

SOUTH LANARKSHIRE COLLEGE

Report to: FINANCE AND RESOURCES COMMITTEE

From: Keith McAllister
Head of Finance

Date: Meeting of 4th November 2019

1 Introduction / Purpose of Report

The main purpose of this Report is to present the College's Audited Financial Statements for the 12 months to 31 July 2019 and the management accounts for the quarter to October 2019 and the management forecast for the year to July 2020.

Immediately prior to this meeting, the Audit Committee will have met. They will have considered the draft Annual Report of the External Auditors to the Board of Management (see **Appendix 1**). The Audit Committee also had before them a copy of the draft audited financial statements (see **Appendix 2**). All being well, they will have accepted the report of the external auditors, which will allow the Finance Committee to consider the financial statements and, if appropriate, recommend them to the Board of Management for approval.

It must be noted that the College has requested an updated pension scheme valuation taking account of a change in relevant criteria. This may change the figures in the financial statements; they will be amended as soon as the updated figure is received if the change in valuation is material.

2 Executive Summary

2.1 Annual Financial Statements

Note that the draft report of the external auditors has been attached as **Appendix 1** for the information of members of the Committee.

The draft Financial Statements are attached as **Appendix 2**. The **Surplus before other gains / losses** for the period (see page 35) was £230k (2018 - £36k). This excludes the actuarial loss in 2018/19 of £1,332k and gain of £1877k in 2017/18 in respect of the support staff pension scheme. In 2017/18, there was also an unrealised surplus on the revaluation of land and buildings amounting to £1,795k; there was no revaluation in 2018/19 and thus no figure in the accounts. These figures decreased the **Total comprehensive income for the year** to £(1,102)k (2018 £4,000k).

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2.1 Annual Financial Statements (continued)

As mentioned in the Introduction above, the College requested a valuation of its support staff pension liability without reference to Guaranteed Minimum Pension. The external auditors subsequently requested that this be done on 24th October, this being too late to amend Appendix 2. The College is awaiting an updated valuation and it is expected that this will result in a change to the accounts.

It is hoped that this information will be made available to the College in time to amend the financial statements for the meeting to be held on 4th November.

Subject to any potential change being incorporated into an updated draft, members to recommend the Financial Statements to the Board of Management for approval.

2.2 Management Forecast – 3 months to Oct. 2019 and the year to July 2020

The Management Accounts show a projected surplus for the year to July 2020 of £44k, marginally lower than the Budget figure of £87k. Due to contracts being won subsequent to the setting of the Budget, both income and expenditure will increase. **Appendix 3B** refers whilst **Appendix 3A** contains a brief narrative on the figures.

The cashflow forecast document as remitted to SFC in October is attached as **Appendix 4**. Members should note that the College do not expect to be in overdraft over the course of the year. However, the cashflow situation will, as always, be subject to strict scrutiny.

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

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2.3 Report on Estates and Facilities (Appendix 5)

As will be noted in the Procurement Report, there are many estates-related contracts being reviewed and being subject to tender. This will be ongoing and increasing and a short-term working group has been set up to manage the utilisation of the backlog maintenance grant received. This will be the subject of a detailed report at the next Finance and resources Committee. Members should note monitoring figures re utility consumption and waste.

Members should note that a further allocation of backlog maintenance monies was allocated to the College as part of the Grant in Aid settlement. These monies will be used to address some of the works identified in the initial survey undertaken by Messrs Gardner Theobald.

Members are asked to note the contents of the Report.

2.4 Report on Procurement (Appendix 6)

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 contents of the Report and, in particular, the work being undertaken on the extension of procurement throughout the College.

2.5 Report of the Finance and Resources Committee to the Board of Management (Appendix 7)

The Report reflects the work undertaken by the Committee during the year to July 2019. It should be noted a subsequent draft may be issued at, or prior to, the meeting of the Finance Committee.

Members are asked to review the Report and approve its submission to the Board of Management.