

AGENDA

A meeting of the Finance, Commercial and Estates Committee will be held on Tuesday 8 June 2021 at 9.30am. Please join via Microsoft Teams.

Papers highlighted in purple font have not been published with the agenda as they are either due for future publication or are not in the public domain.

Briefing Session: SPS Contract Update - Audrey Mitchell

No	Item	Action	Lead	Pages
1	Welcome, Apologies and Declarations of Interests	Note	JT	N/A
2	Minutes of the Previous Meeting: 2 March 2021	Approve	JT	
3	Matters Arising / Actions Outstanding	Note	JT	2-2
4	Digital Services Update	Note	KG	
5	Estates Update	Note	CQ	
	5.1 Dunfermline New Campus Project Board Minutes:	Note	SR	
	• 7 April 2021			
	• 2 June 2021 (Minutes to Follow)			
	5.2 Glenrothes Campus Refurbishment Outline Business Case	Approve	SR	
6	Financial Update (including Year End Projection – Risks and Opportunities 2020-21)	Note	SD	3-12
7	Commercial Activity Update	Note	SD	
8	Fife College Draft Budget 2021-22	Approve	SD	
9	Accounting Policies for Year End 31 July 2021	Approve	SD	
10	Treasury Management Policy	Approve	SD	
11	Procurement Update	Note	SD	
12	Review of Remit and Self-Evaluation and Annual Report to the Board	Discuss	JT	13-19
13	Date of Next Meeting Thursday 24 June 2021 at 4pm (to approve FFR) Tuesday 14 September 2021 at 9.30am	Note	JT	N/A



Key:	
	Outstanding and deadline passed
	Progressing and on target
	Complete

Board of Governors: Finance, Commercial and Estates Committee

Actions Outstanding / Progress Made

	Date of Meeting	Action	Responsibility	Deadline	Comments
1	02.03.21	To update the Major IS Projects table to include the expenditure for MyFife in the business report to the Board of Governors.	S Reekie	17.03.21	Complete
2	02.03.21	To circulate more detailed information on what the funding from Fujitsu/Intel would cover.	S Reekie	17.03.21	Complete. To assist in opening the space for all learners and staff, we will use the space to create collaboration and independent learning spaces.
3	02.03.21	To approve the Procurement Project as detailed on page 31 of the report.	S Dunsmuir	July 2021	Complete



COVER SHEET FOR PAPERS TO BE CONSIDERED BY THE BOARD

Finance and Commercial Update Reports	
Date of Meeting:	8 June 2021
Purpose:	This paper sets out the Fife College financial position as at period 9 of the current financial year 1 August 2020 to 31 July 2021
Intended Outcome:	<p>To provide Committee members with an update on the year to date financial performance at period 9 against the F1 Forecast position.</p> <p>To provide an update on the 2020/21 F1 Forecast adjusting the position for current risks and opportunities to present the current year end projection.</p> <p>To provide an update on the commercial income achievement and ongoing activities.</p>
Paper Submitted by:	Susan Dunsmuir, Chief Financial Officer
Prior Committee Approvals:	N/A
Financial Implications:	As per paper
Equality and Diversity Implications:	N/A
Risks Assessed:	N/A
Publicly Available:	Yes
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Date of Production:	13 May 2021

Executive Summary - Finance

The Finance update information is focusing on the April 2021 year to date position in comparison to the year to date F1 forecast.

Overall, based on the April year to date accounts, the College is currently £1,028k ahead of the year to date F1 position. Income is £488k better than F1 for the year to date with expenditure being £540k lower than forecast.




The variances are mainly attributable to:

- o Academic Fees and Other Income are £476k better than F1 for April year to date.
- o Commercial income streams are £30k better than F1.
- o Staff costs are £431k better than F1 due to a delay in vacancies being filled and reduced temporary staff costs as well as reduced staff absence requiring less cover.
- o Non-staff costs are £109k lower than F1.

