

# AGENDA

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

**Date:** Tuesday 6 June 2023 at 9.00am

**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: 8 March 2023	Approve	SM	
3	Matters Arising / Actions Outstanding	Note	SM	2-3
4	Strategic Update: Estates 4.1 New Build Project Board Minutes: 13 March 2023 4 May 2023	Note Note	JL JM	N/A
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 Budget for 2023-24	Approve	GD	
10	Treasury Management Policy	Approve	GD	
11	Accounting Policies	Approve	GD	
12	Self-Evaluation 2022-23	Discuss	SM	14-16
13	Review of Meeting	Discuss	All	N/A
14	Date of Next Meeting Tuesday 12 September 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 prepare a comparative analysis of Fife College and other Colleges in relation to commercial activity for a future meeting.	I Hawker	06.06.23	A review of published annual accounts for 2021-22 was undertaken. Information within accounts is presented in different ways with different accounting lines which does not support an accurate and valid analysis. This information is considered to be commercially sensitive and Colleges are unwilling to share information other than that presented in the public domain. <b>Recommend:</b> that this item be removed as no valid comparative analysis can be undertaken
2	08.03.23	To map out the timeline and interface with the Committee and full Board in relation to the Master Plan exercise.	J Lewthwaite	06.06.23	Complete. Update included in Estates update
3	08.03.23	To undertake a deep dive into Cyber Security at a future meeting.	K Getchell	31.12.23	
4	08.03.23	To add strategic risks that directly link to the work of the Committee to future agendas.	M Philp	06.06.23	A link to the current strategic risk register is available <a href="#">here</a> . As agreed at Strategy Day, links will be more overtly referenced in Committee papers at meetings from 2023-24 onwards

	<b>Date of Meeting</b>	<b>Action</b>	<b>Responsibility</b>	<b>Deadline</b>	<b>Comments</b>
5	08.03.23	To investigate the reason for the increase to non staff overheads (just under £1m compared to the last meeting) and email members to advise.	G Dunn	15.03.23	Complete. Emailed members 13 March 2023
6	08.03.23	To add a budget column in to future reports in addition to F1.	G Dunn	06.06.23	Complete
7	08.03.23	To add to future commercial reports the contribution from each strand of activity which would help inform future planning and identification of priorities.	I Hawker	06.06.23	Due to the complexities of this task are we are looking to implement next session. <b>Recommend:</b> change to deadline of 12 September 2023
8	08.03.23	To approve the four projects as detailed on page 36 of the Boardpack.	G Dunn	31.03.23	Complete
9	08.03.23	To approve the Modern Slavery Statement.	G Dunn	31.03.23	Complete
10	08.03.23	To undertake further work on the draft Digital and the draft Commercial and Business Strategies and bring these back to the next meeting for further discussion and approval.	K Getchell / I Hawker	06.06.23	Complete. On agenda
11	08.03.23	When reviewing the draft Strategies, to consider whether the level of investment is realistic in the current financial environment.	K Getchell / I Hawker	06.06.23	Complete. On agenda



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

<b>Strategic Update: Finance</b>	
<b>Date of Meeting:</b>	6 June 2023
<b>Purpose:</b>	This paper sets out the Fife College financial position as at period 9 of the current financial year 1 August 2022 to 31 July 2023
<b>Intended Outcome:</b>	To provide Committee members with an update on the year to date financial performance at period 9 against the 2022/23 forecast position  To provide the projected year-end outturn for 2022/23
<b>Paper Submitted by:</b>	Gail Dunn, Director of Finance
<b>Prior Committee Approvals:</b>	N/A
<b>Board Impact from Decision:</b>	To provide assurance to the Board that the College financial position 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
<b>Author Contact Details:</b>	Gail Dunn (gaildunn@fife.ac.uk) 0344 248 0115 ext. 5485
<b>Date of Production:</b>	9 May 2023

## Executive Summary - Finance

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

Overall, based on the April year to date accounts, the College is currently £465k ahead of the year to date F1 position. The variances are mainly attributable to:

- o SFC income is £364k better than F1.
- o Academic fees are £190k behind F1 for the year to date.
- o Other non-GIA income streams are overall £73k better than F1.
- o Staff expenditure is £12k higher than April year to date F1.
- o Non-staff expenditure is £231k better than April year to date F1.

