

Performance and Resources Committee Meeting

Date of Meeting	Wednesday 27 September 2023
Paper Title	Glasgow Region Financial Forecast Return 2023-24
Agenda Item	16
Paper Number	PRC1-K
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 Glasgow region financial forecast return for 2023-24.

2. Recommendations

- 2.1. The Committee is asked to **note** the Glasgow region financial forecast return 2023-24.

3. Background

- 3.1.** The financial forecast return is an annual return that regions, and colleges, are required to submit to the Scottish Funding Council (SFC).
- 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 financial forecast return contributes to long-term planning within colleges, regions and the sector.
- 3.4.** The call for Information was issued by SFC on 31 May 2023 with a deadline for submission of 30 June 2023. A link to the SFC publication is provided below:

<https://www.sfc.ac.uk/publications-statistics/calls-information/2023/SFCCI042023.aspx>

4. Financial Forecast Return 2023-24

- 4.1.** The individual GCRB return was approved by this committee at its previous meeting. The colleges provided their individual returns to GCRB at the end of June 2023. These returns were then provided to the Scottish Funding Council, together with the consolidated regional return for Glasgow. The consolidated regional return is attached as an annex to this cover paper.
- 4.2.** The following points are highlighted for information:
 - The nominal income is forecast to fall from £181.3m to £176.5m. This represents a reduction of £4.8m (2.6%) over the five-year forecast period.
 - Actual expenditure is forecast to fall from £190.9m to £183.0m, a reduction of £7.9m (4.1%) in 2025-26 compared to 2021-22.
 - A conservative estimate of wage growth could add £15.0m to the staff costs over the same period (even if we assume that increases are significantly below the level of CPI inflation).
 - Significant price increases are also affecting other areas of expenditure e.g. energy costs.
 - To achieve the forecast level of expenditure requires annual savings of at least £25.0m to be realised.
 - The arms length foundations are forecast to contribute £8.6m to support the Glasgow colleges over the five-year period. It is expected that the three foundations will provide support up to the end of 2024, when the available funds will have been fully utilised.

- The cash position is forecast to deteriorate, from a positive opening position of £32.3m to closing deficit of £5.6m. This is mirrored by the fall in the liquidity ratio from 1.16 in 2021-22 to 0.25 in 2025-26.

5. Risk and Compliance Analysis

5.1. 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).

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

6. Financial and Resource Analysis

6.1. The financial implications associated with the financial forecast return are set out in the body of the report.

7. Equalities Implications

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

8. Learner Implications

8.1. 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.

Financial Forecast Return June 2023

College: Glasgow College Region
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DECLARATION: The attached worksheets represent the financial forecasts for the College. They reflect a financial statement of our academic and physical plans from 2022-23 to 2025-26. Adequate explanations have been provided where requested on the return. The worksheets and their underpinning assumptions have been reviewed and approved by the Board of Management in accordance with their agreed practices. In preparing this financial forecast the College has fully considered the financial implications of all aspects of its strategy and has properly reflected these in the forecast.

Signed: 
Principal/Chief Executive Officer
Date:  30-Jun-23

Glasgow College Region

	Forecast 2022-23 FTE	Forecast 2023-24 FTE	Forecast 2024-25 FTE	Forecast 2025-26 FTE	
ANNUAL STAFFING EFFICIENCIES (savings reflected in FFR)					
1	FTE Staff reduction - vacancy management	47	25	27	-
	FTE Staff reduction - voluntary severance (related restructuring costs to be set out in section 2 below)	87	108	27	-
	FTE Staff reduction - compulsory redundancy (redundancy costs to be set out in section 2 below)	75	-	-	-
	Staff reduction - total	209	133	54	0
	£000	£000	£000	£000	
2	Voluntary severance costs	3,550	2,250	750	-
	Compulsory redundancy costs	1,000	-	-	-
	Total	4,550	2,250	750	-
	CHECK - Staff restructuring costs per SOCIE	4,550	2,250	750	-
3	NON-STAFF COST EFFICIENCIES (savings reflected in FFR)	554	1,856	637	519

Pension Assumptions	2022-23	2023-24	2024-25	2025-26	2022-23	2023-24	2024-25	2025-26
Employer Contributions	£000	£000	£000	£000	Details of Methodology and Valuation			
STSS	12,111	11,355	11,671	11,933				
SPF	5,530	5,389	5,532	5,652				
Other pension schemes - please state which scheme								
Other pension schemes - please state which scheme								
Total	17,641	16,744	17,203	17,585				