Based on the latest assumptions made for income and expenditure, we are projected an adjusted operating surplus of £995k for the year end. This position will continue to be closely monitored by the Finance Team.

Flags/Indicators

Financial Data

-  Where a reported figure is greater than or equal to (\geq) budget/forecast this is flagged green.
-  Where a reported figure is less than ($<$) budget/forecast by $<5\%$ this is flagged amber.
-  Where a reported figure is less than ($<$) budget/forecast by $>5\%$ this is flagged red.












FIFE COLLEGE

Finance - Summary and Forecast

2018/19 Actual £'000	2019/20 Actual £'000	Income and Expenditure	2020/21 FY F1 £'000	2020/21 April YTD F1 £'000	2020/21 April YTD Actual £'000	Variance to F1 £'000	Variance to F1 %	Status
48,065	49,191	Income	48,081	36,314	36,802	488	1.3%	▲
(27,141)	(27,718)	Direct Staffing Costs	(28,618)	(20,547)	(20,183)	364	1.8%	▲
(2,636)	(2,997)	Operating Expenditure	(2,521)	(1,628)	(1,627)	1	0.1%	▲
18,288	18,475	Contribution	16,941	14,139	14,992	852	6.0%	▲
(9,535)	(9,086)	Overheads - Staff	(9,878)	(6,980)	(6,912)	67	1.0%	▲
(8,209)	(8,763)	Overheads - Non-Staff	(7,855)	(5,703)	(5,594)	108	1.9%	▲
(2,652)	(3,274)	Pension Adjustments	0	0	0	0	0.0%	▲
(2,108)	(2,648)	Surplus/(Deficit) for year	(791)	1,457	2,485	1,028	70.6%	▲
(1,211)	(432)	Restructuring	0	0	0	0	0.0%	▲
643	1,045	Revaluation Reserve	932	697	697	0	0.0%	▲
(2,677)	(2,035)	Historic Cost Surplus/(Deficit)	141	2,154	3,182	1,028	47.7%	▲

ADJUSTED OPERATING POSITION	2018/19 Actual £'000	2019-20 Actual £'000	2020-21 FY F1 £'000
Historic Surplus/(Deficit) Exc. Revaluation Reserve	(3,319)	(3,080)	(791)
Add Back:			
- Depreciation (Net of Deferred Capital Grant Release)	1,705	1,811	1,557
- Non-Cash Pension Adjustments	2,652	3,274	0
Deduct:			
- Revenue Funding Allocated to Loan Repayments	(608)	(767)	(482)
- Revenue Funding Allocated to Unfunded Pensions	(222)	(222)	(222)
Underlying Operating Surplus/(Deficit)	208	1,016	62

FIFE COLLEGE

Indicator	2018/19 Actual £'000	2019/20 Actual £'000	2020/21 FY F1 £'000	2020/21 April YTD F1 £'000	2020/21 April YTD Actual £'000	Variance to F1 £'000	Variance to F1 %	Status
SFC Grants	34,160	35,919	36,672	27,478	27,460	(18)	(0.1%)	
Academic Fees	3,328	3,155	2,891	2,353	2,548	195	8.3%	
Other Income	959	1,481	646	550	831	281	51.2%	
Bursary Income	382	369	414	0	0	0	0.0%	
Commercial Training	1,837	1,452	1,030	963	882	(81)	(8.4%)	
SDS Modern Apprentices	958	960	709	573	655	82	14.3%	
Foundation Apprenticeships	357	403	615	469	579	111	23.6%	
Non-Managed Service VQs	845	533	853	736	700	(36)	(4.9%)	
Scottish Prison Service	4,573	4,512	4,226	3,170	3,122	(49)	(1.5%)	
Conference Centre - Venue	666	407	24	21	24	3	16.2%	
Total Income	48,065	49,191	48,081	36,314	36,802	488	1.3%	

