

Useful Links

Glossary of Acronyms
Strategic Risk Register

AGENDA


Polite Reminder

Please take a 10 minute break every hour of meeting

Meeting: Finance, Commercial and Estates Committee

Date: Tuesday 12 September 2023 at 8.30am

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 Previous Meeting: 6 June 2023	Approve	SM	
3	Matters Arising / Actions Outstanding	Note	SM	2-4
4	Strategic Update Reports:			
	4.1 Digital Services	Note	IH	
	4.2 Commercial Activity	Note	IH	
	4.2.1 Commercial Income Profitability	Note	IH	
	4.3 Finance	Note	JT	5-13
	4.3.1 Financial Implications of Early Withdrawals 2022-23	Note	IH	
	4.4 Procurement	Approve	JT	
	4.5 Estates	Approve	JT	
5	Disposal of Halbeath Site <i>John Lewthwaite and Sharon Dewar will join for this item</i>	Presentation	JL / SD	N/A
6	Draft Finance Regulations	Approve	JT	14-15
7	Five Year Financial Forecast This has been circulated and approved by correspondence and is included for noting only	Note	JT	
8	Self-Evaluation: Feedback	Discuss	MP/ SM	16-18
9	Review of Meeting	Discuss	All	N/A
10	Date of Next Meeting Thursday 16 November 2023	Note	SM	N/A
	<ul style="list-style-type: none"> Joint Audit and Risk/Finance, Commercial and Estates Committee: 3.15pm Finance, Commercial and Estates Committee: 4pm 			

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	08.03.23	To undertake a deep dive into Cyber Security at a future meeting.	K Getchell	31.12.23	A new assurance mapping document has been included in the Digital Update paper. Members are invited to review this and confirm whether this is sufficient for this item to be closed off
2	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	12.09.23	Complete, on today's agenda. This information will be provided annually at the September meeting.
3	06.06.23	To remove action 1 as a valid comparative analysis could not be undertaken due to the commercially sensitive nature of the information required.	M Philp	12.09.23	Complete
4	06.06.23	To agree to extend the deadline for action 7 to 12 September 2023.	M Philp	12.09.23	Complete
5	06.06.23	To consider and potentially review the deadline for action 3 once the internal audit plan had been drafted and it was known when CyberSecurity would be reviewed.	M Philp	12.09.23	See action 1 above. CyberSecurity audit currently in draft audit plan for year 2
6	06.06.23	To share the Masterplanning documentation after the meeting to allow time for review.	J Lewthwaite	ASAP	Complete
7	06.06.23	To circulate the cost of the Masterplanning project for approval by correspondence once this had been finalized, also detailing any	J Lewthwaite	ASAP	Complete and approval is sought in the Estates Update paper. The cost is £309k which includes a grant of £60k

	Date of Meeting	Action	Responsibility	Deadline	Comments
		grants that had been received to part fund the project.			which has been secured.
8	06.06.23	To provide a report on Sustainability issues to this Committee and the full Board in due course.	J Lewthwaite	2023-24 academic year	Complete. Will form part of Board Development Day in November 2023
9	06.06.23	To confirm the Committee's support of proceeding with the Kirkcaldy campus roofing and masonry project as detailed within the Estates and Procurement reports.	J Lewthwaite	ASAP	Complete
10	06.06.23	To ascertain the costs of extending Cyber Essentials to Cyber Essentials Plus and the costs and advantages/disadvantages of this; and to confirm the frequency of external penetration testing currently and to circulate this by email.	K Getchell	12.09.23	Complete
11	06.06.23	To add in to future Digital reports reasons for the slippage in timescales.	K Getchell	12.09.23	Complete. Included in paper
12	06.06.23	To add the previous year's cash position trend into future reports as a comparator for the current year.	G Dunn	12.09.23	Complete
13	06.06.23	To recommend the draft budget to the Board of Governors for approval.	G Dunn	22.06.23	Complete
14	06.06.23	To circulate the FFR for approval by email prior to submission to SFC.	G Dunn	30.06.23	Complete
15	06.06.23	To approve the changes to the Treasury Management Policy.	G Dunn	30.06.23	Complete
16	06.06.23	To approve the Accounting Policies.	G Dunn	30.06.23	Complete
17	06.06.23	To issue the self-evaluation template by email to members and attendees.	M Philp	07.06.23	Complete
18	06.06.23	To complete and return the self-evaluation template.	All Committee members and attendees	30.06.23	Complete
19	06.06.23	In all of the Strategic Update reports, having the changes since the last meeting highlighted (eg in a different colour of font) would be useful to save comparison with previous Boardpacks.	All report authors	12.09.23	Ongoing

