

BOARD OF MANAGEMENT

Finance & Property Committee

Tuesday 31 May 2022 at 5.00pm
Microsoft Teams Meeting



AGENDA

1. **WELCOME**
2. **APOLOGIES**
3. **DECLARATIONS OF INTEREST OR CONNECTION** Paper A for information ST
4. **MINUTES OF PREVIOUS MEETING** Paper B for approval
5. **MATTERS ARISING** Paper C for approval
6. **FINANCE** BF/JC
 - 6.1 Month 9 – Management Accounts & Forecast Paper D for information
 - 6.2 Interim Budget 2022/23 Paper E for information/approval
 - 6.3 Financial Strategy - Sustainability Planning Paper F for approval
7. **INFRASTRUCTURE** BG/AR
 - 7.1 Estates Update Paper G for information
 - 7.2 Estates Annual Report Paper H for information
 - 7.3 Infrastructure Strategy Outline Paper I for discussion
8. **PROCUREMENT** BF
 - 8.1 Procurement Update Paper J for approval
 - 8.2 Network Replacement Option Appraisal Paper K for approval
9. **REVIEW OF GARDYNE THEATRE LIMITED (GTL)** Paper L for approval JC
10. **COVID-19 UPDATE**
 - 10.1 Estates & Infrastructure Verbal update BG/AR
 - 10.2 Finance & Governance Verbal update BF
11. **STRATEGIC RISK & COVID REGISTER** ST
 - 11.1 Strategy Risk - Financial Sustainability Paper M for discussion JC
 - 11.2 Strategic Risk Register - FPC Extract only Paper N for discussion
 - 11.3 COVID Risk Register – FPC Extract only Paper O for discussion
12. **VP CORPORATE SERVICES REPORT** Paper P for information JC
13. **DATE OF NEXT MEETING** – Tuesday 6 September 2022 - ONSITE

FINANCE & PROPERTY COMMITTEE

Tuesday 31 May 2022



DECLARATIONS OF INTEREST OR CONNECTION PAPER A

BOARD OF MANAGEMENT

Interests and Connections Guidance



Paper for information

1. Introduction

This paper summarises recent changes made within the model code of conduct for board members on public boards in Scotland in terms of the declaration of a 'connection' as an addition and clarification to the longstanding need to declare any interests.

This new designation was introduced within the most recent model code developed by the Standard Commission for Scotland and adopted by the D&A Board at its March 2022 meeting. As a result, these requirements apply to all current and future board members.

2 Understanding and Declaring Connections

The Standards Commission for Scotland has provided [the following guidance](#) in terms of what may constitute a connection. This is noted as follows:

Paragraph 5.1

133 In your work as a member, you will have connections with a great number of people and organisations. In the same way, your financial affairs, employment and property holdings - or those of individuals close to you or bodies you are involved with - will sometimes mean that you have a connection to a matter that your public body is considering, in some way.

134 Such connections will not always amount to an interest that you are required to declare. However, you should always consider whether this is a possibility, in the context of your role as a member and in respect of any specific matter you are being asked to consider. You should always err on the side of caution, and if you are in any doubt you should consult your public body's Standards Officer.

Paragraph 5.2

135 The Code cannot provide for every type of relationship that could result in a connection, as this will depend on the facts and circumstances; for example, how close you are to the individual in question and how often you see them. It should be noted, however, that certain relationships such as spouse, partner, cohabitee, close friend, parent or child are likely to result in a connection.

136 It is impossible to list every type of connection you could possibly have with a matter involving or to be considered by your public body. However, some common examples would include:

- your public body considering some form of financial assistance or decision that could have a direct effect on an organisation you, your partner, or someone close to you works for;
- your membership of another body or organisation that is seeking to agree a contract with your public body;
- some form of personal connection with a person making an application, or a complaint, to public body.

137 The Code does not restrict the ability of a public body to benefit from the knowledge and experience of its members. Having knowledge or experience of a matter that is to be considered by your public body is not necessarily a connection. For example, if your public body is considering tenders received for the provision of a new IT system, your knowledge and experience as an IT specialist would not be considered a connection.

In essence, a connection is outlined as the stage before a formal interest would need to be declared, but is something that other board members, or the public in general, may feel is important to have highlighted and recorded in advance of a discussion taking place or decisions being made.

As noted above, a connection may arise due to a close relationship or friendship with an individual, not just because of a financial or organisational link.

It is important to set the declaration of interests or connections within the context of what is being discussed, and what decisions are being made by board members. Given the high level and strategic role played by board members, it is anticipated that the need to declare connections is likely to be relatively minimal.

Recent examples of what may be considered a connection or interest include:

- A board members role as Chair of Gardyne Theatre Limited.

This would become an interest if there was a specific item or element of board discussion and decision making that had a substantive impact on the organisation or operation of GTL

- A board members employment with Angus Council where approval was being sought for a lease agreement between the College and the Council.

This would become an interest if the board member had direct involvement in the lease arrangements, pricing or negotiation as part of their Council role.

- A board member who has a partner/spouse that works for the College.

This would become an interest if there was a specific item or element of board discussion and decision making that had a substantive impact on the partner/spouse's work or employment

- It is also noted that a connection will not exist in a situation where a board member has been nominated or appointed into a role by the board of management (for example as the board trustee on the D&A Foundation).

Based on a review of declarations of interest made over recent years, it is noted that most (if not all) of these would fall into the connections, rather than interest, category. This is summarised in the guidance as follows.

146 The **objective test** outlined in paragraph 5.5 of the Code assumes that a member of the public has knowledge of the relevant facts. The question you need to consider is whether a member of the public, with this knowledge, would reasonably regard the connection as so significant that it would be likely to prejudice your discussion or decision-making in your role as a member. If the answer is yes, the connection is an interest which you should declare.

The agenda for each meeting has been updated to incorporate the need to declare both interests and connections at the start of each meeting and board members should declare either for recording under this item.

3 Declarations of Interest

Alongside the creation of the connections category for declarations, the Standards Commission has also strengthened guidance in respect of declarations of interest.

As a result, it is expected that any board member that has an interest in a matter being discussed or decided upon would fully leave the meeting for this item. This is summarised as noted below and is a departure from past board practice where the member would remain in attendance but not take part in the discussion/decision making.

153 If you decide that you should declare an interest, you should do so at the earliest opportunity. If you only realise a declaration is necessary when the discussion in respect of a matter is underway, you may wish to consider whether you should provide a brief explanation as to why you had not realised you had an interest at the outset of the meeting.

154 Thereafter, when the item is being considered, you should leave the room. It is not sufficient for you to retire to the back of the room or the public gallery. If the meeting is being held online, you should retire to a separate breakout room or leave and re-join after the discussion on the matter has concluded. It is not sufficient for you to turn off your camera and / or microphone for the duration of the matter.

155 You should not give anyone reason to doubt that you are no longer in any position to influence the outcome of deliberations on the relevant item either directly or indirectly. This means that you should refrain from contacting your member colleagues remotely (for example by email or text) while they are considering the item.

As noted above, it is anticipated that the need to declare an interest is likely to be limited.

4 Information/Guidance

If any member of the board is unsure of the need to declare a connection or an interest, information and guidance on the appropriate approach can be sought from the Secretary to the Board.

As a new provision, examples of what does or doesn't constitute a connection are not readily available, but the Standards Commission will update guidance as issues are considered and decisions made.

5 Link to Strategic Risk Register

Information in this report is intended to provide Board members with reassurance that actions and activities are being progressed and addressed that support the mitigation of the following risk within the Strategic Risk Register.

- 3.2 Failure to achieve/maintain compliance arrangements, e.g., contracts; awarding bodies; audit.

