

# SOUTH LANARKSHIRE COLLEGE

**Report to:** FINANCE AND RESOURCES COMMITTEE

**From:** Keith McAllister  
Head of Finance

**Date:** Meeting of 10<sup>th</sup> February 2020

## 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 2020 and the most recent submissions to the Funding Council. Also presented are the update reports on Procurement and Estates, and an update on work to be undertaken in connection with the exit from the EU.

## 2 Executive Summary

### 2.1 Management Forecast – 12 months to July 2020 (Appendix 1)

The Management Forecast shows a projected surplus for the 12 months of £176k - see Appendix 1B – which is currently above Budget. Appendix 1A provides a commentary on the forecast.

There have not been any changes to date to the initially allocated income from the four main SFC funding sources (lines 1 to 4 in Appendix 1B). Additionally, with the activity target now met, there is no risk of these funds being clawed back.

The extended format of the Income and Expenditure schedule (Appendix 1 B) is to highlight the additional strands of SFC income. There are three items in relation to Salaries Contribution which require to be highlighted: (a) SFC have decided to withhold the element of grant which is to offset costs of certain areas of the collective bargaining agreements and this will be released to the colleges once those new agreements are in place; (b) the UK Government have agreed to fund the increase in employer contributions re the lecturing pension scheme. The increase is from 17.2% of salary to 23% of salary, although the College do not have written confirmation of what the level of support will be; and (c) an allocation to the college sector this year in relation to prior year National Collective Bargaining agreements.

Appendix 1E provides a forecast Balance Sheet as at 31<sup>st</sup> January 2020 and the most recent cashflow forecast prepared for the Funding Council is attached as Appendix 1F.

**Members to review and note the Management Forecast for the year to July 2020 and the cashflow position.**

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## Executive Summary (continued)

### 2.2 Reporting to the Funding Council

Colleges are required by SFC to prepare a mid-year financial forecast as at January 2020. 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 2020. 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.

### 2.3 Report on Procurement (Appendix 2)

The Report summarises activity in the area of procurement. The College continues to extend its procurement activities via the use of framework agreements made available via APUC.

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

### 2.4 Report on Estates and Facilities (Appendix 3)

As will be noted in the Procurement Report, there are many estates-related contracts being reviewed and subject to tender. This will be ongoing and increasing and a team headed by the Principal is managing the utilisation of the backlog maintenance grant received. It should be noted that the College has been in receipt of two tranches of funding: 2018/19 - £1,375k and 2019/20 - £221k. This should, however, be seen in the context of a decreasing ring-fenced SFC allocation to address ongoing estates and maintenance issues; the current allocation is half what it was 5 years ago. Contracts for all work have to be signed by 31<sup>st</sup> March 2020, although work need only be completed by 31<sup>st</sup> July 2020.

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

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## 2.5 Consolidated Regional Accounts 2018/19 (Appendix 4)

Attached as **Appendix 4** for the information of the Committee is the above. These financial statements incorporate New College Lanarkshire; its commercial subsidiary, Amcol; and South Lanarkshire College. It should be noted that New College Lanarkshire do not produce non-consolidated published financial statements.

**Members are asked to note the document.**

## 2.6 Overdraft Facility

Government banking arrangements, as they apply to the Scottish college sector post-ONS reclassification, do not allow for individual organisations having an overdraft facility. However, South Lanarkshire College had an overdraft facility in place at the time of the ONS reclassification and was allowed to retain this.

The facility is for the sum of £300,000 and costs 1.5% of the limit per annum (i.e. £4,500). The College has not had to utilise the facility for 18 months. The arrangement is falling due for renewal and consideration by the College Board. College management are of the opinion that the arrangement should remain in place for another year and then be reviewed.

**Members are asked to consider the arrangement for renewal at the current level and, if agreed, recommend to the Board its extension for one year.**

## 2.7 College Credit Cards

Acknowledging the practicalities of present-day procurement, the College has arranged to have “virtual” credit cards supplied by its bankers, RBS. These have now been received and guidelines for use and appropriate authorisation levels are being considered.

**Members are asked to note the development.**