	Date of Meeting	Action	Responsibility	Deadline	Comments
20	06.06.23	To include top level student recruitment and withdrawal data and the impact on the financials at relevant future meetings.	I Hawker / G Dunn	2023-24 relevant meetings	Complete. On agenda



COVER SHEET FOR PAPERS TO BE CONSIDERED BY THE BOARD

Strategic Update: Finance	
Date of Meeting:	12 September 2023
Purpose:	This paper sets out the Fife College projected year-end financial position for the current financial year 1 August 2022 to 31 July 2023
Intended Outcome:	To provide Committee members with the year-end projected financial position against the year-end projection reported at June's committee meeting
Paper Submitted by:	James Thomson, Deputy Principal
Prior Committee Approvals:	N/A
Board Impact from Decision:	To provide assurance to the Board that the College financial position 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
Strategic Risk(s):	(2) Failure to achieve annual financial targets in line with the five year financial forecast plan
Publicly Available:	No
Author Contact Details:	Gail Dunn (gaildunn@fife.ac.uk) 0344 248 0115 ext. 5485
Date of Production:	28 August 2023

Strategic Highlights

The Finance team are currently finalising the 31st of July 2023 year end position with the external audit of the financial statements due to commence on the 25th of September. The Finance update provided is focusing on the projected year end outturn for 31st July 2023 and compares this to the projected year end position reported at June's committee as well as the F1 forecast.

Overall, we are currently projecting an adjusted operating surplus of £250k which is £392k ahead of the position reported in June and £476k ahead of the F1 forecast.

The variances on the adjusted operating position compared to the position reported in June are mainly attributable to:

- SFC grants are higher by £804k due mainly to the 2022-23 job evaluation grant (£968k) and a reduction in the clawback of the 2021-22 Foundation Apprenticeship grant (£107k) offset by grants with remaining spend being carried forward to 2023-24 (£271k).
- Non-SFC Income streams are overall £185k below the position reported in June.
- Staff expenditure is £937k higher due to accrued expenditure relating to the job evaluation grant as well as an inflationary increase relating to this, offset by departmental savings.
- Non-staff expenditure is £602k lower due to departmental savings and the costs relating to the grants being carried forward into 2023-24.
- Restructuring costs are £113k lower than what was reported at June's committee due to lower than expected numbers of staff coming forward for voluntary severance.

At the date of writing this report, the annual land and buildings revaluation report has yet to be concluded due to this being a full revaluation for 2022-23. This will not impact the adjusted operating position for 2022-23.

At the date of writing this report we have not yet received the actuarial report on the latest valuation of the LGPS pension scheme. This will not impact the adjusted operating position for 2022-23.

