

# BOARD OF MANAGEMENT



## Finance & Property Committee

Monday 20 September 2021 at 5.00pm  
in Microsoft Teams

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### AGENDA

1. **WELCOME**
2. **APOLOGIES**
3. **DECLARATIONS OF INTEREST**
4. **MINUTES OF PREVIOUS MEETING** Paper A for approval
5. **MATTERS ARISING** Paper B for noting
6. **FINANCE** BF/JC
  - 6.1. (July) FFR Paper C for recommendation
  - 6.2. 2020/21 Draft Outturn Paper D for noting
  - 6.3. Revised Financial Regulations Paper E for approval
  - 6.4. Outline Financial Strategy Paper F for discussion
7. **ESTATES** BG/JC
  - 7.1 Kingsway Tower Redevelopment Paper G for approval
  - 7.2 Estates Update Paper H for noting
8. **PROCUREMENT UPDATE** Paper I for approval JC
9. **COVID-19 UPDATE ON ARRANGEMENTS**
  - 9.1 Estates & Infrastructure Verbal Update BG/AR
  - 9.2 Finance & Governance Verbal Update BF
10. **STRATEGIC RISK & COVID REGISTER** Paper J for discussion ST  
For FPC ONLY
11. **VP CORPORATE SERVICES REPORT** Paper K for noting JC
12. **DATE OF NEXT MEETING** - Tuesday 7 December 2021 (Joint Meeting with Audit & Risk Committee)

**FINANCE & PROPERTY COMMITTEE**

**Monday 20 September 2021**

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**MINUTE OF PREVIOUS MEETING –  
25 May 2021**

**PAPER A**

# BOARD OF MANAGEMENT

## Finance and Property Committee Meeting

**Tuesday 25 May 2021**

*Draft confirmed by Chair*



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Minute of the Finance and Property Committee meeting held on Tuesday 25 May 2021 at 5.00pm via MS Teams

**PRESENT:**

S Mill (Chair)	D Mackenzie
A McCusker	B Carmichael
D Fordyce	S Hewitt
S Stirling	

**IN ATTENDANCE:**

J Carnegie (Vice Principal)	S Taylor (Vice Principal)
B Ferguson (Head of Finance)	J Grace (Vice Principal)
B Grace (Head of Estates)	
T D'All (Principal's/Board Chair PA)	

### 1. WELCOME

S Mill welcomed members to the meeting.

### 2. APOLOGIES

Apologies were noted from N Lowden and K Ditcham.

### 3. DECLARATIONS OF INTEREST

There were no declarations of interest.

### 4. MINUTES OF FINANCE AND PROPERTY COMMITTEE MEETING 2 MARCH 2021

The minute of the Finance and Property Committee meeting held on 2 March 2021 was approved as an accurate record.

### 5. MATTERS ARISING

Work on the Finance Strategy will take place over the summer with an initial paper brought to the Committee in September 2021. This Finance Strategy will be more complex and interconnected with Digital, ICT and Estates Strategies

Revised STEM Centre OBC to be developed – awaiting feedback from SFC.

### 6. FINANCE ITEMS

#### 6.1 MONTH 9 – MANAGEMENT ACCOUNTS

S Mill summarised the paper noting the previous forecast of £469K.

The forecast presented to the Committee had increased to £967K, a further considerable improvement upon both the budget of £20K and the previous forecast. B Ferguson confirmed this was due to net increases in funding from SFC supplemented by the extension to the furlough scheme.

B Ferguson noted the potential degree of risk with the increase in SFC Credit income funding for delivery of 1,800 Credits for the National Training Fund Young Person's Guarantee.

Discussion took place around remaining spend plans and the challenges posed by BEXIT and COVID on delivery times and increased material costs. The Executive Leadership Team were meeting to review this. The potential to reinstate the missed loan repayment and need to plan for asset replacements was noted.

J Carnegie noted additional spending on Marketing to improve applications and maximise next year's recruitment.

The positive forecast and remaining spend plans (and challenges) were noted.

## **6.2 2021/2022 DRAFT BUDGET**

S Mill highlighted the draft budget, showing a planned cash-back surplus of £215K to be approved by the Finance & Property Committee for circulation to the Board of Management meeting on 8 June 2021.

B Ferguson highlighted that there remained some volatility in terms of income and expenditures due to the impact of COVID-19 which created some challenges in terms of budget setting. It was noted that the budget was prudent and that the overall balance of these factors was anticipated to be positive.

A discussion took place around the uncertainty over conditions / risk of funding and potential clawback should student numbers and credits suffer as a result of the impact of COVID-19 over a longer period. J Carnegie provided reassurance to the Committee around SFC Funding with no clawback on 20/21 or 21/22 core activity funding if the College did not reach its target.

S Mill welcomed the detail provided through the Risk Summary Paper, highlighting that it would be key in giving context moving forward.

The budget report and update were welcomed and approved for final consideration and approval by Board of Management. **J Carnegie to progress.**

## **7. ESTATES**

### **7.1 ESTATES UPDATE**

B Grace provided a presentation and images of progress on the demolition of the former library building on the Kingsway Campus noting that the site was now cleared – work on the replacement the new build was on target to commence at the end of May/start of June 2021.

B Grace noted that the social space and Learning Digital Resource space at Kingsway Campus were progressing well.

B Grace stated that the Precision Engineering space at Arbroath Campus was awaiting building warrant approval from Angus Council. Subject to Board approval, the renovation was expected to be completed for the start of next Academic Year.

S Mill commented on how responsive and supportive SFC had been and asked that a letter of thanks highlighting the support provided by Rufus Logan and Alison Meldrum be sent to SFC. The Committee agreed this was a very good idea.

**A McCusker to progress.**

A McCusker noted that it would be good to organise a celebratory event to mark the opening of the Kingsway Campus redevelopment. B Grace confirmed that this was already being considered.

## **7.2 ESTATES ANNUAL REPORT**

S Mill noted that the Estates Annual Report provided the Committee with an update on Estates related activity for the period 1 April 2020 – 31 March 2021.

B Grace acknowledge that this was a year dominated by building works and COVID.

B Grace highlighted the Sustainability and Carbon projects with the achievement of 11<sup>th</sup> successive year of reduction. It was noted that there were significant changes to the Climate Emergency Plan being introduced that would impact on this. A paper on this would be brought to the Finance & Property Committee in September.

## **7.3 ESTATES STRATEGY OUTLINE**

S Mill introduced the Estate Strategy Outline noting this paper provided the Committee with an outline for the planned revision of the existing Estates Strategy 2019-24.

B Grace noted the earlier review than planned as a result of various changes, including the Kingsway redevelopment and the need to look at, and the opportunity to take advantage of, different Ways of Working.

J Carnegie noted that the Climate Change Emergency Plan would integrate with other College Strategies including Curriculum, Finance etc.

S Hewitt also noted that D&A College would take advantage of projects and opportunities in Dundee and Angus such as MSIP, the Eden Project and V&A to access specialist facilities/opportunities and add value for students.

## **8. STRATEGIC PROJECTS**

S Hewitt highlighted the progress of the TAY Cities Deal (TCD) and Michelin Scotland Innovation Parc (MSIP) which were now gathering pace, noting the involvement of Grant Ritchie and Jim Brown (seconded from the Energy Skills Partnership) providing great input.

## 8.1 TAY CITIES DEAL (TCD) & MSIP

### **MSIP**

S Hewitt noted the work of the MSIP and D&A College Skills Academy to support the new businesses coming into the innovation parc. S Hewitt noted that the academy would also act as an opportunity to engage and inspire learners through exposure to the new technologies being developed.

S Hewitt highlighted work taking place in preparation of a MSIP Launch Event taking place on 13 September 2021. J Grace noted plans for an Energy Competition for schools' pupils with the hope of inspiring people of the region.

A McCusker suggested that an invitation should be extended to the new Education Secretary, Shirley-Ann Summerville, to attend the launch event. This was agreed S Hewitt to progress.

S Hewitt noted the following needed to support the progression of the MSIP project to the next stage:

- Approval that the Principal sign the MSIP Partnership Agreement under normal delegated authority
- Approve that the financial details and terms of the MSIP arrangement are agreed by Board Chair and Finance and Property Chair when complete

The Finance & Property Committee approved these requests.

### **Tay Cities Deal (TCD)**

S Hewitt noted the 4 Projects under the TCD banner:

- Tay Cities Engineering Partnership a £4.3M 5-year project with Angus Council, Perth College and Angus Training Group.
- Tay Cities BioTech a £2.0M 10-year project with James Hutton Institute, University of Dundee, Perth UHI and Fife College.
- Tay Cities SMEs a £2.5M 10-year project with Chamber of Commerce, Business Gateway, University of Dundee, Abertay University, Perth UHI, Fife College
- Shared Apprenticeship £2.5/3.0M 10-year project with Angus Council

It was noted that D&A College would be leader of the above Projects.

D Mackenzie noted the amazing amount of working but highlighted a concern / observation around the delivery and progressing these projects and the demands on the Teams involved.

S Hewitt acknowledge these concerns noting that the plans for staffing were on the agenda over the summer and into next year, with additional staffing costs covered by project income.

S Hewitt noted the progress of the Tay Cities projects and noted that updates on individual projects would be provided (for approval as appropriate) to future Board meetings.

The update was welcomed.

## **9. COVID-19 UPDATE**

### **9.1 ESTATES & INFRASTRUCTURE**

B Grace noted that the update had been covered in the Estates Annual Report but took the opportunity to highlight the work of the Health & Safety Team with the student and staff induction process for return to onsite studies and working.

B Grace also highlighted the work undertaken with Unions on the College's "near miss" app with the ability to follow-up on any reports quickly. It was noted that response to the app had been good, with COVID and general H&S issues being raised.

B Grace stated that the student population had been a real credit to the College in respect of compliance with COVID mitigations.

### **9.2 FINANCE & GOVERNANCE**

B Ferguson noted that Finance and Governance had been covered mainly by the earlier agenda items.

S Mill enquired about any governance or compliance challenges with finance arrangements working from home?

B Ferguson confirmed that this had been quite successful with the Auditors happy with the progress with electronic signing etc – generally there had been no significant issues.

## **10. STRATEGIC RISK REGISTER & COVID REGISTER**

S Mill summarised the Risk Register papers noting that there had been no changes made.

S Mill noted that the required arrangements/mitigations had been evidenced as part of the budget and monitoring reports and noted that provision was included in the budget in respect of salary increases.

The Committee approved the Risk Registers.

## **11. VP CORPORATE SERVICES REPORT**

J Carnegie summarised her report, highlighting the excellent work being undertaken by various Teams:

Supporting Our Learners – with recruitment a high priority along with Winter COVID Funds allocated appropriately with the assistance of Student Services Team.

Service Design Academy – large volume of engagement with private, public and 3<sup>rd</sup> sector organisations with tenders still to be submitted/outcomes confirmed.

Economic Recovery – with Caryn Gibson influencing the "on-boarding" process; streamlining the customer journey and progressing tenders for Associate Commercial Trainers

Discussion took place around the following procurement proposals:

- Gardyne Print Centre – 1 Year Extension
- Data Link Connections
- Campus Furniture
- Hair & Beauty Furniture & Equipment
- Road Resurfacing
- Waste Management

The Committee approved the procurement requests.

## **12. DATE OF NEXT MEETING**

Tuesday 7 September 2021 at 5.00pm via MS Teams

### **Action Point Summary**

<b>Action</b>	<b>Responsibility</b>	<b>Date</b>
Draft budget approved for consideration/approval by the full Board of Management	J Carnegie	8 June 2021
Letter of thanks to SFC re additional support provided for the Kingsway campus development.	A McCusker	31 May 2021
D&A College and MSIP Skills Academy Launch Event invite to Education Secretary	S Hewitt	8 June 2021

**FINANCE & PROPERTY COMMITTEE**

**Monday 20 September 2021**

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**MATTERS ARISING**

**PAPER B**

# BOARD OF MANAGEMENT

## Finance and Property Committee

### Tuesday 20 September 2021

### Matters Arising



#### *Paper for information*

The following actions were noted from the Tuesday 25 May 2021 Finance & Property Committee Meeting.

Agenda Item No	Action	Current status	Open / Closed
6.2	Draft budget approved for consideration/approval by the full Board of Management. <b>J Carnegie</b>	Approved by the Board of Management on 8 June 2021	Closed
7.1	Letter of thanks to SFC re additional support provided for the Kingsway campus development. <b>A McCusker</b>	Correspondence sent to Karen Watt on 27 May 2021	Closed
8.1	D&A College and MSIP Skills Academy Launch Event invite to Education Secretary. <b>S Hewitt</b>	Launch Event has been delayed until January 2022	Open

The following actions were noted from the Tuesday 2 March 2021 Finance & Property Committee Meeting.

Agenda Item No	Action	Current status	Open / Closed
6.0	Revised Finance Strategy to be developed <b>J Carnegie / B Ferguson</b>	An outline has been provided and will continue to be developed alongside the FFR, although this will continue to be challenging whilst trying to meet other externally imposed deadlines alongside producing the statutory accounts.	Open
6.0	Revised STEM Centre OBC to be developed <b>J Carnegie / B Grace</b>	This has stalled due to other priorities. This will be progressed alongside the development of the Estates Strategy.	Open

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

**FINANCE & PROPERTY COMMITTEE**

**Monday 20 September 2021**

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**FINANCE**

**(July) FFR**

**PAPER C**

# BOARD OF MANAGEMENT Finance & Property Committee

Monday 20 September 2021

## Financial Forecast Return (FFR)



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*Paper for recommendation for approval to Board of Management*

### 1. Introduction

This report, and appendix provides the short-term (to 2021/22) financial forecast information which had a deadline for submission to the Scottish Funding Council of July 2021. A further call for information was published on 26 August for a medium-term financial forecast return for the period 2020-21 to 2023-24. This is required to be submitted by 15 October.

### 2. Recommendations

The members are asked to retrospectively recommend approval to the Board of the Financial Forecast Return that was submitted to the Scottish Funding Council in July 2021.

### 3. Call for Information

On 23 June the Scottish Funding Council advised that an updated financial forecast return for academic years 2020-21 and 2021-22 be submitted by 31 July 2021. It was not be possible to prepare this FFR with sufficient time to discuss with the Board in advance of the deadline.

The 'Call for Information' advised that the commentary should include the following:

- An introduction which should include an explanation of how the elements of the college's strategic plan, human resource management strategy and estates strategy are reflected in the forecasts. This section should also summarise the expected financial impacts of the COVID-19 pandemic.
- Review of financial performance 2020-21, and highlight positive and negative variances from previous forecasts
- SFC recurrent grant
- Changes in tuition fee income and other income, including assumptions made regarding student numbers and the reasons for year-on-year movements in other sources of income
- Commercial income including identifying barriers, expected net contribution and quantifying how income forecasts have changed as a result of COVID-19 impacts.
- Changes in staff and non-staff costs including year-on-year movements and assumptions regarding pay awards, job evaluation funding, staff numbers, future pension contribution costs.
- Cash budget for priorities
- Balance sheet – cash position, including highlighting details of negotiated loan repayment holidays.

- Contingency planning including details of contingency plans and potential mitigating actions, including the pros and cons of each action.
- Risk management including the corrective actions that would be taken to address identified risks and alternative financial scenarios, options and trade-offs to reach a more optimal position for the college and region.
- Any other information

The following commentary is intended to cover off the elements requested by SFC's 'Call for Information' at the same time as presenting a context for Board members.

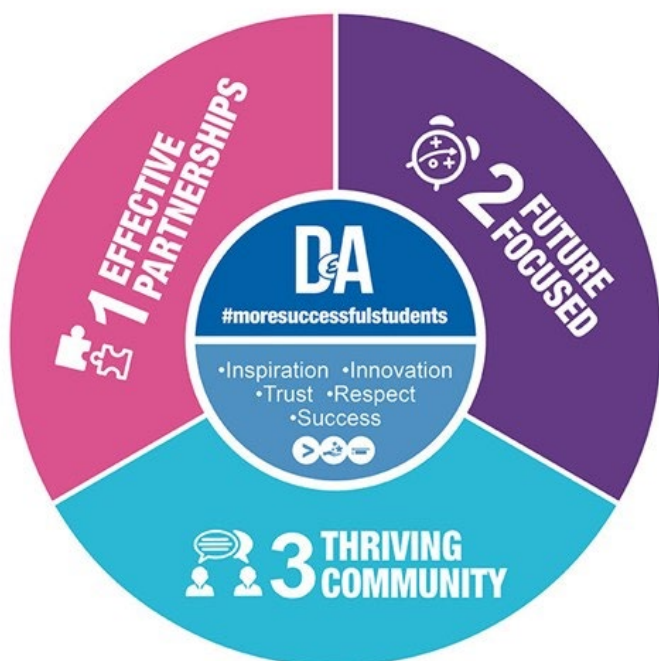
#### 4. Introduction

As has been well publicised in various reports<sup>1</sup> the financial environment within which colleges operate was already challenging and the COVID-19 outbreak has heightened those challenges and related risks.

In June 2020, the College forecast a very bleak financial outturn based on the uncertainty of the ability to maintain the pre-pandemic income streams. We cannot overstate the significance of the support we have received from the Scottish Government, Scottish Funding Council and Skills Development Scotland alongside the ability to drawdown Coronavirus Job Retention Funds to ensure we achieved an adjusted operating surplus in 2019/20 (£1,014K) and 2020/21 (£536K) and are budgeting an operating surplus of £278K in 2021/22.

[Whilst we are preparing this report close to the year end there remains significant uncertainty on delivery dates, due to delays in various supply chains, which will impact on end of year adjustments that will likely affect the final 2020/21 outturn and 2021/22 budget.]

A review of [Our 2025 Strategy – More Successful Students](#) undertaken in January by our Board confirmed that our strategy remained relevant and appropriate, despite the pandemic.



<sup>1</sup> [Coherence and Sustainability: A Review of Tertiary Education and Research Audit Scotland update on Scotland's colleges 2020](#)

### Pledge 1: Effective Partnerships

As a College we will establish and enhance deeper, more meaningful partnerships both internally and externally to drive sustainability and ensure the best possible experience and outcomes for our learners, employers, and the wider region.

We will deliver this pledge by:

- Maximising opportunities for our learners and clients
- Prioritising sustainability & income generation
- Playing our part in raising the productivity of the region
- Being responsive & agile
- Raising the profile of the College and college learning both locally & nationally
- Being a partner of choice
- Influencing key stakeholders partners both locally & nationally

### Pledge 2: Future Focused

As a College we will deliver our curriculum and services in new and innovative ways that drive success and are engaging, flexible, streamlined and designed in partnership with our learners, people, partners and wider stakeholders.

We will deliver this pledge by:

- Co-designing sector-leading, modern courses & services
- Being inspirational & inclusive
- Ensuring we are digitally enabled & developed
- Using data to better inform our decision making
- Providing modern & flexible learning spaces

### Pledge 3: Thriving Communities

As a College we will foster trusted, supportive, inclusive and resilient communities that put partnerships, engagement and the health, wellbeing and success of our learners, people, stakeholders and communities at the core of how we operate.

We will deliver this pledge by:

- Being health & wellbeing focused
- Responding to the Global Climate Emergency
- Ensuring we are trusted & respected
- Being an employer of choice
- Being self-reflective & personal development centred
- Fostering a leadership culture

These pledges around Partnerships/Future Focus/Thriving Communities align with the various Scottish Government strategies that are emerging, recognising the challenges as a nation we will need to overcome to achieve the purpose of Scottish Government's National Performance Framework.



The December 2020 report on [Scotland's Wellbeing: The Impact of COVID-19](#) highlighted that "...the pandemic is likely to have significant and wide-ranging impacts, right across the National Outcomes. Impacts will be largely negative, with considerable uncertainty about the long-term impacts. The pandemic has produced disproportionate impacts across a range of outcomes for a number of groups, including households on **low incomes** or in **poverty**, **low-paid workers**, children and **young** people, older people, disabled people, minority ethnic groups and women.

The evidence to date suggests that **health**, **economy**, **fair work** and **business** and **culture** outcomes have been **deeply negatively affected so far**, and when the labour market impacts fully emerge, this is likely to also have a negative impact on the **poverty** outcome. **Education** and children outcomes are also likely to be impacted negatively, but the evidence on the scale of the impact so far is limited and these impacts are likely to take longer to emerge. The picture is more mixed for communities, human rights, environment and international outcomes. Each has been impacted in both positive and negative ways, with the eventual impacts currently less clear and, in some cases, with limited data to draw upon at present."

As we prepare for 2021-22 the College budget has targeted support for the College's 2025 Strategy pledges which aligns with the National Performance Framework outcomes that have been deeply negatively affected. It is not straightforward to say this £ included in the FFR has

been allocated to support this particular Pledge or Performance Indicator however this provides some oversight as to our approaches and priorities which are included within the FFR.



**Thriving Communities:** We are investing resources in supporting the mental health & wellbeing of both staff and students, prioritising our own resources and maximising the opportunities from the additional funding which has been made available.

We are continuing to invest in sustainable infrastructure developments and target embedding sustainability within every part of the curriculum. Our Kingsway Campus redevelopment is embracing sustainability in the redevelopment of the infrastructure using, for example, ground source heats pumps to replace the gas boiler heating system.



The College recently completed the Fair Work self-assessment toolkit to evaluate our performance against the Fair Work framework. Our Fair Work statement is “The Health and Wellbeing of individuals and the communities we serve, is our priority. We ensure we offer all our people an inclusive, and productive workplace that gives them an effective voice, opportunity, security, fulfilment and respect which generates benefits for all our people.”

Workforce planning has been a key theme throughout this year and will continue to be a focus as we move into 2021-22 and beyond. Whilst we will continue to be managing the impact of COVID-19 for the foreseeable future the College is commencing a longer term project, starting with 2021-22 being the year we pilot and prototype a range of future-focused Ways of Working.

The FFR incorporates the impacts of National Bargaining including Transfer to Permanency, Public Sector Pay Policy on cost of living pay award increases for all staff, pension forecasts and support staff job evaluation costs. The College notes that SFC indicated that the provision made for the Job Evaluation exercise is “subject to change” and the College is equally concerned that the provision will not be sufficient once this exercise is completed. The College continues to be concerned by the long-term impact of Transfer to Permanency which continues to reduce the flexibilities that it requires to respond to the skills that businesses need in its workforce. It is increasingly likely that redundancies will be part of the College workforce plans once the effects of the pandemic are crystallised.



### **Effective Partnerships:**

The College appointed an Economic Partnerships Manager, and additional business advisors to support engagement with the business community to upskill, reskill and retrain their workforce using the various streams of funding and schemes available; Pathways Apprenticeships, National Training Transition Fund, Young Persons Guarantee, Flexible Workforce Development Fund and Kickstart.

