

## AGENDA

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A meeting of the Finance, Commercial and Estates Committee will be held on Tuesday 8 March 2022 from 9.30am to 11.30am. Please join via 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.

**Briefing Session:** Update on Commercial Activity and Business Engagement N/A  
*Iain Hawker, Miles Lagan and John Elliott will present*

No	Item	Action	Lead	Pages
1	Welcome, Apologies and Declarations of Interests	Note	JT	N/A
2	Minutes of the			
	2.1 Previous Meeting: 18 November 2021	Approve	JT	
	2.2 Joint Audit and Risk / Finance, Commercial and Estates Committees: 18 November 2021	Approve	JT	
3	Matters Arising / Actions Outstanding	Note	JT	2-2
4	Strategic Update: Digital Services	Note	KG	
	4.1 Digital Strategy: Progress Update ( <i>Verbal Update</i> )	Note	KG	N/A
5	Overview of Estates Issues and Priorities	Note	JL	N/A
	5.1 Strategic Update: Estates	Note	JL	
	5.2 New Build Project Board Minutes:	Note	HH	
	• 7 December 2021			
	• 2 February 2022			
6	Strategic Update: Finance	Note	GD	3-12
7	Commercial Activity Update	Note	IH	
8	Scottish Government Funding for Colleges and Universities 2022/23	Note	SD	
9	Procurement Update	Note	GD	
10	Review of Meeting	Discuss	All	N/A
11	Date of Next Meeting Tuesday 7 June 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 Joint	To recommend the approval of the draft Annual Accounts 2020-21 to the Board of Governors, subject to the changes as outlined above being made.	S Dunsmuir	08.12.21	Complete
2	18.11.21 Joint	To finalise the External Audit Annual Report for presentation at the Board of Governors meeting.	External Auditor	08.12.21	Complete
3	18.11.21 Joint	To finalise the draft letter of representations for signature at the Board of Governors meeting.	S Dunsmuir	08.12.21	Complete
4	18.11.21	To give an overview of where the College is with estates issues and where priorities lie (15 minutes).	J Lewthwaite	08.03.22	Complete. On agenda
5	18.11.21	To raise at the Board of Governors meeting the potential risk of staff finding other employment due to wage rises and suggest that further discussion about this within the People and Culture Committee and/or the Board of Governors may be useful.	J Trail	08.12.21	Complete
6	18.11.21	To approve the academic fees for 2022-23.	S Dunsmuir	31.12.21	Complete
7	18.11.21	To approve the Procurement Annual Report.	S Dunsmuir	31.12.21	Complete
8	18.11.21	To approve the procurement projects as detailed on page 35 of the Boardpack.	S Dunsmuir	31.12.21	Complete



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

<b>Strategic Update: Finance and Commercial</b>	
<b>Date of Meeting:</b>	8 March 2022
<b>Purpose:</b>	This paper sets out the January 2022 year to date position in comparison to the year to date F1.
<b>Intended Outcome:</b>	To provide Committee members with an update on the January 2022 year to date position in comparison to the year to date F1.  To provide an update on the commercial income achievement and ongoing activities.
<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
<b>Author Contact Details:</b>	Gail Dunn (gaildunn@fife.ac.uk) 0344 248 0115 ext. 5485
<b>Date of Production:</b>	24 February 2022

## Strategic Highlights - Finance

The Finance update information is focusing on the January 2022 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 £33k ahead of the year to date F1 position. Income is £43k better than F1 with total expenditure being £10k higher.




The variances are mainly attributable to:

- o Non-SFC Income streams are overall £109k better than F1.
- o SFC grants are £66k lower than F1 for January year to date.
- o Staff and non-staff expenditure are £38k better than January year to date F1.
- o Restructuring costs are £48k higher than January year to date F1.