Author and Executive Sponsor:

Steve Taylor, Vice Principal People and Performance

FINANCE & PROPERTY COMMITTEE

Tuesday 31 May 2022



**MINUTE OF PREVIOUS MEETING –
1 March 2022**

PAPER B

BOARD OF MANAGEMENT

Finance & Property Committee

Tuesday 1 March 2022 at 5.00pm
Microsoft Teams Meeting



Draft confirmed by Chair

Minute of the Finance and Property Committee meeting held on Tuesday 1 March at 5.00pm via MS Teams

PRESENT:	S Mill (Chair)	D Fordyce
	A McCusker	D Mackenzie
	S Hewitt	S Stirling
IN ATTENDANCE:	G Robertson (Chair Audit & Risk Committee)	
	J Grace (Vice Principal)	T D'All (Principal's/Board Chair PA)
	J Carnegie (Vice Principal)	B Ferguson (Head of Finance)
	S Taylor (Vice Principal)	A Ross (Head of ICT)
	B Grace (Head of Estates)	

1. WELCOME

D Fordyce welcomed everyone to the meeting, noting that she was chairing in her role as Committee Vice Chair.

2. APOLOGIES

Apologies were received from B Carmichael, N Lowden, and K Ditcham.

3. DECLARATIONS OF INTEREST

There were no declarations of interest.

4. MINUTES OF PREVIOUS MEETING

The minute of the Finance and Property Committee meeting held on 7 December 2021 was approved as an accurate record.

5. MATTERS ARISING

J Carnegie confirmed all Matters Arising were closed off except:

- Services Design Academy Business Plan will come to the May 2022 Finance & Property Committee.
- Programme of proposed “shovel ready” projects were being prepare but would depend on funding.
- MSIP Launch was delayed until August 2022.
- Following a recent visit to the new Forth Valley College campus, options were being reconsidered for the Kingsway STEM Centre.

6. FINANCE

6.1 Budget Monitoring Report and Update

B Ferguson noted Q2 Forecast was improved, with the deficit of £810K an improvement of £44K from the previous forecast and an operational improvement of £171K before allowing for Voluntary Severance Scheme (VSS) provision of £127K to secure savings for 2022/23.

Management was conscious of the need to pursue all possible means of improving upon the forecast presented, particularly given the heightened risks around credits and the lower levels of funding that SFC were signalling for 2022/23. B Ferguson noted that any potential clawback would impact substantially and highlighted the ongoing lobbying of SFC.

B Ferguson noted non-pay costs were forecast to reduce by £529K this quarter, with the removal of DYW and Erasmus contributing £277K in addition to specific reductions identified during a savings exercise, offset to some extent by some additional costs. It was confirmed that the savings identified would not result in spend being reprofiled into 2022/23.

The increase in marketing expenditures, adding £70K to forecast, were noted in order to finance the recruitment campaigns for both this year's January intake and for next academic year.

ICT had given up the majority of the identified savings, with a net reduction off almost £200K + VAT. This was partly made possible by the continued supply chain issues already threatening deliveries by 31 July and a smoothing out of the replacement cycle.

B Ferguson noted that the Pay Award, which was already above the level budgeted for, had been rejected a statutory ballot for action likely.

S Hewitt intimated that the position of the College Sector and D&A College should be clearer towards the end of March on flexibilities around credits and 2022/23 funding.

6.2 Financial Strategy Update

S Hewitt noted that the first iteration of the Draft Financial Strategy was presented to the Finance & Property Committee in September 2021. This paper updated the initial strategy presented and, within the appendices, encompasses assumptions, actions, and a high-level worst-case scenario (without mitigation).

S Hewitt stated that the projected funding settlement for 2022/23 could be the biggest challenge faced by the College, with an initial forecast of:

- flat cash and loss of COVID funding = real term cut c.£2.2M
- inflation costs adding to this
- potential industrial action by Academic & Support staff
- Transfer to Permanency impacts on staffing flexibility
- potential Funding Clawback from SFC
- decline in recruitment
- increase in student support needs
- a staff base that is tired – gone through some many difficulties over the last few years

S Hewitt noted the need to remind SFC on the “flexibilities” written by the College and the need to review the Funding Model. The College was also awaiting confirmations around Foundation Apprenticeships (FA) and Young Person's Guarantee / Flexible Workforce Development Fund (FWDF) although these were all short-term fixes.

J Carnegie highlighted the recommendations included in the paper, which would be considered

at the end of the discussion.

S Hewitt noted that D&A College's Curriculum was the key element and with a full team now in place we were in a position to move forward with the Curriculum Review.

J Grace highlighted the College's curriculum in relation to the Finance & Property Committee noting that a full review of the curriculum was being undertaken. This had not been done since 2017/18. The intention was to look at the whole portfolio on offer with the exercise being completed by the end of May 2022. This would include looking at opportunities for the region and involve stakeholders. The review would also identify areas in decline as well as new developments. Some areas were stable, but curriculum would need to be reviewed to maintain relevance and take advantage of new opportunities.

J Grace noted work that was ongoing to ensure efficiency of delivery across the College e.g., weekly contract, class sizes, focus on retention and credit generation.

J Grace noted the decline in Higher Education (HE) fees and the renewed focus on articulation routes to support HE numbers through longer term engagement with stakeholder.

In-year action was being taken as and when required, due to demand. As a part of this, J Grace confirmed the decision to not renew the lease on Forfar Centre.

J Grace confirmed the focus was also on "non-core" activity and maximising contracts with managing agents and maximisation of MA and FA activities and milestones.

J Grace highlighted that the College did not yet know what the 2022/23 credit target would be so there were challenges when requiring to make changes to the curriculum.

J Grace noted that Local Authorities had provided some information on why the numbers of school pupils applying to college had declined. The information was giving greater depth of understanding to what this meant for our engagement with schools.

S Hewitt stated that a national campaign by Colleges Development Network (CDN) was planned to help to improve awareness of the sector and uptake of places.

S Mill, reflecting on the figures presented in the appendixes, noted that the worst-case scenario could in fact be worse given the position in respect of national bargaining and noted that a 7% to 11% reduction in funding required a fundamental shift in delivery – cost cutting.

S Hewitt agreed with S Mill's point and noted concern that the fundamentals of the funding methodology were broken and noted that something more significant needed to happen at a national level.

A McCusker asked what lobbying the Team required for herself and S Hewitt to undertake?

S Hewitt confirmed that the College was pursuing other sources of income and grants from trusts as well as partnerships, however, difficult decisions around a tight budget line will need to be considered.

S Hewitt noted that SFC had asked the sector about solutions and what were the changes and flexibilities needed. D&A had been clear around the current ask and S Hewitt stated that we also needed to be looking at longer term flexibilities and that the discussions needed to also move on to future years – short/medium/long term.

S Taylor highlighted the need to review support activities and inputs to deliver a sustainable financial position and summarised the key needs around workforce planning.

S Taylor stated that there were some signs of shift since the paper was prepared with further

changes anticipated before SFC comes back with the indicative allocation and credit targets. It was noted that when previous cuts had been experienced, SFC also reduced the credit targets for colleges, but had targeted specific areas of activity. Once we had some clarity around the indicative funding and credit targets, that would allow curriculum planning to be finalised and the knock-on impact on support needs to be determined. Overall student numbers would also have an impact on the volume of services offered. It was anticipated that the potential removal of funding around additional support (mental health) would have an impact, but that this was a challenge given the significant increase in needs being experienced.

S Taylor noted that timescales and key steps were known in terms of reacting to the funding settlement and that these would progress in consultation with unions and staff once the indicative allocations, and any related conditions and credit impacts were known (in late March).

S Hewitt noted that the Financial Strategy was not all about taking out. It was also an opportunity to step back to look at what needed to be prioritised and invested in - balancing priorities / de-priorities. It was also an opportunity to look forward a number of years and what type of College we want to become.

J Carnegie noted that initial discussions around potential next steps / phases had been limited to the Senior Leadership Team and progressing these would need to be well managed and handled sensitively. It was noted that information had been provided to staff

Given that the appendix summarised a range of speculative worst-case assumptions based on information that was (as yet) unknown it was agreed that the appendix was not suitable for publishing at this point in time. It was confirmed that known scenario would be available once actual credit targets and funding was announced by SFC.

The Committee reviewed and agreed the recommendations highlighted in the Financial Strategy Update.

7. ESTATES UPDATE

B Grace highlighted progress on the Kingsway Campus Project noting the Hair, Beauty & Complimentary Therapy facility was to be handed over by Robertson Construction on 8 April 2022 (on-time). Equipment to kit out the new facility was starting to be delivered and work was progressing well.

B Grace confirmed plans for renovation of the Kingsway Campus Lecture Theatre were also progressing.