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 Outturn Reported at June FC £'000	2022/23 Year End Outturn £'000	Variance to Outturn Reported at June £'000	Variance to Outturn Reported at June %	Status (v Outturn Reported at June)	Variance to F1 £'000	Variance to F1 %	Status (v F1 Forecast)
51,492	56,710	Income	50,744	51,487	52,723	53,343	620	1.2%	▲	1,856	3.6%	▲
(27,495)	(28,703)	Direct Staffing Costs	(28,755)	(29,171)	(29,725)	(29,683)	42	0.1%	▲	(512)	(1.8%)	■
(2,611)	(2,363)	Operating Expenditure	(2,531)	(2,687)	(3,042)	(2,743)	300	9.8%	▲	(55)	(2.1%)	■
21,386	25,644	Contribution	19,458	19,628	19,956	20,917	962	4.8%	▲	1,289	6.6%	▲
(10,568)	(11,589)	Overheads - Staff	(11,723)	(11,673)	(11,928)	(12,907)	(979)	(8.2%)	▼	(1,234)	(10.6%)	▼
(10,189)	(8,719)	Overheads - Non-Staff	(8,456)	(9,385)	(8,851)	(8,549)	303	3.4%	▲	836	8.9%	▲
(5,001)	(6,098)	Pension Adjustments	0	0	0	0	0			0		
(4,373)	(763)	Surplus/(Deficit) for year	(721)	(1,430)	(824)	(539)	285	34.6%	▲	891	62.3%	▲
(51)	(378)	Restructuring	(250)	(350)	(878)	(765)	113	12.9%	▲	(415)	(118.6%)	▼
0	159	Profit/(Loss) on Disposal	0	0	0	0	0			0		
(241)	(430)	Revaluation Reserve	1,180	1,532	1,532	1,532	0	0.0%	▲	0	0.0%	▲
(4,664)	(1,411)	Historic Cost Surplus/(Deficit)	209	(248)	(169)	229	398	235.0%	▲	476	192.2%	▲
241	430	Revaluation Reserve	(1,180)	(1,532)	(1,532)	(1,532)	0	0.0%	▲	(0)	(0.0%)	▲
1,735	1,736	Depreciation (Net of Deferred Capital Grant Release)	1,670	2,117	2,117	2,117	0	0.0%	▲	(0)	(0.0%)	▲
0	(159)	Profit/(Loss) on Disposal	0	0	0	0	0			0		
5,001	6,098	Non-Cash Pension Adjustments	0	0	0	0	0			0		▲
0	(4,561)	Release of Land Grant	0	0	0	0	0			0		
(481)	(487)	Revenue Funding Allocated to Loan Repayments	(335)	(335)	(335)	(341)	(6)	0.0%	▲	0	0.0%	▲
(222)	(220)	Revenue Funding Allocated to Unfunded Pensions	(222)	(222)	(222)	(222)	0	0.0%	▲	0	0.0%	▲
1,609	1,425	Adjusted Operating Surplus/(Deficit)	142	(220)	(142)	250	392	276.5%	▲	476	216.5%	▲

FIFE COLLEGE

Indicator	2020/21 Actual £'000	2021/22 Actual £'000	2022/23 FY Budget £'000	2022/23 FY F1 £'000	2022/23 Outturn Reported at June FC £'000	2022/23 Year End Outturn £'000	Variance to Outturn Reported at June £'000	Variance to Outturn Reported at June %	Status (v Outturn Reported at June)	Variance to F1 £'000	Variance to F1 %	Status (v F1 Forecast)
SFC Grants	38,829	43,975	37,917	37,917	39,020	39,824	804	2.1%	▲	1,907	5.0%	▲
Academic Fees	3,211	2,797	2,961	2,778	2,544	2,550	6	0.2%	▲	(228)	(8.2%)	▼
Other Income	1,066	779	875	856	858	831	(27)	(3.2%)	■	(25)	(3.0%)	■
Bursary Income	364	397	414	551	551	521	(30)	(5.5%)	▼	(30)	(5.4%)	▼
Commercial Training	1,247	1,657	1,640	2,002	2,281	2,143	(138)	(6.1%)	▼	141	7.1%	▲
SDS Modern Apprentices	944	1,192	1,125	1,425	1,426	1,435	8	0.6%	▲	10	0.7%	▲
SDS Foundation Apprenticeships	629	400	0	0	0	0	0			0		
Non-Managed Service VQs	867	507	639	636	571	523	(48)	(8.4%)	▼	(113)	(17.8%)	▼
Scottish Prison Service	4,284	4,687	4,874	4,877	4,907	4,884	(23)	(0.5%)	■	7	0.1%	▲
Conference Centre - Venue	50	318	300	445	565	633	68	12.1%	▲	188	42.3%	▲
Total Income	51,492	56,710	50,744	51,487	52,723	53,343	620	1.2%	▲	1,856	3.6%	▲