We have successfully secured further Tackling Child Poverty funding to enable us to target young people furthest away from having equality of opportunities and fair work.

As well as being the top ranked College for successful completion for our biggest audience, Full Time Further Education, we continue to perform above the national average in all categories, and in particular, those in the Scottish Index of Multiple Deprivation 10% and 20%, Ethnic Minority, Disabled and Care Experienced categories. We take a holistic approach to supporting learners which aims to provide a joined up, student-focused whole learning journey.

Category	D&A Rank out of 17	D&A Successful Completion Rate	National Successful Completion Rate
FE Full Time	1	<b>72.2%</b>	65.7%
SIMD10	5	<b>71.0%</b>	67.0%
SIMD20	5	<b>72.7%</b>	67.3%
Ethnic Minority	6	<b>74.1%</b>	72.0%
Disabled	2	<b>72.1%</b>	65.7%
Care Experienced	3	<b>70.5%</b>	59.6%

The FFR assumes we continue to budget to support this holistic approach, using service design principles, to ensure the delivery of services put our learners at the heart.



### **Future Focused:**

Over the past year, as with all Education providers, we have adapted to the need to deliver our learning and services remotely. We will continue to review, develop and enhance our curriculum and services so that the interactions offer a high quality experience. Resources have been included to enhance organisational learning and development opportunities, digital capacity and infrastructure.

Our Estates Strategy has a particular focus on the redevelopment of our Kingsway Campus so that it provides many of our learners a high quality learning and social environment. Our Kingsway campus has been long recognised as a substandard environment in which to study and learn and the Kingsway Tower redevelopment is one part of the overall strategy for this campus. The FFR assumes a significant level of the Capital and Maintenance grant is allocated to this project alongside the very generous contribution from the College's Arms Length Foundation. As was noted above, the supply chain challenges and the increased costs of raw materials (i.e. wood, steel, concrete) is likely to have an impact on the costs of the

redevelopment, although the full effect is not yet known.

The College is increasingly using the term infrastructure to encapsulate both estates and ICT infrastructure. No longer should we look in isolation at the Estates Strategy. The pandemic alongside the significant increase in cyber-attacks has clearly evidenced that our ICT infrastructure must be given equal importance to that of our physical estate. This FFR incorporates our continuing move towards cloud services as well as the physical infrastructure that is required by staff and students to enable hybrid working and learning to be built into our future Ways of Working. The additional funding for digital learning in colleges for AY 2021-22 from SFC (£310K) is very much welcomed. The costs of maintaining a safe and secure ICT infrastructure alongside the provision of adequate digital infrastructure for staff and students, particularly in an area where digital poverty is high, will continue to require ongoing and significant investment.

The College is a leading player in a significant number of initiatives that will support all of our Pledges and many of the National Performance Indicators. The College is fortunate in that a number of the initiatives have external funding secured. Where there has been a need for in-kind or pockets of investment these have been included within the FFR. These initiatives include:

- Tay Cities Deal
- Michelin Scotland Innovation Parc
- eSports Arena
- Eden Project

There is much uncertainty around the extent of the long term financial impact of COVID-19 on the College. There are a range of factors that will impact on the College, and not just financially;

- Throughout the pandemic the College has been required to operate with different mitigations to that of private training providers. This has frustrated employers who had apprentices at College.
- Practical-subject-based Senior Phase pupils may believe their learner journeys will continue to be disadvantaged by choosing College.
- Scottish Universities increasing their applications in Scotland (currently reported as being up by 10%), many of whom will likely be those traditionally opting for College.
- The impact on the Tayside economy and the confidence or financial capacity of businesses to recruit apprentices or upskill/retrain their workforces.

## **5. Financial Performance 2020-21**

The College has very much welcomed the additional financial support that has been made available to it during 2019/20, 2020/21 and going forward into 2021/22 which out which the College would not have been able to report adjusted operating surpluses of £1,014K/£536K/£278K respectively.

## **6. SFC Recurrent Grant**

### Teaching Grant

Core funding for 2021-22 has been based on the final funding and ESF allocations announced in May, augmented by an assumption of additional credit funding similar to current year:

Baseline Funding	£29,262,281
ESF	£1,028,124
Foundation Apprenticeships	£782,199

Deferred Students	£550,361
Cost pressure uplift	£636,749
Digital learning	£309,780
Mental Health support	£272,606
YPG/NTTF	<u>£287,600</u>
	£33,129,700

The above funding is targeted to deliver the following credits:

Core	103,741
ESF	3,591
Foundation Apprenticeships	2,711
Deferred students	<u>1,854</u>
	111,897
YPG/NTTF	<u>1,000</u>
	112,897

It is also very reassuring that the Flexible Workforce Development Fund is continuing at 2020-21 levels and Capital Maintenance continued at (almost) 2020-21 levels. The College is grateful for the ongoing financial and officer support for the redevelopment of the Kingsway Tower following the need to demolish the original annex that was the site of the redevelopment of the Hair, Beauty & Complementary Therapy learning and teaching spaces.

Other SFC grants are estimated at £7,452,000 in total for 2021/22. This includes non-cash release of deferred capital grants.

## 7. Changes in Tuition Fees/Other Income/Commercial Income

The following has been assumed:

Income Stream £000s	2020/21	2021/22
Tuition Fees	3,400	3,760
Education Contracts	1,677	1,344
Other Income	2,060	2,852
Job Retention Scheme	1,200	100
Grants from ALF	-	3,550

Certain income streams were profoundly impacted by the various lockdowns throughout 2020/21. Judgement was once again exercised, albeit more reliably informed in certain instances, to give high level assumptions for the initial 2021/22 budget. With some exceptions for areas of predicted growth, our forecast is prudently predicated on the broad assumption that income will not fully recover to pre-COVID budgeted levels until 2022/23.

Tuition fees are assumed to reduce as a result of Universities competition for students as well as the factors, highlighted above, which has the potential for a reduction in student starts in 2021/22. The recovery and expansion of commercial short courses is however expected to compensate, as described further below.

## 8. Commercial Income

As was highlighted above, the College appointed an Economic Partnerships Manager, and

additional business advisors to support engagement with the business community to upskill, reskill and retrain their workforce using the various streams of funding and schemes available; Pathways Apprenticeships, National Training Transition Fund, Young Persons Guarantee, Flexible Workforce Development Fund and Kickstart. Whilst not “commercial income” we are engaging with the business community to support them through the pandemic. We reported previously that in the current economic environment it would be naïve for the college to imagine that “profit” will be anything other than marginal until such time as the economy recovers. The College is however optimistic that the work currently engaged in alongside being a significant partner in other initiatives such as MSIP, Tay Cities, eSports and the Eden Project will shape our commercially viable offering. The Service Design Academy continues to grow in reputation and as such currently offers the College’s best opportunity to generate some surplus contribution.

## 9. Changes in Staff & Non-Staff Costs

The table below shows the cumulative cost of the pay increases from the 2019/20 baseline.

Cost of Pay Award £000s	2019/20 Baseline	2020/21	2021/22
Staff Costs (exc. pension charge)	30,997	658	1,116

The provision for pay award in 21/22 is in accordance with Scottish Government Public Sector Pay Policy as required by SFC. Increased pay cost also reflects provision for additional teaching resource for deferred students together with increased capacity to deliver FWDF and other employment initiatives described above along with an expansion of commercial activity. Savings from voluntary severance are also reflected but partially off-set by both reinvestment and an allowance for an innovation fund.

The FFR assumes that there will be no increases in pension contributions. The triennial valuation of the Tayside Local Government Pension Fund at March 2020 has confirmed that the current contribution rate of 17% will be maintained until 31 March 2024.

It is assumed that the College will partially absorb the cost of inflation, currently at 2.5% on non-pay expenditure. An exception has been made in 2020/21 for the continuing increases in cost of construction materials. This will continue to be challenging when taken alongside the expectation of 3% efficiency savings. Procurement good practice will continue to be embedded to maximise opportunities for Best Value.

The college was able to reduce expenditure on travel, utilities, supplies and consumables during the lock-down. It is envisaged that savings in travel costs will largely continue however the other savings are unlikely to be replicated as the campus reopens with the particular focus being on delivery of the practical, more resource intensive, subjects and supporting the completion of the studies of deferred students.

## 10. Cash Budget for Priorities

The College will continue to use the “ring-fenced” cash budget for the ongoing costs associated with the 2015-16 pay award, unfunded additional pension and National Insurance contributions, voluntary severance and capital loan repayments.

## 11. Balance Sheet – Cash Position

As with previous years, the cash position is largely driven by the operating position, which is subject to volatility. The College financial strategy is to generate sufficient cash-backed surpluses to meet the annual capital repayment of our long-term loan.

£000s	Forecast 2020-21	Forecast 2021-22
Opening cash	3,757	3,944
Net cash flow/(outflow)	644	(933)
Loan repayment	(457)	(457)
Closing cash	3,944	2,554

Due to uncertainties that existed throughout last year the college took the opportunity to take advantage of a capital loan repayment holiday in August 2020. Due to the positive movements and funding that the College was able to secure during the year the College opted to make that delayed payment in July 2021.

## 12. Contingency Planning

The following high-level contingency arrangements will continue to be explored and considered over the next year, as there is more clarity on the full impact of COVID-19 on our student recruitment and the pace of Tayside Region economic recovery and, in particular, the businesses that we support to deliver training and apprenticeships.

In the current economic climate it will be important to understand that unpalatable decisions will be necessary.

- Flexible Use of the Capital Maintenance Monies

Advantages:

- Enables the necessary, ongoing and significant investment in ICT to support resilience and hybrid working/learning.
- Enables resources to be targeted to fund essential priorities.

Disadvantages:

- Prioritising investment in the estates infrastructure will be prolonged

- Reduction in Headcount

Advantages:

- As the largest single budget area (by a significant margin) reductions in staff FTE generate significant and recurring financial savings.

Disadvantages:

- The college is an efficient and high quality education provider and reductions will impact on the quality of the provision.
- Further reductions in staff are likely to impact negatively on our ability to deliver the services required to support regional economic recovery and growth.

- The number of staff likely to be interested in voluntary severance options has reduced over recent years with the likelihood that significant FTE reductions may require reduction by other means, such as compulsory redundancies.
  - National bargaining 'Transfer to Permanence' arrangement makes planning for future staff reductions more challenging.
  - Our currently productive relationship with the unions will be tested.
- Apply to the Foundation

The objects of the Foundation are to advance education and, in particular, to enhance the learning experience for students engaged in further and higher education in Dundee & Angus, by supporting

- a) the delivery of improved teaching accommodation, facilities and/or equipment
- b) the development of teaching materials
- c) the delivery of courses; and/or
- d) the efficient and effective management of further and higher education in Dundee & Angus.

Advantages:

- Short term cash injection

Disadvantages:

- The Foundation are supportive of funding the college to achieve transformational change such as with the good to great project or the redevelopment of the Kingsway Tower. They may be reluctant to provide funding support that does not address long term sustainability.

It is also envisaged that there will continue to be opportunities for the College, which includes local and national new or ongoing initiatives:

- Continuation of the Flexible Workforce Development Fund (for levy payers and SMEs), National Transition Training Fund, Young Persons Guarantee and Scottish Government's ongoing commitment to apprenticeships and prioritising young people.
- Regional economic recovery and inclusive growth as we emerge from the pandemic
- Genuine and effective collaboration between SDS, colleges, universities and businesses
- The outcomes and priorities following the Review of Coherent Provision and Sustainability
- Efficiencies from adopting new and effective Ways of Working and delivering learning
- Michelin (Scotland) Innovation Parc
- Tay Cities Deal
- Eden project
- eSports Arena
- As a high quality, respected, innovative and responsive College there will be new, yet to be identified, income streams, initiatives and alternative sources of funding.

### 13. Risk

The [Coherence and Sustainability: Financial Sustainability of colleges and universities](#) report published in June 2021, identified the following most significant risk areas for Colleges:

- The continued impact of the COVID-19 pandemic and the potential consequential failure to

achieve income targets.

- Changes to the funding model and colleges' ability to deliver regional outcome agreements and Government priorities.
- The impact of cost efficiencies, including reduced staff numbers and frontline student services, on both the quality of student experience and on the health and wellbeing of college staff.
- Future arrangements for funding Foundation Apprenticeships.
- The UK Government's policies designed to mitigate the effects of leaving the EU, in particular the development of the Shared Prosperity Fund.
- Additional staff costs arising from both cost of living pay awards and the outcome of the National Bargaining job evaluation exercise for support staff.
- Addressing backlog estates maintenance and ICT/digital requirements.
- Challenges of diversifying income and generating additional surplus.
- Delivering against fragmented funding streams and programme requirements.
- Meeting student support requirements.
- Increases in employer contributions to the Scottish Teachers Superannuation Scheme and Local Government Pension Schemes.
- Maintaining short-term liquidity.  
[Whilst short-term liquidity is not a significant risk for Dundee & Angus College at this time, the medium to long term liquidity will be challenging depending on the longer term impact of COVID-19 and policy and funding decisions made by our principal funders.]

The above set of risks represent well the views of the College.

## 14. Conclusion

Notwithstanding the Board and the Executive's absolute commitment to ensuring the financial sustainability of the College, this will only be achievable in the long term where national policies and funding methodologies are supportive of the challenging decisions that will be necessary to ensure we continue to be a successful College for the benefit of our learners, our communities and Tayside Region.

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

Rhonda Bissett, Senior Management Accountant

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

Appendix 1: FFR

**Financial Forecast Return July 2021**

College

Contact

Telephone

Email:

<b>DECLARATION:</b>	The attached worksheets represent the financial forecasts for the College. They reflect a financial statement of our academic and physical plans from 2020-21 to 2021-22. Adequate explanations have been provided where requested on the return. The worksheets and their underpinning assumptions have been reviewed and approved by the Board of Management in accordance with their agreed practices. In preparing this financial forecast the College has fully considered the financial implications of all aspects of its strategy and has properly reflected these in the forecast.
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**Signed:**

Principal/Chief Executive Officer

**Date:**

30th July 2021

KEY RISKS

Please use the boxes below to provide a commentary on material risks to income and expenditure as identified in the Risk Register. Where possible these risks should be quantified.

Change in SFC Funding Methodology and Allocation – Reduction in Funding (not as relevant to this short term FFR)

Failure to achieve institutional sustainability

National outcomes on salaries and conditions of service outstrip ability to pay

Demands of capital developments/maintenance impacts on financial sustainability or delivery of learning/services

Failure to achieve ambitions of ICT strategy and strategy/development is ineffective

D&A Foundation refuses/withholds funding for key College priorities

COVID 19 Specific threats

Please use the boxes below to describe the actions planned by the College to address/mitigate the identified risks.

- Negotiation/influence at national level
- Contingency plans for reduced funding & advance modelling of impact
- Amendment of strategic or operational direction/plans
- Financial strategy sensitivities

Robust budget setting and monitoring, including swift action to implement savings where required. Realistic financial strategies and regular dialogue with SFC to protect future funding. Targeted reduction in provision where necessary whilst still preserving credits and Outcome Agreement obligations. Transparent and constructive engagement with staff groups and unions.

Effective deployment of staffing resource and management of staffing expenditure  
Continued lobbying for increases to teaching grant to secure funding for public sector pay policy, pension increases, and costs associated with other nationally agreed outcomes.  
Influence within Employers Association and participation to influence national negotiations. Workforce Planning.

Multi-year Estates Strategy and regular review and monitoring of capital planning. Lobbying SFC for appropriate funding. Planning for ALF appropriate ALF bids. Robust replacement planning.

Careful planning of changes to processes and systems. Effective management of ICT arrangements. Clear investment plan.

Appropriate bid arrangements and constructive engagement with ALF Trustees.

Finance & Governance workstream oversees impacts, explores and facilitates all possible mitigations, and ensures appropriate engagement with stakeholders. Maintain specific Risk Register detailing COVID specific mitigating actions and monitoring arrangements.

Pension Assumptions	2020-21	2021-22	2020-21	2021-22
Employer Contributions	£000	£000	Details of Methodology and Valuation	Details of Methodology and Valuation
STSS	3,182	3,252		
LGPS	1,634	1,786		
Other pension schemes - please state which scheme				
Other pension schemes - please state which scheme				
Total	4,816	5,038		

Dundee and Angus College

	Actual 2019-20	Forecast 2020-21	Forecast 2021-22	2019-20 - 2020-21	2020-21- 2021-22	Explanation for variance
	£000	£000	£000	%	%	
<b>Statement of Comprehensive income and expenditure (Consolidated)</b>						
<b>INCOME</b>						
Tuition fees and education contracts	5,376	5,077	5,104	-5.6%	0.5%	see income tab
Funding council/RSB grants	36,204	37,609	40,582	3.9%	7.9%	
Research grants and contracts	0	0	0			
Other income	3,731	3,259	6,501	-12.7%	99.5%	
Investment income	7	1	1	-85.7%	0.0%	
<b>Total income before donations and endowments</b>	<b>45,318</b>	<b>45,946</b>	<b>52,188</b>	<b>1.4%</b>	<b>13.6%</b>	
Donations and endowments	0	0	0			
<b>Total income</b>	<b>45,318</b>	<b>45,946</b>	<b>52,188</b>	<b>1.4%</b>	<b>13.6%</b>	
<b>EXPENDITURE</b>						
Staff costs	32,990	32,295	34,029	-2.1%	5.4%	see expenditure tab
Staff costs - exceptional restructuring costs	170	255	0	50.0%	-100.0%	
Exceptional costs - non-staff	0	0	0			
Other operating expenses	9,788	9,887	11,339	1.0%	14.7%	
Donation to Arms Length Foundation	0	0	0			
Depreciation	5,727	3,716	3,859	-35.1%	3.8%	impact of revaluation and capital additions
Interest and other finance costs	420	144	127	-65.7%	-11.8%	
<b>Total expenditure</b>	<b>49,095</b>	<b>46,297</b>	<b>49,354</b>	<b>-5.7%</b>	<b>6.6%</b>	
<b>Surplus/(deficit) before other gains and losses and share of operating surplus/deficit of joint ventures and associates</b>	<b>(3,777)</b>	<b>(351)</b>	<b>2,834</b>	<b>-90.7%</b>	<b>-906.7%</b>	
Gain/(loss) on disposal of fixed assets	0	0	0			
Gain/(loss) on investments	0	0	0			
Share of operating surplus/(deficit) in joint venture(s)	0	0	0			
Share of operating surplus/(deficit) in associate(s)	0	0	0			
<b>Surplus/(deficit) before tax</b>	<b>(3,777)</b>	<b>(351)</b>	<b>2,834</b>	<b>-90.7%</b>	<b>-906.7%</b>	
Other taxation	0	0	0			
<b>Surplus/(deficit) for the year</b>	<b>(3,777)</b>	<b>(351)</b>	<b>2,834</b>	<b>-90.7%</b>	<b>-906.7%</b>	
Unrealised surplus on revaluation of land and buildings	894	0	0	-100.0%		
Actuarial (loss)/gain in respect of pension schemes	(11,196)	0	0	-100.0%		
Other comprehensive income	0	0	0			
<b>Total comprehensive income for the year</b>	<b>(14,079)</b>	<b>(351)</b>	<b>2,834</b>	<b>-97.5%</b>	<b>-906.7%</b>	

## Dundee and Angus College

INCOME		Actual 2019-20	Forecast 2020-21	Forecast 2021-22	2019-20 - 2020-21	2020-21- 2021- 22	Explanation for variance
		£000	£000	£000	%	%	
<b>1 Tuition fees and education contracts</b>							
a)	FE - UK	419	343	856	(18%)	150%	Recovery and expansion of commercial short courses in 21/22
b)	FE - EU	0	0	0			
c)	HE	2,961	2,989	2,786	1%	(7%)	Decline in FTHE recruitment in 21/22
d)	Non-EU	100	63	98	(37%)	56%	Recovery predicted for 21/22
e)	SDS contracts	1,056	978	730	(7%)	(25%)	FA funding moves to SFC for 21/22 and income assumptions remain prudently below maximum contract values
f)	Education contracts	833	699	614	(16%)	(12%)	Prudent assumptions made for Managing Agents and SVQs
g)	Other	7	5	20	(29%)	300%	
<b>Total tuition fees and education contracts</b>		<b>5,376</b>	<b>5,077</b>	<b>5,104</b>	(6%)	1%	
<b>2 SFC / RSB Grants</b>							
a)	SFC / RSB FE recurrent grant (including fee waiver)	29,633	30,578	33,130	3%	8%	Grant allocation, including notional JES
b)	UHI recurrent grant - HE provision	0	0	0			
c)	FE Childcare funds	998	675	675	(32%)	0%	Reduced demand in 20/21. Will likely rise in 21/22 but has no net impact
d)	Release of SFC / RSB deferred capital grants	2,508	2,269	2,305	(10%)	2%	
e)	SFC capital grant	2,243	1,859	2,602	(17%)	40%	Lifecycle and High Priority funding not utilised for capital
f)	SFC grant for NPd	0	0	0			
g)	Other SFC / RSB grants - FE provision	822	2,228	1,870	171%	(16%)	Additional allocations in 20/21 removed for 21/22 but partly off-set by substantial increase in FWDF
h)	Other UHI grants - HE provision	0	0	0			
<b>Total SFC / RSB Grants</b>		<b>36,204</b>	<b>37,609</b>	<b>40,582</b>	4%	8%	
<b>3 Research grants and contracts</b>							
a)	European Commission	0	0	0			
b)	Other grants and contracts	0	0	0			
<b>Total research grants and contracts</b>		<b>0</b>	<b>0</b>	<b>0</b>			
<b>4 Other Income</b>							
a)	Catering and residences	864	98	839	(89%)	756%	Covid almost eliminated service provision in 20/21
b)	Other European Income	89	110	349	24%	217%	Final year of Erasmus+ DARE activity now planned for 21/22
c)	Other income generating activities	600	347	601	(42%)	73%	Covid reduction in 20/21 recovers for 21/22
d)	Grants from ALF	248	0	3,550	(100%)		
i)	Revenue	248	0	0	(100%)		
ii)	Capital	0	0	3,550			Kingsway Development capital elements
e)	Non-government capital grant	0	0	0			
f)	Other grant income	949	1,319	934	39%	(29%)	Benefits from one-off grants for electric vehicles etc. and increased DYW funding in 20/21, all reducing in 21/22
g)	Release of non-SFC government deferred capital grant	209	103	103	(51%)	0%	
h)	Income from Coronavirus Job Retention Scheme	702	1,200	100	71%	(92%)	21/22 mainly part-time flex furlough ends September
i)	Other income	70	82	25	17%	(70%)	
<b>Total other income</b>		<b>3,731</b>	<b>3,259</b>	<b>6,501</b>	(13%)	99%	
<b>5 Investment income</b>							
a)	Investment income on endowments	0	0	0			
b)	Investment income on restricted reserves	0	0	0			
c)	Other investment income	0	0	0			
d)	Other interest receivable	7	1	1	(86%)	0%	
e)	Net return on pension scheme	0	0	0			
<b>Total investment income</b>		<b>7</b>	<b>1</b>	<b>1</b>	(86%)	0%	
<b>6 Donations and endowment income</b>							
a)	New endowments	0	0	0			
b)	Donations with restrictions	0	0	0			
c)	Unrestricted donations	0	0	0			
<b>Total donation and endowment income</b>		<b>0</b>	<b>0</b>	<b>0</b>			

Dundee and Angus College  
EXPENDITURE

	Actual 2019-20	Forecast 2020-21	Forecast 2021-22	2019-20 - 2020-21	2020-21- 2021-22	Explanation for variance
STAFF COSTS	£000	£000	£000	%	%	
1 Teaching departments	19,663	20,733	21,957	5%	6%	Along with pay award, increases reflect provision for extra teaching to assist students completing. Also includes more development officers/assessors and increased capacity to deliver higher volumn of FWDF in 21/22
2 Teaching support services	627	690	735	10%	7%	
3 Other support services	0	0	0			
4 Administration and central services	8,396	8,563	8,884	2%	4%	Increased investment in mental health counsellors along with other increases in student support and expansion of Service Design Academy to achieve further income growth.
5 Premises	1,575	1,625	1,644	3%	1%	
6 Catering and residences	664	670	707	1%	6%	
7 Other income generating activities	72	14	102	(81%)	629%	Theatre re-opening in 21/22
8 Other staff costs	0	0	0			
9 Impact of FRS 102 pensions reported costs (less contributions paid included above)	1,993					
Normal staff costs	32,990	32,295	34,029	(2%)	5%	
10 Exceptional restructuring costs	170	255	0	50%	(100%)	
Total staff costs	33,160	32,550	34,029	(2%)	5%	

Additional breakdown of staff costs

Salaries	24,224	25,139	26,513	4%	5%	No allowance made for any potential scheme beyond July 21
Social security costs	2,226	2,340	2,478	5%	6%	
Pension contributions	4,547	4,816	5,038	6%	5%	
Non-cash pension adjustments - net service cost	1,993					
Non-cash pension adjustments - early retirement provision	0					
Severance payments	170	255	0			
Total staff costs	33,160	32,550	34,029	(2%)	5%	

NON-STAFF COSTS

1 Exceptional costs - non-staff

0	0	0
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\* Includes any overspend on bursaries, discretionary funds, and student funds received from SAAS, but excludes childcare funds.

