Policy.
Decision: The Members recommend for approval the H&S Policy and the Fire Policy to the Board of Management.

The Director of Organisational Development and Facilities left the meeting.

7 Financial Update (inc Management Accounts)

The Finance Manager spoke to the report which had been circulated and confirmed there were no big changes to the budget however it was still early in the academic year. The forecasts will be reviewed when November's figures are available. The Finance Manager advised the format of the accounts and reports will be reviewed to ensure they provide the correct information at the right level for EMT and Board purposes. The Members discussed the budget changes and the Finance Manager asked the Members to approve the changes. Ros Francis raised that there was an underspend on projects and the Finance Manager and Vice Principal of Corporate Services & Governance confirmed that a number of projects were to start in the near future and EMT would be keeping an eye on this and they gave assurance to the Board that unless there were significant budget changes, when a revised budget would be presented, minor budget changes would be brought to the Committee in this way
Decision: The Members approved the budget changes.

8 Aged Debt Report

The Finance Manager spoke to the report which had been circulated and reported that there was only one proposed write-off which was a Bursary from last year. This debt had been put in the hands of a debt collection agency but as the student had no means of repaying the Bursary it would have to be written off. The aged debt balance as at October 2016 was highlighted. The Members discussed the report and the Acting Chair commented that there were very few write-

offs which was good practice. The Acting Chair enquired whether write- offs are reported to the SFC and the Finance Manager advised write offs are reported on the Financial Memorandum.
Decision: The Members approved the proposed write-off and noted the aged debt balances as at October 2016.

9 Cash Flow Forecasts

The Finance Manager spoke to the report which had been circulated and advised the report updated the 2016-17 Cash Flow Forecasts. The bank balances for every month are presented to the Committee and the College aims to maintain a minimum amount of £1M. The Members discussed the report and the Chair of the Board of Management asked whether the College had an overdraft facility and the Finance Manager advised that there is no overdraft facility in place due to the fact that there is never a need to use this facility and a fee is charged for this facility.

Members noted the report.

10 Any Other Business

The Chair of the Board of Management raised Audit Scotland' recommendation for a five year strategy for the College being in place and when EMT expect to achieve this. The Vice Principal Corporate Services & Governance advised this strategy will drafted and will come to this Committee prior to going to the Board of Management; but not prior to March 2017. She advised there is no timescale to adhere to as it is a good practice recommendation.

The Chair of the Board of Management thanked the Finance Manager and her team for all their hardwork.

11 Date and Time of Next Meeting

The next meeting of the Committee will take place on Tuesday 28 February 2017 at 2pm.

Finance and General Purposes Committee

Climate Change Action Plan Update – Year 1

1. Introduction

The purpose of this report is to update the Finance and General Purposes Committee of developments to reduce carbon emissions in order to achieve Scottish Government climate change targets and to meet the requirements of the college's Climate Change Action Plan in year 1.

2. New Boilers

The college has installed 3 new burners at a cost of £22,000 per boiler to optimise efficiency by controlling fuel and air delivered to the boiler resulting in reduced fuel use and carbon emissions and lower running costs. The boilers also provide continuous emissions monitoring which will be a mandatory requirement in the future under the Medium Combustion Plant (MCP) Directive (EU) 2015/2193 of the European Parliament on the limitation of emissions of certain pollutants into the air from medium combustion plants. The MCP Directive will have to be adopted by the UK by 19 December 2017. The Directive regulates emissions of sulphur dioxide, nitrous oxides and dust into the air with the aim of reducing those emissions and the risks to human health and the environment they may cause. It also lays down rules to monitor emissions of carbon monoxide. The new boilers will be able to monitor all of these emission sources.

3. Lighting Updates

During the October break, lighting in the library, atrium, part of the dining hall and the reception area were replaced from tungsten halogen bulbs, to high level LED bulbs. Seventy-six bulbs in total were replaced. The external lighting for the car park was upgraded in February with 80 lights being replaced which will result in the overall wattage being reduced by nearly half.

Total cost for this project was £21,897.

4. Scottish Government Mandatory Reporting

The deadline for the first full submission of public sector bodies mandatory carbon reporting for climate change major players was 30 November 2016. The college provided all of the required data to Sustainable Scotland Network by this deadline. The college successfully completed the pilot project for reporting last year and this is the first mandatory reporting year. As well as reporting carbon emissions in relation to energy, waste, water and business travel by staff, this year there will also be additional reporting on sustainable procurement.

