

BOARD OF MANAGEMENT

Finance & Property Committee



Tuesday 8 September 2020 at 5.00pm
in Microsoft Teams

AGENDA

1. WELCOME
2. APOLOGIES
3. DECLARATIONS OF INTEREST
4. MINUTES OF PREVIOUS MEETING Paper A for approval
5. MATTERS ARISING Paper B for noting
6. 2019/20 DRAFT OUTTURN Paper C for noting JC/BF
7. 2020/21 DRAFT BUDGET Paper D for approval JC/BF
8. PROCUREMENT UPDATE Paper E for noting / approval JC
9. COVID-19 UPDATE ON ARRANGEMENTS
a) Estates & Infrastructure BG/A
b) Finance & Governance R
10. ESTATES UPDATE Paper F for noting BF
BG
11. ICT RESOURCE PLAN Paper G for noting / approval AR
12. STRATEGIC & COVID RISK REGISTERS FPC ONLY Paper H for approval ST
13. VP CORPORATE SERVICES REPORT Paper I for noting JC
(including College Sector Financial Forecast
Return PowerPoint summary)
14. DATE OF NEXT MEETING - Tuesday 24 November 2020 (Joint Meeting with Audit & Risk Committee)

**BOARD OF MANAGEMENT
Finance and Property Committee
Tuesday 8 September 2020**



Minute of Previous Meeting – 19 May 2020

PAPER B

BOARD OF MANAGEMENT

Finance and Property Committee Meeting

Tuesday 19 May 2020

Draft confirmed by Chair



Minute of the Finance and Property Committee meeting held on Tuesday 19 May 2020 at 5.00pm in Teams.

PRESENT:

S Mill (Chair)	A McCusker
D Mackenzie	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)	A Ross (Head of ICT)
T D'All (Principal's/Board Chair PA)	

1. WELCOME

S Mill welcomed members to the meeting.

2. APOLOGIES

Apologies were received from G Bisset, H Honeyman and N Lowden

3. DECLARATIONS OF INTEREST

D Mackenzie noted his role with Michelin in respect MSIP Skills Academy.

4. MINUTES OF FINANCE AND PROPERTY COMMITTEE MEETING 21 JANUARY 2020

The minute of the Finance and Property Committee meeting held on 21 January 2020 was approved as an accurate record.

5. MATTERS ARISING

J Carnegie advised that Item 8.0 of the Matters Arising should show as being "Open" as the Draft OBC had not been circulated to the Board for approval. J Carnegie noted that SFC are aware of the delay in this work due to the COVID-19 situation and stated that a catch up meeting will take place week on 2 June 2020.

J Carnegie noted that the Matters Arising Item 7.0 from the 10 September 2019 meeting re the Loan Repayment would not now be progressed.

The Finance & Property Committee noted the Matters Arising.

6. COVID-19 IMPACT ON FINANCES AND FINANCE ACTIVITY

J Carnegie noted that Vice Principal Corporate Services Report (Item 13 of the Agenda) included a summary of the impact on finances as a result of COVID-19 and stated that she would cover this later in the meeting.

J Carnegie highlighted that a COVID-19 Recovery Plan paper had been prepared for the Chairs Committee and would be expanded and updated for the Board meeting in June.

7. BUDGET MONITORING REPORT

S Mill highlighted that the forecast cash backed surplus for the year of £906K was now projected, £302K more than the revised budget of £604K and up £431K on the previously reported forecast at Month 6. S Mill noted that it was critical to note the positive impact of salary cost recovery under the Coronavirus Job Retention Scheme (CJRS).

B Ferguson summarised the monitoring report, noting the fairly strong and improved underlying position.

B Ferguson noted that c£1.3M income had been lost due to the COVID-19 situation, largely through commercial, catering and Gardyne Gym & Swim income. It was noted that in most cases, income just stopped at the point that campuses closed.

B Ferguson stated that it was forecast that a c£800K claim would be made to the CJRS with approximately 300 staff roles furloughed from 21 March – 30 June 2020. B Ferguson stated that this claim would support the loss of income outlined previously and through the under delivery of the Flexible Workforce Development (FWDF) but where costs for staffing were still being incurred.

B Ferguson stated that there were still income related risks within the forecast, primarily around apprenticeship and similar programme income from SDS and the various industry managing agents such as CITB and SNIPEF.

B Ferguson noted the assumption that the core teaching credit income would be protected but that there was exposure to the possibility of a clawback of approximately £100K of ESF supported activity should the sector as a whole fail to achieve national target.

B Ferguson advised that the cash flow should remain strong to the end of the year with c£2M in bank at the end of July 2020. S Mill noted that this was a good position for the start of AY 20/21 given the draft budget later on the agenda.

S Mill noted that the Adverse Risk Assessment for ESF was “low” but could be greater given the earlier comments and B Ferguson confirmed that this was the case.

S Mill enquired about the approach being adopted in terms of variable staff salaries and B Ferguson confirmed that all supply staff / variable staff were being paid as normal, based on known or averaged hours.

S Mill noted that the required breakeven position for Gardyne Theatre Limited was likely to be a deficit for the financial year. B Ferguson confirmed that this was the case.

The budget report was noted.

8. 2020/21 DRAFT BUDGET

S Mill noted there will be further iterations of the 2020/21 Draft Budget with more work required to secure a balanced budget in the current situation.

J Carnegie summarised the budget paper, highlighting that this was for information and not approval at present. J Carnegie noted that:

- Main income was projected to be down with Catering and Other Income reduced by c£700K.
- Staff costs were challenging with additional resources likely to be needed to deliver at a distance; with reduced class sizes; staggered groups; and later programme end dates.
- More resources required for cleaning.
- Public Sector Pay Policy of 3%.
- Non-Pay Costs reducing through savings on consumables as a result of reduced face-to-face delivery

J Carnegie noted that guidance was being sought from SFC to enable the presentation of a better balanced position, but was unsure this would be available in time for the June Board meeting. J Carnegie stated that irrespective of this, it was likely that a revised budget would be necessary in November.

S Mill stated that, given current significant uncertainties, this would not be a major problem and noted that a further update could be provided for the Board and further iteration considered at the next meeting (8 September 2020). **J Carnegie to progress**

S Mill suggested that he meet on a monthly basis with J Carnegie and B Ferguson in the lead up to the September meeting to update on progress towards a more balanced budget. This was agreed **J Carnegie to progress**.

The update and proposed approach was noted.

9. 2020 FINANCIAL FORECAST RETURN

J Carnegie indicated that the FFR was not likely to be required until September 2020. This was noted.

10. ESTATES UPDATE

10.1 Kingsway Tower Redevelopment

B Grace updated the Committee on proposals, stating that the original tender of £4.9M had come down to £4.5M with the funding request to the D&A Foundation now being £3.3M rather than the original up to £4M envisaged. It was hoped that this funding could be provided over a 2-year period to support the phasing of planned works alongside the increased SFC backlog maintenance funding of c£2M.

B Grace noted that the COVID-19 pandemic had had an impact on the timescales for the project, with this now planned in 2 phases. It was noted that it was likely that Robertson Construction's employees would come off furlough and could start phase 1 (the new Hair, Beauty & Complimentary Therapy and social area) as early as the beginning of June.

D Fordyce enquired about the plans in place for social distancing and how this would play out within the current plans. B Grace confirmed that there had been a body of work already undertaken on what is realistic with clear social distancing guidelines but noted that this might change depending upon government guidance.

J Carnegie noted that the development of the Hair, Beauty & Complimentary Therapy area was not expected to be ready for use until Jan 2021.

J Carnegie highlighted that a paper had been prepared for the Arm's Length Foundation to provide an update for them on the College estates strategy and phasing of the planned projects. **J Carnegie to progress.**

J Carnegie noted that whilst the Board meeting in March did not take place due to the COVID-19 pandemic (a Chairs meeting took place instead) the Board had received the complete pack of papers that included the paper approved on the Kingsway Tower Development. It was confirmed that the proposed bid to the D&A Foundation would require full Board approval, and that this could be sought by e-mail. It was agreed that J Carnegie email the updated paper to the full Board, seeking approval and giving the option for Board members to take part in an online meeting to ask any questions that they may have prior to deciding on approval. **J Carnegie to progress.**

A detailed discussion took place around the needs and plans for development of campuses to underpin safety and social distancing and to give staff and students confidence in returning to College. B Grace stated that significant work to plan for this was being undertaken and stated that he was optimistic that this would all be possible within the expected timeframes, but noted that this would be a costly exercise with the requirement for new signage, one-way systems, hand sanitisers and some screens and changes of use for facilities. This update was welcomed and it was noted that further details would be built into the COVID-19 Recovery Plan document for the Board.

Discussion also took place in relation to the STEM Centre and the likelihood of project progressing in light of the current situation with COVID-19, potential economic recession and demands on government funds.