Glasgow College Region

	Actual 2021-22	Forecast 2022-23	Forecast 2023-24	Forecast 2024-25	Forecast 2025-26	2021-22 - 2022-23	2022-23 - 2023-24	2023-24 - 2024-25	2024-25 - 2025-26	Explanation for variance
	£000	£000	£000	£000	£000	%	%	%	%	
Statement of Comprehensive income and expenditure (Consolidated)										
INCOME										
Tuition fees and education contracts	27,415	27,457	28,555	28,516	28,728	0.2%	4.0%	-0.1%	0.7%	
Funding council/RSB grants	141,279	138,450	136,922	137,147	137,157	-2.0%	-1.1%	0.2%	0.0%	
Research grants and contracts	-	-	-	-	-					
Other income	12,577	15,123	12,476	11,234	10,616	20.2%	-17.5%	-10.0%	-5.5%	
Investment income	-	-	-	-	-					
Total income before donations and endowments	181,271	181,030	177,953	176,897	176,501	-0.1%	-1.7%	-0.6%	-0.2%	
Donations and endowments	-	-	-	-	-					
Total income	181,271	181,030	177,953	176,897	176,501	-0.1%	-1.7%	-0.6%	-0.2%	
EXPENDITURE										
Staff costs	128,999	121,573	114,055	117,231	119,890	-5.8%	-6.2%	2.8%	2.3%	
Staff costs - exceptional restructuring costs	- 96	4,550	2,250	750	-	-4839.6%	-50.5%	-66.7%	-100.0%	
Exceptional costs - non-staff	-	-	-	2,400	4,000				66.7%	
Other operating expenses	34,882	39,305	38,436	39,221	39,969	12.7%	-2.2%	2.0%	1.9%	
Donation to Arms Length Foundation	-	-	-	-	-					
Depreciation	13,588	14,279	14,864	14,864	14,864	5.1%	4.1%	0.0%	0.0%	
Interest and other finance costs	13,502	12,325	12,325	12,325	12,325	-8.7%	0.0%	0.0%	0.0%	
Total expenditure	190,875	192,032	181,930	181,991	183,048	0.6%	-5.3%	0.0%	0.6%	
Surplus/(deficit) before other gains and losses and share of operating surplus/deficit of joint ventures and associates	- 9,604	- 11,002	- 3,977	- 5,094	- 6,547	14.6%	-63.9%	28.1%	28.5%	
Gain/(loss) on disposal of fixed assets	-	-	-	-	-					
Gain/(loss) on investments	-	-	-	-	-					
Share of operating surplus/(deficit) in joint venture(s)	-	-	-	-	-					
Share of operating surplus/(deficit) in associate(s)	-	-	-	-	-					
Surplus/(deficit) before tax	- 9,604	- 11,002	- 3,977	- 5,094	- 6,547	14.6%	-63.9%	28.1%	28.5%	
Other taxation	-	-	-	-	-					
Surplus/(deficit) for the year	- 9,604	- 11,002	- 3,977	- 5,094	- 6,547	14.6%	-63.9%	28.1%	28.5%	
Unrealised surplus on revaluation of land and buildings	12,664	-	-	-	-	-100.0%				
Actuarial (loss)/gain in respect of pension schemes	101,282	-	-	-	-	-100.0%				
Other comprehensive income	-	-	-	-	-					
Total comprehensive income for the year	104,342	- 11,002	- 3,977	- 5,094	- 6,547	-110.5%	-63.9%	28.1%	28.5%	