Our emissions decreased over the calendar year 2015, which was unexpected as we anticipated the status quo or an increase due to the construction work for the Hospitality suite. Scope 2 emissions, which is purchased electricity, had the greatest reduction. See the table below for full details, all emission figures are advised in tonnes of carbon dioxide equivalent:

Year	Scope 1	Scope 2	Scope 3	Total	Reduction
2014	315	870	136	1321	-
2015	324	762	115	1201	120

A reduction of 120 tonnes carbon dioxide is equivalent to a 9% reduction in overall emissions. This is equal to the interim target set for the end of 2016 against the 2014 baseline.

5. College Fleet Vehicles

The new college cars have proven to be more financially economical than the existing fleet vehicles which they replaced. In their first year of use slightly more litres of fuel were consumed than the previous year (approximately 200 litres more), however, the fuel cost was £1,300 less. This increase in fuel does mean a slight increase in carbon emissions (less than half a tonne of carbon dioxide equivalent), however as our fleet vehicle fuel consumption only contributes approximately 1% of our overall emissions (4% approximately from total business travel), this is not of significant impact.

6. Sustainability Working Group

The first meeting took place on Thursday 24 November and was chaired by Billy Currie the Facilities Manager. The Group comprises of staff from across the college, both academic and support, and also has a representative from Baxterstorey catering staff. The Environmental Association for Universities and Colleges (EAUC) were unable to attend the first meeting but provided information advising what they do as an organisation and how they can support the Group moving forward. They have also confirmed they will be happy to attend future meetings.

7. Other Sustainability Developments

- College sustainability logos have been designed by Marketing (see Appendix I). These logos will be used around the college to identify sustainability initiatives, both Estates projects and Student Association and cross college sustainability campaigns.
- Stronger links are being developed between the Student Association, student engagement, employability and sustainability through Student Association sustainability and social responsibility initiatives and events (the college's Climate Change Officer is also the Student Engagement Officer). Full details of these events to date, which include the Class Rep Christmas hamper appeal, Smalls for All and Nathans Wastesavers were provided in the Student Association update to the Board of Management.

8. Summary

We are confident we will see a further reduction in emissions by the end of the academic year 2016/17. This will predominantly be achieved by the boiler and lighting upgrades at the Dumfries campus. Members are asked to note the report

Finance and General Purposes Committee

Appendix I

Finance and General Purposes Committee

Indicative Funding Allocation 2017-18

1. Introduction

The purpose of this paper is to provide information to the Committee on the initial funding allocation for academic session 2017-18, announced by the Scottish Funding Council on 10 February 2017.

2. Indicative Funding Announcement

The Scottish Funding Council announced in a circular the funding allocations for the sector. At this time, the figures are indicative only and are provided to help us plan as we move towards finalising our Regional Outcome Agreement for academic year 2017-18. It is likely that our credit target will remain the same as 2016-17, at 30,067 credit.

The following tables shows indicative funding and the changes compared to last session

	2017-18 (indicative)	2016-17 (actual)	+/-
Teaching Grant	£8,745,960	£8,591,317	**+**£154,643
Capital Grant	£373,114	£458,658	**-**£85,544
Overall	£9,119,074	£9,049,975	**+**£69,099

The indicative funding announcement is better than expected with an overall increase of £69,099 compared to 2016-17. However, it should be noted that the increase would not cover the increase in payroll costs for 2017-18, so once again balancing our 2017-18 budget will be challenging. The College intends to present a draft budget to the Committee at its meeting in May.

3. Recommendation

It is recommended that the committee note the information provided in this paper.

Financial Update at February 2017

1. Net out-turn for Academic year 2016/17

The budget and forecasts for the academic year August 2016 to July 2017 are based on achieving an underlying operating break-even operating position. The overall forecast deficit forecasts to July 2017 includes planned 'depreciation cash' expenditure of £355,000 to meet costs for the 2015/16 consolidated pay award and estimated Voluntary Severance Scheme costs.

The Income and Expenditure Account and Balance Sheet now reflect the disposal of the Catherinefield building.

The forecasts have been revised to reflect current information and assumptions, but will be reviewed on a regular basis to ensure that the impact of any further changes and estimates are included in the estimated out-turn for the year.

2. Budget Changes

The budget has been revised to reflect a reduction in SAAS full time fees from original projections, which has been offset by an increase in part-time HE fees.