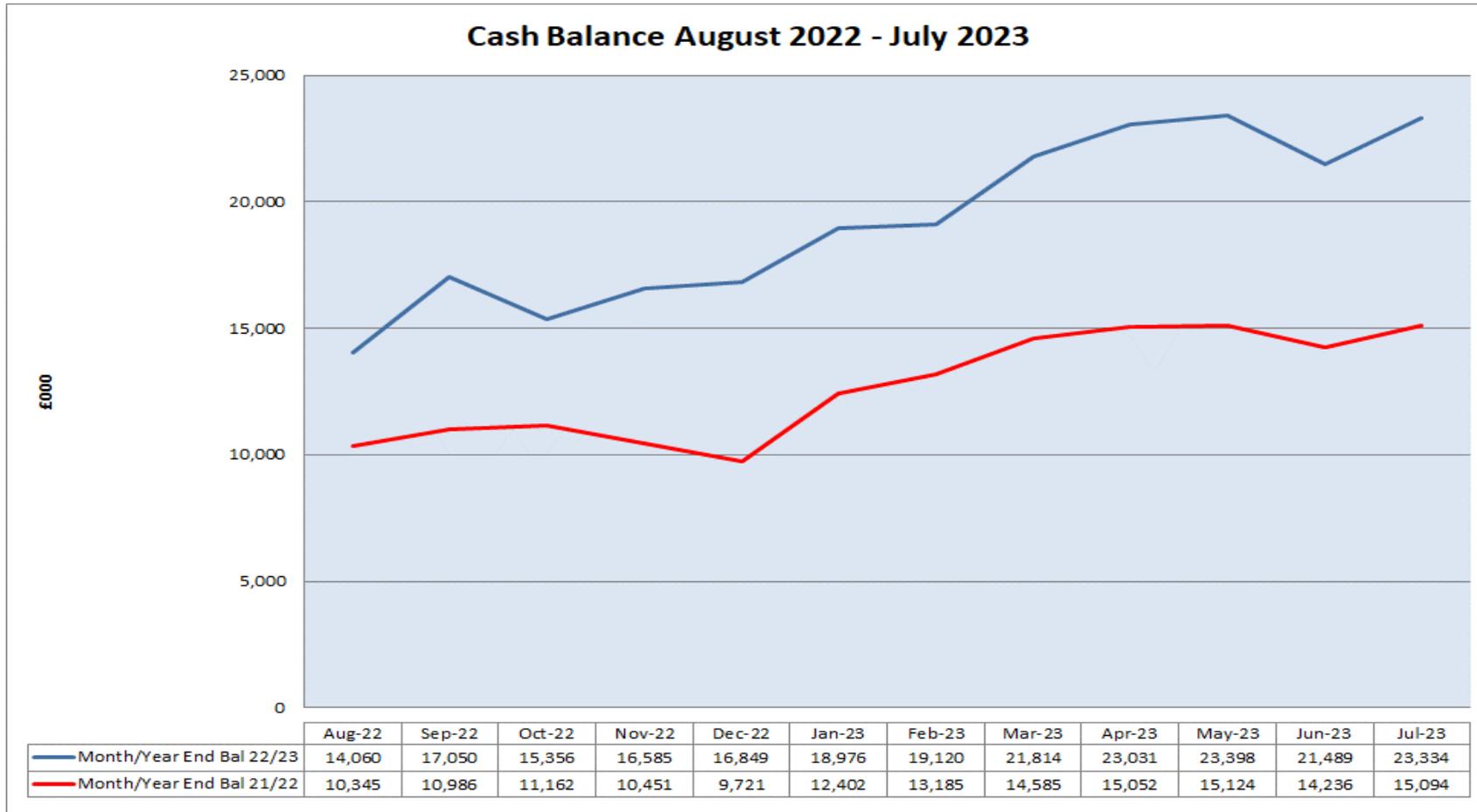
FIFE COLLEGE

Indicator	2020/21 Actual £'000	2021/22 Actual £'000	2022/23 FY Budget £'000	2022/23 FY F1 £'000	2022/23 Outturn Reported at June FC £'000	2022/23 Year End Outturn £'000	Variance to Outturn Reported at June £'000	Variance to Outturn Reported at June %	Status (v Outturn Reported at June)	Variance to F1 £'000	Variance to F1 %	Status (v F1 Forecast)
Direct Staff Costs	27,495	28,703	28,755	29,171	29,725	29,683	42	0.1%	▲	(512)	(1.8%)	■
Direct Non-Staff Costs	2,611	2,363	2,531	2,687	3,042	2,743	300	9.8%	▲	(55)	(2.1%)	■
Support Staff Costs	10,568	11,589	11,723	11,673	11,928	12,907	(979)	(8.2%)	▼	(1,234)	(10.6%)	▼
Support Non-Staff Costs Exc. Pension Adj	10,189	8,719	8,456	9,385	8,851	8,549	303	3.4%	▲	836	8.9%	▲
Total Expenditure	50,863	51,374	51,465	52,917	53,547	53,882	(335)	(0.6%)	■	(965)	(1.8%)	■

FIFE COLLEGE

Balance Sheet	2020/21 Actual	2021/22 Actual	2022/23 Jul YTD Projection
	£M	£M	£M
Fixed Assets	78.3	90.3	107.1
Current Assets	16.6	22.0	29.9
Total Current Liabilities	20.4	21.0	27.7
Total Creditors Due > 1 year	27.6	32.8	51.1
Total Provisions	30.8	2.6	2.4
Total Assets	16.0	55.9	55.7
Total Reserves	16.0	55.9	55.7

FIFE COLLEGE



FIFE COLLEGE CONSOLIDATED

KEY RATIOS	Jul 22 YTD Actual	Jul 22 YTD F1	Annual Budget 21/22	Annual F1 21/22	Notes
Adjusted Operating Position					