Finance have completed a projected year end outturn which is reporting an improved adjusted operating surplus of £396k 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 January YTD F1 £'000	2021/22 January YTD Actual £'000	Variance to F1 £'000	Variance to F1 %	Status
49,191	51,492	Income	50,357	25,050	25,093	43	0.2%	▲
(27,738)	(27,495)	Direct Staffing Costs	(29,162)	(13,544)	(13,574)	(29)	(0.2%)	■
(2,997)	(2,611)	Operating Expenditure	(2,472)	(1,474)	(1,476)	(1)	(0.1%)	■
<b>18,456</b>	<b>21,386</b>	<b>Contribution</b>	<b>18,723</b>	<b>10,031</b>	<b>10,044</b>	<b>12</b>	<b>0.1%</b>	▲
(9,086)	(10,568)	Overheads - Staff	(10,888)	(5,146)	(5,159)	(13)	(0.2%)	■
(8,743)	(10,189)	Overheads - Non-Staff	(8,848)	(4,302)	(4,221)	82	1.9%	▲
(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>583</b>	<b>664</b>	<b>81</b>	<b>13.9%</b>	▲
(432)	(51)	Restructuring	0	0	(48)	(48)		▼
1,045	(241)	Revaluation Reserve	1,125	567	567	0	0.0%	▲
<b>(2,055)</b>	<b>(4,664)</b>	<b>Historic Cost Surplus/(Deficit)</b>	<b>112</b>	<b>1,150</b>	<b>1,183</b>	<b>33</b>	<b>2.9%</b>	▲
1,811	1,735	Depreciation (Net of Deferred Capital Grant Release)	1,717	884	884	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)	(481)	(481)	0	0.0%	▲
(222)	(222)	Revenue Funding Allocated to Unfunded Pensions	(222)	(222)	(222)	0	0.0%	▲
<b>1,016</b>	<b>1,609</b>	<b>Adjusted Operating Surplus/(Deficit)</b>	<b>1</b>	<b>764</b>	<b>797</b>	<b>33</b>	<b>4.3%</b>	▲

**FIFE COLLEGE**

Indicator	2019/20 Actual £'000	2020/21 Actual £'000	2021/22 FY F1 £'000	2021/22 January YTD F1 £'000	2021/22 January YTD Actual £'000	Variance to F1 £'000	Variance to F1 %	Status
SFC Grants	35,919	38,829	37,903	18,898	18,832	(66)	(0.4%)	
Academic Fees	3,155	3,211	2,784	1,392	1,413	21	1.5%	
Other Income	1,481	1,066	913	345	374	28	8.3%	
Bursary Income	369	364	414	0	0	0	0.0%	
Commercial Training	1,452	1,247	1,470	741	770	29	4.0%	
SDS Modern Apprentices	960	944	997	507	561	55	10.8%	
SDS Foundation Apprenticeships	403	629	425	389	404	14	3.6%	
Non-Managed Service VQs	533	867	668	331	284	(47)	(14.1%)	
Scottish Prison Service	4,512	4,284	4,679	2,341	2,349	8	0.4%	
Conference Centre - Venue	407	50	105	106	106	0	0.2%	
<b>Total Income</b>	<b>49,191</b>	<b>51,492</b>	<b>50,357</b>	<b>25,050</b>	<b>25,093</b>	<b>43</b>	<b>0.2%</b>	