Pensions and national insurance costs have been updated based on current staffing costs.

Payments under the Lennartz agreement have been revised based on the current partial exemption calculations, and operational plan budget has been revised, which has reduced the forecast property costs for the year.

The budget has been updated to include some savings identified for other overheads, with net budget savings included in a contingency budget.

3. Results to 28th February 2017

3.1 Key Performance Indicators

The Key Performance Indicators monitoring the forecast out-turn for the year, and working capital position at 28th February 2017 is summarised as follows:

Income and Expenditure:

Operating Surplus/ deficit as % of income	0.00%
Non-SFC income as % of total income (including ALF grant income)	16.02%

Balance Sheet:

Current Assets: Current liabilities	0.98	(31.03.16 – 1.39)
Days cash to annual expenditure (excluding depreciation)	50 days	(31.03.16 – 56 days)

The KPI's indicate that the College is operating with low net assets, in line with the requirements of Central Government budgeting and reporting. The change in financial reporting requirements to include deferred capital grants within creditors has reduced the current ratio to less than 1 but the College has sufficient cash balances to pay creditors as they fall due.

Bank balances are in line with projections for the month, with sufficient funds were held to meet supplier payments and other costs within the month as they fall due.

3.2 Income and Expenditure

Income and expenditure for the period up to February 2017 and forecasts to July 2017 are summarised in paragraph 5.

Forecast SFC core grant has been revised to reflect a clawback for the 2015/16 credit shortfall of £106,000 as advised by SFC. The clawback is £17,000 more than estimated in the accounts to July 2016, which has resulted in a reduction in income for the current year.

Fee income forecasts reflect a reduction in expected SAAS fees for full-time HE students, and an increase in part-time fees.

Payroll costs include the back-dated support staff pay award for 2016/17 of £47,000, which was included in the payroll in January and February.

Property costs reflect the partial release of some retention monies.

The current forecasts show contingencies available of £148,000, with the aim of achieving an underlying break-even operating position at 31 July 2017.

Some budget lines for income and expenditure have been re-profiled as they are likely to relate to timing differences. Actual expenditure against budget is regularly reviewed across all budget departments to ensure that any potential problems are flagged up as early as possible. No issues have been identified to date, and any changes arising will be reported for Executive Management Team review and action.

3.3 Depreciation Cash Budget Expenditure

SFC confirmed in November that the Scottish Ministers have given their approval for the following overall priorities for the College Sector 2016-17 depreciation cash:

- Student support;
- In-year loan repayments;
- Costs of the consolidated 2015/16 pay award.

The College has net depreciation cash of £355,000 for 2016/17.

As the College doesn't have any loan repayments, and there is no expected shortfall in student support, SFC have approved the proposal to utilise depreciation cash funds to meet costs of the voluntary severance scheme.

The following costs are now included in the projections for the year:

Consolidated 2015/16 pay award cots	£ 77,000
Voluntary Severance Scheme costs	278,000
Total	£355,000

3.4 Balance Sheet

The balance sheet movement for the period between February and October is as follows:

	February '17	**October '16**	***Movement***
	£000	£000	*£000*
Fixed Assets	35,923	36,457	*-534*
Current Assets	2,604	2,330	*274*
Current Liabilities	(2,648)	(2,707)	*59*
Long Term Liabilities	(23,093)	(23,520)	*427*
Pension Liability	(8,291)	(8,291)	*0*
Net Assets	**4,495**	**4,269**	*226*
Revaluation Reserve	(4,201)	(4,385)	*184*
I&E Account	(294)	116	*-410*
	(4,495)	**(4,269)**	*-226*
Cash at Bank	**1,447**	**1,422**	*25*
Net current assets/(liabilities)	**(44)**	**(377)**	*333*

Fixed Assets – the Catherinefield building was sold during the period, which had a net book value of £135,000.

Current Assets and Liabilities – no core grant was claimed during February, in order to maintain bank balances of approximately £1m. The total bank balance increased due to the receipt of SAAS fees in January.

SFC core grant due for the period to date amounts to £654,000.

Current liabilities have decreased, which reflects the reduction in outstanding income, and supplier invoices paid for costs committed previously.

The decrease in long-term liabilities is due to the release of deferred capital grants and Lennartz balances.