The adjusted operating position for the year to date is showing a positive position of £2,125k which is better than the year to date F1 forecast of £1,660k.

Finance have completed a projected year end outturn which is reporting an adjusted operating deficit of £142k 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 Budget £'000	2022/23 FY F1 £'000	2022/23 April YTD F1 £'000	2022/23 April YTD Actual £'000	Variance to YTD F1 £'000	Variance to YTD F1 %	Status
51,492	56,710	Income	50,744	51,487	38,472	38,718	246	0.6%	▲
(27,495)	(28,703)	Direct Staffing Costs	(28,755)	(29,171)	(21,064)	(21,119)	(54)	(0.3%)	■
(2,611)	(2,363)	Operating Expenditure	(2,531)	(2,687)	(2,236)	(2,210)	26	1.2%	▲
<b>21,386</b>	<b>25,644</b>	<b>Contribution</b>	<b>19,458</b>	<b>19,628</b>	<b>15,172</b>	<b>15,389</b>	<b>217</b>	<b>1.4%</b>	▲
(10,568)	(11,589)	Overheads - Staff	(11,723)	(11,673)	(7,871)	(7,829)	42	0.5%	▲
(10,189)	(8,719)	Overheads - Non-Staff	(8,456)	(9,385)	(6,779)	(6,574)	205	3.0%	▲
(5,001)	(6,100)	Pension Adjustments	0	0	0	0	0		
<b>(4,373)</b>	<b>(765)</b>	<b>Surplus/(Deficit) for year</b>	<b>(721)</b>	<b>(1,430)</b>	<b>522</b>	<b>986</b>	<b>465</b>	<b>89.1%</b>	▲
(51)	(378)	Restructuring	(250)	(350)	(29)	(29)	0	0.0%	▲
0	159	Profit/(Loss) on Disposal	0	0	0	0	0		
(241)	(430)	Revaluation Reserve	1,180	1,532	1,147	1,147	0	0.0%	▲
<b>(4,664)</b>	<b>(1,414)</b>	<b>Historic Cost Surplus/(Deficit)</b>	<b>209</b>	<b>(248)</b>	<b>1,640</b>	<b>2,105</b>	<b>465</b>	<b>28.3%</b>	▲
1,735	1,736	Depreciation (Net of Deferred Capital Grant Release)	1,670	2,117	1,584	1,584	0	0.0%	▲
5,001	6,100	Non-Cash Pension Adjustments	0	0	0	0	0		
0	(4,561)	Release of SFC Land Grant	0	0	0	0	0		
0	(159)	Profit on Disposal	0	0	0	0	0		
(481)	(485)	Revenue Funding Allocated to Loan Repayments	(335)	(335)	(251)	(251)	0	0.0%	▲
(222)	(222)	Revenue Funding Allocated to Unfunded Pensions	(222)	(222)	(167)	(167)	0	0.0%	▲
<b>1,609</b>	<b>1,425</b>	<b>Adjusted Operating Surplus/(Deficit)</b>	<b>142</b>	<b>(220)</b>	<b>1,660</b>	<b>2,125</b>	<b>465</b>	<b>28.3%</b>	▲

## FIFE COLLEGE

Indicator	2020/21 Actual £'000	2021/22 Actual £'000	2022/23 FY Budget £'000	2022/23 FY F1 £'000	2022/23 April YTD F1 £'000	2022/23 April YTD Actual £'000	Variance to YTD F1 £'000	Variance to YTD F1 %	Status
SFC Grants	38,829	43,975	37,917	37,917	28,735	29,098	364	1.3%	▲
Academic Fees	3,211	2,797	2,961	2,778	2,223	2,032	(190)	(8.6%)	▼
Other Income	1,066	779	875	856	581	586	6	1.0%	▲
Bursary Income	364	397	414	551	0	0	0	0.0%	▲
Commercial Training	1,247	1,657	1,640	2,002	1,530	1,491	(40)	(2.6%)	■
SDS Modern Apprentices	944	1,192	1,125	1,425	942	981	39	4.1%	▲
SDS Foundation Apprenticeships	629	400	0	0	0	0	0		
Non-Managed Service VQs	867	507	639	636	469	418	(51)	(10.9%)	▼
Scottish Prison Service	4,284	4,687	4,874	4,877	3,653	3,648	(5)	(0.1%)	■
Conference Centre - Venue	50	318	300	445	340	464	124	36.5%	▲
<b>Total Income</b>	<b>51,492</b>	<b>56,710</b>	<b>50,744</b>	<b>51,487</b>	<b>38,472</b>	<b>38,718</b>	<b>246</b>	<b>0.6%</b>	▲