10.2 Estates Annual Report

B Grace summarised the Estate Annual Report highlighting that the College's Carbon Footprint had reduced for the 10th year in a row – reducing by 54.6% in total. B Grace noted that £250k funding had been successfully secured for the outright purchase of 10 electric vehicles.

B Grace also noted the College success once again at the Green Gown Awards as well as the Lord Cullen Award for health and safety.

The additional carbon reduction benefits of Phase 1 & 2 of the Kingsway Tower project were noted.

A McCusker enquired about the expected start date of August 2020 for the work to be undertaken at the Michelin site along with the funding situation. G Ritchie confirmed that work had been undertaken to progress a memorandum of understanding, with initial plans likely to be minimal in terms of activity for August 2020. G Ritchie stated that an initial £40K was available to start small scale works with funding being sought for the major upgrade. It was confirmed that the memorandum of understanding did not include any financial commitment from the College.

A McCusker enquired about the progress of the Tay Cities Deal with G Ritchie and S Mill indicating the potential for the deal agreement to be signed in June 2020 with spend on projects commencing in early 2021 but that this could easily slip or be amended as a result of the current COVID-19 situation. It was confirmed that the Advanced Engineering works would be funded fully through the Tay Cities deal.

10.3 Estate Update

B Grace noted that the Estate Update paper provided the usual update on progress since the last Committee Meeting.

11. Contract Proposal for Capita to Deliver Unit-E for the next 5 Years

A Ross provided a brief summary of the proposal recommending approval to enter in to a 5 year contract for the student records and related systems through Capita.

After discussion on the various options and merits of each the Committee agreed to approve the proposal and related costs. **A Ross to progress.**

12. STRATEGIC RISK REGISTER & COVID-19 RISK REGISTER

S Taylor summarised the Strategic Risk Register and COVID-19 Risk Register noting that the COVID-19 Risk Register had been produced to monitor specific risks as a result of the pandemic. S Taylor noted that both Registers had been presented to the Chairs, Learning, Teaching Quality, Human Resources & Development, and Audit & Risk Committees

S Taylor highlighted Item 2.2, of the COVID-19 specific Register, as being Red, reflecting the discussion around the 2020/21 budget.

D Fordyce asked about the risk re National Pay Bargaining and S Taylor summarised the position in terms of national pay demands.

D Mackenzie enquired about Item 3.7 – Industrial Relations on the COVID-19 specific Register. S Taylor confirmed that relations with College unions were positive and noted that the College and unions had worked together very well around the furlough scheme for staff.

The Committee approved the updated Risk Register in respect of those risks under Finance & Property.

13. VP CORPORATE SERVICES REPORT

J Carnegie noted the VP Corporate Services Report was for information and for approval in relation to the award of the contract for payroll software.

J Carnegie highlighted the Financial Impact Post COVID-19 recovery report presented at the Chairs Committee and confirmed that this would be updated for the Board of Management meeting in June.

J Carnegie noted the great work being carried out by the Help Point & Administrative services, with recruitment a priority. It was noted that whilst applications were down, offers were at a similar level to the same time last year.

J Carnegie noted that the negotiations around the dilapidations costs associated with our exit from the Forfar Centre premises had been concluded, with the costs being higher than anticipated, but well below the demand made by the landlord. J Carnegie confirmed that the College had settled and was confident that this was the best deal.

J Carnegie and A Ross summarised the proposed approach for the *Payroll Software Contract* and noted that they were seeking approval to purchase the cloud-based Payroll software option (option 3). While the cost was higher under this option it was noted that it was felt that this was the most secure option and fitted well with the College's cloud based strategy for major systems.

The Committee discussed the costs and benefits of the various options and confirmed approval for option 3. **A Ross to progress.**

14. DATE OF NEXT MEETING

Tuesday 8 September 2020 at 5.00pm – venue to be confirmed.

Action Point Summary

Action	Responsibility	Date
Further iteration of the budget to be considered at Board meeting and next F&P meeting.	J Carnegie	9 June 2020 8 September 2020
Meeting on a monthly basis with S Mill to progress the 2020/21 Budget	J Carnegie	June 2020
Update paper to be prepared for the D&A Foundation on the College Estates Projects and funding request.	J Carnegie	9 June 2020
Approval for D&A Foundation bid to be sought from full Board, with advance opportunity for an online Q&A	J Carnegie	5 June 2020
ICT contracts to be progressed for Unit-e Student Records system and I-Trent Payroll system as per approved proposals.	A Ross	1 June 2020

**BOARD OF MANAGEMENT
Finance and Property Committee
Tuesday 8 September 2020**



Matters Arising

PAPER B

BOARD OF MANAGEMENT
Finance and Property Committee
Tuesday 8 September 2020



Matters Arising

Paper for information

The following actions were noted from the Tuesday 19 May 2020 Finance & Property Committee Meeting.

Agenda Item No	Action	Current status	Open / Closed
8.0	2020/21 DRAFT BUDGET Further iteration of the budget to be considered at Board meeting and next F&P meeting. Meeting on a monthly basis with S Mill to progress the 2020/21 Budget.	Draft Budget included within agenda 4-weekly meetings taking place with Chairs of Finance & Property Committee and Board	Closed Closed
10.1	Kingsway Tower Development Update paper to be prepared for the D&A Foundation on the College Estates Projects and funding request. Approval for D&A Foundation bid to be sought from full Board, with advance opportunity for an online Q&A	Updated paper presented to the Dundee & Angus Foundation. Approval granted to part fund the Kingsway Tower development (£3,298,702) Board approved Dundee & Angus Foundation (emails of 20 th and 26 th May)	Closed Closed
13.	VP Corporate Services Report ICT contracts to be progressed for Unit-e Student Records system and I-Trent Payroll system as per approved proposals.	Unit-e contract has been signed I-trent contract has also been signed and service migrated to the cloud.	Closed

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

Agenda Item No	Action	Current status	Open / Closed
8.0	Final draft OBC to be circulated for Board approval by e-mail J Carnegie 28 February 2020	There is a delay in the preparation of the OBC for the STEM Centre. Part of the work that Grant Ritchie has been commissioned to undertake is support the development of the OBC	Open

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

Agenda Item No	Action	Current status	Open / Closed
7.0	Budget Monitoring Report and Update Arrangements to manage in-year cash (including potential further loan repayment) to be developed - J Carnegie (January 2020)	Not to be progressed as noted at the FPC meeting on 19/05/20	Closed
10.0	Procurement Update Details arising through new procurement of graduation services and PPE contracts to be shared with Committee - J Carnegie	<u>Graduation Services</u> is in the process of being awarded. A tender exercise commenced however it wasn't completed due to not being able to evaluate some sample gowns. We delayed requesting delivery hoping that the lockdown would be eased, but since the campus is still effectively closed for non-essential visits by support staff, Sara Oliver and I have now agreed (and the tenderers accepted) that we'll proceed based just on the evaluation of the submitted written tenders. (On that basis, Ede & Ravenscroft will be the successful bidder.) <u>PPE</u> was put 'on hold' because the market has been very much in a state of flux, with some inflated prices, new entrants, and some suppliers still having staff on furlough/ This is beginning to settle down and therefore the tender exercise will be started soon.	Open

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

**BOARD OF MANAGEMENT
Finance and Property Committee
Tuesday 8 September 2020**



2019 / 20 Draft Outturn

PAPER C

BOARD OF MANAGEMENT
Finance and Property Committee
Tuesday 8 September 2020



Draft Outturn for the year to 31 July 2020

Paper for information

1. Introduction

This report brings to the Committees attention the management accounts for the year to 31 July 2020.

2. Recommendation

Members are asked to note the draft Outturn at this time.

3. Context

The College budget was revised in November 2019 and a cash-backed surplus of £604K was approved. In May 2020 the Committee were presented with a 'Month 8' Forecast, predicting a cash-backed surplus of £906K. This sought to portray the most likely financial outcome after taking into consideration the perceived impacts of Covid-19, including claims submitted under the Coronavirus Job Retention Scheme (CJRS), and formed the basis for the Mid-Year Financial Forecast Return prepared for The Scottish Funding Council (SFC). At that time assumptions were made regarding future income, informed by SFC where appropriate, and costs removed.

It is always challenging to produce an accurate outturn so soon following the year-end and the preparation of this year's draft Outturn has presented some unique challenges amidst many other priorities. Consequently, whilst we believe that this draft outturn does provide a reliable indication of the ultimate figures to offered for audit later this month, further adjustments will be necessary and this is particularly true of property expenditure and associated funding.

4. Summary of results

The draft outturn for the year, at £1.265m, benefits from both increased income and lower expenditure and represents an improvement of £359K on the last forecast previously presented to the Committee.

5. Income

Our previous forecast reduced income by approximately £500K in what was a cautious assessment of the financial impact of the pandemic. In this draft outturn we have been able to reverse this by almost half, increasing total income by £244k.