4. Student Support

There has been a decrease in demand for FE student support funding, and increased demand for HE discretionary and childcare support. The grant available for 2016/17 is forecast to be sufficient to meet demand from students, and no overspend is expected for the year.

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

	PERIODS 1 TO 7		FORECAST - 12 MONTHS TO JULY 2017				
	August 2016 to February 2017		August 2016 to July 2017				
	Actual	**Revised Budget**	**Forecast**	**Revised Budget - September '16**	***Changes for approval***	**Revised Budget – January '17**	***Variance from revised budget***
	£000	**£000**	**£000**			**£000**	**£000**
Income	**1,297**	1,297	**2,442**	**2,442**	**0**	**2,442**	**0**
Expenditure	**1,297**	1,297	**2,442**	**2,442**	**0**	**2,442**	**0**
Net costs to be met by College	**0**	**0**	**0**	**0**	**0**	**0**	**0**

5. Scottish Colleges Foundation/ Arms Length Foundation

The balance retained by the Scottish Colleges Foundation for Dumfries and Galloway College amounts to approximately £335,000.

6. Income and Expenditure Summary

	PERIODS 1 TO 7		12 MONTHS TO JULY 2017				
	August 2016 to February 2017		August 2016 to July 2017				
	Actual	Budget	Forecast *	Budget approved – 29.11.16	*Changes for approval*	Revised Budget	*Variance*
INCOME	**£000**	**£000**	**£000**	**£000**	***£000***	**£000**	**£000**
Grant Income	**5,501**	5,534	**9,137**	9,170	*0*	**9,170**	*33*
Release of deferred capital grant	**443**	442	**758**	759	*0*	**759**	*1*
Fee Income	**1,019**	988	**1,793**	1,868	*-106*	**1,762**	*(31)*
Other Income	**19**	36	**48**	64	*0*	**64**	*16*
Total Income	**6,982**	**7,000**	**11,736**	**11,861**	**-106**	**11,755**	**19**
EXPENDITURE							
Gross pay costs	**3,663**	3,709	**6,382**	6,329	*0*	**6,329**	*(53)*
Pensions	**670**	655	**1,138**	1,125	*30*	**1,155**	*17*
National Insurance	**328**	292	**535**	505	*70*	**575**	*40*
Total Pay Costs	**4,661**	**4,656**	**8,055**	**7,959**	***100***	**8,059**	**4**
Property Costs	**243**	342	**566**	941	*-277*	**664**	*98*
Other overheads	**1,085**	1,041	**1,771**	1,763	*-43*	**1,720**	*(51)*
Depreciation	**698**	698	**1,196**	1,197	*0*	**1,197**	*1*
Contingency	**0**	0	**148**	*0*	*115*	**115**	*(33)*
Total Other Costs	**2,026**	**2,081**	**3,681**	**3,901**	***-205***	**3,696**	**15**
Total Expenditure	**6,687**	**6,737**	**11,736**	**11,860**	**-105**	**11,755**	**19**
UNDERLYING OPERATING SURPLUS/ (DEFICIT)	**295**	**263**	**0**	**1**	**-1**	**0**	**0**

DEPRECIATION CASH EXPENDITURE	**44**	**44**	**355**	**177**	**178**	**355**	***0***
OVERALL OPERATING SURPLUS/ (DEFICIT)	**251**	**219**	**(355)**	**(176)**	**-179**	**(355)**	**0**

**** NOTE - The forecast expenditure will be reviewed with the aim of achieving an underlying break-even out-turn, before allowing for expenditure on depreciation cash funds***

7 Recommendation

Members are asked to discuss the contents of the report.

Aged Debt Report

1. Introduction

1.1 The purpose of this report is to provide an update to members on the College debtor balances and any bad debts arising since 31 October 2016.

1.2 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.

1.3 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 and generally relate to invoices for student support which have been unpaid.

2. Summary of Aged Balances at January 2017

	October 2016 Total	January 2017 Total	Current	1 Month	2 Months	3 Months	3 Plus	No of Debts
Client	61,900	36,711	17,946	17,001	391	-	1,373	19
Student	21,630	7,849	703	1,080	110	-	5,956	25
Bursary 2015/16	3,285	2,917	-	-	-	-	2,917	11
Bursary 2016/17	-	140	-	-	-	-	140	1
Total	**86,815**	**47,617**	**18,649**	**18,081**	**501**	**-**	**10,386**	**56**

2.1. The above table excludes two credit balances amounting to £59,526 at 31 January 2017, where funds were received before invoices were issued. The net debt, excluding those credit balances, has decreased by £39,198 since October 2016. Client and student debtor balances have decreased in the quarter.

