



## MINUTES

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Minutes of the Finance, Commercial and Estates Committee meeting held on Tuesday 18 September 2018 at 9.30am in Room ES02, Stenton Campus, Glenrothes.

**Present:** Jim Trail (Chair), Hugh Hall, Joseph Harney, Jen Walls

**Apologies:** Jen Anderson, Shona Cochrane, Garry Dickson

**In Attendance:** Gail Dunn, Susan Dunsmuir, Marianne Philp

### 1 Welcome

The Chair welcomed those present to the meeting. It was noted that Tom Gorman and Kris Getchell were unable to attend the meeting. Members were reminded that Tom Gorman was retiring from post, and that the Chief Operating Officer (once appointed) would take over his responsibilities.

### 2 Minutes of the Previous Meeting: 12 June 2018

The minutes of the previous meetings were approved as an accurate record.

### 3 Matters Arising / Actions Outstanding

The contents of the paper that had been circulated were noted.

**Action 8:** It was noted that the paper relating to new and repeat business relating to commercial activity had been circulated and would be circulated by email later this week.

### 4 Digital Services Update

The contents of the paper that had been circulated were outlined and noted. Members referred to the amber action and reminded management that a one line explanation should have been given for this.

An update was given on the work that had been ongoing over the summer which included a migration to windows 10 and a new helpdesk being launched. Both were experiencing some technical bugging issues which would be resolved in the near future. It was noted that these changes were the first in a series of projects that would introduce a stepped change within the organisation in relation to systems and procedures.

It was agreed that it would be useful for staff to be given a realistic idea of when learning systems would be fully available to allow staff to plan ahead, and that contingency should be built into timescales given.

Members congratulated the Digital Services team on moving the previously reported amber statuses to green since the last meeting.



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**Decision:** To feedback to the Assistant Principal: Digital the Committee's feedback and the request for a staff communication to be issued giving realistic dates with contingency built in.

**Responsibility:** Marianne Philp

**Deadline:** 28 September 2018

## 5 Estates Strategy Update

The contents of the paper that had been circulated were outlined and noted. Members reminded management that descriptions were not required for those actions that were green in future reports. Findings with an amber status were discussed.

**Finding No 1:** A brief update was given on latest discussions with SFC, Fife Council and Shepherds relating to the new build project.

It was noted that this finding related to all campuses, as it had an impact on the maintenance budgets across them all, but that the main area of concern was with regard to Halbeath Campus. Stenton and St Brycedale campuses had some maintenance backlogs, but not on such a significant level. It was noted that £1.5m funding for Halbeath campus had been promised, but would not be available until next financial year.

**Finding No 5:** It was noted that the closure of Rosyth was one issue being progressed with regard to room capacity issues, as activity would move into other campuses to increase room occupation, with significant cost savings being generated once the lease had ended. Members commented that as equipment was required regardless of where activity was delivered, the payback period for closure of Rosyth was closer to one year.

A query was raised about what would happen if the application to ALF for funding was not successful. It was noted that the College had received confirmation from SFC that current SFC maintenance funding could be used to support these costs for 2018-19. For 2019-20, ideally Scottish Funding Council maintenance funds would pay for these costs. If not, funding would be requested from the ALF. If this was not successful, then the College would find the money from the savings that will be made from terminating the Rosyth lease.

It was noted that, in addition timetables were being looked at in an annual room audit which was being undertaken.

**Decision:**

- To receive a short plan on the how the Halbeath Campus would be maintained until the new build project goes ahead to ensure the building does not deteriorate and impact on core business.

**Responsibility:** Colin Quinn

**Deadline:** 29 November 2018

- To receive a short plan on how room capacity was being addressed to ensure curriculum is delivered in an efficient and effective manner.

**Responsibility:** Colin Quinn

**Deadline:** 29 November 2018

## 6 Financial Update

The contents of the papers that had been circulated were noted. Members commented that the new format of the report was excellent and allowed for the focus to be kept on strategic issues.



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It was noted that the report related to the financial year just ended, and that the draft accounts were still to be audited so further adjustments may be required. It was clarified that the report focused on variances to what had been predicted at the last meeting to avoid members having to review the same information again.

Members noted that restructuring costs were higher than had been forecasted. It was confirmed that this was mainly due to restructuring relating to the Scottish Prison Service contract which was ahead of plan so spend had been accelerated.

