

## MINUTES

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Minutes of the Finance, Commercial and Estates Committee meeting held on Thursday 14 March 2017 at 9.30am in Room ES02, Stenton Campus, Glenrothes.

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

**Apologies:** Ash Tucker

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

### 1 Welcome

The Chair welcomed those present to the meeting. In particular he welcomed Hugh Hall and Jen Walls to their first meeting.

### 2 Remit

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

### 3 Declarations of Interests

The declarations of interests, as detailed within the paper that had been circulated, were noted.

### 4 Minutes of the

#### 4.1 Previous Meeting: 1 December 2016

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

#### 4.2 Joint Audit and Risk and Finance, Commercial and Estates Committees Meeting: 1 December 2016

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

### 5 Matters Arising / Actions Outstanding

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

### 6 Financial Update

#### 6.1 Management Accounts to 31 January 2017

The contents of the papers that had been circulated were noted. It was highlighted that at the end of quarter 2, the College was £270k behind and Carnegie Enterprise was £12k ahead of forecast.

It was noted that 94% of the credit target for 2016-17 had been achieved to date, and it was anticipated that the overall target would be met by the year-end.

It was confirmed that the College was behind target due to an overspend on staff, the non grant-in-aid income being less than forecast and restructuring costs.

More turnover continues to be needed for Carnegie Enterprise Limited but plans and structures are in place to address this.

**Decisions:** To add into future reports the major reasons for variances in actuals against targets and whether this was a risk to the end of year position or a timing issue.

**Responsibility:** David Neilson

**Deadline:** 13 June 2017

### 6.1.1 F1 Reforecast 2016-17

The contents of the paper that had been circulated were noted. It was clarified that the report had been prepared on the assumption that the credit target would be met.

Concern was noted that the Modern Apprentice and Non Managed Service VQs are projecting a shortfall. It was suggested that this should be an area of growth and that there may also be graduate apprenticeship opportunities to be explored. It was agreed to look into the reasons for this further, and also to look at HE fee income.

There was a discussion about the accounting treatment of depreciation cash and the impact this has on the presentation of the accounts. This was a Government account issue and outwith the College's control, however concerns would continue to be raised by the College (and the sector).

It was noted that £155k had been spent during this academic year on restructuring and that this was significantly less than previous years since merger. It was suggested that cost savings could be used to spend on income generating initiatives, provided it did not impact on the cash position.

The Chair highlighted that Committee members were aware that some of the figures being discussed were very small, but it was the closeness to breakeven position which made understanding the detail necessary.

**Decisions:**

- To look into the reasons for the shortfall in Modern Apprentice and Non Managed Service VQs and HE fee income.

**Responsibility:** David Neilson

**Deadline:** 13 June 2017

- To invite staff to make business proposals in order to generate new income streams, using cost savings.

**Responsibility:** Principal

**Deadline:** 31 July 2017

## 6.2 Capital Spend

The contents of the paper that had been circulated were noted. It was noted that the balance outstanding for Levenmouth campus would be paid in May 2017, subject to the snagging works having been completed satisfactorily. It was noted that there were issues with windows leaking that still had to be resolved.

Members congratulated management and staff on bringing this project in on time and under budget, and for the successful official opening event on 10 March 2017.

## 6.3 Treasury Management Update

The contents of the paper that had been circulated were noted. It was highlighted that the additional student funds had not been required by the College and therefore were returned to the Scottish Funding Council. It was noted that the cash in January had been significantly higher than forecast.

**Decision:** To find out the reasons for the cash forecast in January being inaccurate and advise the Chair of the Committee.

**Responsibility:** David Neilson

**Deadline:** 13 June 2017

## 6.4 Transformational Funds Update

The contents of the paper that had been circulated were noted. It was noted that there was a plan to spend the remaining student support money over a two-year period.

## 6.5 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 confirmed that the catering and cleaning contracts took account of the new build project in order to give a bridging period.