We are, tentatively, recognising increased SFC maintenance income to support increased works costs but this remains subject to a final review. We have however witnessed real increases across several income streams, most notably from HE fees, commercial work based SVQs, and in particular Skills Development Scotland (SDS). In the case of the latter, identified as the most significant risk, contractual payments have continued to be honoured for both Foundation and Modern apprenticeships, albeit further reductions are now assumed from the three principle construction industry trades managing agents whilst final payments are still being determined.

Core credit income is protected from Covid-19 related reductions, however the College is confident of achieving its target. ESF credits continue to carry a higher degree of risk but this now seems less of a threat issue for this year.

No additional income had been assumed from Flexible Workforce Delivery Fund that could not be delivered by 31 July and SFC have confirmed that this position was correct, resulting in a very high carry forward of allocation into 2020/21.

The College has yet to finalise and submit a claim against the Coronavirus Job Retention Scheme for July, rendered more complex by the introduction of flexible furloughing, and has reduced the forecast outturn by £80K to £720K meantime.

6. Pay Costs

Support pay has increased by £124K, along with invoiced costs, but total adverse variance is reduced to £57K after more modest favourable movements in lecturing pay and lower VS costs.

Outturn VS scheme costs are correct, though containing an estimated pension strain cost not settled, and were overestimated previously.

7. Non Pay Costs

A conscious decision was taken to bring forward ICT expenditure, on both mobile devices and media equipment, totalling £260K including VAT originally budgeted in 2020/21. This was based both upon affordability and operational needs and otherwise a small positive variance would have arisen.

In almost all other respects, with few exceptions, expenditure budgets have been underspent with contingencies deliberately retained amidst such uncertainty have not generally been required. Consequently, total non-pay cost savings of £153K have been secured despite accommodating the accelerated ICT spend.

8. Subsidiary company

Direct costs within Gardyne Theatre Limited have been contained as much as possible in order to protect its cash and the draft loss is reduced significantly to only £5K.

9. Student Support Funding

As predicted, SFC funding actually drawn down exceeded demand and this has resulted in a surplus cash carry forward. HE Discretionary funds provided by SAAS were however fully required with the exception of the advance payment received from our 2020/21 allocation.

10. Cash Flow Forecast

Cash balances of £3.7m at year-end has far exceeded expectations. The higher cash surplus has been augmented by very positive 'working capital' movement. It should be noted however that this is largely due to exceptionally high levels of 'restricted' cash reserves still retained at 31 July. This position isn't sustainable and a large negative movement in 2020/21 seems inevitable. The loan repayment holiday has however saved further significant cash outlay in August and the College is now relatively well positioned in cash terms to face the challenges of the current year.

11. Conclusion

Whist the final outturn has yet to be determined with absolute certainty, and being aware that this remains subject to audit, we can nevertheless be satisfied that the impact of Covid-19 has been absorbed within the year and a satisfactory financial result has been achieved.

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

	2018/19	2019/20			Variance (from Month 8 Forecast)
		Revised Budget	Forecast at Month 8	Projected Final Outturn	
	Actual				
£000's					
SFC Credit income	26,768	27,112	27,163	27,163	0
SFC ESF Credits	1,250	1,158	1,071	1,071	0
Other SFC grants	2,351	3,541	3,363	3,416	53
SFC Total	30,369	31,811	31,597	31,650	53
Tuition Fees	3,658	3,749	3,442	3,480	38
Non-Core income	3,199	3,295	2,810	3,000	190
Catering & other income	1,707	1,615	2,120	2,083	(37)
Foundation donations	454	248	248	248	0
Total Income	39,387	40,718	40,217	40,461	244
Teaching Pay - established	12,596	14,661	14,486	14,444	42
Teaching Pay - variable	2,833	2,873	3,006	2,992	14
Invoiced Staff Costs	221	249	184	210	(26)
Teaching Support Pay	1,971	2,125	2,096	2,097	(1)
Support pay	9,962	10,644	10,490	10,613	(123)
Apprenticeship Levy	90	100	100	102	(2)
VS Scheme	219	135	205	170	35
Unfunded pension payments	398	404	404	400	4
Total Pay Costs	28,290	31,191	30,971	31,028	(57)
Staff related costs	476	477	339	284	55
Consumables & Equipment	1,450	1,483	1,192	1,169	23
Exam fees	818	851	851	799	52
Student related costs	356	388	194	165	29
Property cost	2,574	2,898	2,959	2,862	97
ICT & Telephony	1,372	1,045	1,086	1,284	(198)
Insurance	111	117	117	116	1
Marketing	62	65	69	42	27
Professional fees	134	255	207	184	23
General Overheads	319	325	292	278	14
Interest & Charges	184	155	155	143	12
VAT	799	864	855	837	18
Total non-pay costs	8,655	8,923	8,316	8,163	153
Cash-backed surplus/(deficit)	2,442	604	930	1,270	340
Add: subsidiary profit/(loss)	4	0	(24)	(5)	19
Consolidated Cash-backed surplus/(deficit)	2,446	604	906	1,265	359

Cashflow Forecast

	2018/19	2019/20			Variance
		Revised Budget	Forecast at Month 8	Projected Final Outturn	
	Actual				
£000's					
Consolidated Cash-backed surplus/(deficit)	2,446	604	906	1,265	359
Loan repayment	(1,571)	(486)	(486)	(486)	0
Capital expenditure	0	(92)	(92)	(92)	0
Capital funding	0	92	92	92	0
Working capital movements	103	(600)	(600)	829	1,429
Net movement in cash balances	978	(482)	(180)	1,608	1,788
Opening cash balances	1,172	2,150	2,150	2,150	
Closing cash balances	2,150	1,668	1,970	3,758	1,788

2018/19		2019/20			
Actual		Revised Budget	Forecast at Month 8	Projected Final Outturn	Variance (from Month 8 Forecast)
£000's					

Note: Restricted cash reserves at year-end are approximately £1.1m. In addition, we held almost £400K of unspent student funds.

**BOARD OF MANAGEMENT
Finance and Property Committee
Tuesday 8 September 2020**



2020 / 2021 Draft Budget

PAPER D

BOARD OF MANAGEMENT
Finance & Property Committee
Tuesday 8 September 2020



Draft Budget 2020/21

1. Introduction

This report brings to the Committee's attention a revised draft budget for the year to 31 July 2020.

2. Recommendation

Finance & Property Committee is invited to consider the attached draft budget and confirm any further adjustments required ahead of its submission to the Board of Management meeting on 29 September 2020 for final approval.

3. Context

The Board were presented with an initial 'post-Covid-19' draft budget in June, prepared in tandem with the Financial Forecast Return (FFR) required by The Scottish Funding Council (SFC), in order to give an early indication of the possible economic impacts of COVID-19 restrictions. Due however to the unprecedented level of uncertainty it was not deemed appropriate to seek approval for that budget and management undertook to present a revised budget when there was sufficient clarity to do so reliably.

Whilst the situation continues to be fluid with a high degree of uncertainty remaining, we do have a greater measure of clarity informing certain assumptions, enabling us to present a more positive forecast and consequently we feel that a budget can now be formally adopted, albeit this may be subject to further revision.

The College continues to closely monitor the developing situation, taking full cognisance of prevailing guidance, and will actively manage the challenges as they emerge. Mitigating actions will also be taken to proactively protect our finances and take advantage of opportunities for additional revenues whilst contributing to the economic recovery of our region to the full extent possible.

Forecasting will be particularly demanding throughout the pandemic and forecasts will continue to be updated regularly. Greater certainty will be provided when students are fully enrolled and timetables finalised.

The Risk Assessment of Key Areas, whilst still very subjective, seeks to highlight the extent of residual risks of adverse impact, along with potential for favourable movement from the budgeted position.

4. Summary of results

The revised draft budget achieves a break-even position for the year, predicting a Cash-backed surplus of £20K and is a positive movement of almost £1.5m since the initial draft budget. For 2020/21 we have no cash liability towards the loan, having secured a loan repayment holiday by Santander.

Income increases by over £4.5m, however after factoring associated costs the net impact is approximately £1.1m. The major contributors are SFC and Skills Development Scotland (SDS) along with Coronavirus Job Retention Scheme Bonus.

Expenditure increases by almost £3m but this is a consequence of additional revenues, primarily grant funding and donations for property works. Costs benefit however from a net reduction in property of £300K and ICT of £260K, with the budget for the latter consequently reduced for accelerated spend accommodated within 2019/20.

5. Income

Total cash income for 2020/21 increases to £44.2m, representing an increase of £3.8m on our predicted Outturn for 2019/20.

Final SFC teaching allocations announced in June are reflected in this revision but net adjustments are not significant. ESF credits have been confirmed, reducing by 330 to 4,091 and resulting in a new College total credit target of 107,405 which is a reduction of 663 on last year. Although core teaching credit allocations are protected from Covid-19 related reductions we do not have this same level of assurance in respect ESF credits.