B Grace noted the Tay Cities Deal (TCD) Advanced Manufacture Project was on time and coming together – great transformation and looks fantastic.

B Grace also noted the awards success with the Holyrood Scottish Public Service Award for Sustainability.

S Mill congratulated the Team on the award and asked if the Committee members could be given a tour of the new Hair, Beauty & Complimentary Therapy facility. B Grace noted that this was possible, and he would arrange a suitable time. **B Grace to progress.**

J Grace noted that plans were also being progressed for formal openings of the new TCD Advance Manufacturing facility and the new Hair, Beauty & Complimentary facilities. Details would be confirmed in due course.

8. PROCUREMENT UPDATE

B Ferguson explained the Procurement Update highlighting section B requiring approval, included a list of contracts (Advanced Manufacturing & Engineering facility Equipment and Insurance) where the aggregated spend over the contract term is likely to exceed £100K (inclusive of non-recoverable VAT) including call-off contracts under Framework Agreements let by other authorities, such as APUC, Scottish Procurement and Crown Commercial Services.

B Ferguson noted challenges around insurance procurement as it was likely that only 2 organisations, out of a possible 5, would provide quotations. Discussion took place around the various options available, and the Committee gave approval to investigate and benchmark other insurance options. **B Ferguson to progress.**

B Ferguson noted the non-competitive actions, that required both SFC and Board approval, in respect of Energy Skills Partnership purchases where suppliers were limited due to the unusual cutting-edge technologies used. These requests were agreed for progression to the board for approval. **J Carnegie to progress.**

Arrangements around approval for non-competitive actions of this type were discussed and it was suggested that (up to a specific threshold) these could be managed under delegated authority through the VP Corporate Services and Finance and Property Committee without referral on to the full Board. It was noted that this would require an update to the Financial Regulations and it was agreed that this be considered for approval by the Board **J Carnegie to progress.**

Arrangements for the embedding of climate emergency good practice within procurement were discussed and J Carnegie highlighted that the Scottish Government had advised that changes to procurement legislation would support this.

The recommendations in the Procurement Update were approved by the Committee.

9. CLIMATE EMERGENCY ACTION PLAN UPDATE

B Grace highlighted the newly launched Climate Emergency Action Plan noting that regular updates would be brought to the Committee. The action plan, and progress being made were noted.

10. VP CORPORATE SERVICES REPORT

J Carnegie noted the VP Corporate Services Report was for information.

11. COVID-19 UPDATE

B Grace noted that the College was moving into a different phase and provided a brief update that reflected the new Scottish Government strategy of low, medium, & high risk. Face coverings would no longer be required from 21 March, and the College would transition into the new arrangements between 21 March and the return from the Easter holidays (18 April 2022). The College would maintain enhanced cleaning and maintain hand sanitisers along with promoting good hand and respiratory hygiene. Continued CO2 air monitoring would also take place, with details shared with staff.

B Grace noted work being progressed to support hybrid working and staff returning to campus. This included returning communal facilities back to their normal layouts and getting existing workrooms ready (ensuring chair and monitors etc are in place) as well as creating 3 new shared working areas / hot desking – one for each campus.

A Ross updated the Committee on the 248 long term loan of laptops and Chromebooks along with the 276 from the Lapsafe lockers on campus. Connecting Scotland had provided c.400

devices and broadband connections and SFC had released another £234,000 of digital poverty funds. The College was looking at how best to use this funding.

A Ross noted that supply issues continued to be a problem but noted that HP were addressing this for colleges and universities.

The update, and continued work to support students and staff was welcomed.

12. STRATEGIC RISK & COVID REGISTER (Extracts for FPC)

S Taylor intimated there was changes proposed to the Finance and Property risk measures.

S Taylor noted that discussions had been held around the Institutional Sustainability Risk, with no change made at the current time but this would be kept under close review as indicative funding and any resulting plans progressed.

This approach was agreed.

13. AOCB

A McCusker noted that while S Mill does not leave the Board until the end of the Academic Year this was the last Finance & Property Committee he would be attending. A McCusker thanked S Mill for all his hard work over the last number of years.

14. DATE OF NEXT MEETING – Tuesday 31 May 2022, 5.00pm, via MS Teams

Action Point Summary

Action	Responsibility	Date
Tour of the new Hair, Beauty & Complimentary Therapy facilities to be arranged for FPC/BOM	B Grace	21 June 2022
Insurance procurement options to be reviewed	B Ferguson	31 May 2022
Progress non-competitive awards for approval to Board	J Carnegie	15 March 2022
Update to Financial Regulations on non-competitive award arrangements to be proposed to the Board for approval	J Carnegie	15 March 2022

FINANCE & PROPERTY COMMITTEE

Tuesday 31 May 2022



MATTERS ARISING

PAPER C

BOARD OF MANAGEMENT

Finance & Property Committee

Tuesday 31 May 2022

Matters Arising



Paper for approval

The following actions were noted from the Tuesday 1 March 2022 Finance & Property Committee meeting.

Agenda Item No	Action	Current status	Open / Closed
7.0	Tour of the new Hair, Beauty & Complementary Therapy facilities to be arranged for FPC/BOM.	There will be an opportunity to view the facilities at the in-person Board meeting in June.	Open
8.0	Insurance procurement options to be reviewed.	It was decided that a mini competition via the APUC framework was the more practical option alongside a quotation from UMAL. Further options for Cyber cover may yet have to be considered. An update is provided within the procurement update paper.	Closed
8.0	Progress non-competitive awards for approval to Board.	Presented to March Board meeting.	Closed
8.0	Update to Financial Regulations on non-competitive award arrangements to be proposed to the Board for approval.	Presented to March Board meeting.	Closed

The following actions were noted from the Tuesday 7 December 2021 Finance & Property Committee meeting.

Agenda Item No	Action	Current status	Open / Closed
6.0	Updated Service Design Business plan to be developed.	An update on progress, following a strategy session involving a number of Board members and the Executive is included within the VP Update.	Open

The following actions were noted from the Tuesday 20 September 2021 Finance & Property Committee meeting.

Agenda Item No	Action	Current status	Open / Closed
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6.4	Programme of proposed “shovel ready” projects for future consideration by Finance & Property Committee	Business cases are being created. Expectation that funding will not be available in the current session.	Open
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The following actions were noted from the Tuesday 25 May 2021 Finance & Property Committee Meeting.

Agenda Item No	Action	Current status	Open / Closed
8.1	D&A College and MSIP Skills Academy Launch Event invite to Education Secretary.	<p>Launch Event is on track for Autumn 2022.</p> <p>The emphasis will be on sustainable energy and transport. The site will include facilities for wind power, electric vehicle, ground source heat pump training and new home insulation techniques.</p> <p>Support for businesses based in MSIP is in identifying and recruiting staff and the College are partnering with Dundee City Councils employability staff in providing Manufacturing academies to aid with recruitment.</p>	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 STEM Centre OBC to be developed	<p>This has not been progressed due to other priorities. Following a visit to Forth Valley’s Falkirk Campus in February 2022 options are being reconsidered.</p>	Open

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

FINANCE & PROPERTY COMMITTEE

Tuesday 31 May 2022



FINANCE

6.1 Month 9 – Management Accounts

PAPER D

BOARD OF MANAGEMENT

Finance & Property Committee

Tuesday 31 May 2022

Management Accounts and Forecast



Paper for information

1. Introduction

This report brings to the Committee's attention the management accounts for Month 9 (August – April) which incorporates the budget approved in May 2021 together with management's latest forecast for the year. The final audited Outturn position for the year to July 2021 is also reported together with the actual results for the period.

2. Recommendation

Members are asked to note the Month 9 position.

3. Context

The budget had been approved when the continued impact of COVID-19 was unclear. Whilst subsequent forecasts have gradually been able to introduce more clarity, the effects had continued to be felt when preparing the last forecast presented to the Committee in January. That forecast predicted a deficit of £810K after absorbing increased expenditure of approximately £826K planned for the previous year but which had slipped into the current year due to supply chain delays. This had reflected an improved financial position following a concerted effort to secure savings, partly offset by the introduction of voluntary severance costs to reduce our cost base in 2022/23.