Adjusted Operating Margin	0.5%	-0.4%	0.3%	-0.4%	This is the adjusted operating position 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.
Income ratios					
Total Income	53,343	51,487	50,744	51,487	
Total Funding Council Grant as % of Total Income	75%	74%	75%	74%	
Total Other Income as % of Total Income	25%	26%	25%	26%	
Expenditure ratios					
Total Expenditure	53,882	52,917	51,465	52,917	Excludes pension adjustments.
Total Staff Costs as % of Total Income	80%	79%	80%	79%	
Property Costs as % of Total Income	11%	13%	12%	13%	Staff and non-staff property costs
Direct Staff Costs as % of Total Income	56%	57%	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	22%	23%	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. Excludes job evaluation accrual (£968k).
Balance sheet strength					
Current Ratio	1.08		1.00	1.00	This ratio looks at the relationship between current assets and current liabilities.
Overdrafts, Loans, Finance Leases	3,238		3,238	3,238	Santander loan for Future Skills building.
Working Capital					
Cash and Current Asset Investments	23,334		5,563	5,563	Underlying cash balance is £7,543k. See Cash report for breakdown of provisions.
Days Ratio of Cash to Total Expenditure	169		44	44	
Underlying Cash Balance	7,543		5,563	5,563	The cash balance when provisions are removed.
Days Ratio of Cash to Total Expenditure	55		44	44	



