

# BOARD OF MANAGEMENT

## Finance & Property Committee

Tuesday 19 May 2020 at 5.00pm  
Microsoft Teams Meeting



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### AGENDA

1. WELCOME
2. APOLOGIES
3. DECLARATIONS OF INTEREST
4. MINUTES OF PREVIOUS MEETING Paper A for approval
5. MATTERS ARISING Paper B for approval
6. COVID 19 – IMPACT ON FINANCES AND FINANCE ACTIVITIES Verbal update JC/BF
7. MONTH 8 - MANAGEMENT ACCOUNTS Paper C for information BF
8. 2020/21 DRAFT BUDGET Paper D for approval - to follow BF/JC
9. 2020 FINANCIAL FORECAST RETURN Verbal update BF/JC
10. CAPITAL
  - 10.1 Kingsway Tower Redevelopment Paper E for approval BG
  - 10.2 Estates Annual Report Paper F for approval BG
  - 10.3 Estates Update Paper G for information BG
11. ICT
  - 11.1 Contract Proposal for Capita to Deliver Unit-E for the next 5 Years Paper H for approval AR/JC
12. STRATEGIC RISK REGISTER & COVID 19 RISK REGISTER Paper I for approval ST
13. VP CORPORATE SERVICES REPORT Paper J for information/approval JC
14. DATE OF NEXT MEETING - Tuesday 8 September 2020, 5.00pm,  
Venue to be confirmed

**BOARD OF MANAGEMENT**

**Finance & Property Committee**

**Tuesday 19 May 2020**

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**Minute of Last Meeting – 21 January 2020**

**PAPER A**

# BOARD OF MANAGEMENT

## Finance and Property Committee Meeting

Tuesday 21 January 2020

*Draft confirmed by Chair*



Minute of the Finance and Property Committee meeting held on Tuesday 21 January 2020 at 5.00pm in Y150, Gardyne Campus.

**PRESENT:**

S Mill (Chair)	D Mackenzie
G Bisset	B Carmichael
D Fordyce	G Ritchie
S Stirling	

**IN ATTENDANCE:**

J Carnegie (Vice Principal)	S Taylor (Vice Principal)
B Ferguson (Head of Finance)	S Hewitt (Vice Principal)
B Grace (Head of Estates)	

**1. WELCOME**

S Mill welcomed members to the meeting.

**2. APOLOGIES**

Apologies were received from A McCusker, H Honeyman and N Lowden

**3. DECLARATIONS OF INTEREST**

D Mackenzie noted his role with Michelin in respect of potential future estates developments.

**4. MINUTES OF FINANCE AND PROPERTY COMMITTEE MEETING 26 NOVEMBER 2019**

The minute of the Finance and Property Committee meeting held on 26 November 2019 was approved as an accurate record.

**5. MATTERS ARISING**

All matters arising had been progressed, or were included in the agenda.

**6. BUDGET MONITORING REPORT**

S Mill highlighted that the revised budgeted surplus for 2019/20 of £604k, approved at the 26 November 2019 meeting, was now projected to be £526k within the most recent forecast and noted that there were a number of changes impacting both income and expenditure, particularly variable staff costs.

J Carnegie summarised the key changes and highlighted the potential clawback of a further £78k of ESF funds from 2015/16. The background to this was discussed alongside conversations continuing with the Scottish Funding Council (SFC) and it was noted that this had been included within the financial risk register.

J Carnegie noted that the final claim for Good to Great funding would be made at the end of the month.

S Mill noted changes within the projected cashflow and highlighted that most of the risks relating to the budget were of a lower level than that evident previously.

The budget report was noted.

## **7. MUTUAL INVESTMENT MODEL – KEY FEATURES**

S Mill stated that he was keen that the Committee understood the structure and arrangements of the Mutual Investment Model identified by SFC as the likely source for funding major capital projects in the future. S Mill welcomed the information provided, and noted that it was comforting to see that this was very similar to the NDPO model previously in place from the Scottish Government.

J Carnegie advised the Committee that it was important to be aware of what the model would, and would not, fund and highlighted that this would support new build costs but was unlikely to cover the costs of things like the demolition of current structures.

The details of the model were discussed, the update welcomed and noted that the College would require to undertake due financial and legal diligence if and when the details of the new funding model were available.

## **8. ESTATES UPDATE**

J Carnegie summarised the update paper, outlining the range of current major capital plans being developed. It was noted that, given the range of projects being developed, individual timelines or priorities may change as these progressed as a result of different partner inputs, demands and opportunities.

J Carnegie stated that the Outline Business Case (OBC) for the Science, Technology, Engineering and Maths (STEM) new build at Kingsway would be finalised by the end of February for submission to SFC. It was noted that this was in advance of the next Board meeting and that this was likely to need approval by e-mail prior to submission. **J Carnegie to progress.**

J Carnegie noted that the OBC was not the detailed plan, and that the content of this would reflect previous discussions and outcomes around the plans for the Kingsway site.

D Fordyce noted the recent school development plans from Dundee City Council. It was noted that, whilst these may impact on school-college activity, the timescale for these did not change the overall estates strategy.

Developments in respect of the Michelin Scotland Innovation Parc were discussed and G Ritchie summarised discussions and likely developments in respect of this. G Ritchie stated that initial discussions had been held with SFC in terms of a possible £3 million investment to support the creation of the Skills Centre within the Parc, but stated that this was at an early stage.

G Bisset noted the range of projects being undertaken and asked if there was sufficient staffing support available to cover all of these. B Grace noted that arrangements were being progressed to bring in a temporary Estates Officer and noted that SFC had provided funding to support the consultant input required to develop the OBC.

J Carnegie and B Grace presented an outline of the proposals developed to date in respect of the Kingsway campus, outlining high level plans for the new STEM centre followed by phase 2 and 3 developments (likely to be beyond 2030). This was followed by an update on the more detailed planning for the Kingsway Tower redevelopment.

The range of options, information and plans were welcomed and it was agreed to move the March Committee meeting to Kingsway to allow a walk around the key areas where changes were planned.

The involvement of students and staff in the development of new spaces and plans was discussed, and it was noted that extensive input was being sought, including the use of service design approaches to inform these developments.

B Grace summarised work progressing in respect of the usual range of estates maintenance and projects, and noted that these were all on track in terms of timescales and costs.

**9. STRATEGIC RISK REGISTER**

S Mill noted the allocation of Risks for each Board Committee and highlighted the five Risks for discussion by the Finance & Property Committee as outlined within the paper.

Risk 2.5 (in respect of the D&A Foundation withholding funds for planned College projects) was discussed in detail and mitigating and monitoring approaches in respect of this noted without need for amendment / addition. It was also agreed that no change was required to the impact / likelihood of the 5 risks at the present time.

The inclusion of a draft Risk in respect of College over-commitment to major projects was discussed, alongside a risk in respect of recruitment to the role of Principal.

The Strategic Risk Register was approved for submission to the Audit and Risk Committee.

**10. VP CORPORATE SERVICES REPORT**

J Carnegie summarised her report, highlighting the excellent work being undertaken by the Help Points in contacting students and encouraging their return to College.

The Committee noted the imminent departure of R Munro as Procurement Officer and asked that their best wishes be passed on to her in her new role. **J Carnegie to progress.**

**11. OTHER BUSINESS**

S Mill noted that discussions had been held regarding the need for the extra January meeting introduced in 2017. This was considered by the Committee and it was agreed that the Committee revert back to 4 meetings per year. **S Taylor to progress.**

**12. DATE OF NEXT MEETING**

Tuesday 10 March 2020 in **A214, Kingsway Campus.**

<b><u>Action Point Summary</u></b>		
<b>Action</b>	<b>Responsibility</b>	<b>Date</b>
Final draft OBC to be circulated for Board approval by e-mail	J Carnegie	28 February 2020
Best wishes to be passed on to R Munro for her new role	J Carnegie	24 January 2020

**BOARD OF MANAGEMENT**

**Finance & Property Committee**

**Tuesday 19 May 2020**

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**Matters Arising**

**PAPER B**

**BOARD OF MANAGEMENT**  
**Finance & Property Committee**  
**Tuesday 19 May 2020**



**Matters Arising**

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***Paper for information***

The following actions were noted from the Tuesday 21 January 2020 Finance & Property Committee Meeting.

<b>Agenda Item No</b>	<b>Action</b>	<b>Current status</b>	<b>Open / Closed</b>
8.0	Final draft OBC to be circulated for Board approval by e-mail <b>J Carnegie</b>	28 February 2020	Closed
10.0	Best wishes to be passed on to R Munro for her new role <b>J Carnegie</b>	24 January 2020	Closed

The following actions were noted from the Tuesday 26 November 2020 Joint Audit & Risk and Finance & Property Committee Meeting.

<b>Agenda Item No</b>	<b>Action</b>	<b>Current status</b>	<b>Open / Closed</b>
4.4	<b>Financial Statement for the year ended 31 July 2019</b>  Submission of final external audit and financial statements papers to the Board of Management for approval. - <b>J Carnegie</b>	Submitted to the Board of Management in December 2019	Closed

The following actions were noted from the Tuesday 26 November 2020 Finance & Property Committee Meeting.

<b>Agenda Item No</b>	<b>Action</b>	<b>Current status</b>	<b>Open / Closed</b>
7.0	<b>Estates Update</b> Michelin developments to be included in future estates updates <b>G Ritchie/ J Carnegie</b>	Included within the Estates update	Closed

10.0	<b>Strategic Risk Register</b> Strategic Risks relative to the operation of ESP to be considered for Audit & Risk Committee <b>S Taylor</b>	Included within the Strategic Risk Register update	Closed
10.0	<b>Strategic Risk Register</b> Discussion on consideration of F&P allocated risks <b>J Carnegie/S Mill</b>	Included within the Strategic Risk Register update	Closed

The following actions were noted from the Tuesday 10 September 2019 Finance & Property Committee Meeting.

<b>Agenda Item No</b>	<b>Action</b>	<b>Current status</b>	<b>Open / Closed</b>
7.0	<b>Budget Monitoring Report and Update</b> Arrangements to manage in-year cash (including potential further loan repayment) to be developed - <b>J Carnegie</b> (January 2020)	This will be explored in early 2020	Open
10.0	<b>Procurement Update</b> Details arising through new procurement of graduation services and PPE contracts to be shared with Committee - <b>J Carnegie</b>	Each Finance & Property Committee receives updates on recently awarded the contracts. <ul style="list-style-type: none"> <li>• Graduation Services is due to be contracted by September 2020</li> <li>• PPE is due to be contracted by May 2020</li> </ul>	Open
11.0	<b>Estates Development Update</b> Information on MIM financing and related arrangements to be sought - <b>J Carnegie</b> (January 2020)	Included on the Agenda	Closed
	Kingsway Tower design work to be progressed - <b>B Grace</b> (March 2020)	Design consultants have been commissioned and their design work has commenced.	Open

**Author & Executive Sponsor:** Jaki Carnegie, Vice Principal – Corporate Services



**BOARD OF MANAGEMENT**

**Finance & Property Committee**

**Tuesday 19 May 2020**

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**Month 8 – Management Accounts**

**PAPER C**

# Finance and Property Committee

Tuesday 19 May 2020



## Management Accounts and Forecast

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### *Paper for information*

#### **1. Introduction**

This report brings to the Committees attention the management accounts for Month 8 (August 2019 – March 2020) which incorporates the revised budget that was approved in November 2019 together with management's latest forecast for the year.

#### **2. Recommendation**

Members are asked to note the Month 8 position.

#### **3. Context**

The College budget was revised in November and a cash-backed surplus of £604K was approved. Key areas have continued to be closely monitored and forecast updated where necessary. Indeed the Month 6 cash-backed forecast of £475K reported to Board last month, was improved to £660K at Month 7 primarily as a result of both teaching and support pay reductions.

The forecast reported this month now seeks to portray the most likely financial outcome following the closure of the College to both staff and students due to COVID-19. It continues to provide the basis of the Mid-Year Financial Forecast Return (MYR), originally submitted to Scottish Funding Council (SFC) on 20<sup>th</sup> April and revised for 18<sup>th</sup> May, and incorporates the available planning assumptions provided by SFC. Specifically, the College was requested to allow for payroll costs recoverable under the government's Coronavirus Job Retention Scheme (CJRS) following new guidance issued by both the Department of Education and SFC allowing limited furloughing of staff.

Whilst there is relative clarity around certain income streams, judgements have required to be made, taking all available information into consideration, and highlighting particular risks where appropriate.

It has been assumed that pay will be largely unaffected and only expenditure directly related to income, or of a consumable nature, will be reduced. Central budgets remain intact in this forecast, with much of the expenditure committed, but this will continue to be reviewed and mitigating action taken if necessary.

A Risk Assessment of key areas has again been provided within the Management Accounts in an attempt to indicate potential positive and adverse movements from forecast, albeit with a degree of uncertainty.

A minimum cash-backed surplus of £457K is required to cover the term loan repayment due in August without utilising cash reserves.

#### 4. Summary of results

The results of the first eight months of the year are presented against the revised budget for the period, together with a revised forecast for the year. Additionally, the movements since the last reported forecast are highlighted.

A cash-backed surplus of £1,474K is reported at Month 8, circa £700K more than budget. Note however that income is primarily recognised on an invoiced or cash basis over this period. Exam fees, property costs and consumable spend are all lagging behind the profiled budget. The latter in particular has declined sharply following the cyber-attack and imposition of temporary purchasing procedures.

**A forecast surplus for the year of £906K is now projected**, £302K more than the revised budget of £604K and up £431K on the previously reported forecast at Month 6. The application to the CJRS will enable the college to preserve employment and support our financial sustainability throughout the prolonged period of financial difficulty predicted as reflected in the initial budget for 2020/21.

It is estimated within this forecast that the adverse impact of COVID-19 is approximately £550K before allowing for CJRS claims.

A summary of key movements from the last reported forecast is given below:

##### Movement from last forecast

	£000's
<b>Cash backed surplus forecast at Month 6</b>	<b>475</b>
Flexible Workforce Development (FWDF) under delivery	(175)
Educational contracts, Commercial and Leisure Fees	(452)
Catering activities, net deficit	(119)
Interreg and Erasmus project cancellations	(94)
Lets, Sports facilities and other misc. income streams	(48)
Gardyne Theatre loss	(24)
Teaching variations and variable pay savings	69
Support pay variations and casual pay reduction	129
Teaching collaboration costs removed	35
Additional VS approved	(34)
Staff Travel saved	40
Consumables not incurred	244
Utility savings from closure	60
CJRS Claims	800
<b>Cash backed surplus forecast as revised for Month 8</b>	<b>906</b>

## 5. Income

Total income reported for the first 8 months is in line with budget. This does conceal a number of significant shortfalls, some of which are a direct early consequence of COVID-19 or are in areas that now pose significant concern such as apprentice funding.

College income is forecast to reduce by circa £500K below the revised budget and equates approximately to the impact of closure.

SFC's assumptions indicate that core teaching credit income will be protected. Risk is noted in relation to ESF funded credits. The College is confident that this can be managed internally but we are exposed to the possibility of clawback should the sector as a whole fail to achieve national targets.

Assumptions from SFC regarding FWDF is less clear, given that the bulk of our costs are effectively sunk in payroll. Delivery of training will however fall short of previous forecast by approximately £240K and net cost is estimated at £175K for this forecast. The sector continues to lobby SFC to adopt a more sympathetic position amid concerns that it is not reasonable to assume that additional delivery can be delivered during 2020/21 to compensate.

Full funding for this year's increase in STSS pension contributions, assumed in the revised budget, has been confirmed by SFC, thereby removing this risk.

Income from commercial and leisure activity is not expected to rise significantly beyond current actuals and forecast has been reduced accordingly. Similarly, income from commercial type operations of the College and its subsidiary are now pegged at current actuals, albeit with associated costs reduced also.

Erasmus+ funded mobility projects have been curtailed, with most trips planned during the March to June period. Together with the cancellation of an Interreg project, unconnected to COVID-19, this results in income reduction of almost £400K and a net loss of £94K contribution to permanent staffing and overheads.