During this intervening period there have been sustained efforts to contain costs. This has had positive impact however the operating position continues to suffer the legacy of the pandemic, with demand for commercial courses still in decline along with certain site-based activities such as catering and sports suffering from a lack of footfall on campus.

Higher pay offers to staff through the national bargaining arrangements have also had a detrimental impact, along with increased VS costs from additional staff applications accepted from the scheme that closed in December, in order to secure more savings for next year. The VS scheme re-opened this month to support savings and investment plans and we therefore anticipate the ultimate charge recognised in the current year to be substantially greater than the existing provision. Indications that specific funding might be available from SFC have not been realised and therefore no discrete funding to support VS has been assumed.

A risk assessment has not been included in this final quarter as the residual risks of any magnitude can now be focused upon pay, including VS, and credit funding. We are fully providing for the current pay offer to staff and although this has been rejected, and EIS continue industrial action. We do not believe that any further increased offer can be made in view of the economic landscape facing the sector. To contextualise, any additional offer of £50 per FTE would cost almost £50K.

We, together with most other colleges and Colleges Scotland, continue to lobby Scottish Funding Council for clarity around the existing flexibilities and for further concessions given the continued impact upon both recruitment and retention. SFC are sympathetic but we understand that no decisions will be made before the end of this year. Consequently, we can currently have no certainty that we will be able to retain all of our credit funding. All possible actions are being taken to maximise our credit count but a shortfall is unavoidable. In the absence of more clarity it is difficult to accurately quantify the potential loss of income, which is dependent upon many variables affecting eligibility of credits for ESF, Deferred Students, Foundation Apprentices and YPG/NTTF.

Since the previous forecast Tay City Engineering Partnership has been formally approved and both funding and property costs reflected in this forecast. Combined with funding secured from Seagreen and equipment investments possible from ESP funds, this has the effect of significantly increasing both revenue and expenditure with little net impact.

4. Summary of results

A **Cash-backed deficit of £740K** is forecast, an improvement of £70K upon the previous forecast and an operational improvement of £165K before allowing for an increased VSS provision now standing at £222K. The current savings consultation exercise is expected to significantly increase the cost of VSS in the current year.

The actual cash-backed surplus for the first nine months to 30 April is £325K, compared to £380K per the previous forecast. Significant variances have been considered in terms of profile deviations or potential trend.

As noted above, discrete grant funding has significantly increased both income and expenditure of circa £600K.

A summary of the main net movements from the previous forecast is given in the table below and explained in more detail within the relevant sections where necessary.

	£000's
Deficit per previous forecast Q2	(810)
Reduction in FWDF contribution	(52)
Reduction in Commercial programmes	(88)
Increase in other tuition fees	35
Net improvement in apprentice funding	221
Reduction in catering contribution	(44)
Increase in miscellaneous income streams	98
Increased pay award per current offer	(100)
Additional variable teaching costs	(80)
Other pay movements (net of funding)	21
Additional VS cost	(95)
Savings in Staff related costs	27
Consumables etc. savings	102
Utility savings	40
Increased Bad Debt provision	(15)
Deficit per this forecast Q3	(740)

5. Income

Total cash income forecast for 2021/22 now increases by £548K to just under £44.3m, reflecting a similar positive variance from budget, and largely explained by additional funding streams.

SFC Credit income remains unchanged for this forecast but is potentially subject to clawback as outlined above under current guidance and therefore presents financial risk.

Other SFC grants are forecast to reduce by £224K. Estates Capital & Maintenance grant accounts for £172K, following the decision to remove the Lecture Theatre refurbishment from the Kingsway Development project, and allowing more Financial Year 22/23 funding to be utilised within Academic Year 22/23. Delivery of SFC's FWDF has remained difficult this year, with activity rolling over from last year enhancing the original budget. We are still experiencing challenges to deliver sufficient activity by 31 July and the forecast is further reduced by £84K.

Despite an increase from International, tuition fees have decreased by £65K due to a further drop in commercial courses. We have been obliged to recognise that the previous forecast cannot be achieved due to a current lack of demand particularly in the areas of Building, Engineering and Service Design Academy.

Non-core income increases by £805K and is largely explained by the additional funding streams noted above. Apprenticeship income overall has increased by £178K however, as a result of maximising SDS contracts, particularly for Foundation Apprentices, including contingencies carried over from previous years.

Catering & other income forecast rises by a further £32K in this forecast but masks a further reduction from catering outlets to only £535K from an original budget of £824K and illustrating the continued impact of fewer staff and students on campus.

6. Pay Costs

Total pay costs have risen by a total of £314K to just under £35M and includes an additional VS charge of £95K.

The real net increase after allowing, as far as possible, for changes in particular activity and discrete funding is circa £160K. This in turn includes additional provision for the pay award, effective from September last year, of circa £100K.

The removal of the variable pay contingency from forecast last quarter was premature and teaching hours have subsequently increased. This has resulted in an adverse variance now of £80K.

The current VS charge, for eight successful applicants, is currently £222K and will produce annual gross savings of approx. £400K

7. Non Pay Costs

Total non-pay costs are forecast to increase by £164K this quarter, with certain real reductions being concealed by the increased funded spend described above.

Consumable budgets have been tightly controlled and as a consequence we have been able to remove the contingency of £100K that had been built into the budget to allow for inflationary increases. The lifting of the cap on bursary materials has enabled us to claim against these funds and so helped subsidise departmental budgets.

Property costs show a rise of £54K but this is due to the introduction of the construction costs of the Advanced Engineering facility funded by Tay Cities and is largely offset by reductions in Kingsway development costs noted above.

8. Subsidiary Company

Gardyne Theatre Limited remains on target to break-even after allowing for a Service Charge to the College of £10K, in addition to a restricted Licence to Occupy charge of £7.5K reflecting the limited weeks of active occupation.

A successful application to Creative Scotland's Recovery Fund for Cultural Organisations resulted in a potential maximum award of £45K. A first payment of £23K has been received and the grant will be spread across this year and next.

9. Student Support Funding

This year's funding, as enhanced, has exceeded demand. This has enabled SFC to repurpose surplus funds to supplement credit funding in 2022/23.

10. Capital Expenditure

The Kingsway Development project has been completed successfully and we expect to agree the final account soon. The contractor's most recent forecast assessment of the final cost has increased by less than 0.5% since January and been absorbed by contingencies. However the removal of the Lecture Theatre from the existing contract reduces our overall budget by £163K to £8,066K. This does not impact upon the capital element, currently restricted to the new build, and increasing only slightly to just over £4.8m, with £3.4m falling into the current year to completion.

Funding released is being utilised on other projects, allowing a greater proportion of SFC indicative funding for FY22/23 to be utilised next year. The ALF's capital funding remains at £3.3m.

11. Cash Flow Forecast

We are fortunate that the strong operating performance achieved during the previous two years has positioned us to comfortably withstand the negative impact of this year's cash deficit whilst honouring our commitment to make the annual loan repayment. Cash held at 31 April was still a very healthy £5.8m, of which £3m is considered to be specifically restricted, including surplus student support funds of £1m.

Cash balances forecast for the end of the year is just over £3.7K, reflecting only the anticipated improvement in operating performance and maintaining a prudent negative working capital movement assumption. Restricted cash is expected to reduce to circa £1.2m but could be higher.

12. Conclusion

Management efforts to reduce the operating cash deficit have been successful but factors outwith the College's control have limited the positive impact upon this forecast. Subject to additional VSS charges, and the potential of clawback of teaching grant by SFC, we believe that this forecast provides a reasonably accurate projection of the likely outturn for 2021/22.