COVER SHEET FOR PAPERS TO BE CONSIDERED BY THE BOARD

Financial Regulations Update	
Date of Meeting:	12 September 2023
Purpose:	This paper sets out the updates made to the Fife College Financial Regulations.
Intended Outcome:	To provide Committee members with a summary of the updates made to the Financial Regulations with the full document available as a link within this paper.
Paper Submitted by:	James Thomson, Deputy Principal
Prior Committee Approvals:	N/A
Board Impact from Decision:	To provide assurance to the Board that the College's resources are being appropriately managed in line with relevant guidance and best practice.
Financial Health Implications:	N/A
Learner Implications:	N/A
Equality and Diversity Implications:	N/A
Strategic Risk(s):	(12) Failure to fully comply with statutory or regulatory requirements leading to a breach of legislation, resulting in legal action, a fine or another penalty against the College (7) Risk of external political/ funding/regulatory changes
Publicly Available:	Yes
Author Contact Details:	Gail Dunn (gaildunn@fife.ac.uk) 0344 248 0115 ext. 5485
Date of Production:	30 August 2023

BOARD OF GOVERNORS OF FIFE COLLEGE

Finance, Commercial and Estates Committee

Update of the Fife College Financial Regulations

1 Introduction

This paper provides Committee members with a summary of the main updates made to the Fife College Financial Regulations and to provide assurance to the Board that the College's resources are being appropriately managed in line with relevant guidance and best practice.

The full document can be accessed by [this link](#).

2 Main Updates

The revised regulations follow on from the existing controls previously approved by Fife College. The College's financial controls are subject to regular scrutiny by the College's internal and external auditors and have been found to be compliant. The Financial Regulations presented for the Committee's consideration and approval seek to strengthen and enhance the College's existing arrangements.

The main changes to enhance the Financial Regulations relate to strengthening authorisation levels and tiers of authorisation. The proposed regulations provide clarity on authorisation levels for requisitions and the tiers of authorisation required for significant spend. This includes capital projects where any one project in excess of £250,000 require to be approved by the Finance, Commercial and Estates Committee and any one project in excess of £1,000,000 is to be approved by the Board of Management. The proposed regulations also require business expense claims to be authorised by an individual's line manager prior to submission, providing enhanced controls and also support for staff.

For members' information, the sections of the Financial Regulations with the main changes from the previous version are as follows:

- Section 10.5 Capital Projects
- Section 15.4 Collections of Debts
- Section 17 Project Grants and Contracts
- Section 20.3 Scheme of Delegation/Financial Authorities
- Section 21.5 Travel, Subsistence and Other Allowances

Members are asked to note that the Finance Regulations have also been updated to reflect changes in job titles and organisational structures that have happened since the previous iteration was approved.

3 Recommendation

The Committee is invited to review and approve the updated Financial Regulations.



COVER SHEET FOR PAPERS TO BE CONSIDERED BY THE BOARD

Self-Evaluation 2022-23: Finance, Commercial and Estates Committee	
Date of Meeting:	12 September 2023
Purpose:	To review the effectiveness of the Committee for 2022-23
Intended Outcome:	To discuss the feedback and agree recommendations and actions for the year ahead
Paper Submitted by:	Marianne Philp, Director: Governance and Compliance
Prior Committee Approvals:	N/A
Board Impact from Decision:	To provide reassurance to the Board of Governors that the Committee is operating effectively and in accordance with its delegated authority
Financial Health Implications:	N/A
Learner Implications:	N/A
Equality and Diversity Implications:	N/A
Strategic Risk(s):	(12) Failure to fully comply with statutory or regulatory requirements leading to a breach of legislation, resulting in legal action, a fine or another penalty against the College
Publicly Available:	Yes
Author Contact Details:	Marianne Philp; 01383 845009; mariannephilp@fife.ac.uk
Date of Production:	7 August 2023