2.2 The College continues to ensure that debtor balances are current and recoverable by following the agreed procedure for reminder letters, with difficult cases being referred to the debt collection agents to pursue.

3. Breakdown of debtor balances

3.1 Client debt has decreased by £25,819, which includes a small number of high value invoices, which were issued in the second half of January, and a few smaller debts, which have been chased in line with College procedures. Payments were received in February for the larger invoices issued in January.

3.2 The total level of student debt has decreased by £13,781 since October 2016. This large decrease is due to settlement of a number of invoices issued for tuition fees at the start of the 2016-17 academic year. Although the majority of student debt is older debt, a number of instalment plans have been set for which payments are being received. Reminder letters have been issued in accordance with College procedures for the remaining outstanding debt.

3.3 Bursary debt has decreased by £228 or 6.9% since October 2016. The balance is made up of older debts, which have been followed up in accordance with College procedures. The majority of these have been forwarded to the debt collection agency.

4. Bad debt provision

4.1 At 31 January 2017 the provision in the accounts has increased to £3,138, but it is expected that this will decrease over the next quarter as payments by installment are received. The provision will be reviewed on an ongoing basis.

5. Debt collection agents

5.1 The total balance currently at the final stage of debt collection amounts to £4,560 and is being handled by TNC. The balance relates mainly to invoices for bursary overpayments, with course fees making up the remainder of £1503.

6 Balances to write-off

6.1 There are currently no balances classed as irrecoverable. The table below shows the debts written-off in each of the previous six years.

Year debt was written-off	Year of original debt:						
	2015/16	**2014/15**	**2013/14**	**2012/13**	**2011/12**	**2010/11**	**2009/10**
2016/17	283.56						
2015/16		1636.62	691.00				
2014/15			7,025.33				
2013/14				8,107.20	634.42		
2012/13					200.00		50.00
2011/12						2,033.17	
2010/11						220.00	1,237.00
	283.56	**1,636.62**	**7,716.33**	**8,107.20**	**834.42**	**2,253.17**	**1,287.00**

7. Recommendation

7.1 Members are requested to note the aged debt balances at January 2017.

Finance and General Purposes Committee

Cash Flow Forecasts for 2016-17

1. Purpose of the Report

1.1 The purpose of this report is to present the updated Cash Flow forecasts for 2016-17 to the Committee and highlight the key aspects for review.

2. Report

2.1 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 is expected to maintain a minimum level of cash reserves required in order to operate effectively and meet costs as they fall due. The College submits a monthly claim to SFC which highlights actual and forecast bank balances, and expected expenditure each month as well as any variances from budget allocations set by SFC.

2.2 The format of the College's internal cash flow projections was previously updated in order to predict cash movements as accurately as possible and forecast cash requirements each month. The projections cover the sixteen month period from April 2016 to July 2017 which is required for SFC returns.

2.3 The cash flow report includes a section for core College cash movements and Lennartz balances. The Lennartz balances will reduce over the remainder of the agreement which is due to be completed in July 2018. The balance available at July 2017 is forecast to amount to £ 505,000 following the annual 'partial exemption' adjustments.

2.4 The monthly grant claim is calculated in order to provide total forecast bank balances of £1m each month to meet operating expenditure.

2.5 The main area to highlight to the Committee is the movement at the SFC budget cut-off periods March and July, and the forecast reduction in the overall bank balances over the period to July 2017 which reflects the payment of Lennartz.