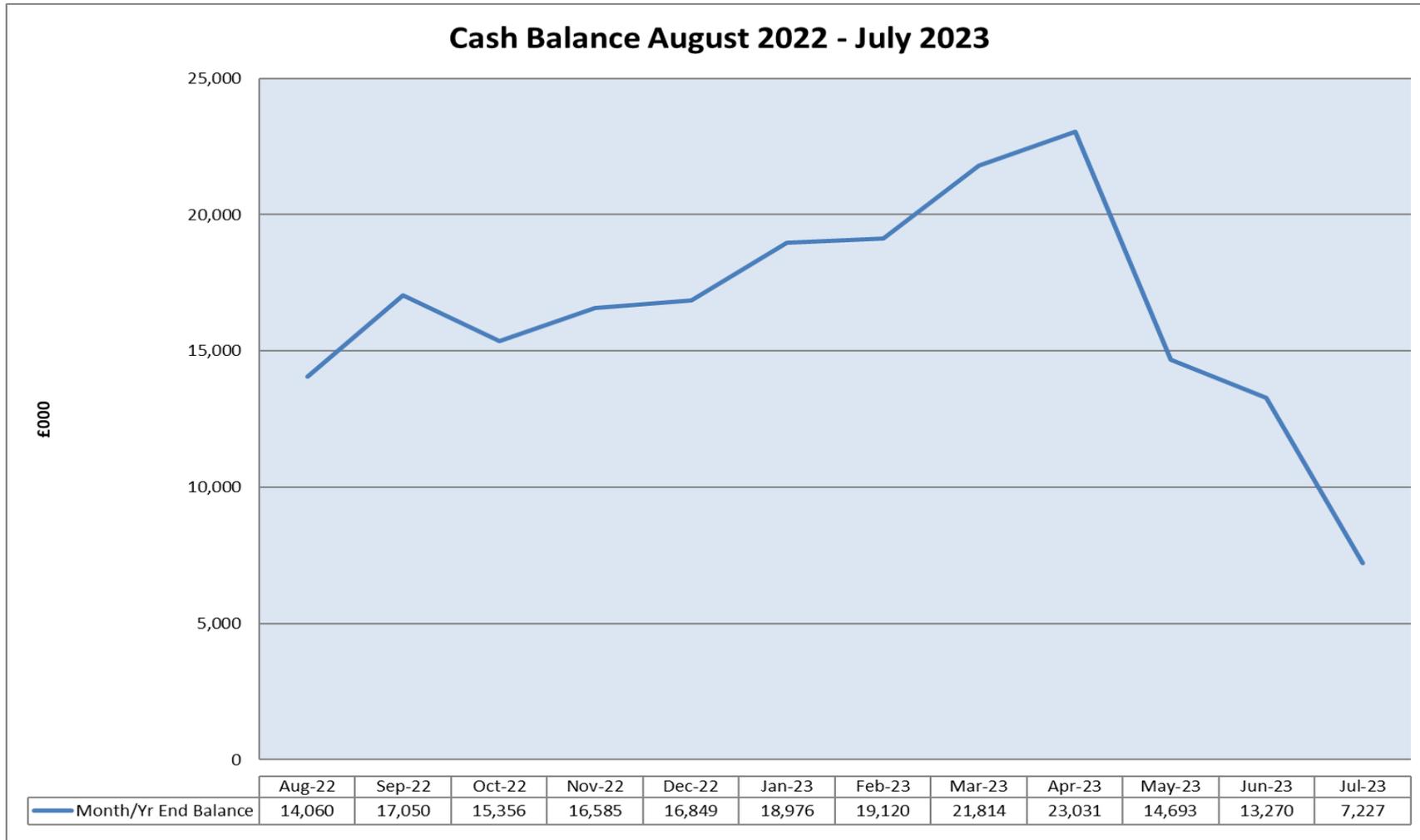
**FIFE COLLEGE**

Indicator	2020/21 Actual £'000	2021/22 Actual £'000	2022/23 FY Budget £'000	2022/23 FY F1 £'000	2022/23 April YTD F1 £'000	2022/23 April YTD Actual £'000	Variance to YTD F1 £'000	Variance to YTD F1 %	Status
Direct Staff Costs	27,495	28,703	28,755	29,171	21,064	21,119	(54)	(0.3%)	
Direct Non-Staff Costs	2,611	2,363	2,531	2,687	2,236	2,210	26	1.2%	
Support Staff Costs	10,568	11,589	11,723	11,673	7,871	7,829	42	0.5%	
Support Non-Staff Costs Exc. Pension Adj	10,189	8,719	8,456	9,385	6,779	6,574	205	3.0%	
<b>Total Expenditure</b>	<b>50,864</b>	<b>51,375</b>	<b>51,465</b>	<b>52,917</b>	<b>37,950</b>	<b>37,732</b>	<b>219</b>	<b>0.6%</b>	

## FIFE COLLEGE

Balance Sheet	2020/21 Actual	2021/22 Actual	2022/23 Apr YTD Actual
	£M	£M	£M
Fixed Assets	78.3	90.3	87.8
Current Assets	16.6	22.0	27.6
Total Current Liabilities	20.4	21.0	23.2
Total Creditors Due > 1 year	27.6	32.8	31.8
Total Provisions	30.8	2.6	2.5
<b>Total Assets</b>	<b>16.0</b>	<b>55.9</b>	<b>57.9</b>
<b>Total Reserves</b>	<b>16.0</b>	<b>55.9</b>	<b>57.9</b>

FIFE COLLEGE



## FIFE COLLEGE CONSOLIDATED

KEY RATIOS	Apr 23 YTD Actual	Apr 23 YTD F1	Annual Budget 22/23	Annual F1 22/23	Notes
<b>Operating position</b>					
Gross Profit Margin	40%	39%	38%	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)	2,125	1,660	142	(220)	
Adjusted Operating Surplus/(Deficit) as % of Total Income	5.5%	4.3%	0.3%	(0.4%)	