The most substantive residual risk of further loss of income rests with apprenticeship funding from Skills Development Scotland (SDS) and the various industry Managing Agents, also part-funded by SDS. Whilst communication from SDS to date has generally been positive we await much needed clarity and confirmation that contracts will be honoured despite disruption. Experience across sectors is mixed, with the ability to continue learning online very variable, and a large number of apprentices currently furloughed, along with their supervisors and industry training co-ordinators.

An SDS reduction in Modern Apprenticeship contract value of £73K is reflected in this forecast but otherwise it remains intact at just over £1.4m across all of these funding sources. It is possible that a proportion of this income could be deferred or lost.

The College is currently finalising a first claim against the CJRS and has included an estimated £800K for the period to July in this forecast, within the Catering & other income heading.

## **6. Pay Costs**

Pay is approximately in line with revised budget to date across all categories but is expected to produce a positive outturn in excess of £200K. This is primarily due to certain variations and vacancies, the release of some contingency, and a recognition that some non-contracted costs of supply staff will not now be incurred, such as casual student pay.

Additional voluntary severance costs of £34K have been introduced following a successful application that will secure savings next year.

Circa 300 College staff are being furloughed but will continue to receive 100% salary.

## **7. Non Pay Costs**

Actual costs incurred in the first 8 months are down substantially on budget and it is difficult to accurately profile many elements, such as exam fees which are down £300K. However, expenditure was already being effected by closure to staff and students and curriculum consumable costs had been partially suppressed since the imposition of temporary purchasing arrangements following the cyber-attack at the end of January.

In this forecast, the direct costs of income generating operations have been removed, along with projects cancelled or curtailed, primarily impacting upon staff and student travel. Curriculum and other consumables are capped in line with actual costs already incurred or committed, save for some contingency retained for purchasing that may take place prior to the year-end.

Central budgets such as Organisational Development, Exams, ICT and Marketing have not been adjusted for COVID, in part because of existing commitments or resources redirected to facilitate home working and learning.

Property costs, other than utility savings now anticipated, are not adjusted in this forecast due to the current unpredictability of construction works. Whilst we are currently anticipating a modest over spend on current works, due primarily to higher cost of Forfar dilapidations, it is likely that this can be contained.

A welcome increase in Capital & Maintenance funding for FY 2020/21, up £830K to almost £2.5m, has been confirmed by SFC. Funding will be matched with eligible expenditure and therefore net financial impact of timing should be minimal.

We have been able to take advantage of a weak pound and have reversed the foreign exchange losses previously reported within Interest & Charges.

## **8. Student Support Funding**

With the exception of those already committed, the College has followed SFC guidance and redirected travel and childcare costs to make additional hardship funds available if necessary. We remain confident that we will have sufficient SFC funding, and following additional funding from SAAS, should also have sufficient discretionary funding available for HE students.

## **9. Cash Flow Forecast**

If the cash surplus forecast can be achieved the College should retain almost £2m by the year-end and consequently be able to meet the debt repayment falling due immediately in August. Tentative discussions have nevertheless begun with the lender to explore the possibility of a repayment 'holiday' in order to protect cash in the longer term, should this prove necessary.

Working capital movements may continue to be unpredictable and this will continue to be tracked and managed where possible. Restricted cash levels will be closely monitored.

## **10. Conclusion**

In normal circumstances we would be reasonably confident of the accuracy of the forecast at this late stage in the year. Whilst we do not have this degree of comfort, the key risk areas are clearly identified and will be managed within our means to ensure that adequate liquidity is sustained.

## **11. Link to Strategic Risk Register**

Managing the budget and reporting to the Finance & Property Committee supports the mitigation of the following risk identified within the Strategic Risk Register namely;

2.2 – failure to achieve institutional sustainability

**Authors:** Brian Ferguson, Head of Finance

Rhonda Bissett, Senior Management Accountant

**Executive Sponsor:** Jaki Carnegie, Vice Principal – Corporate Services

# Income and Expenditure Report

	2018/19	Month 8, March 2020			Full Year 2019/20		
	Actual	Budget	Actual	Variance	Revised Budget	Forecast	Variance
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
SFC Credit income	26,768	18,075	18,075	-	27,112	27,163	51
SFC ESF Credits	1,250	751	685	(66)	1,158	1,071	(87)
Other SFC grants	2,351	2,349	2,458	109	3,541	3,363	(178)
<b>SFC Total</b>	<b>30,369</b>	<b>21,175</b>	<b>21,218</b>	<b>43</b>	<b>31,811</b>	<b>31,597</b>	<b>(214)</b>
Tuition Fees	3,658	3,274	3,400	126	3,749	3,442	(307)
Non-Core income	3,199	2,180	1,945	(235)	3,295	2,810	(485)
Catering & other income	1,707	1,267	1,266	(1)	1,615	2,120	505
Foundation donations	454	248	220	(28)	248	248	-
<b>Total Income</b>	<b>39,387</b>	<b>28,144</b>	<b>28,049</b>	<b>(95)</b>	<b>40,718</b>	<b>40,217</b>	<b>(501)</b>
Teaching Pay - established	12,596	9,632	9,583	49	14,661	14,486	175
Teaching Pay - variable	2,833	2,388	2,431	(43)	2,873	3,006	(133)
Invoiced Staff Costs	221	172	147	25	249	184	65
Teaching Support Pay	1,971	1,413	1,421	(8)	2,125	2,096	29
Support pay	9,962	7,001	7,002	(1)	10,644	10,490	154
Apprenticeship Levy	90	66	67	(1)	100	100	-
VS Scheme	219	100	99	1	135	205	(70)
Unfunded pension payments	398	269	266	3	404	404	-
<b>Total Pay Costs</b>	<b>28,290</b>	<b>21,041</b>	<b>21,016</b>	<b>25</b>	<b>31,191</b>	<b>30,971</b>	<b>220</b>
Staff related costs	476	307	251	56	477	339	138
Consumables & Equipment	1,450	1,166	979	187	1,483	1,192	291
Exam fees	818	711	406	305	851	851	-
Student related costs	356	141	145	(4)	388	194	194
Property cost	2,574	2,045	2,021	24	2,898	2,959	(61)
ICT & Telephony	1,372	710	674	36	1,045	1,086	(41)
Insurance	111	78	78	-	117	117	-
Marketing	62	43	36	7	65	69	(4)
Professional fees	134	202	83	119	255	207	48
General Overheads	319	224	209	15	325	292	33
Interest & Charges	184	103	90	13	155	155	-
VAT	799	614	576	38	864	855	9
<b>Total non-pay costs</b>	<b>8,655</b>	<b>6,344</b>	<b>5,548</b>	<b>796</b>	<b>8,923</b>	<b>8,316</b>	<b>607</b>
<b>Cash-backed surplus/(deficit)</b>	<b>2,442</b>	<b>759</b>	<b>1,485</b>	<b>726</b>	<b>604</b>	<b>930</b>	<b>326</b>
<b>Add: subsidiary profit/(loss)</b>	<b>4</b>	<b>-</b>	<b>(11)</b>	<b>(11)</b>	<b>-</b>	<b>(24)</b>	<b>(24)</b>
<b>Consolidated Cash-backed surplus</b>	<b>2,446</b>	<b>759</b>	<b>1,474</b>	<b>715</b>	<b>604</b>	<b>906</b>	<b>302</b>

## Cash Flow Forecast

	2018/19	2019/20		
	Actual	Actual Month 8	Revised Budget	Revision
	£000's	£000's	£000's	£000's
<b>Cash backed surplus/(deficit)</b>	<b>2,446</b>	<b>1,474</b>	<b>604</b>	<b>906</b>
Loan repayment	(1,571)	(486)	(486)	(486)
Capital Expenditure	0	(92)	(92)	(92)
Capital funding	0	92	92	92
Working capital movements	103	(1,501)	(600)	(600)
<b>Net Movement in cash balances</b>	<b>978</b>	<b>(513)</b>	<b>(482)</b>	<b>(180)</b>
Opening cash balances	1,172	2,150	2,150	2,150
<b>Closing cash balances</b>	<b>2,150</b>	<b>1,637</b>	<b>1,668</b>	<b>1,970</b>

Restricted cash balances were approximately £960K at the end of March 2020.



**Risk Assessment of key volatile areas - Month 8 Forecast**

Income/Expenditure Category	Latest Forecast £000's	Possible Cash Deviations		Adverse Risk Assessment			Comments and mitigation
		Favourable £000's	Adverse £000's	Likelihood £000's	Impact £000's	Overall £000's	
SFC Credit income	27,163	-	51	Mid	Low	Low	Adverse risk should now be limited only to value of additional Credits.
SFC ESF Credits	1,071	-	100	Low	Low	Low	SFC undertake to discuss impact of COVID-19 with Government but are unable to guarantee full funding for any under delivery. The College has identified more than the requisite student number but must rely upon sufficient numbers passing and paperwork fully completed.
Other SFC grants	3,363	300	100	Low	Low	Low	Risk within this category has reduced with confirmation of full pension funding and reduction of FWDF to worst case scenario.
Tuition Fees	3,442	50	50	Low	Low	Low	With most categories reduced to actual and no further withdrawals, there is little potential for further downward movement.
Non-Core income	2,810	100	300	Low	Mid	Low	Risk now focused almost entirely upon funding for apprentices from SDS and Managing Agents.
Catering & other income	2,120	50	150	Low	Low	Low	Few items forecast significantly above actual to date. Adverse variance refers to the insurance claim for cyberattack and CJRS contingency.
Total Pay (exc. VSS & unfunded pensions)	30,362	100	100	Low	Low	Low	Variable teaching is being paid on a pre-COVID timetabled basis and future saving potential removed in this forecast, leaving limited scope for adverse deviation.
VSS	205	-	50	Low	Low	Low	Scheme remains open but there are currently no outstanding applications.
Property cost	2,959	50	50	Low	Low	Low	Total cost and associated funding may yet fluctuate significantly but net impact is unlikely to be substantive.

**BOARD OF MANAGEMENT**

**Finance & Property Committee**

**Tuesday 19 May 2020**

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**2020-21 Draft Budget**

**PAPER D**

# Finance and Property Committee

Tuesday 19 May 2020



## Budget 2020/21

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### *Paper for information*

#### **1. Introduction**

This report brings to the Committees attention the draft Budget for the year to 31 July 2020.

#### **2. Recommendation**

Members would ordinarily be asked to consider the budget for submission to the Board for approval. On the basis that the budget does not balance at this time it is proposed that Members note the current position with a view to a further budget being presented in due course for formal approval.

#### **3. Context**

The financial impact of the continuing restrictions imposed by the government's response to COVID-19 cannot at this time be accurately quantified. The level of uncertainty is unprecedented and the situation likely to remain fluid for quite some time. The College will continue to monitor and manage its finances appropriately and update financial projections frequently, taking all necessary mitigating actions within its control. The budget will be revised when there is sufficient clarity to do so reliably.

This Budget paper is prepared in especially challenging circumstances as we continue to fully recover from the cyberattack and become accustomed to home working and a new way of engagement. It is nevertheless a first attempt to present likely outcomes using management assumptions based upon limited information and reflecting the work being undertaken under 'project recovery' and recently assembled work streams to ascertain how the College may operate next term and the consequences for both revenues and expenditure.

A pre and post pandemic budget is presented for 2020/21 to highlight our interpretation of the likely impact of COVID-19. Comparison is made with the current year's revised budget as latest forecast for 19/20 is distorted by enforced closure in March.

There is relatively little certainty around a large number of income streams and a high degree of management judgements have been necessary. The Risk Assessment of Key Areas, a regular feature of our Management Accounts, is once again offered but with less assurance around potential favourable and adverse movements.

Both short and medium term scenario planning will be undertaken as part of our preparation for the Financial Forecast Return (FFR) required by The Scottish Funding

Council (SFC). The deadline for the FFR and the associated guidance and assumptions will be provided by SFC in due course when they believe there to be sufficient clarity.

#### **4. Summary of results**

The pre COVID-19 'business as usual' budget was already demanding of our attention, forecast at break-even. Mitigating actions will now be considered within the wider challenge of the post COVID-19 budget which is currently a cash deficit of £1.56m.

Budget requirements will be tested and opportunities for maximising use of funding will be fully explored. This will include both Flexible Workforce Development Funding (FWDF) and Capital & Maintenance (C&M) grant from SFC, with the latter potentially being diverted to meet loan obligations or fund necessary ICT resources. Preliminary discussions are already underway with SFC at sector level.

If our evaluation is remotely realistic it seems inevitable that additional funding for the FE Sector will be necessary if we are to avoid serious implications for both learners and staff. Consequently SFC are being urged to mirror what is being done for universities and produce a sustainability action plan for the college sector.

Appropriate furloughing of staff will continue and claims submitted within the prevailing guidelines, however a prudent position has been adopted based on the likelihood that the college will reopen for learners and staff, currently furloughed, will be required to deliver services to students.

#### **5. Income**

Total income in 2020/21 is budgeted at £39.6m, reflecting COVID-19 reductions of £2.1m, and is down £1.1m from the revised budget for the current year.

SFC Income is budgeted in accordance with the allocations announced in April and provides for a 1.8% increase in core allocations before adjusting for a full year's pension support, previously reported under Other SFC grants. Whilst it appears probable that there will be some adjustments to the shape of the credit target, the core teaching grant will be maintained at £28.459m.

SFC ESF Credits, paid in exchange for HE delivery under the 'Developing Scotland's Workforce' programme continues to be budgeted at current year's level but individual college allocations remain unconfirmed by SFC. An enhanced level of uncertainty has arisen with SFC's expectation that the sector may not be able to deliver its student FTE target in 2019/20, placing the ESF funded proportion of nearly 40% in jeopardy for both 19/20 and 20/21.

Whilst regional FWDF allocations have not yet been confirmed, the total sector budget is unchanged and it is reasonable to expect that our allocation of £473K will be repeated by SFC. The budget presently assumes a level of activity similar to that budgeted for the current year when revised, and now including a substantial carry forward from under delivered planned 2019/20 activity. If the current year's post COVID-19 forecast assumption holds true, this would mean that only a third of the anticipated 20/21 allocation would be delivered in-year. This presents an upward potential but would be dependent upon both the College's capacity to deliver and an increased appetite to receive training. Whilst theoretically possible, we believe that a

downward movement is more likely given the prevailing situation. This is a particularly contentious issue for the sector and successful achievement may rely upon a relaxation of current programme rules and a greater move to on-line delivery or repositioning of a proportion of the grant funding to meet the new challenges. Pending further clarity from SFC, the financial risk is currently judged to be substantial.

SFC Capital & Maintenance funding is allocated on a financial year basis. The College allocation has increased by 50% in line with the sector as a whole, to £2,476K, including a large ring-fenced portion of £1,669K for High Priority Works. The intention is to use a portion of these funds for the backlog maintenance element of the Kingsway Tower development, supported by a bid to Dundee and Angus Foundation for the first phase of the Kingsway redevelopment. For the purposes of this budget it is assumed that the total allocated will be spent.

Other SFC funds are generally budgeted in line with current year and proportionate to associated expenditure.

Tuition fees have been reduced by varying degrees based upon a judgement taking into consideration demand, retention, capacity, competition and a weak economic climate. This ranges from 50% for commercial short courses to 10% for full-time HE and removes some £850K of potential income from the budget.

Non-core income is similarly estimated and drops by approx. £600K, of which £435K relates to contracts for Modern and Foundation apprenticeship training from Skills Development Scotland (SDS) and construction industry managing agents. Discussions with these organisations on possible new delivery models is ongoing but the prospect of fewer apprentices has been acknowledged.

It is currently anticipated that Erasmus mobility project activity that was suspended this spring will be carried over to spring of 2021 if travel restrictions are lifted. Grant income and associated costs have therefore been included but their removal, should this not be possible, will have minimum net impact.

Catering and other income has been reduced by circa £700K. Catering accounts for the bulk of this with the assumption that it will operate at 40% capacity over the course of the twelve months, with direct non-pay costs reduced accordingly.

