

# AGENDA

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**Meeting:** Finance, Commercial and Estates Committee

**Date:** Tuesday 7 June 2022 at 9.30am

**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	JT	N/A
2	Minutes of the Previous Meeting: 8 March 2022	Approve	JT	
3	Matters Arising / Actions Outstanding	Note	JT	2-2
4	Overview of Estates Issues and Priorities	Discuss	JL	N/A
	4.1 Strategic Update: Estates	Note	JL	
	4.2 New Build Project Board Minutes:	Note	HH	N/A
	• 16 March 2022			
	• 4 May 2022			
5	Strategic Update: Digital Services	Note	KG	
6	Strategic Update: Finance	Note	GD	3-12
7	Strategic Update: Commercial Activity	Note	IH	
8	2022/23 Draft Budget	Approve	SD	
9	Procurement Update	Note	GD	
10	Accounting Policies	Approve	SD	
11	Review of Remit, Self-Evaluation and Annual Report to the Board	Discuss	JT	13-14
12	Review of Meeting	Discuss	All	N/A
13	Date of Next Meeting Tuesday 13 September 2022 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	18.11.21	To give an overview of where the College is with estates issues and where priorities lie (15 minutes).	J Lewthwaite	07.06.22	Complete. On today's agenda
2	08.03.22	To approve the four procurement projects as outlined in the paper, and the changes to the annual modern slavery statement.	S Dunsmuir	31.03.22	Complete



### COVER SHEET FOR PAPERS TO BE CONSIDERED BY THE BOARD

<b>Finance and Commercial Update Reports</b>	
<b>Date of Meeting:</b>	7 June 2022
<b>Purpose:</b>	This paper sets out the Fife College financial position as at period 9 of the current financial year 1 August 2021 to 31 July 2022.
<b>Intended Outcome:</b>	<p>To provide Committee members with an update on the year to date financial performance at period 9 against the 2021/22 budget position.</p> <p>To provide the projected year-end outturn for 2021/22.</p> <p>To provide an update on the commercial income achievement and ongoing activities.</p>
<b>Paper Submitted by:</b>	Susan Dunsmuir, Chief Financial Officer
<b>Prior Committee Approvals:</b>	N/A
<b>Board Impact from Decision:</b>	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
<b>Financial Health Implications:</b>	As per paper
<b>Learner Implications:</b>	N/A
<b>Equality and Diversity Implications:</b>	N/A
<b>Risks Assessed:</b>	N/A
<b>Publicly Available:</b>	Yes
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<b>Date of Production:</b>	24 May 2022

## Executive Summary - Finance

The Finance update information is focusing on the April 2022 year to date position in comparison to the year to date F1 forecast.

Overall, as at April 2022, the College is currently £101k behind the year to date F1 position. Income is £133k lower than F1 with total expenditure being £31k lower.




The variances are mainly attributable to:

- o SFC grants are £322k lower than F1 for April year to date.
- o Non-SFC Income streams are overall £189k better than F1.
- o Staff and non-staff expenditure are £152k better than April year to date F1.
- o Restructuring costs are £121k higher than April year to date F1.

Finance has completed a projected year end outturn which is reporting an improved adjusted operating surplus of £242k for the year end compared to a breakeven position for F1.
