Other SFC grants have increased by just over £1m. Additional capital funding to support economic recovery was announced in August, providing funding of £514K to be spent within the 20/21 fiscal year. Full cost provision has been made pending final decision on how this stimulus funding may be utilised. This brings total Capital & Maintenance funding to almost £3m in this budget, but has yet to be finally adjusted for under spend carried forward from last year. The present assumption that this will all be accounted for as revenue has also to be reviewed and agreed with auditors. Any resulting adjustments to both revenue and costs should not however result in significant net adjustment.

The budget also now reflects additional SFC funding to support digital provision of £152K, enabling us to provide devices to eligible students.

The College is currently bidding again to SFC for Reducing Child Poverty grant funding and this budget now reflects an expectation that we will be successful in the amount of £225K, which is an increase of £109K from previous budget, but with no additional incremental costs.

Regional Flexible Workforce Development Funds (FWDF) allocations remain unconfirmed, both in terms of value and potential changes to conditions. SFC had previously advised that we should continue to assume a similar level of allocation for 2020/21 (£473K) when the funding for the sector remained at £10m. This has since increased to £20m although there appears to be some doubt about how this additional allocation may be distributed. It seems very likely however that we can expect a higher allocation and, taken together with circa £300K carried forward from 19/20's allocation which we hope to deliver by the end of the calendar year, it seems appropriate to increase our budgeted income by £300K to £863K. It will however be enormously challenging to build capacity sufficient to deliver this level of activity, and assuming there is sufficient demand from levy paying employers. Risk is therefore very high and, by way of containing the possible adverse impact, our budget assumption is for all additional activity to be contracted out to associate trainers, deviating from the normal mix, and thus yielding a much lower margin of contribution to overheads. This is however only a financial assumption and every effort will be made to deliver as economically as possible.

Tuition fees are increased only for Service Design Academy, where we believe that we have a niche product that can be particularly responsive to the current Covid-19 related challenges. In all other respects the uncertainty regarding actual enrolments and the strength of the economic recovery precludes any changes to previous assumptions.

Non-core income grows by £547K following a further review. An additional £460K is assumed from SDS and this is split £260K additional for Foundation Apprenticeships, not carrying the same downward risk as Modern Apprentices, and an extra £200K for Covid-19-related employability funding. Whilst this assumption clearly carries risk it seems reasonable to assume a relatively modest level of funding given recent indications from government of planned stimulus packages as yet not detailed.

Catering and other income rises by £266K, which is predominantly accounted for by additional local authority financing for nursery provision of £77K and £180K for the Chancellor's Job Retention Scheme Bonus. Job Retention Scheme Claims are left unchanged at £200K as we work our way through flexible furloughing, balanced against college operational demands.

Following approval of the College's bid to The Dundee & Angus Foundation, donation income is introduced to this budget to fund Phase 1 of the Kingsway Tower Development and is fully matched with expenditure. If all or part of the development is treated as capital expenditure a mismatch within accounting periods may arise, with income recognised when received, but there will be no net cash impact.

6. Pay Costs

Limited pay adjustment, partly arising from project virements, has been made in this revision. Vacancy savings have been identified to date but a conscious decision has been made to omit these potential reductions pending a more comprehensive review of pay given the many inherent risks whilst timetables are finalised and permanency contracts agreed. Accordingly, a contingency for additional variable teaching costs has been retained meantime.

Cost of living pay award assumptions remain in line with current Scottish Government public sector pay policy. Any higher settlement would ultimately be beyond our control and in this event further mitigating actions would be considered as necessary.

No provision is made for possible payments under a voluntary severance scheme but the possible relaunching of a scheme will be continually reviewed.

7. Non Pay Costs

Non-pay is up £2.7m in this revised budget due to the inclusion of the full costs of Kingsway Tower Development Phase 1 coupled with additional SFC funded expenditure noted above.

In accordance with the flexibility afforded by SFC, £300K inclusive of VAT has been removed from property costs, releasing this portion of lifecycle maintenance funding and making it available to cover other costs, primarily ICT and loan interest already budgeted.

As indicated previously, property budgets are being vired to cover additional Covid-19-related expenditure but this has been further augmented by a modest real increase as we witness necessary costs rising as we respond to evolving guidance.

ICT budgets are reduced for spend which we allowed to be brought forward into the previous year, however this is partly offset by the additional funded expenditure on student devices.

With few exceptions, other budgets remain unadjusted where we have no new information to influence a revision, particularly in respect of blended delivery of the curriculum. Forecasts will be updated as we re-engage with budget holders and gain knowledge of changing circumstance, whilst recognising the need to contain costs.

8. Subsidiary Company

Gardyne Theatre Limited, in common with all live cultural establishments, continues to face exceptional challenges and is not expected to re-open economically until sometime in 2021. A break-even position remains our assumption, with every effort being taken to contain costs, however a budget has not been approved by its Board.

9. Student Support Funding

In accordance with SFC's guidance, we continue to assume that sufficient funds will be available to support students and there is therefore little risk of subsidy. The new funding to purchase mobile devices will further alleviate pressure of this nature.

10. Cash Flow Forecast

The predicted Outturn for 2019/20 and the improved closing cash balance at July 2020 provides a much stronger starting point. With an approximate break-even cash position for the year, only the anticipated 'working capital' movement provides for any reduction following the loan repayment holiday. Restricted cash balances were particularly high

at July and this is reflected in the large negative movement. Cash nevertheless remains relatively strong and could remain as high as circa £3m at the end of the year.

11. Conclusion

Although the financial outlook remains extraordinarily unpredictable, we feel that we have grounds for increased optimism and believe that we can realise a break-even position in-year. This would be a significant achievement in the current climate but due notice is taken of potential adverse impacts from the many uncertainties and we will endeavour to manage all risks to the full extent possible in pursuit of this financial target.

12. Link to Strategic Risk Register

Presenting an unbalanced budget is not appropriate. When the college is in a position to present a palatable budget this will support in 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

Draft Budget	2019/20	2020/21		
	Projected Final Outturn	Budget (presented in June)	Budget revisions	Draft Budget (for formal approval)
	£000's	£000's	£000's	£000's
SFC Credit income	27,163	28,459	12	28,471
SFC ESF Credits	1,071	1,158	(15)	1,143
Other SFC grants	3,416	3,483	1,075	4,558
SFC Total	31,650	33,100	1,072	34,172
Tuition Fees	3,480	3,046	75	3,121
Non-Core income	3,000	2,579	547	3,126
Catering & other income	2,083	907	266	1,173
Foundation donations	248	0	2,610	2,610
Total Income	40,461	39,632	4,570	44,202
Teaching Pay - established	14,444	14,964		14,964
Teaching Pay - variable	2,992	3,633		3,633
Invoiced Staff Costs	210	249	200	449
Teaching Support Pay	2,097	2,075		2,075
Support pay	10,613	10,999	50	11,049
Apprenticeship Levy	102	100		100
VS Scheme	170	0		0
Unfunded pension payments	400	404		404
Total Pay Costs	31,028	32,424	250	32,674
Staff related costs	284	389		389
Consumables & Equipment	1,169	911	(21)	890
Exam fees	799	851		851
Student related costs	165	369		369
Property cost	2,862	3,486	2,368	5,854
ICT & Telephony	1,284	1,126	(61)	1,065
Insurance	116	120		120
Marketing	42	65		65
Professional fees	184	150	(24)	126
General Overheads	278	260		260
Interest & Charges	143	135	18	153
VAT	837	909	457	1,366
Total non-pay costs	8,163	8,771	2,737	11,508
Cash-backed surplus/(deficit)	1,270	(1,563)	1,583	20
Add: subsidiary profit/(loss)	(5)	0	0	0
Consolidated Cash-backed surplus/(deficit)	1,265	(1,563)	1,583	20

Cashflow

	2019/20	2020/21	
	Projected Final Outturn	Budget (presented in June)	Draft Budget (for formal approval)
	£000's	£000's	£000's
Cash backed surplus/(deficit)	1,265	(1,563)	20
Loan repayment	(486)	(475)	
Capital Expenditure	(92)	0	0
Capital funding	92	0	0
Working capital movements	829		(800)
Net Movement in cash balances	1,608	(2,038)	(780)
Opening cash balances	2,150	1,970	3,758
Closing cash balances	3,758	(68)	2,978

Var

Risk Assessment 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	28,471	-	-	Low	Low	Low	Core grant is not at risk but opportunities for increased credits appear unlikely.
SFC ESF Credits	1,143	-	460	Low	High	Mid	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. Extent to which SFC can underwrite funding not yet received is limited.
Other SFC grants	4,558	100	400	Low	High	Mid	Failure to deliver increased FWDF budget is a significant risk but there would be offsetting cost savings. The college is confident of the success of its bid for Reducing Child Poverty funding but this cannot be guaranteed and may be reduced. Gross movements in Capital & Maintenance grants may be substantial but with little net impact.
Tuition Fees	3,121	300	300	Low	Mid	Mid	Fees have already been reduced substantially but not to worst case scenario. Applicant data is reassuring relative to lower post-covid expectations but university competition remains a significant factor.
Non-Core income	3,126	200	200	Low	Low	Low	Apprentice funding assumptions now more confident but additional funding may not materialise. Several significant elements within this category, such as Erasmus mobility funding, may move up or down but with minimal net impact.
Catering & other income	1,173	200	200	Low	Low	Low	Catering provision will be adapted as appropriate and direct costs adjusted. Further upward movement limited but increase in Job Retention claims is possible.
Total Pay (exc. VSS & unfunded pensions)	32,270	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	Any scheme applications must be affordable and result in future savings.
Property cost	5,854	200	200	Low	Low	Low	Utility consumption is more difficult to forecast but risk of significantly higher prices now diminished. Covid related costs more likely to be accommodated within enhanced budget. Unforeseen development costs remain a real possibility but higher levels of SFC funding alleviates risk. Inherent uncertainty is always a feature of property expenditure, particularly from unscheduled works, but net impact is less likely to be substantial this year with higher funding.
Non-pay costs excluding property	5,654	400	400	Low	Mid	Mid	Some high level assumptions remain to be tested as operational plans are refined, particularly within the curriculum. However, further reductions may yet be possible from discretionary elements of some budgets and specific student related costs.