There are substantial reductions also assumed from retail type activity, lets and sports facilities but this is off-set within this category by the inclusion of a £200K for to be claimed under the government's CJRS, down from £800K for the previous four months of 2019/20 but cautiously recognising that significant limitations appear likely.

## **6. Pay Costs**

Total pay costs for 2020/21 have increased by over £1.4m from the current year's revised budget, and payroll cost nearly £1.6m. Teaching pay increases by 6.1% and support by 2.4%. The former includes a tentative variable teaching provision of £255K as part of our potential COVID-19 response and in particular to aid returning students completing work from 19/20 and school students transitioning during the early weeks of term.

Current processes to review variable lectures under the nationally agreed 'transfer to permanency' arrangements present additional risks but will be carefully managed.

Cost of living pay awards scheduled for September assume current Scottish Government pay policy for 2020/21 of 3%, with minimum and maximum increases.

No provision is made for possible payments under the voluntary severance scheme.

## **7. Non Pay Costs**

Non-pay is down a total of £152K when compared against the current year however the increase in property costs of almost £700K masks a substantial net reduction across other categories. As a result of remote delivery and working from home, a £774K reduction in costs associated with consumable materials and staff and student travel has been projected.

Modest real increases have been necessary to reinstate costs saved from current year's budgets, such as OD and ICT. The latter, along with other central budgets, has been protected to deal with additional resources required for remote working. It also reflects a trend of increasing costs of licences as we continue our strategic move towards Cloud platforms but also benefits from reduction from other elements such as telephony where a new contract has secured savings of almost 50%.

Exam fees have been maintained at current levels meantime but savings should be possible with fewer fee paying students.

As previously highlighted, property works costs are increased in line with funding meantime but this level could not be sustained if Capital & Maintenance funding is diverted. At this time we do not envisage a reduction in general campus running costs. Savings will be required to be vired towards PPE, signage and other campus reconfigurations required to ensure safe working.

## **8. Subsidiary Company**

Gardyne Theatre Limited faces particular challenges in light of the specific restrictions imposed upon the operations of public auditoriums, together with the changes in management structure that have been put on hold. Gardyne Theatre staff have been furloughed and will continue to be supported by the CJRS. Preliminary assumptions and, as a consequence, a break-even position is adopted for the purposes of this consolidation. Whilst there is potentially significant downward risk all possible steps will be taken to minimise cost and safeguard the liquidity of the subsidiary.

## **9. Student Support Funding**

It is assumed that the College will have sufficient funds to satisfy student demand and we expect this to be a feature of SFC guidance when published.

SFC's initial allocation for 2020/21 is almost 4% higher than funds available for 2019/20, which we now expect to under spend. Additional pressures may present from support for returning students and the lifting of the age cap for Care-experienced students in receipt of bursary. The College would continue to respond to any surge in demand through the established in-year distribution mechanism. The College will also

seek to maximise the use of all available funds to support students working remotely and those who may be suffering additional hardship, and will work with others to seek all necessary flexibility within the rules.

**10. Cash Flow Forecast**

Without additional funding or other means of support, the cash deficit suffered coupled with our loan obligations would fully exhaust our cash reserves.

**11. Conclusion**

The level of deficit currently budget highlights the magnitude of the financial challenge but is by no means acceptable nor sustainable. All mitigating actions within our control will be taken whilst simultaneously working with the wider sector and our key stakeholders to lobby for essential support.

**12. Link to Strategic Risk Register**

Managing the budget and reporting to the Finance & Property Committee supports the mitigation of the following risk identified within the Strategic Risk Register namely;

2.2 – failure to achieve institutional sustainability

**Authors:** Brian Ferguson, Head of Finance

Rhonda Bissett, Senior Management Accountant

**Executive Sponsor:** Jaki Carnegie, Vice Principal – Corporate Services

## Budget

	2019/20	2020/21		
	Revised Budget	Pre COVID Budget	Post COVID Budget	2019/20 Revised Budget
	£000's	£000's	£000's	£000's
SFC Credit income	27,112	28,459	28,459	1,347
SFC ESF Credits	1,158	1,158	1,158	-
Other SFC grants	3,541	3,483	3,483	(58)
<b>SFC Total</b>	<b>31,811</b>	<b>33,100</b>	<b>33,100</b>	<b>1,289</b>
Tuition Fees	3,749	3,899	3,046	(703)
Non-Core income	3,295	3,182	2,579	(716)
Catering & other income	1,615	1,613	907	(708)
Foundation donations	248	-	-	(248)
<b>Total Income</b>	<b>40,718</b>	<b>41,794</b>	<b>39,632</b>	<b>(1,086)</b>
Teaching Pay - established	14,661	14,964	14,964	(303)
Teaching Pay - variable	2,873	3,378	3,633	(760)
Invoiced Staff Costs	249	249	249	-
Teaching Support Pay	2,125	2,075	2,075	50
Support pay	10,644	11,074	10,999	(355)
Apprenticeship Levy	100	100	100	-
VS Scheme	135	-	-	135
Unfunded pension payments	404	404	404	-
<b>Total Pay Costs</b>	<b>31,191</b>	<b>32,244</b>	<b>32,424</b>	<b>(1,233)</b>
Staff related costs	477	475	389	88
Consumables & Equipment	1,483	1,421	911	572
Exam fees	851	851	851	-
Student related costs	388	423	369	19
Property cost	2,898	3,486	3,486	(588)
ICT & Telephony	1,045	1,126	1,126	(81)
Insurance	117	120	120	(3)
Marketing	65	65	65	-
Professional fees	255	150	150	105
General Overheads	325	325	260	65
Interest & Charges	155	135	135	20
VAT	864	968	909	(45)
<b>Total non-pay costs</b>	<b>8,923</b>	<b>9,545</b>	<b>8,771</b>	<b>152</b>
<b>Cash-backed surplus/(deficit)</b>	<b>604</b>	<b>5</b>	<b>(1,563)</b>	<b>(2,167)</b>
<b>Add: subsidiary profit/(loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Consolidated Cash-backed surplus/(deficit)</b>	<b>604</b>	<b>5</b>	<b>(1,563)</b>	<b>(2,167)</b>



**Risk Assessment of key volatile areas**

Income/Expenditure Category	Latest Forecast £000's	Possible Cash Deviations		Adverse Risk Assessment			Comments and mitigation
		Favourable	Adverse	Likelihood	Impact	Overall	
		£000's	£000's	£000's	£000's	£000's	
SFC Credit income	28,459	-	-	Low	Low	Low	Core grant appears not to be at risk but opportunities for increased credits are unlikely.
SFC ESF Credits	1,158	-	460	Mid	High	High	Heightened risk of recruiting sufficient HE students is compounded by the greater threat to the sector losing the 40% ESF portion of funding if student targets achieved. Initial allocations have yet to be confirmed.
Other SFC grants	3,483	1,500	500	Low	High	Mid	Over £400K has yet to be confirmed but expectations of this are believed to be reasonable. Capability to deliver in excess of £0.5m FWDF activity is uncertain. There could be significant upside, particularly if sustainability funding is secured. Adjustment to Capital & Maintenance grant should be cost neutral.
Tuition Fees	3,046	500	400	Low	High	Mid	Fees have already been reduced substantially but possibly not to worst case scenario. Every effort will be made to deliver on-line where possible.
Non-Core income	2,579	500	200	Low	Low	Low	Apprentice funding assumptions are extremely cautious and it is therefore felt that further substantial reduction is unlikely. Several significant elements within this category, such as Erasmus mobility funding, may move up or down but with minimal net impact.
Catering & other income	907	400	200	Mid	Low	Low	Catering across all outlets now accounts for less than half of this category but assumptions of 40% operating capacity may yet prove optimistic. Potential for substantial favourable variance across all income streams limited with the possible exception of further pay subsidy from the CJRS.

Income/Expenditure Category	Latest Forecast £000's	Possible Cash Deviations		Adverse Risk Assessment			Comments and mitigation
		Favourable	Adverse	Likelihood	Impact	Overall	
		£000's	£000's	£000's	£000's	£000's	
Total Pay (exc. VSS & unfunded pensions)	32,020	300	300	Low	Low	Low	Some contingency for additional variable costs are budgeted but risks still present from national bargaining pay awards.
VSS	-	-	200	Mid	Low	Low	It is possible that necessary contraction may encourage applications.
Property cost	3,486	500	200	Low	Low	Low	Exceptional COVID-19 related cost of PPE, signage and campuses reconfiguration may not be fully accommodated within existing budget. Utility prices cannot be known beyond March and consumption may increase with flexible working arrangements. Conversely, property costs may be reduced and funding diverted to cover other costs.
Non-pay costs excluding property	5,285	500	350	Low	Mid	Mid	Early, high level evaluations have been made for lower consumption and must still be tested as operational plans are refined. Further reductions may yet be possible from more discretionary spend areas and specific student related costs may reduce further.

## Cash Flow Forecast

	2018/19	2019/20	2020/21
	Actual	Latest Forecast	Post COVID Budget
	£000's	£000's	£000's
<b>Cash backed surplus/(deficit)</b>	<b>2,446</b>	<b>906</b>	<b>(1,563)</b>
Loan repayment	(1,571)	(486)	(475)
Capital Expenditure	-	(92)	-
Capital funding	-	92	-
Working capital movements	103	(600)	0
<b>Net Movement in cash balances</b>	<b>978</b>	<b>(180)</b>	<b>(2,038)</b>
Opening cash balances	1,172	2,150	1,970
<b>Closing cash balances</b>	<b>2,150</b>	<b>1,970</b>	<b>(68)</b>

**BOARD OF MANAGEMENT**

**Finance & Property Committee**

**Tuesday 19 May 2020**

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**Capital – Kingsway Tower Redevelopment**

**PAPER E**

# BOARD OF MANAGEMENT

## Finance & Property Committee

Tuesday 19 May 2020



## Kingsway Campus Redevelopment

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### *Paper for approval*

### Kingsway Tower Redevelopment Update

#### 1. Introduction

In lieu of a full Board meeting on 17 March 2020, due to the impending lockdown measures, the Chairs of the Committees met online. The approach was presented in the Board paper (attached as an appendix for ease of reference) was agreed in principle, subject to the paper being updated to incorporate the affordability of the options based on possible sources of funding from backlog maintenance and Dundee and Angus Foundation, prior to circulation to the full Board for approval.

This report provides the information on the affordability and sources of funding to enable it to be presented to Dundee and Angus Foundation to bid for the funding and to be presented to the Board for approval.

#### 2. Recommendation

Members are asked to approve that we:

- Progress with Phase 1 of the Kingsway Tower redevelopment.
- Approach Dundee and Angus Foundation to support Phase 1 (£2,174,740) and Phase 2 in principle (£574,177) totalling £2,748,918 + VAT = £3,298,702. The Foundation meet in early June so we would intend to provide the Foundation with information to support a bid for funding.
- Circulate this paper to seek Board approval to proceed.

#### 3. Background

3.1 The work associated with the full design for the Kingsway Tower Redevelopment has now been completed and the College has received the final tendered costings from the main contractor Robertson Construction.

3.2 High level costs of £4.9m (excluding VAT) for the overall project were previously provided. Following negotiations and a value engineering exercise, the cost of the

overall project has been confirmed as £4.5m (excluding VAT). The College is now in a position to formally submit a bid to the Dundee and Angus Foundation (Dundee and Angus Foundation) for funding to allow the project to proceed.

- 3.3 The business case for the project which was approved in principal by the Chairs Committee in March 2020 outlined that funding of up to £4m would be sought from the foundation, supplemented by the 2020/21 Capital Backlog Maintenance Grant which has been confirmed at £2.475m. The bid to the Dundee and Angus Foundation can now be framed in line with the overall budget cost and the Capital Backlog Grant funding that is available.
- 3.4 It was the College's intention, subject to formal approval from the Board of Management and securing funding via a bid to the Dundee and Angus Foundation, to progress the Kingsway Tower Redevelopment between April 2020 and September 2020. The onset of the COVID19 pandemic has however severely impacted on the planned programme, and it is now the College's intention to progress the development over 2 phases – Phase 1 in 2020 and Phase 2 in 2021.

Phase 1 of the development comprises –

- Creation of the Hair, Beauty and Complimentary Therapies Facility
- Creation of part of the new social space and frontline services

Phase 2 of the development will comprise –

- Completion of the new social space and frontline services.
- Creation of the new training restaurant
- Creation of the new Learning and Digital Resources facility

- 3.5 The costs associated with the overall project and the individual phases are detailed in the table below along with the breakdown of the Backlog Maintenance and Foundation elements in terms of required funding. The values in the table are exclusive of VAT.

	<b>Capital Backlog Maintenance Element</b>	<b>Dundee and Angus Foundation Element</b>	<b>Total Cost of Project</b>
Phase 1 Projects	£1,202,690	£2,174,740	£3,377,430
Phase 2 Projects	£547,570	£574,177	£1,121,747
Complete Project	£1,750,260	£2,748,918	£4,499,178

- 3.6 The intended bid to the Dundee and Angus Foundation will be £3.3m. This would be proposed as being released over 2 years –
- 2020 - £2.61m
  - 2021 - £0.69m

- 3.7 An allocation of £1.45m inclusive of VAT is required from 2020/21 Capital Backlog Maintenance Grant allocation for Phase 1 of the project. An allocation of £0.66m inclusive of VAT will be required from the 2021/22 Capital Backlog Maintenance Grant allocation for Phase 2 of the project.
- 3.8 There is also a requirement to replace the existing library roof as part of the Capital Backlog Maintenance programme. The cost of the replacement roof is approx. £216k inclusive of VAT.
- 3.9 A Risk Register has been developed for the project and the potential costs associated with the risks are included in the overall budget. The potential impact of COVID-19 is included within the Risk Register. The requirement to maintain social distancing as well as controlling other risks has been factored into the programme for each of the Phase 1 projects.
- 3.10 Subject to formal approval and funding being secured from the Dundee and Angus Foundation, Robertson Construction will be awarded the project to proceed with Phase 1.
- 3.11 Regular discussions have been taking place with Robertson regarding the programme and subject to COVID-19 restrictions being lifted
- Phase 1 of the project will commence in June 2020.
  - The social space and frontline services element will be completed in September 2020.
  - Hair, Beauty and Complimentary Therapies will be completed in December 2020.

**Appendix:** March 2020 Board Paper which was considered by the Chairs Committee in lieu of the formal Board meeting taking place.

**Author:** Billy Grace, Head of Estates  
**Executive Sponsor:** Jaki Carnegie, Vice Principal – Corporate Services

Originally issued to the **Board of Management**  
on 12 March for the intended 17 March 2020  
meeting



## **CAPITAL APPRAISAL:**

### **Kingsway Campus Tower Building Redevelopment Project**

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#### **1. EXECUTIVE SUMMARY**

The Board approved a 5 year Estates Strategy in March 2019 that confirmed the vision of “three campuses, one College”. The Board supported the prioritisation of the development of the Kingsway Campus being acutely aware of the urgent need to enhance the learning environment for students, with the driver for any developments being a future-focussed curriculum.

The key development objectives identified within the Estates Strategy were:

- Building the case for major funding for a new-build STEM centre
- To progress the redevelopment of the Tower through a package of projects

The following document identifies the work that has progressed since the Finance & Property Committee the approved spend up to £100k in September 2019 to provide fully costed designs for the redevelopment of the tower block.

The expectation is that providing the College can secure funding of up to £4m from Dundee & Angus Foundation and we secure an equivalent level of capital backlog maintenance funding (c£1.3m) than in previous years from SFC, the proposed package for the Kingsway Tower redevelopment is affordable.

#### **2. INTRODUCTION**

The College has secured funding from the Scottish Funding Council (SFC) to develop an Outline Business Case (OBC) for the creation of a new STEM Centre on the Kingsway Campus. The development of the OBC is nearing completion and will shortly be submitted to SFC for consideration with an expectation that the proposed project will form part of the Scottish Government Spending Review in Autumn 2020.

