BOARD OF MANAGEMENT

DATE:	30th May 2022
TITLE OF REPORT:	**Draft Budget** **Reference 22-22**
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PURPOSE:	To inform the Board of the draft interim budget for the year to 31st July 2023 following the indicative Grant in Aid allocation for 2022/23, and to ask for its approval.
KEY RECOMMENDATIONS/ DECISIONS:	Members are recommended to: i) Note the contents of this report; ii) Note that the Lanarkshire Regional Board has not confirmed the final allocations to both colleges; iii) Approve the draft budget and interim Financial Forecast Return as set out in this paper; iv) Require the Acting Principal and Head of Finance to bring forward a Financial Forecast Return report to the first meeting of the Board in session 2022/23; and v) Require the Acting Principal and Head of Finance to bring forward a Value-for- Money Strategy for the period 2023/25 which will support the financial sustainability of the College to the first scheduled meeting of the Board in calendar year 2023.
RISKS	• The forecast for the year 2021/22 has been compiled prior to agreement on the salary awards as at 1st September 2021, and prior to confirmation on the treatment of any shortfall in credits activity; • The budget for 2022/23 has the same unknowns re potential credit shortfalls and salary awards (for both 2021/22 and 2022/23), with the added unknown of what the financial implications of the conclusion of the support staff Job Evaluation project.
RELEVANT STRATEGIC AIMS:	• Highest quality education and support - providing a high-quality environment for staff and students • Sustainable behaviours – environmentally sustainable behaviours.

SUMMARY OF REPORT:	College management has updated its forecast for the year to 31st July 2022, although there are still items which have not been confirmed; the detail is in the narrative attached to this report. It is expected that there will be a management accounts deficit of approximately £572k. SFC will be calling for this to be reported on 30th June 2022 together with a draft interim Budget for the year to 31st July 2023. The first draft of the Budget, incorporating the 3.4% decrease in Grant in Aid allocation and the decrease in overall capital allocation, showed a deficit of over £1 million and a range of mitigating action were drawn up. These mitigations reduced the management accounts deficit to approximately £541k. This draft would be the base for further review via a Value for Money Group chaired by the Acting Principal, with the aim to eliminate any deficit and based on financial sustainability over the 3-year period of the SFC budget reporting cycle. It should be noted that SFC will be issuing guidance over the summer requesting the completion of a further Budget submission to cover not only 2022/23 but also the following two financial years. This will be subject to review and approval of the Board and this latter version will be one which the College will be measured against by SFC.