## 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

2019/20 Actual £'000	2020/21 Actual £'000	Income and Expenditure	2021/22 FY F1 £'000	2021/22 April YTD F1 £'000	2021/22 April YTD Actual £'000	Variance to F1 £'000	Variance to F1 %	Status
49,191	51,492	Income	50,357	37,720	37,587	(133)	(0.4%)	
(27,738)	(27,495)	Direct Staffing Costs	(29,162)	(20,606)	(20,577)	29	0.1%	
(2,997)	(2,611)	Operating Expenditure	(2,472)	(1,830)	(1,829)	1	0.1%	
<b>18,456</b>	<b>21,386</b>	<b>Contribution</b>	<b>18,723</b>	<b>15,283</b>	<b>15,181</b>	<b>(102)</b>	<b>(0.7%)</b>	
(9,086)	(10,568)	Overheads - Staff	(10,888)	(7,697)	(7,698)	(1)	(0.0%)	
(8,743)	(10,189)	Overheads - Non-Staff	(8,848)	(6,240)	(6,117)	123	2.0%	
(3,294)	(5,001)	Pension Adjustments	0	0	0	0	0.0%	
<b>(2,668)</b>	<b>(4,373)</b>	<b>Surplus/(Deficit) for year</b>	<b>(1,013)</b>	<b>1,346</b>	<b>1,366</b>	<b>20</b>	<b>1.5%</b>	
(432)	(51)	Restructuring	0	0	(121)	(121)		
1,045	(241)	Revaluation Reserve	1,125	842	842	0	0.0%	
<b>(2,055)</b>	<b>(4,664)</b>	<b>Historic Cost Surplus/(Deficit)</b>	<b>112</b>	<b>2,188</b>	<b>2,087</b>	<b>(101)</b>	<b>(4.6%)</b>	
(1,045)	241	Revaluation Reserve	(1,125)	(842)	(842)	0	0.0%	
1,811	1,735	Depreciation (Net of Deferred Capital Grant Release)	1,717	1,294	1,294	0	0.0%	
3,294	5,001	Non-Cash Pension Adjustments	0	0	0	0	0.0%	
(767)	(481)	Revenue Funding Allocated to Loan Repayments	(481)	(361)	(361)	0	0.0%	
(222)	(222)	Revenue Funding Allocated to Unfunded Pensions	(222)	(166)	(166)	0	0.0%	
<b>1,016</b>	<b>1,609</b>	<b>Adjusted Operating Surplus/(Deficit)</b>	<b>1</b>	<b>2,113</b>	<b>2,012</b>	<b>(101)</b>	<b>(4.8%)</b>	

Indicator	2019/20 Actual £'000	2020/21 Actual £'000	2021/22 FY F1 £'000	2021/22 April YTD F1 £'000	2021/22 April YTD Actual £'000	Variance to F1 £'000	Variance to F1 %	Status
SFC Grants	35,919	38,829	37,903	28,428	28,106	(322)	(1.1%)	
Academic Fees	3,155	3,211	2,784	2,227	2,229	3	0.1%	
Other Income	1,481	1,066	913	562	590	29	5.1%	
Bursary Income	369	364	414	0	0	0	0.0%	
Commercial Training	1,452	1,247	1,470	1,138	1,197	58	5.1%	
SDS Modern Apprentices	960	944	997	763	897	134	17.6%	
SDS Foundation Apprenticeships	403	629	425	446	400	(46)	(10.3%)	
Non-Managed Service VQs	533	867	668	534	467	(66)	(12.4%)	
Scottish Prison Service	4,512	4,284	4,679	3,518	3,523	5	0.1%	
Conference Centre - Venue	407	50	105	105	177	72	69.0%	
<b>Total Income</b>	<b>49,191</b>	<b>51,492</b>	<b>50,357</b>	<b>37,720</b>	<b>37,587</b>	<b>(133)</b>	<b>(0.4%)</b>	

Indicator	2019/20 Actual £'000	2020/21 Actual £'000	2021/22 FY F1 £'000	2021/22 April YTD F1 £'000	2021/22 April YTD Actual £'000	Variance to F1 £'000	Variance to F1 %	Status
Direct Staff Costs	27,738	27,495	29,162	20,606	20,577	29	0.1%	
Direct Non-Staff Costs	2,997	2,611	2,472	1,830	1,829	1	0.1%	
Support Staff Costs	9,086	10,568	10,888	7,697	7,698	(1)	(0.0%)	
Support Non-Staff Costs Exc. Pension Adj	8,743	10,189	8,848	6,240	6,117	123	2.0%	
<b>Total Expenditure</b>	<b>48,565</b>	<b>50,864</b>	<b>51,370</b>	<b>36,373</b>	<b>36,221</b>	<b>152</b>	<b>0.4%</b>	

