

# SOUTH LANARKSHIRE COLLEGE

**Report to:** FINANCE AND RESOURCES COMMITTEE

**From:** Keith McAllister  
Head of Finance

**Date:** Meeting of 1st February 2021

## 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 2021. Also presented are the update reports on Procurement and Estates, and a proposed update to the remit of the Committee.

## 2 Executive Summary

### 2.1 Risk

The continuing impact and uncertainty due to the COVID situation produces significant risks for the College. In the preparation of all financial projections, risk has been considered. Actual performance for the first five months of the year, extrapolated to the 12 months to July, takes into account the students whom we have enrolled and what we have invoiced. However, all assumptions are under constant review. As at mid-January, the College does expect to reach its credit target, but it is acknowledged that this assumption comes with risk which has to be highlighted and which is assessed on a constant basis.

As noted elsewhere, the College has noted a significant decrease in commercial income and non-salary budgets have been amended accordingly. This feeds into the Forecast for the year to July 2021.

It was intended to revisit the Budget for the years 2021/22 and 2022/23 and for a paper to be presented to this meeting. However, it is anticipated that the Funding Council will be issuing indicative grant allocations in February / early March, with guidance on assumptions. It is felt that any updated College Budgets prepared at this time would be quickly superseded.

**Members are asked to note the additional risks being experienced and that these have been taken into account by College management when preparing financial projections.**

# SOUTH LANARKSHIRE COLLEGE

**Report to:** FINANCE AND RESOURCES COMMITTEE

**From:** Keith McAllister  
Head of Finance

**Date:** Meeting of 1st February 2021

## 2 Executive Summary (continued)

### 2.2 Management Forecast – 12 months to July 2021 (Appendix 1B)

The Management Forecast shows a projected deficit for the 12 months of £199k - see **Appendix 1B** – which is almost on Budget. **Appendix 1A** provides a commentary on the forecast.

There have been minor changes to income from the four main SFC funding sources. With the number of tranches of funding increasing, these have been summarised on the face of the Forecast and detailed separately on **Appendix 1C**.

Despite the current challenges in delivering learning, the College still anticipates that it will reach its target for both core and EU-supported activity. That being the case, the full SFC financial allocation has been incorporated into the Forecast. Additionally, it has been assumed that the College will drawdown and utilise its full allocation of other SFC funding strands. However, any shortfall in drawdown would be matched by an equal and opposite underspend, so there should be no affect on the bottom line.

The Forecast notes mention that the exercise to evaluate the support staff has not been completed as yet. Any award will be backdated to 1<sup>st</sup> September 2018 and the Forecast makes allowance for this.

**Appendix 1D** provides a forecast Balance Sheet as at 31st December 2020; there will be minimal net movements between that date and the end of January 2021. The most recent cashflow forecast prepared for the Funding Council is attached as **Appendix 1E** and shows that, taking into account all currently known factors, the College will still be in funds at the end of July 2021.

**Members to review and note the Management Forecast for the year to July 2021 and the cashflow position.**

# SOUTH LANARKSHIRE COLLEGE

Report to: FINANCE AND RESOURCES COMMITTEE

From: Keith McAllister  
Head of Finance

Date: Meeting of 1st February 2021

## Executive Summary (continued)

### 2.3 Reporting to the Funding Council

Colleges are required by SFC to prepare a mid-year financial forecast as at January 2021. The current forecast will provide the information for this return, updated to take account of any pertinent changes to circumstances in either income or expenditure. The deadline for this return is 31<sup>st</sup> March 2021. The College is required to send this return to New College Lanarkshire for it to be incorporated into a Regional return. Individual returns for SLC and NCL are not required although commentaries on the respective College positions are.

**Members are asked to note the reporting requirements.**

### 2.4 Alternative Funding Opportunities (Appendix 2)

The Head of Alternative Funding prepared a summary of current opportunities available to the College for senior management and this document (**Appendix 2**) is presented for information. Note the college is focusing on two of these funding streams, Young Person's Guarantee and National Transition Training Fund, as there are strict deadlines on when the activity must be delivered, and these streams will support unemployed who are close to the labour market.

**Members are asked to note the Report and the opportunities that are being made for the College to attract additional income.**

### 2.5 Remit of the Finance and Resources Committee (Appendix 3)

The remits of all Committees of the Board of Management are reviewed periodically and a proposed version has been appended, with any changes highlighted. Officers would welcome any views from the Committee about both the papers (content and presentation) and the official support provided to allow for improvements to be introduced.

**Members are asked to review the Remit, with a view to referring the updated version to the Board of Management for approval.**

# SOUTH LANARKSHIRE COLLEGE

**Report to:** FINANCE AND RESOURCES COMMITTEE

**From:** Keith McAllister  
Head of Finance

**Date:** Meeting of 1st February 2021

## Executive Summary (continued)

### 2.6 Report on Estates and Facilities (Appendix 4)

As has been highlighted by the Procurement analysis being undertaken, there are many estates-related contracts to be reviewed and assessed for action re tendering and / or reference to purchasing frameworks. This work will be ongoing and the College hopes to invest in additional support from APUC to advance the pace of the work.

It should be noted that the College has been in receipt of £579k for backlog maintenance works in the year. This should, however, be seen in the context of a limited ring-fenced SFC allocation to address ongoing estates and maintenance issues. Contracts for all work have to be signed by 31<sup>st</sup> March 2021, although we understand that work need only be completed by 31<sup>st</sup> July 2021, as has been previous practice.

**Members are asked to note the contents of the Report and, in particular, the monitoring figures re waste and utilities.**

### 2.7 Report on Procurement (Appendix 5)

The brief report on Procurement concentrates on the work to be addressed over the period to March 2021 with the objective being to bring forward the review of contracts and procurement arrangements. The College will concentrate on the large spend suppliers and on updating its procurement administration and control arrangements. This allies with the enhancing of the College's budgeting and monitoring arrangements being introduced in the year and supports a more robust financial oversight of income and expenditure.

**Members are asked to note the Report, including the work being undertaken on the extension of procurement and budget monitoring throughout the College.**