**BOARD OF MANAGEMENT
Finance and Property Committee
Tuesday 8 September 2020**



Procurement Update

PAPER E

BOARD OF MANAGEMENT
Finance and Property Committee
Tuesday 8 September 2020



Procurement Report

Paper for noting /approval

1. Introduction

In line with protocols agreed at the Finance and Property Committee in November 2018, the information below details the expected and recurring new contracts and contract renewals which exceed or are very close to the delegated authority limit of £50k (inclusive of non-recoverable VAT). The previous annual procurement report covered the period September 2019 to December 2020. This report covers the period January 2021 to December 2021.

This list includes contracts where the aggregated spend under our contract over the contract term is likely to exceed £50k. This includes call-off contracts under framework agreements let by other authorities, such as APUC and Scottish Procurement, and local contracts to be awarded following the College's own tendering processes. Although national frameworks are usually used wherever possible, local contracts or frameworks are sometimes set up to suit particular requirements. This enables local suppliers to bid, in accordance with the College's objective to support the local economy.

It also includes planned extensions of existing contracts, where an option to extend was included in the original contract and we intend to exercise the option to extend.

Planned procurement activity remains dependent on appropriate budget allocation as part of the annual budget approval process.

The latter section of the report also provides information on the contracts that have been awarded during the period from May to July 2020. Previous periods were covered in previous quarterly procurement reports.

This information is also available online here: <https://dundeeandangus.ac.uk/about-us/procurement/contracts/>

There were fewer contracts awarded during this period than usual, because several projects have been postponed due to the COVID-19 situation.

2. Recommendation

Members are asked to:

- a) approve the anticipated procurements over £50K for the calendar year 2021;
- b) note the recently awarded contracts.
- c) approve tendering for consultants to develop the Tay Cities Deal bids (Appendix)

3. Planned Contracting: January 2021 – December 2021

All values are exclusive of VAT.

IT Hardware, Software and Licence Renewals

Contract name	IT Related Accessories and Parts (ITRAP)
Incumbent Supplier	Various
Annual Value (2019/20)	£16K
Estimated Contract Value	£64K
Owner	SUPC
Original Start Date	03/02/2020
Route to Market	Direct award, desktop exercise or mini-competition under SUPC Sectoral framework agreement Call-offs over £5k should be referred to Procurement.
Intended Contract Start Date	01/02/2021
Proposed Contract Period	4 years
Rationale	This is a new Multi-supplier agreement, replacing the previous framework, covering a range of IT product categories that are otherwise unavailable under other collaborative agreements. Provides maximum flexibility with minimal requirement for further competition. Brings together a range of experienced suppliers offering competitive pricing delivered through a cost-plus model with net profit margins and cost to serve charges capped for the duration of the agreement.
Risks	None identified

Contract name	Mobile Phones
Incumbent Supplier	EE
Annual Value (2019/20)	£18,500
Estimated Contract Value	£74K (over 4 years)
Owner	Crown Commercial Service
Original Start Date	01/04/2019
Route to Market	Mini-competition under national framework
Intended Contract Start Date	01/04/2021
Proposed Contract Period	2 years, with option to extend for up to 2 further years
Rationale	Compliant route is available via CCS or SG frameworks

Risks	No major risks. The procurement exercise could potentially result in a different provider, which may incur associated change costs.
-------	---

Contract name	Timetabling software licence renewal
Incumbent Supplier	CELCAT
Annual Value (2019/20)	£26K
Estimated Contract Value	£100K (over 4 years)
Owner	Dundee & Angus College
Original Start Date	Not known
Route to Market	Mini-competition under framework
Intended Contract Start Date	01/07/2021
Proposed Contract Period	4 years
Rationale	Core business system embedded within organisational business processes.
Risks	Change costs associated with full procurement exercise potentially resulting in a different solution.

Contract name	VMWARE Enterprise Licence Agreement
Incumbent Supplier	Softcat
Annual Value (2019/20)	£99K
Estimated Contract Value	£396K (over 4 years)
Owner	Dundee & Angus College
Original Start Date	01/05/2018
Route to Market	Mini-competition under framework
Intended Contract Start Date	01/05/2021
Proposed Contract Period	4 years
Rationale	Core licence for 'virtual desktop' remote access. Current licence is due to expire in April 2021. This is available via a framework. There may be savings to be achieved through commitment to a new long-term contract.
Risks	Continuing long-term commitment to VMWare may not be best value for money.

Contract name	Backup Software
Incumbent Supplier	Softcat/Rubrik
Annual Value (2019/20)	£35,000
Estimated Contract Value	£140K (over 4 years)
Owner	Dundee & Angus College
Original Start Date	29/6/2020
Route to Market	Mini-competition under framework
Intended Contract Start Date	29/06/2021
Proposed Contract Period	4 years
Rationale	Moved to a cloud backup solution in session 19/20 for one year. Requirement to reward a longer-term contract in the forthcoming session.
Risks	Continuing long-term commitment to Rubrik may not be best value for money.

Contract name	SUN Finance System Licence Maintenance
Incumbent Supplier	Kick ICT Group Ltd
Annual Value (2019/20)	£20,060
Estimated Contract Value	£100K
Owner	Dundee & Angus College
Original Start Date	Not known
Route to Market	Mini-competition under framework
Intended Contract Start Date	01/07/2021
Proposed Contract Period	5 years
Rationale	Core business system embedded within organisational business processes.
Risks	Change costs associated with full procurement exercise potentially resulting in a different solution.

Contract name	Adobe Creative Cloud Licence
Incumbent Supplier	Eduserv
Annual Value (2019/20)	£25K
Estimated Contract Value	£100K (over 4 years)
Owner	Dundee & Angus College
Original Start Date	Not available
Route to Market	Mini-competition under framework
Intended Contract Start Date	14/08/2021
Proposed Contract Period	4 years
Rationale	Core licence for staff and student access to Adobe applications. Current licence is due to expire in August 2021. There may be savings to be achieved through commitment to a longer-term contract.
Risks	None identified. Compliant route is available.

Contract name	Mobile Client Devices
Incumbent Supplier	HP
Annual Value (2019/20)	Demand-led ad-hoc purchase/planned replacement
Estimated Contract Value	£500k (over 4 years)
Owner	Scottish Procurement
Original Start Date	17/08/2016
Route to Market	Call off from single-supplier National Cat A framework
Intended Contract Start Date	16/08/2021
Proposed Contract Period	4 years
Rationale	The current Scottish Procurement framework is due to expire in August 2021 but is currently being refreshed. The current framework has been used for the refresh of staff and student laptops. Consistency of device across all sites provides benefits in terms of ICT support and technician familiarity.
Risks	Single supplier presents a continuity of supply risk, however this will be mitigated through business continuity planning processes managed by Scottish Procurement as the contracting authority.

Contract name	Desktop Client Devices
Incumbent Supplier	HP
Annual Value (2019/20)	Demand-led ad-hoc purchase/planned replacement
Estimated Contract Value	£500k (over 4 years)
Owner	Scottish Procurement
Original Start Date	01/01/2020
Route to Market	Call off from single-supplier National Cat A framework
Intended Contract Start Date	16/08/2021
Proposed Contract Period	4 years
Rationale	The current Scottish Procurement framework is due to expire in 2021 but will probably be extended. The current framework has been used for the refresh of desktop devices. Consistency of device across all sites provides benefits in terms of ICT support and technician familiarity.
Risks	Single supplier presents a continuity of supply risk, however this will be mitigated through business continuity planning processes managed by Scottish Procurement as the contracting authority.