FIFE COLLEGE

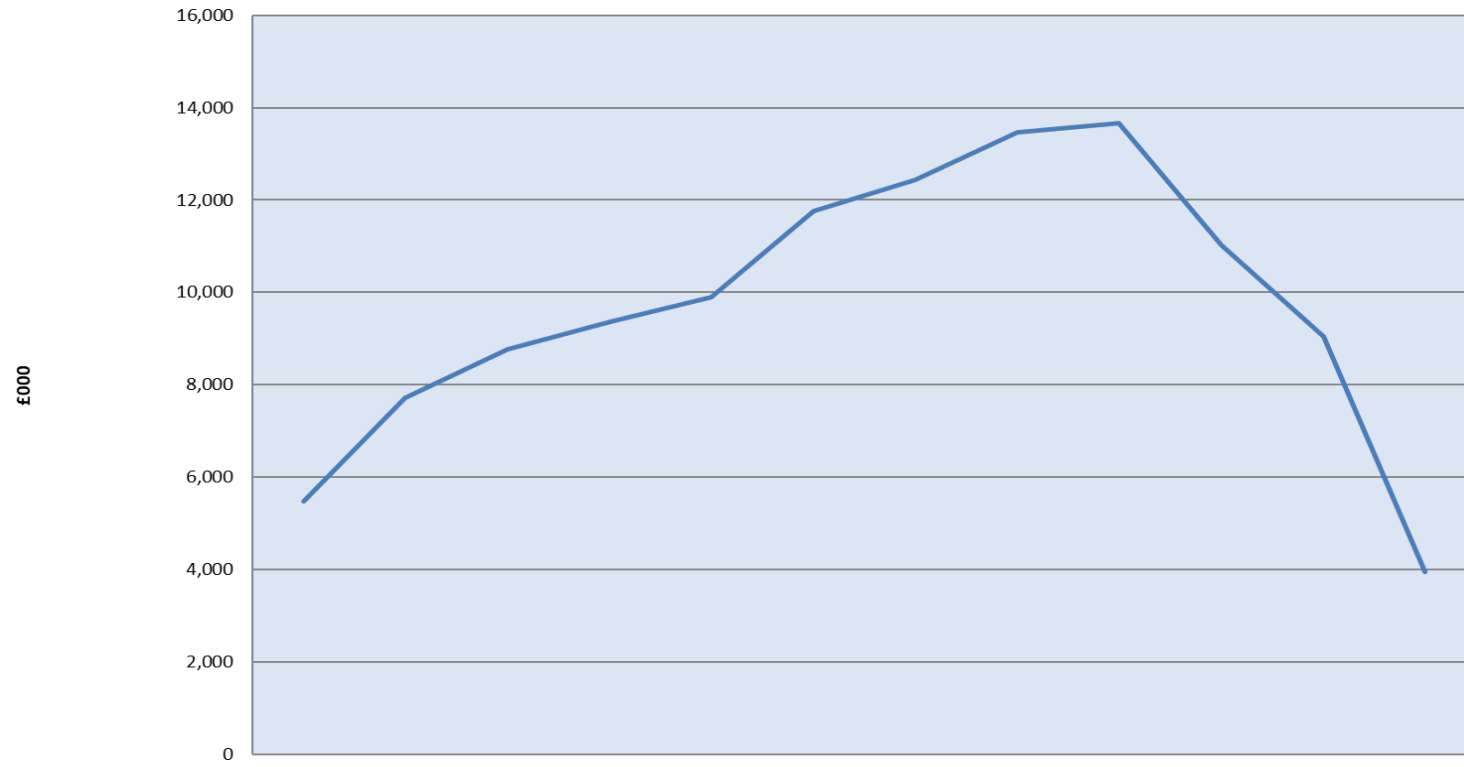
Indicator	2018/19 Actual £'000	2019/20 Actual £'000	2020/21 FY F1 £'000	2020/21 April YTD F1 £'000	2020/21 April YTD Actual £'000	Variance to F1 £'000	Variance to F1 %	Status
Direct Staff Costs	27,141	27,718	28,618	20,547	20,183	364	1.8%	▲
Direct Non-Staff Costs	2,636	2,997	2,521	1,628	1,627	1	0.1%	▲
Support Staff Costs	9,535	9,086	9,878	6,980	6,912	67	1.0%	▲
Support Non-Staff Costs Exc. Pension Adj	8,209	8,763	7,855	5,703	5,594	108	1.9%	▲
Total Expenditure	47,521	48,565	48,872	34,857	34,317	540	1.6%	▲