Glasgow College Region

INCOME	Actual	Forecast	Forecast	2021-22 -	2022-23-	Explanation for variance
	2021-22	2022-23	2023-24	2022-23	2023-24	
	£000	£000	£000	%	%	
1 Tuition fees and education contracts						
a) FE - UK	834	1,179	1,177	41%	(0%)	
b) FE - EU	-	-	-			
c) HE	13,725	12,204	11,620	(11%)	(5%)	
d) Non-EU	1,771	1,471	1,768	(17%)	20%	
e) SDS contracts	678	768	350	13%	(54%)	
f) Education contracts	9,192	5,398	6,670	(41%)	24%	
g) Other	1,215	6,437	6,970	430%	8%	
Total tuition fees and education contracts	27,415	27,457	28,555	0%	4%	
2 SFC / RSB Grants						
a) SFC / RSB FE recurrent grant (including fee waiver)	103,432	103,185	104,275	(0%)	1%	
b) UHI recurrent grant - HE provision	-	-	-			
c) FE Childcare funds	2,307	2,882	3,120	25%	8%	
d) Release of SFC / RSB deferred capital grants	5,272	5,715	5,712	8%	(0%)	
e) SFC capital grant	1,459	1,539	1,546	5%	0%	
f) SFC grant for NPd	20,208	20,250	20,561	0%	2%	
g) Other SFC / RSB grants - FE provision	8,601	4,879	1,708	(43%)	(65%)	
h) Other UHI grants - HE provision	-	-	-			
Total SFC / RSB Grants	141,279	138,450	136,922	(2%)	(1%)	
3 Research grants and contracts						
a) European Commission	-	-	-			
b) Other grants and contracts	-	-	-			
Total research grants and contracts	-	-	-			
4 Other Income						
a) Catering and residences	3,213	4,646	4,883	45%	5%	
b) Other European Income	690	917	-	33%	(100%)	
c) Other income generating activities	1,499	1,710	967	14%	(43%)	
d) Grants from ALF	2,124	4,059	3,300	91%	(19%)	
i) Revenue	990	3,407	1,000	244%	(71%)	
ii) Capital	1,134	652	2,300	(43%)	253%	
e) Non-government capital grant	-	-	-			
f) Other grant income	1,982	1,657	1,476	(16%)	(11%)	
g) Release of non-SFC government deferred capital grant	736	743	743	1%	0%	
h) Income from Coronavirus Job Retention Scheme	-	-	-			
i) Other income	2,333	1,391	1,107	(40%)	(20%)	
Total other income	12,577	15,123	12,476	20%	(18%)	
5 Investment income						
a) Investment income on endowments	-	-	-			
b) Investment income on restricted reserves	-	-	-			
c) Other investment income	-	-	-			
d) Other interest receivable	-	-	-			
e) Net return on pension scheme	-	-	-			
Total investment income	-	-	-			
6 Donations and endowment income						
a) New endowments	-	-	-			
b) Donations with restrictions	-	-	-			
c) Unrestricted donations	-	-	-			
Total donation and endowment income	-	-	-			

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EXPENDITURE

	Actual 2021-22	Forecast 2022-23	Forecast 2023-24	2021-22 - 2022-23	2022-23- 2023-24	Explanation for variance
	£000	£000	£000	%	%	
STAFF COSTS						
1 Teaching departments	81,886	82,837	77,382	1%	(7%)	
2 Teaching support services	13,579	14,080	13,445	4%	(5%)	
3 Other support services	-	-	-			
4 Administration and central services	17,423	17,441	16,568	0%	(5%)	
5 Premises	3,365	3,462	3,271	3%	(6%)	
6 Catering and residences	1,275	1,543	1,409	21%	(9%)	
7 Other income generating activities	1,941	2,210	1,980	14%	(10%)	
8 Other staff costs	-	-	-			
9 Impact of FRS 102 pensions reported costs (less contributions paid included above)	9,530	-	-			
Normal staff costs	128,999	121,573	114,055	(6%)	(6%)	
10 Exceptional restructuring costs	- 96	4,550	2,250	(4840%)	(51%)	
Total staff costs	128,903	126,123	116,305	(2%)	(8%)	
Additional breakdown of staff costs						
Salaries	92,372	93,961	88,163	2%	(6%)	
Social security costs	9,421	9,599	9,004	2%	(6%)	
Pension contributions	17,676	18,013	16,888	2%	(6%)	
Non-cash pension adjustments - net service cost	10,599	-	-			
Non-cash pension adjustments - early retirement provision	- 1,069	-	-			
Severance payments	- 96	4,550	2,250			
Total staff costs	128,903	126,123	116,305	(2%)	(8%)	
NON-STAFF COSTS						
1 Exceptional costs - non-staff	-	-	-			
2 Other operating expenses						
a) Teaching departments	4,960	4,446	4,117	(10%)	(7%)	
b) Teaching support services	2,565	3,579	3,287	40%	(8%)	
c) Other support services	-	300	300		0%	
d) Administration and central services	6,634	6,925	6,959	4%	0%	
e) General education	-	-	-			
f) Premises	12,685	14,509	14,923	14%	3%	
(i) Maintenance	1,681	1,883	1,773	12%	(6%)	
(ii) Utilities	3,226	4,172	5,251	29%	26%	
(iii) Other	7,778	8,454	7,899	9%	(7%)	
g) Catering and residences	1,783	2,438	2,463	37%	1%	
h) Other income generating activities	900	2,385	1,634	165%	(31%)	
i) Overspend on student support funds *	-	-	-			
j) Planned maintenance	-	-	-			
k) Movement on early retirement pension provision	-	-	-			
l) NPD	-	-	-			
m) Other	5,355	4,723	4,753	(12%)	1%	
Total other operating expenses	34,882	39,305	38,436	13%	(2%)	
3 Depreciation						
a) Government funded assets	8,513	8,621	8,621	1%	0%	
b) Non-government funded assets	409	391	391	(4%)	0%	
c) NPD funded assets	4,666	5,267	5,852	13%	11%	
Total depreciation	13,588	14,279	14,864	5%	4%	
4 Interest						
a) On bank loans, overdrafts and other loans	-	-	-			
b) Finance lease interest	-	-	-			
c) Other	-	-	-			
d) Net charge on pension scheme	677	-	-	(100%)		
e) NPD interest	12,825	12,325	12,325	(4%)	0%	
Total interest	13,502	12,325	12,325	(9%)	0%	

