

## MINUTES

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Minutes of the Finance, Commercial and Estates Committee meeting held on Tuesday 13 June 2017 at 9.30am in the Boardroom, Halbeath Campus, Dunfermline.

**Present:** Jim Trail (Chair), Edward Blades, Shona Cochrane, Hugh Hall (Principal), Ash Tucker, Jen Walls

**In Attendance:** Carol Scott, David Neilson, Marianne Philp (Secretary to the Board)

### 1 Welcome

The Chair welcomed those present to the meeting.

### 2 Minutes of the Previous Meeting: 14 March 2017

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

### 3 Matters Arising / Actions Outstanding

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

**Actions 1 and 8:** These were not as yet complete and were discussed under the relevant items on today's agenda.

**Action 2:** Members were reminded that an email had been issued updating members on the shortfalls in the areas identified.

**Action 3:** It was agreed that this action should be marked as "in progress" rather than complete.

**Action 7:** The Principal advised that the Scottish Funding Council had confirmed there were currently no plans to discontinue the use of Arm's Length Foundations.

**Action 10:** The commercial website already had the function for employers to request bespoke training programmes.

### 4 Financial Update

#### 4.1 Management Accounts to 30 April 2017

The contents of the papers that had been circulated were noted and the key variances highlighted and explained. It was highlighted that the overspend in staffing was due to restructuring costs being £145k higher than budgeted, which would result in savings after the payback period. In addition, the first part (25%) of the teaching staff pay award had been accrued from April 2017, although it had not yet been paid. It was noted that the Scottish Government was keen to have the EIS dispute resolved and

had given reassurances that money would be made available, but that they had not yet made a commitment to Colleges. The Principal advised that where costs were not covered, savings would need to be made in order that the College did not return a deficit budget.

It was noted that VQs in Care had not hit the anticipated target due to a delay in recruiting staff in this area. However now these staff are in place, the figures are showing signs of improvement in May. It was noted that approximately £160k of staff costs would be saved in May due to the industrial action days.

Of the sale receipt from the Nairn Campus, £190k had been spent on professional fees for the new build project. This made the deficit £190 greater, in that the spend was revenue, but the receipt from the sale could not be shown as income.

**Decision:** To ensure that major variances are clearly explained in the narrative of future management accounts reports.

**Responsibility:** David Neilson

**Deadline:** 12 September 2017

#### 4.1.1 Financial Year End Projection 2016-17

The contents of the paper that had been circulated were noted. It was noted that 97.7% of the credit target had been met, and the College was confident the overall target would be met by the year end.

Members commented that an overspend of £84k on the travel budget seemed high. It was clarified that this was primarily due to staff travelling to an alternative campus as a result of merger. These costs were supported for an initial period and this was now coming to an end. In addition, staff were being encouraged to use technology where appropriate to virtually attend meetings rather than travel across campuses.

It was noted that the Carnegie Enterprise target was to break even by the year end and that a small rent adjustment may be made.

Members highlighted that the year end position was looking more positive than at previous meetings and thanked staff for their efforts in achieving this position.

#### 4.2 Capital Spend

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

#### 4.3 Treasury Management Update

The contents of the paper that had been circulated were noted. It was highlighted that the cash position will be better than anticipated by the year end. It was noted that the spike in cash in January was due to the timing of the receipt of SAAS fees.

#### 4.4 Transformational Funds Update

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

## 4.5 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 £50k and noted those with spend of over £25k.

It was suggested that having changes highlighted in coloured font would assist the Committee in future.

**Decision:** To review the governance requirements with regard to the financial levels of £25k and £50k and the timescale for these with a view to increasing the levels if appropriate.

**Responsibility:** David Neilson / Secretary to Board **Deadline:** 12 September 2017

## 4.6 Accounting Policies

The contents of the paper that had been circulated were noted. No changes had been suggested to the Accounting Policies since last year.