FIFE COLLEGE

Balance Sheet	2018/19 Actual £M	2019/20 Actual £M	2020/21 Apr YTD Actual £M
Fixed Assets	81.2	79.0	77.1
Current Assets	7.2	12.0	16.1
Total Current Liabilities	14.0	17.6	17.9
Total Creditors Due > 1 year	28.9	26.9	26.1
Total Provisions	21.0	36.8	36.6
Total Assets	24.6	9.7	12.5
Total Reserves	24.6	9.7	12.5

FIFE COLLEGE

Cash Balance August 2020 - July 2021



	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21
Month/Yr End Balance	5,474	7,721	8,758	9,370	9,902	11,760	12,438	13,459	13,659	11,019	9,048	3,949

FIFE COLLEGE CONSOLIDATED

KEY RATIOS	Apr 21 YTD Actual	Apr 21 YTD F1	Annual F1 20/21	Notes
Operating position				
Gross Profit Margin	41%	39%	35%	This is gross profit as a percentage of turnover. Small changes can indicate issues within the business, costs could be increasing and therefore sales prices should be increased accordingly.
Operating Surplus/(Deficit)	2,485	1,457	-791	
Operating Surplus/(Deficit) as % of Total Income	6.8%	4.0%	-1.6%	
Income ratios				
Total Income	36,802	36,314	48,081	
Total Funding Council Grant as % of Total Income	75%	76%	76%	
Total Other Income as % of Total Income	25%	24%	24%	
Expenditure ratios				
Total Expenditure	34,317	34,857	48,872	
Total Staff Costs as % of Total Income	74%	76%	80%	
Property Costs as % of Total Income	15%	15%	15%	Staff and non-staff property costs
Direct Staff Costs as % of Total Income	55%	57%	60%	This percentage shows the total staff costs as a percentage of total income generated within the schools in total.
Overhead Staff Costs as % of Total Income	19%	19%	21%	This percentage is the total support staff costs as a percentage of total income generated. i.e for every £1 of income support payroll costs are 19p.
Balance sheet strength				
Current Ratio	1.20		0.85	This ratio looks at the relationship between current assets and current liabilities. The figure excludes the £4.5m deferred grant for the new build land purchase.
Overdrafts, Loans, Finance Leases	5,231		5,076	
Working Capital				
Cash and Current Asset Investments	13,753		3,389	The April 2021 cash balance is high mainly due to unspent student support funds (£2m), a delay in creditor spend (£4.3m), staff costs relating to back pay, pension increases and Voluntary Severance (£1m) and Flexible Workforce Development Fund income received which may be carried forward to 2021/22 if unspent (£1m).
Days Ratio of Cash to Total Expenditure	117		27	

FIFE COLLEGE

Income	Total F1 £'000	Variance £'000	Year End Projection £'000
SFC Grants	36,672	1,273	37,945
Academic Fees	2,891	280	3,172
Other Income	646	315	961
Bursary Income	414	0	414
Commercial Training	1,030	143	1,173
SDS Modern Apprentices	709	116	825
Foundation Apprenticeships	615	(36)	579
Non-Managed Service VQs	853	9	862
Scottish Prison Service	4,226	32	4,258
Conference Centre - Venue	24	0	24
Total Income	48,081	2,132	50,213
Direct Costs			
Staff	28,618	1,333	27,285
Non Staff	2,521	(762)	3,283
Total Direct Costs	31,140	571	30,569
Contribution	16,941	2,703	19,644
	35%		0
Overhead			
Staff	9,878	(20)	9,898
Non Staff	7,855	(1,707)	9,562
Total Overhead Cost	17,732	(1,727)	19,459
Surplus	(791)	976	185
Restructuring	0	(43)	(43)
Revaluation	932	0	932
Historic Cost Surplus	141	933	1,074
ADJUSTED OPERATING POSITION	Total F1 £'000	Variance £'000	Year End Projection £'000
Historic Surplus/(Deficit)	141	933	1,074
Revaluation Reserve	(932)	0	(932)
Net Depreciation	1,557	0	1,557
Loan capital	(482)	0	(482)
Unfunded Pension Costs	(222)	0	(222)
Underlying Operating Surplus/(Deficit)	62	933	995



