
Performance and Resources Committee Meeting

Date of Meeting	Wednesday 15 March 2023
Paper Title	GCRB Mid-Year Return 2022-23
Agenda Item	14
Paper Number	PRC3-I
Responsible Officer	Jim Godfrey, Finance and Resources Director
Status	Disclosable
Action	For Decision

1. Executive Summary

1.1. This report provides the committee with the GCRB mid-year return 2022-23.

2. Recommendations

2.1. The Committee is asked to **approve** the GCRB mid-year return 2022-23.

3. Background

- 3.1.** The mid-year return is an annual return that regions, and colleges, are required to submit to the Scottish Funding Council (SFC). It updates the financial forecast return 2022-23 which was provided in 2022.
- 3.2.** The information within these financial returns is used by the Scottish Funding Council to “monitor and assess the financial health of colleges and better understand the resource pressures and challenges that are anticipating”.
- 3.3.** Long-term financial planning is wholeheartedly supported in the pursuit of effective financial management and good governance. Enhanced long-term financial planning was also something that was recommended by Audit Scotland in their review of Scotland’s Colleges in 2016. This was re-iterated in their subsequent reviews in 2018 and 2019. The completion of the mid-year return, and financial forecast return, contribute to long-term planning within the college, the region and the sector.
- 3.4.** One important difference between the two returns is that the mid-year return provides an updated forecast for the current financial year only. Whereas the financial forecast return provides a forecast for the next 5 years.
- 3.5.** The call for Information was issued by SFC on 3 February 2023 with a deadline for submission of 31 March 2023. A link to the SFC publication is provided below:

<https://www.sfc.ac.uk/publications-statistics/calls-information/2023/SFCCI012023.aspx>

4. Mid-Year Return 2022-23 – GCRB

- 4.1.** The return has been completed for GCRB. These figures include the running costs of GCRB and the regional programme for action. The approach is consistent with that used for the preparation of the consolidated financial statements.
- 4.2.** The figures, within the mid-year return, are consistent with the forecasts shown in the report elsewhere on this agenda (i.e. GCRB running, and programme, costs 2022-23).
- 4.3.** The main change, between the previous financial forecast return and this mid-year return, is the reduction in forecast expenditure for the regional programme for action 2022-23.

5. Mid-Year Return 2022-23 – Glasgow College Region

- 5.1.** The three colleges are due to provide their returns to GCRB on 30 March 2023 and these will be consolidated (together with the GCRB return) to provide the regional submission. The regional return will then be submitted to the SFC on 31 March 2023. A report on the consolidated position will be provided to this Committee following the submission of the regional return.

6. Risk and Compliance Analysis

6.1. This report helps to inform discussion regarding financial sustainability and address the risk that “Financial sustainability is jeopardised by a reduction in income and/or an increase in costs”. (Risk 008).

6.2. There are no legal implications arising from this report.

7. Financial and Resource Analysis

7.1. The financial implications associated with the Mid-Year Return are set out in the body of the report.

8. Equalities Implications

8.1. There are no equalities implications as a direct result of this report.

9. Learner Implications

9.1. The ability to deliver the regional outcomes are directly affected by the future resources. The Financial Forecast, and Mid-Year, Returns contribute to the long-term financial planning and therefore the ability to achieve the regional ambitions.

Mid-Year Return 2022-23

College

Contact

Telephone

Email:

DECLARATION:	The attached worksheets represent an update on the financial forecasts for the College, based on the actual financial results for the year to date and other relevant information. I consider the revised forecasts to be a reasonable assessment of the College's projected financial position at the end of this academic year in the light of the information available to me.
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Signed:

Executive Director

Date:

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	FFR 2022-23	MYR 2022-23	Variance	Variance	Explanation for variance
	£000	£000	%	£	
Statement of Comprehensive income and expenditure (Consolidated)					
INCOME					
Tuition fees and education contracts	0	0		0	
Funding council/RSB grants	915	915	0.0%	0	
Research grants and contracts	0	0		0	
Other income	0	0		0	
Investment income	0	0		0	
Total income before donations and endowments	915	915	0.0%	0	
Donations and endowments	0	0		0	
Total income	915	915	0.0%	0	
EXPENDITURE					
Staff costs	458	473	3.3%	15	
Staff costs - exceptional restructuring costs	0	0		0	
Exceptional costs - non-staff	0	0		0	
Other operating expenses	476	326	-31.5%	-150	
Donation to Arms Length Foundation	0	0		0	
Depreciation	0	0		0	
Interest and other finance costs	0	0		0	
Total expenditure	934	799	-14.5%	-135	
Surplus/(deficit) before other gains and losses and share of operating surplus/deficit of joint ventures and associates	(19)	116	-710.5%	135	
Gain/(loss) on disposal of fixed assets	0	0		0	
Gain/(loss) on investments	0	0		0	
Share of operating surplus/(deficit) in joint venture(s)	0	0		0	
Share of operating surplus/(deficit) in associate(s)	0	0		0	
Surplus/(deficit) before tax	(19)	116	-710.5%	135	
Other taxation	0	0		0	
Surplus/(deficit) for the year	(19)	116	-710.5%	135	
Unrealised surplus on revaluation of land and buildings	0	0		0	
Actuarial (loss)/gain in respect of pension schemes	0	0		0	
Other comprehensive income	0	0		0	
Total comprehensive income for the year	(19)	116	-710.5%	135	

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INCOME	FFR	MYR	Variance	Variance	Explanation for variance
	2022-23	2022-23			
	£000	£000	%	£	
1 Tuition fees and education contracts					
a) FE - UK	0	0		0	
b) FE - EU	0	0		0	
c) HE	0	0		0	
d) Non-EU	0	0		0	
e) SDS contracts	0	0		0	
f) Education contracts	0	0		0	
g) Other	0	0		0	
Total tuition fees and education contracts	0	0		0	
2 SFC / RSB Grants					
a) SFC / RSB FE recurrent grant (including fee waiver)	915	915	0.0%	0	
b) UHI recurrent grant - HE provision	0	0		0	
c) FE Childcare funds	0	0		0	
d) Release of SFC / RSB deferred capital grants	0	0		0	
e) SFC capital grant	0	0		0	
f) SFC grant for NPD	0	0		0	
g) Other SFC / RSB grants - FE provision	0	0		0	
h) Other UHI grants - HE provision	0	0		0	
Total SFC / RSB Grants	915	915	0.0%	0	
3 Research grants and contracts					
a) European Commission	0	0		0	
b) Other grants and contracts	0	0		0	
Total research grants and contracts	0	0		0	
4 Other Income					
a) Catering and residences	0	0		0	
b) Other European Income	0	0		0	
c) Other income generating activities	0	0		0	
d) Grants from ALF	0	0		0	
i) Revenue	0	0		0	
ii) Capital	0	0		0	
e) Non-government capital grant	0	0		0	
f) Other grant income	0	0		0	
g) Release of non-SFC government deferred capital grant	0	0		0	
h) Other income	0	0		0	
Total other income	0	0		0	
5 Investment income					
a) Investment income on endowments	0	0		0	
b) Investment income on restricted reserves	0	0		0	
c) Other investment income	0	0		0	
d) Other interest receivable	0	0		0	
e) Net return on pension scheme	0	0		0	
Total investment income	0	0		0	
6 Donations and endowment income					
a) New endowments	0	0		0	
b) Donations with restrictions	0	0		0	
c) Unrestricted donations	0	0		0	
Total donation and endowment income	0	0		0	