**Decision:** To approve the Accounting Policies for 2016-17.

**Responsibility:** David Neilson

**Deadline:** 31 July 2017

## 5 Draft Budget 2017-18

### 5.1 Fife College Draft Budget 2017-18

The contents of the paper that had been circulated were noted. It was highlighted that the growth in income predicted for 2017-18 was largely due to the new Scottish Prison Service contract. Whilst sales had increased, costs had also increased which had resulted in a reducing profit. It was noted that the Carnegie Enterprise Board of Directors had approved a breakeven budget for 2017-18.

There was a discussion about whether the draft budget as presented was appropriate or whether it should include some potential risks which would return a deficit budget. After discussion it was agreed that the budget was correct and may support requests for additional funding.

**Decisions:**

- To change the comparator information to the financial year end projected figure in future reports, including that going to the Board of Governors in June 2017.
- To recommend the approval of the draft budget for 2017-18 to the Board of Governors for approval.

**Responsibility:** David Neilson

**Deadline:** 19 June 2017

### 5.2 Fife College 5 Year Financial Projection

The contents of the paper that had been circulated were noted. Members were reminded that Colleges had been criticized in the Audit Scotland report last year for not undertaking longer-term financial planning. A request had been received from the



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Scottish Funding Council asking for a 5 year financial projection. It was confirmed that the scenarios presented were for modeling purpose only.

## 6 Update on Strategies

- Commercial
- ICT
- Estates

Some powerpoint slides were tabled giving an update on current thinking with regard to the Commercial Strategy for the College and Carnegie Enterprise. It was noted that the non-core income needed to grow and that grant-in-aid income was likely to stay at similar levels. To grow non-core income would require some changes to the structure and culture of the organisation. It was suggested that this could realistically take place over a 6 month period. Focus required to be more targeted, prioritizing large pieces of business and building relationships with partners in relevant areas. Benefits of joining up and integrating College and Carnegie Enterprise business were discussed.

An update was given on discussions relating to provision in North East Fife.

### Decisions:

- To continue to develop the Commercial Strategy based on the presentation made, subject to agreement at the Board meeting.  
**Responsibility:** Principal **Deadline:** ongoing
- To receive a similar presentation on ICT and Estates Strategies at the next meeting.  
**Responsibility:** Principal **Deadline:** 12 September 2017

## 7 Update on Arm's Length Foundation (ALF)

The contents of the paper that had been circulated were noted. The Chair asked that the last sentence of paragraph 3 of the paper be removed.

## 8 Update on ICT

The contents of the paper that had been circulated were noted. It was highlighted that a new post of Assistant Principal, Digital had been created and would lead ICT from a more strategic level.

**Decision:** To provide a more strategic update at the next meeting, or a plan for when the refreshed ICT Strategy will be in place.

**Responsibility:** David Neilson

**Deadline:** 12 September 2017

## 9 Full Cost / Commercial Activity Update

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

## 10 Minutes of Carnegie Enterprise Board of Directors Meeting

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



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## 11 Update on Estates Issues (by exception)

It was noted that there would be minor works over the summer period, and that this activity was all on target for completion.

## 12 Review of Remit and Self-Evaluation

Members agreed that the remit was relevant and that having all resources covered by one Committee was beneficial. Some changes to the remit as presented were discussed.

- To amend the wording of “Consider and recommend the level of tuition fees and other charges” under section 3.1 to reflect that the Committee is endorsing the Senior Management Team’s decision in this regard.
- Under section 3.3, to add a financial value to the final bullet point (suggestion of £1m).
- To remove the proposed new section 3.5 and ensure sustainability is mentioned in every relevant section.

There was a discussion about having more trend and historical information included. It was agreed that should members wish to see this level of detail, they should contact the relevant finance staff.

**Decision:** To update the remit as outlined above and recommend its approval to the Board of Governors.

**Responsibility:** Secretary / Mr Neilson

**Deadline:** 21 June 2017

## 13 Date of Next Meeting

Tuesday 12 September 2017 at 9.30am, Room ES02, Stenton Campus, Glenrothes.