# Dundee and Angus College

ADJUSTED OPERATING RESULT	Actual 2019-20 £000	Forecast 2020-21 £000	Forecast 2021-22 £000	2019-20 - 2020-21 %	2020-21- 2021-22 %	Explanation for variance
Surplus/(deficit) before other gains and losses and share of operating surplus/deficit of joint ventures and associates	(3,777)	(351)	2,834			
<b>Add:</b>						
Total depreciation (Government-funded, privately funded and NPD-funded assets) net of deferred capital grant release ( <i>incorporated colleges only</i> )	3,010	1,344	1,451	-55.3%	8.0%	
Exceptional non-restructuring items (e.g. impairment costs)	0	0	0			
Donation to Arms-Length Foundation (incorporated colleges only)	0	0	0			
Non-cash pension adjustment - net service cost	1,993					
Non-cash pension adjustment - ERP	0					
Non-cash pension adjustment -net interest costs	274					
<b>Deduct:</b>						
Non-Government capital grants (e.g. ALF capital grant)	0	0	3,550			ALF contribution to Kingsway project
Exceptional income (if disclosed as exceptional in accounts) - PLEASE DO NOT INCLUDE CJRS INCOME HERE	0	0	0			
CBP allocated to loan repayments and other capital items ( <i>incorporated colleges only</i> )	486	457	457	-6.0%	0.0%	
NPD payments to reduce NPD balance sheet debt	0	0	0			
<b>Adjusted operating result</b>	<b>1,014</b>	<b>536</b>	<b>278</b>	<b>-47.2%</b>	<b>-48.1%</b>	
<b>Cash budget for priorities (<i>incorporated colleges</i>) :</b>						
<b>Revenue priorities</b>						
Student support funding	0	0	0			
2015-16 pay award	473	473	473			
Voluntary severance	96	125	0			
Estates costs	0	0	0			
Other - please describe	0	0	125			
<b>Total impact on operating position</b>	<b>569</b>	<b>598</b>	<b>598</b>			
<b>Capital priorities</b>						
Loan repayments	486	457	457			
NPD / PFI repayments	0	0	0			
Estates costs	0	0	0			
Provisions pre 1 April 2014	0	0	0			
<b>Total capital</b>	<b>486</b>	<b>457</b>	<b>457</b>			
<b>Total cash budget for priorities spend</b>	<b>1,055</b>	<b>1,055</b>	<b>1,055</b>			

Balance Sheet		Actual 2019-20	Forecast 2020-21	Forecast 2021-22	2019-20 - 2020-21	2020-21- 2021-22	Explanation for variance
		£000	£000	£000	%	%	
1 Non-current assets	a) Intangible assets	0	0	0			
	b) Fixed assets	69,786	67,453	67,165	-3.3%	-0.4%	Additional capex net of depreciation
	c) Investments	0	0	0			
<b>Total non-current assets</b>		<b>69,786</b>	<b>67,453</b>	<b>67,165</b>	<b>-3.3%</b>	<b>-0.4%</b>	
2 Current assets	a) Stock	17	2	17	-88.2%	750.0%	
	b) Debtors	3,807	3,840	4,406	0.9%	14.7%	Accumulating notional support JE funding of £676K annually. 20/21 increase is off-set by assumed reduction in SFC debtor
	c) Investments	0	0	0			
	d) Cash and cash equivalents	3,757	3,944	2,554	5.0%	-35.2%	See Cashflow
	e) Other (e.g. assets for resale)	0	0	0			
<b>Total current assets</b>		<b>7,581</b>	<b>7,786</b>	<b>6,977</b>	<b>2.7%</b>	<b>-10.4%</b>	
3 Creditors: amounts falling due within one year	a) Bank loans and external borrowing	0	457	457		0.0%	repayment cancelled Aug 20 was reinstated July 21
	b) Bank overdrafts	0	0	0			
	c) Lennartz creditor	0	0	0			
	d) Obligations under finance leases and service concessions	0	0	0			
	e) Payments received in advance	913	704	175	-22.9%	-75.1%	Removal of Erasmus income and reduction in ESP funds prudently assumed
	f) Amounts owed to SFC	593	729	300	22.9%	-58.8%	Unspent support funds increases in 20/21 but reduced for July 22, with reductions also assumed for FWDF and YPG
	g) Obligations under PFI/NPD	0	0	0			
	h) Deferred capital grant	2,717	2,372	2,408			
	i) Other creditors and accruals	4,118	4,264	4,533	3.5%	6.3%	Increased support JE funding (assuming not applied) partly off-set by prudent reductions elsewhere
<b>Total creditors &lt; 1year</b>		<b>8,341</b>	<b>8,526</b>	<b>7,873</b>	<b>2.2%</b>	<b>-7.7%</b>	
<b>Share of net assets/(liabilities) in associate</b>		<b>0</b>	<b>0</b>	<b>0</b>			
<b>NET CURRENT ASSETS/LIABILITIES</b>		<b>(760)</b>	<b>(740)</b>	<b>(896)</b>	<b>-2.6%</b>	<b>21.0%</b>	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>69,026</b>	<b>66,713</b>	<b>66,269</b>	<b>-3.4%</b>	<b>-0.7%</b>	
4 Creditors: amounts falling due after more than one year	a) Local authority loans	0	0	0			
	b) Bank loans and external borrowing	3,632	2,718	2,261	-25.2%	-16.8%	
	c) Lennartz creditor	0	0	0			
	d) Finance leases and service concessions	0	0	0			
	e) Obligations under PFI/NPD	0	0	0			
	f) Deferred capital grant	24,848	24,204	21,781			Additional funds net of grant release
	g) Amounts repayable to Funding Council	0	0	0			
	h) Other creditors	0	0	0			
<b>Total creditors &gt;1 year</b>		<b>28,480</b>	<b>26,922</b>	<b>24,042</b>	<b>-5.5%</b>	<b>-10.7%</b>	
5 Provisions	a) Pension provisions	26,704	26,300	25,902	-1.5%	-1.5%	
	b) Other	0	0	0			
<b>Total provisions</b>		<b>26,704</b>	<b>26,300</b>	<b>25,902</b>	<b>-1.5%</b>	<b>-1.5%</b>	
<b>TOTAL NET ASSETS</b>		<b>13,842</b>	<b>13,491</b>	<b>16,325</b>	<b>-2.5%</b>	<b>21.0%</b>	
9 Restricted Reserves	a) Endowment Reserve	0	0	0			
	b) Restricted Reserve	0	0	0			
10 Unrestricted reserves	a) Income and Expenditure Reserve	(12,709)	(10,807)	(5,720)	-15.0%	-47.1%	
	b) Revaluation reserve	26,551	24,298	22,045	-8.5%	-9.3%	
11 Non-controlling interest		0	0	0			
<b>TOTAL RESERVES</b>		<b>13,842</b>	<b>13,491</b>	<b>16,325</b>	<b>-2.5%</b>	<b>21.0%</b>	

Dundee and Angus College

Cashflow	Actual 2019-20 £000	Forecast 2020-21 £000	Forecast 2021-22 £000	2019-20 - 2020-21 %	2020-21- 2021- 22 %	Explanation for variance
<b>1 Cash flow from operating activities</b>						
a) Surplus / (deficit) for the year	-3777	-351.346	2834.258	(91%)	(907%)	See relevant tab for explanations where material
<b>2 Adjustment for non-cash items</b>						
a) Depreciation	5,727	3,716	3,859	(35%)	4%	
b) Amortisation of intangibles	0	0	0			
c) Benefit on acquisition	0	0	0			
d) Amortisation of goodwill	0	0	0			
e) Loss / (gain) on investments	0	0	0			
f) Decrease / (increase) in stock	2	15	(15)	650%	(200%)	
g) Decrease / (increase) in debtors	(701)	(33)	(566)	(95%)	1615%	
h) Increase / (decrease) in creditors	1,699	73	(689)	(96%)	(1044%)	
i) Increase / (decrease) in pension provision	1,867	(404)	(398)	(122%)	(1%)	
j) Increase / (decrease) in other provisions	0	0	0			
k) Receipt of donated equipment	0	0	0			
l) Share of operating surplus / (deficit) in joint venture	0	0	0			
m) Share of operating surplus / (deficit) in associate	0	0	0			
n) Other	0	0	0			
<b>Total adjustment for non-cash items</b>	<b>8,594</b>	<b>3,367</b>	<b>2,191</b>	<b>(61%)</b>	<b>(35%)</b>	
<b>3 Adjustment for investing or financing activities</b>						
a) Investment income	(7)	(1)	(1)	(86%)	0%	
b) Interest payable	146	144	127	(1%)	(12%)	
c) Endowment income	0	0	0			
d) Loss / (gain) on the sale of assets	0	0	0			
e) Capital grant income	(2,717)	(2,372)	(2,408)	(13%)	2%	
<b>Total adjustment for investing or financing activities</b>	<b>(2,578)</b>	<b>(2,229)</b>	<b>(2,282)</b>	<b>(14%)</b>	<b>2%</b>	
<b>4 Net cash inflow from operating activities</b>	<b>2,239</b>	<b>787</b>	<b>2,743</b>	<b>(65%)</b>	<b>249%</b>	
<b>5 Cash flow from investing activities</b>						
a) Proceeds from sales of fixed assets	0	0	0			
b) Proceeds from sales of intangible assets	0	0	0			
c) Capital grants receipts	0	1,383	21		(98%)	
d) Disposal of non-current asset investments	0	0	0			
e) Withdrawal of deposits	0	0	0			
f) Investment income	(4)	1	1	(125%)	0%	
g) Payments made to acquire fixed assets	0	(1,383)	(3,571)		158%	
h) Payments made to acquire intangible assets	0	0	0			
i) New non-current asset investments	0	0	0			
j) New deposits	0	0	0			
<b>Total cash flows from investing activities</b>	<b>(4)</b>	<b>1</b>	<b>(3,549)</b>	<b>(125%)</b>	<b>(355000%)</b>	
<b>6 Cash flows from financing activities</b>						
a) Interest paid	(146)	(144)	(127)	(1%)	(12%)	
b) Interest element of finance lease and service concession	0	0	0			
c) Endowment cash received	0	0	0			
d) New secured loans	0	0	0			
e) New unsecured loans	0	0	0			
f) Repayments of amounts borrowed	(482)	(457)	(457)	(5%)	0%	
g) Capital element of finance lease and service concession payments	0	0	0			
<b>Total cash flows from financing activities</b>	<b>(628)</b>	<b>(601)</b>	<b>(584)</b>	<b>(4%)</b>	<b>(3%)</b>	
<b>7 (Decrease) / increase in cash and cash equivalents in the year</b>	<b>1,607</b>	<b>187</b>	<b>(1,390)</b>	<b>(88%)</b>	<b>(845%)</b>	
<b>8 Cash and cash equivalents at beginning of the year</b>	<b>2,150</b>	<b>3,757</b>	<b>3,944</b>	<b>75%</b>	<b>5%</b>	
<b>9 Cash and cash equivalents at the end of the year</b>	<b>3,757</b>	<b>3,944</b>	<b>2,554</b>	<b>5%</b>	<b>(35%)</b>	

## Dundee and Angus College

### Capital Expenditure Projects and Forecast Methods of Financing

#### **Expenditure:**

Land & Buildings

Equipment & Others

#### **Financed by:**

Cash reserves

ALF grants

Leasing

SFC/RSB grant

Re-investment of proceeds from disposal of assets \*

Non-SFC/RSB grants

PFI/NPD

Other - please specify if material

Actual 2019-20 £000	Forecast 2020-21 £000	Forecast 2021-22 £000	2019-20 - 2020-21 %	2020-21- 2021-22 %
77	1223	3571	1488.3%	192.0%
92	160	0	73.9%	-100.0%
169	1,383	3,571	718.3%	158.2%
0	0	0		
0	0	3550		
0	0	0		
122	1303	21	968.0%	-98.4%
0	0	0		
47	80	0	70.2%	-100.0%
0	0	0		
0	0	0		
169	1,383	3,571	718.3%	158.2%

\* to be included only where this has been agreed by SFC

### Capital disposals

#### **Disposal proceeds:**

Asset description

Asset description

Asset description

Asset description

Actual 2019-20 £000	Forecast 2020-21 £000	Forecast 2021-22 £000
0		
0		
0		
0		
0	0	0

**Gain/(loss) on disposal:**

Asset description  
Asset description  
Asset description  
Asset description

0		
0		
0		
0		
0	0	0

## Dundee and Angus College

### ALF Funding

	Actual 2019-20 £000	Forecast 2020-21 £000	Forecast 2021-22 £000
Estimated balance of cash in ALF as at 1 August	5,420	5,172	5,172
Donation to Arms Length Foundation	0	0	0
Grant from Arms Length Foundation - capital	0	0	(3,550)
Grant from Arms Length Foundation - revenue	(248)	0	0
<b>Estimated balance of cash in ALF as at 31 July</b>	<b>5,172</b>	<b>5,172</b>	<b>1,622</b>

#### Note:

For most foundations, the most recent accounts available are for periods ending in 2020. Colleges' forecast movements will not include governance costs, donations from third parties, payments to third parties or investment income.

	Actual 2019-20 £000	Forecast 2020-21 £000	Forecast 2021-22 £000
<b>Grant from Arms Length Foundation - capital:</b>			
Kingsway Tower Redevelopment	0	0	3,550
Description	0	0	0
Description	0	0	0
Description	0	0	0
Description	0	0	0
Description	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>3550</b>

#### Grant from Arms Length Foundation - revenue

Transformation 'Good to Great' Funding	248	0	0
Description	0	0	0
Description	0	0	0
Description	0	0	0
Description	0	0	0
Description	0	0	0
<b>Total</b>	<b>248</b>	<b>0</b>	<b>0</b>

Dundee and Angus College

FINANCIAL SUMMARY

Actual 2019-20	Forecast 2020-21	Forecast 2021-22
£000	£000	£000

Income ratios			
Total Income	45,318	45,946	52,188
Total Funding Council Grant (excluding release of deferred capital grant) as % of Total Income	80%	82%	78%
Total non-Funding Council Grant (including release of SFC DCG) as % of Total Income	20%	18%	22%
Total Education Contracts and Tuition Fees as % of Total Income	12%	11%	10%
Total Research Grants and Contracts as % of Total Income	0%	0%	0%
Total Other Income as % of Total Income	8%	7%	12%

Expenditure ratios			
Total Expenditure	49,095	46,297	49,354
Salaries as % of Total Expenditure	67%	70%	69%
Other operating costs as % of Total Expenditure	20%	21%	23%
Depreciation/amortisation as % of Total Expenditure	12%	8%	8%

Operating position			
Operating Surplus/(deficit)	(3,777)	(351)	2,834
Operating Surplus/(deficit) as % of Total Income	-8%	-1%	5%
Adjusted operating surplus/(deficit)	1,014	536	278
Adjusted operating surplus/(deficit) as % of Total Income	2.2%	1.2%	0.5%

Cash Position			
Cash and Current Asset Investments	3,757	3,944	2,554
Overdrafts	0	0	0
Days Ratio of Cash to Total Expenditure	32	34	20
Net cash inflow/(outflow) from operating activities	2,239	787	2,743
Net cash inflow/(outflow) from operating activities as % of Total Income	4.9%	1.7%	5.3%

Balance Sheet strength			
Unrestricted reserves	(12,709)	(10,807)	(5,720)
Current Ratio	0.91	0.91	0.89
Unrestricted reserves as % of Total Income	-28%	-24%	-11%
Total borrowing (Overdrafts, Loans, Finance Leases, PFI/NPD)	3,632	3,175	2,718
Interest cover	-7.99	-1.44	23.32

**FINANCE & PROPERTY COMMITTEE**

**Monday 20 September 2021**

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**FINANCE**

**2020/21 DRAFT OUTTURN**

**PAPER D**

# BOARD OF MANAGEMENT

## Finance and Property Committee

Monday 20 September 2021



## Draft Outturn for the year to 31 July 2021

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### *Paper for information*

#### **1. Introduction**

This report brings to the Committees attention the management accounts for the year to 31 July 2021.

#### **2. Recommendation**

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

#### **3. Context**

In September last year, when the budget was approved, it was difficult to accurately assess the impacts of the ongoing pandemic and the likely success of the mitigations and compensations. Accordingly, a prudent, near break-even cash operating position was adopted. During subsequent updates we have been able to forecast an improved position with growing confidence as risks have steadily diminished.

Our most recent forecast at Month 9 predicted a cash-backed surplus of almost £1m after allowing for substantial accelerated investment, particularly in ICT to support our progressive Digital strategy. Our draft Outturn now presents a further substantial improvement resulting from both increased income and, in particular, reduced expenditure. Due to supply delays it has not been possible to secure, by 31<sup>st</sup> July as planned, delivery of all ICT devices and other equipment, particularly within the catering outlets and professional cookery areas. Consequently these costs, of circa £800K, will now impact upon the current year's budget and will be considered along with any necessary mitigating actions, when revising.

Whilst every effort has been made to produce a reliable draft Outturn, at this relatively early stage we are continuing with our quality checks ahead of audit in October and further adjustments remain possible before reaching a final position. Discussions with auditors around capitalisation of certain expenditure may revise both revenue funding and expenditure but should have little or no impact upon the net cash operating position.

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

The draft outturn for the year is a cash-backed surplus of just under £2m, more than twice as much as the most recent forecast presented to Committee in May.

## **5. Income**

Income rises in this draft Outturn by £787K to almost £42.7m. Although this is a substantial reduction against budget this is explained by the removal of Foundation Donations to fund the Kingsway development following delays to the works.

SFC Credit income, including ESF, is provisionally reported to be on forecast, which is £288K more than budgeted due to the inclusion of an additional 1,000 Credits to be delivered under the Youth Programme Guarantee/National Transitional Training Fund (YPG/NTTF). We are confident that both our core and ESF credit targets have been achieved and exceeded. Current indications are that we may be eligible for 1,520 YPG/NTTF Credits, subject to final audit and FES validation. If confirmed this would increase income and operating surplus by approximately £150K.

Other SFC grants have risen by just over £300K. This is almost entirely attributable to further movements in Capital & Maintenance grant funding, with funding increasing to match increased revenue costs of the Kingsway Development, offset to some extent by funding diverted to cover additional capital expenditure.

Delivery of Flexible Workforce Delivery funding has exceeded forecast, by £47K, albeit remaining £570K below budget due to Covid-19 restrictions limiting the ability to deliver the training programmes. The residual carry forward of the 2019/20 allocation has however been contractually secured and SFC have advised that the 2020/21 allocation can now be combined with the current year's allocation. This is very welcome.

The draft Outturn sees other sources of income rise by a total of £469K. Modern and Foundation Apprenticeship income accounts for a rise of £314K. This was prudently budgeted at approximately 80% of contract values, given the prevailing circumstances, but has increased by 20% with greater student numbers and outcomes.

Commercial tuition, encompassing work-based learning and short courses, was also cautiously forecast and this draft outturn sees a positive variance of £110K, a similar rise of circa 20%, with delivery exceeding expectations.

Claims made under the Coronavirus Job Retention Scheme total £1,163K, just short of the £1.2m forecast. There are other, offsetting, fluctuations in income that are individually not substantial or in some cases matched by additional expenditure. Energy Skills Partnership has provided funding of £90K for equipment.

## **6. Pay Costs**

A net saving of £78K has been secured against the previous forecast.

This comprises established staffing savings of £104K in addition to variable teaching pay of £97K, where full contingencies were not expended.

Payroll savings are partially off-set by additional Voluntary Severance of £105K, raising the cost to £255K for 13 successful applications, generating annual salary savings of £390K.

## **7. Non Pay Costs**

Non-pay costs show a total reduction of £158K from forecast. This does however mask a complex picture with additional investment off-set by savings resulting from delivery problems, with ICT suffering particularly from substantial supply issues.

When factoring in the additional, fully revenue funded property costs of Kingsway of £347K, the net saving is actually circa £0.5m. This is despite additional revenue costs of £382K (plus capital of £85K) being expended in response to additional funding.

A large variance arise from exam fees, where savings have been realised across a range of accreditation bodies including SQA.