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EXPENDITURE**

		FFR 2022-23	MYR 2022-23	Variance	Variance	Explanation for variance
		£000	£000	%	£	
STAFF COSTS						
1 Teaching departments		0	0		0	
2 Teaching support services		0	0		0	
3 Other support services		0	0		0	
4 Administration and central services		458	473	3.3%	15	
5 Premises		0	0		0	
6 Catering and residences		0	0		0	
7 Other income generating activities		0	0		0	
8 Other staff costs		0	0		0	
9 Impact of FRS 102 pensions reported costs (less contributions paid included above)		0	0		0	
Normal staff costs		458	473	3.3%	15	
10 Exceptional restructuring costs		0	0		0	
Total staff costs		458	473	3.3%	15	
Additional breakdown of staff costs						
	Salaries	354	367	3.7%	13	
	Social security costs	43	42	-2.3%	-1	
	Pension contributions	61	64	4.9%	3	
	Non-cash pension adjustments - net service cost	0	0		0	
	Non-cash pension adjustments - early retirement provision	0	0		0	
	Severance payments	0	0		0	
	Total staff costs	458	473	3.3%	15	
NON-STAFF COSTS						
1 Exceptional costs - non-staff		0	0		0	
2 Other operating expenses						
	a) Teaching departments	0	0		0	
	b) Teaching support services	0	0		0	
	c) Other support services	0	0		0	
	d) Administration and central services	101	86	-14.9%	-15	
	e) General education	0	0		0	
	f) Premises	0	0		0	
	(i) Maintenance	0	0		0	
	(ii) Utilities	0	0		0	
	(iii) Other	0	0		0	
	g) Catering and residences	0	0		0	
	h) Other income generating activities	0	0		0	
	i) Overspend on student support funds *	0	0		0	
	j) Planned maintenance	0	0		0	
	k) Movement on early retirement pension provision	0	0		0	
	l) NPD	0	0		0	
	m) Other	375	240	-36.0%	-135	Lower programme expenditure e.g. regional curriculum plan
Total other operating expenses		476	326	-31.5%	-150	
3 Depreciation						
	a) Government funded assets	0	0		0	
	b) Non-government funded assets	0	0		0	
	c) NPD funded assets	0	0		0	
Total depreciation		0	0		0	
4 Interest						
	a) On bank loans, overdrafts and other loans	0	0		0	
	b) Finance lease interest	0	0		0	
	b) Other	0	0		0	
	c) Net charge on pension scheme	0	0		0	
	d) NPD interest	0	0		0	
Total interest		0	0		0	

* Includes any overspend on bursaries, discretionary funds, and student funds received from SAAS, but excludes childcare funds.

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ADJUSTED OPERATING RESULT	FFR 2022-23 £000	MYR 2022-23 £000	Variance %	Variance £	Explanation for variance
Surplus/(deficit) before other gains and losses and share of operating surplus/deficit of joint ventures and associates	(19)	116	-710.5%	135	
Add:					
Total depreciation (Government-funded, privately funded and NPD-funded assets) net of deferred capital grant release (<i>incorporated colleges only</i>)	0	0		0	
Exceptional non-restructuring items (e.g. impairment costs)	0	0		0	
Donation to Arms-Length Foundation (incorporated colleges only)	0	0		0	
Non-cash pension adjustment - net service cost	0	0		0	
Non-cash pension adjustment - ERP	0	0		0	
Non-cash pension adjustment -net interest costs	0	0		0	
Deduct:					
Non-Government capital grants (e.g. ALF capital grant)	0	0		0	
Exceptional income (if disclosed as exceptional in accounts)	0	0		0	
CBP allocated to loan repayments and other capital items (<i>incorporated colleges only</i>)	0	0		0	
NPD payments to reduce NPD balance sheet debt	0	0		0	
Adjusted operating result	(19)	116	-710.5%	135	
Cash budget for priorities (<i>incorporated colleges</i>):					
Revenue priorities					
Student support funding	0	0			
2015-16 pay award	0	0			
Voluntary severance	0	0			
Estates costs	0	0			
Other - please describe	0	0			
Total impact on operating position	0	0			
Capital priorities					
Loan repayments	0	0			
NPD / PFI repayments	0	0			
Estates costs	0	0			
Provisions pre 1 April 2014	0	0			
Total capital	0	0			
Total cash budget for priorities spend	0	0			