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

Glasgow College Region

ADJUSTED OPERATING RESULT	Actual 2021-22 £000	Forecast 2022-23 £000	Forecast 2023-24 £000	Forecast 2024-25 £000	Forecast 2025-26 £000	2021-22 - 2022-23 %	2022-23- 2023-24 %	2023-24 - 2024-25 %	2024-25 - 2025-26 %	Explanation for variance
Surplus/(deficit) before other gains and losses and share of operating surplus/deficit of joint ventures and associates	(9,604)	(11,002)	(3,977)	(5,094)	(6,547)					
Add:										
Total depreciation (Government-funded, privately funded and NPD-funded assets) net of deferred capital grant release (<i>incorporated colleges only</i>)	7,580	7,821	8,409	8,909	9,409	3.2%	7.5%	5.9%	5.6%	
Exceptional non-restructuring items (e.g. impairment costs)	0	0	0	(2,400)	(4,000)				66.7%	
Donation to Arms-Length Foundation (incorporated colleges only)	0	0	0	0	0					
Non-cash pension adjustment - net service cost	10,599									
Non-cash pension adjustment - ERP	(1,069)									
Non-cash pension adjustment -net interest costs	677									
Deduct:										
Non-Government capital grants (e.g. ALF capital grant)	1,134	652	2,300	0	0	-42.5%	252.8%	-100.0%		
Exceptional income (if disclosed as exceptional in accounts)	0	0	0	(2,400)	(4,000)				66.7%	
CBP allocated to loan repayments and other capital items (<i>incorporated colleges only</i>)	387	181	181	181	181	-53.2%	0.0%	0.0%	0.0%	
NPD payments to reduce NPD balance sheet debt	5,248	5,470	5,790	6,110	6,450	4.2%	5.9%	5.5%	5.6%	
Adjusted operating result	1,414	(9,484)	(3,839)	(2,476)	(3,769)	-770.7%	-59.5%	-35.5%	52.2%	
Cash budget for priorities (<i>incorporated colleges</i>):										
Revenue priorities										
Student support funding	0	0	0	0	0					
2015-16 pay award	1,121	1,323	1,323	1,323	1,323					
Voluntary severance	0	131	0	0	0					
Estates costs	702	575	706	706	706					
Other - please describe	0	0	0	0	0					
Total impact on operating position	1,823	2,029	2,029	2,029	2,029					
Capital priorities										
Loan repayments	202	0	0	0	0					
NPD / PFI repayments	0	0	0	0	0					
Estates costs	0	0	0	0	0					
Provisions pre 1 April 2014	185	181	181	181	181					
Total capital	387	181	181	181	181					
Total cash budget for priorities spend	2,210	2,210	2,210	2,210	2,210					