Contract name	Audio Visual Equipment
Incumbent Supplier	GV Multi-Media
Annual Value (2019/20)	£74K
Estimated Contract Value	£150K
Owner	Dundee & Angus College
Original Start Date	30/09/2019
Route to Market	Fresh mini-competition under APUC Framework
Intended Contract Start Date	01/10/2021
Proposed Contract Period	2 years
Rationale	This contract will require a further mini competition exercise to be undertaken to remain compliant. There may be scope for a TRPT collaborative arrangement with Abertay University
Risks	There is particular interest in this contract given the highly competitive nature of the local market and a robust and transparent procurement process will reduce the risk of challenge.

Other Goods and Services

Contract name	Fresh Butcher Meat
Incumbent Supplier	Various
Annual Value (2019/20)	£50K
Estimated Contract Value	£200K (over 4 years)
Owner	APUC
Original Start Date	05/03/2019
Route to Market	Mini-competition under APUC Framework
Extension Start Date	05/03/2021
Extension Period	Extension within existing framework for further 2 years

Rationale	End of national framework agreement term.
Risks	None identified.

Contract name	Cleaning Materials and Disposable Paper Products
Incumbent Supplier	Bunzl
Annual Value (2019/20)	£45K
Estimated Contract Value	£180K (over 4 years)
Owner	APUC
Original Start Date	03/04/2018
Route to Market	Mini-competition under National framework agreement with various lots enabling call-offs for specific requirements. Call-offs over £5k should be referred to Procurement.
Extension Start Date	03/04/2021
Extension Period	Further 12-month extension within existing contract
Rationale	Extension of existing call off contract
Risks	None identified

Contract name	Fresh Fish & Seafood
Incumbent Supplier	Campbell Prime Meat
Annual Value (2019/20)	£13K
Estimated Contract Value	£52K
Owner	APUC
Original Start Date	14/05/2018
Route to Market	Mini-competition under APUC Framework
Extension Start Date	14/05/2021
Extension Period	Extension within existing framework for further 12 months.
Rationale	Existing APUC Framework is due to be extended for up to 1 more year.
Risks	None identified.

Contract name	Taxi Services
Incumbent Suppliers	Various
Annual Value (2019/20)	£118K
Estimated Contract Value	£474K (over 4-year framework period)
Owner	Dundee & Angus College
Original Start Date	09/07/2017
Route to Market	Open tender, for a multi-Lot local framework Cat C1 local collaborative contract
Intended Contract Start Date	01/07/2021
Proposed Contract Period	2 years with option to extend for up to 2 years
Rationale	DAC's own framework, to ensure that local suppliers who are not on national frameworks could be included. Current framework started in 2017 for an initial period of 2 years, followed by a 2-year extension until July 2021. No further extensions are available under this framework but there will be an ongoing requirement.

	The existing framework was tendered as a collaborative exercise with Abertay and Dundee Universities and it is expected that this arrangement will continue.
Risks	None identified

Contract name	Non-life Insurance
Incumbent Suppliers	Zurich Municipal
Annual Value (2019/20)	£99K
Estimated Contract Value	£296K (over 4 years)
Owner	APUC
Original Start Date	01/08/2018
Route to Market	Mini-competition under APUC Framework
Intended Contract Start Date	01/08/2021
Proposed Contract Period	2 years with option to extend for up to 2 years
Rationale	A fresh mini-competition is required to remain compliant.
Risks	None identified.

Contract name	Plumbing Consumables & Commercial Heating Products
Incumbent Suppliers	Jewson, William Wilson, Wolseley UK
Annual Value (2019/20)	£20K
Estimated Contract Value	£80K (over 4 years)
Owner	APUC
Original Start Date	10/08/2018
Route to Market	Mini-competition under APUC Framework
Extension Start Date	10/08/2021
Extension Period	Extension within existing framework for further 1-year period.
Rationale	End of national framework agreement term.
Risks	None identified.

4. Awarded Contracts: May – July 2020

Contract name	'iTrent' HR and Payroll System
Route to Market	Desktop exercise under APUC framework ITS1027 AP
Successful Bidder	MHR International UK Ltd
Annual Value	£35,495
Estimated Contract Value	£177,472
Award Date	03/06/2020
Start Date	10/06/2020
Contract Period	5 years

Contract name	Property Valuation Services
Route to Market	"Quick Quote" via Public Contracts Scotland
Successful Bidder	Graham + Sibbald
Annual Value	£10,000 in 2020 and £3,500 (for update) in 2023
Estimated Contract Value	£13,500
Award Date	17/07/2020

Start Date	27/07/2020
Contract Period	38 months, until 26/09/2023

Author: Peter Tysoe, Procurement Manager
Executive Sponsor: Jaki Carnegie, Vice Principal - Corporate Services

Tay City Deal – Permission to move to tender

1. Dundee and Angus Skills Projects

Dundee and Angus College has responsibility for delivering two projects under the Skills section of the Tay Cities Deal. They are the Bio Tech skills project and the SME Upskilling project. Outlines of these projects have been presented in the past to the Board of Management.

The overall Skills section of the deal is close to gaining final approval and we are now in a position to develop the business cases for our two projects. The projects are planned to start in the second half of 2021.

The projects are different in that the Bio tech project is designed to improve the College's own resource and capability to provide clear pathways for people in our region to take up jobs in the growing Bio tech industries. The University of Dundee has a £25m project approved to grow the bio tech cluster and we will partner with them in providing skilled technicians for the future. The project is effectively ours, and will help us grow and develop our Bio Tech capability and develop significant links with the industry locally.

The project value is £2m over 8 years.

The SME Upskilling project is more of a partnership enterprise and will involve other colleges, both local Universities and a range of partners including FSB, Chambers of Commerce Business Gateway and others in delivering a range of services to help our regional SME's to improve their skills and productivity.

The project value is £2.5m over 8 years.

The College will be the lead and the managing partner for both the projects and will be responsible for the financial controls and the achievement of targets. As managing partners, we will provide administrative and compliance services from our own resources as well as potentially recruiting additional staffing.

2. Bid process

It is expected that each of the projects will follow a different bid process.

The £2m value means that the Bio Tech bid will go through a Business Justification process rather than a full OBC/FBC as detailed in the guidance from the Tay Cities Deal Project Management office.

This makes the Bio Tech bid slightly less onerous although the processes of both types of bid will follow Treasury Green Book guidelines and will therefore be rigorous and detailed.

Experience of the Engineering partnership bid and others is that the scrutiny from Government agencies is very strict and detailed and will undoubtedly mean many queries and rewrites before receiving final funding.

3. Bid Production

The technical nature of the Treasury Green Book style makes it difficult to produce bids 'in house'. Perth College tried with their Aviation Academy bid but failed and have now reached out to consultants. Angus Council have also used consultants for major elements of our Engineering partnership bid and are still dealing with a range of questions from Government.

4. Tender Process

Several consultants have been working in this field and we are planning to run a competitive tender process targeting companies with experience of working within the City Deal process and with a track record of success in winning approvals within the system.

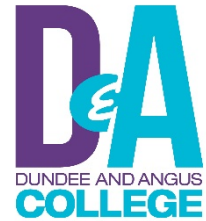
Professional fees for those services are not cheap, and as the total funding request is for £4.5m, the fees are likely to exceed the £25,000 limit hence the request to the Committee to proceed.

Should this request be successful the tender process will begin immediately with the intention of completing the process within weeks.

Author: Grant Ritchie, Project Management Consultant

Executive Sponsor: Jaki Carnegie, Vice Principal - Corporate Services

**BOARD OF MANAGEMENT
Finance and Property Committee
Tuesday 8 September 2020**



Estates Update

PAPER F

BOARD OF MANAGEMENT
Finance & Property Committee
Tuesday 8 September 2020



Estates Update

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 COVID19 has continued to have an impact on some of our planned maintenance projects being delayed for the 2019-20 grant allocation

The last few projects have started or just about to start and so they should be completed in the coming weeks. To date, a further £36K has been spent in the current academic year, reducing the under spend to only £90K

Project	Campus	Indicative Cost	Revised Budget	Month 12 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	130	(21)

Project	Campus	Indicative Cost	Revised Budget	Month 12 Actual	Remaining Spend
External Tarmac Repairs	Kingsway	80	96	86	10
Upgrade Passenger Lifts – Tower Block	Kingsway	125	-	-	-
Upgrade Electrical Infrastructure – Tower Block	Kingsway	75	76	35	41
Upgrade Mechanical Infrastructure – Tower Block	Kingsway	75	78	35	43
Internal Fabric – Decoration and Flooring –All buildings	Kingsway	50	18	29	(11)
Upgrade mechanical infrastructure	Gardyne		35	37	(2)
Walkway Stairs	Kingsway		21	-	21
Various small scale backlog maintenance projects	All	109	32	44	(12)
TOTAL		1,109	1,109	983	126

The majority of the 2020-21 Capital Backlog Maintenance Grant has been allocated to the Kingsway Tower Project for the mechanical and electrical infrastructure and internal and external fabric. The amount allocated is £1.443m. A further £216k has been allocated for the resurfacing of the roof leaving a residual amount of the grant for minor Capital Backlog Maintenance.