ICT & Telephony, despite incurring additional authorised expenditure of £116K plus VAT, is £247K below our last forecast. This is almost entirely due to delivery of HP devices pushed back into the current year, along with some of the additional orders.

Underspends, of mostly modest proportions, across several budget areas combine to increase savings. One of the few exceptions is within Interest & Charges where we have suffered exchange losses of £31K on Euro balances held for Erasmus projects.

Debtor balances at the year-end are higher than we would normally experience, due primarily to individual student debt. A significant bad debt provision will be made whilst we continue to endeavour to engage with students, many of whom are returning. This increased provision was allowed in the previous forecast.

## **8. Subsidiary company**

Containment of costs, coupled with the success of our bids to Creative Scotland for Cultural Recovery funding, have enabled resources to be in place to plan for reopening of the Theatre in September whilst also achieving a modest surplus for the year.

## **9. Student Support Funding**

As previously reported, although additional Covid-19 funding for 2020/21 was utilised, core allocation proved to be in excess of this year's needs. There was a surplus of funds drawn down from SFC of £380K at 31<sup>st</sup> July. SAAS discretionary funding remaining is £180K, due almost entirely to the advance Covid-19 payment for 21/22 received in June.

## **10. Capital Expenditure**

Capital expenditure of £1,569K was incurred during the year. This includes the accumulated construction in progress cost of the new Hair, Beauty & Complementary facility of £1,379K funded from SFC High Priority Maintenance grant. Construction costs of the other phases of the Kingsway development are currently charged to revenue and also fully funded by SFC.

Additionally, work on the Nursery extension was completed this year at a further cost of £23K. The balance of £167K was spent on equipment and vehicles, with funding from both SFC and Scottish Government via Energy Skills Partnership.

## **11. Cash Flow Forecast**

The cash position at year-end was very strong, with balances of £5.8m, an increase of £2.9m on budget and £1.4m higher than the previous forecast. This has been achieved despite the reinstatement in June of the annual term loan repayment of £457K to Santander, which attracted no additional charges. The positive working capital movement negates the loan repayment. We do continue to hold restricted cash, including support funds, of almost £1.7m at the year-end.

## **12. Conclusion**

We will finalise the draft outturn and present this for audit in October. We are confident however that, subject to a potential increase in SFC Credit income highlighted above, any changes are unlikely to have a material net impact.

The additional funding received from SFC of £898K, coupled with the furlough drawdown of £1,163K have clearly contributed significantly to this year's results. Nevertheless, the surplus achieved is a testament to the continued high performance of the College in successfully overcoming the challenges posed by the pandemic and continuing to deliver high quality learning and achieving our outputs. Whilst in some respects the cash surplus achieved has been higher than planned due to circumstances outwith the control of the College, significant investment has been achieved in updating equipment and strengthening our financial sustainability.

As we have a significant surplus in 2019/20 and 2020/21 it will be important that SFC accept that a 2021/22 potential deficit (based on when goods were received) should not be taken in isolation and that SFC's position in terms of the FFR "institutions take the necessary actions to balance their operating position" and "or work towards bringing income and expenditure back into balance over the forecast period" includes taking into account prior year surpluses.

## **13. 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

# Draft I&E Outturn

	2019/20	Month 12, July 2021			
	Actual	Budget	Forecast at Month 9	Projected Final Outturn	Variance from Month 9 Forecast
	£000's	£000's		£000's	£000's
SFC Credit income	27,163	28,471	28,759	28,759	-
SFC ESF Credits	1,071	1,143	1,143	1,143	-
Other SFC grants	3,787	4,558	3,862	4,180	318
<b>SFC Total</b>	<b>32,021</b>	<b>34,172</b>	<b>33,764</b>	<b>34,082</b>	<b>318</b>
Tuition Fees	3,480	3,121	3,395	3,409	14
Non-Core income	2,934	3,126	3,111	3,504	393
Catering & other income	2,115	1,173	1,687	1,749	62
Foundation donations	248	2,610	-	-	-
<b>Total Income</b>	<b>40,798</b>	<b>44,202</b>	<b>41,957</b>	<b>42,744</b>	<b>787</b>
Teaching Pay - established	14,444	14,964	15,673	15,628	45
Teaching Pay - variable	2,988	3,633	2,674	2,577	97
Invoiced Staff Costs	210	449	421	349	72
Teaching Support Pay	2,097	2,075	2,183	2,209	(26)
Support pay	10,613	11,049	10,972	10,984	(12)
Apprenticeship Levy	98	100	102	103	(1)
VS Scheme	170	-	150	255	(105)
Unfunded pension payments	400	404	404	396	8
<b>Total Pay Costs</b>	<b>31,020</b>	<b>32,674</b>	<b>32,579</b>	<b>32,501</b>	<b>78</b>
Staff related costs	285	389	188	193	(5)
Consumables & Equipment	1,115	890	966	919	47
Exam fees	799	851	842	705	137
Student related costs	165	369	197	162	35
Property cost	3,297	5,854	2,862	3,184	(322)
ICT & Telephony	1,284	1,066	1,650	1,403	247
Insurance	116	120	120	117	3
Marketing	42	65	68	48	20
Professional fees	185	126	190	169	21
General Overheads	278	260	249	228	21
Interest & Charges	143	153	147	182	(35)
VAT	923	1,366	932	943	(11)
<b>Total non-pay costs</b>	<b>8,632</b>	<b>11,509</b>	<b>8,411</b>	<b>8,253</b>	<b>158</b>
<b>Cash-backed surplus/(deficit)</b>	<b>1,146</b>	<b>19</b>	<b>967</b>	<b>1,990</b>	<b>1,023</b>
<b>Add: subsidiary profit/(loss)</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>
<b>Consolidated Cash-backed surplus/(deficit)</b>	<b>1,145</b>	<b>19</b>	<b>967</b>	<b>1,991</b>	<b>1,024</b>

## Cash Flow Forecast

	2019/20	2020/21			
	Actual	Budget	Forecast at Month 9	Projected Final Outturn	Variance from Month 9 Forecast
	£000's	£000's	£000's	£000's	£000's
<b>Cash backed surplus/(deficit)</b>	<b>1,145</b>	<b>20</b>	<b>967</b>	<b>1,991</b>	<b>1,024</b>
Loan repayment	(486)	-	-	(457)	(457)
Capital Expenditure	169	-	1,208	1,569	361
Capital funding	(169)	-	(1,208)	(1,569)	(361)
Working capital movements	949	(800)	(300)	561	861
<b>Net Movement in cash balances</b>	<b>1,608</b>	<b>(780)</b>	<b>667</b>	<b>2,095</b>	<b>1,428</b>
Opening cash balances	2,150	3,758	3,758	3,758	
<b>Closing cash balances</b>	<b>3,758</b>	<b>2,978</b>	<b>4,425</b>	<b>5,853</b>	<b>1,428</b>

Note: Restricted cash reserves at year-end are approximately £1.1m. In addition, we held £580K of unspent student funds.

**FINANCE & PROPERTY COMMITTEE**

**Monday 20 September 2021**

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**FINANCE**

**REVISED FINANCIAL REGULATIONS**

**PAPER E**

# BOARD OF MANAGEMENT

## Finance and Property Committee

### Monday 20 September 2021



## Financial Regulations

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### *Paper for approval*

#### 1. Introduction

The Financial Regulations are due for review. This attached revised Financial Regulations include tracked changes so that members can note the substantive changes proposed. This paper provides some background to the reasons for the change.

#### 2. Recommendation

Members are asked to discuss and approve the revised Financial Regulations.

#### 3. Proposed Changes

The significant change proposed relates to an increase in the delegated limits.

An analysis of the volume of invoices within the current thresholds, based on expenditure in 2019/20, the last “normal” year, shows:

Current Limit:	Volume	Current Authoriser	Example Authorisers
up to £1k	9,465	Team Leaders/ Supervisors	Kevin McCord – Estates Manager Stephanie Bledowski - Early Years Team Leader
>£1k up to £3k	629	Heads of Curriculum & Quality and Support Department Managers	Steve Swinley – Head of Engineering Sam Stirling – Learning & Digital Resources Manager
>£3k up to £5k	133	Relevant member of Senior Leadership Team	Billy Grace – Head of Estates Andy Ross – Head of ICT Services
>£5k up to £25k	258	Relevant Vice Principal	Steve Taylor – Vice Principal

Based on an analysis of expenditure (Appendix 1) against each team you can see high **volume** transactions are within Estates, Catering and Hospitality. High **value** spend is within Estates, Administration and ICT.

The current level of delegation means, for example, within **Estates**, that only invoices of less than £1,000 can be authorised by the Estates Manager, or £5,000 by Head of Estates. Based on current authorisation levels, the Estates Manager will authorise

c2,400 invoices of £1,000 or less, of which c2,100 are less than £500. It also means that as Vice Principal I would be expected to sign off on expenditure for items such as fuel bills or minor works.

Within **ICT**, the Head of ICT Services is the authoriser for spend between £1k and £5K (c45 invoices) and the Principal for anything exceeding £5K (c50 invoices). There are c300 invoices valued <£1K.

Within Hospitality and Professional Cookery the Head of Curriculum & Quality will approve c1,880 invoices below £1K, c1,860 of those < £500 and c1,710 of those <£200 and c1,200 less than £100.

The proposed change to delegated limits is:

Proposed New Limit:	Current Authoriser
up to £5k	Team Leaders/ Heads of Curriculum & Quality
>£5k up to £10k	Heads of Sector and Support Department Managers
>£10k up to £25k	Relevant member of Senior Leadership Team
>£25k up to £50k	Relevant Vice Principal
>£50k up to £100k	Principal
>£100k up to £250k	Chair of the Board of Management and Chair of Finance & Property Committee

The recommendation is based on giving more responsibility to responsible staff, who are directly involved and familiar and knowledgeable about the purchases. It also aims to recognise the high levels of non-financial responsibilities that are given to promoted staff.

The proposed revisions to the Financial Regulations do not however deal with the high volume of transactions that are signed off by senior staff such as the Estates Manager, Head of Estates, Catering Managers and Head of Hospitality & Professional Cookery. Over the next year we will undertake further analysis to see if there is a means by which we can effectively control responsibility for approving the high volume of low value transactions whilst being cognisant of segregation of duties and balancing and managing risk.

#### **4. 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;

2.4 – financial fraud

3.2 – failure to achieve/maintain compliance arrangements

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

Rhonda Bissett, Senior Management Accountant

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

## Appendix 1

Team	Number of Invoices	Value of Invoices £	
Building & Estates	2,546	3,207,017	
Includes spend on:	Building works & Maintenance		£1,713K
	Energy		£900K
	Waste & Water		£100K
	Cleaning		£104K
	Equipment & Furniture Purchase, Lease & Maintenance		£149K
Networks	168	1,028,079	
Includes spend on:	Hardware & Equipment		£305K
	Licenses		£488K
	Data, Telecoms & Rentals		£151K
Administration	293	750,108	Exam Fees £701K
Energy Skills Partnership	120	345,918	
Pension Recharge/Restructuring	10	251,646	
Finance	94	195,127	
Hospitality & Professional Cookery	1,368	187,464	
Print Services	43	179,845	
Gardyne Refectory	883	165,599	
Human Resources	44	153,395	
Hair, Beauty & Comp. Therapies	352	142,331	
Learning & Digital Resources	282	135,082	
Organisational Development	119	125,884	
Engineering	246	117,503	
Insurances	2	114,179	
Good 2 Great	58	111,891	
Kingsway Refectory	872	111,337	
Arbroath Refectory	931	92,353	
Landbased & Animal Care	296	85,058	
Guidance & School/Community Liaison	151	80,402	
International Services	77	79,134	
Performing Arts	44	74,976	
Construction	219	74,099	
Executive	34	67,991	
Business, Events, Retail & Marketing	116	66,434	
Building Services	185	64,575	
Gardyne Shop	105	52,994	
Marketing	79	49,546	
Developing the Young Workforce	59	44,058	
Kingsway Shop	89	38,565	
Sport & Fitness	82	30,617	
Accounts & Housing	95	23,383	
Art & Design	103	22,909	
Health & Social Care	28	20,995	
Learner Engagement	20	17,243	

Team	Number of Invoices	Value of Invoices £	
Service Design Academy	37	15,649	
Academic Partnerships	10	15,078	
Science	86	13,898	
Princes Trust	3	9,563	
Computing & Creative Media	18	8,865	
Employability	18	6,851	
Operations	10	6,440	
English Language Teaching & Training	8	5,164	
Access & Supported Education	28	3,609	
Systems Analysis and support	4	3,482	
Student Association	10	2,753	
Nursery	18	1,346	
Children & Young People	6	594	
Sports Union	3	382	
Creative Loop	1	348	
Essential Skills	2	310	
Board of Management	3	293	
Quality	2	248	
Social Science	3	73	
<b>Total</b>	<b>10,542</b>	<b>8,402,682</b>	



# Financial Regulations

**Approved by**

**Finance & Property  
Committee**

**Date**

**20/09/21**

**Effective from**

**01/10/21**

Prepared by: Vice Principal Corporate Services	Approved by: Financial & Property Committee	Revision Date: September 2021
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Prepared by: Vice Principal Corporate Services	Approved by: Financial & Property Committee	Revision Date: September 2021
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## INTRODUCTION AND BACKGROUND

This document sets out Dundee and Angus College's Financial Regulations. It translates into practical guidance the College's broad policies relating to financial control.

The Financial Regulations do not in themselves set standards or provide control information. They are intended as a framework within which management can delegate authority, and as a foundation upon which the College's Financial Procedures are based.

These Financial Regulations should be read in conjunction with the Financial Memorandum with the Scottish Funding Council, the Scottish Public Finance Manual and the College's Financial Policies and Procedures.

These Financial Regulations are subordinate to the College's constitution and articles of governance and statutes, and to any restrictions contained within the College's Financial Memorandum with the funding body.

## PURPOSE

The purpose of these Financial Regulations is to provide control over the totality of the College's resources and provide management with assurances that the resources are being properly applied for the achievement of the College's strategic plan and business objectives.

Compliance with the Financial Regulations is compulsory for all staff connected with the College, including any subsidiaries. A member of staff who fails to comply with the Financial Regulations may be subject to disciplinary action under the College's disciplinary policy. The Board of Management will be notified of any such breach through the Audit & Risk Committee.

It is the responsibility of managers to ensure that their staff are made aware of the existence and content of the Financial Regulations along with the Financial Procedures detailing the processes and documentation to be followed in order to adhere to these Regulations.

For the purposes of these Regulations:

- 'the Acts' means the Further and Higher Education (Scotland) Acts (1992 and 2005) as modified by the Post-16 Education (Scotland) Act 2013.
- 'the Council' means the Scottish Funding Council.
- 'the BOM' means the Dundee and Angus College Board of Management.
- 'the VP' means the Vice Principal, Corporate Services.
- the HoF means the Head of Finance
- 'the College' means Dundee and Angus College
- 'the FM' means the Financial Memorandum with the Scottish Funding Council
- 'SPFM' means the Scottish Public Finance Manual which is issued by the Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds.

- 'FReM' means the Government Financial Reporting Manual which is the technical accounting guide for the preparation of financial statements.

## **1. MANAGEMENT RESPONSIBILITY**

### **1.1 Responsibility of the Board of Management**

In accordance with the Acts, the BOM is responsible for the administration and management of the College's affairs, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year.

The BOM is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and enable it to ensure that the financial statements are prepared in accordance with the Acts, the Statement of Recommended Practice on Accounting for Further and Higher Education, relevant parts of the FReM and other relevant accounting standards. In addition, within the terms and conditions of the FM the BOM, through its designated office holder, the Principal, is required to prepare financial statements for each financial year which give a true and fair view of the College's state of affairs and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, the BOM has ensured that:

- appropriate accounting policies are applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the College will continue in operation.

The BOM has taken reasonable steps to:

- ensure that funds from the Council are used only for the purposes for which they have been given and in accordance with the FM and any other conditions which the Council may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the College and prevent and detect fraud;
- secure the economical, efficient and effective management of the College's resources and expenditure.

The key elements of the College's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- clear definitions of the responsibilities of, and the authority delegated to Budget Holders;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;

- regular reviews of key performance indicators and business risks and monthly reviews of financial results involving variance reporting and updates to forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the BOM;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit & Risk Committee and Finance & Property Committee;
- appointment of Internal Auditors, whose annual programme is approved by the Audit & Risk Committee and endorsed by the BOM and who provide the BOM with a report on internal audit activity within the College and an opinion on the adequacy and effectiveness of the College's system of internal control, including internal financial control.

Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatements or loss.

## 1.2 Delegated Authority

Through the mechanisms of the College organisation structure, staff establishment, job descriptions, and various internal documents (including these Financial Regulations), the Principal delegates the performance of their overall responsibilities to appropriate levels.

Senior managers, within their area of responsibility, are delegated strategic management responsibilities for:

- proposing objectives, priorities, outcomes and performance indicators;
- making plans and ensuring that adequate systems are in place to achieve these objectives effectively, efficiently and economically;
- ensuring that adequate internal control and risk management systems are in place, monitored and reviewed;
- monitoring and reporting of performance to the BOM.

Those with delegated budgetary authority must:

- ensure proper financial procedures are followed and compliance with relevant guidance, in particular these Financial Regulations;
- ensure due regard to Best Value, economy, efficiency and effectiveness;
- ensure funds and assets are properly managed and safeguarded;
- ensure risks are identified and effectively managed.

The College is required by the FM to establish appropriate documented internal delegated authority arrangements consistent with the Delegated Authority section of the SPFM and the FM.

Transactions that are 'novel', 'contentious', repercussive or which have or could have significant future cost implications may not be delegated within the College and approval must be received from the Council.

### 1.3 Authorised Signatories

For effective financial control a list of authorised signatories will be maintained by Finance. These will be based on a combination of factors, including the College hierarchy, those with the appropriate knowledge of spend, appropriate levels of segregation and ranked-allocated so as to ~~require that both the number and the seniority of authorisers increase according to the value and nature of the subject matter~~ achieve an effective system of internal control.

### 1.4 Compliance

It is implicit in the application of the Financial Regulations that all College staff are duty bound to comply with the content of these Regulations. Failure to comply with these Regulations may result in disciplinary action being taken against staff.

## 2. COMPLIANCE WITH THE COUNCIL'S FINANCIAL MEMORANDUM

The FM sets out the formal relationship between the Council and fundable bodies in the college sector, and the requirements with which fundable bodies must comply as a term and condition of grant from the Council.

The FM includes the requirements for:

- public funds to be used in accordance with relevant legislation, the FM and the purpose(s) for which they were given;
- public justification of its decisions in relation to the use of public funds;
- value-for-money and economical, efficient and effective use of public funding;
- the College to plan and manage its activities to remain sustainable and financially viable;
- a sound system of internal management and control, policy of risk management and risk management arrangements, an Audit & Risk Committee, an effective internal audit service, and adequate procedures to prevent fraud or bribery.

The Principal must notify the Council's Accountable Officer of any serious weakness, such as a significant and immediate threat to the College's financial position, significant fraud or major accounting breakdown or any material non-compliance with any requirement of the FM.

The Council's specific delegated financial limits are set out in Appendix A to the FM and the College must obtain the Council's prior written approval before entering into any undertaking to incur any expenditure that falls outwith these delegations. Appendix A also sets out the levels for certain categories of expenditure above which the College must report annually to the Council.

## 3 COMPLIANCE WITH THE SCOTTISH PUBLIC FINANCE MANUAL

The SPFM is issued by the Scottish Ministers to provide guidance to relevant public bodies on the proper handling and reporting of public funds. It sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for economy, efficiency and

effectiveness, and promotes good practice and high standards of propriety. The FM requires that the College follows the requirements of the SPFM except where any special actions or exemptions have been agreed with the Scottish Ministers. The SPFM should be consulted for more detail about specific requirements referred to in these Financial Regulations and, where there is any question regarding the applicability of the SPFM or FM, the Council should be contacted.

## **4 FINANCIAL PLANNING AND REPORTING**

### **4.1 Strategic Planning**

This is an annual process, the scope and format of which is prescribed by the Council. The BOM delegates to the Principal the responsibility for preparing the College Regional Outcome Agreement for approval by the BOM and presentation to the Council.

### **4.2 Financial Planning**

The Regional Outcome Agreement needs to be supported by Activity Plans and a Budget outlining costs and revenues associated with the planned activities.

The Regional Outcome Agreement and Activity Plans are part of the decision-making process for allocation of funds for the financial periods covered by the Plans.

For each Budget period it is the responsibility of the VP to ensure that appropriate arrangements are made to collate and record budget proposals supporting the Regional Outcome Agreement.

The Finance & Property Committee has responsibility for the review and approval of the draft Budget and the Financial Forecast Return (FFR) before being presented to the BOM for formal adoption. Post BOM approval, the approved FFR is submitted to the Council. As usually recognised in the FFR guidance, on occasion, due to the timing of the deadline for submission of the FFR to the Council, the Board retrospectively approves the FFR.

### **4.3 Procurement Planning**

Financial planning and mechanisms for early resource identification will inform the planning process, together with a Contract Register recording details of all contracts awarded.

A Procurement Strategy will be prepared or reviewed annually, as required by the Procurement Reform (Scotland) Act 2014. An annual Procurement Report will also be prepared. Both the Contract Register and Annual Report will be publicly available along with the College's Procurement Strategy.

It will be the responsibility of the VP to ensure that College procurement complies with the Reform Act, EU Directives and to College policies and procedures.

The College will utilise the expertise and resources of APUC in addition to its own

resources. Training and guidance will be provided to College staff to an appropriate level, and the College will utilise eProcurement systems to control requisitioning.

The College will undergo periodic assessment by APUC under its Procurement & Commercial Improvement Programme.

#### 4.4 Internal Reporting

Monthly management accounts, including the latest estimated forecast outturn, are reviewed by the VP and made available to the Senior Leadership Team. The most recent monthly accounts will be presented to each meeting of the Finance & Property Committee. The Chair of the Finance & Property Committee will present a verbal update to the BOM.

Monthly management reports are produced for review by Budget Holders and are available to all senior managers. (Definition - a Budget Holder is an individual who has a financial budgetary responsibility on behalf of the College).

Material variances are identified and reported by Finance staff to the VP through the production of Overview reports.

#### 4.5 External Reporting

The VP has responsibility for the preparation of financial statements and reports required by the College or external bodies.

The Annual Report and Financial Statements are prepared and reviewed, externally audited, and presented to the BOM, following approval by Finance & Property and Audit & Risk Committees. Once the BOM has approved the Annual Report and Financial Statements these are submitted to the Council.

The Financial Statements must comply with the accounting principles and disclosure requirements of the Statement of Recommended Practice for Further and Higher Education, with specific adoptions to align to material elements within the FReM.