<b>Income ratios</b>					
Total Income	38,718	38,472	50,744	51,487	
Total Funding Council Grant as % of Total Income	75%	75%	75%	74%	
Total Other Income as % of Total Income	25%	25%	25%	26%	
<b>Expenditure ratios</b>					
Total Expenditure	37,732	37,950	51,465	52,917	
Total Staff Costs as % of Total Income	75%	75%	80%	79%	
Property Costs as % of Total Income	13%	13%	12%	14%	Staff and non-staff property costs
Direct Staff Costs as % of Total Income	55%	55%	57%	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%	20%	23%	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.
<b>Balance sheet strength</b>					
Current Ratio	1.19		1.00	1.00	This ratio looks at the relationship between current assets and current liabilities.
Overdrafts, Loans, Finance Leases	3,324		3,238	3,238	Santander loan for Future Skills building.
<b>Working Capital</b>					
Cash and Current Asset Investments	23,031		5,563	5,563	The April 23 cash balance is high mainly due to provisions for SFC clawbacks (£1m), a provision for Rosyth dilapidations (£1.7m), increased staff costs due to pay rises (£2.4m), the timing of student support spend (£2.1m), the timing of DLC spend (£6.2m) and higher creditor payments later in the year (£2.4m).
Days Ratio of Cash to Total Expenditure	179		44	44	
Underlying Cash Balance	7,227		5,563	5,563	The cash balance if provisions are removed.
Days Ratio of Underlying Cash to Total Expenditure	56		44	44	