3. Recommendation

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

Dumfries and Galloway College

Cash Flow Projections for 2016-17

MARCH	**Actual**	**Forecast**	**Projected FY**	**Forecast**	**Forecast**	**Forecast**	**Forecast**	**Projected AY 2016-**
	Feb-17	**Mar-17**	**2016-17**	**Apr-17**	**May-17**	**Jun-17**	**Jul-17**	**17**
Forecast 16-17	**£**	**£**	**£**	**£**	**£**	**£**	**£**	**£**
Income								
SFC Grants								
SFC Core Grant	-	569,956	**8,250,907**	1,320,000	777,653	800,000	659,584	**8,484,683**
Developing Young Workforce	-	-	**44,735**					-
Student Support								
Bursary	-	180,000	**1,491,000**	150,000	145,000	100,310	-	**1,400,310**
FE Childcare	-	55,000	**275,141**	25,000	20,000	15,000	-	**266,000**
HE Childcare	-	17,732	**85,841**	8,000	7,500	5,000	-	**99,732**
FE Hardship	-	17,500	**85,600**	7,500	7,500	5,000	-	**84,199**
Capital Maintenance	178,030	-	**458,568**				-	**458,568**
EMA Admin	-		**0**	3,000	8,000		-	**11,000**
EMA Student Maintenance	42,030	38,236	**340,356**	30,000	30,000	30,000	-	**356,856**
ESOL (16-17)	2,974	2,975	**20,819**	3,312	3,312	3,312	3,313	**34,068**
ESOL (2015-16)		- 1,620	**13,352**					**- 1,620**
Sale of Catherinefield	120,000	-	**120,000**	-	-	-	-	120,000
Other Income								
Other grant income	-	26,864	**44,885**	4,208	4,208	4,208	4,212	**50,500**
Scottish Colleges Foundation	-	-	**170,000**					-
HE Hardship	-	23,487	**78,289**	-	-	-		**78,289**
SAAS Fees	-	-	**667,308**	12,000				**634,321**
Re-charges - UWS/ Gl. Uni/ DGC	800	16,472	**253,566**	16,000	16,000	16,000	16,000	**226,270**
SDS fees	24,876	36,686	**322,151**	24,045	24,045	24,045	24,043	**288,539**
Other cash received	59,039	48,562	**636,941**	53,275	53,275	53,275	48,321	**667,125**
Total cash in	**427,749**	**1,031,850**	**13,359,459**	**1,656,340**	**1,096,493**	**1,056,150**	**755,473**	**13,258,840**
Expenditure								
Payroll	709,712	721,611	**8,143,713**	683,083	693,083	693,083	701,375	**8,219,034**
EMA payments	27,660	52,110	**280,920**	30,000	30,000	30,000	-	**300,000**
Bursary payments (inc. student transport)	226,389	298,127	**1,541,748**	150,000	145,000	100,310	-	**1,588,987**
FE Childcare	16,552	156,320	**309,453**	25,000	20,000	15,000	-	**321,122**
HE Childcare	14,191	27,341	**109,187**	8,000	7,500	5,000	-	**107,001**
FE Hardship	17,417	15,497	**92,394**	7,500	7,500	5,000	-	**89,028**
HE Hardship	10,068	7,967	**69,655**	8,000	8,000	7,789	-	**78,289**
Other Student Support			**190**				-	**190**
Depreciation spend - VSS	-	-	**-**	-	-	-	278,000	**278,000**
PL payments (excl student transport)	148,732	366,126	**2,816,164**	160,000	160,000	135,000	140,000	**2,451,235**
Maintenance costs - from SFC Capital Mai	16,683	161,347	**475,101**	-	-	-	-	**475,101**
Catherinefield capital	-	-	**-**	-	-	-	120,000	**120,000**
Other payments	28,410	26,397	**285,257**	10,000	10,000	10,000	10,000	**240,418**
Total cash out	**1,215,814**	**1,832,843**	**14,123,782**	**1,081,583**	**1,081,083**	**1,001,182**	**1,249,375**	**14,268,405**
Net cash inflow/(outflow)	**(788,065)**	**(800,993)**	**(764,323)**	**574,757**	**15,410**	**54,968**	**(493,902)**	**(1,009,565)**
Balance b/f	1,573,871	785,806	**749,136**	- 15,187	559,570	574,980	629,948	1,145,611
Balance c/f	**785,806**	**(15,187)**	**(15,187)**	**559,570**	**574,980**	**629,948**	**136,046**	**136,046**

Lennartz:								
Quarterly payments	-	79,262	305,290	-	-	76,698	-	**294,699**
Cash outflow	**-**	**79,262**	**305,290**	**-**	**-**	**76,698**	**-**	**294,699**
Balance b/f	660,770	660,770	886,798	581,508	581,508	581,508	504,810	799,509
Balance c/f	**660,770**	**581,508**	**581,508**	**581,508**	**581,508**	**504,810**	**504,810**	**504,810**

Total closing bank balances	**1,446,576**	**566,321**	**566,321**	**1,141,078**	**1,156,488**	**1,134,758**	**640,856**	**640,856**