13. Link to Strategic Risk Register

This report supports in mitigation the following risk identified within the Strategic Risk Register namely;

2.2 – failure to achieve institutional sustainability

Authors: Brian Ferguson, Head of Finance
Rhonda Bissett, Senior Management Accountant
Executive Sponsor: Jaki Carnegie, Vice Principal – Corporate Services

Budget Monitoring Report & Forecast Outturn

SFC Credit income

SFC ESF Credits

Other SFC grants

SFC Total

Tuition Fees

Non-Core income

Catering & other income

Total Income

Teaching Pay - established

Teaching Pay - variable

Invoiced Staff Costs

Teaching Support Pay

Support pay

Apprenticeship Levy

VS Scheme

Unfunded pension payments

Total Pay Costs

Staff related costs

Consumables & Equipment

Exam fees

Student related costs

Property cost

ICT & Telephony

Insurance

Marketing

Professional fees

General Overheads

Interest & Charges

VAT

Total non-pay costs

Cash-backed surplus/(deficit)

Add: subsidiary profit/(loss)

Consolidated Cash-backed surplus/(deficit)

2020/21	Month 9, April 2022			2021/22			
Actual	Previous Forecast	Actual	Variance from forecast	Original Annual Budget	Previous Forecast	Latest Forecast	Variance from previous forecast
£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
28,912	23,569	23,569	-	31,425	31,425	31,425	-
1,143	771	771	-	1,028	1,028	1,028	-
4,174	2,356	2,292	(64)	3,492	3,965	3,741	(224)
34,229	26,696	26,632	(64)	35,945	36,418	36,194	(224)
3,407	3,160	2,786	(374)	3,740	3,331	3,266	(65)
3,544	1,986	2,641	655	2,648	2,644	3,449	805
1,739	1,130	1,107	(23)	1,409	1,393	1,425	32
42,919	32,972	33,166	194	43,742	43,786	44,334	548
15,628	12,478	12,409	69	16,395	16,702	16,681	21
2,577	1,848	1,886	(38)	3,046	2,394	2,478	(84)
349	470	372	98	656	603	569	34
2,209	1,817	1,849	(32)	2,448	2,428	2,494	(66)
10,984	8,930	8,870	60	11,415	11,900	12,021	(121)
103	80	84	(4)	104	105	108	(3)
255	-	-	-	-	127	222	(95)
396	298	289	9	398	398	398	-
32,501	25,921	25,759	162	34,462	34,657	34,971	(314)
193	207	209	(2)	343	284	254	30
921	1,221	1,259	(38)	1,518	1,641	1,734	(93)
707	499	644	(145)	898	882	879	3
163	189	146	43	477	260	205	55
3,196	1,868	2,165	(297)	2,513	3,238	3,292	(54)
1,394	1,412	1,302	110	1,630	1,752	1,757	(5)
117	96	96	-	128	128	129	(1)
48	113	126	(13)	67	135	144	(9)
180	87	89	(2)	107	116	161	(45)
228	171	224	(53)	261	250	258	(8)
182	97	113	(16)	130	130	140	(10)
936	711	724	(13)	993	1,123	1,150	(27)
8,265	6,671	7,097	(426)	9,065	9,939	10,103	(164)
2,153	380	310	(70)	215	(810)	(740)	70
2	-	15	15	-	-	-	-
2,155	380	325	(55)	215	(810)	(740)	70

	2020/21	2021/22			
	Actual	Actual April	Budget	Previous Forecast	Latest Forecast
	£000's	£000's	£000's	£000's	£000's
Cash Flow Forecast					
Cash backed surplus/(deficit)	2,155	325	215	(810)	(740)
Loan repayment	(457)	(457)	(457)	(457)	(457)
Capital Expenditure	(1,568)	(3,331)	(4,743)	(3,440)	(3,427)
Capital funding	1,568	3,331	4,743	3,440	3,427
Asset Disposals	11	-	-		
Working capital movements	386	80	(800)	(900)	(900)
Net Movement in cash balances	2,095	(52)	(1,042)	(2,167)	(2,097)
Opening cash balances	3,758	5,853	4,425	5,853	5,853
Closing cash balances	5,853	5,801	3,383	3,686	3,756

Note

We hold restricted cash funds of approx. £3m at the end of April, including £1m surplus student support funds.

FINANCE & PROPERTY COMMITTEE

Tuesday 31 May 2022



FINANCE

6.2 Interim Budget

PAPER E

Interim Budget for the year to 31 July 2023

SFC Credit income

SFC ESF Credits

Other SFC grants

SFC Total

Tuition Fees

Non-Core income

Catering & other income

Commercial Income Stretch Target

Total Income

Teaching Pay - established

Teaching Pay - variable

Invoiced Staff Costs

Teaching Support Pay

Support pay

Apprenticeship Levy

VS Scheme

Unfunded pension payments

Total Pay Costs

Staff related costs

Consumables & Equipment

Exam fees

Student related costs

Property cost

ICT & Telephony

Insurance

Marketing

Professional fees

General Overheads

Interest & Charges

VAT

Total non-pay costs

Cash-backed surplus/(deficit)

Add: subsidiary profit/(loss)

Consolidated Cash-backed surplus/(deficit)

2021/22	2022/23	
Latest Forecast	Draft Budget	Variance from 2021/22 Forecast
£000's	£000's	£000's
31,425	31,368	(57)
1,028	0	(1,028)
3,741	4,274	533
36,194	35,642	(552)
3,266	3,195	(71)
3,449	2,405	(1,044)
1,425	1,548	123
-	-	-
44,334	42,790	(1,544)
16,681	16,953	(272)
2,478	2,599	(121)
569	307	262
2,494	2,566	(72)
12,021	12,396	(375)
108	108	-
222	-	222
398	400	(2)
34,971	35,329	(358)
254	334	(80)
1,734	1,829	(95)
879	914	(35)
205	219	(14)
3,292	3,510	(218)
1,757	1,654	103
129	176	(47)
144	99	45
161	115	46
258	300	(42)
140	92	48
1,150	1,103	47
10,103	10,345	(242)
(740)	(2,884)	(2,144)
0	6	6
(740)	(2,878)	(2,138)

Cash Flow Forecast**Cash backed surplus/(deficit)**

Loan repayment

Capital Expenditure

Capital funding

Working capital movements

Net Movement in cash balances

Opening cash balances

Closing cash balances

2021/22	2022/23
(740)	(2,878)
(457)	(457)
(3,427)	0
3,427	0
(900)	0
(2,097)	(3,335)
5,853	3,756
3,756	421

Interim Budget for the year to 31 July 2023

Risk Assessment of key volatile areas

Income/Expenditure Category	Draft Budget £000's	Possible Cash Deviations		Controllable?	Adverse Risk Assessment			Comments and mitigations
		Favourable	Adverse		Likelihood	Impact	Overall	
		£000's	£000's		£000's	£000's	£000's	
SFC Credit income	31,368	200	300	Controllable in terms of activity delivered but subject to conditions requiring further clarity.	Mid	Low	Low	Final allocations are not expected to be lower. Indicative allocations set a lower Credit Target for 2022/23, below current year's forecast with the new 2% threshold. However we require a clearer understanding the scope of threshold and the implications of utilising this with regard to availability of additional YPG Credits. The Foundation Apprentices target of 3,900 for 464 students will be challenging.
Other SFC grants	4,274	200	100	Yes, however subject to market demand for FWDF training.	Low	Low	Low	Significant movement within this category, particularly on Capital & Maintenance funding or ESP, can have no impact. Changes in delivery of FWDF have a consequence upon contribution however the interim budget is prudently set and effort will be focused on increased delivery and completion.
Tuition Fees	3,195	200	200	Yes, in terms of marketing, recruitment delivery and retention but limited influence over demand.	Mid	Low	Low	HE Full-time dominates this category, accounting for 70% of the income. There is a clear rationale for our projections based upon current recruitment and whilst it is possible that numbers decline further, it is also possible that we can increase our Associate student numbers which provide a much higher average fee. The Commercial short course target has increased substantially in the budget but there is a very strong focus on business engagement supported by investment in a stronger marketing strategy also extending to core part-time provision.
Non-Core income	2,405	200	100	Partly; varies across such a disparate category ranging from apprentice income to Trust funding.	Low	Low	Low	Assuming no further COVID restrictions impacting apprentice outcomes in particular, potential downside to existing budget appears limit in terms of any net impact. Likewise however, although gross income from certain streams may increase the impact may be negligible. Potential variances are therefore net.
Catering & other income	1,548	200	100	Yes	Low	Low	Low	Catering provision accounts for nearly half of the income and is conservatively budgeted to be 30% higher than 2021/22. This is still well below pre-COVID levels however and so there may be potential for this to improve further. Similarly there may be scope for improvement from other campus based activities.

