

AGENDA

Meeting: Finance, Commercial and Estates Committee

Date: Wednesday 8 March 2023 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	SM	N/A
2	Minutes of the			
	2.1 Previous Meeting: 17 November 2022	Approve	SM	
	2.2 Joint Audit and Risk / Finance, Commercial and Estates Committee meeting: 17 November 2022	Approve	SM	
3	Matters Arising / Actions Outstanding	Note	SM	2-3
4	Strategic Update: Estates	Note	JL	
	4.1 New Build Project Board Minutes: 1 December 2022	Note	HH	
5	Strategic Update: Digital Services	Note	KG	
6	Strategic Update: Finance	Note	GD	4-13
7	Strategic Update: Commercial Activity	Note	IH	
8	Procurement Update	Note	GD	
9	Draft Strategies 2023 – 2028 and Action Plans			
	9.1 Digital	Discuss	KG	
	9.2 Commercial and Business	Discuss	IH	
10	Budget Scenarios for 2023/24	Note	HH	
11	Review of Meeting	Discuss	All	N/A
12	Date of Next Meeting	Note	SM	N/A
	Tuesday 6 June 2023 at 9.30am			



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 prepare a comparative analysis of Fife College and other Colleges in relation to commercial activity for a future meeting.	S Dunsmuir / I Hawker	06.06.23	Not yet due
2	17.11.22 Joint	To recommend the approval of the draft Annual Accounts 2021-22 to the Board of Governors, subject to the changes as outlined above being made.	Deputy Principal	08.12.22	Complete
3	17.11.22 Joint	To finalise the External Audit Annual Report for presentation at the Board of Governors meeting.	External Auditor	08.12.22	Complete
4	17.11.22 Joint	To articulate the discussion relating to the red rating within the External Audit Annual	S Mitchell	08.12.22	Complete
5	17.11.22 Joint	To finalise the draft letter of representations for signature at the Board of Governors meeting.	Deputy Principal	08.12.22	Complete
6	17.11.22	To recommend approval to the Board of Governors of the F1 forecast.	Deputy Principal	08.12.22	Complete
7	17.11.22	To approve the project as detailed on page 32 of the Boardpack and to approve the Procurement Strategy.	Deputy Principal	08.12.22	Complete
8	17.11.22	To work up the detail requested by the Committee and circulate the updated draft Digital Strategy to Committee members for consideration and approval once available.	Chief Information Officer	08.03.23	Complete. On agenda
9	17.11.22	To approve the academic fees for 2023-24.	Director: Finance	08.03.23	Complete

	Date of Meeting	Action	Responsibility	Deadline	Comments
10	17.11.22	The Committee requested that all strategic update reports be more explicit in calling out changes from the prior reporting period in terms of programme delivery timelines, outcomes of costs and that all areas of strategic importance within each portfolio should be included.	J Lewthwaite, K Getchell, G Dunn, I Hawker	08.03.23	Complete and ongoing

COVER SHEET FOR PAPERS TO BE CONSIDERED BY THE BOARD

Strategic Update: Finance and 2022-23 F1 Forecast	
Date of Meeting:	8 March 2023
Purpose:	This paper sets out the January 2023 year to date position in comparison to the year to date F1 forecast.
Intended Outcome:	To provide Committee members with an update on the January 2023 year to date position in comparison to the year to date F1 forecast.
Paper Submitted by:	Gail Dunn, Director of Finance
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
Author Contact Details:	Gail Dunn (gaildunn@fife.ac.uk) 0344 248 0115 ext. 5485
Date of Production:	27 February 2023

Strategic Update: Finance

The Finance update information is focusing on the January 2023 year to date position in comparison to the year to date F1 forecast.

Overall, based on the January year to date accounts, the College is currently £16k behind the year to date F1 position. The variances are mainly attributable to:

- o SFC income is £72k better than F1.
- o Academic fees are £164k behind F1 for the year to date.
- o Other non-grant-in-aid income streams are overall £61k better than F1.
- o Staff expenditure is £26k higher than January year to date F1.
- o Non-staff expenditure is £40k better than January year to date F1.