Where information relating to individuals' salaries and pensions is disclosed in the annual Financial Statements (showing the individual's name) the College must obtain the prior consent of the individuals concerned to comply with UK data protection legislation. ~~An individual must be free to withhold consent, but where consent is withheld this fact must be disclosed in the notes to the Financial Statements.~~

A Governance Statement must be included in the annual Financial Statements covering the governance framework and its operation, an assessment of corporate governance against relevant guidance, risk management and details of any significant lapses in data security.

#### 4.6 Best Value

The Best Value framework for continuous improvement in public services in Scotland requires the College to:

- make arrangements to secure continuous improvement in performance whilst maintaining an appropriate balance between quality and cost;
- in making those arrangements and securing that balance, have regard to economy, efficiency, effectiveness, the equal opportunities requirements, and to contribute to the achievement of sustainable development.

Further information is available within 'Guidance for Accountable Officers on the Duty of Best Value' on the Scottish Government website.

The College may be required to undergo an economy, efficiency and effectiveness examination undertaken by or on behalf of the Auditor General for Scotland.

The FM requires the College to have a strategy for reviewing systematically management's arrangements for securing value for money. The College seeks to secure value for money through activities such as rapid improvement events and its procurement arrangements. An appraisal of management's arrangements for achieving value for money is made as part of the internal audit programme and an overall opinion provided in the internal auditor's annual report to the BOM and Principal.

## **5 CAPITAL EXPENDITURE**

### **5.1 Capital Expenditure Appraisal and Planning**

Proposals for capital expenditure are required to be prepared and appraised. The level of information provided will depend on the size, complexity and risk of the proposal, but an appraisal should normally include the following:

- the objectives;
- a range of options;
- identify, quantify and value the costs, benefits, risks and uncertainties associated with each option (including considerations of public private partnerships and the scope for shared services arrangements with other public bodies, and optimism bias) as well as financial viability and value for money;
- an analysis of the information;
- what evaluation should be performed at a later stage;
- a recommendation.

Appraisals for larger projects should include financing, project management arrangements and plans for project monitoring and evaluation.

The SPFM sets out specific requirements for 'major investment projects' which are defined as those over £5m including fees and VAT and for the acquisition of property.

Capital expenditure proposals are developed in line with the Estates Strategy and IT

Strategy as ratified by the BOM. The Finance & Property Committee shall review and approve proposals for capital expenditure relating to these strategies.

## 5.2 Capital Project Control and Evaluation

Management of capital projects is delegated to Project Sponsors who will be assisted where required by College staff and / or external consultants. It is the responsibility of the Finance Department to record project expenditure, and prepare financial reports as required. The VP is responsible for providing regular statements concerning all capital expenditure to the Finance & Property Committee for monitoring purposes.

Project evaluation should be undertaken from the outset of each project, and should normally include the following steps:

- establish exactly what is to be evaluated and measured;
- compare the actual outturn with the target outturn;
- report the findings to the Finance & Property Committee.

## 6 PROCUREMENT

### 6.1 Procurement

The procurement of goods or services on behalf of the College by those so authorised must be made in accordance with the College's Procurement Strategy, Procurement Policy and Financial Procedures, which must reflect relevant guidance issued by Advanced Procurement for Universities and Colleges and the requirements of the Procurement Reform (Scotland) Act 2014. The Scottish Procurement Policy Handbook must also be followed, and should be read in conjunction with the Procurement Journey (a toolkit providing practical guidance on procurement procedures). The Scottish Government's Construction Procurement Manual for managing or delivering construction / works projects should be followed. Scottish Government Consultancy Procedures should be taken into account as relevant good practice guidance when appointing consultants, and they state that consultants can only be justified where required knowledge and expertise is not available in-house.

Any proposal to award a contract without competition (non-competitive action) must be approved in advance (Schedule 2).

There should be clear separation of budgetary authority and procurement authority. Budget holders should have authority to commission orders by specifying their requirements and providing budgetary authority for the expenditure. The authority to purchase (Delegated Purchasing Authority) and ultimately place that order should be in separate hands.

### 6.2 Thresholds

The present list of thresholds and the necessary actions to ensure suitable levels of

quotes / tenders / approvals are obtained are detailed in the Procurement Policy.

## 7 INCOME

### 7.1 Academic Fees and Charges

Fees and charges are reviewed annually and approved by the Finance & Property Committee, and thereafter published on the College website.

Where applicable, the FM requires that the College must charge student tuition fees at the levels set by the Scottish Ministers.

### 7.2 Non-Academic Fees and Charges

Fees and charges for non-Academic services are ~~determined within parameters set by External Relations Group~~ approved by an appropriate member of the Senior Leadership Team.

### 7.3 Fee Setting and Commercial Service Provision Requirements

The SPFM requires that charges for commercial services are usually set on a full cost recovery basis, with charges for the disclosure of information low or waived. If there is any deliberate public subsidy, there should be a clear rationale for why it has been granted and how long it should last and this should be fully documented.

The College should be able to defend the provision of a commercial service as being an appropriate use of resources and ensure it complies with competition law. In addition any proposals to recover less than the full cost plus an appropriate rate of return for a commercial service provided in competition with the private sector must be submitted to the Council for approval.

### 7.4 Grant Income

It is a term and condition of grant payment from the Council that the BOM of the College and its designated officers comply with the requirements set out in the FM. Grants may also have their own specific conditions, and clawback arrangements may apply if funds are not used or not used within the terms and conditions of the grant.

Where assets acquired or developed with the Council grant or grant in aid are disposed of, the proceeds - or an appropriate proportion of them if the grant was for less than the whole cost of acquisition or improvement - will normally be clawed back by the Council in accordance with conditions attached to the grant or grant in aid.

Where grant income is passed on to a third party to undertake work, the College must ensure effective control systems are in place to ensure the propriety and regularity of expenditure.

## 7.5 Invoicing and Collection

Procedures must be in place to ensure that all income due to the College is recorded and collected – these should ensure that all cash received is duly receipted, recorded and banked ~~daily~~regularly.

Enrolment forms must place a clear contractual obligation on students to pay all sums due from them to the College as a condition of enrolment. Procedures must be in place to ensure that sponsors are invoiced for fees and charges that they have undertaken to pay.

Procedures must be in place to ensure that all fees due from students or their sponsors are:

- Accurately recorded in the Student Record System.
- Imported accurately and completely into the Finance System.

The Finance System must hold a separate account for each student or sponsor recording fees charged and receipts for fees.

Goods and services provided to external bodies by the College must be the subject of binding and clearly worded legally contractual agreements. Such contracts must include payment terms to be adhered to by the external body. Records must be kept as evidence of amounts invoiced.

Where invoiced claims are made with respect to project sponsorships or grants appropriate procedures must be put into operation to ensure compliance with sponsor's conditions relating to each claim.

There are many and varied sources of income in addition to those from education services. In all cases appropriate procedures must be established in order to ensure that all amounts due are properly recorded and accounted for, and that amounts due are collected in accordance with agreed terms.

Overdue receivables must be pursued through progressive stages culminating in legal action for recovery – if it is of value to do so. Commencement of legal proceedings must be authorised by the HoFVP.

Schedule 2 identifies the authority thresholds for writing off irrecoverable debts.

## 8 BANKING

### 8.1 Appointment of Bankers

The SPFM requires the College to have its core bank accounts with the Government Banking Service (GBS), except where the Scottish Government's Treasury and Banking Branch can be persuaded that the holding of such an account would not be cost effective.

The College will be allocated bankers from the Scottish Government Framework Agreement for the Provision of Banking Services.

A commercial bank account, including accounts such as PayPal or WorldPay should only be opened where there is a distinctive business need that cannot be met by the GBS bank account or where there is a separate contractual reason for doing so. As delegated by the Principal, authority to open or close bank accounts rests with the VP. All accounts will be in the name of the College, although special purpose accounts may bear an additional title.

Balances in commercial bank accounts should be kept to the minimum consistent with the principles of not providing funding in advance of need and avoiding accounts being overdrawn.

Before issuing any indemnity to a commercial bank the College should consult the Scottish Government's Treasury and Banking Branch which will consider in consultation with legal advisers as to whether the terms proposed are acceptable.

Subject to the above, the BOM, through the Finance & Property Committee, is responsible for appointing bankers to the College outwith the GBS. ~~The term of the appointment should be three to five years after which the BOM may, at its discretion, renew the appointment for any further period, or invite competitive tenders.~~

Banking operations should be regularly reviewed and bodies which are part of the Scottish Government banking contract should undertake such reviews in consultation with the Scottish Government's Treasury and Banking branch. A review should include an assessment of whether the existing arrangements meet the College's needs in the most economical, efficient and effective manner.

## 8.2 Treasury Function

As delegated by the Principal, the VP has responsibility to manage the financial assets and liabilities of the College.

Balances in bank accounts should be minimised. ~~Working capital must be placed with sound and reputable financial institutions to produce the maximum return consistent with minimum risk and ready access to such funds. Deposits must be to sterling accounts with major worldwide banks based in the UK or UK clearing banks or their investment subsidiaries, leading UK Building Societies, or similar reputable UK based financial institutions, approved for this purpose by the Finance & Property Committee. The College does not have the authority to place any balances into an interest bearing account outwith Scottish Government Banking arrangements so is limited in its ability to earn interest.~~

## 8.3 Borrowing, Lending and Investment

All borrowing requires the approval of the Scottish Ministers and this must be submitted to the Council initially. Overdrafts should only be used for differences between the timing of income and expenditure, and not to increase expenditure.

Lending should normally be subject to the existence of specific statutory authority, and if to a non-public body should undergo proportionate due diligence.

No investments of a speculative nature may be entered into.

#### 8.5 Signatories

All banking documents, cheques, and other instructions to bankers must bear two authorised signatures. Addition or removal of authorised signatories require approval by the ~~Senior Leadership Team~~VP. The approved list of signatories need not be the same for all bank accounts.

Electronic banking is the preferred means by which payments are made/received. Where electronic banking is used, electronic authorisation by a method approved by the bank ~~must will~~ be carried out by one or two authorised signatories. Electronic transfers made by third parties (e.g. BACS) ~~must will~~ be duly authorised. ~~by two approved signatories.~~

#### 8.6 Controls

Appropriate controls will operate over all banking transactions. These include monthly reconciliations between bank statements and College ledgers with these being reviewed by Senior Finance Staff not involved with their preparation.

All cash income should have a receipt provided and cash takings reconciled to receipts or cash register end of period slips.

#### 8.7 Trust Funds

All trust funds will be administered in accordance with their respective trust deeds and with relevant statutory regulations. Adequate control will be exercised over the actions of trustees, and proper security maintained for the related trust documents and assets.

### 9 CAPITAL ASSETS

Section 9 must be read in conjunction with the College's Procurement Strategy.

#### 9.1 Acquisitions

The purchase, lease or rent of land, buildings or plant can only be undertaken with the authority of the VP, subject to thresholds set out in Schedule 1, and with reference to funding body requirements where exchequer-funded assets or exchequer funds are involved.

Capital expenditure is planned for as part of the Strategic Planning process referred to in Section 2: Financial Planning and Reporting.

## 9.2 Leasing

When leasing, a distinction between operating leases and finance leases is required. Both operating and finance leases must be authorised and recorded as given under Contracts 10.2.

An operating lease is one whereby the lessee uses the equipment in exchange for a periodic charge but has no rights of ownership, nor is able to acquire such rights other than for a fair market consideration. Maintenance costs are usually borne by the lessor.

A finance lease is one whereby the lessee may acquire the right of ownership at the end of the lease period for a nil or nominal consideration. Maintenance costs are usually borne by the lessee.

Any new lease or renewal of an existing lease should be approved in advance by the VP.

## 9.3 Valuation

The FReM requires the College to value its property, plant and equipment using the most appropriate valuation process. Such processes might include:

- a quinquennial valuation supplemented by either annual indexation or regular desktop valuation update;
- a quinquennial valuation supplemented by an interim professional valuation in year 3;
- annual valuations; or
- a rolling programme of valuations.

It is for valuers, using the Royal Institution of Chartered Surveyors (RICS) 'Red Book' (RICS Valuation - Professional Standards), and following discussions with the College, to determine the most appropriate methodology for obtaining either a current value in existing use or a fair value.

The College may elect to adopt a depreciated historical cost basis as a proxy for current value in existing use or fair value for assets that have short useful lives or low values (or both).

## 9.4 Depreciation

The cost of a capital asset is amortised over a period not exceeding its estimated useful life, having due regard to its individual components where appropriate.

The limit of asset value above which depreciation must be applied need not be the same as that for capitalisation for the purposes of the Council.

## 9.5 Disposals

Any surplus property should be reviewed and, where considered no longer necessary for the College's operations as part of the strategic plan, should be disposed of after notifying the Council. The disposal of assets at less than market value should only be done to

achieve wider public benefits consistent with the principles of Best Value and be approved by the Council. The SPFM should be referred to for specific disposal requirements.

Plant and equipment assets which are surplus to requirements should normally be sold by public auction or tender.

Procedures and levels of authority for disposals vary according to the type and value of asset. Levels of authority are provided in Schedule 2.

#### 9.6 Recording and Control

Each capitalised item of property and equipment shall be clearly identified and recorded in a Fixed Asset Register that will show gross book value, cumulative depreciation and net book value. The [HoFVP](#) is responsible for maintaining the college's register of land, buildings, fixed plant and machinery. College managers will provide the VP with any information required to maintain the Fixed Asset Register.

#### 9.7 Stocks and Stores

Consumables and other items purchased and stored should be controlled and accounted for where the costs of controls are justified by the value of the items.

Methods of achieving adequate control will vary with the type and value of the items concerned. Physical security should be commensurate with the risk of loss.

Budget Holders are held responsible for maintaining adequate records, controls, and security over stocks. Losses and shortages, less any insurance recoveries, may be charged to operating Budgets. Losses over a threshold must be reported annually to the Council (see Schedule 2).

Periodic physical counts and valuations must be carried out to ensure that reported operating costs and residual values of stock on hand are correctly reported.

Stocks and stores of a hazardous nature should be subject to appropriate security checks.

#### 9.8 Portable Equipment

Where management is of the opinion that the nature and value of portable non-capitalised equipment requires records to establish physical and financial control, the Budget Holder responsible for the custody of the equipment shall be required to maintain appropriate control records.

## 10 EXPENDITURE AND CONTRACTS

Section 10 must be read in conjunction with Section 6 and the College's Procurement Policy.

## 10.1 Tendering

Guidance on tendering is provided within the SPFM, which should be followed wherever practicable. In exceptional circumstances, the BOM may permit exemption from tendering procedures. In emergency situations, the Principal or their delegate may allow contracts without following the guidelines, and such action must be reported to the BOM or its delegated committee at the first possible opportunity. Limits determining whether a tender should be issued are provided in the Procurement Policy.

## 10.2 Contracts

See Schedule 2 for contract authorisation thresholds.

It is the responsibility of the VP to ensure that original contract documents are stored in an appropriately secure place on behalf of the College. The College Budget Holder(s) having responsibilities in relation to the subject matter of a contract must be aware of the terms of the contract and any related documents.

Variations to contracts, appropriately authorised and in compliance with delegated authority, must be raised and documented according to established procedures.

## 10.3 Progress Payments

These should be made against official certificates and / or invoices and authorised by the overseeing Budget Holder(s).

## 10.4 Claims/Disputes

These must be actively pursued and resolved within a reasonable time in the circumstances. Overseeing Budget Holder(s) should exercise judgement and consult with the VP or HoF on issues which may require legal advice.

## 10.5 Expenditure and Payments

Expenditure should represent value for money, taking into account potential risks to regularity and propriety. Expenditure should be authorised in the operational area which entered into the commitment, with due consideration to separation of duties and in line with the College's Financial Procedures for approving and processing transactions. Payments should be made within contractual terms of invoices.

In accordance with the SPFM, in order to statutorily incur expenditure there must be legal authority, budget (and a usable cash balance), and delegated authority (where applicable). Where these criteria are not met or unclear for planned or necessary expenditure the Council should be contacted.

## 10.6 Contractor / Supplier Bankruptcy or Liquidation

If a payee is identified as being in bankruptcy, sequestration or liquidation, all payments

should be suspended pending confirmation of this and, once confirmed, payment should only be made to the proper person, and any claim must be properly lodged. The College should also consider, in consultation with its legal advisers, whether any contract should be terminated.

#### 10.7 EU Funded and Successor Projects

The current FM stipulates that the Council must be informed of any existing or planned EU funding applications and schemes and must follow its ESF guidance when in receipt of funding. No further applications are envisaged post Brexit and the College awaits information and guidance on successor programmes to European structural funds.

~~Where the College is in receipt of European Social Fund funding it must will follow the Council's ESF guidance.~~

#### ~~Expenditure Using Trust Funding and Commercial Income~~

~~If expenditure is financed from trust funding or commercial income, budget cover is not required.~~

#### 10.8 Losses and Special Payments

Losses should only be written off or special payments authorised after careful appraisal of the facts and all reasonable action must have been taken to try to recover losses.

A record of all losses (including stock losses) and special payments should be maintained centrally by Finance. Further details on losses and special payments and the different categories that must be used for annual accounts disclosure, where required, are set out in the SPFM. Appendix A to the FM sets out the limits for losses and special payments. Any proposed payment above these limits requires Council approval.

#### 10.9 Maladministration

The College is required to set clear service performance standards and have a clear accessible complaints procedure with appropriate redress for users in the event of something going wrong. Payments of financial redress qualify as ex gratia payments and are therefore subject to the SPFM guidance on Losses and Special Payments. Where the complainant has suffered actual financial loss as a result of financial maladministration, or faced costs which would otherwise not have been incurred (and which are reasonable in the circumstances), the general approach should be to restore the complainant to the position they would have been in had the issue not occurred. Payment on grounds other than actual financial loss or costs should only arise in exceptional circumstances.

#### 10.10 Overpayments

Any overpayments made by the College should be pursued unless the cost outweighs the amount. Any material overpayments to a group of individuals or organisations should be informed to the Council. The SPFM contains more guidance on how to act regarding

overpayments.

#### 10.11 Suspense Accounts

Each suspense account, whether for expenditure or income, must be reconciled and reviewed at least every three months, with responsibility for this allocated to an appropriate Finance staff member.

### 11 STAFF COSTS

Staff costs are the most significant single category of College expenditure. Therefore it is essential that there is effective control over staff planning, recruitment, selection, and payment, and regular monitoring of costs. Adequate controls and procedures must exist to ensure the integrity of payroll systems, thus ensuring that only bona fide employees are paid. Payments should also be at the correct rates, with the correct deductions made, and absences must be properly accounted for. The FM requires that the College must have regard to public pay policy set by the Scottish Ministers, alongside any agreements resulting from national bargaining.

#### 11.1 Appointments

All contracts of service shall be concluded in accordance with the College's approved Human Resources procedures and all offers of employment with the College will be actioned by the People Team.

Budget managers shall ensure that the VP and the Vice Principal People and Performance are provided promptly with all information they may require in connection with the appointment, resignation or dismissal of employees.

#### 11.2 Temporary Staff

Budgets at Curriculum and Support levels shall include approved planned expenditure on temporary staff. This includes staffing of Part-Time posts by additional working by permanent staff under 'minor contracts', and hiring of staff over and above the full-time establishment. Such appointments are controlled and administered by Human Resources. As additional hours has a longer term impact on any Transfer to Permanency contracts the financial and sustainability of employment impacts should be considered, both in year and borne in mind for future years.

#### 11.3 Resignations and Dismissals

In addition to compliance with HR procedures, controls must exist to ensure that correct termination payments are made, and that no payment is made in respect of periods after cessation of employment.

#### 11.4 Severance, Early Retirement and Redundancy Terms

Terms for settlement agreements, severance, early retirement or redundancy packages

must fully take into account regularity, propriety and value for money. Any questions relating to the terms or value for money of any proposed agreement must be referred to the Council prior to making any written or verbal offer. Compensation is not normally payable when someone resigns voluntarily.

Where appropriate, packages should be based on the terms and conditions of employment, be transparent and be negotiated in a way which avoids conflicts of interest. Any undertakings about confidentiality should leave transactions open to proper public scrutiny. Offers of subsequent work to those who received severance should be exceptional.

Any severance will be undertaken in accordance with SFC guidance.

#### 11.5 Pension Schemes

The BOM is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees and day-to-day administration is delegated to the Finance and People teams.

#### 11.6 Non-salary Rewards

If non-salary awards (such as gifts, vouchers, subscriptions to clubs / gyms, charity donations, and cars) are offered, the College must be open and transparent about these, with clear policies on disclosure of information about the awards made and the procedures adopted for making those awards. The tax implications of schemes should be considered and no bias given towards the use of services of any organisation(s). Although the Public Sector Pay Policy does not apply to non-salary awards, the College is expected to have regard to it and ensure any non-salary rewards are affordable.

The Council should be consulted prior to the implementation of any non-salary reward scheme.

## 12 INSURANCE

Normally public bodies should self-insure except in certain circumstances. However, the Scottish Government has allowed colleges to extend their current commercial insurance arrangements until 31 July 2024.

The BOM will be responsible for insurance arrangements to meet the statutory and legal obligations of the College. It will make judgement as to the scope and level of insurance cover it deems appropriate, having regard to the perceived risks and costs.

As delegated by the Principal, responsibility for insurance matters is managed by the ~~VPHoFea-~~  
of Finance.

The range and complexity of the activities of the College are reflected in the complexity of its insurance needs. Where commercial insurance is purchased, professional advice ~~should~~must be ~~considered~~sought. These services ~~could~~should include advice on risk management, self-

insurance and deductibles, security and safety. Procedures for notification and management of claims must be maintained in order that claims are settled satisfactorily and timeously.

Professional advice ~~should~~ must be ~~considered~~ sought when managing large or potentially large claims.

## 13 RISK MANAGEMENT

The College's internal control systems should include embedded arrangements for identifying, assessing and managing risks, and risk management should be closely linked to the business planning process.

The risk management process involves:

- initial and ongoing risk identification;
- specific actions to address the risks identified: all risks, once identified, should be assigned to an owner who has responsibility for ensuring that the risk is managed and monitored over time;
- likelihood and impact are considered for each risk and that the assessment of risk is recorded in a way that facilitates monitoring and prioritisation;
- risks are reviewed regularly, via the Senior Leadership Team, Audit & Risk Committee and the BOM, to monitor for changes in risk profile, gain assurance that risk management is effective, and identify if further action is necessary;
- The highest priority risks should be given regular attention at BOM level.

The concept of 'risk appetite' (the level of exposure which is considered tolerable and justifiable) is key to achieving effective risk management and it is essential to consider it before determining how risks can be addressed.

