

SOUTH LANARKSHIRE COLLEGE

Finance and Resources Committee

Meeting of 29th April 2019

HEAD OF FINANCE REPORT

1 Introduction / Purpose of Report

The main purpose of this Report is to present the College's management forecast for the 12 months to July 2019 and the most recent submissions to the Funding Council. Also presented are the updated reports on Procurement and Estates.

2 Executive Summary

2.1 Management Forecast – 12 months to July 2019 (Appendix 1)

The Management Forecast shows a projected surplus for the 12 months of £71k – see Appendix 1B. Appendix 1A provides a commentary on the forecast.

It should be noted that there have been some movements in grants receivable from SFC; the movements from the original allocation are detailed in **Appendix 3**, some of which involve an increase in activity, with the College receiving 900 credits from NCL. It should also be noted that the costs of producing this additional income is also reflected in salary and, to an extent, academic consumables costs.

The extended format of the Income and Expenditure schedule (Appendix 1 B) is to highlight the additional strands of SFC income. There are several items in relation to the funding of National Collective Bargaining which require to be highlighted. Firstly, SFC have decided to withhold the element of grant which is to offset costs of certain areas of the collective bargaining agreements. This will now be released to the colleges in 2019/20. There is obviously an effect on the Wages and Salaries forecast.

It should also be noted that not all awards made via the centralised negotiations are funded by SFC. In particular, cost of living increases have to be funded wholly by the College.

Appendices 1E provides a Balance Sheet and the most recent cashflow forecast prepared for the Funding Council is attached as Appendix 1F. It should be noted that the College's cash position at the end of the previous "pinch points" of March and July show an improved position.

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Executive Summary (continued)

2.2 Mid-Year Return to SFC (attached as **Appendix 2**)

In prior years, colleges have been required by SFC to prepare a quarterly financial forecast as at January. The arrangements have been changed this year and the newly-designed Mid-Year Return is attached as **Appendix 3**; this was submitted at the end of March 2019. It showed a projected surplus for the year of £14k, much in line with the Forecast presented to the Finance Committee in February 2019, updated for subsequent changes to SFC funding and fee income, and a revised salary forecast.

2.3 Grant in Aid 2018/19 (attached as **Appendix 3**)

Changes made to the original grant in aid allocation; of note are

- (a) the transfer of 900 credits from NCL to SLC, resulting in an uplift to income of £144k;
- (b) the additional income received in respect of the ESF activity level of the College in 2016/17 (£36k);
- (c) the receipt of the new grant in respect of Sanitary Provision (£27k);
- (d) the net movement in income in respect of National Collective Bargaining income. This is split as:

- Additional income receivable due to changes in staffing levels from those initially reported (£93k);
- Additional income receivable to fund the administration of the job evaluation process (£19k);
- Income for the settlement of support staff job evaluation now deferred until the process is complete (£182k); and
- Income to fund the administration of the above job evaluation process deferred until the process is complete (£20k)

The latter two should be receivable by the College in 2019/20.

2.4 Grant in Aid 2019/20

A verbal update will be given on the expected 2019/20 grant in aid allocation and the effect this may have on the College's future financial forecasting.

2.5 Procurement

Attached as **Appendix 4** is the quarterly procurement report. Of particular note is that the work undertaken in respect of the expending of the Backlog Maintenance Grant received from SFC.

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Executive Summary (continued)

2.6 Estates Report

Attached, as **Appendix 5**, is the report from the College's Head of Facilities. As requested, the monitoring of service level agreements shows a comparison to prior periods, with notes where appropriate.

3 Conclusions and Recommendations

It is recommended that Members of the Finance Committee:

- 3.1 Review and approve the Management Forecast for the period to July 2019.
- 3.2 Note the Mid-Year Return made to SFC and the surplus reported therein.
- 3.3 Note the updated Grant in Aid income receivable in the year
- 3.4 Note the documents remitted to SFC re cashflow and resources.
- 3.5 Note the work being done on procurement.
- 3.6 Note the Estates Report.