Income/Expenditure Category	Draft Budget £000's	Possible Cash Deviations		Controllable?	Adverse Risk Assessment			Comments and mitigations
		Favourable	Adverse		Likelihood	Impact	Overall	
		£000's	£000's		£000's	£000's	£000's	
Total Pay (exc. VSS & unfunded pensions)	34,929	100	500	Largely yes but subject to pay and conditions negotiated centrally.	Mid	High	High	The greatest risk comes from the adoption of Scottish Government pay policy. The sector is expected to take cognisance of this but is not legally bound by it. With current and forecast inflation it seem unlikely that a settlement will be reached on this basis. A settlement similar to the current offer for 2021/22 would add circa £400K. In other respects, and within the context of the savings exercise, staffing in all areas is being reviewed and new or replacement posts will be tightly controlled. All variable, and therefore more controllable pay, is being scrutinised. The continued implementation of Transfer To Permanency in accordance with national bargaining further reduces our flexibility.
VSS	-	-	-	Yes	-	-	-	It is entirely likely that there will be VS provision charged in 2022/23 but in view of the scale of the current savings exercise it seems inappropriate to estimate at this time.
Property cost	3,510	100	200	Yes, subject to inherent risks of the usual unpredictable factors exacerbated this year by exceptional price rises.	Low	Low	Low	Major works cost are unlikely to increase without additional funding and budgets would be managed whenever possible to take account of any rise in unexpected maintenance. Negative movement is therefore unlikely. Utility consumption will be carefully managed in an effort to mitigate the exceptional price rises. Further increase beyond March next year could be higher than budgeted but with limited impact upon 2022/23.
Non-pay costs excluding property	6,835	100	300	Yes, with limited exceptions, but inflationary pressures have increased risk of over spend.	Low	Low	Low	Whilst we are confident that discretionary spend will be well managed further savings may be limited if required to mitigate inflationary pressures upon necessary expenditure. Certain budgets do reflect known or anticipated price increases but there is no general contingency.

Finance & Property Committee

Tuesday 31 May 2022

Interim Budget for 2022/23



Paper for information/approval

1. Introduction

At this time a draft Budget would ordinarily be presented to the Finance & Property Committee for consideration in advance of submission to the Board for formal approval. However, work is required to produce an acceptable budget and consequently this report brings to the Committee's attention an interim budget for the year to 31 July 2023 with the intention of presenting a draft budget to the September 2022 Committee and thereafter to the Board.

2. Recommendation

The interim budget reflects the current financial status and members are asked to note:

- a) the content whilst recognising the ongoing consultation and efforts to improve the position.

Members are asked to approve:

- b) the necessary delay to presenting a draft budget to enable the current consultation to conclude and to identify other income / efficiencies to enable a palatable budget to be presented.
- c) That a draft 2022/23 Budget will be presented to the next Committee that targets a cash balance at the end of 2022/23 of a minimum of £1m.

3. Context

At time of writing we do not have the final grant allocation from Scottish Funding Council. This is scheduled to be published on 26th May and in the meantime this interim budget includes the indicative allocations notified in March.

The challenge to achieve a sustainable budget for 2022/23 was anticipated when updating the Financial Strategy earlier this year, due to a large degree on the expectation that the COVID consequential funding was non-recurrent. The indicative grant allocations subsequently announced were however more favourable than the working assumptions that had been provided by SFC, with a reduction in credit targets along with additional flexibility providing scope for potential savings.

Unfortunately, it is apparent that our starting position remains similar to the deficit position outlined in the strategy due to a combination of factors that have contributed to the large cash-backed deficit currently predicted if no mitigation actions were taken. The deterioration is due primarily to loss of revenue from a reduction in predicted student recruitment coupled with lack of demand for commercial programmes. We are also

witnessing an increase in pay costs and are having to absorb significant increases in both direct consumables and overheads, most notably from very much higher utility costs despite assuming a lower consumption than pre-COVID.

A major exercise to secure savings, both to achieve a more sustainable financial position for 2022/23 and beyond, but also to fund necessary investment in emerging markets to boost student numbers and increase future income streams and exploit the many opportunities becoming available in the region is underway. A second Future Opportunities and Financial Challenges paper has been made available to staff and shared with the Board which outlines the requirement to respond to changes in student demographics and develop the curriculum to meet new demands and fully contribute to local economic growth. This Consultation on Change Proposals provides detail of the areas affected in order to make immediate savings, targeted to be a minimum of £1.5m, and provides arrangements for consultation which will end on 31 May. Applications for voluntary severance are encouraged. At this time it is not appropriate to reflect many of these proposals in this budget pending the outcome of the consultation. This budget paper should therefore be considered alongside the Savings & Investment paper provided to the Committee.

No income or expenditure has been included from the College's involvement as lead partner in either the Life Sciences or SME Skills Tay City Projects pending approval of the Business Justification Cases.

An assessment of the risks from key areas is included within the papers in order to compliment this commentary and, in some cases, to provide more details of mitigation and contingencies. Possible cash deviations are mere estimates, particularly at this early stage, in an effort to provide some indication of likely impacts, both favourable and adverse. These will be refined for a draft budget and future forecasts.

4. Summary of results

A **Cash-backed deficit of -£2,878K** is currently budgeted. Variances from current year's forecast are summarised in the table below and further details are provided under the main category headings below.

Deficit per forecast 2021/22	(740)
SFC loss of Deferred students and Mental Health	(822)
SFC net reduction in Digital funding	(128)
SFC absence of YPY/NTTF revenue	(288)
SFC net reduction in FWDF delivered in 2022/23	(187)
SFC removal of child poverty net of trust funding	(170)
SFC net increase in Foundation Apprentices	335
SDS removal of Foundation Apprentice funding	(482)
SFC Estates C&M grant contribution to ICT and loan	601
Tuition Fees - reduction in full-time HE students	(222)
Net increase in commercial provision	81
Net increase in Apprentice funding (exc.FA)	142
Loss of final European project income	(42)
Catering increased contribution	95

Provision for pay award and increased NIC	(728)
VSS savings and costs	554
Other pay movements - academic	(324)
Other pay movements - support	(348)
Increased staffing costs	(71)
Decrease in (net) consumables	157
Increased utility costs	(400)
Increased insurance premiums	(47)
Other miscellaneous movements	156
Deficit per Budget 2022/23	(2,878)

5. Income

The interim budget shows total cash income of £42.8m, some £1.5m lower than the current forecast for 2021/22.

SFC Teaching grant income is down by just over £1m, assuming that we can fully retain the current year's projections. Our credit target for 2022/23 is 109,230 against a combined forecast for 2021/22 of 112,897. ESF support ends in the current year. A permissible threshold of 2% has been introduced for 2022/23 which will afford a degree of flexibility which we are likely to require. We hope that further clarity around this, along with Foundation Apprenticeship credits, will be provided with the final allocations. Currently we are prudently assuming that we will be unable to access funding for any Young Persons Guarantee (YPG) programmes which could be worth an additional £230K.

Other SFC grants are currently budgeted at some £532K more than the current year. This is due higher levels of Estates Capital & Maintenance grant, all currently treated as revenue, and an additional Digital Poverty Grant of £182K to support IT provision. This is offset by a likely reduction in completed delivery of Flexible Workforce Development Funding (FWDF) and the cessation of the Child Poverty Grant that has been worth £221K in the current year. It also includes a sizeable, although unconfirmed, funding increase for ESP but this has no net impact upon College profitability. In respect of FWDF, it is planned to modify our offering to broaden the appeal and accelerate both delivery and drawdown of funds.

Tuition fees fall £71K to just under £3.2m. Projections will be reviewed and every effort made to improve upon this however there is a clear rationale for reduction in full-time HE of £222K given current student recruitment, albeit there may yet be scope to increase Associate Student numbers. Whilst international numbers are also down, Commercial increases by 50% to £0.5m. There will be risk associated with this increase, however the investment in Business Partnerships has resulted in improved engagement and fostered a clearer focus.