Balance Sheet		Actual 2021-22	Forecast 2022-23	Forecast 2023-24	Forecast 2024-25	Forecast 2025-26	2021-22 - 2022-23	2022-23 - 2023-24	2023-24 - 2024-25	2024-25 - 2025-26	Explanation for variance
		£000	£000	£000	£000	£000	%	%	%	%	
1 Non-current assets	a) Intangible assets	-	-	-	-	-					
	b) Fixed assets	493,293	484,141	475,214	463,788	452,363	-1.9%	-1.8%	-2.4%	-2.5%	
	c) Investments	4	4	4	4	4	0.0%	0.0%	0.0%	0.0%	
Total non-current assets		493,297	484,145	475,218	463,792	452,367	-1.9%	-1.8%	-2.4%	-2.5%	
2 Current assets	a) Stock	65	65	65	65	65	0.0%	0.0%	0.0%	0.0%	
	b) Debtors	15,955	15,484	12,225	12,225	12,225	-3.0%	-21.0%	0.0%	0.0%	
	c) Investments	-	-	-	-	-					
	d) Cash and cash equivalents	32,253	12,380	1,986	1,112	5,644	-61.6%	-84.0%	-156.0%	407.6%	
	e) Other (e.g. assets for resale)	-	-	-	-	-					
Total current assets		48,273	27,929	14,276	11,178	6,646	-42.1%	-48.9%	-21.7%	-40.5%	
3 Creditors: amounts falling due within one year	a) Bank loans and external borrowing	-	-	-	-	-					
	b) Bank overdrafts	-	-	-	-	-					
	c) Lennartz creditor	227	227	227	227	227	0.0%	0.0%	0.0%	0.0%	
	d) Obligations under finance leases and service concessions	-	-	-	-	-					
	e) Payments received in advance	220	190	190	190	190	-13.6%	0.0%	0.0%	0.0%	
	f) Amounts owed to SFC	5,188	1,897	-	-	-	-63.4%	-100.0%			
	g) Obligations under PFI/NPD	5,470	5,790	6,110	6,450	6,810	5.9%	5.5%	5.6%	5.6%	
	h) Deferred capital grant	6,141	6,141	6,141	6,141	6,141					
	i) Other creditors and accruals	35,957	28,573	24,904	26,674	26,535	-20.5%	-12.8%	7.1%	-0.5%	
Total creditors < 1 year		53,203	42,818	37,572	39,682	39,903	-19.5%	-12.3%	5.6%	0.6%	
Share of net assets/(liabilities) in associate		-	-	-	-	-					
NET CURRENT ASSETS/LIABILITIES		- 4,930	- 14,889	- 23,296	- 28,504	- 33,257	202.0%	56.5%	22.4%	16.7%	
TOTAL ASSETS LESS CURRENT LIABILITIES		488,367	469,256	451,922	435,288	419,110	-3.9%	-3.7%	-3.7%	-3.7%	
4 Creditors: amounts falling due after more than one year	a) Local authority loans	-	-	-	-	-					
	b) Bank loans and external borrowing	-	-	-	-	-					
	c) Lennartz creditor	-	-	-	-	-					
	d) Finance leases and service concessions	-	-	-	-	-					
	e) Obligations under PFI/NPD	123,820	118,030	111,920	105,470	98,660	-4.7%	-5.2%	-5.8%	-6.5%	
	f) Deferred capital grant	117,792	115,811	112,826	109,630	106,434					
	g) Amounts repayable to Funding Council	-	-	-	-	-					
	h) Other creditors	-	-	-	-	-					
Total creditors >1 year		241,612	233,841	224,746	215,100	205,094	-3.2%	-3.9%	-4.3%	-4.7%	
5 Provisions	a) Pension provisions	46,068	46,249	46,430	46,612	46,793	0.4%	0.4%	0.4%	0.4%	
	b) Other	619	-	-	-	-	-100.0%				
Total provisions		46,687	46,249	46,430	46,612	46,793	1.8%	0.4%	0.4%	0.4%	
TOTAL NET ASSETS		292,204	281,664	273,606	266,800	260,809	-3.6%	-2.9%	-2.5%	-2.2%	
9 Restricted Reserves	a) Endowment Reserve	-	-	-	-	-					
	b) Restricted Reserve	398	398	398	398	398	0.0%	0.0%	0.0%	0.0%	
10 Unrestricted reserves	a) Income and Expenditure Reserve	78,594	72,064	65,560	60,308	55,871	-8.3%	-9.0%	-8.0%	-7.4%	
	b) Revaluation reserve	213,212	209,202	207,648	206,094	204,540	-1.9%	-0.7%	-0.7%	-0.8%	
11 Non-controlling interest		-	-	-	-	-					
TOTAL RESERVES		292,204	281,664	273,606	266,800	260,809	-3.6%	-2.9%	-2.5%	-2.2%	