COVER SHEET FOR PAPERS TO BE CONSIDERED BY THE BOARD

Review of Remit and Self-Evaluation and Annual Report to the Board	
Date of Meeting:	8 June 2021
Purpose:	To undertake a review of the remit and self-evaluation of the Finance, Commercial and Estates Committee for academic year 2020-21, and to prepare an Annual Report to the Board giving an update on progress
Intended Outcome:	To agree any changes to the remit that may be required, and any improvements that can be made to the work of the Committee; ; to populate the Annual Report template with a view to finalising this at the next meeting and submitting it to the Board in October 2021
Paper Submitted by:	Marianne Philp, Director: Governance and Compliance
Prior Committee Approvals:	N/A
Financial Implications:	None
Equality and Diversity Implications:	None
Risks Assessed:	None
Publicly Available:	Yes
Author Contact Details:	Marianne Philp; mariannephilp@fife.ac.uk ; 01383 845009
Date of Production:	26 May 2021

BOARD OF GOVERNORS OF FIFE COLLEGE

Finance, Commercial and Estates Committee

Review of Remit and Self-Evaluation and Annual Report to Board

1 Introduction

The Board of Governors and each of its Committees is required to undertake a self-evaluation on an annual basis. It is also good practice to review the remit of each Committee annually.

2 Feedback

Feedback is requested on all aspects of the Committee structure and the work of the Finance, Commercial and Estates Committee in particular. Members may wish to consider some or all of the following points:

- Timing of meetings
- Frequency of meetings
- The remit of this Committee – eg is it correct and it is too narrow / too wide, have all aspects been covered during this academic year?
- Are there any gaps (in terms of this Committee or in reporting on key areas to the Board)?
- Information contained within papers – is it easy to understand or is more/less information needed?
- Are papers issued sufficiently in advance of meetings to allow adequate preparation?
- Do Board members have sufficient skills / knowledge to contribute to meetings or are there any gaps?
- How effective the work of the Committee has been via Teams and to discuss preferences for face to face or Teams meetings once Covid-19 restrictions ease

These points are indicative and you should feel free to add any other points that you think are relevant.

3 Remit

The current remit is attached. Members are invited to consider whether or not this remains relevant or if any changes are required.

4 Annual Report to Board of Governors

A template is attached and members are invited to use this a framework, suggesting input to the report and content to be added. This will be worked on over the summer by the Committee Chair and Director: Governance and Compliance with a view to it being finalised at the next Committee meeting and submitted to the Chair's Committee and Board of Governors at the start of the new academic year.

5 Recommendation

Members are invited to suggest any changes required to the remit or format of meetings, and to populate the draft annual report template to enable relevant updates to be provided to the Board of Governors. Additional feedback can also be provided by members to the Director: Governance and Compliance outwith the meeting.



BOARD OF GOVERNORS

Remit of Finance, Commercial and Estates Committee

1.0 Composition

The Finance, Commercial and Estates Committee will have a minimum of four members of the Board, one of whom shall be the Principal.

For a meeting to be quorate, at least three members must be present.

The Committee should have a range of skills and experience and at least one member should have a background in finance, accounting or audit.

Members of staff may be invited to attend all or part of a meeting where items of relevance are on the agenda, with the prior agreement of the Committee Chair and the Principal. The Chair of the Board may be invited to attend meetings of the Committee.