The update on the Procurement Strategy report was also noted. It was noted that a score of 71% had been given in the recent review, and that if this was to increase to at least 75% a gold star would be awarded. The main objective to be taken forward to achieve this was about keeping evidence of effective contract management.

**Decision:** To review the Procurement Strategy report again following on from the next review, in order that members can monitor progress.

**Responsibility:** David Neilson

**Deadline:** March 2018

## 6.6 SFC Indicative Funding: 2017-18

The contents of the paper that had been circulated were noted. It was summarised that for Fife College in 2017-18 the teaching grant would increase by 1.2% and that the Estates Revenue Grant would decrease by 18.6%. Fife College's teaching grant increase was smaller than for other Colleges as rural grant funding had been removed



# Fife College

from Fife College and allocated to SRUC as a result of Fife College ceasing delivery in Cupar as of June 2016.

It was queried whether there was a link between population of regions and credits awarded. It was confirmed that the funding was made on the basis of historical SUMs allocations and delivery of these.

## 6.7 Update on Meeting with SFC: Financial Position

It was noted that a meeting had been held between the College and the College's Outcome Manager at the Scottish Funding Council. The contents of the paper that had been circulated summarised the issues discussed. It was confirmed that discussions would be ongoing in order that the Scottish Funding Council remained aware of the College's concerns. It was noted that discussions remained positive, and that the Scottish Funding Council remained committed to supporting the College with the new build project and related matters. The Chair thanked the staff involved for holding this meeting which enabled them to convey the ongoing concerns of the Board, as discussed at the Board of Governors meeting in December 2016, given the significant impact of the financial decisions on the College's accounts over which the College had no control.

**Decision:** To send the Scottish Funding Council a copy of the note of the meeting to ensure a record is maintained of dialogue.

**Responsibility:** David Neilson

**Deadline:** 31 March 2017

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

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

**Decision:** To clarify with the Scottish Funding Council the continued use of ALFs in order to support income generation and generating funds for reinvestment.

**Responsibility:** Principal

**Deadline:** 13 June 2017

## 8 Update on ICT

The contents of the paper that had been circulated were noted. It was suggested that future reports should contain more on strategic issues and less on operational progress made which could be monitored by management.

It was highlighted that steps were being taken to bring together the ICT technical side and learning and teaching in the College structure.

Members noted that it was important that ICT was considered for all campuses, and did not focus solely on the new build. All campuses should have the same capabilities and access to services.

**Decision:** To prepare a report giving a high level view of the ICT Strategy and Estates Strategy at the next meeting.

**Responsibility:** David Neilson/Principal

**Deadline:** 13 June 2017



# Fife College

## 9 Full Cost / Commercial Activity Update

The contents of the paper that had been circulated were noted. Members disagreed with the statement that progress had been made in closing the gap between income and targets and it was noted that overall the income is behind target which had increased from the previous quarter.

It was suggested that the focus of the Committee and staff is too short-term as the shortfall in any financial year was being driven in order to reach a positive financial year-end position. Members requested that a medium and long term focus also be given some consideration.

Members queried whether the companies could contact the College to ask for customised training and it was confirmed that the Business Development Team had responsibility for making companies aware of this. It was suggested that this could also be promoted on the new commercial website.

### **Decision:**

- To set out expectations for commercial activity on a medium and longer-term basis.  
**Responsibility:** Principal **Deadline:** 13 June 2017
- To ensure that the new commercial website encourages employers to contact the College if they wish customised training.  
**Responsibility:** David Neilson **Deadline:** 31 March 2017

## 10 Minutes of Carnegie Enterprise Board of Directors Meeting

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

## 11 Update on Estates Issues (by exception)

No business was transacted.

## 12 AOCB

**Decision:** To email feedback on the meeting and any suggestions for improvement or change to the Chair and Secretary.

**Responsibility:** Principal / Ms Walls

**Deadline:** 31 March 2017

## 13 Date of Next Meeting

Tuesday 13 June 2017 at 9.30am, Boardroom, Halbeath Campus, Dunfermline.