

AGENDA

Meeting: Finance, Commercial and Estates Committee

Date: Thursday 17 November 2022 at 4.00pm

Location: 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.

No	Item	Action	Lead	Pages
1	Welcome, Apologies and Declarations of Interests	Note	SM	N/A
2	Minutes of the Previous Meeting: 22 September 2022	Approve	SM	
3	Matters Arising / Actions Outstanding	Note	SM	2-2
4	Strategic Update: Estates	Note	JL	
	4.1 New Build Project Board Minutes:	Note	HH	
	• 1 September 2022			
	• 21 October 2022			
5	Strategic Update: Digital Services	Note	KG	
6	Strategic Update: Finance including 2022-23 F1 Forecast	Approve	GD	3-12
7	Strategic Update: Commercial Activity	Note	IH	
8	Update on Procurement Strategy	Note	GD	
9	Digital Strategy	Discuss/ Approve	KG	
10	Proposed Academic Fees 2023-24	Approve	GD	
11	Review of Meeting	Discuss	All	N/A
12	Date of Next Meeting Wednesday 8 March 2023 at 9.30am	Note	SM	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	22.09.22	To bring the new Digital Strategy to the Committee for discussion and input prior to submitting it for its approval.	K Getchell	17.11.22	Complete. On agenda
2	22.09.22	To prepare a comparative analysis of Fife College and other Colleges in relation to commercial activity for the next meeting.	S Dunsmuir / I Hawker	17.11.22 06.06.23	Request to delay deadline until after publication of College annual accounts (April 2023) as information not available from other sources
3	22.09.22	To recommend to the Board the submission of all three scenarios to the Scottish Funding Council to illustrate the challenges facing the College in achieving a sustainable financial position over the planning period.	S Dunsmuir	29.09.22	Complete
4	22.09.22	To approve the two projects as detailed on page 43 of the Boardpack.	S Dunsmuir / G Dunn	30.09.22	Complete
5	22.09.22	To investigate any impact on the changes to OJEU thresholds.	S Dunsmuir / G Dunn	29.11.22	Complete. To date the changes to OJEU thresholds have not impacted on planned procurements for Fife College
6	22.09.22	To approve the Annual Report 2021-22.	M Philp	29.09.22	Complete

COVER SHEET FOR PAPERS TO BE CONSIDERED BY THE BOARD

Strategic Update: Finance and 2022-23 F1 Forecast	
Date of Meeting:	17 November 2022
Purpose:	This paper sets out the October 2022 year to date position in comparison to the year to date budget.
Intended Outcome:	To provide Committee members with an update on the October 2022 year to date position in comparison to the year to date budget. To approve the F1 budget.
Paper Submitted by:	Susan Dunsmuir, Deputy Principal
Prior Committee Approvals:	N/A
Board Impact from Decision:	To provide assurance to the Board that the College financial position and budget is being appropriately managed in line with relevant guidance and best practice
Financial Health Implications:	As per paper
Learner Implications:	N/A
Equality and Diversity Implications:	N/A
Risks Assessed:	N/A
Publicly Available:	Yes
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Date of Production:	9 November 2022

Strategic Highlights: Finance

The Finance update information is focusing on the October 2022 year to date position in comparison to the year to date budget.

Overall, based on the October year to date accounts, the College is currently £29k ahead of the year to date budget position. The variances are mainly attributable to:

- o Commercial Income streams are overall £119k better than budget.
- o Academic fees are £157k behind budget for the year to date.
- o Staff expenditure is £224k better than October year to date budget.
- o Non-staff expenditure is £121k higher than October year to date budget.
- o Revaluation reserve is £40k lower than budget.

The adjusted operating position for the year to date is showing a deficit position of -£265k which is better than the year to date budget forecast of -£449k.