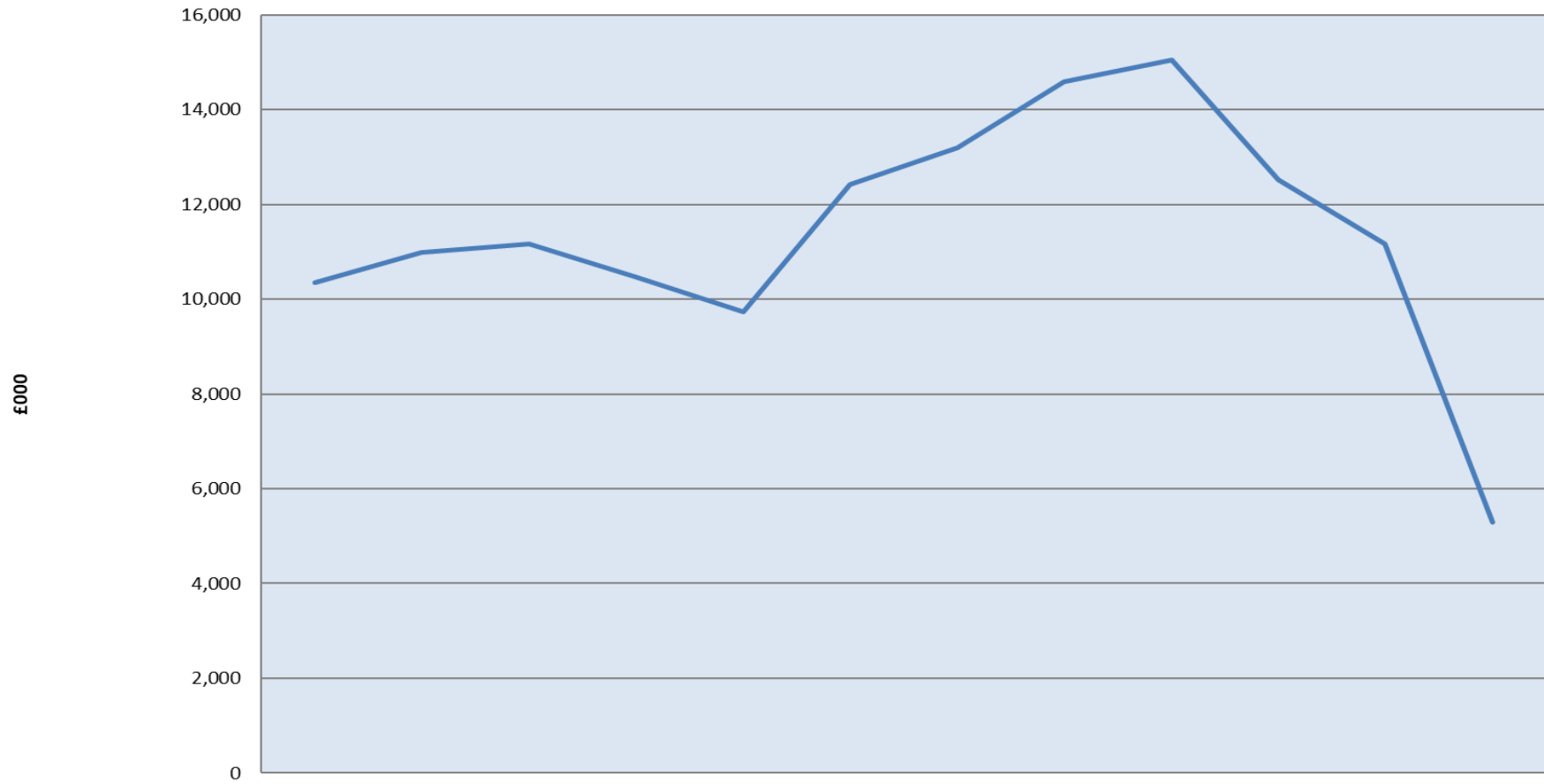


**FIFE COLLEGE**

Balance Sheet	2019/20 Actual	2020/21 Actual	2021/22 Apr YTD Actual
	£M	£M	£M
Fixed Assets	79.0	78.3	76.0
Current Assets	12.0	16.6	23.9
Total Current Liabilities	17.6	20.4	23.3
Total Creditors Due > 1 year	26.9	27.6	26.6
Total Provisions	36.8	30.8	30.7
<b>Total Assets</b>	<b>9.7</b>	<b>16.0</b>	<b>19.3</b>
<b>Total Reserves</b>	<b>9.7</b>	<b>16.0</b>	<b>19.3</b>

FIFE COLLEGE

**Cash Balance August 2021 - July 2022**



	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22
Month/Yr End Balance	10,350	10,991	11,172	10,465	9,735	12,416	13,199	14,599	15,052	12,528	11,171	5,296