The Dundee & Angus Foundation was identified as a potential funding source for the redevelopment of the Kingsway tower and discussions have taken place with the Foundation’s Board regarding a possible funding bid. The College would also use the 2020-21 Capital Backlog Maintenance Grant allocation to fund a number of elements relating to internal fabric and mechanical and electrical infrastructure replacement



previously identified within the SFC commissioned 2016 condition survey of the College estate. It would be possible to allocate up to £1m from the grant allocation.

Following approval by the Finance & Property Committee to take the Kingsway Tower Redevelopment through the design process, the College appointed Robertson Construction as main contractor.

Robertson Construction were appointed using the SCAPE framework, which is a fully compliant procurement option. Robertson Construction subsequently appointed the Design team as detailed below –

Main Contractor and Quantity Surveying -	Robertson Construction
Architect -	JAS Stephen
Structural Engineer -	Millards
Mechanical/Electrical Consultant -	KDQ

The Estates Project Team has been working very closely with Robertson Construction and the Design Team over the last 5 months to facilitate a robust consultation process with students, staff, and employers from industry along with other stakeholders to develop the Kingsway Tower vision. The College also adopted a service design approach working with the Service Design Academy to gather end user data which has fed in to developing the design of the different projects.

Three distinct projects have been identified as being part of the tower redevelopment–

- 1a.** Creation of new Hair, Beauty and Complimentary Therapies facility
- 1b.** Creation of new Learning and Digital Resources facility on Level 1
- 1c.** Creation of new support function facilities on level 6
- 2.** Creation of new Student Frontline Services and Social Space
- 3.** Creation of a new Training Restaurant

**Project 1a** Involves the creation of a new, 2 storey Hair, Beauty & Complimentary Therapies facility in the location currently occupied by the Learning and Digital Resources.

**Project 1b** The creation of this new HB&CT facility in turn will require a new location for the L&RD facility and the intention is to create a new facility on Level 1 of the tower block.

**Project 1c** Level 1 is currently occupied by a range of support services and they would in turn be relocated to Level 6 which was the original location of the hair and beauty department. This would be a basic relocation to Level 6.

**Project 2** Involves the creation of a new student social space and enhanced access to frontline services.

**Project 3** Involves the creation of a new Training Restaurant to replace the existing facilities which are dated and uninspiring and the environment lacks the benefit of natural light.

This paper present 5 different options for addressing these concerns –

- Option 1 – Do nothing

- Option 2 – Carry out a cosmetic upgrade of existing facilities – decoration, flooring, etc.
- Option 3 – Progress all proposed projects
- Option 4 – Progress projects 1a, 1b and 1c
- Option 5 – Progress Option 4 and what is affordable from projects 2 and 3.

It is recommended that option 3 be approved by the Board of Management as this option provides the College with modern and inclusive learning and teaching facilities and a welcoming and attractive social environment for Kingsway Campus. The new facilities will inspire and motivate our learners and staff to be more successful.

### 3. PROJECT MANAGEMENT

**Project Sponsor** - Jaki Carnegie, Vice Principal Corporate Services

**Project Manager** - Billy Grace, Head of Estates

**Project Team** - Billy Grace, Head of Estates, Kevin McCord, Estates Manager  
Supported by the consulting/construction team referred to above.

### 4. BACKGROUND CONTEXT

Following the success of the Good to Great transformation strategy, the College has aspirations to now build on this fantastic platform, to push to improve results further, and to improve the learning and social experience for future learners. The redevelopment of the Kingsway campus is a main plank in that ambition. Whilst the other main campus sites are fit for purpose, the Kingsway site is a major problem. The infrastructure is not good, the fabric of the estate is crumbling and students are expressing their dissatisfaction with the available facilities. The site requires major upgrading to operate as a centre for modern learning and development.

The detrimental impact on the experience of students and staff has been highlighted in the evidence-gathering sessions – student surveys, and also highlighted by Education Scotland at a recent review. Specifically, students argued strongly that the learning environment is not fit for purpose and that the absence of a campus “heart” impacts on their overall college experience.

The Scottish Funding Council have recently financially supported the development of an Outline Business Case for the creation of a STEM centre on Kingsway which will in turn enable the College to dispose/demolish a range of teaching accommodation used for STEM subjects that are no longer fit for purpose.

In addition to creating a new STEM Centre, the Finance & Property Committee approved a Kingsway Tower Project Plan and committed to investing £100k fully develop the design and costs for the proposed projects. The Project Plan identified an urgent need to enhance the learning and teaching facilities for our service industry courses in Kingsway – Hospitality & Professional Cookery and Hair, Beauty & Complimentary Therapies. The plan also highlighted a need for the College to enhance the social spaces at the same time as improving access to frontline services for our learners, staff and visitors to the College. This included the creation of a new Learning & Digital Resources facility for our learners.

The Project Plan identified a same floor location for all of these projects which will have a hugely positive impact on our learner experience. Learners enrolled on Service Industry courses will have access to state of the art facilities that will promote real-life working experiences as part of their learning, along with access to a lively and vibrant social environment that will encourage learners to stay on campus out with normal class time. The wider College community – STEM subjects and Space will be attracted to the new ‘heart’ of the campus taking advantage of the huge range of services and much improved facilities that will now be available.

The service industries are a vital part of the predicted growth anticipated within the Dundee and Angus economy over the next 5 years. It is important that the College has both the course provision and the facilities to support this growth, including an environment that will inspire and provide real life experience and simulation in order to encourage more people into these roles and industries.

In particular, the region will see a 4.4% increase in the need for skilled barbers, hairdressers, beauty salon managers and beauticians, this does not include those that wish to train to be self-employed. In regards to roles within the hospitality sector, such as chefs, kitchen/catering assistants and catering managers, the region will see an increase of 2.4% over the same period.

Having modern, state of the art facilities in both these industries housed within the Kingsway Tower will help raise the profile of these career pathways and inspire more people into these industries to help service the growth.

There is a clear need to improve the learning, teaching and social environment to meet the aspirations and expectations of our learners, staff and key stakeholders at Kingsway.

## **5. LINK TO COLLEGE STRATEGIES**

### **5.1. Regional Outcome Agreement**

The key strategic direction and priority intentions for Dundee and Angus College are set out in our draft Regional Outcome Agreement for 2020-21.

We have six Priority Outcomes, with the proposed developments helping to deliver all six:

1. To be a key contributor to the economic growth opportunities created by the Dundee Waterfront, Tay Cities Deal, Michelin Scotland Innovation Parc and other developments. Establishing the College as the main skills partner for major regional economic opportunities, working as an effective partner to deliver a skilled and work ready workforce to support jobs growth in areas such as digital, hospitality, cultural tourism, renewable energy, advanced manufacturing, and care sectors.
2. To deliver a comprehensive, innovative and future focused curriculum that meets learner and economic needs, improves learner attainment and progression, and embeds essential learner attributes in enterprise, career management, digital and metaskills at all levels.

3. Contribute to thriving and resilient regional communities by ensuring seamless access and inclusive learning opportunities and services, irrespective of background, for all members of our community. We will meet national ambitions for Care Experienced and other disadvantaged/under-represented groups and contribute fully to the achievement of the recommendations contained within A Blueprint for Fairness: The Final Report of the Commission on Widening Access.
4. Deliver the outcomes of Developing the Young Workforce – Scotland's Youth Employment Strategy, working in close partnership with our local DYW Group, employers, schools and the university sector to deliver streamlined learning and skills opportunities that shorten learner journeys and enhance employment and progression opportunities.
5. Maintain a regional college that is sustainable in all its forms, delivering sound governance, wellbeing, and effective financial management, whilst addressing the challenge of the climate emergency, underpinning the international sustainable development goals, and directing the maximum level of resource towards learners and their learning.
6. Progress our ambitious estates strategy to meet regional curriculum needs and enhance the learning environment through the creation of a regional STEM centre, redevelopment of the Kingsway tower, and investment to meet regional skills needs.

The draft ROA for 2020-21 is being presented separately to the March Board for approval.

## **5.2. Estates Strategy**

The redevelopment of the Kingsway Tower is an identified objective from the current 2019-24 Estates Strategy

## **6. OPTIONS**

### **6.1. Option 1 – Do Nothing**

This is not an option we would wish to consider because the existing facilities are no longer fit for purpose and do not meet the needs or aspirations of our learners, staff and stakeholders.

### **6.2. Option 2 - Carry out cosmetic upgrade of existing facilities – decoration, flooring etc**

This is not an option worth considering as it does nothing to significantly enhance the learning and teaching facilities or learner social spaces and access to improved frontline services. There would be negligible impact on improving the student experience.

### **6.3. Option 3 - Progress all projects**

If affordable within the various funding streams available, progress all elements of the Kingsway Tower Project Plan previously approved by the Finance and Property Committee.

Work has been completed on the full design and costs associated for all of the projects. The high level costs, prior to the tenders being returned, and without value engineering, are estimated at £5.867m

The impact on the student experience by progressing all of the projects will be significant. Kingsway based students for too long have had to settle for second best due to the uncertainty regarding capital investment on the campus.

The College now has the opportunity to create learning and teaching environments which will be inspirational, state of the art and fit for purpose. It is also the chance to create a new 'heart' of the campus by developing vibrant, lively and colourful social spaces with easy access to first class front line services.

#### **6.4. Option 4 – Progress projects 1a, 1b and 1c**

If affordable within the various funding streams available, progress the creation of a new Hair, Beauty and Complimentary Therapies facility, Learning and Digital Resources facility and Support Staff facilities on level 6 of the tower block.

Work has been completed on the full design and costs associated for these projects estimated to be circa £3.2m.

The positive impact on the Hair, Beauty and Complimentary Therapies student experience will be significant with the creation of the new facility. Clients using the facilities will also receive a significantly enhanced experience.

The new Learning and Digital Resources facility will provide a 'Robust, Flexible Digital Environment' where students are encouraged and supported to 'Bring Their Own Device', therefore, the space and furniture would include multiple data and power. Creating this space will also bring Kingsway campus into line with the facilities currently on offer at Gardyne and Arbroath campus, ensuring a consistency of service to all our students.

The relocation of support functions to level 6 will be basic reconfiguration at minimum cost

#### **6.5. Option 5 - Progress projects 2 and 3**

Progress the development of new learner social spaces and frontline services.

Work has been completed on the full design and costs associated for these projects estimated to be circa £2.7m.

The impact on the Hospitality and Professional Cookery student experience will be significant with the creation of a new training restaurant. The creation of the new 'heart' of the campus will also positively impact on the experience of all of our learners, staff and stakeholders.

### **7. NON-FINANCIAL BENEFITS**

One of the main non-financial benefits will be providing the College with modern and inclusive learning and teaching facilities and a welcoming and attractive social

environment for Kingsway Campus. The new facilities will inspire and motivate our learners and staff to be more successful.

## **8. FINANCIAL APPRAISAL**

### **8.1. Capital costs (one-off) inclusive of VAT, fees and FF&E**

Option 1 - £0  
Option 2 - £350k  
Option 3 – £5.867m  
Option 4 – £3.2m  
Option 5 - £2.7m

### **8.2. Revenue costs (recurring)**

Option 1 - £0  
Option 2 - £0  
Option 3 – £8k  
Option 4 – £3k  
Option 5 - £5k

### **8.3. Capital funding**

The intention is to make a bid to the Dundee and Angus Foundation for up to £4m contribution for the various projects with the remaining balance coming from the Capital Backlog Maintenance Grant.

### **8.4. Marginal income**

It expected that the new Hair, Beauty, and Complimentary Therapy and Training Restaurant facilities will generate additional income.

## **9. RISKS**

The potential risks associated with this project are –

1. Securing the necessary funding from Dundee and Angus Foundation alongside sufficient backlog maintenance funding from SFC to undertake the approved Kingsway Tower redevelopment.
2. Completing all of the work within the required timeline. The current pandemic situation may have an as yet unquantifiable adverse affect on timing and funding.
3. There will be an element of disruption during this project with curriculum and support functions needing to be decanted to allow works to be completed.

## **10. TIMESCALES**

Subject to board approval, the College would submit a bid to the Dundee and Angus Foundation for funding of up to £4m to progress the various projects.

We would propose commencing the projects mid-April 2020 with a view to having the projects completed by the 7<sup>th</sup> August 2020.

## **11. RECOMMENDATION**

It is acknowledged that the quality of the learning and teaching facilities along with the student social spaces and access to frontline services is impacting on the overall learner experience at Kingsway Campus. The current situation is not sustainable and action is required to enhance our learner experience for students studying at our Kingsway Campus.

We are seeking approval from the Board of Management to progress projects 1a, 1b, 1c, 2 and 3

The recommendation is for the Board of Management to support the request to proceed with option 3.

**BOARD OF MANAGEMENT**

**Finance & Property Committee**

**Tuesday 19 May 2020**

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**Capital – Estates Annual Report**

**PAPER F**





# Estates Report

1 April 2019 – 31 March 2020



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## **Introduction**

This report provides a summary of Estates related activities for the period 1 April 2019 – 31 March 2020.

## **Estates Strategy 2019 – 2024**

The main focus over the last year has been the implementation of the Estates Strategy for the five year period 2019-24 which was approved by the Board of Management in March 2019.

The key parameters set out in the Strategy are as follows:

- Confirmation of our vision of “three campuses, one College”.
- An assessment of the Arbroath and Gardyne campuses which confirms that accommodation is generally of a high quality but with significant backlog maintenance challenges, particularly at Arbroath.
- Prioritisation of redevelopment of the Kingsway Campus.

A masterplan for the Kingsway Campus was developed on the basis of-

- Following a hybrid model, with redevelopment of the Tower and a new build STEM centre
- Progressing redevelopment of the Tower through a package of projects
- Building the case for major funding for a new-build STEM centre

## **Kingsway Tower Redevelopment**

A Kingsway Tower Plan outlining the vision for transforming the Tower through two overarching projects was approved by the Finance and Property Committee in May 2019. The Plan provided high level information about the future spaces to be created and the benefits which will accrue to learners, along with an outline of the works required, project timelines and potential sources of funding.

A further more detailed plan was submitted to the Finance and Property Committee in September 2019 seeking approval to - Members were asked to approve the approach proposed to support progressing Kingsway Tower Redevelopment. In particular, Members approved:

- the development of the Kingsway Tower to full design stage
- funding of up to £100K to appoint consultants to produce a full design for the Kingsway Tower
- sharing our vision for the Kingsway Campus with Dundee and Angus Foundation and developing a future funding bid to support the Kingsway Tower development

## **Project Information**

Five distinct projects were identified as part of the Kingsway Tower Redevelopment

1. Creation of new Hair, Beauty and Complimentary Therapies facility
2. Creation of new Learning and Digital Resources facility on Level 1
3. Creation of new support function facilities on level 6
4. Creation of new Student Social Space and Frontline Services
5. Creation of a new Training Restaurant

Following approval to take the Kingsway Tower Redevelopment through to full design, the College appointed Robertson Construction to assist with the development. Robertson Construction were appointed using the SCAPE framework, which was a fully compliant procurement option. The project Design team of Architects, Mechanical and Electrical Consultants and Structural Engineer were also appointed shortly after this.

A key aspect of the design process was to ensure a robust consultation process with students, staff, employers from industry along other stakeholders to develop the Kingsway Tower Vision. The College Estates Project Team worked particularly closely college learners, student association and staff on developing the design and this included using the service design concept to very good effect.

The final design of the projects were completed by the end of February and they captured the vision and aspirations of all of the students, staff and stakeholders who participated in the process.

Completion of the design process allowed the design team to start developing tender packages for the various elements of the projects.

The costs associated with the projects have been finalised although there are still opportunities to further reduce costs through a value engineering process.

The arrival of **COVID-19** has had a significant impact on progressing the Kingsway Tower Projects and it has become very apparent that the projects will now have to be carried out over 2 phases – one during 2020 and the other in 2021.

## **STEM Centre at Kingsway**

Following an exceptionally positive meeting in August 2019, SFC provided very encouraging indications of the likelihood of being able to support the implementation of our Estates Strategy, which included building a new STEM Centre on our Kingsway Campus

The College were awarded funding of £35k from SFC for funding to engage BDP Architects to assist with the Outline Business Case for the creation of a new STEM Centre at Kingsway.