Kingsway Tower Project Update

The work associated with the Kingsway Tower Redevelopment commenced in June on Phase 1 of the project.

Work on the reception area, frontline services and social space is progressing very well and will be completed and handed over in advance of the start of the 20/21 academic term on the 21 September.

The hair and beauty facility was also progressing well until an issue was identified with the existing roof structure. It has been found that there is deflection of the existing roof slab which will likely require additional structural underpinning. Significant investigatory work has been carried out on the roof slab, but we still await the final report and recommendations for a way forward.

Michelin Scotland Innovation Parc

The planning for the Skills Academy on the new Michelin Scotland Innovation Parc is progressing well.

The first phase will see the College operating from a training centre on the site pre Christmas.

The space identified will have the capacity to sustain c 60 learners and 4 staff. It is anticipated that the site will be used by senior phase school pupils and mainstream students in the first instance.

Work is going on with Scottish Enterprise and companies who will be locating on the site to identify their training needs.

Partnership work is also underway with the local Universities for collaboration on the site. The physical work is being carried out by MSIP with small adjustments made by us to suit our specific needs.

We have a grant of £40,000 from Skills Development Scotland to fund the pilot stage. Financial arrangements are not yet fully in place, we will be required to pay a charge for services used but not a formal rent at this stage.

In the longer term, Grant Ritchie is progressing conversations with SFC with regard to funding a permanent base on the site.

The project fits well with SFC objectives in that the Funding Council are keen to fund innovative ideas based around low carbon transport and advanced engineering. They are also particularly keen to fund long term relationships with industry and employers. The MSIP project ticks all of those boxes.

The MSIP project is an outstanding opportunity to take the college into the forefront of training in green energy sources, low carbon transport development and advanced engineering, working alongside innovative industry partners, government and the other MSIP partners.

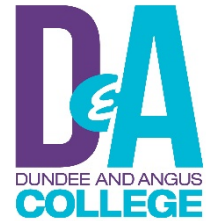
Link to Strategic Risk Register

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 and Property Committee
Tuesday 8 September 2020



ICT Resource Plan

PAPER G

BOARD OF MANAGEMENT

Finance and Property Committee

Tuesday 8 September 2020



ICT Resource Plan

Paper for noting / approval

1. Introduction

This report updates the Committee on the progress of the College against the five year plan outlined in the ICT Resource Plan document as laid out in March 2019

2. Recommendation

Members are asked to:

- a) note the contents of the paper
- b) approve moving away from a VDI solution and move to a more traditional IT delivery method (paragraph 5 below)

3. Summary

Significant progress has been made towards achieving the deliverables of the ICT Resource Plan published in March 2019. The Cyber Incident and Covid-19 situation has had significant impact on the delivery of the ICT resource plan. However, this has generally had a positive impact on the pace of change as migrations were fast tracked to enable remote working and ensure future risk to ransomware is reduced rapidly. For example the migration to OneDrive was to be phased over a 12 month migration but this was delivered to all staff and students in the space of a week to ensure staff and students could continue to work. The following sections detail the different aspects raised in the ICT resource plan and the progress against them.

4. Move Towards Cloud Hosted Platform

The Resource Plan laid out the services which would be migrated to the cloud during the course of five years covered by the resource plan. The benefits of the cloud solutions were very clear during the Cyber Incident in February 2020. Whilst the on-premise solutions all required to be rebuilt, incurring the associated downtime, the cloud solutions continued to function as normal.

The following were listed as to be achieved in session 2018/19 and session 2019/20

- Pay360 - Income Management – This was successfully moved to a Cloud offering during session 2019/20
- Liberty – Library Management – This application was successfully migrated to the Cloud in July 2019
- Sharepoint – Staff Portal – This application was successfully migrated to the cloud in March 2020. Note the old system is still operational with work ongoing to migrate some legacy documents to the new service

- Unit-e – Student Management System – After a cost benefit analysis of migrating this service it was decided to postpone this work until the Capita offering had matured and provided value for money

The following were listed for future migration:

- iTrent – HR and Payroll management – This service was migrated to the Cloud in July 2020
- Infor Sunsystems – Financial Management – The cloud offering for Infor Sunsystems did not provide value for money. This project is on hold until the vendors offering improves or it makes financial sense to the College to migrate to their current service.
- Celcat – Timetable management – This is listed as migration in 2021/22 and this continues to be a realistic timescale for migration. Celcat's cloud solution is still in development.

In addition to the services above some non-core systems have migrated to the Cloud.

There are :-

- Bottomline – BACS Payment Solution
- Freshdesk – ICT Servicedesk
- College website
- Wordpress – bespoke web development platform
- Sophos – Antivirus solution
- Rubrik – Backup solution
- One Drive
- Asset Management System
- Meraki Wifi Management solution

5. VDI Expansion or replacement

As set out in the ICT Resource Plan the preference was to expand VDI to ensure that the College got value for money with its investment. Over the intervening 18 month period the requirements of the College have changed significantly. As a result the solution that provides the best service to our learners and staff, gives the College a secure infrastructure and additionally provides value for money to the College is to discontinue the VDI service and move to a traditional ICT desktop delivery. The reasons for this are:-

- On detailed review in August 2019, with the advent of more graphically intensive packages, specifically video calling, it was clear that the VDI infrastructure would need significant investment if it was to continue to meet the needs of the College for the next 5-10 years.
- With the advent of working from home there was a requirement to invest heavily in laptop devices. The business case for VDI is built around not investing in end user devices but reusing old devices. The College simply don't have enough old devices to deliver this.
- The security comparison has changed. With the advent of multi factor authentication and "always on VPN" we can provide a more secure environment outside of VDI. While VDI gives access to a user that has a network password onto our network, with always on vpn we can restrict not only based on user credentials but on devices used. For example if an account password is compromised a hacker would not only need access to the user's mobile device but also access to a College laptop to get access to the network
- Working from home has led to the widespread adoption of video calling. This places demand on the VDI infrastructure and therefore reduced performance in comparison to a traditional device. Therefore investment is required.

- The annual support cost of VDI is significant (£100,000 per annum) in addition to the cost of the improving infrastructure to support graphical packages.
- Much of the business case with VDI is around the data not being stored on the device so if a device is lost then no data is lost. As all laptops are now encrypted we have the same level of security when not using VDI

As a result of the above, the recommendation for this has now changed. Due to the points outlined above the recommendation is now to migrate away from a VDI solution and move to a more traditional IT delivery method.

6. Firewall Replacement

During July 2019, after a procurement process, Cisco firewalls were purchased to replace the two firewalls that were out of support at Gardyne and Arbroath campus. This has already given the College significant benefits, other than just being on a supported platform, we now have a situation where if one of the internet connections into the College then we are able to automatically route traffic to the connection which is currently live.

7. Replacement Switches and Clearpass

This work was scheduled to be progressed in session 2021/22. The Telephone system (section 8) will require to be addressed prior to this project and as a result we will look to push this project back to session 2022/23. There has been no change to the reasons behind delivering this project.

8. Review Wi-Fi and Improve Provision

The College has invested significantly in its Wifi solution in the last 18 months. We have moved to a cloud based, cutting edge, WiFi version 6 solution on all campuses. This project still has an aspect still to be delivered for purchase and installation of additional access points at the Gardyne Campus to ensure there is blanket coverage across all campus. This is budgeted to be completed during session 2020/21

9. Additional Costs

The College telephone system was listed as an area that would require investment in the additional costs section of the resource plan. In January 2020 the College migrated from 2 separate ISDN phone solutions delivered through BT (Dundee Campuses) and o2 (Arbroath Campus) to a SIP solution (delivered by Gamma). With a SIP solution, rather than having a separate phone and internet connection all calls go through the College internet connection thus reducing costs. Over the course of 12 months we expect to cut phone costs from around £60,000 per annum to £30,000 per annum.

However, in addition to the actual connectivity, the College has three call manager devices which are responsible for routing calls to the correct locations on campus. These are out of support and haven't been under warranty for around 3-4 years. This puts the College at significant risk of the phone system failing.

The desired solution is to move to an integrated phone solution with Microsoft Teams which would be an entirely cloud based solution so no concerns around support and warranty. The estimated costs of this solution would be for a Teams Telephony license which would be expected to be around £30,000 per annum and call packages for staff which we would expect to be around £30,000 per annum. This would be against the cost of the current SIP solution. In addition to this, there would be the cost involved in

purchasing compatible handsets for staff, however, with laptops being used across campus and Teams then it is expected that number of handsets would be fairly small (<100). The estimated cost of this would be around £10,000 as a one off cost but this would depend on staff using their workstations/laptops as a phone rather than a traditional handset.