Glasgow College Region

Liquidity Analysis

		Actual 2021-22	Forecast 2022-23	Forecast 2023-24	Forecast 2024-25	Forecast 2025-26	2021-22 - 2022-23	2022-23 - 2023-24	2023-24 - 2024-25	2024-25 - 2025-26
		£000	£000	£000	£000	£000	%	%	%	%
1	Current assets									
	a) Stock	65	65	65	65	65	0.0%	0.0%	0.0%	0.0%
	b) Debtors	15,955	15,484	12,225	12,225	12,225	-3.0%	-21.0%	0.0%	0.0%
	c) Investments	-	-	-	-	-				
	d) Cash and cash equivalents	32,253	12,380	1,986	- 1,112	- 5,644	-61.6%	-84.0%	-156.0%	407.6%
	Total current assets	48,273	27,929	14,276	11,178	6,646	-42.1%	-48.9%	-21.7%	-40.5%
2	Creditors: amounts falling due within one year excl Deferred Capital Grants									
	a) Bank loans and external borrowing	-	-	-	-	-				
	b) Bank overdrafts	-	-	-	-	-				
	c) Lennartz creditor	227	227	227	227	227	0.0%	0.0%	0.0%	0.0%
	d) Obligations under finance leases and service concessions	-	-	-	-	-				
	e) Payments received in advance	220	190	190	190	190	-13.6%	0.0%	0.0%	0.0%
	f) Amounts owed to SFC	5,188	1,897	-	-	-	-63.4%	-100.0%		
	g) Obligations under PFI/NPD (unfunded only)	-	-	-	-	-				
	h) Other creditors and accruals	35,957	28,573	24,904	26,674	26,535	-20.5%	-12.8%	7.1%	-0.5%
	Total creditors < 1year excl Deferred Capital Grants	41,592	30,887	25,321	27,091	26,952	-25.7%	-18.0%	7.0%	-0.5%
	Liquidity position (baseline cash)	6,681	- 2,958	- 11,045	- 15,913	- 20,306	-144.3%	273.4%	44.1%	27.6%
	Liquidity ratio	1.16	0.90	0.56	0.41	0.25				
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	6,681	- 2,958	- 11,045	- 15,913	- 20,306	-144.3%	273.4%	44.1%	27.6%

