

SOUTH LANARKSHIRE COLLEGE

Finance and Resources Committee

Meeting of 11th February 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 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 2019 (Appendix 1)

The Management Forecast shows a projected surplus for the 12 months of £14k – see Appendix 1B. Appendix 1A provides a commentary on the forecast.

It should be noted that there have been two additional grants receivable re core activity, resulting in additional income for the year amounting to £180k. 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 two items in relation to National Bargaining funding 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.

Appendices 1E provides a Balance Sheet and the cashflow forecast prepared for the Funding Council is attached as Appendix 1F.

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 deadline has been pushed back until 31st March 2019.

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Executive Summary (continued)

2.2 Consolidated Regional Accounts 2017/18 (Appendices 5 & 6)

Attached as **Appendix 5** for the information of the Committee are 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 now produce published financial statements for itself.

Attached as **Appendix 6** is the report of the external auditors on the consolidated accounts. Members will note that Messrs Mazars undertook this audit, along with undertaking the audits of NCL and SLC.

2.3 Procurement

Attached as **Appendix 2** is the quarterly procurement report. Of particular note is that the College have secured a significantly more advantageous waste management contract via a tendering exercise "hosted" by APUC and involving the College's Regional partner, New College Lanarkshire.

2.4 Estates Report

Attached, as **Appendix 3**, is the report from the College's Head of Facilities. It should be noted that, as an integral part of the collaborative tender for waste services, the College looked for the successful bidder to improve recycling, including obtaining better value for money, via an examination of its waste management processes. An initial commitment has been made to ensure that no waste uplift goes to landfill.

2.5 EU Exit Checklist

Attached, as **Appendix 4**, is the checklist produced by an SFC working group which is providing a focus for the Brexit issues as they impact the college sector. College should (a) cascade this throughout the organisation and ensure that all relevant departments and individuals are thinking about the impact that Brexit may have and (b) produce a response to the paper for strategic and operational consideration.

To date, there have been information sessions conducted by the Head of Finance with two groups in the College; the College Management Team and the Operational Managers / Curriculum Managers Forum. The Checklist will also be discussed with the Board of Management. A formal response will be drawn up with input from across the College.

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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 2018.
- 3.2 Note the documents remitted to SFC re cashflow and resources.
- 3.3 Note the work being done on procurement.
- 3.4 Note the Estates Report.
- 3.5 Note the EU Exit Checklist and the work being undertaken to identify and address the risks that may face the College.
- 3.6 Note the Consolidated Regional Financial Statements and the report on the Statements by the external auditors.