## 14 DUNDEE AND ANGUS ARM'S LENGTH FOUNDATION

The Dundee and Angus Foundation is independent of the public sector, including the College. Any surplus over full cost recovery on the College's commercial activities can be transferred to the Foundation by way of donation at the year end. Commercial activity fees and charges should at least cover commercial activity costs in line with the requirements on costing and pricing contained in the SPFM. Council capital grant and student support funds cannot be transferred.

## 15 ACCOUNTING AND AUDIT

### 15.1 Accounts

The BOM is responsible for ensuring that the College keeps proper accounting records and prepares Financial Statements which give a true and fair view and are properly prepared in accordance with:

- the Act;

- the Statement of Recommended Practice for Further and Higher Education, with specific adoptions to align to material elements within the FReM;
- other relevant accounting standards;
- the FM;
- Accounts Directions issued by the Council.

The Principal, as Accounting Officer appointed by the BOM, has a duty to ensure:

- accounting records and Financial Statements are in compliance with the above;
- the College maintains appropriate accounting and information systems, and an effective system of internal control.

## 15.2 External Audit

Under the terms of the Public Finance and Accountability (Scotland) Act 2000, the Auditor General is responsible for the appointment of the external auditors for the College.

The primary role of external audit is to report on the College's Financial Statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds.

The external auditors address their report and opinion jointly to the Auditor General and the members of the BOM. Their duties will be in accordance with advice set out in the Audit Scotland Code of Audit Practice and the Financial Reporting Council's International Standards on Auditing (UK and Ireland).

External auditors should only in exceptional circumstances undertake non-external audit work.

## 15.3 Internal Audit

The BOM is required by the FM to secure the provision of an effective internal audit service. Internal audit should provide an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It should provide an appraisal of the College's internal control system and take the action needed to provide the College with a continuing assurance that the organisation's risk management, control and governance arrangements are adequate and effective. The Principal has overall responsibility for ensuring that prompt and effective action is taken on internal audit recommendations, and that the risks resulting from inaction are recognised and accepted.

Although internal audit provides assurance over the control environment the primary responsibility for monitoring and compliance rests with operational areas and their line management, up to and including the Principal.

The internal audit service must comply with the Public Sector Internal Audit Standards.

The FM requires the College to inform the Council when an internal auditor is appointed and immediately if the internal auditor is removed or departs before the end of their term of office.

#### 15.4 Financial Directives and Guidelines

The College must comply with the terms of the FM and financial policies and procedures issued by the Council.

Significant modifications or dispensations appropriate for the College must be agreed in writing between the BOM and the Council.

#### 15.5 Fraud, Bribery and Corruption

It is the duty of all members of staff and management to notify the VP immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, bribery, corruption or any other impropriety. The prime responsibility for designing, operating and reviewing control systems rests with the managers involved.

If the suspected irregularity is thought to involve the VP and / or the Principal, the member of staff shall notify directly the Chair of the Audit & Risk Committee or the Chair of the BOM of their concerns regarding irregularities.

In broad terms, managing the risk of fraud involves:

- assessing the College's overall vulnerability to fraud;
- identifying the areas most vulnerable to fraud risk;
- evaluating the scale of fraud risk;
- responding to the fraud risk;
- measuring the effectiveness of the fraud risk strategy.

Refer to the Fraud, Bribery & Corruption Prevention Policy and Response Plan and the Public Interest Disclosure (Whistleblowing) Policy for the College's approach to fraud, which includes supervisory checks by managers, adequate separation of duties, and avenues for reporting suspicions of fraud.

Six principles should be adopted to prevent bribery and corruption being committed:

- i) Proportionate Procedures;
- ii) Top Level Commitment;
- iii) Risk Assessment;
- iv) Due Diligence;
- v) Communication;
- vi) Monitoring and Review.

~~The College's Anti-Bribery Policy provides further detail on the controls in place to ensure compliance with all applicable anti-bribery and corruption regulations.~~

All discovered cases of actual or attempted fraud, bribery, corruption or any other impropriety will be notified to the Audit & Risk Committee and external auditors. Fraud losses over a threshold must be reported to the Council annually (see Schedule 2). Any significant frauds should be reported to the Council's Accountable Officer without delay.

#### 15.6 Gifts and Hospitality

All gifts made or received must be informed to the Secretary to the BOM and acceptance of gifts must be in line with the College's guidance, with the guiding principles being: conduct should not foster the suspicion of any conflict between official duties and private interests; actions should not give the impression of having been influenced by a gift to show favour or disfavour to any person or organisation; and, if an individual is in doubt about the propriety of accepting a gift, ~~Human Resources~~ the VP-staff must should be consulted. The College's Gifts and Hospitality Policy provides further guidance.

#### 15.7 Retention of Records

Financial records, including papers supporting and justifying financial transactions, are to be retained in line with the Retention and Disposal Schedule for Accounting Records available on the website of the UK National Archives (currently either 6 years or 2 years, depending on the type of record, following the end of the financial year in question) and any other specific legislation.

Extended retention of financial records may be necessary to enable the handling of late claims or the settling of disputes. Records relating to VAT should be kept for at least 6 years. EU related payments are covered by specific provisions in EC law, with retention required for a number of years following the last payment in respect of any operation.

#### 15.8 Transaction Checks

Appropriate checks for the propriety, regularity and accuracy of financial transactions at operational area level will be undertaken. This includes checks such as to the arithmetical accuracy of invoices / claims, ensuring fulfilment of contract terms, physical checking of goods invoiced against items received and ordered. Checking should be undertaken by staff independent of the person originating the transaction.

#### 15.9 Contingent Commitments

All contingent commitments such as guarantees, letters of comfort and indemnities require appraisal and the Council's prior written consent before accepting, except for such arrangements where the indemnity is of a standard type contained in contracts and agreements for 'day-to-day' procurement of goods and services in the normal course of business. Contingent liabilities are normally expected to be met from College resources and must be within the College's legal powers

#### 15.10 Tax Planning and Tax Avoidance

All individuals who would qualify as employees for tax purposes will be paid through the College's payroll with tax deducted at source.

The SPFM requires the College to avoid tax avoidance arrangements and the Council should be contacted before using tax advisors or implementing tax schemes. Particular care should be taken with transactions involving bodies with tax residence in offshore financial centres.

Transfer of property or assets that are likely to appreciate in value can often give rise to specific tax issues, in particular the liability to capital gains tax, and the Council should be informed in these situations.

## SCHEDULE 1 – SCHEME OF DELEGATED BUDGET AUTHORITY THRESHOLDS

These thresholds apply to all non-pay expenditure, including capital and revenue. They are intended to operate sequentially ~~until the appropriate approval threshold is reached, for instance expenditure of £30,000 which is initiated by a Head of Learning should be approved by their Curriculum Director and then Vice Principal Curriculum & Attainment, before being submitted to the Senior Leadership Team for final authorisation.~~

### **Authority up to £15,000**

Team Leaders/~~Heads of Curriculum & Quality Supervisors~~

### **Authority up to £103,000**

Heads of ~~Learning Curriculum & Quality and Sector and Support Team~~ Department Managers

### **Authority up to £25,000**

Relevant member of Senior Leadership Team

### **Authority up to £250,000**

Relevant Vice Principal

### **Authority up to £500,000**

~~Senior Leadership Team, subject to approval from the Principal and the VP~~

### **Authority up to £100,000**

Chair of the Board of Management and Chair of Finance & Property Committee

### **Authority up to £500,000**

Finance & Property Committee

### **Authority over £500,000**

Board of Management

It is the responsibility of the Head of Finance to ensure that a current list of expenditure levels of authority by named post holders is published on the College intranet. This will reflect the hierarchical approval workflows which will also be maintained within the College's e-Procurement systems.

The College's Financial Regulations require alternative or supplementary arrangements for other exceptional or extraordinary circumstances. These include, but are not limited to, capital additions, contractual commitments and non-competitive actions.

Compliance with the College's Procurement policy and procedures is mandatory. This will include specific guidance on the procurement journey and prescribed competitive thresholds for quotations and tendering.

## SCHEDULE 2 – OTHER AUTHORITY THRESHOLDS

### Disposals

The levels of authority for the disposal of capital assets are:

Market Value of Asset	Authority
>£ <del>450</del> ,000	BOM
<u>£25,001 - £50,000</u>	<u>FPC</u>
£ <del>15</del> ,001 - £ <del>24</del> 5,000	Principal or VP
<u>£3,001 - £15,000</u>	
£1 - £ <del>34</del> ,000	<u>Head of Sector and Support Team Managers</u> <del>Operational Manager</del>

In order to ensure that fair market values are realised, any individual item which can be reasonably expected to realise £10,000 or more should be publicly advertised or sold by public auction. In particular, it must be ensured that no member of College staff is given undue preference of availability or price on the disposal of an asset.

### Procurement

Any proposal to award a contract without competition (non-competitive action) must be approved in advance by the BOM prior to submission to the Council if it is over £25,000 and by the VP if it is under £25,000.

### Leases

Any lease with a life cost in excess of £50,000 must have the approval of FPC~~the Chair of the BOM or Chair of Finance & Property Committee~~. The Financial Memorandum with the Council has delegated authority to enter into non-property operating leases under £250,000 to the BOM.

### Contracts

Contractual commitments which exceed three months in duration or bind the College to a commitment exceeding £15,000 must be approved by the Principal or VP. Any external consultancy contracts with a value of more than £100,000 must be approved in advance by the Council.

### Bad debts, Losses and Special Payments

Individual irrecoverable debts up to £3,000 may be written off on the authority of the HoF~~VP~~. Individual irrecoverable debts exceeding £3,000 must be referred to the Finance & Property Committee for write off approval. Details of write offs of £3,000 or more must be reported to the Council annually (£6,000 for overseas student irrecoverable losses).

Losses or special payments exceeding £250,000 should be disclosed in notes to the annual accounts. Fraud losses over £52,000 must be reported to the Council annually ~~(see Schedule 2)~~. Other~~Stock~~ losses of £3,000 or more must be reported annually to the Council.

**FINANCE & PROPERTY COMMITTEE**

**Monday 20 September 2021**

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**FINANCE**

**OUTLINE FINANCIAL STRATEGY**

**PAPER F**

**BOARD OF MANAGEMENT**  
**Finance & Property Committee**  
**Monday 20 September 2021**



**Financial Strategy Outline**

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***Paper for noting***

**1. Introduction**

This paper provides an outline for the planned update to the Financial Strategy.

**2. Recommendations**

Members are asked to note the report.

**3. Financial Strategy**

The impact of COVID-19 has had a profound effect on how the College has operated over the last 18 months. The 2019/20 Statutory Accounts Audit Scotland report recommended that the College produce a revised five-year financial strategy once there is sufficient certainty around the longer-term financial impact of Covid-19. We are at the start of the process of identifying what the long-term strategy should be.

The Senior Leadership Team held a themed discussion and agreed that the strategy sets out how the College plans to finance its overall operations to meet its objectives and priorities now and in the future. A financial strategy summarises targets, and the actions to be taken over a three to five-year period to achieve these targets. It should also articulate key policies which guide those actions. It was also recognised that the College does not operate in isolation and many other external factors, policy drivers and funding decisions impact significantly on our ability to control our own financial sustainability.

The remainder of this report identifies the outline of what will be developed into the financial strategy.

**4. Where are we now?**

The cash-backed surplus over the last 3 years has been:

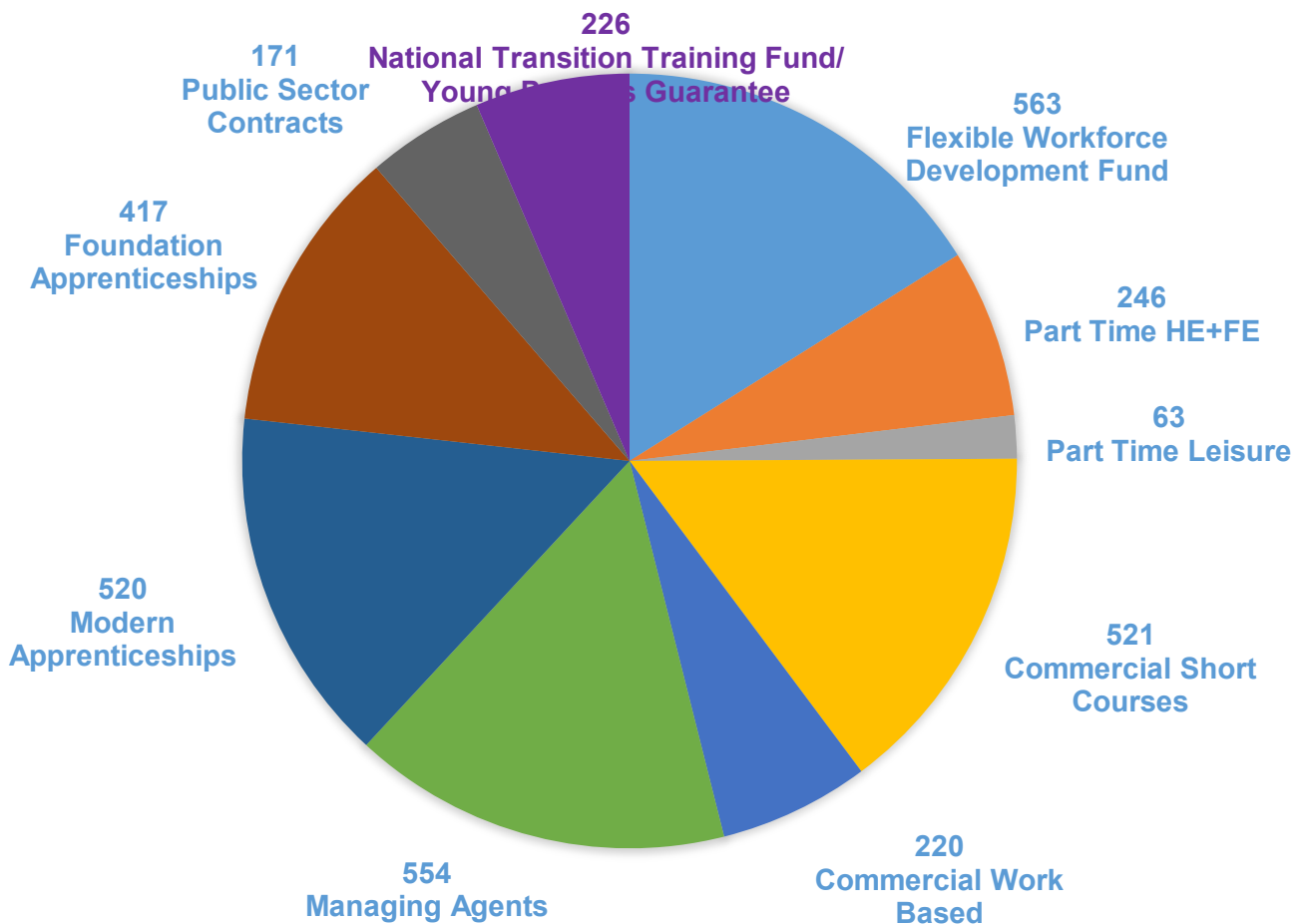
2018/19	£2,446K
2019/20	£1,145K
2020/21	£1,991K (forecast)

We rely heavily on SFC/SDS/SAAS funding:

Credit Income	£31,561K
ESF	£892K
HE Fees	£2,790K
Estates Grant	£2,485K

The other sources of income (ignoring income that generally has the same level of costs associated with it) have generated:

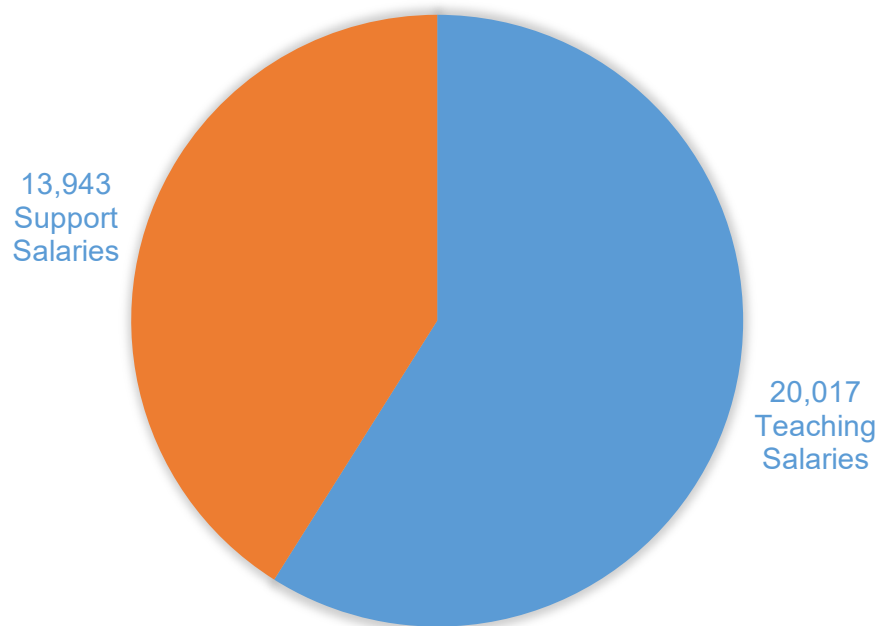
(all figures are in £000s)



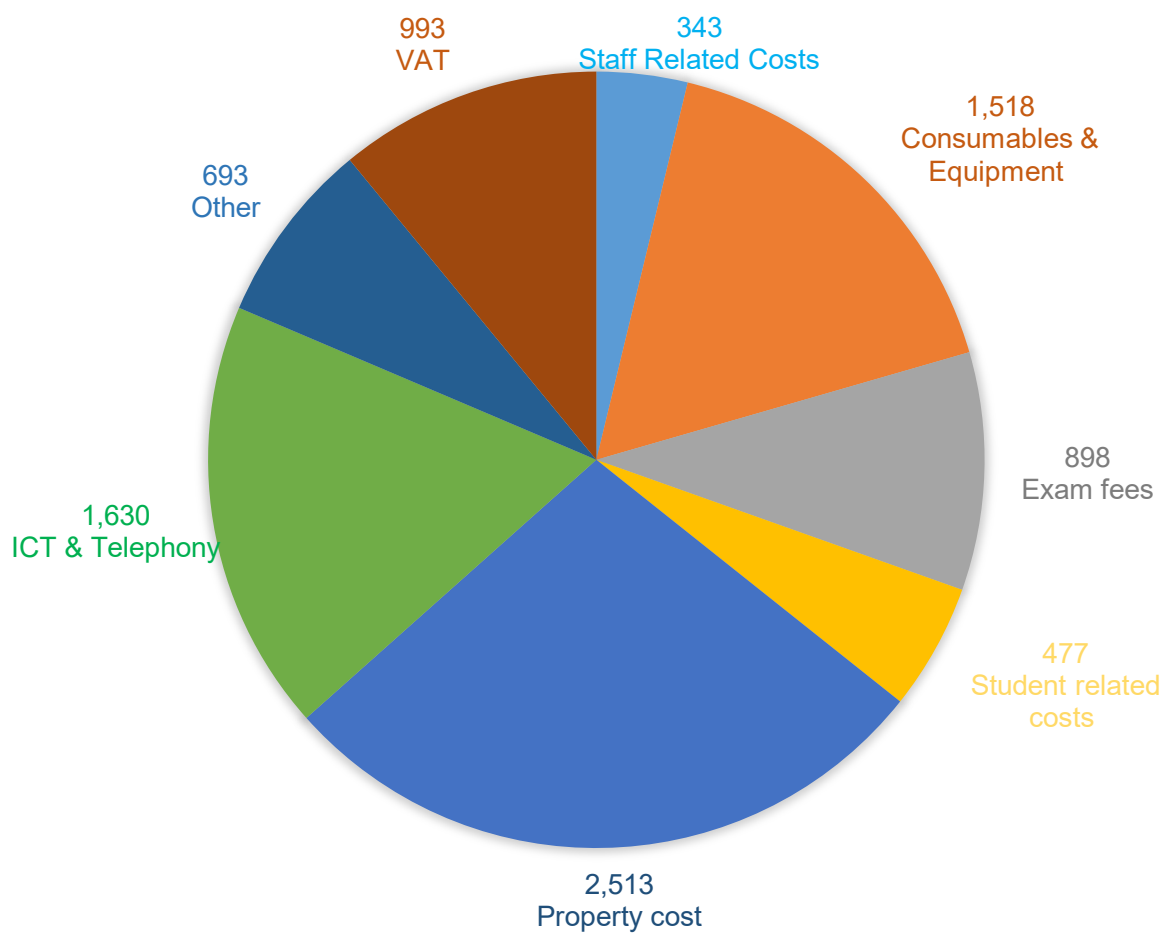
We also generate c£1,099K of catering income.

The costs associated with delivering our services are:

(all figures are in £000s)



(all figures are in £000s)



## **5. Where would we like to be?**

This section would summarise key financial targets for three to five years' time and is informed by risks and opportunities. It will include targets for:

- Cash-backed operating surplus sufficient to cover loan repayment
- Delivery/drawdown of contracts
- Flexible, agile, responsive, efficient and effective use of staff resource
- Agility to respond to what the market needs, understanding the equations
- Having projects, equipment replacements schedules "shovel ready" to take advantage of opportunities
- Accessing other potential alternative sources of funding such as trusts
- Sufficient funding in-year to afford ongoing and rolling investment priorities;
  - Digital transformation/Cyber resilience
  - Blended learning/service delivery
  - Response to climate emergency
  - Rolling replacement programme
  - Supporting developing/growth areas of curriculum
  - Student experience
  - Innovation
  - Staff training/skills and industry updating
  - Flexibility of staff resource (i.e. VSS)

## **6. Opportunities & Risks?**

### Opportunities:

- Economic recovery initiatives (FWDF, NTT/YPG)
- Apprenticeships
- Tay Cities, eSports, Eden Project, MSIP
- Review of Coherent Provision and Sustainability (also a Risk)
- Hybrid model of delivering learning, teaching & services (also a Risk)

### Risks:

- National Bargaining/TTP, insufficient teaching hours, cost of potential redundancies
- Universities entry criteria impacting on HE tuition fees, Schools retaining pupils
- Reducing public funding (Revenue and Capital)
- Cost of goods impact from Brexit/pandemic
- Level of required rolling programme of investments
- Changes arising from major national educational body reviews: SFC, SQA, EdS

## **7. How do we get there?**

- What is a reasonable and achievable mix and level of funds
- How will we pay for core costs
- How will we build up reserves we can spend
- How will we replace and maintain fixed assets
- How to apply funds to achieve maximum benefit

## **8. Key policies?**

This section will include policies that will guide the financing strategy.

- Reserves – what level of reserves we aim to build up, and how surpluses will be handled.
- Pricing and cost recovery policy – where charges are to be made; the basis and formula used for the charging, and the pricing structure. It will also clarify the policy on subsidising 'lesser cost recovery' courses/products and how that will be decided and managed.

