

1. Aim

- 1.1 The aim of the Finance Strategy is to ensure that the College will maintain its financial sustainability while providing the capacity to develop its curriculum and business support functions in order to afford high quality service provision for customers and provide security for staff. It will ensure the College complies with all applicable regulatory obligations.

2. Introduction and Context

- 2.1 In its Strategic Plan 2021-23 the College has identified five Strategic Themes:
 - 2.1.1 Strategic Theme 1: Being Agile and Responsive
 - 2.1.2 Strategic Theme 2: Empowering People
 - 2.1.3 Strategic Theme 3: Advancing Partnership Working
 - 2.1.4 Strategic Theme 4: Delivering Excellence and Innovation
 - 2.1.5 Strategic Theme 5: Leading Sustainability.
- 2.2 A number of Strategic Objectives have been identified in relation to each Strategic Theme which detail how they will be achieved. This supporting Strategy aims to ensure progress against the following Strategic Objectives:
 - Strategic Theme 5, Objectives 5.1, 5.2, 5.3, 5.4 and 5.5.
- 2.3 The Strategy is written within the context of the College as a public body and therefore takes cognisance of the requirements of the Scottish Public Finance Manual (SPFM), the College's Financial Memorandum with the Scottish Further and Higher Education Funding Council (SFC), and any other conditions which may be attached to funding streams. These conditions include but are not limited to:
 - The College may not draw cash from the SFC in advance of need;
 - The College may not generate and retain cash surpluses or reserves;
 - The College must operate to a balanced financial position, utilising all resources allocated to it in the financial year in which they are allocated, including the "cash budget for priorities" (CBP), a Scottish Government requirement to release cash balances created when accounting for net depreciation; and
 - The College must always ensure it adheres to the principles of best value in its use of public funding.
- 2.4 At the time of writing, the College remains in the emergency period resulting from the COVID-19 pandemic. The College recognises that this may cause significant changes in the operating environment as government policy is modified to cope. While the Strategy and its objectives are intended to be flexible enough to deal with emerging issues, they will be kept under review so as to remain fit for purpose.

3. Strategy Themes and Objectives

- 3.1 The College has identified four key themes that will be crucial in ensuring that its strategic ambitions relating to Finance are achieved:
 - 3.1.1 Key Theme 1: **Financial Sustainability**

3.1.2 Key Theme 2: **Resource Deployment**

3.1.3 Key Theme 3: **Liquidity**

3.1.4 Key Theme 4: **Innovation and Flexibility.**

3.1.1 With regard to **Financial Sustainability**, the College will strive to:

- Prioritise ongoing Outcome Agreement negotiations with the SFC to ensure the needs of North East Scotland are recognised and that the College receives a resource allocation to meet demand and deliver on national and local priority areas;
- Manage its financial resources to allow it to fund the maintenance of its estate and IT infrastructure, together with future identified estates developments; and
- Ensure all costs are identified, accounted and planned for over a five-year planning period.

3.1.2 With regard to **Resource Deployment**, the College will strive to:

- Allocate resources through a budgeting cycle which considers external economic influence and utilises scenario planning techniques;
- Fully utilise its allocation from SFC on both an academic and financial year basis;
- Ensure that strategic priorities, including estates, IT and curriculum planning are fully integrated into the budget cycle; and
- Ensure workforce planning and future curriculum delivery are considered when budgeting for staff costs and that close monitoring and control is deployed to ensure efficient delivery.

3.1.3 With regard to **Liquidity**, the College will ensure that it uses the facilities available to it to:

- Maximise returns against agreed risk profiles and within the constraints of the public sector regulatory framework;
- Retain adequate cash reserves, at a level of not less than 10 days trading activity, while meeting Scottish Government cash flow requirements; and
- Balance cash released through net depreciation and the Cash Budget for Priorities over a five-year planning period.

3.1.4 With regard to **Innovation and Flexibility**, the College will seek to:

- Optimise the use of SFC income to support innovation in learning and teaching while continuing to deliver against our core performance indicators; and
- Exploit income opportunities from sources other than the SFC, seeking to increase such funding year-on-year.

4. Responsibilities

- 4.1 The Regional Board's Finance & Resources Committee will be responsible for approving the Strategy.
- 4.2 The Vice Principal – Finance & Resources will monitor the Strategy's implementation and review the Strategy to ensure it continues to meet the College's needs.
- 4.3 The Financial Controller – Business Management will liaise with members of the Leadership Team to ensure that the Strategy is implemented across all faculties and support departments.
- 4.4 The Finance Team will support the implementation of the Strategy.

5. Monitoring and Review

- 5.1 The Finance & Resources Committee will review progress in relation to the implementation of the Strategy by considering performance reports in accordance with its meeting cycle.
- 5.2 Progress will be monitored through regular updates to the Executive Team.
- 5.3 Updates will be shared with the Leadership Team to encourage collaborative working and consultation in support of the Strategy as appropriate.
- 5.4 The Vice Principal – Finance & Resources will evaluate the Strategy's implementation to identify required actions in response to any emerging issues or priorities.

6. Related Documents

- 6.1 Strategic Plan and Supporting Strategies
- 6.2 Outcome Agreement and Financial Memorandum with SFC
- 6.3 Scottish Public Finance Manual
- 6.4 College Financial Regulations and suite of Finance Policies & Procedures
- 6.5 Finance Enhancement Plan.

Approved by: Finance & Resources Committee

Date of Version: March 2021

Date of EIA: May 2021

Responsible for Strategy: Vice Principal – Finance & Resources

Responsible for Implementation of Strategy: Finance Team

Date of Review: March 2023