Balance Sheet		FFR	MYR	Variance	Variance	Explanation for variance
		2022-23	2022-23			
		£000	£000	%	£	
1 Non-current assets	a) Intangible assets	0	0		0	
	b) Fixed assets	0	0		0	
	c) Investments	0	0		0	
	Total non-current assets	0	0		0	
2 Current assets	a) Stock	0	0		0	
	b) Debtors	8	8	0.0%	0	
	c) Investments	0	0		0	
	d) Cash and cash equivalents	1,080	1,200	11.1%	120	
	e) Other (e.g. assets for resale)	0	0		0	
Total current assets	1,088	1,208	11.0%	120		
3 Creditors: amounts falling due within one year	a) Bank loans and external borrowing	0	0		0	
	b) Bank overdrafts	0	0		0	
	c) Lennartz creditor	0	0		0	
	d) Obligations under finance leases and service concessions	0	0		0	
	e) Payments received in advance	0	0		0	
	f) Amounts owed to Funding Council	0	0		0	
	g) Obligations under PFI/NPD	0	0		0	
	h) Deferred capital grant	0	0		0	
	i) Other creditors and accruals	911	915	0.4%	4	
Total creditors < 1 year	911	915	0.4%	4		
Share of net assets/(liabilities) in associate		0	0		0	
NET CURRENT ASSETS/LIABILITIES		177	293	65.5%	116	
TOTAL ASSETS LESS CURRENT LIABILITIES		177	293	65.5%	116	
4 Creditors: amounts falling due after more than one year	a) Local authority loans	0	0		0	
	b) Bank loans and external borrowing	0	0		0	
	c) Lennartz creditor	0	0		0	
	d) Finance leases and service concessions	0	0		0	
	e) Obligations under PFI/NPD	0	0		0	
	f) Deferred capital grant	0	0		0	
	g) Amounts repayable to Funding Council	0	0		0	
	h) Other creditors	0	0		0	
Total creditors >1 year	0	0		0		
5 Provisions	a) Pension provisions	493	493	0.0%	0	
	b) Other	0	0		0	
Total provisions	493	493	0.0%	0		
TOTAL NET ASSETS		(316)	(200)	-36.7%	116	
9 Restricted Reserves	a) Endowment Reserve	0	0		0	
	b) Restricted Reserve	0	0		0	
10 Unrestricted reserves	a) Income and Expenditure Reserve	-316	-200	-36.7%	116	
	b) Revaluation reserve	0	0		0	
11 Non-controlling interest		0	0		0	
TOTAL RESERVES		(316)	(200)	-36.7%	116	

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LIQUIDITY ANALYSIS

- 1 Current assets
- a) Stocks
 - b) Debtors
 - c) Investments
 - d) Cash and cash equivalents

Total Current Assets

2 Less Creditors: Amounts falling due within one year **excl Deferred Capital Grants**

- a) Bank loans and external borrowing
- b) Bank overdrafts
- c) Lennartz creditor
- d) Obligations under finance leases and service concessions
- e) Payments received in advance
- f) Amounts owed to SFC
- g) Obligations under PFI / NPD (**Unfunded Only**)
- h) Other creditors and accruals

Total Creditors: Amounts falling due within one year **excl Deferred Capital Grants**

Liquidity position (Baseline Cash)

Liquidity ratio

ADDITIONAL INFORMATION

Longer Term Obligations under PFI / NPD (Unfunded Only**)**

Other Longer Term Liabilities in Balance Sheet resulting in cash outflows

Other Cash Commitments not included in Balance Sheet

Liquidity position less Longer Term Cash Liabilities/Commitments

FFR 2022- MYR 2022- |-----Variance-----|

23 23
 £000 £000 £000 %

0	0	0	
8	8	0	0%
0	0	0	
1,080	1,200	(120)	(10%)
1,088	1,208	(120)	(10%)

0	0	0	
0	0	0	
0	0	0	
0	0	0	
0	0	0	
0	0	0	
0	0	0	
911	915	(4)	(0%)
911	915	(4)	(0%)

177	293	(116)	(40%)
1.19	1.32	(0)	

0	0	0	
0	0	0	
0	0	0	
177	293	(116)	

