South Lanarkshire College
Management Forecast
for the 12 Months to July 2022

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Summary

The management forecast has been prepared for the 12 months to July 2022, with Appendix 1B showing a deficit of £363k. The main issue is the potential shortfall in core activity income and the resultant fall in fee income. It should be noted that the forecast does not reflect remedial measures being considered to rectify the situation.

Recruitment in some areas is below what was experienced last year and although the Budget did reflect, for example, a decrease in HE student recruitment, the Forecast reflects a further drop in recruitment, although the College is taking active steps to rectify this.

Income

1. The College will reach its initial core activity target.
2. What is termed EU activity is additional to SFC core activity and the rule at present is that the College would not be able to draw down this funding in full if it failed to reach the target. This stance is being discussion by the sector with SFC. Whilst the College is still working hard to close the gap to reach its full target, the potential shortfall has been built into this forecast
3. This figure represents an allocation to cover the additional costs of delivering tuition to students who studies were not completed in 2020/21 and who are returning in 2021/22. The College is confident that this tranche of funding is not at risk.
4. The College has earmarked half of the SFC Capital allocation to revenue items and half to capital projects.
5. The Backlog Maintenance allocation has been utilised to pay for the roof repairs that have been undertaken.
6. SFC have earmarked funds to cover a job evaluation exercise for middle management and support staff. This has been incorporated into the Budget as a contra with Salaries expenditure.
7. SFC allocated additional ring-fenced support for the sector, and this has been incorporated into the Budget, with a contra for the Expenditure. The split of support is:
   a. Supporting digital inclusion £142k
   b. Supporting mental health £124k
   c. Additional counselling services £45k

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8. SFC allocates funding to the Region for the provision of support to levy-fund employers under the Flexible Workforce Development Fund. The College activity is below what it can draw down but is working to bridge this gap.
9. A review of the Employability Fund activity revealed that the budget has been overestimated, although allied activity will be delivered under different programmes.
10. The shortfall in Fee income largely reflected the drop in full time HN students, a situation which is being found throughout the sector as potential students take advantage of amended entrance requirements at universities.
11. There has been success in further developing the activity levels with the local authority and this offsets the loss of Employability Fund activity noted above.
12. Other Income is anticipated to be slightly above budget.

Payroll

13. Initial indications are that salaries will be slightly below budget and enhanced budgeting and monitoring arrangements have been put in place to ensure that any issues in that regard are identified promptly.

    The sector is subject to National Collective Bargaining arrangements and, as such, not in direct control of any salary awards. An allowance for salary awards for 2021/22 has been made but no agreements have been reached with the lecturing or support staff unions as yet – negotiations remain ongoing.
14. As mentioned in point 6 above, there is a job evaluation exercise underway for the support staff within the sector and whilst it is hoped that SFC funding will cover any costs, the College has made provision for unfunded costs.
15. The College makes a modest provision each year to cover the additional costs of historic early retirements.

Non-Salary Expenditure

16. The College does have funds available to attend to existing and future asset replacement, which reduces the strain on the recurrent Property budget. The significant increases in utility costs will not affect the College until the next financial year as it is protected by a framework contract negotiated by APUC on the sector's behalf.
17. Net depreciation costs are significantly increased this year, reflective of the buildings revaluation at 31st July 2021.
18. The Budget reflected a conservative allocation for the year and although here is expected to be a strain on this line of expenditure, no allowance has been made for this yet.
19. Marketing has been concentrated on less expensive social media outlets so costs are a little below
20. The allocation of Academic Supplies reflects a blended approach to learning, with investment in digital provision being funded centrally. This will be reviewed mid-year.
21. Cross College costs incorporate any subsidy of the refectory due to ongoing reduced numbers on campus. This is not expected to be as high as initially anticipated.