The Committee should normally meet four times per year, one of which must be to consider the annual financial statements.

2.0 Overall Purpose

The purpose of the Finance, Commercial and Estates Committee is to assure the Board of Governors that Fife College has appropriate strategies, plans, budgets and controls in place which manage identified risks creating a sustainable and stable college.

The Committee will receive regular updates from the Boards of any subsidiary company of the College in order to monitor the overall strategic direction of the organisation in relation to commercial activity. However its decisions are limited to commercial activity within Fife College as the relevant company Directors have full statutory responsibilities.

3.0 Remit and Duties

3.1 Financial Control

- Monitor the financial control of the College and to keep the Financial Regulations under review
- Monitor the Treasury Management policy providing a strategy for cash management, long term investments and borrowings
- Monitor expenditure and income against budget and report to the Board where action is required
- Approve the policy for fee waivers and the write off of bad debts within limits set in the Financial Regulations
- Consider and recommend the level of tuition fees and other charges
- Monitor capital expenditure against agreed development plans



3.2 Financial Management

- Approve all strategic decisions in relation to college finance within the scheme of delegation
- Consider and recommend to the Board for approval the College's annual budget
- Consider and recommend to the Board for approval the College's annual financial statements
- Ensure the College adheres to the Financial Memorandum issued by the Scottish Funding Council
- Review the effectiveness and sustainability of financial management

3.3 Commercial

- Review the commercial strategy of the College and recommend any action to the Board
- Monitor the performance of the College commercial activity against budget
- Receive regular update reports from any subsidiary company of the college ~~including Carnegie Enterprise Limited~~
- Receive information on the College commercial tenders and contracts and their performance

3.4 Estates

- Oversee the College estates strategy and ensure that it is consistent with the College's overall strategy, establishing and overseeing any Project Boards or Short Life Working Groups that may from time to time be established
- Provide assurance to the Board that the estates strategy is fit for purpose and sustainable

3.5 Digital

- Oversee the College digital strategy and ensure that it is consistent with the College's overall strategy
- Receive updates from the digital strategy group on issues of strategic importance and giving updates on progress
- Provide assurance to the Board that the digital strategy is fit for purpose and sustainable

3.6 Other Matters

- Receive and review reports related to the work of the Committee prepared by external bodies

3.7 Reports from the Committee

- Report to each Board meeting relevant matters discussed within the Committee
- Report to the relevant Committee of the Board matters that impact on their remit

BOARD OF GOVERNORS OF FIFE COLLEGE

Finance, Commercial and Estates Committee

Annual Report to the Board of Governors: 2020-21

1 Introduction

The Committee has met on 3 occasions during academic year 2020-21.

2 Role and Remit of Committee

This is attached as Appendix 1. The Committee is satisfied that the duties delegated to the Committee by the Board have been carried out during the year.

The Committee reviewed the remit on 8 June 2021 and is content that the remit is fit for purpose and remains unchanged / wishes to propose the following changes be made.....

3 Membership and Attendance

Name	Status	Appointed	Attendance	
			Possible	Actual
Jade Burnett	Student Board Member		1	1
Patrick Carnie	Non Executive Member		4	2
Sarah Ferguson	Student Board Member	01.07.20	3	3
Hugh Hall	Principal	01.03.17	4	4
Joseph Harney	Staff Board Member	01.08.18	4	4
Gordon Mole	Non Executive Member		3	4
Jim Trail	Non Executive Member		4	4

Jim Trail has undertaken the role of Chair of the Committee throughout 2020-21.

Phillip Thompson has been appointed to the Committee with effect from 1 April 2021 and attended and participated in the meeting held on 8 June 2021.

4 Main Focus / Highlights of the Year

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5 Impact the work of the Committee has had on the Board / College

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6 Impact of Covid-19 on Governance Arrangements for the Committee

All meetings have been held via Microsoft Teams.....

7 Other Matters for Board's Attention

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8 Committee Key Priorities for Next Academic Year

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