BDP Architects previously assisted the College with the creation of their OBC for a new campus build on Kingsway back in 2016. This was ultimately shelved due to a lack of appropriate funding.

The College were encouraged to develop an OBC for a new STEM Centre following the introduction by the Scottish Government of a new funding model – MIM – first introduced by the Welsh Government. The Mutual Investment Model is an innovative way to invest in public infrastructure. MIM has been designed to finance major capital projects due to a scarcity of capital funding and will support additional investment in social and economic infrastructure projects and help to improve public services in Scotland.

MIM schemes will see private partners build and maintain public assets. In return, the Scottish Government will pay a fee to the private partner, which will cover the cost of construction, maintenance and financing the project.

MIM can only be used to fund new builds and is only for projects in excess of £25m.

On this basis, the College has been invited by SFC to submit an OBC for a new STEM Centre at Kingsway.

The OBC was initially due to be submitted to the SFC by the end of February 2020 for consideration, however the cyber-attack on the College in January and the impact of COVID19 has resulted in the OBC development being delayed at this time.

The College Executive has met with SFC regarding the delay in submitting the OBC and they have granted the College an extension to the end of May.

Once the OBC has been submitted to the SFC for review and consideration, it will be added to their list of sector priorities and these are planned to be sent to the Scottish Government in June 2020 and in turn will be considered as part of the Government spending review in early Autumn 2020.

### **Capital Backlog Maintenance Grant Allocation**

The College was allocated funding of £1.646m for FY 2019/20 and this represented a significant reduction from the £2.009m we received on the 18/19 period.

Funding allocations for FY 2019/20 are summarised below.

	<b>2019/20</b>	<b>2018/19</b>	<b>2017/18</b>
	£'000	£'000	£'000
Lifecycle maintenance	537	773	1,281
Very high priority backlog maintenance	1,109	1,236	-
<b>Total</b>	<b>1,646</b>	<b>2,009</b>	<b>1,281</b>

A disproportionately high element was once again ring-fenced for backlog maintenance, thereby reducing our flexibility to spend elsewhere.  
Estates Annual Report 2019-20

The Backlog Maintenance allocation also allowed the College to future proof a range of areas that have been identified in our Estates Strategy for future major development.

### **Capital Backlog Maintenance Projects**

Forty Backlog Maintenance projects that were identified to be tackled during the period 1 April 2019 – 31 March 2020 as part of spend allocation ranging from painting and flooring upgrades to significant repair to the external cladding on the CALC building in replacing the Kingsway tower and library windows were completed.

The more significant projects included –

<b>Project</b>	<b>Campus</b>
External Cladding– CALC Building	Arbroath
Upgrade Mechanical Infrastructure – Clova Building	Arbroath
Upgrade Electrical Infrastructure – Clova Building	Arbroath
Internal Fabric – Decoration and Flooring –All buildings	Arbroath
External Paving and Road Repairs	Gardyne
Internal Fabric – Decoration and Flooring – All buildings	Gardyne
Internal Fabric – Decoration and Flooring –All buildings	Arbroath
Internal Fabric – Decoration and Flooring –All buildings	Gardyne
External Tarmac Repairs	Kingsway
Upgrade Electrical Infrastructure – Tower Block	Kingsway
Upgrade Mechanical Infrastructure – Tower Block	Kingsway
Internal Fabric – Decoration and Flooring –All buildings	Kingsway
Upgrade mechanical infrastructure	Gardyne
Walkway Stairs	Kingsway
Various small scale backlog maintenance Projects	All

The biggest project tackled as part of the Backlog Maintenance works was the repair of the external cladding in the CALC building in Arbroath. There had been significant problems with the integrity of the cladding on the CALC building since it was built in 2004. There had been a lot of water ingress in a number of areas within the building, in particular around the windows.

An area of the cladding was removed for inspection and this identified that a number of

Estates Annual Report 2019-20

seals, fire barriers, insulation and other aspects were missing.



Work to resolve all of the previous issues commenced in the Autumn 2019 and concluded in January 2020.

### **Michelin Scotland Innovation Parc Project**

The College has been working with the Michelins Scotland Innovation Parc Project (MSIP) team over the last 6 months to develop plans to create a Skills Academy on the existing Michelin site.

This is an exciting project that will ensure the College is at the heart of STEM related upskilling and reskilling within the region. Alongside the proposed development of the Kingsway STEM centre, this would further enhance the Colleges' already strong links with industry as MSIP will house both local and national companies that the College can potentially work alongside in collaboration.

With the focus of MSIP being on green energy, it is envisaged that the College would move its current Motor Vehicle provision from the Kingsway and Arbroath Campus' to MSIP. The College would aim to develop and enhance both full time and part time provision in hydrogen and electrical vehicle maintenance. We would also move the current training rig for complex training to MSIP and would aim to enhance the part time offer in this specialism.

In regards to completely new provision, we would use the space at MSIP to provide new full time and part time provision in Wind Turbine Technician training with the potential for a remote control lab for simulation of wind turbine operation and maintenance. The MSIP space would also allow the provision of new part time training programmes such as Working at Heights, confined spaces and EV battery technology.

The College's curriculum and estates teams have visited the site a few times and prepared early drawings of how space can be allocated to the activities of the Skills centre. Whilst the drawings are at a very early stage it is clear that the space identified can contain all the elements required and benefits from height and space to work with all types of public transport and can allow for 'working at height' training and other specialisms.

Many questions remain regarding funding and the timing and arrangements around carrying out work and ownership of the site but the issues are being actively discussed with SFC and others. It may be possible to deliver some provision on the Michelin site from August 2020 in an already identified space whilst the new skills centre is developed.

### **The Tay Cities Engineering Partnership (TCEP)**

This £4.2m innovative project will bring together the resources of training organisations, public sector bodies and engineering employers across the Tay Cities Region to establish the Engineering and Advanced Manufacturing (EAM) network.

TCEP will drive the transformation of manufacturing processes required to meet the ambitions of The Fourth Industrial Revolution - from implementation of robotics and artificial intelligence and the digital skills to operate those new engineering methods.

The plan is to create an Advanced Engineering Manufacturing, Demonstration and Training Facility in the D&A Arbroath campus. The existing brickwork workshop in the Clova Building will be transformed and equipped with state-of-the-art industry production machine tools to trial, test and demonstrate new processes using Smart Technology and Virtual Learning to support increased product innovation, productivity, R&D and skills needs of the sector across the east of Scotland.

It will also offer secondary school and college students real work experience as an active manufacturing centre. This will also provide an introduction to modern **engineering and contribute to STEM targets showcasing engineering as an exciting**, stimulating and modern career. This new centre will become a regional partner for the National Manufacturing Institute for Scotland (NMIS) being created at Strathclyde University to support the development of innovation in engineering practices.

The Estates project team has developed a design brief for the proposed facility and subject to funding being released, work would commence later this year.

### **Forfar Outreach Centre**

The College moved into new Outreach facilities in Forfar at the beginning of August 2019, taking up residence in William Wallace House – an Angus Council building.

The move resulted in a significant reduction in rental and service charge cost, resulting in annual saving of £30k. The facilities in William Wallace House were also more modern and enhanced the learning and teaching environment for our students and staff.

There was however a long negotiation regarding the dilapidations from the former outreach facilities which has now been resolved.



## Sustainability and Environment

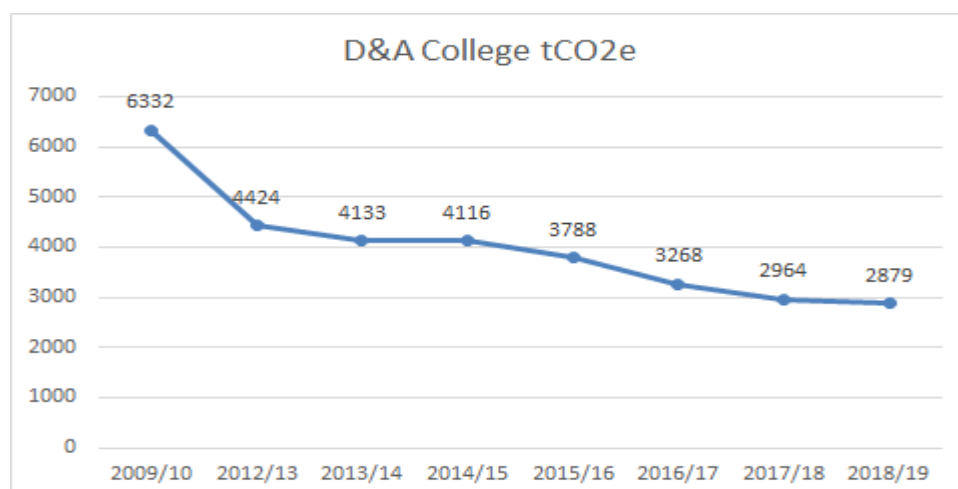
It has been another hugely successful year for the Environment team in terms of meeting carbon reduction targets, but also in terms of raising awareness to influence students and staff to become more socially responsible and environmentally aware.

The College submitted its 2018/19 Mandatory Climate Change Reporting documentation in November and it is pleasing to report the carbon footprint associated with the College's operations has fallen for the 10th consecutive year. The College has now more than halved its carbon footprint from the level in 2009, following signing up to the Universities and Colleges Climate Commitment for Scotland. The College has now reduced its carbon footprint by an outstanding 54.6%.

Since signing up to the Universities and Colleges Climate Commitment for Scotland in 2009, the College has reduced its carbon footprint from 6332tCO<sub>2</sub>/year in 2010 down 2879tCO<sub>2</sub> in 2019.

This reduction in carbon footprint is a fantastic achievement and as a College, we continue to lead the FE sector on so many sustainability initiatives and practices and we will continue to invest in sustainable technologies when developing the College estate.

The table below highlights the fall in carbon footprint for the period 2010 -2019.



## Electric Vehicle Grant Funding

The Environment team have continued to be very successful in attracting grant funding for electric vans and cars.

Funding of £250k was secured in April 2019 for the outright purchase of 10 electric vehicles or vans via the Switched on Towns and Cities Grant.

Previous funding that has been secured was for the lease of electric vehicles and 4 of our electric vehicles have recently been returned.

An order for 6 electric cars has been raised, however the onset of the COVID-19 pandemic has resulted in a delay in the vehicles being delivered.



## **Estates Team - Award Successes**

### **Sustainability Awards**

The college ended the year by scooping 3 major sustainability awards which was just reward for the college's outstanding commitment to tackling climate change.

- The first event was the Herald Pioneer awards where the college won the Climate Neutral category.
- The second came at the College Development Network awards taking top spot for Sustainability.
- And the third came at the highly prestigious EAUC Green Gown Awards winning the Campus Health, Food and Drink Category. The Green Gown Awards are recognition for sustainability successes across the UK for Universities and Colleges.



## Locher Project Award

At the end of January 2019 Dundee and Angus College Health and Safety team along with the Princes' Trust team were awarded the Lord Cullen Award at the Safety Group UK Awards which took place in the House of Lords for the second year in a row.

The Lord Cullen Trophy is awarded to the UK business or organisation for the most innovative and effective health and safety project.

The College was recognised for a collaboration between Health and Safety Officer, Andy Cathro, Learner Engagement Officer, Carlene Cura, and the Motor Vehicle Department. The motor vehicle students created a LOCHER project on a car winter health check programme for staff and students. But using the LOCHER health and safety system the students took their learning to a new level, by taking part in the creation of a video to demonstrate their work. This video not only improved safety on the roads, it helped students develop new skills, gain confidence, developed their ability to work as a team and embed the importance of health and safety.

So successful was the video, the students were invited to the Scottish Parliament to talk to ministers about what they had delivered and learned.

This is the second time that Health and Safety Officer, Andy Cathro has won the Lord Cullen Trophy. Last year's project win was the result of a collaboration with the Princes Trust, highlighting the dangers of asbestos. No other UK business or organisation has won the awarded consecutively.

Andy's work with the students at Dundee & Angus College on these LOCHER projects was also recognised at the College Development Network awards where he was awarded the College Colleague of the year.



**BOARD OF MANAGEMENT**

**Finance & Property Committee**

**Tuesday 19 May 2020**

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**Capital – Estates Update**

**PAPER G**

# Finance and Property Committee

Tuesday 19 May 2020



## Estates Update

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### *Paper for noting*

#### 1. Introduction

This paper provides an update on estates related activity since the last report to the committee.

#### 2. Recommendations

Members are asked to note the report.

#### 3. Capital Backlog Maintenance Projects

The impact of COVID-19 has resulted in some of our planned maintenance projects being delayed. We have however completed approx. £1m of our planned projects.

The last few projects are ready to start and once COVID-19 restrictions are lifted work will commence.

Project	Campus	Indicative Cost	Revised Budget	Month 9 Actual	Remaining Spend
External Cladding – CALC Building	Arbroath	125	497	479	18
External Stonework Repairs – Isla Building	Arbroath	50	-	-	-
External Stonework Repairs –Esk Building	Arbroath	50	-	-	-
Upgrade Mechanical Infrastructure – Clova Building	Arbroath	120	53	34	19
Upgrade Electrical Infrastructure – Clova Building	Arbroath	120	79	58	21
Internal Fabric – Decoration and Flooring –All buildings	Arbroath	50	15	16	(1)
External Paving and Road Repairs	Gardyne	30	-	-	-
Internal Fabric – Decoration and Flooring – All buildings	Gardyne	50	109	119	(10)

<b>Project</b>	<b>Campus</b>	<b>Indicative Cost</b>	<b>Revised Budget</b>	<b>Month 9 Actual</b>	<b>Remaining Spend</b>
External Tarmac Repairs	Kingsway	80	96	86	10
Upgrade Passenger Lifts – Tower Block	Kingsway	125	-	-	-
Upgrade Electrical Infrastructure – Tower Block	Kingsway	75	76	7	69
Upgrade Mechanical Infrastructure – Tower Block	Kingsway	75	78	35	43
Internal Fabric – Decoration and Flooring –All buildings	Kingsway	50	18	19	(1)
Upgrade mechanical infrastructure	Gardyne		35	37	(2)
Walkway Stairs	Kingsway		21	-	21
Various small scale backlog maintenance projects	All	109	32	25	7
<b>TOTAL</b>		<b>1,109</b>	<b>1,109</b>	<b>915</b>	<b>194</b>

#### **4. Kingsway Tower Project Update**

The work associated with the full design for the Kingsway Tower Redevelopment has now been completed and the College has received the final tendered costings from the main contractor Robertson Construction.

High level costs of £4.9m (excluding VAT) for the overall project were previously provided, but following hard negotiations and a value engineering exercise, the cost of the overall project has been confirmed as £4.5m (excluding VAT). See separate paper for more information.

#### **5. STEM Centre OBC**

The OBC was initially due to be submitted to the SFC by the end of February 2020 for consideration, however the cyber-attack on the College in January and the impact of COVID19 has resulted in the OBC development being delayed at this time.

The College Executive has met with SFC regarding the delay in submitting the OBC and they have granted the College an extension to the end of May.

Once the OBC has been submitted to the SFC for review and consideration, it will be added to their list of sector priorities and these are planned to be sent to the Scottish Government in June 2020 and in turn will be considered as part of the Government spending review in early Autumn 2020.

## **6. Michelin Scotland Innovation Parc**

The college continues to develop the relationship with Michelin Scotland Innovation Parc (MSIP). Recent meetings have seen the development of a partnership agreement and discussions on how we can make an early start to delivery on the Michelin site.

Despite the lockdown Michelin are still attracting many inquiries from companies and will be announcing the details of their first significant tenants soon.

We are discussing with them a first stage development that would allow us to be on site with students as early as this September assuming the current conditions ease and allow learning to take place.

MSIP are prepared to fund the early works alongside our grant funding of £40k already received from SDS. The first phase is the modest construction of classrooms and a workshop to get us started.

Further funding will be sought from SFC and others to contribute to the full development of the Skills Centre as planned.