## **9. Projections**

Based on the responses above, alongside assumptions, financial projects will be prepared.

## **10. Timelines**

Realistically the process of producing a draft Financial Strategy will require significant and collective input from the Senior Leadership Team. Currently the College is focused on recruitment and retention of 2021/22 students, meeting existing priorities and external deadlines. The FFR exercise currently underway will underpin some of the work required however it is unlikely that the Financial Strategy can be achieved until later in this academic session.

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

It is difficult to not connect the Financial Strategy with a large number of risks within the Strategic Risk Register however revisiting the Financial Strategy will primarily support the mitigation of;

2.2 – Failure to achieve institutional sustainability

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

**FINANCE & PROPERTY COMMITTEE**

**Monday 20 September 2021**

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**ESTATES**

**KINGSWAY TOWER REDEVELOPMENT**

**PAPER G**

# **BOARD OF MANAGEMENT**

## **Finance and Property Committee**



**Monday 20 September 2021**

### **Kingsway Campus: Hair, Beauty and Complementary Therapies Update**

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#### ***Paper for approval***

#### **1. Introduction**

In February, we provided an update to Dundee and Angus Foundation on the progress on the Kingsway Tower project and requested access to an additional £250K “in the event that there were any priority calls on the use of the SFC Capital Backlog Maintenance monies associated with unavoidable and urgent work on any of our three campuses”. The Foundation approved this request.

#### **2. Recommendation**

Members are asked that we approach Dundee & Angus Foundation to seek approval to drawdown £136K of the £250K that they would make available to cover the additional costs resulting from the impact of the cost increases noted at 4. below. The additional funding relates to the Kingsway project as opposed to unforeseen unavoidable/urgent work on other campuses.

It is usual that approaching the Foundation for funding would normally be approved by the Board. The Board approved the principle in December 2020. It is suggested that following consideration by the Finance & Property Committee, the decision is shared with the Board.

#### **3. Progress**

Phase 1 of the Kingsway Campus Tower Block Redevelopment Project was the creation of the Hair, Beauty and Complementary Therapies (HBCT) facility and the initial stage of the student frontline services and student social space.

The student frontline services and social space areas were successfully completed, and approval was granted to build a new Hair, Beauty & Complementary Therapy facility within the footprint of the demolished building.

The new build is progressing well with the exception that, explained below, some of the costs associated with the development are increasing.

Phase 2 of the redevelopment was the Creation of new Learning and Digital Resources facility on Level 1

- 1c. Creation of new support function facilities on level 6 (not funded as part of this project)
2. Creation of new Student Frontline Services and Social Space

### 3. Creation of a new Training Restaurant

## 4. Cost Increases

It has been widely reported over the past months that the Construction industry has been and continues to be affected by the lack of readily available materials to meet the project programmes they have in place. This has been further compounded by an increase in both base commodity costs and final product pricing.

Robertson Construction has been involved in continued communication with supply chain and wider industry bodies and while there seems to be no single cause to the current issues able to be identified, the blend of several recent events has all contributed to the situation we now find ourselves in.

### Brexit / Covid-19

Initial pre-Brexit concerns had seen many manufacturers and suppliers build-up of stock levels during 2019. These steps were actively encouraged to proactively ensure that any unforeseen delays and potential disruption as a result of new restrictions could be addressed. However, as the pandemic started to take hold and the UK entered into its first lockdown period the flow of materials being imported and manufactured was drastically reduced and, in many cases, had dried up. This resulted in built up stocks being utilised to maintain project delivery of those projects which were not subject to lockdown conditions. This along with the exponential increase in the demand for materials to support DIY projects being undertaken by those who were subject to furlough conditions has reduced and eliminated stock holding for many construction related products.

The resulting fluctuation between subsequent lockdown periods, reduction in capacity as a result of staff being on furlough and newly introduced Covid-19 restrictions to ensure that all workers retained social distancing, has influenced the ability for some supply chain members to replenish stock holding and in many cases continue to provide material availability at pre covid levels. This has contributed to many supply chain members finding it difficult to continue trading in any capacity.

The introduction of new custom requirements as a result of Brexit has seen the flow of imports being prolonged as a result of increased paperwork requirements and checks being undertaken, this has resulted in many members of our supply chain advising of shipping loads being refused entry as a result of incomplete or incorrect documentation, holding up the effective flow of materials into the UK and subsequently increasing material lead times.

### Material demand

The upturn in construction activity within the last twelve months globally has seen many products being rerouted away from the UK into other global markets in particular America and China. Indications are that they will continue to increase output which will put an increased demand on material availability for the foreseeable future. This has resulted in many manufacturers and distributors having to introduce strict material allocation controls.

Manufacturers are now advising extended lead times for materials as a result of sourcing of raw materials and/or supplementary materials. Key materials identified as

being currently in short supply include timber, plasterboard, insulation, metal commodities, cement and cement-based products, block & brick and roof tiles.

#### Logistic constraints

The Road Haulage Association has recently revealed that the UK has a shortage of around 60,000 delivery drivers. The well-publicised blockage in the Suez Canal has disrupted the shipping network and will have a lasting effect for many months both in shipping delays and port congestion.

Circa 60% of products required for the construction industry are imported. Whilst this is at the forefront of Robertson's supply chain programmes the current constraints across UK industry in both capacity and infrastructure drives them to a continued strong reliance on imported product at this time.

This situation will be further stressed because of the legislation which will see a change to the technical standard requirements for products entering the UK as it currently stands. Many goods currently sold in the UK marketplace require to CE marking to ensure that products comply with EU health, safety, and environments requirements, comply with EU legislation, and allow free movement of products within the European market. The legislation changed from the 1st Jan 2021 and will be enforced from 1st Jan 2022 and unless UK and EU can reach agreement on standards being acceptable all products which previously required a CE marking will require to be tested to comply with UKCA standards.

#### Material costs

As with any situation where construction companies have a demand for materials which is outstripping the ability to supply, it will tend to see increase in costs otherwise known as a supplier market. The drivers of this can be attributed to many aspects. As a result of this Robertson's supply chain are not only trying to overcome the issues relating to material availability, they are also having to negotiate an ever changing cost base for materials.

#### Cost Movements

The past twelve months have seen an increase in the following key material costs:

- Timber: The global demand on timber has seen costs increase between 50-70% in the first half of 2021.
- Cement: The knock-on effect of cement shortages to manufacturers of cement-based products is increasing prices by 10%+.
- Insulation: Industry wide circa 15% mid-year cost increases are now being implemented. PIR insulation continues to be in short supply and costs are now 50% higher than the beginning of 2021.
- Steel: The cost of steel continues to rise with increases of circa £300 – 350 /t now being experienced. Rebar continues to rise at a similar level to that of steel as scrap steel price continue to increase.
- Red Diesel: Whilst there was an increase of circa 20% during the first half of 2021 pricing is now back at pre pandemic rates. The UK Government is scheduled to remove the rebated rate for red diesel in April 2022. This would potentially see an increase in costs by anything up to 80%.

The Estates team continue to work closely with our main contractor Robertson Construction and our own independent Quantity Surveyor and Project Management

team from Hardies to determine the impact on the final cost and delivery timescale of the Kingsway Tower Block project.

## 5. Impact on Costs + Funding

The table below details the now tendered costs for the completion of the project, including the impact of the cost increases explained above, and inclusive of VAT.

<b>Project Element</b>	<b>Projected Costs (000s)</b>	<b>Tendered Costs (000s)</b>
Demolition of existing building	268,000	296,329
Design Fees for New Build	211,000	208,689
Cost of New Build	1,560,000	4,174,711
Completion of Phase 1 of original project	2,028,000	
Cost of Phase 2 of original project	1,346,096	1,194,213
Project Contingencies for overall project	354,000	104,723
Project Preliminaries for overall project	687,600	648,903
SCAPE Fee for overall project	225,600	188,787
<b>Total</b>	<b>6,680,296</b>	<b>6,816,355</b>

The table below details the existing funding that is in place for the revised project –

	<b>Funding Source</b>	<b>Amount (£)</b>
Demolition Costs and New Build Design Fees	SFC	388,000
Additional Funding for Design Fees at RIBA Stage 4	SFC	84,000
Balance of 2020/21 Capital and Backlog Maintenance and Lifecycle Grant	SFC	350,000
Additional Capital Backlog Maintenance Grant for (2020/21)	SFC	515,000
Capital Funding Contribution 2020/21	SFC	496,000
Foundation Grant	Dundee & Angus Foundation	3,300,000
2021/22 Capital Backlog Maintenance Grant (not yet confirmed)	SFC	1,547,296
	<b>Total</b>	<b>6,680,296</b>

Based on the tendered costs there is a funding shortfall of £136K. We would propose approaching Dundee and Angus Foundation to seek access to £136K of the £250K that they would make available. Although the £250K was initially for other projects we would anticipate that the Foundation would be understandable and supportive of our situation.

## 6. Timescales

The Hair, Beauty and Complementary new build is due to complete in April 2022.

The Foundation are due to schedule a Trustees meeting in October/November where the intention would be to present a version of this update and the request for access to the additional funding shortfall.

## **7. Drawdown**

A revised spend profile has been received from Robertson's which we will share a high level summary of with the Foundation to enable us to start the delayed drawdown of funds.

## **8. 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
- 2.5 – D&A Foundation refuses/withholds funding for key College priorities
- 2.6 – demands of capital developments / maintenance impacts on financial sustainability or delivery of learning and/or services

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

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

**FINANCE & PROPERTY COMMITTEE**

**Monday 20 September 2021**

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**ESTATES**

**ESTATES UPDATE**

**PAPER H**

**BOARD OF MANAGEMENT**  
**Finance & Property Committee**  
**Monday 20 September 2021**



**Estates Update**

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***Paper for noting***

**1. Introduction**

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

**2. Recommendations**

Members are asked to note the report.

**3. Capital Backlog Maintenance Projects**

The majority of the 2021-22 Capital Backlog Maintenance Grant has been allocated to the Kingsway Tower Project for the mechanical and electrical infrastructure and internal and external fabric. We have however identified a number of other backlog maintenance projects that we intend progressing between now and the end of March 2022.T

**4. Kingsway Tower Project Update**

The Kingsway Tower project has progressed well over the last 3 months despite the impact of BREXIT and COVID-19 which has had a significant impact on the availability of materials and has also seen an increase in material costs.

In terms of progress, the installation of the steel structure for the new Hair, Beauty and Complementary Therapies facility has been completed and the concrete slabs for both floors have also been installed. Work to install the roof, external cladding and windows has also commenced.

It is pleasing to report that all of the internal works associated with the creation of the student catering and social space along with the new training restaurant and café bar have all been completed and handed over to the College in time for the start of the academic term which commences on Monday 13 September.

These new spaces have totally transformed the Kingsway Tower and is very satisfying, at long last, to provide our Kingsway students with the bright, vibrant and inspirational facilities that they deserve.

On a not so positive note, the furniture for the new student spaces has been delayed and so as a temporary measure, the old furniture has had to be reinstated.

We have also completed the new Learning and Digital Resources facility adjacent to the new social spaces and our new students have already had the opportunity to make use of them.

## **5. Additional Summer Projects**

In addition to the main Kingsway Tower works, the estates team has been involved in a number of other projects including Road Resurfacing works at Kingsway, once again using a recycled plastic aggregate. This is the 4<sup>th</sup> resurfacing project that has been completed using this recycled plastic material.

We have also installed kitchen facilities in all 3 campuses that will provide our students with access to microwaves and free hot water. These works have been progressed as part of our recent catering review and also in partnership with our Learner Engagement and Student Association colleagues who highlighted the impact of food poverty amongst many of our students. The kitchen facilities have been installed adjacent the Student Association and Learner Engagement offices and students will have access to food larders where they can access free food offerings.

## **6. The Tay Cities Engineering Partnership**

Work to create a new Advanced Manufacturing facility in our Arbroath campus has commenced with demolition work completed and the mechanical and electrical first fix installation in the early stages.

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

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

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

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

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

**FINANCE & PROPERTY COMMITTEE**

**Monday 20 September 2021**

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**PROCUREMENT UPDATE**

**PAPER I**

# BOARD OF MANAGEMENT

## Finance and Property Committee

### September 2021



## Procurement Report

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*Paper for noting /approval*

### 1. Introduction

In line with protocols agreed at the Finance and Property Committee in November 2018, the information included in this paper 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) covering the period to December 2022. In all cases, Planned Procurement Activity remains dependent on appropriate budget allocation as part of the annual budget approval process.

**Section A - Procurement Update / Contract Awards**, provides information on the contracts that have been awarded during the period from May 2021 to September 2021. Prior periods were covered in previous quarterly procurement reports. This section also includes retrospective approval requests for Non-Competitive Awards – NCA's.

**Section B - Planned Contracting Requiring Approval**, includes a list of contracts where the aggregated spend over the contract term is likely to exceed £50k (inclusive of non-recoverable VAT) and including call-off contracts under Framework Agreements let by other authorities, such as APUC, Scottish Procurement and Crown Commercial Services. It also covers local contracts to be awarded over 25K following the College's own tendering process.

### 2. Recommendation

Members are asked to:

- a) note the recently awarded contracts.
- b) retrospectively approve Non-Competitive Awards
- c) approve the anticipated procurements over £50K for the calendar year 2022.

**Author:** Annemarie Hannaway, Procurement Manager  
**Executive Sponsor:** Jaki Carnegie, Vice Principal - Corporate Services

## **Section A - Procurement Update / Contract Awards / Extensions: May – Sept 2021**

<b>Contract name</b>	<b>Associate Trainers</b>
Route to Market	Open Tender – PCS_T
Successful Bidders	Build Your Skill Digital Bricks Midas Works Successful Learning Solutions Ltd Arena HR Change Frameworks Ltd Kalor Consultancy Ltd Supportive Solutions The Sporting Pursuit Y Mindset Firefly Business Solutions Ltd Accs-Safety CPD Training Solutions (Scotland) Ltd Health Environment and Risk Training Sibbald Training Stewart Engineering and Training Solutions Ltd Mind's Well
Annual Value	Varies – Funding Dependent
Estimated Contract Value	£1m
Award Date	27/07/2021
Start Date	27/07/2021
Contract Period	2+1 years

<b>Contract name</b>	<b>Gardyne Print Centre – 1 Year Extension</b>
Route to Market	Collaborative Process with Dundee City Council as Lead
Successful Bidders	Xerox
Annual Value	£69,869 plus VAT
Award Date	01/06/2021
Start Date	01/06/2021
Contract Period	1 year extension 01/06/2021 to 31/05/2022

<b>Contract name</b>	<b>Hardware Support</b>
Route to Market	Direct Award Call Off from HTE Framework
Successful Bidders	Insight Direct (UK) Ltd
Contract Value	£22,157 plus VAT
Award Date	20/08/2021
Start Date	20/08/2021
Contract Period	1 year to 20/08/2022 thereafter rolling year on year

<b>Contract name</b>	<b>Road Resurfacing</b>
Route to Market	Direct Award Call Off from APUC Framework
Successful Bidder	J Sives
Contract Value	Phase One - £48,000 plus VAT Phase Two - £11,000 plus VAT
Start Date	Phase One - Completed

	Phase Two – Beginning w/c 11 <sup>th</sup> October 2021
Contract Period	One Off Purchase

<b>Contract name</b>	<b>Grass Cutting Machinery</b>
Route to Market	Quick Quote
Successful Bidder	Angus Chain Saws
Contract Value	£53,448 (inclusive of VAT) (Actual £42k after part exchange of redundant machinery)
Award Date	26/07/2021
Start Date	26/07/2021
Contract Period	One Off Purchase

### **Others**

- Procurements to be Carried Forward from May 2021 already approved
  - Waste Management, General – Estimated Value £100k
  - Data Links – Estimated Value £96k
  - Hair and Beauty Furniture and Equipment – Estimated Value £100k
- Timber Supplies – there have been challenges with previous tender returns and volatile market pricing activity due to Covid-19 implications has meant that this contract strategy will be revisited with the view to having a firmer update within the next report to this committee.

### **Non-Competitive Action Awards**

The following items were given approval in the previous May report however the Procurement Routes differed from originally stated and as a result this paper seeks to confirm Non-Competitive Action Award retrospectively: -

<b>Contract name</b>	<b>Campus Furniture – Various</b>
Contract Value	£84,500 plus VAT
Budget Owner	Head of Estates
Route to Market	Direct Award
Supplier	Sharp Interiors
Rationale	When it became clear in Spring 2021 that there was to be a significant surplus generated in 2020/21, an exercise was undertaken to identify priority spend on replacement equipment and furniture, enhancing the physical environment and delivery of learning and teaching. The APUC framework with supplier Azzurro advised of challenges around availability and delivery. A high-level price comparison with a local supplier, Sharp Interiors, who is on the Scotland Excel framework, quoted more competitive rates and were deemed better Value for Money and provided more reassurances around delivery timescales.

**Section B - Planned Contracting Requiring Approval: to December 2022**

<b>Contract name</b>	<b>Full Network Audit</b>
Incumbent Supplier	N/A
Annual Value (2020/21)	N/A
Estimated Contract Value	£50k+ plus VAT
Owner	Head of ICT Services
Original Start Date	N/A
Route to Market	Open Tender or Call Off if suitable Framework available
Intended Contract Start Date	Jan 2022
Proposed Contract Period	One off purchase
Rationale	In anticipation of a Full Network Replacement to be undertaken within the ICT 5 Year plan there is a requirement for an audit of the existing network. This will involve the appointment of a single supplier consultant who will inform the Scope of Requirement for the intended replacement network tender.
Risks	None identified

<b>Contract name</b>	<b>Audio Visual Equipment Supply, Installation and Maintenance</b>
Incumbent Suppliers	GVAV Limited – AV Installation, Repair and Maintenance GVAV Limited – AV Equipment Mediascape / GVAV Limited / SSUK Limited - Audio Visual Equipment - Supply of Equipment and Consumables
Annual Value (2020/21)	£100k
Estimated Contract Value	£400k plus VAT
Owner	Head of ICT Services
Route to Market	Suitable Framework or Open Tender
Intended Contract Start Date	March 2022 at the latest
Proposed Contract Period	2+1+1 years
Rationale	At present there are three separate contracts covering the scope of this requirement which will expire between Sept'21 and Jun'22. The aim is to bring these all under one contract and deliver value for money and efficiencies as a result by carrying out a competitive process.
Risks	There may be a 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.

<b>Contract name</b>	<b>Softcat Plc - VMWare 1 year renewal support and maintenance for Vsphere + vCenter</b>
Incumbent Supplier	Softcat
Estimated Annual Value	£25,000 plus VAT
Owner	Head of ICT Services

Start Date	30/08/2022
End Date	30/08/2023
Route to Market	Software value added re-seller framework ( <a href="https://www.gov.scot/publications/software-value-added-re-seller-framework">https://www.gov.scot/publications/software-value-added-re-seller-framework</a> )
Rationale	ICT Software and Systems Dedicated Licensing Requirements

<b>Contract name</b>	<b>Softcat - Microsoft Campus Renewal</b>
Incumbent Supplier	Softcat
Estimated Annual Value	£85,000 plus VAT
Owner	Head of ICT Services
Start Date	31/10/2022
End Date	31/10/2025
Route to Market	Software value added re-seller framework ( <a href="https://www.gov.scot/publications/software-value-added-re-seller-framework">https://www.gov.scot/publications/software-value-added-re-seller-framework</a> )
Rationale	ICT Software and Systems Dedicated Licensing Requirements

<b>Contract name</b>	<b>Adobe Creative Cloud</b>
Incumbent Supplier	Chest/JISC
Estimated Annual Value	£26,137 plus VAT
Owner	Head of ICT Services
Start Date	13/08/2022
End Date	13/08/2023
Route to Market	Chest - Adobe ETLA 2021
Rationale	ICT Software and Systems Dedicated Licensing Requirements

<b>Contract name</b>	<b>Celcat - Site License Celcat</b>
Incumbent Supplier	Celcat
Estimated Annual Value	£25,581 plus VAT
Owner	Head of ICT Services
Start Date	31/03/2022
End Date	31/03/2023
Route to Market	N/A NCA required
Rationale	ICT Software and Systems Dedicated Licensing Requirements

<b>Contract name</b>	<b>Insights - Support of Cisco equipment</b>
Incumbent Supplier	Insights
Estimated Annual Value	£22,156 plus VAT
Owner	Head of ICT Services
Start Date	21/08/2022
End Date	21/08/2023
Route to Market	Health Trust Europe Framework

Rationale	ICT Software and Systems Dedicated Licensing Requirements
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<b>Contract name</b>	<b>Collabco - MyDay</b>
Incumbent Supplier	Collabco
Estimated Annual Value	£16,735 plus VAT
Owner	Head of ICT Services
Start Date	30/06/2022
End Date	30/06/2023
Route to Market	G Cloud Framework
Rationale	ICT Software and Systems Dedicated Licensing Requirements

<b>Contract name</b>	<b>Cutter Group - Support SolidFire Software and Storage</b>
Incumbent Supplier	Cutter Group
Estimated Annual Value	£13,008 plus VAT
Owner	Head of ICT Services
Start Date	30/04/2022
End Date	30/04/2025
Route to Market	Suitable Framework or Open Tender
Rationale	ICT Software and Systems Dedicated Licensing Requirements

<b>Contract name</b>	<b>Catering Equipment</b>
Incumbent Supplier	N/A
Annual Value (2020/21)	N/A
Contract Value	£156,347 plus VAT
Owner	Head of Estates
Route to Market	Direct Award Call-Off for the Supply and Installation of Catering Equipment under the Tuco Framework Agreement - Catering light & heavy equipment Cat11039-TU
Intended Contract Start Date	September 2021 for Installation October Break Period 2021
Proposed Contract Period	One off purchase
Rationale	Upgrading of Current Equipment
Risks	While awaiting approval to award, availability of supplier to supply and carry out installation may require adjusting.

<b>Contract name</b>	<b>Roofing Contractor – Gardyne Campus</b>
Incumbent Supplier	N/A
Annual Value (2020/21)	N/A
Estimated Contract Value	£50,000 plus VAT
Owner	Head of Estates
Route to Market	Open Tender via Public Contracts Scotland (PCS)
Intended Contract Start Date	Ideally November 2021
Proposed Contract Period	One off purchase

Rationale	Part of Capital Backlog Maintenance Programme
Risks	Preferable that this work is awarded and completed ahead of further potential adverse weather going into Winter season

**Advanced Engineering and Manufacturing Facility – Multiple Contracts – Total Estimated Project Value £163,000 plus VAT.**

This is budgeted within the 21/22 fiscal year of the Tay Cities Engineering Partnership (TCEP) which now moves to Full Business Case following OBC approval. The PMO for Tay Cities Deal assures us that funding was committed when the Deal was signed, however it is not guaranteed to roll over if underspent within the year.