Income	Total Budget £'000	Total F1 £'000	Variance to F1 £'000	Year End Projection £'000
SFC Grants	37,917	37,917	1,103	39,020
Academic Fees	2,961	2,778	(234)	2,544
Other Income	875	856	1	858
Bursary Income	414	551	0	551
Commercial Training	1,640	2,002	280	2,281
SDS Modern Apprentices	1,125	1,425	2	1,426
Non-Managed Service VQs	639	636	(65)	571
Scottish Prison Service	4,874	4,877	30	4,907
Conference Centre - Venue	300	445	120	565
<b>Total Income</b>	<b>50,744</b>	<b>51,487</b>	<b>1,236</b>	<b>52,723</b>
<b>Direct Costs</b>				
Staff	28,755	29,171	(554)	29,725
Non Staff	2,531	2,687	(355)	3,042
<b>Total Direct Costs</b>	<b>31,286</b>	<b>31,858</b>	<b>(909)</b>	<b>32,768</b>
<b>Contribution</b>	<b>19,458</b>	<b>19,628</b>	<b>327</b>	<b>19,956</b>
	38%	38%		38%
<b>Overhead</b>				
Staff	11,723	11,673	(255)	11,928
Non Staff	8,456	9,385	534	8,851
<b>Total Overhead Cost</b>	<b>20,179</b>	<b>21,059</b>	<b>279</b>	<b>20,779</b>
<b>Surplus</b>	<b>(721)</b>	<b>(1,430)</b>	<b>606</b>	<b>(824)</b>
<b>Restructuring</b>	<b>(250)</b>	<b>(350)</b>	<b>(528)</b>	<b>(878)</b>
<b>Revaluation</b>	<b>1,180</b>	<b>1,532</b>	<b>0</b>	<b>1,532</b>
<b>Historic Cost Surplus</b>	<b>209</b>	<b>(248)</b>	<b>79</b>	<b>(169)</b>
<b>ADJUSTED OPERATING POSITION</b>				
<b>Historic Surplus/(Deficit)</b>	<b>209</b>	<b>(248)</b>	<b>79</b>	<b>(169)</b>
Revaluation Reserve	(1,180)	(1,532)	0	(1,532)
Net Depreciation	1,670	2,117	0	2,117
Loan capital	(335)	(335)	0	(335)
Unfunded Pension Costs	(222)	(222)	0	(222)
<b>Underlying Operating Surplus/(Deficit)</b>	<b>142</b>	<b>(220)</b>	<b>79</b>	<b>(142)</b>



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

<b>Self-Evaluation 2022-23</b>	
<b>Date of Meeting:</b>	6 June 2023
<b>Purpose:</b>	To undertake a review of the remit and self-evaluation of the Finance, Commercial and Estates Committee for academic year 2022-23
<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 and to report on this to the Board of Governors. Requirements will also form part of the Board Development Plan for 2023-24
<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 operating efficiently and effectively
<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>	24 May 2023



**BOARD OF GOVERNORS OF FIFE COLLEGE**

**Finance, Commercial and Estates Committee**

**Self-Evaluation 2022-23**

			<b>Strengths</b>	<b>Weaknesses</b>	<b>Actions</b>
1	Meeting inputs	Papers are issued with sufficient time to read / prepare for meeting			
		The information contained in papers gives sufficient detail and clarity			
		Where requested, clear answers are provided to questions asked in advance of and/or during meetings			
2	Meeting process	The time of meetings is suitable			
		Sufficient time is allocated for meetings			
		There are high quality discussions at meetings			
		All members participate and make valuable contributions			
3	Membership and Attendance (see Appendix 1)	Members of the Committee have sufficient skills and expertise to fulfil the Committee's remit			
		Attendance levels over the year have been acceptable			
4	Remit (see Appendix 2)	All aspects of the Committee's remit have been covered over the year			

5	In your view, does the Committee's remit (see Appendix 2) require any changes? Yes/No If yes, please detail your suggestions below.
	1
	2
	3

6	In your view, what have been the main achievements of the Committee over the year?
	1
	2
	3

7	In your view, what aspects of the Committee have not gone well over the year?
	1
	2
	3

8	What opportunities for improvement do you see over the next year?
	1
	2
	3

9	Are there any training opportunities or briefings you think would help the Committee achieve its responsibilities over the coming year?
	1
	2
	3

10	Please provide any additional feedback, comments or suggestions that you may have
	1
	2
	3