The adjusted operating position for the year to date is showing a positive position of £833k which is slightly below the year to date F1 forecast of £850k.

Finance has completed a projected year end outturn which is reporting an improved adjusted operating surplus of £87k for the year end compared to a deficit position of £220k 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

2020/21 Actual £'000	2021/22 Actual £'000	Income and Expenditure	2022/23 FY F1 £'000	2022/23 January YTD F1 £'000	2022/23 January YTD Actual £'000	Variance to YTD F1 £'000	Variance to YTD F1 %	Status
51,492	56,710	Income	51,487	25,416	25,385	(31)	(0.1%)	■
(27,495)	(28,703)	Direct Staffing Costs	(29,171)	(13,957)	(13,998)	(41)	(0.3%)	■
(2,611)	(2,363)	Operating Expenditure	(2,687)	(1,602)	(1,613)	(11)	(0.7%)	■
21,386	25,644	Contribution	19,628	9,857	9,774	(83)	(0.8%)	■
(10,568)	(11,589)	Overheads - Staff	(11,673)	(5,219)	(5,203)	15	0.3%	▲
(10,189)	(8,719)	Overheads - Non-Staff	(9,385)	(4,551)	(4,500)	51	1.1%	▲
(5,001)	(6,100)	Pension Adjustments	0	0	0	0		
(4,373)	(765)	Surplus/(Deficit) for year	(1,430)	87	71	(16)	(18.8%)	▼
(51)	(378)	Restructuring	(350)	(29)	(29)	0	0.0%	▲
0	159	Profit/(Loss) on Disposal	0	0	0	0		
(241)	(430)	Revaluation Reserve	1,532	775	775	0	0.0%	▲
(4,664)	(1,414)	Historic Cost Surplus/(Deficit)	(248)	834	817	(16)	(2.0%)	■
1,735	1,736	Depreciation (Net of Deferred Capital Grant Release)	2,117	1,070	1,070	0	0.0%	▲
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)	(167)	(167)	0	0.0%	▲
(222)	(222)	Revenue Funding Allocated to Unfunded Pensions	(222)	(111)	(111)	0	0.0%	▲
1,609	1,425	Adjusted Operating Surplus/(Deficit)	(220)	850	833	(16)	(2.0%)	■

FIFE COLLEGE

Indicator	2020/21 Actual £'000	2021/22 Actual £'000	2022/23 FY F1 £'000	2022/23 January YTD F1 £'000	2022/23 January YTD Actual £'000	Variance to YTD F1 £'000	Variance to YTD F1 %	Status
SFC Grants	38,829	43,975	37,917	19,126	19,198	72	0.4%	
Academic Fees	3,211	2,797	2,778	1,389	1,225	(164)	(11.8%)	
Other Income	1,066	779	856	384	386	1	0.4%	
Bursary Income	364	397	551	0	0	0	0.0%	
Commercial Training	1,247	1,657	2,002	960	951	(9)	(0.9%)	
SDS Modern Apprentices	944	1,192	1,425	582	583	2	0.3%	
SDS Foundation Apprenticeships	629	400	0	0	0	0		
Non-Managed Service VQs	867	507	636	280	278	(2)	(0.8%)	
Scottish Prison Service	4,284	4,687	4,877	2,432	2,416	(16)	(0.7%)	
Conference Centre - Venue	50	318	445	263	348	85	32.1%	
Total Income	51,492	56,710	51,487	25,416	25,385	(31)	(0.1%)	

FIFE COLLEGE

Indicator	2020/21 Actual £'000	2021/22 Actual £'000	2022/23 FY F1 £'000	2022/23 January YTD F1 £'000	2022/23 January YTD Actual £'000	Variance to YTD F1 £'000	Variance to YTD F1 %	Status
Direct Staff Costs	27,495	28,703	29,171	13,957	13,998	(41)	(0.3%)	
Direct Non-Staff Costs	2,611	2,363	2,687	1,602	1,613	(11)	(0.7%)	
Support Staff Costs	10,568	11,589	11,673	5,219	5,203	15	0.3%	
Support Non-Staff Costs Exc. Pension Adj	10,189	8,719	9,385	4,551	4,500	51	1.1%	
Total Expenditure	50,864	51,375	52,917	25,328	25,314	15	0.1%	