Non-core income is showing a budgeted reduction of just over £1m from the current year's forecast, with the final movement of funding for Foundation Apprentices from SDS to SFC in 2022/23 accounting for half of this. Construction trade apprentice funding from the three managing agents reflects significant recovery from the COVID induced backlog within the rise of £188K over the current year. The relocation of DYW administration to the Chamber of Commerce during 2021/22 accounts for £350K and

other adverse movements totalling circa £300K, with offsetting movements either within income or expenditure, explain a large proportion of the overall downward variance. We expect that these variances will continue to move but again with little or no net effect upon cash generation.

Non-core income continues to include discrete funding to equip the Skills Academy at MSIP. Together with the Advanced Manufacturing & Engineering facility at Arbroath, funded by both Tay Cities and others, this amounts to some £740K and is reflected in both additional pay and equipment costs meantime. This interim budget includes no operational expenditure or revenue from the new Skills Academy pending agreement with MSIP, although the net impact is not expected to be significant in 2022/23.

Catering & other income improves for the budget, increasing by £123K, with the chief contributor being catering provision rising £174K, off-set by net reduction in payroll subsidies due to the end of the Kickstart scheme. Although catering income is budgeted to increase it remains significantly below pre-pandemic levels by c£300k.

6. Pay Costs

Total Pay Costs are budgeted at £35.3 million. The net increase when excluding both VS costs in 2021/22 and movement in invoiced costs is £840K, equating to 2.5%, with approximately 2% adding to teaching pay and 3% on support pay. The increase before existing VS savings would have been over £1.1m. A full year's cost of appointments made in 2021/22 contributes to this increase. Areas affected include Academic Management, Strategic Projects, Construction & Engineering, Supported Education, Sports, Marketing, and Administration, some with offsetting savings. Certain posts are also fully funded. The total increase can be explained when adding a full year's cost of higher national insurance contributions of approx. £150K together with a provision for both academic and support pay awards.

This budget assumes pay award increases, totalling almost £600K, from September 2022 in line with Scottish Government Pay Policy, in line with what we understand to be SFC's guidance for the Financial Forecast Return (FFR). This provides tiered lump sum increases amounting to between 2% and 3% for the lower paid but only 1.2% for most lecturers, and less still for those earning more.

The reduction in invoiced staff cost does not represent a saving and is primarily due to the elimination of DYW costs incurred during 2021/22.

Whilst additional VS costs to be incurred from the current round of applications will likely be charged to 2021/22 it is possible that some cost may land in 2022/23. Only approved VS savings from the December 2021 round have been assumed in this interim budget.

7. Non Pay Costs

Non-pay costs, at just over £10.3m, are £242K higher than forecast for 2021/22.

Certain increases are inevitable in this first year of activity assumed to be free of COVID restrictions since 2018/19 and most areas are having to deal with exceptional

inflationary pressures. The most profound price increases are, predictably, being felt in utility costs, rising by £420K (54%) and insurances. The latter is budgeted to increase by £47K (36%) but we may have to increase this again once the results of the tender exercise are known. Whilst budget holders will continue to minimise discretionary spend, it remains to be seen if non-discretionary budgets are adequate to absorb increases beyond our control and thereby presenting additional budgeting risk.

Consumables and equipment includes numerous and varied accounts spread across many departments and so it can be difficult to summarise the net movement, in this case an increase of £95K on the current year. We are however allowing for additional funded equipment spend as noted above which is partially offset by the absence of additional expenditure allowed in the current year along with the cessation of activities such as DYW.

Property costs of £3.5m reflect an increase upon the current year of £218K but would have otherwise reduced had we not applied the increase to utilities.

Budgeted ICT costs of £1,654K are down £103K from the current year, which saw an increase in hardware spend from late delivery of the previous year's orders. The most significant difference however is a large reduction in annual maintenance & licencing costs as a consequence of the decision not to renew VDI. The interim budget for ICT is predicated upon the general assumption that short term commitments in line with current strategy remain affordable priorities.

8. Subsidiary Company

Gardyne Theatre Ltd. is not yet operating at pre-COVID levels but activity is slowly returning to normal and management is confident that this will continue. With the help of a very welcome and significant award from Creative Scotland's Recovery Fund, it has been possible to budget a modest profit of £6K after allowing for payments to the College of £10K each for theatre Licence to Occupy and a Service Level charge for operational support.

9. Student Support Funding

Although indicative allocations from SFC is almost £400K less than the current year, at almost £9.4m it still exceeds current demand. Furthermore SFC will instruct us to assume that there will be no shortfall in funds during 2022/23 when preparing the FFR.

10. Capital Expenditure

Currently no capital expenditure is budgeted, with all property works presumed to be revenue in nature. Any expenditure deemed to be capital will, unless funded by third party sources, result in SFC's Capital & Maintenance grant being diverted. This will reduce revenue but should have no effect on operating position or cash.

11. Cash Flow Forecast

The cashflow based upon this interim budget projects balances reducing to only circa £400K after allowing for the annual loan repayment of £457K due each August. Management recognises that this is unacceptable and will be addressed as part of the proposals for change. It should also be noted however that the opening cash position does not yet reflect extra cost of further voluntary severance payments that are likely to be paid in July. Affordability of VS is likely therefore to be a major factor in securing sufficient savings in the absence of any funding.

12. Conclusion

This interim budget aims to set out for the Committee the magnitude of the challenge facing the College, along with others across the sector, during 2022/23.

Announcement of the final allocations this month will help confirm the funding gap.

Management's efforts will be focused on seeking approval for a draft Budget showing substantive improvement at least sufficient to allow more time to implement changes designed to further improve our financial position from 2023/24 and return us to a position of financial sustainability.

13. Link to Strategic Risk Register

This report supports in mitigation 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

FINANCE & PROPERTY COMMITTEE

Tuesday 31 May 2022



FINANCE

6.3 Financial Strategy - Sustainability Planning

PAPER F

BOARD OF MANAGEMENT

Finance & Property Committee

Tuesday 31 May 2022



Financial Strategy: Sustainability Planning

Paper for approval

1. Introduction

The Board approved the Financial Strategy in March 2022. Alongside the strategy there were planning assumptions based on the expectation of a flat cash grant funded settlement. As is reported in the interim budget, although the indicative SFC funding settlement is better than previously forecast, there are number of additional factors that are also adding to the significant challenge of achieving short and long term financial sustainability. The interim budget highlights a number of these; reduced tuition fees, increase in pay costs and indicative salary awards, inflationary increases in supplies in general and in utilities, in particular.

As highlighted in the Financial Strategy paper presented to the Board in March 2022, to achieve a balanced budget in 2022/23 will be exceptionally challenging and it unlikely that we can return to a financially sustainable position in the immediate budgetary period.

The SFC confirmed the final budget on 26 May. This was exactly as presented in the indicative budget, which has been used as part of the planning assumptions for the interim budget and consultation exercise.

2. Recommendations

Members are asked to:

- note the progress being made to return a budget closer to a £500k deficit and ongoing modelling of feedback from consultation
- note a draft budget will be presented to the September 2022 Finance & Property Committee
- approve that the Board be approached to approve a funding bid to the Foundation.

3. Current Position

Savings and opportunities for additional income continue to be explored, both as part of presenting a 2022/23 draft budget in September 2022 and as part of the Future Opportunities and Financial Challenges Consultation process.

Starting with the current interim budget deficit, the following provides an indicative update:

Interim Budget Deficit		£2,878k
<u>Changes from Interim Budget</u>		
• Additional income (tuition fees, commercial work based training, other income)	£250k	
• Staff cost savings (PTV and natural turnover)	£150k	
• Non-pay cost savings	£100k	£500k
<hr/>		
<u>Future Opportunities and Financial Challenges Savings</u>		
Staff reduction savings ¹ (as part of consultation process)	£1,193k	
Other (net) staff savings (resignations/retirements/reduced hours/end of contract)	£187k	
Non-pay (net) other cost savings	£127k	
Contribution from Projects	£66k	£1,573k
Revised Interim Deficit		-£805k
		<hr/>

4. Investments

Members will be aware that as part of securing the College's financial sustainability it is important to remain relevant and continue to develop our services and curriculum to respond to the future skills demands of our Region. The consultation included reference to investments necessary. These include:

- Green Skills, Esports, Schools/College Partnerships, HN Next Gen £490k
- Network Replacement (Phased over 3 years Vs 1 year) £358k²/£760k

It is proposed that we separate out the investments required and seek approval from the College Board to approach Dundee & Angus Foundation to fund these.