Whilst there is no commercial agreement in place yet it would be prudent to anticipate costs of c£100 k in the next financial year towards the ongoing work. Any tenancy agreement beyond this will require a separate business case.

The chance to be partners with MSIP and the high level companies on the site is an outstanding opportunity for the college to be at the heart of advanced engineering, low carbon transport and future thinking on a scale we would not be able to manage on our own.

The committee is asked to note the current position and agree to the identification of essential funding to begin the partnership in earnest.

## **7. Link to Strategic Risk Register**

Progressing these Estates projects and initiatives will support the mitigation of a range of risks identified within the Strategic Risk Register namely;

- 3.1 – failure to reach aspirational standards in learning, teaching and service delivery
- 3.2 – failure to achieve/maintain compliance arrangements
- 3.3 – serious accident, incident or civil/criminal breach, legal action

**Author:** Billy Grace, Head of Estates

**Executive Sponsor:** Jaki Carnegie, Vice Principal – Corporate Services



**BOARD OF MANAGEMENT**

**Finance & Property Committee**

**Tuesday 19 May 2020**

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**ICT - Contract Proposal for Capita to Deliver Unit-E  
for the next 5 Years**

**PAPER G**



# **BOARD OF MANAGEMENT**

## **Finance & Property Committee**

**Tuesday 19 May 2020**



## **ICT - Contract Proposal for Capita to Deliver Unit-E for the next 5 Years**

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### *Paper for approval*

### **Student Information System Procurement**

#### **1. Background**

Dundee & Angus College purchased and implemented a new student information system called Unit-E supported by Capita in August 2014. At the time the College entered into a two year contract with an additional two year option with agreed pricing. This option was taken by the College. Since then the College has annually renewed the contract which has included increases in line with RPI. To remain procurement compliant the College has been required to enter into Non-competitive awards in the last two years. This was justified based on the time and effort to migrate to a new solution.

Additionally, the College entered into an annual contract with Capita in November 2018 for Capita to Manage Unit-e going forward. This includes the installation of all patches (two main upgrades per annum and any smaller security patches) and also a monthly platform review.

Unit-e was implemented for tracking students, producing returns to the funding council and book and pay for leisure and commercial courses. There is additional functionality for taking applications, managing bursaries and timetabling of students but this option was never taken as the product was deemed to be inferior to the products currently being used within the College.

#### **2. Recommendation**

It is recommended that the College enters into this 5 year contract with Capita.

#### **3. Current State**

In August 2019 the contract with unit-e was renewed at the following level (all ex VAT):-

- Support and maintenance - £45,040 per annum

- Managed Contract - £7200 per annum
- AFD Postcode - £4,379 per annum

This means there is a total cost per annum of £56,619.

Across the Further Education sector in Scotland there are only three systems currently being used; REMS by Civica at one college and SITS by Tribal at three colleges. All other colleges use Unit-E by Capita. Due to the small size of the market and length of migration this isn't a market that many software companies are interested in entering. A potential disruptor like Workday are currently looking to move into the Higher Education market in the UK but a move into Further Education would not be expected in the short-medium term. The College is starting to deliver more courses that require a work placement as an integral part of the course and this will continue to grow with the aim of all courses having a placement element in the next few sessions. Placement management is handled differently across departments. In most cases this is being managed by Excel spreadsheets. This proves very difficult for supporting and reporting on placements. Unit-E has an External Organisations module which would allow for management of placements, however, the College is not licensed for this.

#### **4. Future State**

There is a desire within the ICT and Administration teams to move to the Unit-E Bursary and Application system (currently the bursaries and applications are managed by Tequios/CAMS a product supplied by Inisoft) as this would bring the benefits of

- Deeper integration between the products
- Simpler integration
- Cheaper as we currently pay for two application systems.

Whilst the Unit-e product currently meets the College's requirements there are a number of areas where Capita are required to invest in research and development. There are particular issues with the mobile responsiveness of their applications site, application management system and their road map to the Cloud. However, currently there are no other options on the market in Scottish Further Education that would meet these requirements and be able to deliver the essential statutory returns. If a disrupter to the market appears then there is an expectation that it would take at least two years to fully migrate to a new solution.

#### **5. Proposal**

The College is now in discussion with Capita to renew the contract for a further 3-5 years which would allow procurement through an approved framework.

The benefits of this are:-

- Procurement compliant route
- Savings over the annual renewal (pricing comparison below)
- Inclusion of the External Organisations module for managing placements

The major dis-benefit to this proposal is that this would tie the College into a contract with Capita for five years so our options are limited if there is a disrupter to this market. To mitigate this dis-benefit the college has negotiated an early exit from the contract at the

end of year three or end of year four which will carry a 10% penalty clause and 5% penalty clause respectively.

Additionally, it should be noted, this does not require the College to pay for the length of the contract up front.

## 6. Cost

### **Costs over five years with no five year contract (ex VAT).**

Future years calculated by using estimated 3% RPI

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
<b>Support and maintenance</b>	£46,391	£47,783	£49,216	£50,693	£52,214	£246,297
<b>Managed Service</b>	£7,416	£7,638	£7,868	£8,104	£8,347	£39,373
<b>AFD Postcode</b>	£4,510	£4,646	£4,786	£4,929	£5,076	£23,951
<b>Total</b>	£58,318	£60,067	£61,869	£63,725	£65,637	<b><u>£309,616</u></b>

**Costs over five years with five year contract (ex VAT).** RPI of 2.5% included (this is agreed future pricing)

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
<b>Support and maintenance</b>	£41,100	£42,218	£43,181	£44,260	£45,367	£216,036
<b>Managed Service</b>	£7,417	£7,603	£7,793	£7,988	£8,187	£38,988
<b>AFD Postcode</b>	£4,489	£4,601	£4,716	£4,834	£4,955	£23,595
<b>Total</b>	£53,214	£54,545	£55,908	£57,305	£58,738	<b><u>£278,619</u></b>

As can be seen from the above calculations, by contracting with Capita to deliver Unit-e for the next five years there a total cost saving of £30,997 ex VAT over the length of the contract which represents a saving of £6,199 per annum.

**Author:** Andy Ross, Head of ICT

**Executive Sponsor:** Jaki Carnegie, Vice Principal – Corporate Services

**BOARD OF MANAGEMENT**

**Finance & Property Committee**

**Tuesday 19 May 2020**

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**STRATEGIC RISK REGISTER &  
COVID 19 RISK REGISTER**

**PAPER H**

# BOARD OF MANAGEMENT

Finance & Property Committee Tuesday 19 May 2020



## Strategic Risk Register Update

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### *Paper for approval*

#### **1. Allocation of Risks to Board Committees**

Following discussion at the Audit and Risk Committee in May 2019, the Board of Management agreed at its meeting in September 2019 that key strategic risks be allocated to each Board Committee for regular review and consideration.

The Strategic Risk Register now highlights the allocation of risk areas across the range of Board Committees.

In identifying these delegated risks, it has been agreed that each Committee consider (and amend/update as appropriate) the key risk areas within their responsibility as a standing item at each future meeting.

Proposed changes arising from this consideration will be brought back to the next appropriate meeting of the Audit & Risk Committee for final approval.

In making these changes, it is important to reinforce that the overall responsibility for risk management will remain with the Board of Management, with delegated authority for the implementation and review of this to the Audit & Risk Committee. The further allocation of areas of risk oversight to Board Committees is intended to improve the awareness, oversight and consideration of risk, rather than amend the terms of the Board of Management scheme of delegation.

#### **2. Consideration of Risks to Board Committees**

In making these changes, each Committee has also been asked to consider how it is informed around the areas of key risk and assure itself that the regular reporting and information, updates and opportunities for scrutiny within the operation of the Committee are reasonable and sufficient in respect of this.

#### **3. Review of Risks Allocated to the Committee within the Strategic Risk Register**

The Draft April 2020 Strategic Risk Register is enclosed. It should be noted that no changes have, however, been made to this in respect of the risks allocated to the Finance and Property Committee.

Given the current COVID 19 pandemic, an additional temporary COVID 19 Strategic Risk Register has been developed to record the additional risk associated with identified areas of College operation at the current time. This Risk Register is also included and the following risk area falls within the remit of the Finance and Property Committee, with revised scoring and additional elements in respect of mitigation and monitoring highlighted.

## 2.2 Failure to achieve institutional sustainability

### 4. Approvals

In respect of the above information approval is sought on the Strategic Risk Register as it relates to the operation of the Committee.

### 5. Information

Further information in respect of Governance matters is available for Board members by contacting Steve Taylor, Vice Principal People & Performance, [s.taylor@dundeeandangus.ac.uk](mailto:s.taylor@dundeeandangus.ac.uk).

**Author and Executive Sponsor:** Steve Taylor, Vice Principal People and Performance



# STRATEGIC RISK REGISTER

**2019 - 2020**

As at April 2020

<b>Post Holders</b>	ELT	Executive Leadership Team	Prin	Principal	<b>Score</b>	<b>Impact</b>	<b>Likelihood</b>
	SLT	Senior Leadership Team	DirC&A	Directors of Curriculum & Attainment	1	Routine	Remote
	Board	Board of Management	HoICT	Head of ICT	2	Minor	Unlikely
	VPP&P	Vice Principal People & Performance	HoE	Head of Estates	3	Significant	Possible
	VPCS	Vice Principal Corporate Services	Chair	Chair of the Board of Management	4	Major	Probable
	VPCA	Vice Principal Curriculum & Attainment			5	Critical	Very Likely

Risk Number & Committee	POTENTIAL CONTRIBUTING FACTORS				TREATMENT	POST MITIGATION EVALUATION				
	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Lead Responsibility
1	Strategic and Structural									
1.1 LT&Q	Failure of College strategy to meet the needs of the D&A Region and/or national priorities (eg Employability, DYW, attainment, articulation)	4	4	16	<ul style="list-style-type: none"><li>Robust strategic planning</li><li>Effective environmental scanning</li><li>Strong partnerships</li><li>Clear links between strategy and practice</li><li>Concerted demands for increased activity levels</li></ul>	4	1	4	<ul style="list-style-type: none"><li>Robust monitoring via ROA</li><li>Clear performance metrics</li><li>Amendment of strategic direction/ plans</li><li>Rolling curriculum review</li></ul>	Prin & Chair
1.2 Board	College may be disadvantaged by changes to either UK or Scottish Government policies	4	3	12	<ul style="list-style-type: none"><li>Effective environmental scanning</li><li>Negotiation/influence at national level</li></ul>	4	2	8	<ul style="list-style-type: none"><li>Review of changes and amendment of strategic direction/plans</li><li>Financial strategy sensitivities</li></ul>	Prin & Chair
1.3 Board	College disadvantaged by changes arising from UK leaving European Union	5	4	20	<ul style="list-style-type: none"><li>Negotiation/influence at national level</li><li>Review of activities/ projects</li><li>Responsiveness to new opportunities</li></ul>	5	3	15	<ul style="list-style-type: none"><li>Review of changes and amendment of strategic direction/plans/ curriculum</li><li>Financial strategy ESF sensitivity</li><li>Workforce planning</li><li>International strategy &amp; planning</li></ul>	Prin

**Key to Risk Estimation/Score based on scale of 1 – 5 for impact/likelihood:** Green (1-8) = Minor Risk; Amber (9-15) = Significant Risk; Red (16-20) = Major Risk; Purple, (>21 - 25) = Fundamental Risk



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<b>1</b>	<b>Strategic and Structural</b>									
<b>1.4 Board</b>	Difficulties or over commitment arising within large scale/national College led initiatives or projects impact negatively on: <ul style="list-style-type: none"> <li>Ability of the College to meet key regional strategies/objectives</li> <li>Financial loss or unmanageable financial risk</li> <li>Reputational loss</li> </ul>	4	3	12	<ul style="list-style-type: none"> <li>Effective project/activity management in place</li> <li>Clear governance structures</li> <li>Project/initiative finances clearly incorporated within College financial strategy and plans</li> <li>End of project and exit/contingency planning</li> </ul>	3	2	6	<ul style="list-style-type: none"> <li>Regular project updates at Executive/Board level</li> <li>Monitoring of project activities, plans and outcomes</li> <li>Budget reporting and management</li> </ul>	Principal, VPC&A

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<b>2</b>	<b>Financial</b>									
<b>2.1</b> <b>F&amp;P</b>	Change in SFC Funding Methodology and Allocation – Reduction in Funding	3	3	9	<ul style="list-style-type: none"> <li>Negotiation/influence at national level</li> <li>Contingency plans for reduced funding</li> </ul>	2	3	6	<ul style="list-style-type: none"> <li>Advance modelling of new funding methodologies and allocations</li> <li>Monitoring impact of changes</li> <li>Amendment of strategic or operational direction/plans</li> <li>Financial strategy sensitivities</li> </ul>	VPCS
<b>2.2</b> <b>F&amp;P</b>	Failure to achieve institutional sustainability	5	4	20	<ul style="list-style-type: none"> <li>Protection of funding through dialogue with SFC</li> <li>Robust annual budget-setting and multi-year financial strategic planning</li> <li>Effective budgetary control</li> <li>Where required, swift action to implement savings</li> </ul>	4	3	12	<ul style="list-style-type: none"> <li>Monthly monitoring of budgets</li> <li>Regular review of financial strategy and non-core income sensitivity</li> <li>Detailed monitoring of savings programmes</li> </ul>	VPCS
<b>2.3</b> <b>F&amp;P</b>	National outcomes on salaries and conditions of service outstrip ability to pay	4	4	16	<ul style="list-style-type: none"> <li>Influence within Employers Association</li> <li>Management of staffing expenditures</li> </ul>	4	3	12	<ul style="list-style-type: none"> <li>Expenditure modelling</li> <li>On-going discussions with staff</li> <li>Financial strategy sensitivities</li> <li>Workforce planning</li> </ul>	VPP&P, VPCS

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	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Lead Responsibility
<b>2</b>	<b>Financial (cont)</b>									
<b>2.4</b> <b>A&amp;R</b>	Financial Fraud	4	3	12	<ul style="list-style-type: none"> <li>Strong financial controls: segregation of duties and review of transactions.</li> <li>Review of impact of any changes in structure or duties</li> <li>Whistleblowing arrangements</li> </ul>	3	2	6	<ul style="list-style-type: none"> <li>Continuous review of financial controls</li> <li>Internal Audit programme</li> </ul>	VPCS
<b>2.5</b> <b>F&amp;P</b>	D&A Foundation refuses/withholds funding for key College priorities	5	3	15	<ul style="list-style-type: none"> <li>On-going dialogue with Foundation Trustees</li> <li>Appropriate bid arrangements in place</li> </ul>	3	2	6	<ul style="list-style-type: none"> <li>Monitor and advise Board of Management</li> </ul>	Prin & VPCS

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<b>3</b>	<b>People and Performance</b>									
<b>3.1</b> <b>LT&amp;Q</b>	Failure to reach aspirational standards in learning, teaching and service delivery	4	3	12	<ul style="list-style-type: none"> <li>Clear quality arrangements and priority actions</li> <li>Continuous self-evaluation and action planning</li> <li>Rigorous CPD arrangements in place</li> <li>Regular classroom observation and learner feedback arrangements</li> </ul>	3	2	6	<ul style="list-style-type: none"> <li>Comprehensive monitoring of key PIs and student/staff feedback</li> <li>Regular Stop and Review events</li> <li>External review and validation findings</li> </ul>	VPC&A, VPP&P, DirC&A
<b>3.2</b> <b>LT&amp;Q</b>	Failure to achieve/maintain compliance arrangements, e.g. contracts; awarding bodies; audit.	4	3	12	<ul style="list-style-type: none"> <li>Robust strategic planning and monitoring</li> <li>Effective environmental scanning</li> <li>Strong partnerships</li> <li>Clear links between strategy and practice</li> <li>Concerted demands for increased activity levels</li> </ul>	2	2	4	<ul style="list-style-type: none"> <li>Effective internal monitoring/review/verification arrangements</li> <li>External review findings</li> </ul>	VPP&P, VPC&A
<b>3.3</b> <b>A&amp;R</b>	Legal actions; serious accident; incident or civil/criminal breach	4	5	20	<ul style="list-style-type: none"> <li>Adherence to legislative and good practice requirements</li> <li>Positive Union relations and staff communication</li> <li>Effective management development programmes</li> </ul>	3	2	6	<ul style="list-style-type: none"> <li>Monitoring and reporting in key areas – eg H&amp;S, equalities, employee engagement</li> <li>Continuous professional development</li> <li>Internal audit programme</li> <li>Staff surveys</li> </ul>	Prin, VPP&P, VPCS, HoE