<b>Total Estimated Project Value</b>	<b>£163,000 plus VAT</b>
Owner	Head of Estates

<b>Project Contracts Breakdown</b>	
<b>Cladding Design – £7,000 plus VAT</b>	Directly awarded to AVTEK
<b>Cladding Installation – £50,000 plus VAT</b> Approval sought from FPC for either of the two options listed opposite (See Note below).	<b>Option 1</b> – Direct Award to Design Supplier AVTEK <b>Option 2</b> – Open Tender via Public Contracts Scotland Portal (PCS)
<b>M&amp;E Infrastructure Design - £6,000 plus VAT</b>	Directly Awarded to KDQ
<b>M&amp;E Infrastructure Installation –</b> (Previously valued at £50,000 plus vat)	A decision has been taken for this work to be carried out by the College in-house electrical and plumbing team. Material and equipment for this element of the project will be procured via the APUC framework
<b>Building Work Package - £50,000 plus VAT</b> Approval sought from FPC for either of the two options listed opposite (See Note below).	<b>Option 1</b> - Open Tender via PCS for total Works Package, split into smaller lots where practical. <b>Option 2</b> – Quick quotes using local contractors.

**Note: Reasoning behind presentation of Option Choices to FPC**

The conditions of this project, as currently outlined in the OBC paragraph extracted below, expect a competitive process vis PCS. However, the delay in progressing the project to final OBC has caused delay and potential funding limitations have introduced further constraints and given rise to a number of risks.

*“The procurement strategy for this project will ensure that value for money is achieved for the Tay Cities Deal. The Board of Directors of the newly formed entity will have overall responsibility for the project. The procurement strategy will be developed per D&A College’s Procurement Strategy and Financial Regulations and in agreement with the partners and in line with TCEP governance. All procurement for the project will follow the Scottish Model of Procurement, with all contract opportunities and appointments being advertised and awarded using the Public Contracts Scotland Portal.”*

**FINANCE & PROPERTY COMMITTEE**

**Monday 20 September 2021**

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**STRATEGIC RISK & COVID REGISTER**

**10.1 Strategic Risk Register -  
FPC Extract Only**

**PAPER J**

**10.2 COVID Risk Register –  
FPC Extract Only**

**PAPER J**

# BOARD OF MANAGEMENT

## Finance & Property Committee

**Monday 20 September 2021**

### Strategic Risk Register Update

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#### *Paper for approval*

#### **1. Introduction**

This paper presents the Finance & Property related Strategic Risks for review and consideration, with any proposed changes being presented to the Audit & Risk Committee for approval.

This meeting will consider the following particular risks:

- 4.2 Failure to achieve ambitions of Digital strategy; strategy and development is ineffective
- 2.6 Demands of capital developments / maintenance impacts on financial sustainability or delivery of learning and/or services

#### **2. Recommendation**

Members are asked to review the risks and ratings and identify if there are changes that would be proposed, including identifying if there are emerging risks that should be considered. Any proposed changes would be advised to the September 2021 Committee of the Audit & Risk Committee.

#### **3. Risk 4.2 - Failure to achieve ambitions of Digital strategy**

The recently revised Digital Strategy (<https://rise.articulate.com/share/BDAF-L2TsPQT3sn9P2Js6kTbO3-ncl1k>) has three founding principles;

- A relevant digital curriculum for all
- A robust, flexible digital environment
- An empowered digital community

The procurement update indicates the next stages of investment in the digital infrastructure. This taken alongside the additional Digital Capacity funding that has been provided by Scottish Government and Digital Hardship funding has enabled significant investment in digital devices and services. The College now delivers a much more flexible, secure digital service.

There has been significant progress on implementing the recommendations from the cyber attack and not only do we now meet the baseline expected of Cyber Essentials+ we exceed it in almost all areas.

Andy Ross will provide a verbal update on progressing the Strategy with the aim of reassuring members that this risk is being effectively managed.

**4. Risk 2.6 - Demands of capital developments**

The effect of Brexit and the pandemic are undoubtedly having an impact of the cost of raw materials, including within the construction industry. As reported within the update on the Kingsway Tower redevelopment there is the potential for future capital developments to continue to be impacted by the escalation in prices, not just for the College but for Scotland and the UK as a whole.

As part of the capital maintenance programme going forward, revised costs will be sought rather than assume historical costs with inflationary increases, to try to determine the extent of the maintenance works that can be realistically achieved. To maintain financial sustainability this will likely mean that works will not continue to the same extent as in previous years.

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

As reported previously 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.

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



# STRATEGIC RISK REGISTER

2021 – 2022

Extract for Finance & Property Committee

As at September 2021

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

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

**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	Lead Responsibility
<b>2</b>	<b>Financial (cont)</b>									

<b>2.5</b> <b>F&amp;P</b>	D&A Foundation refuses/withholds funding for key College priorities	5	3	15	<ul style="list-style-type: none"> <li>On-going dialogue with Foundation Trustees</li> <li>Appropriate bid arrangements in place</li> </ul>	3	2	6	<ul style="list-style-type: none"> <li>Monitor and advise Board of Management</li> </ul>	Prin & VPCS
<b>2.6</b> <b>F&amp;P</b>	Demands of capital developments / maintenance impacts on financial sustainability or delivery of learning and/or services	3	2	6	<ul style="list-style-type: none"> <li>Multi-year estates strategy and capital planning</li> <li>Lobbying of SFC on capital and backlog maintenance funding</li> <li>Planning for D&amp;A Foundation bids</li> </ul>	2	2	4	<ul style="list-style-type: none"> <li>Monitoring of capital plans and expenditures</li> <li>Regular review of capital plans/timescales relative to funds</li> </ul>	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

<b>Post Holders</b>	ELT	Executive Leadership Team	Prin	Principal	<b>Score</b>	<b>Impact</b>	<b>Likelihood</b>
	SLT	Senior Leadership Team	DirC&A	Directors of Curriculum & Attainment	1	Routine	Remote
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Risk Number & Committee	POTENTIAL CONTRIBUTING FACTORS			TREATMENT		POST MITIGATION EVALUATION				
	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Responsibility
<b>4</b>	<b>Infrastructure</b>									
<b>4.2</b> <b>F&amp;P</b>	Failure to achieve ambitions of Digital strategy; strategy and development is ineffective  <b>NB, ICT Strategy updated to Digital Strategy</b>	4	3	12	<ul style="list-style-type: none"> <li>Planning, careful phasing of changes to processes and systems</li> <li>Effective management of ICT arrangements</li> <li>Clear investment plan</li> </ul>	4	2	8	<ul style="list-style-type: none"> <li>Regular review/reporting on milestones, systems effectiveness etc</li> <li>Regular CPD</li> </ul>	VPC&A, HoICT

**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**

**2021 – 2022**

**Extract for Finance & Property Committee**

As at September 2021

<b>Post Holders</b>	ELT	Executive Leadership Team	Prin	Principal	<b>Score</b>	<b>Impact</b>	<b>Likelihood</b>
	SLT	Senior Leadership Team	DirC&A	Directors of Curriculum & Attainment	1	Routine	Remote
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Risk Number & Committee	POTENTIAL CONTRIBUTING FACTORS			TREATMENT		POST MITIGATION EVALUATION				
	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Responsibility
<b>2</b>	<b>Financial</b>									
<b>2.2</b> <b>F&amp;P</b>	Failure to achieve institutional sustainability	5	4	20	<ul style="list-style-type: none"> <li>Protection of funding through dialogue with government, SFC and other funders</li> <li>Robust and effective budgetary control</li> <li>Where required, swift action to implement savings</li> <li>Increased focus on cash position</li> </ul>	4	2	8	<ul style="list-style-type: none"> <li>Monthly monitoring of budgets</li> <li>Engagement with government and other partners</li> <li>Detailed monitoring of income optimisation and savings programmes</li> </ul>	VPCS

**FINANCE & PROPERTY COMMITTEE**

**Monday 20 September 2021**

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**VICE PRINCIPAL –  
CORPORATE SERVICES REPORT**

**PAPER K**

**BOARD OF MANAGEMENT**  
**Finance and Property Committee**  
**Monday 20 September 2021**



**Vice Principal Corporate Services Report**

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*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. Scottish Funding Council Update**

The SFC announced the following funding:

Publication	Topic	Allocation
SFC/AN/19/2021	<a href="#">College Final Funding Allocations AY 2021-22</a>	£32,842,100
SFC/AN/21/2021	<a href="#">Funding for Mental Health in colleges AY 2021-22</a>	£272,606
SFC/AN/24/2021	<a href="#">Funding for Digital Learning in Colleges for AY 2021-22</a>	£309,780
SFC/GD/14/2021	<a href="#">Flexible Workforce Development Fund 2021-22</a>	
	SMEs	£162,042
	Levy Payers	£602,241
SFC/AN/25/2021	<a href="#">Funding for counsellors in AY 2021-22</a>	£151,500

**4. Supporting Our Learners**

The last few months have been particularly challenging for Administration Services Team to close off session 2020/21 whilst continuing to prepare and co-ordinate requirements for start of session.

We had 121 programmes extended to offer learners the opportunity to come on campus and complete their studies. This required an extensive amount of administration work in the background to ensure our data, timetables, student funding and systems access was co-ordinated to ensure no learning was disrupted.

We have also had approximately 1,000 students identified as needing to defer their studies and required additional classes to enhance their practical experience/ skills to enable progression. This also required administration co-ordination to communicate with those learners, offer funding support, update systems and data to reflect this. This

will continue to be an exercise for the team throughout this academic session.

We have also offered every student that did not successfully achieve their qualification last session the opportunity to repeat or return to finish off units this session. This has resulted in communication being sent to over 500 learners and staff are working with academic teams on plans for those learners that have expressed an interest to return.

Recruitment continues to be a priority for the College and the Administration team and despite being over 2,000 full-time applications down this session we currently have 4,855 unconditional offers accepted at this time. This is a credit to the team who have gone above and beyond to support potential students with their applications, the recruitment and onboarding process which has resulted in 93% of those students having successfully completed the Onboarding process before they have started their studies.

Student Funding applications continue to progress well with over 1,200 students fully awarded and the team are currently processing applications received in last 2 weeks, which at this time of year is a fantastic achievement.

We are working closely with the Learner Engagement and Student Association teams to support the Help Point functions in issuing student cards and the smart travel scheme. This invaluable support has allowed the Help Point teams to focus on our email, live chat and telephone enquiries at this time of year which is greatly appreciated.

Having students on campus from early May has assisted the Operations Team to complete the necessary ESF, Foundation Apprenticeship and Modern Apprenticeship paperwork requirements. The team are now working on updating paperwork requirements for session 2021/22 and working with curriculum teams to start the process again for the new intakes.

Retention and continued support for those learners repeating or deferred will be the focus for the team throughout this session as we try to maximise and support student success.

## **5. Service Design Academy Update**

The disappointing news finally reached us that we were unsuccessful in a large tender with Angus Council. Months of hard work, but unfortunately, we did not have the winning score. A debrief shared the news we came a very close second with an excellent submission and some learning for us for future tenders. Likewise, we were not successful with our Tender for Business Gateway. This one was perhaps more understandable as it focused on a user research project rather than skills and capacity building in the organisation. We recognise that we need to upskill in tender writing and we're looking for and welcome support in this area.

While the team are very disappointed, we still have lots of opportunities in the pipeline. We've come a long way in a short time and to finally have decisions on these, after so long, means we can now focus on the other opportunities that are available.

We have completed delivery for M&G (Prudential), The Wood Foundation, New College Lanarkshire, the Angus Council Employability Project, and City Pubs and we have secured new work with Sistema, Insights, Argyll & Bute Council, and FutureX. Discovery

Workshops have taken place with West Lothian College, Accenture, Gardyne Theatre, and the Scottish Funding Council and we will play a major role in the College's New Ways of Working project. M&G are looking for further training and possibly the delivery of a closed PDA for their staff. We've issued a proposal to Scottish Digital Academy for a closed PDA for local authority staff and we await the outcomes of these bids.

Over the summer months, we took the time to reflect and reset, improving housekeeping around our many digital resources, standardising our assessment and learning materials, and planning for 2021/22.

Over 8 days in early August we discussed and formed groups to focus on:

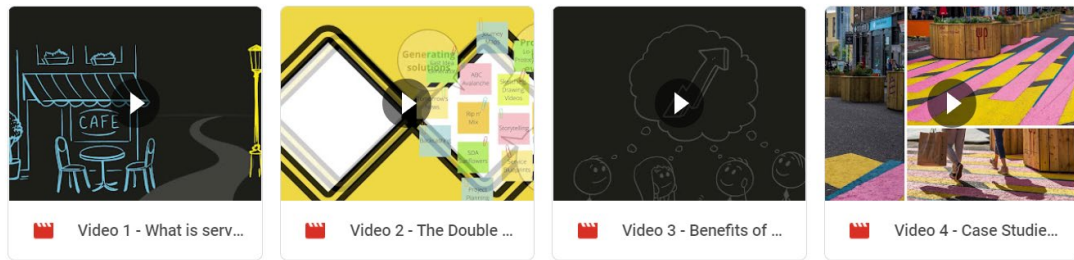
- Assessment Review
- Social Media & Website Analytics
- Website Review
- Business Course Review
- New Course Ideas
- Building a Case Study Library
- Media & Marketing Planning
- Connecting Communities
- Supporting Service Design in Education
- 24 Conversations – a podcast idea
- Quality Essentials Training

New course ideas include :



and we have agreed to prototype a new delivery model moving away from our standard 2-day courses. We'll test the market with People Experience (aimed at HR/OD professionals) and Service Design ABC's taking a market, design, build approach. This ensures we have recruited sufficient delegates before resources are spent on designing and building new courses. We're moving to more targeted groups using a service design skills framework "who is this course for and what skills will it build" to demonstrate how we match course outcomes for job types. We will continue to explore options for a second PDA and Service Design Apprenticeship in this academic year.

We scripted, designed and created a series of 4 videos which can be sold to organisations we work with, who are looking to introduce service design at scale.



1. What is Service Design, 2. The Double Diamond, 3. Benefits of Service Design, 4. Service Design Case Studies

A 5<sup>th</sup> video tells the Service Design Academy story, watch it [here](#). This will be used on the SDA website and for promotional purposes.

We continue to attract overseas students for the PDA in Service Design, the August cohort has 5 students from Saudi Arabia, and we are excited to have broken into this market at last.



Glasgow is one of 50 Champion Cities selected as finalists in the 2021 Bloomberg Global Mayors Challenge, a global innovation competition that identifies and accelerates the most ambitious ideas developed by cities in response to the COVID-19 pandemic, with a prize pot of \$1 million for 15 cities. During September & October we will be working with Glasgow's Centre for Civic Innovation on 5 Projects within the bid – Neighbourhood Design Academy, Creative Community Development Hub, Leaders Challenge, Developing a Common Language and the Creative Engagement Network.

The Leaders Challenge will take place during Young COP26, twinning with the host city Milan, and will be looking at environmental and climate aspects and the involvement of citizens in problem solving and decision making. We will use our Connecting Communities game and as a by-product of the work Glasgow CCI will provide resources in graphic design and writers to create and produce our game as an innovation tool for design led city initiatives across the globe.

This work will be showcased at COP26 and globally (by Bloomberg) and brings us together with national partners – V&A Dundee, Glasgow School of Art, After the Pandemic, The Storytelling Village, University of Strathclyde & DJCAD.

In staff news we successfully onboarded 2 members of staff:

**Nathan Sheach, Service Design Consultant (full-time)**

Nathan joined us from Shelter Scotland where he was the service owner of the Digital Advice Service and Shelter Legal Services in Scotland. He has worked across Shelter UK and was the UK lead on a wide range of design projects with multiple partner agencies which saw Shelter alongside partners, develop training programmes with the likes of; Money & Pension Service, Scottish Government and Scottish Empty Homes Partnership. Nate has had the opportunity to work with clients such as RNIB, NHS and William Grant & Son. He has a BSc in Product Design and a Masters in Design for Business from the University of Dundee.

**Robbie Beautyman, Service Design Consultant (part-time)**

Robbie graduated in 2018 with a BSC Hons in Product Design and then completed a Masters in Design for Business at the University of Dundee in 2019 before setting up his own design agency. Robbie has worked with the V&A Dundee's Design for Business team on design thinking training days/workshops, assisting the team in teaching design as a process for businesses to become more innovative. On completion of his MSc and while developing business opportunities, Robbie was invited to take up post as Designer in Residence at DJCAD. Here he was given the facilities he needed to continue growing his business in exchange for using his design expertise to assist university staff and students.

Claire Hartley and Kim Anderson have been awarded the Service Design Network's Professional Accreditation, bringing the number of accredited trainers at SDA to 5.

Fingers Crossed! Award Season is upon us and we are submitting entries for 3 awards including Digital Leaders and Public Service Innovation.

## **6. Economic Recovery**

### **Recruitment**

The Business Partnership Team has now welcomed two new members of staff; Cursty Mackin and Ann Kerr. Both have taken up the role of Skills Advisor.

Cursty joins us from her role as a commercial officer at Robert Gordon University and Ann joins us from her role as a Business Advisor with a specialism in HR with Business Gateway Tayside.

There are further interviews lined up in September to interview 13 government funded Kickstart candidates for 2 positions; Social Media Assistant and Data Assistant.

The Social Media Assistant will focus on raising the profile of the College's Business engagement activities through social media channels such as LinkedIn, Twitter and Facebook ensuring our content is meaningful and consistent and our Data Assistant will focus on the creation of a College wide CRM System to store the details of our Business Customers.

## Raising Profile

Raising our profile both internally and externally is top priority for the team.

Internally, our goal is to meet with each of the teams to explain who we are, our vision and how we can support them. Meetings are in the diary and kick off later in September and we have implemented a new Business Engagement Teams site to encourage college wide communication and are in the process of setting Industry Engagement Working Groups to ensure that all key individuals in the college communicate effectively with each other to keep our brand and communications consistent in the marketplace.

We have contracted a consultant who is going to facilitate workshops with the Business Partnerships and Marketing Teams to really consider our brand, our communication styles and methods and what we would like to achieve. This takes place in October when our new Marketing Manager is in post.

Externally, we have a number of activities happening to help us raise our brand and reputation.

We have launched a Friday morning catch up schedule that we will use to meet with partners and this past month we have held a team to team get together with Angus Economic Development Department, Scottish Enterprise and Dundee University R&I Team.

Activities also include:

- Bi Monthly Newsletter to a mailing list of over 3,000 local businesses and partners
- Social Media posts daily
- Representation on over 10 different working groups in the region
- Attending/speaking at events across the region

Caryn Gibson will be speaking at an event alongside MSP Jamie Hepburn later in the month to speak more about how D&A can support businesses to futureproof their skills.

[Dundee and Angus Chamber of Commerce | Training and events](#)

## Flexible Workforce Development Fund

Current position:

	<b>Completed</b>	<b>In progress</b>	<b>Not Started</b>
<b>19/20</b>	£317,057	£105,330	£32,405
<b>20/21 Levy</b>	£22,760	£210,463	£183,072
<b>20/21 SME</b>	£7953	£84,277	£46,757

The focus of our activity is getting the training dates contractually agreed with businesses and trainers. Due to staff shortages it has been challenging to get the businesses to commit to dates however we have focused all of our time and effort into liaising with both businesses and trainers and we are now starting to see progress. The focus will remain on getting both 2019/20 and 2020/21 training contracted and delivered in line with SFC dates.

## **FWDF 21/22**

We now have confirmation of the Year 5 Fund and we will be launching this in the marketplace on Monday 13<sup>th</sup> September.

Levy Paying	£602,241
SME	£162,042

Training must be contracted by 31/07/22, commenced by 31/08/22 and delivered by 31/12/22.

Our vision is to use the fund to make a real impact on the business community and deliver training with a focus on business transformation and growth and as such we are working closely alongside our associate trainers and internal departments to continue to develop our offering.

## **Free Courses – National Transition Training Fund (NTTF) and Young Person's Guarantee (YPG) Funding**

We took to market 11 Virtual Courses which all had a focus on reskilling and upskilling into our key growth areas such as Care, Digital and Management as well as courses designed to get individuals into employment.

We had just under **1,000** individuals sign up to complete the courses showing a real demand for training.

The Courses were:

How to Market your Business Online  
Situational Leadership Skills for First Line Management (TTF)  
Get Connected and Introduction to Internet of Things (TTF)  
Introduction to Cyber Security and Cyber Security Essentials (TTF)  
NDG Linux Unhatched and Linux Essentials (TTF)  
PCAP: Programming Essentials in Python (TTF)  
Understanding Human Development and Behaviour in a Care Setting (TTF)  
Understanding Child Development (TTF)  
Preparing to work in Early Education and Childcare (TTF)  
How to Prevent Infection (TTF)  
Understanding Individual Pathways in Health and Social Care (TTF)

Our conversion rate from sign up to completion was lower than we would have liked and so we are currently working through contacting individuals to better understand the

barrier to access or the reason why they didn't complete the course to see any improvements we can make for our next launch.

We plan to relaunch these courses, with a suite of follow-on courses later this year.

### **Associate Trainers**

We successfully recruited 17 new associate trainers, and all have now been inducted and onboarded.

We successfully filled all 9 lots meaning we now have trainers in the following areas:

Lot 1	Digital Skills
Lot 2	Management Skills
Lot 3	Marketing
Lot 4	Communication and Soft Skills
Lot 5	Health and Safety
Lot 6	Construction and Trades
Lot 7	Training and Assessing
Lot 8	Care
Lot 9	Mindfulness & Wellbeing

### **MSIP Skills Academy/Tay Cities**

We are continuing to support the curriculum teams with the creation of a work programme that is aligned with industry needs.

There are ongoing discussion with Scottish Enterprise and Local Government to run an industry road show which would allow MSIP tenants to present to the department on where they see the future of their business and what they feel their skills needs will be.

We are supporting the department with a review on their current and future courses, current and future staff needs and current and future CPD needs.

## **7. Procurement Update**

A separate report has been produced for this Committee meeting.

## **8. Green Gown Award**

The college has been shortlisted for the prestigious Green Gown Awards in the Learner Engagement category.

The Green Gown submission revolves around D&A's 'Period Positive' campaign and is driven by the need to end period poverty in a sustainable and inclusive fashion. In our college alone, hundreds of youngsters face the challenge of coping with the physical and economic demands of menstruation. Not content to simply offer period products in the toilets, we have used our portion of government funding to develop and deliver a truly dynamic and ambitious campaign to turn period poverty into Period Positive!

## 9. 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 September 2021.

## 10. 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

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