**FIFE COLLEGE**

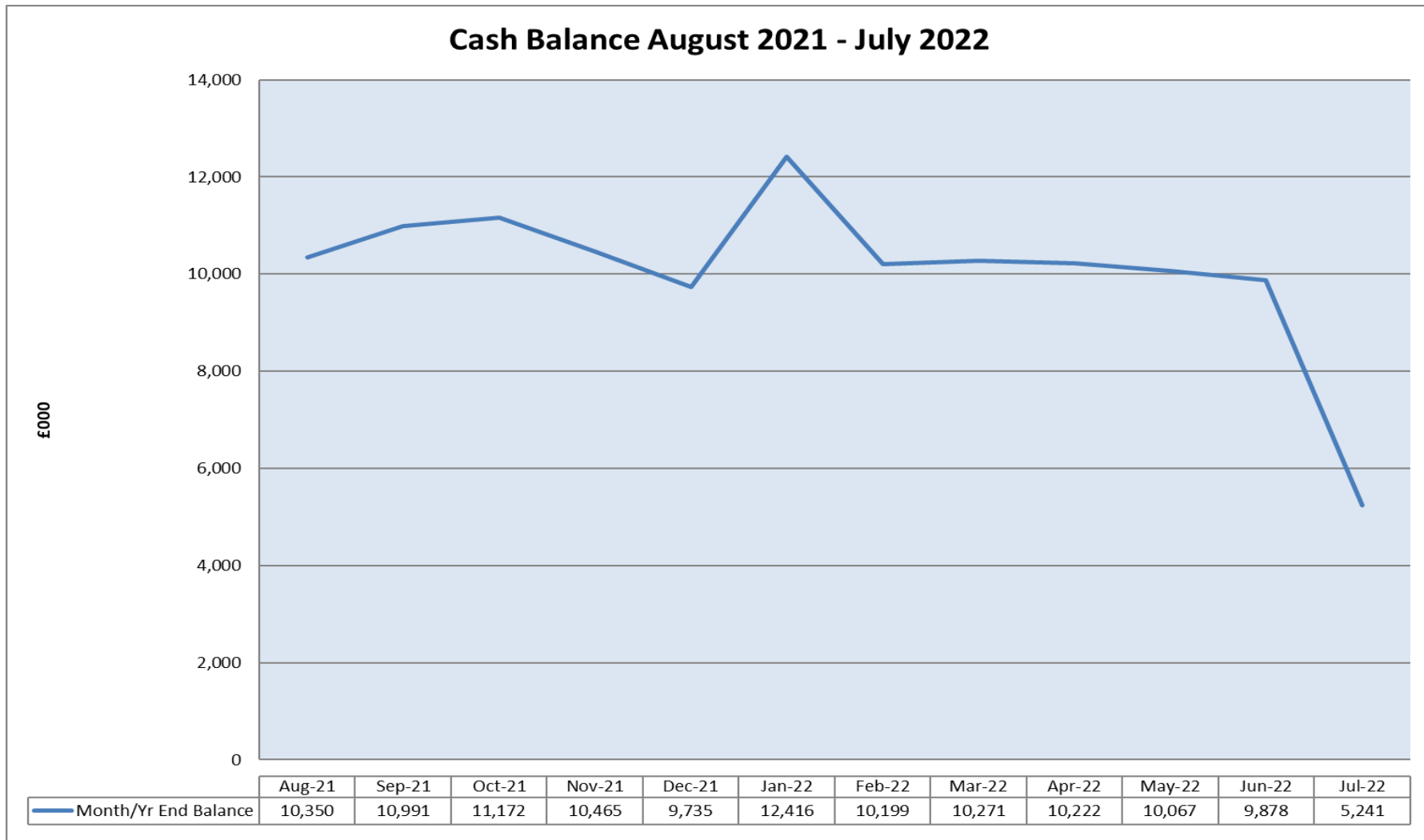
Indicator	2019/20 Actual £'000	2020/21 Actual £'000	2021/22 FY F1 £'000	2021/22 January YTD F1 £'000	2021/22 January YTD Actual £'000	Variance to F1 £'000	Variance to F1 %	Status
Direct Staff Costs	27,738	27,495	29,162	13,544	13,574	(29)	(0.2%)	
Direct Non-Staff Costs	2,997	2,611	2,472	1,474	1,476	(1)	(0.1%)	
Support Staff Costs	9,086	10,568	10,888	5,146	5,159	(13)	(0.2%)	
Support Non-Staff Costs Exc. Pension Adj	8,743	10,189	8,848	4,302	4,221	82	1.9%	
<b>Total Expenditure</b>	<b>48,565</b>	<b>50,864</b>	<b>51,370</b>	<b>24,467</b>	<b>24,429</b>	<b>38</b>	<b>0.2%</b>	