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<b>3</b>	<b>People and Performance (cont.)</b>									
<b>3.4</b> <b>HR&amp;D</b>	Failure to meet the aspirational standards in respect of the health, safety, wellbeing and development of staff and students	3	4	12	<ul style="list-style-type: none"> <li>Clear and proactive approaches to managing and promoting health, safety and wellbeing</li> <li>Continuous self-evaluation and action planning</li> <li>Rigorous CPD arrangements in place</li> <li>Regular staff and learner feedback arrangements</li> </ul>	3	2	6	<ul style="list-style-type: none"> <li>Regular employee engagement monitoring</li> <li>Open communication with staff</li> <li>Comprehensive monitoring of key PIs and student/staff feedback</li> <li>Regular union/management dialogue</li> </ul>	VPP&P, VPCS
<b>3.5</b> <b>Board</b>	Reputational Risk – Loss of reputation with key stakeholders	4	3	12	<ul style="list-style-type: none"> <li>Marketing strategy</li> <li>Reputation plan</li> <li>Positive marketing approaches</li> </ul>	4	2	8	<ul style="list-style-type: none"> <li>Stakeholder engagement</li> <li>Social media monitoring arrangements</li> </ul>	VPC&A, DirC&A
<b>3.6</b> <b>HRD</b>	National bargaining outcomes impact adversely on College operations, activity and flexibility	4	4	16	<ul style="list-style-type: none"> <li>Influence within Employers Association</li> <li>Management of bargaining outcomes and implementation</li> </ul>	4	3	12	<ul style="list-style-type: none"> <li>Positive union relations and staff communication</li> <li>On-going discussions with staff</li> <li>Innovation in approaches</li> </ul>	VPP&P, VPC&A

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<b>3</b>	<b>People and Performance (cont.)</b>									
<b>3.7</b> <b>HRD</b>	Industrial Relations Problems (including industrial action)	4	5	20	<ul style="list-style-type: none"> <li>Adherence to legislative and good practice requirements</li> <li>Positive Union relations and staff communication</li> <li>Effective management development programmes</li> <li>Industrial action continuity planning</li> </ul>	4	3	12	<ul style="list-style-type: none"> <li>Regular union/management dialogue</li> <li>Regular employee engagement monitoring</li> <li>Open communication with staff</li> <li>Industrial action continuity planning</li> </ul>	VPP&P
<b>3.8</b> <b>A&amp;R</b>	Breach of data security / data protection	5	4	20	<ul style="list-style-type: none"> <li>Effective management of GDPR compliance</li> <li>Mandatory staff CPD and awareness raising on data protection (relative to role)</li> </ul>	4	2	8	<ul style="list-style-type: none"> <li>Active data protection monitoring and auditing</li> <li>Effective information and data security policies in operation</li> <li>Regular data security monitoring/testing</li> <li>GDPR Action Plan</li> <li>Staff CPD</li> </ul>	VPC&A, HoICT
<b>3.9</b> <b>HRD</b>	Failure to meet Prevent and related obligations	5	3	15	<ul style="list-style-type: none"> <li>Prevent training</li> <li>Staff awareness and contingency planning</li> <li>Engagement/practice sharing with local agencies</li> </ul>	5	1	5	<ul style="list-style-type: none"> <li>Business Continuity Plan including scenario testing</li> <li>Information sharing with local agencies</li> </ul>	VPC&A, VPP&P

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<b>3</b>	<b>People and Performance (cont.)</b>									
<b>3.10</b> <b>HRD</b>	College arrangements do not minimise risk associated with Modern Slavery	4	3	12	<ul style="list-style-type: none"> <li>Clear and compliant procurement arrangements and procedures</li> <li>Staff identity checking arrangements and use of PVG.</li> </ul>	4	1	4	<ul style="list-style-type: none"> <li>Annual procurement monitoring/reporting</li> <li>Regular employee engagement monitoring</li> <li>Open communication with staff</li> </ul>	VPC&A, VPP&P
<b>3.11</b> <b>HRD</b>	Difficulties with implementation of structural change leading to: <ul style="list-style-type: none"> <li>Loss of good, flexible and committed staff</li> <li>Loss of critical staff during period of transition</li> <li>ineffective post-restructure arrangements</li> </ul>	4	3	15	<ul style="list-style-type: none"> <li>Effective planning and scheduling of change</li> <li>Managed transitions/handovers</li> <li>Implementation Plan</li> <li>Contingency Planning</li> <li>On-going focus on core business requirements</li> </ul>	3	2	6	<ul style="list-style-type: none"> <li>Regular union/management dialogue</li> <li>Monitoring of implementation plans</li> <li>Performance measures/ reporting</li> <li>Open communication with staff</li> </ul>	VPP&P VPC&A
<b>3.12</b> <b>Board</b>	Unsuccessful or inappropriate recruitment to Principal role impacts negatively on College activities and /or outcomes	3	3	9	<ul style="list-style-type: none"> <li>Clear role requirement, expectations and specification</li> <li>Effective recruitment and selection arrangements</li> <li>Engagement of Board, Students, Staff and Stakeholders within the process</li> </ul>	2	2	4	<ul style="list-style-type: none"> <li>Board and Board Chair reporting/oversight</li> <li>Appropriate induction and development</li> <li>Probationary arrangements</li> <li>Performance measures</li> </ul>	Board Chair

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<b>4</b>	<b>Infrastructure</b>									

<b>4.1</b> <b>A&amp;R</b>	Disasters – eg Fire, MIS Failure, Failure of Emergency Procedures	5	4	20	<ul style="list-style-type: none"> <li>Sound systems of administration</li> <li>Clear fire and disaster recovery arrangements</li> <li>Staff CPD</li> </ul>	5	1	5	<ul style="list-style-type: none"> <li>Business Continuity Plan including scenario testing</li> </ul>	Prin & VPCS
<b>4.2</b> <b>F&amp;P</b>	Failure to achieve ambitions of ICT strategy; strategy and development is ineffective	4	3	12	<ul style="list-style-type: none"> <li>Planning, careful phasing of changes to processes and systems</li> <li>Effective management of ICT arrangements</li> <li>Clear investment plan</li> </ul>	4	2	8	<ul style="list-style-type: none"> <li>Regular review/reporting on milestones, systems effectiveness etc</li> <li>Regular CPD</li> </ul>	VPC&A, HoICT
<b>4.3</b> <b>A&amp;R</b>	Breach of ICT/Cyber security	4	3	12	<ul style="list-style-type: none"> <li>Effective management of ICT arrangements</li> <li>Active ICT/data security monitoring and cyber security policy</li> </ul>	4	2	8	<ul style="list-style-type: none"> <li>Staff CPD on cyber security issues</li> <li>Regular security monitoring/testing</li> <li>Cyber resilience plan</li> </ul>	VPC&A, HoICT
<b>4.4</b> <b>A&amp;R</b>	ICT infrastructure fails to support effective data security / data protection	5	3	15	<ul style="list-style-type: none"> <li>Effective infrastructure and systems design and implementation</li> <li>Effective management of ICT arrangements and GDPR compliance</li> </ul>	4	2	8	<ul style="list-style-type: none"> <li>Active data protection monitoring and auditing</li> <li>Effective information and data security policies in operation</li> <li>Regular data security monitoring/testing</li> </ul>	VPC&A, HoICT

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# STRATEGIC RISK REGISTER COVID 19 SPECIFIC MITIGATIONS

2019 - 2020

As at April 2020

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Risk Number & Committee	POTENTIAL CONTRIBUTING FACTORS				TREATMENT	POST MITIGATION EVALUATION				
	Risks	Impact	Likelihood	Score	Additional COVID 19 Mitigation Actions	Impact	Likelihood	Score	Additional COVID 19 Monitoring	Lead Responsibility
1	Strategic and Structural									
1.1 LT&Q	Failure of College strategy to meet the needs of the D&A Region and/or national priorities (eg Employability, DYW, attainment, articulation)	4	4	16	<ul style="list-style-type: none"><li>Regular strategic analysis and assessment of need for change</li><li>Strong engagement with government and key partners – influencing national priorities</li><li>Clear prioritisation of activities</li><li>Focus on core business</li></ul>	4	3	12	<ul style="list-style-type: none"><li>Regular monitoring of recruitment, retention, ROA Outcomes and key strategic needs by SLT and reporting to Chairs</li><li>Amendment of strategic direction/ plans</li><li>Rolling curriculum, activity and priority review and implementation of new approaches/services where needed</li><li>Engagement with government and other partners</li></ul>	Prin & Chair
1.4 Board	Difficulties or over commitment arising within large scale/national College led initiatives or projects impact negatively on: <ul style="list-style-type: none"><li>Ability of the College to meet key regional strategies/objectives</li><li>Financial loss or unmanageable financial risk</li><li>Reputational loss</li></ul>	4	3	12	<ul style="list-style-type: none"><li>Clear prioritisation of activities</li><li>Effective project/activity management in place</li><li>Strong engagement with partners/funders</li><li>Clear governance structures</li><li>Project/initiative finances clearly understood and reviewed regularly</li><li>Project cessation, pausing or contingency planning in place</li></ul>	4	2	8	<ul style="list-style-type: none"><li>Regular project updates at Executive/Board level</li><li>Monitoring of project activities, plans and outcomes</li><li>Budget reporting and management</li></ul>	Principal, VPC&A

**Key to Risk Estimation/Score based on scale of 1 – 5 for impact/likelihood:** Green (1-8) = Minor Risk; Amber (9-15) = Significant Risk; Red (16-20) = Major Risk; Purple, (>21 - 25) = Fundamental Risk

<b>Post Holders</b>	ELT	Executive Leadership Team	Prin	Principal	<b>Score</b>	<b>Impact</b>	<b>Likelihood</b>
	SLT	Senior Leadership Team	DirC&A	Directors of Curriculum & Attainment	1	Routine	Remote
	Board	Board of Management	HoICT	Head of ICT	2	Minor	Unlikely
	VPP&P	Vice Principal People & Performance	HoE	Head of Estates	3	Significant	Possible
	VPCS	Vice Principal Corporate Services	Chair	Chair of the Board of Management	4	Major	Probable
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Risk Number & Committee	POTENTIAL CONTRIBUTING FACTORS				TREATMENT	POST MITIGATION EVALUATION				
	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Responsibility
2	Financial									
2.2 F&P	Failure to achieve institutional sustainability	5	4	20	<ul style="list-style-type: none"><li>Protection of funding through dialogue with government, SFC and other funders</li><li>Robust and effective budgetary control</li><li>Where required, swift action to implement savings</li><li>Increased focus on cash position</li></ul>	4	4	16	<ul style="list-style-type: none"><li>Monthly monitoring of budgets</li><li>Engagement with government and other partners</li><li>Detailed monitoring of savings programmes</li></ul>	VPCS
2.4 A&R	Financial Fraud	4	3	12	<ul style="list-style-type: none"><li>Revised financial controls: segregation of duties and review of transactions.</li><li>Review of impact of changes in ways of working, authorisation arrangements</li><li>Whistleblowing arrangements</li></ul>	3	3	9	<ul style="list-style-type: none"><li>Continuous review of financial controls and revised arrangements</li></ul>	VPCS

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<b>3</b>	<b>People and Performance</b>									
<b>3.1</b> <b>LT&amp;Q</b>	Failure to reach aspirational standards in learning, teaching and service delivery	4	3	12	<ul style="list-style-type: none"> <li>Clear input and engagement with revised quality arrangements and priority actions</li> <li>Rigorous CPD arrangements in place to support new ways of working</li> <li>Regular learner feedback and engagement arrangements</li> </ul>	3	3	9	<ul style="list-style-type: none"> <li>Comprehensive monitoring of engagement of learners in learning (where possible)</li> <li>Engagement with revised quality arrangements</li> <li>Outcome monitoring</li> </ul>	VPC&A, VPP&P, DirC&A
<b>3.2</b> <b>LT&amp;Q</b>	Failure to achieve/maintain compliance arrangements, e.g. contracts; awarding bodies; audit.	4	3	12	<ul style="list-style-type: none"> <li>Engagement and communication strategy with compliance bodies</li> <li>Clear input and engagement with revised quality arrangements and priority actions</li> <li>Prioritisation of activities/outcomes</li> </ul>	3	2	6	<ul style="list-style-type: none"> <li>Effective internal monitoring/review/verification arrangements</li> <li>Engagement with revised quality arrangements</li> <li>Outcome monitoring/recording</li> </ul>	VPP&P, VPC&A

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	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Lead Responsibility
<b>3</b>	<b>People and Performance (cont.)</b>									
<b>3.4</b> <b>HR&amp;D</b>	Failure to meet the aspirational standards in respect of the health, safety, wellbeing and development of staff and students	3	4	12	<ul style="list-style-type: none"> <li>Clear and proactive approaches to supporting and promoting health, safety and wellbeing when WFH and/or on-site</li> <li>Enhanced awareness of challenges/support needs</li> <li>Extensive CPD arrangements in place – Home Working Hub</li> <li>Regular staff and learner feedback arrangements</li> </ul>	3	3	9	<ul style="list-style-type: none"> <li>Regular employee engagement monitoring</li> <li>Maintaining and reporting on social distancing measures</li> <li>Open communication with staff</li> <li>Monitoring of formal and informal feedback – student and staff feedback</li> <li>Regular union/management dialogue</li> </ul>	VPP&P, VPCS
<b>3.5</b> <b>Board</b>	Reputational Risk – Loss of reputation with key stakeholders	4	3	12	<ul style="list-style-type: none"> <li>Marketing strategy</li> <li>Reputation plan</li> <li>Positive marketing approaches</li> </ul>	4	3	12	<ul style="list-style-type: none"> <li>Positive marketing plan</li> <li>Regular stakeholder engagement</li> <li>Social media engagement and monitoring arrangements</li> </ul>	Prin DirC&A

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<b>3</b>	<b>People and Performance (cont.)</b>									
<b>3.7</b> <b>HRD</b>	Industrial Relations Problems (including industrial action)	4	5	20	<ul style="list-style-type: none"> <li>Adherence to legislative and good practice requirements</li> <li>Positive Union relations and staff communication</li> <li>Effective management engagement and support</li> </ul>	4	3	12	<ul style="list-style-type: none"> <li>Regular union/management dialogue</li> <li>Open communication with staff</li> <li>Effective management engagement and support</li> </ul>	VPP&P
<b>3.8</b> <b>A&amp;R</b>	Breach of data security / data protection	5	4	20	<ul style="list-style-type: none"> <li>Effective management of GDPR compliance</li> <li>Additional awareness raising of WFH risks</li> <li>Mandatory staff CPD and awareness raising on data protection (relative to role)</li> </ul>	4	2	8	<ul style="list-style-type: none"> <li>Active data protection awareness raising</li> <li>Effective information and data security policies in operation</li> <li>Regular data security monitoring/testing</li> <li>Staff CPD</li> </ul>	VPC&A, HoICT

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	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Responsibility
4	Infrastructure									

4.3 A&R	Breach of ICT/Cyber security	4	3	12	<ul style="list-style-type: none"><li>Effective management of ICT arrangements</li><li>Active ICT/data security monitoring and cyber security policy</li><li>Additional awareness raising of WFH risks and COVID related 'scams'</li></ul>	4	2	8	<ul style="list-style-type: none"><li>Staff awareness raising/CPD on cyber security issues</li><li>Regular security monitoring/testing</li><li>Cyber resilience plan</li></ul>	VPC&A, HoICT
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**BOARD OF MANAGEMENT**

**Finance & Property Committee**

**Tuesday 19 May 2020**

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**Vice Principal Corporate Services Report**

**PAPER I**

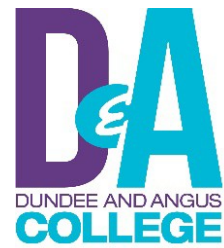


# **BOARD OF MANAGEMENT**

## **Finance & Property**

### **Committee Tuesday 19**

**May 2020**



## **Vice Principal Corporate Services Report**

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### ***Paper for information/ approval***

#### **1. Introduction**

This report brings to the Committee's attention matters, which are not covered by other agenda items.