Glasgow College Region

	Actual 2021-22 £000	Forecast 2022-23 £000	Forecast 2023-24 £000	Forecast 2024-25 £000	Forecast 2025-26 £000	2021-22 - 2022-23 %	2022-23 - 2023-24 %	2023-24 - 2024-25 %	2024-25 - 2025-26 %	Explanation for variance
Cashflow										
1 Cash flow from operating activities										
a) Surplus / (deficit) for the year	- 9,604	- 11,002	- 3,977	- 5,094	- 6,547	15%	(64%)	28%	29%	
2 Adjustment for non-cash items										
a) Depreciation	13,588	14,279	14,864	14,864	14,864	5%	4%	0%	0%	
b) Amortisation of intangibles	-	-	-	-	-					
c) Benefit on acquisition	-	-	-	-	-					
d) Amortisation of goodwill	-	-	-	-	-					
e) Loss / (gain) on investments	-	-	-	-	-					
f) Decrease / (increase) in stock	5	-	-	-	-	(100%)				
g) Decrease / (increase) in debtors	- 3,640	471	3,259	-	-	(113%)	592%	(100%)		
h) Increase / (decrease) in creditors	5,958	- 12,245	- 12,633	- 3,152	- 2,793	(306%)	3%	(75%)	(11%)	
i) Increase / (decrease) in pension provision	- 10,157	- 181	- 181	- 181	- 181	(102%)	0%	0%	0%	
j) Increase / (decrease) in other provisions	- 563	- 619	-	-	-	10%	(100%)			
k) Receipt of donated equipment	-	-	-	-	-					
l) Share of operating surplus / (deficit) in joint venture	-	-	-	-	-					
m) Share of operating surplus / (deficit) in associate	-	-	-	-	-					
n) Other	-	21	-	-	-					
Total adjustment for non-cash items	25,505	1,726	5,309	11,531	11,890	(93%)	208%	117%	3%	
3 Adjustment for investing or financing activities										
a) Investment income	-	-	-	-	-					
b) Interest payable	13,502	12,325	11,825	11,325	10,825	(9%)	(4%)	(4%)	(4%)	
c) Endowment income	-	-	-	-	-					
d) Loss / (gain) on the sale of assets	9	-	-	-	-	(100%)				
e) Capital grant income	- 4,198	- 4,125	- 5,936	- 3,425	- 3,425	(2%)	44%	(42%)	0%	
Total adjustment for investing or financing activities	9,313	8,200	5,889	7,900	7,400	(12%)	(28%)	34%	(6%)	
4 Net cash inflow from operating activities	25,214	- 1,076	7,221	14,337	12,743	(104%)	(771%)	99%	(11%)	
5 Cash flow from investing activities										
a) Proceeds from sales of fixed assets	-	-	-	-	-					
b) Proceeds from sales of intangible assets	-	-	-	-	-					
c) Capital grants receipts	4,198	4,125	5,936	3,425	3,425	(2%)	44%	(42%)	0%	
d) Disposal of non-current asset investments	-	-	-	-	-					
e) Withdrawal of deposits	-	-	-	-	-					
f) Investment income	-	-	-	-	-					
g) Payments made to acquire fixed assets	- 5,961	- 5,127	- 5,936	- 3,425	- 3,425	(14%)	16%	(42%)	0%	
h) Payments made to acquire intangible assets	-	-	-	-	-					
i) New non-current asset investments	-	-	-	-	-					
j) New deposits	-	-	-	-	-					
Total cash flows from investing activities	- 1,763	- 1,002	-	-	-	(43%)	(100%)			
6 Cash flows from financing activities										
a) Interest paid	- 677	-	-	-	-	(100%)				
b) Interest element of finance lease and service concession	- 12,825	- 12,325	- 11,825	- 11,325	- 10,825	(4%)	(4%)	(4%)	(4%)	
c) Endowment cash received	-	-	-	-	-					
d) New secured loans	-	-	-	-	-					
e) New unsecured loans	-	-	-	-	-					
f) Repayments of amounts borrowed	-	-	-	-	-					
g) Capital element of finance lease and service concession payments	- 5,248	- 5,470	- 5,790	- 6,110	- 6,450	4%	6%	6%	6%	
Total cash flows from financing activities	- 18,750	- 17,795	- 17,615	- 17,435	- 17,275	(5%)	(1%)	(1%)	(1%)	
7 (Decrease) / increase in cash and cash equivalents in the year	4,701	- 19,873	- 10,394	- 3,098	- 4,532	(523%)	(48%)	(70%)	46%	
8 Cash and cash equivalents at beginning of the year	27,552	32,253	12,380	1,986	- 1,112	17%	(62%)	(84%)	(156%)	
9 Cash and cash equivalents at the end of the year	32,253	12,380	1,986	- 1,112	- 5,644	(62%)	(84%)	(156%)	408%	

Glasgow College Region

Capital Expenditure Projects and Forecast Methods of Financing

	Actual 2021-22 £000	Forecast 2022-23 £000	Forecast 2023-24 £000	Forecast 2024-25 £000	Forecast 2025-26 £000	2021-22 - 2022-23 %	2022-23- 2023-24 %	2023-24 - 2024-25 %	2024-25 - 2025-26 %
Expenditure:									
Land & Buildings	1,612	-	-	-	-	-100.0%			
Equipment & Others	4,353	2,386	1,335	1,335	1,335	-45.2%	-44.0%	0.0%	0.0%
	5,965	2,386	1,335	1,335	1,335	-60.0%	-44.0%	0.0%	0.0%
Financed by:									
Cash reserves	-	-	-	-	-				
ALF grants	1,134	652	2,300	-	-	-42.5%	252.8%	-100.0%	
Leasing	-	-	-	-	-				
SFC/RSB grant	4,831	4,475	3,635	3,424	3,424	-7.4%	-18.8%	-5.8%	0.0%
Re-investment of proceeds from disposal of assets *	-	-	-	-	-				
Non-SFC/RSB grants	-	-	-	-	-				
PFI/NPD	-	-	-	-	-				
Other - please specify if material	-	-	-	-	-				
	5,965	5,127	5,935	3,424	3,424	-14.0%	15.8%	-42.3%	0.0%

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

Capital disposals

Disposal proceeds:

	Actual 2021-22 £000	Forecast 2022-23 £000	Forecast 2023-24 £000	Forecast 2024-25 £000	Forecast 2025-26 £000
Asset description	-	-	-	-	-
Asset description	-	-	-	-	-
Asset description	-	-	-	-	-
Asset description	-	-	-	-	-
	-	-	-	-	-