10. Systems High-Level Direction

The high level direction for systems remains the same as laid out in the ICT Resource Plan – April 2019. As a principle the College is moving to systems that are:-

- Consolidated to ensure that only one system is used for similar functionality across different College sections
- Commercial off the Shelf solutions are procured rather than a focus on in-house, bespoke development.
- Simpler to support and less reliant on single point of failure

The College has made progress on its high level goals for systems migration in some areas but less so in others

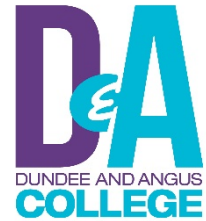
- The College still utilises a separate application system and student record system. Currently there is not a solution available that will meet the specific needs of our application process although our student management system suppliers, Capita, have indicated they have started to develop a service.
- Work is ongoing to investigate whether a migration to the Unit-e bursary system will be suitable. The solution is being piloted in West Lothian College and still in development. Once complete the solution will be assessed to decide if it is appropriate to the College's needs
- iTrent is now the single source of the truth for HR data. However, there is some functionality still in operation in the old Hydrogen HR system that we expect to be able to migrate by the end of the calendar year.
- The College's ePortfolio solution is now consolidated in OneFile

11. Conclusion

The ICT resource plan, as laid out in March 2019, has been progressed successfully in the past 18 months. Some aspects and deliverables have changed due to the experiences of the Cyber incident in February 2020 and the Covid-19 crisis. However, progress has continued apace to achieve the goals of having a secure, cloud-hosted, fully supported ICT service.

Author: Andy Ross – Head of ICT Services
Executive Sponsor: Simon Hewitt - Principal

BOARD OF MANAGEMENT
Finance and Property Committee
Tuesday 8 September 2020



Strategic / COVID Risk Registers

PAPER H

BOARD OF MANAGEMENT

Finance & Property Committee Tuesday

8 September 2020



Strategic Risk Register Update

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 attached Strategic Risk Register highlights the allocation of risk areas to the Finance and Property Committee.

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. For this particular Committee the focus will be on “2.2 Failure to achieve institutional sustainability”

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

Given the current COVID-19 pandemic, an additional temporary COVID-19 Strategic Risk Register has been developed to record any additional risks associated with identified areas of College operation at the current time.

This attached Risk Register highlights the one risk within the remit of the Finance and

Property Committee, “2.2 Failure to achieve institutional sustainability”, with revised scoring and additional elements in respect of mitigation and monitoring highlighted. The improved year end position for 2019/20 and the more positive forecast for the 2020/21 budget in respect of risk 2.2. has allowed a reduction in the likelihood score.

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.

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



STRATEGIC RISK REGISTER

2020 - 2021

As at September 2020

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

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

Post Holders	ELT	Executive Leadership Team	Prin	Principal	Score	Impact	Likelihood
	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	Responsibility Lead
2	Financial (cont)									

2.5 F&P	D&A Foundation refuses/withholds funding for key College priorities	5	3	15	<ul style="list-style-type: none"> On-going dialogue with Foundation Trustees Appropriate bid arrangements in place 	3	2	6	<ul style="list-style-type: none"> Monitor and advise Board of Management 	Prin & VPCS
------------	---	---	---	----	---	---	---	---	--	-------------

Risk Number & Committee	POTENTIAL CONTRIBUTING FACTORS			TREATMENT	POST MITIGATION EVALUATION					
	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Responsibility
4	Infrastructure									

4.2 F&P	Failure to achieve ambitions of ICT strategy; strategy and development is ineffective	4	3	12	<ul style="list-style-type: none"> Planning, careful phasing of changes to processes and systems Effective management of ICT arrangements Clear investment plan 	4	2	8	<ul style="list-style-type: none"> Regular review/reporting on milestones, systems effectiveness etc Regular CPD 	VPC&A, HoICT
------------	---	---	---	----	--	---	---	---	--	--------------

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



STRATEGIC RISK REGISTER COVID 19 SPECIFIC MITIGATIONS

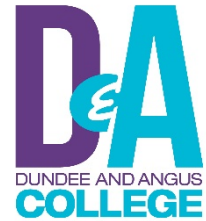
2020 - 2021

As at September 2020

Post Holders	ELT	Executive Leadership Team	Prin	Principal	Score	Impact	Likelihood
	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			Responsibility		
	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood		Score	
2	Financial									
2.2 F&P	Failure to achieve institutional sustainability	5	4	20	<ul style="list-style-type: none"> Protection of funding through dialogue with government, SFC and other funders Robust and effective budgetary control Where required, swift action to implement savings Increased focus on cash position 	4	3	12	<ul style="list-style-type: none"> Monthly monitoring of budgets Engagement with government and other partners Detailed monitoring of income optimisation and savings programmes 	VPCS

BOARD OF MANAGEMENT
Finance and Property Committee
Tuesday 8 September 2020



**VP Corporate Services Report (inc. College Sector
Financial Forecast Return PowerPoint summary) PAPER H**

BOARD OF MANAGEMENT
Finance and Property Committee
Tuesday 8 September 2020



Vice Principal Corporate Services Report

Paper for information

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

3. Business Continuity – COVID-19

As Committee members are aware, 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. The workstreams that are appropriately reported upon to this Committee are:

Estates and Infrastructure

The outcomes for this workstream were:

- Develop operational management procedures for all buildings
- Create specific COVID-19 risk assessment and provide training to allow safe re-opening of our campuses
- Ensure all departmental operational risk assessments are updated to reflect COVID-19 risks
- Develop an enhanced cleaning regime in all campuses
- Provide clear guidance to allow development of information and instructions for campus users
- Provide clear instruction on managing the impact of any on-campus single or multiple outbreaks
- Identify adaptation of facilities to allow safe occupation in line with current Government guidance

Finance & Governance

The outcomes for this workstream were:

- Provide financial information to inform mitigating actions and decisions
- Maintain adequate working cash balances whilst discharging financial and contractual obligations
- Maximise the opportunities to secure other/alternative sources of income/funding (i.e. CJRF/Capital Loan Repayment Holiday)
- Support planning and budgeting to allow delivery of agreed workstream outcomes
- Ensure good governance and transparency

An update will be provided by the workstream leads at the meeting.

4. Supporting Our Learners

The Student Engagement and Service Development Workstream is reporting to the Learning, Teaching and Quality Committee on 2nd September, so no additional update is being provided to this Committee.

5. Service Design Academy

It has been a while since the Caron updated the Board on all things service design and since I am always cheered by hearing of the progress the team are making, despite lockdown, I thought the Committee might like to hear of the progress (Addendum attached).

6. Scottish Funding Council Update

Understandably during this time, there has been significant levels of engagement and reporting, as a sector and individually to the Scottish Funding Council.

The recent submission of FFRs has been analysed by a small group of Principals and Finance Directors to provide a sector-wide financial position. The short presentation is attached for information. The headlines are:

- Colleges should not assume it will receive all of the additional £10m Flexible Workforce Development Fund.
- No new SFC funding available to support VSS
- Cumulative Adjusted Operating Position of £8.4m forecast for 19/20, rising to £27.5m in 20/21 before efficiencies.
- Additional 688 FTE VS/compulsory redundancies would be required to eliminate cumulative deficits.
- Increases in non-staff cost forecast in 20/21 despite efficiencies.
- Majority of colleges left with less than 15 days cash by July 21, with some down to nil.

The Scottish Funding Council have also identified pots of funding that have been

allocated to colleges. For us, this means:

- Additional capital funding to support Digital Provision: £152k
Additional devices have been ordered with an anticipated delivery date of mid-late September.
- Additional capital funding to support Economic Recovery: £514k
The proposed use of these funds has not yet been agreed, although depending on the impact of the additional roofs works required in the Kingsway Tower project as a result of the roof deflection defect, this additional funding will be used to cover any additional costs, the costs of which are not yet clear.

7. 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 was delayed, as a result of the pandemic, and the Scottish Government/SFC have decided to reopen the bidding process to seek bids that also reference the post COVID situation. The College has submitted an updated bid and is awaiting the outcome.

D&A is the only college with a live project of this type and, given the delay in consideration of bids and the allocation of funding, SFC allocated interim funding to the College of £50k for the period through to 30 September 2020. This funding has allowed activities to continue and vital support to be continued during lockdown.

8. Forfar Outreach Centre

As previously reported as being agreed, the college's contactors have now replaced part of the roof. This has resulted in the plastic roof cowls requiring replacement and some damaged floor tiles being replaced, resulting in minor additional spend. It is hoped that all work will be completed to report to the Committee when it meets.

9. Procurement Update

There is a separate agenda item to report upon the scheduled procurement exercises over £50k (inclusive of VAT) contracts for the next calendar year.

10. Vehicle Update

Six replacement vehicles have been ordered, but delivery has been delayed due to the impact of COVID-19 lockdown restrictions. Delivery is expected in September 2020.

11. Foundation Support

The Foundation have advised they will be able to access their funds in support of the Kingsway Tower development from 12 October 2020. We are successfully managing the cashflow impact of this.

12. 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 May to August 2020.

13. 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