FIFE COLLEGE

Balance Sheet	2020/21 Actual	2021/22 Actual	2022/23 Jan YTD Actual
	£M	£M	£M
Fixed Assets	78.3	90.3	88.6
Current Assets	16.6	22.0	23.4
Total Current Liabilities	20.4	21.0	21.3
Total Creditors Due > 1 year	27.6	32.8	32.1
Total Provisions	30.8	2.6	2.6
Total Assets	16.0	55.9	55.9
Total Reserves	16.0	55.9	55.9

FIFE COLLEGE

Cash Balance August 2022 - July 2023



	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23
Month/Yr End Balance	14,060	17,050	15,356	16,578	16,841	18,969	11,224	10,497	10,276	9,968	9,277	6,957

FIFE COLLEGE CONSOLIDATED

KEY RATIOS	Jan 23 YTD Actual	Jan 23 YTD F1	Annual F1 22/23	Notes
Operating position				
Gross Profit Margin	39%	39%	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)	833	850	(220)	
Adjusted Operating Surplus/(Deficit) as % of Total Income	3.3%	3.3%	(0.4%)	
Income ratios				
Total Income	25,385	25,416	51,487	
Total Funding Council Grant as % of Total Income	76%	75%	74%	
Total Other Income as % of Total Income	24%	25%	26%	
Expenditure ratios				
Total Expenditure	25,314	25,328	52,917	
Total Staff Costs as % of Total Income	76%	75%	79%	
Property Costs as % of Total Income	12%	12%	14%	Staff and non-staff property costs
Direct Staff Costs as % of Total Income	55%	55%	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	20%	21%	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	1.09		1.00	This ratio looks at the relationship between current assets and current liabilities.
Overdrafts, Loans, Finance Leases	3,409		3,238	
Working Capital				
Cash and Current Asset Investments	18,969		5,563	The January 23 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 (£1.6m), the timing of student support spend (£1.1m) and the timing of DLC spend (£3.8m).
Days Ratio of Cash to Total Expenditure	133		44	
Underlying Cash Balance	8,669		5,563	The cash balance if provisions are removed.
Days Ratio of Underlying Cash to Total Expenditure	53		44	

FIFE COLLEGE

Income	Total F1 £'000	Variance £'000	Year End Projection £'000
SFC Grants	37,917	864	38,781
Academic Fees	2,778	(308)	2,470
Other Income	856	(8)	849
Bursary Income	551	0	551
Commercial Training	2,002	(37)	1,964
SDS Modern Apprentices	1,425	2	1,426
Non-Managed Service VQs	636	0	636
Scottish Prison Service	4,877	45	4,922
Conference Centre - Venue	445	20	465
Total Income	51,487	579	52,065
Direct Costs			
Staff	29,171	(117)	29,288
Non Staff	2,687	(367)	3,054
Total Direct Costs	31,858	(484)	32,343
Contribution	19,628	94	19,723
	38%		38%
Overhead			
Staff	11,673	13	11,660
Non Staff	9,385	200	9,185
Total Overhead Cost	21,059	213	20,845
Surplus	(1,430)	308	(1,122)
Restructuring	(350)	0	(350)
Revaluation	1,532	0	1,532
Historic Cost Surplus	(248)	308	60
ADJUSTED OPERATING POSITION	Total F1 £'000	Variance £'000	Year End Projection £'000
Historic Surplus/(Deficit)	(248)	308	60
Revaluation Reserve	(1,532)	0	(1,532)
Net Depreciation	2,117	0	2,117
Loan capital	(335)	0	(335)
Unfunded Pension Costs	(222)	0	(222)
Underlying Operating Surplus/(Deficit)	(220)	308	87