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

2020/21 Actual £'000	2021/22 Actual £'000	Income and Expenditure	2022/23 FY Budget £'000	2022/23 October YTD Budget £'000	2022/23 October YTD Actual £'000	Variance to YTD Budget £'000	Variance to YTD Budget %	Status
51,492	56,710	Income	50,744	12,362	12,329	(34)	(0.3%)	
(27,495)	(28,703)	Direct Staffing Costs	(28,755)	(6,957)	(6,882)	76	1.1%	
(2,611)	(2,363)	Operating Expenditure	(2,531)	(1,013)	(1,019)	(6)	(0.6%)	
21,386	25,644	Contribution	19,458	4,392	4,428	36	0.8%	
(10,568)	(11,589)	Overheads - Staff	(11,723)	(2,709)	(2,560)	149	5.5%	
(10,189)	(8,719)	Overheads - Non-Staff	(8,456)	(2,414)	(2,529)	(115)	(4.8%)	
(5,001)	(6,100)	Pension Adjustments	0	0	0	0		
(4,373)	(765)	Surplus/(Deficit) for year	(721)	(730)	(660)	70	9.5%	
(51)	(378)	Restructuring	(250)	0	0	0	0.0%	
0	159	Profit/(Loss) on Disposal	0	0	0	0		
(241)	(430)	Revaluation Reserve	1,180	297	257	(40)	(13.6%)	
(4,664)	(1,414)	Historic Cost Surplus/(Deficit)	208	(433)	(403)	29	6.8%	
1,735	1,736	Depreciation (Net of Deferred Capital Grant Release)	1,670	421	535	114	27.0%	
5,001	6,100	Non-Cash Pension Adjustments	0	0	0	0		
0	(4,561)	Release of SFC Land Grant	0	0	0	0		
0	(159)	Profit on Disposal	0	0	0	0		
(481)	(485)	Revenue Funding Allocated to Loan Repayments	(335)	(84)	(84)	0	0.0%	
(222)	(222)	Revenue Funding Allocated to Unfunded Pensions	(222)	(56)	(56)	0	0.0%	
1,609	1,425	Adjusted Operating Surplus/(Deficit)	141	(449)	(265)	184	40.9%	

FIFE COLLEGE

Indicator	2020/21 Actual £'000	2021/22 Actual £'000	2022/23 FY Budget £'000	2022/23 October YTD Budget £'000	2022/23 October YTD Actual £'000	Variance to YTD Budget £'000	Variance to YTD Budget %	Status
SFC Grants	38,829	43,975	37,917	9,568	9,575	8	0.1%	
Academic Fees	3,211	2,797	2,961	632	475	(157)	(24.8%)	
Other Income	1,066	779	874	117	113	(4)	(3.3%)	
Bursary Income	364	397	414	0	0	0	0.0%	
Commercial Training	1,247	1,657	1,640	418	378	(40)	(9.5%)	
SDS Modern Apprentices	944	1,192	1,125	200	366	166	83.2%	
SDS Foundation Apprenticeships	629	400	0	0	0	0		
Non-Managed Service VQs	867	507	639	131	76	(55)	(42.0%)	
Scottish Prison Service	4,284	4,687	4,874	1,219	1,207	(12)	(1.0%)	
Conference Centre - Venue	50	318	300	78	138	60	76.8%	
Total Income	51,492	56,710	50,744	12,362	12,329	(34)	(0.3%)	