BOARD OF GOVERNORS OF FIFE COLLEGE

Finance, Commercial and Estates Committee: Self-Evaluation 2022-23

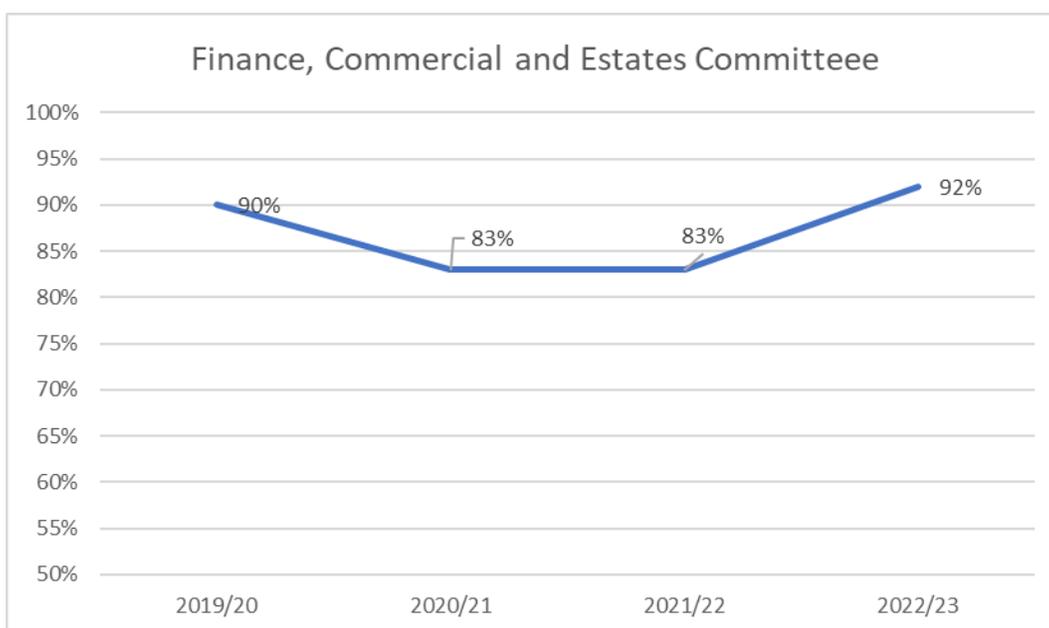
1 Introduction

Following on from discussion at the last Committee meeting, all attendees were asked to complete self-evaluation paperwork. There were a number of themes emerging across feedback received from the Board and all Committees and this has been summarised in one paper which will go to the Board at its September 2023 meeting for discussion. Members can review the draft paper and draft Board Development Plan on [Microsoft Teams](#) for information.

This paper gives some feedback specific to the Finance, Commercial and Estates Committee which will be added to paper to the Board.

2 Summary

No changes were proposed to the format or timing of meetings and no changes have been proposed to the Remit. Attendance for the year was 86% overall - see the graph below.



3 Feedback Specific to Committee

Financial Risks: There has been strong oversight of the budget process by the Committee and by the Board resulting in good levels of assurance in this area. Financial risks were carefully managed, even following the departure of the former Deputy Principal (CFO).

Procurement: Resubmitting decisions for already approved large amounts of spend when there has been a time lapse and in a challenging external environment offered reassurance to members as well as executive team members.

Estate: Confirmation of the funding for the new Dunfermline Learning Campus was a huge achievement. Starting the campus masterplanning process for the non DLC estate was also a key highlight.

Further Action: Consider how we better utilise “public assets” in the future - greater utilisation for more purposes. What can we learn from the experiences of Levenmouth campus as to how to do things well in this space?

Strategies: Members welcomed the opportunity to input to the underpinning strategies relevant to the work of the Committee.

Further Action: To approve these strategies ensuring their alignment to the corporate strategy by the end of the financial year.

Deep Dive Exercises: have not routinely been undertaken by the Committee and may be beneficial in the future.

Further Action: To undertake some deeper dive exercises into areas of the Committee’s remit as sometimes assurance is given that things are in place without necessarily providing evidence to back this up.

4 Recommendation

Members of the Committee are invited to discuss the findings and agree on action to be taken over the next year. This will also be reported to the Board at the next meeting and thereafter confirmation will be sent to the Scottish Funding Council that self-evaluation has been undertaken together with the Board’s updated Development Plan.