KEY RATIOS	Apr 22 YTD Actual	Apr 22 YTD F1	Annual F1 21/22	Notes
<b>Operating position</b>				
Gross Profit Margin	40%	41%	37%	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)	1366	1346	-844	
Operating Surplus/(Deficit) as % of Total Income	3.6%	3.6%	-1.7%	
<b>Income ratios</b>				
Total Income	37,587	37,720	50,903	
Total Funding Council Grant as % of Total Income	75%	75%	76%	
Total Other Income as % of Total Income	25%	25%	24%	
<b>Expenditure ratios</b>				
Total Expenditure	36,221	36,373	51,747	
Total Staff Costs as % of Total Income	75%	75%	80%	
Property Costs as % of Total Income	12%	12%	12%	Staff and non-staff property costs
Direct Staff Costs as % of Total Income	55%	55%	58%	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	20%	20%	22%	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.
<b>Balance sheet strength</b>				
Current Ratio	1.27		1.00	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	4,743		4,619	
<b>Working Capital</b>				
Cash and Current Asset Investments	15,052		5,588	The April 22 cash balance is high mainly due to provisions for SFC clawbacks (£1.2m), a provision for Rosyth dilapidations (£1.4m), increased staff costs due to pay rises, employers NI rises and pension increases (£1.3m), expected higher creditor payments from May to July (£3.7m) due to the timing of spend and a projected underspend in student support funds (£2.1m).
Days Ratio of Cash to Total Expenditure	123		42	

Income	Total F1 £'000	Variance £'000	Year End Projection £'000
SFC Grants	37,903	63	37,966
Academic Fees	2,784	43	2,827
Other Income	913	(19)	894
Bursary Income	414	0	414
Commercial Training	1,470	248	1,718
SDS Modern Apprentices	997	188	1,185
Foundation Apprenticeships	425	(25)	400
Non-Managed Service VQs	668	(47)	621
Scottish Prison Service	4,679	6	4,685
Conference Centre - Venue	105	92	197
<b>Total Income</b>	<b>50,357</b>	<b>550</b>	<b>50,907</b>
<b>Direct Costs</b>			
Staff	29,162	227	28,935
Non Staff	2,472	(273)	2,744
<b>Total Direct Costs</b>	<b>31,634</b>	<b>(46)</b>	<b>31,680</b>
<b>Contribution</b>	<b>18,723</b>	<b>504</b>	<b>19,227</b>
	37%		38%
<b>Overhead</b>			
Staff	10,888	48	10,840
Non Staff	8,848	(12)	8,860
<b>Total Overhead Cost</b>	<b>19,736</b>	<b>36</b>	<b>19,700</b>
<b>Surplus</b>	<b>(1,013)</b>	<b>540</b>	<b>(472)</b>
<b>Restructuring</b>	<b>0</b>	<b>(300)</b>	<b>(300)</b>
<b>Revaluation</b>	<b>1,125</b>	<b>0</b>	<b>1,125</b>
<b>Historic Cost Surplus</b>	<b>112</b>	<b>240</b>	<b>353</b>

ADJUSTED OPERATING POSITION	Total F1 £'000	Variance £'000	Year End Projection £'000
<b>Historic Surplus/(Deficit)</b>	<b>112</b>	<b>240</b>	<b>353</b>
Revaluation Reserve	(1,125)	0	(1,125)
Net Depreciation	1,717	0	1,717
Loan capital	(481)	0	(481)
Unfunded Pension Costs	(222)	0	(222)
<b>Underlying Operating Surplus/(Deficit)</b>	<b>1</b>	<b>240</b>	<b>242</b>



### COVER SHEET FOR PAPERS TO BE CONSIDERED BY THE BOARD

<b>Review of Remit and Self-Evaluation and Annual Report to the Board</b>	
<b>Date of Meeting:</b>	7 June 2022
<b>Purpose:</b>	To undertake a review of the remit and self-evaluation of the Finance, Commercial and Estates Committee for academic year 2021-22, and to prepare an Annual Report to the Board giving an update on progress
<b>Intended Outcome:</b>	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 2022
<b>Paper Submitted by:</b>	Marianne Philp, Director: Governance and Compliance
<b>Prior Committee Approvals:</b>	N/A
<b>Board Impact from Decision:</b>	To be assured that the Committee is fulfilling its governance role and remit, and is efficient and effective
<b>Financial Implications:</b>	N/A
<b>Learner Implications:</b>	N/A
<b>Equality and Diversity Implications:</b>	N/A
<b>Risks Assessed:</b>	None
<b>Publicly Available:</b>	Yes
<b>Author Contact Details:</b>	Marianne Philp; <a href="mailto:mariannephilp@fife.ac.uk">mariannephilp@fife.ac.uk</a> ; 01383 845009
<b>Date of Production:</b>	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 by the Code of Good Governance for Scotland's Colleges 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?

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.