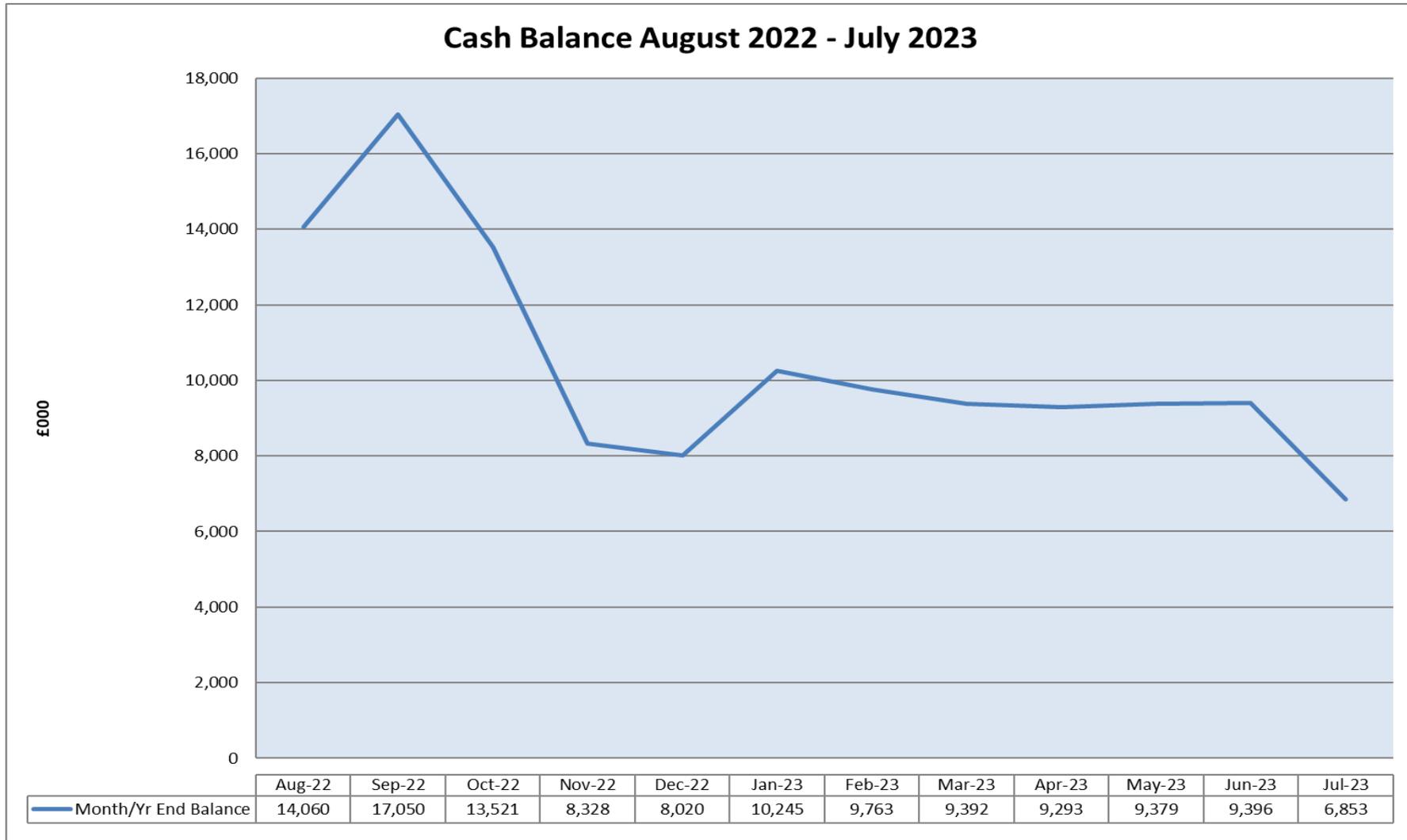
FIFE COLLEGE

Indicator	2020/21 Actual £'000	2021/22 Actual £'000	2022/23 FY Budget £'000	2022/23 October YTD Budget £'000	2022/23 October YTD Actual £'000	Variance to YTD Budget £'000	Variance to YTD Budget %	Status
Direct Staff Costs	27,495	28,703	28,755	6,957	6,882	76	1.1%	
Direct Non-Staff Costs	2,611	2,363	2,531	1,013	1,019	(6)	(0.6%)	
Support Staff Costs	10,568	11,589	11,723	2,709	2,560	149	5.5%	
Support Non-Staff Costs Exc. Pension Adj	10,189	8,719	8,456	2,414	2,529	(115)	(4.8%)	
Total Expenditure	50,864	51,375	51,465	13,092	12,989	103	0.8%	

FIFE COLLEGE

Balance Sheet	2020/21 Actual	2021/22 Actual	2022/23 Oct YTD Actual
	£M	£M	£M
Fixed Assets	78.3	90.3	89.4
Current Assets	16.6	22.0	21.2
Total Current Liabilities	20.4	21.0	20.0
Total Creditors Due > 1 year	27.6	32.8	32.4
Total Provisions	30.8	2.6	2.6
Total Assets	16.0	55.9	55.5
Total Reserves	16.0	55.9	55.5

FIFE COLLEGE



FIFE COLLEGE CONSOLIDATED

KEY RATIOS	Oct 22 YTD Actual	Oct 22 YTD Budget	Annual Budget 22/23	Notes
Operating position				
Gross Profit Margin	36%	36%	38%	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.
Adjusted Operating Surplus/(Deficit)	(265)	(449)	141	
Adjusted Operating Surplus/(Deficit) as % of Total Income	(2.1%)	(3.6%)	0.3%	
Income ratios				
Total Income	12,329	12,362	50,744	
Total Funding Council Grant as % of Total Income	78%	77%	75%	
Total Other Income as % of Total Income	22%	23%	25%	
Expenditure ratios				
Total Expenditure	12,989	13,092	51,465	
Total Staff Costs as % of Total Income	77%	78%	80%	
Property Costs as % of Total Income	13%	13%	12%	Staff and non-staff property costs
Direct Staff Costs as % of Total Income	56%	56%	57%	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	21%	22%	23%	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 21p.
Balance sheet strength				
Current Ratio	1.06		1.00	This ratio looks at the relationship between current assets and current liabilities.
Overdrafts, Loans, Finance Leases	3,494		3,238	
Working Capital				
Cash and Current Asset Investments	13,521		5,563	The October 2022 cash balance is high mainly due to provisions for SFC clawbacks (£2.1m), a provision for Rosyth dilapidations (£1.7m), increased staff costs due to pay rises (£1m) and the timing of DLC spend (£1.7m).
Days Ratio of Cash to Total Expenditure	102		44	
Underlying Cash Balance	7,021		5,563	The cash balance if provisions are removed.
Days Ratio of Underlying Cash to Total Expenditure	53		44	