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Cashflow	FFR	MYR	Variance	Variance	Explanation for variance
	2022-23	2022-23			
	£000	£000	%	£	
1 Cash flow from operating activities					
a) Surplus / (deficit) for the year	-19	116	(711%)	135	
2 Adjustment for non-cash items					
a) Depreciation	0	0		0	
b) Amortisation of intangibles	0	0		0	
c) Benefit on acquisition	0	0		0	
d) Amortisation of goodwill	0	0		0	
e) Loss / (gain) on investments	0	0		0	
f) Decrease / (increase) in stock	0	0		0	
g) Decrease / (increase) in debtors	0	0		0	
h) Increase / (decrease) in creditors	(1,577)	4	(100%)	1,581	
i) Increase / (decrease) in pension provision	0	0		0	
j) Increase / (decrease) in other provisions	0	0		0	
k) Receipt of donated equipment	0	0		0	
l) Share of operating surplus / (deficit) in joint venture	0	0		0	
m) Share of operating surplus / (deficit) in associate	0	0		0	
n) Other	0	0		0	
Total adjustment for non-cash items	(1,577)	4	(100%)	1,581	
3 Adjustment for investing or financing activities					
a) Investment income	0	0		0	
b) Interest payable	0	0		0	
c) Endowment income	0	0		0	
d) Loss / (gain) on the sale of assets	0	0		0	
e) Capital grant income	0	0		0	
Total adjustment for investing or financing activities	0	0		0	
4 Net cash inflow from operating activities	(1,596)	120	(108%)	1,716	
5 Cash flow from investing activities					
a) Proceeds from sales of fixed assets	0	0		0	
b) Proceeds from sales of intangible assets	0	0		0	
c) Capital grants receipts	0	0		0	
d) Disposal of non-current asset investments	0	0		0	
e) Withdrawal of deposits	0	0		0	
f) Investment income	0	0		0	
g) Payments made to acquire fixed assets	0	0		0	
h) Payments made to acquire intangible assets	0	0		0	
i) New non-current asset investments	0	0		0	
j) New deposits	0	0		0	
Total cash flows from investing activities	0	0		0	
6 Cash flows from financing activities					
a) Interest paid	0	0		0	
b) Interest element of finance lease and service concession	0	0		0	
c) Endowment cash received	0	0		0	
d) New secured loans	0	0		0	
e) New unsecured loans	0	0		0	
f) Repayments of amounts borrowed	0	0		0	
g) Capital element of finance lease and service concession payments	0	0		0	
Total cash flows from financing activities	0	0		0	
7 (Decrease) / increase in cash and cash equivalents in the year	(1,596)	120	(108%)	1,716	
8 Cash and cash equivalents at beginning of the year	2,676	1,080	(60%)	-1,596	
9 Cash and cash equivalents at the end of the year	1,080	1,200	11%	120	

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Capital Expenditure Projects and Forecast Methods of Financing

	FFR	MYR	Variance	Variance
	2022-23	2022-23		
	£000	£000	%	£
<i>Expenditure:</i>				
Land & Buildings	0	0		0
Equipment & Others	0	0		0
	<u>0</u>	<u>0</u>		0
<i>Financed by:</i>				
Cash reserves	0	0		0
Arms Length Foundation	0	0		0
Leasing	0	0		0
SFC/RSB grant	0	0		0
Re-investment of proceeds from disposal of assets *	0	0		0
Non-SFC/RSB grants	0	0		0
PFI/NPD	0	0		0
Other - please specify if material	0	0		0
	<u>0</u>	<u>0</u>		0

* to be included only where this has been agreed by SFC

	FFR	MYR
	2022-23	2022-23
	£000	£000

Capital disposals

Disposal proceeds:

Asset description	0	0
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Asset description
Asset description
Asset description

0	0
0	0
0	0
0	0

Gain/(loss) on disposal:

Asset description
Asset description
Asset description
Asset description

0	0
0	0
0	0
0	0
0	0

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FINANCIAL SUMMARY

	FFR	MYR
	2022-23	2022-23
	£000	£000

Income ratios		
Total Income	915	915
Total Funding Council Grant (excluding release of deferred capital grant) as % of Total Income	100%	100%
Total non-Funding Council Grant (including release of SFC DCG) as % of Total Income	0%	0%
Total Education Contracts and Tuition Fees as % of Total Income	0%	0%
Total Research Grants and Contracts as % of Total Income	0%	0%
Total Other Income as % of Total income	0%	0%

Expenditure ratios		
Total Expenditure	934	799
Salaries as % of Total Expenditure	49%	59%
Other operating costs as % of Total Expenditure	51%	41%
Depreciation/amortisation as % of Total Expenditure	0%	0%

Operating position		
Operating Surplus/(deficit)	-19	116
Operating Surplus/(deficit) as % of Total Income	-2%	13%
Adjusted operating surplus/(deficit)	-19	116
Adjusted operating surplus/(deficit) as % of Total Income	-2.1%	12.7%

Cash Position		
Cash and Current Asset Investments	1,080	1,200
Overdrafts	0	0
Days Ratio of Cash to Total Expenditure	422	548
Net cash inflow/(outflow) from operating activities	-1,596	120
Net cash inflow/(outflow) from operating activities as % of Total Income	-174.4%	13.1%

Balance Sheet strength		
Unrestricted reserves	(316)	(200)
Liquidity Ratio	1.19	1.32
Unrestricted reserves as % of Total Income	-35%	-22%
Total borrowing (Overdrafts, Loans, Finance Leases, PFI/NPD)	0	0
Interest cover	#DIV/0!	#DIV/0!