It was confirmed that the provision to be made for pension costs had been received after the paper had been drafted, and this had dropped by £19m. The financial update paper for the Board of Governors would include this change. It was noted that this variation was outwith the control of the College.

It was noted that provision had been made for staff cost of living increases based on latest communications relating to National Bargaining. The support staff negotiations were for April 2018 only and were close to being agreed. Teaching staff negotiations were for April 2017 and April 2018 and were less advanced. It was agreed that negotiations were unlikely to have concluded until after the accounts were closed, so any increase would need to go into next year's accounts. It was confirmed that every 1% increase on the academic pay bill was circa £100k cost to the college. There was a discussion about making a further provision in this year's accounts to offset the risk. It was agreed that the College would consider this and discuss with auditors if relevant.

The FES audit was underway which may result in clawbacks, although no issues had been brought to light so far.

**Decision:** To circulate page 25 of the Boardpack by email as not all information had been included in the printout.

**Responsibility:** Marianne Philip

**Deadline:** 28 September 2018

## 7 Commercial Update

The contents of the paper that had been circulated were noted. The information had been presented as an overall summary with further detail provided for each Faculty.

A query was raised with regard to the MA contract as the status for these was consistently raised and it was highlighted as red in the variance column. It was noted that MAs were funded on a mixed model including SDS funding, SFC credits and an employer contribution and that guidance states that Colleges can only make a reasonable surplus when taking funding from several sources. Due to an increase on the SDS funding for engineering MAs the College had made a decision not to also request an employer contribution known as "MA additional billing" as the funding from SDS and credits cover the cost of delivery, which was the reason for under-performance. Targets for MA delivery had been increased for 2018-19 to make up for the income shortfall. On page 32 of the Boardpack, the notes confirmed that MA income for 2017-18 was broadly in line with forecast and the overall MA numbers for 2018-19 were currently over target which indicated that this strategy was progressing well.



The contents of the paper that had been circulated were noted. A brief outline on the assumptions made was given. It was confirmed that these assumptions included those issued by the Scottish Funding Council where relevant.

Members discussed each of the scenarios presented and it was agreed to submit Scenario 2 to the Scottish Funding Council. The Scottish Funding Council would also be given sight of the three Scenarios considered. It was noted that the deadline for submission was 30 September 2018 and that it would remain subject to approval by the Board of Governors. It was confirmed that the Scottish Funding Council would be made aware of what the College will require to do to achieve a breakeven position. It was noted that work on achieving the change required was available in underlying strategies such as Workforce and Digital. The Principal agreed to draw attention to this in his update report to the Board of Governors.

**Decision:** To include an update on the implementation of underlying Strategies in the Principal's Update to the Board of Governors to demonstrate how change is being implemented and driven forward. These should provide the efficiencies to enable the needed savings to be made.

**Responsibility:** Principal

**Deadline:** 3 October 2018

## 9 Procurement Update and Recent and Forthcoming Tender Activity

The contents of the paper that had been circulated were noted. Members approved any anticipated spend for contracts over £181k. It was noted that the contracts with large spend on page 54 of the Boardpack were due to services being brought together for procurement purposes.

Members discussed the level of detail in the report, and considered that this was operational rather than strategic. The format of papers would be reviewed, with consideration given to what information others in the sector provide at Board level.

The Procurement Annual Report was approved. It was noted that this was in a format prescribed by Scottish Government and there was a requirement to publish it on the College's website in December 2018.

Thanks were extended to Sharon Dewar for her work on producing the annual report and for her effective management of procurement.

### Decisions:

- To approve the Procurement Annual Report, submit it to APUC and arrange for publication on the College's website by December 2018.

**Responsibility:** Susan Dunsmuir **Deadline:** December 2018

- To ask APUC what they do with Procurement Annual Reports once they are received.

**Responsibility:** Principal **Deadline:** December 2018

- To ask other Colleges for details on what reporting arrangements are in place at Board level for Procurement.

**Responsibility:** Marianne Philp **Deadline:** 29 November 2018

- To review the format of the paper for the next meeting.

**Responsibility:** Susan Dunsmuir / Marianne Philp **Deadline:** 29 November 2018



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**10 Update on Arm's Length Foundation (ALF)**

The contents of the paper that had been circulated were noted.

**11 Minutes of Carnegie Enterprise Board of Directors Meeting**

The contents of the minutes that had been circulated by email were noted.

**12 Date of Next Meeting**

Thursday 29 November 2018 at 3.30pm, Carnegie Conference Centre, Dunfermline