#### **2. Recommendation**

Members are asked to:

- note the contents of this paper
- approve the award of the payroll systems contract (section 8.)

#### **3. Business Continuity – COVID-19**

As Committee members would expect, there has been significant input required across Corporate Services and other services to support the Business Continuity activities in response to the COVID-19 pandemic. Much of this work has been summarised for the Chairs Committee as part of a Post-COVID-19 Recovery Planning report.

Key elements relating to our finances include the following.

##### **3.1. Underlying Finances**

The financial environment within which colleges operate was already challenging and the COVID-19 outbreak has heightened those challenges and related risks. In June of last year, Audit Scotland reported that Scotland's colleges were operating within an increasingly tight financial environment. Audit Scotland and SFC have identified a range of financial challenges being faced by Colleges including:

- increasing cost pressures

- a reduction in the proportion of non-government income that the sector has generated over recent years, with systemic challenges of diversifying income and generating additional surplus for investment
- money held by arm's-length foundations and cash balances are both reducing substantially
- Prospective changes to the funding model and colleges' ability to deliver regional outcome agreements and meet the core student activity target of 116,000 Full Time Equivalent (FTE) places and other key performance measures
- The impact of cost efficiencies, including reduced staff numbers and frontline student services, on both the quality of student experience and on the health and wellbeing of college staff
- Additional staff costs arising from both cost of living pay awards and the outcome of the national bargaining job evaluation exercise for support staff
- Increases in employer contributions to the Scottish Teacher's Superannuation Scheme and Local Government Pension Schemes
- Addressing backlog estates maintenance and ICT / digital investment requirements
- The balance of portfolio of provision and how that impacts on student numbers

The impact of the COVID-19 crisis will significantly exacerbate an already very difficult financial and operating environment. Scotland's colleges are discussing with the Scottish Government ways to address the direct consequences of the financial challenges facing them in both the immediate and medium to longer term

### **3.2. 2019/20 Financial Impact**

Under normal circumstances we would have been likely to be indicating to the Board of Management that we would have been in a position to achieve a modest surplus for the financial year 2019/20. Adjustments to part time variable teaching budgets and general financial controls would have seen the situation improve from a projected surplus of c.£400k, at the last Finance and Property Committee, to a figure closer to the budget position of c.£650k.

However, that was prior to the impact of COVID-19.

We can see that the early impacts on the financial year are to reduce our income from Flexible Workforce Development Fund, commercial delivery and from other activities such as Catering outlets, Gym & Swim, and Helping Hands Nursery and a reduction in fees due (and full or part refund of some fees). In line with Scottish Government and SFC policy, we have committed to continue to pay staff as planned.

Balanced against reductions in income and continued normal expenditure on staffing, is a projected reduction in other expenditures as the need for consumables to support teaching and learning and other activities have reduced or ceased.

The overall picture is a small adjusted operating deficit of £12k as reported in our Mid-Year return to the Scottish Funding Council.

Since the Post-COVID 19 Recovery Plan was presented to the Chairs Committee and after the Mid-Year Return was submitted to the Funding Council new guidance was issued from SFC that ...

“confirms that colleges and universities are eligible to apply to the Coronavirus Job Retention Scheme (CJRS). Scottish colleges and universities should give full consideration to these schemes and should apply to them, where allowed, to maximise the contribution to their mitigation strategies.....

In summary, colleges and universities, which are only part-funded from the public purse and which will lose some or all income from other sources as a result of the impact of Coronavirus and may otherwise not have sufficient funding to pay all staff, can consider furloughing staff and claiming a CJRS grant from HMRC.”

Since the guidance which was issued on 23<sup>rd</sup> April we have identified all staff eligible for furlough, unions have been consulted and all staff affected contacted. Confirmation variations to contract have been issued to c300 staff. This will enable the College to claim, from HMRC, c£200k per month for staff costs associated with the college closure.

We are also in communications with Santander regarding the possibility of a capital repayment holiday for our £471k loan repayment due in August 2020.

**Risk:** deterioration in financial position.

**Mitigation:** Regular, clear financial reporting and controls, identification of in-year savings, development of savings plan for 2020/21.

Key Tasks	Owner	Timescale
Review of current year position	HoF/VP Corporate Services	April 2020
Assessment of financial risk	Executive	April 2020
Finance recovery plan	Executive	June 2020
Review income bearing activities	SALT	May 2020
Regular budget and cashflow monitoring	Executive, Finance Team	Monthly

Enhanced control of expenditures – realise in-year savings where possible	Executive, Finance Team	Ongoing
NEW: Maximise opportunities afforded from alternative funding streams and COVID-19 support schemes.	Executive, Finance Team	Ongoing

### 3.3. Budget for 2020/21

We also need to prepare a budget process for next year with a great deal of uncertainty surrounding term times, student numbers and activity levels. The draft budget for 2020/21 will be presented to the Finance & Property Committee in May.

What we do know is the SFC have committed to provide us with the planned level of resource in our Letter of Grant irrespective of student recruitment and achievement. This is very significant and allows us a deal of comfort that planned pension increases are covered by the grant offer, and we will see a substantial increase in our capital budgets which will help us progress the Kingsway Tower project when conditions improve.

Income from non SFC sources such as SDS, managing agents, commercial delivery, and other income bearing services are far more difficult to predict. We will need to prepare a financial recovery plan to ensure we have risk assessed all potential scenarios and manage our finances accordingly.

We will not face clawback for a reduced credit count next session and although we may be liable to clawback on the ESF elements of our core grant, we can manage that situation.

College's Scotland are lobbying very hard with Government to ensure that the financial position of the College sector is understood. Discussions have taken place directly with the Deputy First Minister and will be ongoing; a reference group has been formed of a small group of Principals, the Minister for Higher and Further Education and senior civil servants to monitor the financial health of the sector.

**Risk:** deficit develops for the current financial year, income bearing activities decline significantly this year and next, ESF targets are missed.

**Mitigation:** accurate forecasting for this FY, recovery budget process introduced, income bearing activity increased, ESF targets prioritised.

Key Tasks	Owner	Timescale
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Review of current year position	HoF/VP Corporate Services	April 2020
Assessment of financial risk	Executive	April 2020
Finance recovery plan	Executive	June 2020
Credit volume confirmed	VP Curriculum and Attainment / HofAO	July 2020
Review income bearing activities	SALT/Service Design Academy/ Customer Engagement Team	May 2020
KC Tower Project/ OBC re-profile	HoE/VP Corporate Services	May 2020
Introduce budget format for 20/21	HoF/SALT/Support managers	May 2020
Inform sector discussion with Government	Principal	On-going

Extensive work is on-going to understand the financial implications, however there continues to be significant levels of uncertainty on what College might look like for the foreseeable future.

#### **4. Supporting Our Learners**

The cyber-attack and COVID-19 have meant significant changes in the Administration department's processes. The cyber-attack resulted in the application and student funding systems being rebuilt and whilst the student facing systems and processes were re-instated quickly we have encountered challenges with our back of house reports and tools. This has been the focus for the team working with ICT and our external suppliers over the last few months and we now have 90% functionality back.

The recruitment process is the main priority for the team at the moment. Adapting our processes, liaising with applicants and curriculum teams to ensure we can still actively recruit learners remotely. Despite our application numbers being approximately 2,000 down on this time last year, we have issued the same number of offers. Communicating with our applicants is key therefore we have been working with our partners in schools, Skills Development Scotland to continue to support engagement. We are working with the Marketing and Digital Resources team to produce a virtual applicant tool to be available to all applicants with an offer, detailing the next steps in the process and the support the college can offer these candidates.

The Help Point team have introduced a Live Chat facility on our website which allows anyone to communicate with us on any issues or concerns they have. The team are also still undertaking normal tasks or chasing applicants that have not submitted their application or still to accept their place.

Data Management team have been working closely with Quality to support the

Holistic Assessment Panel process and system. A priority for the team has been working with curriculum staff to ensure all student results are up to date and recorded with Awarding Bodies. The team have also reviewed their unit booking and resulting systems and with the support from ICT these systems have been given a face-lift which should make these systems much easier to use for curriculum staff.

COVID-19 has resulted in a re-assessment of student funding awards with the withdrawal of travel and childcare funds to most students. We are setting up the system for the next academic year and reviewing our processes to ensure that the current remote working situation is not a barrier to candidates accessing funds.

## **5. Scottish Funding Council Update**

The Scottish Funding Council have been understandably keen to comprehend the impact of COVID-19 on the finances of the college sector. The college completed a Mid-Year Return on 20 April (for 2019/20 academic year). Subsequent to this the SFC advised us that the Coronavirus Job Retention Scheme was open to Universities and Colleges. It was also apparent from their analysis of the initial Mid-Year Return that colleges had made different assumptions regarding some key income streams. The SFC have therefore asked that a further Mid-Year Return is submitted which is intended to enable the SFC to refine their understanding of the financial impact of the COVID-19 pandemic and enable them to provide further advice to Scottish Government. The deadline for this revised return is 18 May 2020. There are still uncertainties around the receipt of ESF, FWDF and SDS revenue streams in the current academic year that the College Principal group are continuing to seek clarity on.

## **6. Funding Applications**

### Child Poverty Fund:

Members will recall that we reported in January 2020 that we were awaiting the outcome of our Child Poverty Funding bid of £225K. This decision has been delayed, as a result of the pandemic, until further notice.

## **7. Forfar Outreach Centre**

Negotiations around the dilapidation costs associated with our exit from the High Street premises have now been completed.

The surveying agent acting on behalf of the landlord had identified £70k +VAT of dilapidations which included replacement a significant part of the roof along with a range of other elements. Following a tough negotiation process, agreement has been reached. The College has sought alternative prices and secured a significant reduction in the area of the roof to be replaced. Once COVID-19 restrictions have been lifted, Robertson Construction will replace the part of the roof as agreed at a cost of £15k + VAT.

The terms of the lease also identified that the College were liable for the costs incurred by the landlord for the surveying agent. These costs were initially £9.6k + VAT, but have been negotiated down to £6.45k + VAT. Legal advice was provided by the College solicitor (Thorntons) regarding the terms of the lease and the College's responsibilities.

Unfortunately this is higher than we had initially advised the Committee, however we are confident that we have obtained the best deal for the college

## 8. Procurement Update

This was an unusual period, with first the cyberattack and then the coronavirus lockdown causing disruption. This has resulted in several procurement projects being delayed or postponed, so the number of procurement exercises completed and contracts awarded during this period has been less than usual.

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Procurement exercises in progress but not yet awarded include:

- Graduation Services (Mini-competition under APUC framework)

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We would like to seek approval to award a **payroll software contract**.

As part of the "Planned Contracting: September 2019 – December 2020" report presented to the Committee in September 2020 we advised of the following procurement exercise:

Contract name	Payroll System
Incumbent Supplier	MHR
Annual Value (2018/19)	£22K
Estimated Contract Value	£120K
Original Start Date	10/06/2015
Route to Market	APUC Framework for finance, HR and payroll systems
Contract Start Date	10/06/2020
Contract Period	5 years
Rationale	Implementation of integrated HR/payroll system has recently been successfully undertaken. Core business system embedded within organizational business

A current APUC framework, ITS 1027 AP "Supply of Finance, HR/Payroll System(s), Enterprise Combinations and Associated Services", is available which the College is entitled to use. Direct Award is permitted.

Three options were considered:

### Option 1

Like for like replacement with learning, development and Business Objects

- Initial payment (due every 5 years) = £18,593
- Annual payments = £22,777 (broken into quarterly payments)
- Total = £132,478 over 5 years

### Option 2

- Cheapest possible solution (remove learning, development and replace Business Object with PowerBI)
- Initial payment (due every 5 years) = £15,041
- Annual Payments = £19,415 (broken into quarterly payments)
- Total = £112,116 over 5 years

### Option 3

- Cloud solution which will move hosting, backup, upgrades, multi-factor authentication and support of underlying hardware to an externally hosted system (also removing Business Objects). This reduces risk if we are subject to another Cyber Incident.
- Initial Payment (due every 5 years) = £16,593
- Annual Payments = £21,277 (broken into quarterly payments)
- Cloud hosting initial payment (due every 5 years) = £14,762
- Cloud hosting Annual Payments = £8,804 (broken into quarterly payments) (Hosting works out at around £12,600 per annum which is fairly low compared to quotes for hosting for other core business systems, e.g. we were quoted £35,000 per annum for hosting of Sun and £25,000 per annum for hosting of unit-e.)
- One off migration costs = £14,000
- Total = £195,760 over 5 years

As the preferred Option (Option 3) gives the best long-term value for money and follows the College Strategy towards a Cloud First approach is greater than the originally anticipated contract value we wanted to highlight this to the Committee to seek further approval.

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Contracts with potential values in excess of £50K (inc. VAT) awarded during the period February 2020 to April 2020 are noted below. This information is also available online here: <https://dundeeandangus.ac.uk/about-us/procurement/contracts/>

### **Awarded Contracts February 2020 – April 2020**

<b>Contract name</b>	<b>Student Hospitality Kits</b>
Route to Market	Open Tender via Public Contracts Scotland (PCS) website
Successful Bidder	E. Russum & Sons Ltd
Annual Value	£36,987
Estimated Contract Value	£110,967



Award Date	21/02/2020
Start Date	01/03/2020
Contract Period	Initial 3 year term, with option to extend for up to 2 years

<b>Contract name</b>	<b>Internal Audit Services</b>
Route to Market	Mini-competition under APUC Framework PFB1028AP – Lot 2 “Audit Services”
Successful Bidder	MHA Henderson Loggie
Annual Value	£16,000
Estimated Contract Value	£48,000
Award Date	28/04/2020
Start Date	01/10/2020
Contract Period	Initial 3 year term, with option to extend for up to 2 years

<b>Contract name</b>	<b>Water and Waste Water Services</b>
Route to Market	Call-off contract under new Scottish Government single-supplier Framework
Supplier	Scottish Water Business Stream Ltd
Estimated Annual Value	£115,000
Estimated Contract Value	£345,000
Award Date	06/03/2020
Start Date	01/04/2020
Contract Period	Initial 3 year term
Comments	This replaces the contract with Wave (Anglian Water) under the previous Scottish Government framework.

Work is ongoing to draft updated versions of the Procurement Policy and Procurement Strategy documents following low-grade recommendations from the recent Internal Audit and PCIP review.

## 9. Vehicle Update

Six replacement vehicles have been ordered, but delivery has been delayed due to the impact of COVID-19 lockdown restrictions. These vehicles are outright purchases using funding secured via Switched on Towns and Cities Grant.

## 10. Good to Great

The final payment of £168k of funding from Dundee and Angus Foundation was has been received. Apart from the evaluation report, which is due to be undertaken later this year, this project is now complete. As this is not a usual year to be evaluating successes against, it is likely that the evaluation will be affected by the pandemic.

## 11. Regular Updates

The following have previously been agreed as a feature of the regular reporting to the Finance & Property Committees.

Subject	Comment
Bad Debt Reporting and Write-Off	There were no individual bad debt write offs over £3K during the period between January to April 2020.

## 12. Link to Strategic Risk Register

Consideration of the topics included in this Vice Principal – Corporate Services report will support the mitigation of a range of risks identified within the Strategic Risk Register namely;

2.2 – failure to achieve institutional sustainability

2.4 – financial fraud

3.2 – failure to achieve/maintain compliance arrangements

**Author & Executive Sponsor:** Jaki Carnegie, Vice Principal – Corporate Services