

SOUTH LANARKSHIRE COLLEGE

Report to: FINANCE AND RESOURCES COMMITTEE

From: Keith McAllister
Head of Finance

Date: Meeting of 2nd November 2020

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 2020 and the management forecast for the year to July 2021.

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.

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 Deficit for the year (see page 36) was £653k (2019 – a surplus of £219k). This excludes the actuarial loss in 2019/20 of £2,784k (2019 - £1,332k) in respect of the support staff pension scheme. These figures increased the Total comprehensive loss for the year to £3,437k (2019 £1,113k).

Members to recommend the Financial Statements to the Board of Management for approval.

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2 Executive Summary (continued)

2.2 Updated Budget for the period 2020/21 to 2023/24

The initial budget prepared for the period above incorporated a split of Regional core grant in aid that was £190k higher than that finally set. An amended budget has been formulated and, as discussed and agreed at the August meeting of the Board, a deficit budget has been set. Attached as **Appendix 3B** is this new budget for the period above, with a narrative attached as **Appendix 3A**.

Whilst it is intended that the deficit set for 2020/21 is to be covered over the succeeding two years of the period of review, College management wishes to review the financial situation early in 2021 before making appropriate changes to the years 2021/22 and 2022/23 to make up the 2020/21 deficit.

It should be noted that the updated budget incorporates ring-fenced funding allocated to the College subsequent to the initial allocation announced by the Funding Council earlier in the year.

Members to recommend the Budget to the Board of Management for approval, noting that a review of the years 201/22 and 2022/23 will be undertaken early in 2021 and this will be presented to the Spring meeting of the Finance Committee for review and approval

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Executive Summary (continued)

2.3 Management Forecast for the year to July 2021

The Management Forecast shows a projected deficit for the year to July 2021 of £189k, marginally better than the Budget figure of £193k. With the effects of the pandemic still affecting delivery, and likely to do so for the foreseeable future, management are very aware of the potential impact on College finances.

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 2021 and the cashflow position.

2.4 Report on Estates and Facilities (Appendix 6)

As will be noted in the Procurement Report, there are many estates-related contracts being reviewed and being subject to tender.

Members should note the significant sums allocated to the College re Capital / Estates, including the backlog maintenance monies (see Appendix 3B). A short-term working group has been set up to manage the utilisation of the Estates and backlog maintenance grant received, which will be allocated in conjunction with the relevant Operational Plans which are currently being reviewed by the Principalship.

Members should note monitoring figures re utility consumption and waste.

Members are asked to note the contents of the Report.

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2.5 Report on Procurement (Appendix 7)

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.