**FIFE COLLEGE**

<b>Balance Sheet</b>	<b>2019/20 Actual</b>	<b>2020/21 Actual</b>	<b>2021/22 Jan YTD</b>
	<b>£M</b>	<b>£M</b>	<b>Actual</b>
			<b>£M</b>
Fixed Assets	79.0	78.3	76.8
Current Assets	12.0	16.6	19.2
Total Current Liabilities	17.6	20.4	21.9
Total Creditors Due > 1 year	26.9	27.6	27.0
Total Provisions	36.8	30.8	30.7
<b>Total Assets</b>	<b>9.7</b>	<b>16.0</b>	<b>16.3</b>
<b>Total Reserves</b>	<b>9.7</b>	<b>16.0</b>	<b>16.3</b>

FIFE COLLEGE



## FIFE COLLEGE CONSOLIDATED

KEY RATIOS	Jan 22 YTD Actual	Jan 22 YTD F1	Annual F1 21/22	Notes
<b>Operating position</b>				
Gross Profit Margin	40%	40%	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)	664	583	-1014	
Operating Surplus/(Deficit) as % of Total Income	2.6%	2.3%	-2.0%	
<b>Income ratios</b>				
Total Income	25,093	25,050	50,694	
Total Funding Council Grant as % of Total Income	73%	73%	72%	
Total Other Income as % of Total Income	27%	27%	28%	
<b>Expenditure ratios</b>				
Total Expenditure	24,429	24,467	51,708	
Total Staff Costs as % of Total Income	75%	75%	79%	
Property Costs as % of Total Income	12%	12%	12%	Staff and non-staff property costs
Direct Staff Costs as % of Total Income	54%	54%	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	21%	21%	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	1.10		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	4,864		4,619	
<b>Working Capital</b>				
Cash and Current Asset Investments	12,393		5,241	The January 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 (£1m) and a projected underspend in student support funds.
Days Ratio of Cash to Total Expenditure	88		42	

**FIFE COLLEGE**

<b>Income</b>	<b>Total F1 £'000</b>	<b>Variance £'000</b>	<b>Year End Projection £'000</b>
SFC Grants	37,903	348	38,251
Academic Fees	2,784	42	2,825
Other Income	913	(75)	839
Bursary Income	414	0	414
Commercial Training	1,470	164	1,634
SDS Modern Apprentices	997	4	1,001
Foundation Apprenticeships	425	12	437
Non-Managed Service VQs	668	42	710
Scottish Prison Service	4,679	10	4,689
Conference Centre - Venue	105	41	146
<b>Total Income</b>	<b>50,357</b>	<b>588</b>	<b>50,945</b>
<b>Direct Costs</b>			
Staff	29,162	103	29,059
Non Staff	2,472	(200)	2,672
<b>Total Direct Costs</b>	<b>31,634</b>	<b>(97)</b>	<b>31,731</b>
<b>Contribution</b>	<b>18,723</b>	<b>491</b>	<b>19,214</b>
	37%		38%
<b>Overhead</b>			
Staff	10,888	(116)	11,004
Non Staff	8,848	141	8,707
<b>Total Overhead Cost</b>	<b>19,736</b>	<b>24</b>	<b>19,712</b>
<b>Surplus</b>	<b>(1,013)</b>	<b>515</b>	<b>(498)</b>
<b>Restructuring</b>	<b>0</b>	<b>(122)</b>	<b>(122)</b>
<b>Revaluation</b>	<b>1,125</b>	<b>0</b>	<b>1,125</b>
<b>Historic Cost Surplus</b>	<b>112</b>	<b>393</b>	<b>505</b>
<b>ADJUSTED OPERATING POSITION</b>	<b>Total F1 £'000</b>	<b>Variance £'000</b>	<b>Year End Projection £'000</b>
<b>Historic Surplus/(Deficit)</b>	<b>112</b>	<b>393</b>	<b>505</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>393</b>	<b>394</b>