Gain/(loss) on disposal:

Asset description	-	-	-	-	-
Asset description	-	-	-	-	-
Asset description	-	-	-	-	-

Asset description

-	-	-	-	-
-	-	-	-	-

Glasgow College Region

ALF Funding

	Actual 2021-22 £000	Forecast 2022-23 £000	Forecast 2023-24 £000	Forecast 2024-25 £000	Forecast 2025-26 £000
Estimated balance of cash in ALF as at 1 August	8,601	8,067	4,008	708	- 236
Donation to Arms Length Foundation	-	-	-	-	-
Grant from Arms Length Foundation - capital	- 42	- 652	- 2,300	-	-
Grant from Arms Length Foundation - revenue	- 492	- 3,407	- 1,000	- 944	-
Estimated balance of cash in ALF as at 31 July	8,067	4,008	708	- 236	- 236

Note:

For most foundations, the most recent accounts available are for periods ending in 2022. Colleges' forecast movements will not include governance costs, donations from third parties, payments to third parties or investment income.

	Actual 2021-22 £000	Forecast 2022-23 £000	Forecast 2023-24 £000	Forecast 2024-25 £000	Forecast 2025-26 £000
Grant from Arms Length Foundation - capital:					
Capital in-year cost (GCC)	42	652	2,300	-	-
Description	-	-	-	-	-
Description	-	-	-	-	-
Description	-	-	-	-	-
Description	-	-	-	-	-
Description	-	-	-	-	-
Total	42	652	2,300	-	-

Grant from Arms Length Foundation - revenue

Support to VS scheme (CoGC)	-	1,100	-	-	-
Annual charge for VLE (Virtual Learning Environment) (CoGC)	-	150	-	-	-
Various revenue projects (GCC)	292	534	250	104	-
Financial sustainability (GCC)	200	1,200	-	-	-
ICT staff development/sustainability (GKC)	-	423	750	840	-
Description	-	-	-	-	-
Total	492	3,407	1,000	944	-

Glasgow College Region
FINANCIAL SUMMARY

Actual 2021-22	Forecast 2022-23	Forecast 2023-24	Forecast 2024-25	Forecast 2025-26
£000	£000	£000	£000	£000

Income ratios					
Total Income	181,271	181,030	177,953	176,897	176,501
Total Funding Council Grant as % of Total Income	78%	76%	77%	78%	78%
Total non-Funding Council Grant as % of Total Income	22%	24%	23%	22%	22%
Total Education Contracts and Tuition Fees as % of Total Income	15%	15%	16%	16%	16%
Total Research Grants and Contracts as % of Total Income	0%	0%	0%	0%	0%
Total Other Income as % of Total Income	7%	8%	7%	6%	6%

Expenditure ratios					
Total Expenditure	190,875	192,032	181,930	181,991	183,048
Salaries as % of Total Expenditure	68%	63%	63%	64%	65%
Other operating costs as % of Total Expenditure	18%	20%	21%	22%	22%
Depreciation/amortisation as % of Total Expenditure	7%	7%	8%	8%	8%

Operating position					
Operating Surplus/(deficit)	(9,604)	(11,002)	(3,977)	(5,094)	(6,547)
Operating Surplus/(deficit) as % of Total Income	-5%	-6%	-2%	-3%	-4%
Adjusted operating surplus/(deficit)	1,414	(9,484)	(3,839)	(2,476)	(3,769)
Adjusted operating surplus/(deficit) as % of Total Income	0.8%	-5.2%	-2.2%	-1.4%	-2.1%

Cash Position					
Cash and Current Asset Investments	32,253	12,380	1,986	-1,112	-5,644
Overdrafts	0	0	0	0	0
Days Ratio of Cash to Total Expenditure	66	25	4	-2	-12
Net cash inflow/(outflow) from operating activities	25,214	(1,076)	7,221	14,337	12,743
Net cash inflow/(outflow) from operating activities as % of Total Income	13.9%	-0.6%	4.1%	8.1%	7.2%

Balance Sheet strength					
Unrestricted reserves	78,594	72,064	65,560	60,308	55,871
Liquidity ratio	1.16	0.90	0.56	0.41	0.25
Unrestricted reserves as % of Total Income	43%	40%	37%	34%	32%
Total borrowing (Overdrafts, Loans, Finance Leases, PFI/NPD)	129,517	124,047	118,257	112,147	105,697
Interest cover	0.29	0.11	0.68	0.59	0.47