5. Sale of Assets

We own vacant buildings in Montrose and Kirriemuir. Part of Fairlie House, Kirriemuir is also owned by Angus Council. We are requesting up to date valuations with the proposal being that we sell these properties. We require SFC approval to retain any proceeds from sale of assets unless gross proceeds are less than £500k. We expect these properties to be individually valued at less than £500k.

6. Credit Target

College core funding is directly linked to the delivery of student credits. A welcome flexibility has been introduced into the current year funding allocation. *"To provide a degree of consistency between the college and university sectors ..., SFC has re-introduced a tolerance threshold from AY 2022-23 that will provide colleges some*

¹ This level of savings requires c£1m of VSS cost, which is forecast to be incurred in the current academic year.

² Currently included within interim budget deficit.

leeway with their core credit targets. Specifically, this will mean that SFC will not seek to recover funding from colleges if they fall short of their core target within the tolerance threshold. We have set this tolerance at 2.0% for AY 2022-23... SFC will consider revising future credit allocations if any college under-delivers for two years out of any three-year period.” Our core credit target for 2022/23 is 105,330 and our Foundation Apprentice target 3,900. It is our expectation that it will be necessary to take advantage of this 2% tolerance.

There is still uncertainty around whether the other pots of funding such as Young Persons Guarantee can be claimed if the core credit target is not achieved.

7. Funding Council

The SFC will continue to be lobbied for financial support. This will include support for VSS, further credit flexibilities and capital funding for the Gardyne Loan.

8. Voluntary Severance

The College is fortunate to have sufficient cash reserves to afford voluntary severance and equally to enable a voluntary severance package of up to 8 months salary to be offered. The current exercise is unlikely to return us to a balanced budget for 2022/23, and based on future settlements being unlikely to increase to account for inflationary increases, there is the likelihood of a similar exercise being necessary in 2022/23 to enable savings in 2023/24.

As our ability to fund future VS options decreases we will require to review the terms of the scheme in consultation with our unions and Scottish Funding Council.

9. Next Steps

Three planning phases were presented as part of the Financial Strategy. We are in Phase 2.

Phase 2 – April – July 2022

- Income & savings plan engagement and consultation.
- Completion of 2022/23 budget based on agreed strategy, known funding / activity levels and savings plan targets.
- Clear alignment of core strategies to inform future planning/direction.
- Commence implementation of income & savings plans.
- VS Scheme open.

The current consultation stage closes on 6th June. The proposals received from this consultation phase will be modelled as part of the process. At the same time, we will continue to review and refine the budgets submitted as part of the formal budget process.

Based on the savings and proposals identified so far, this would result in a cash balance at 31 July 2023 being c£1.8m (includes restricted funds) and a budget deficit of c£450k.

The outcome from Phase 2 will be presented to the Finance & Property Committee in September 2022.

Phase 3 – August 2022 – February 2023

- Delivery of income and savings plans.
- Review of Financial Strategy and planning budget based on revised forecasting and anticipated funding / activity levels and income and savings plan target realisation.
- Clear alignment of core strategies to inform next steps of future planning / direction.
- VS Scheme open.

10. Scottish Funding Council Financial Memorandum

The [Financial Memorandum](#) with colleges (para 17) requires that *“the institution plans and manages its activities to remain sustainable and financially viable.”*

The recently received SFC Financial Forecast Return guidance advises that *“Colleges must prepare a balanced budget for 2022-23 or work towards bringing income and expenditure back into balance at the earliest opportunity.”*

11. Conclusion

Progress is being made to significantly reduce the interim budget deficit. Uncertainties and risk remain and will remain for a number of months based on the responses to the various proposals, outcome of national bargaining, inflation and student recruitment. As was presented to the Board previously, we are fortunate to have cash balances to enable us to afford a deficit budget in 2022/23.

Author: Jaki Carnegie, VP Corporate Services

Sponsor: Executive Team

FINANCE & PROPERTY COMMITTEE

Tuesday 31 May 2022



INFRASTRUCTURE

7.1 ESTATES UPDATE

PAPER G

BOARD OF MANAGEMENT
Finance & Property Committee
Tuesday 31 May 2022



Estates Update

Paper for information

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. Kingsway Tower Project Update

The Kingsway Tower – Hair, Beauty and Complementary Therapy new build project has been completed with the handover taking place on Friday 8 April 2022.

The final account has still to be finalised, along with some snagging issues that have still to be completed.

The completion of the new facility is the last phase of the project and it is satisfying that the new social and learning environments, that have been created, have significantly enhanced the on-campus experience for our learners, staff, and visitors to Kingsway.

The project, despite early setbacks has been delivered to a high standard and it has been a very positive and rewarding experience working with Robertson Tayside, the design team and a range of contractors and sub-contractors who have done an fantastic job.

4. Capital Backlog Maintenance Projects

The Capital Backlog Maintenance Grant funding for the period 1 April 2022 – 31 March 2023 has been confirmed at –

- Backlog maintenance - £1,769,364
- Lifecycle maintenance - £818,361

An initial list of backlog maintenance projects has been compiled and listed below along with high level costs –

The following projects have been prioritised taking into account a number of factors:

- Enhancing the internal fabric and mechanical and electrical infrastructure of areas, at the same time as creating modernised spaces to accommodate increased class sizes/demand in a range of curriculum teams
- Statutory backlog maintenance requirements
- 2017 SFC/Gardiner Theobald condition survey priorities
- Backlog maintenance projects identified by the Estates Project team

Project	Campus	Projected Costs	Timeline
Review water management system on Clova Roof	Arbroath	30,000	
Road resurfacing of Isla and Esk car parks	Arbroath	120,000	
CSW/Clova buildings refurb	Arbroath	150,000	
Replacement blinds CALC building	Arbroath	20,000	
CSW/Clova Lift Refurbishment	Arbroath	50,000	
Automatic Fire Alarm Installation in Clova building	Arbroath	60,000	
Camera upgrade	Arbroath	20,000	
Internal Fabric	Arbroath	25,000	
Lecture Theatre refurbishment	Kingsway	-	Delay till April 2023
Replacement ANPR Barrier system	Kingsway	12,000	
Refurbishment of South Tower Lift	Kingsway	45,000	
Refurbishment of Tower Level 5 + 6 Classrooms	Kingsway	80,000	
Camera upgrade	Kingsway	20,000	
Internal Fabric	Kingsway	25,000	
Catering Block Sub-main replacement	Kingsway	25,000	
Demo Kitchen Sub-main replacement	Kingsway	8,000	
Hardwire electrical testing	Kingsway	10,000	
Sports Block Roof	Gardyne	50,000	
Camera Upgrade	Gardyne	20,000	
New lift for PE Block	Gardyne	45,000	
Hardwire electrical testing	Gardyne	25,000	
Internal Fabric	Gardyne	25,000	
Toilet Facilities Upgrade Sports 1 st Floor	Gardyne	30,000	
Departmental improvements	All	60,000	
Equipment replacement	All	50,000	

The projected spend for the above projects is £1m + VAT.

The remainder of the Backlog Maintenance funding has been notionally allocated to assist with the savings plan.

5. The Tay Cities Engineering Partnership

Work to create the new Advanced Manufacturing facility, excluding equipment, in our Arbroath campus has been completed.

6. 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

Tuesday 31 May 2022



INFRASTRUCTURE

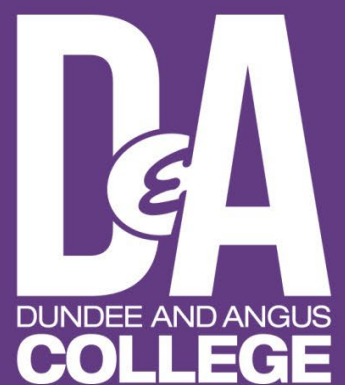
7.2 ESTATES ANNUAL REPORT

PAPER H



Estates Annual Report

1 April 2021– 31 March 2022



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Introduction

This report provides a summary of Estates related activities for the period 1 April 2021 – 31 March 2022.

Estates Strategy 2019 – 2024

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

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

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

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

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

Kingsway Tower Redevelopment

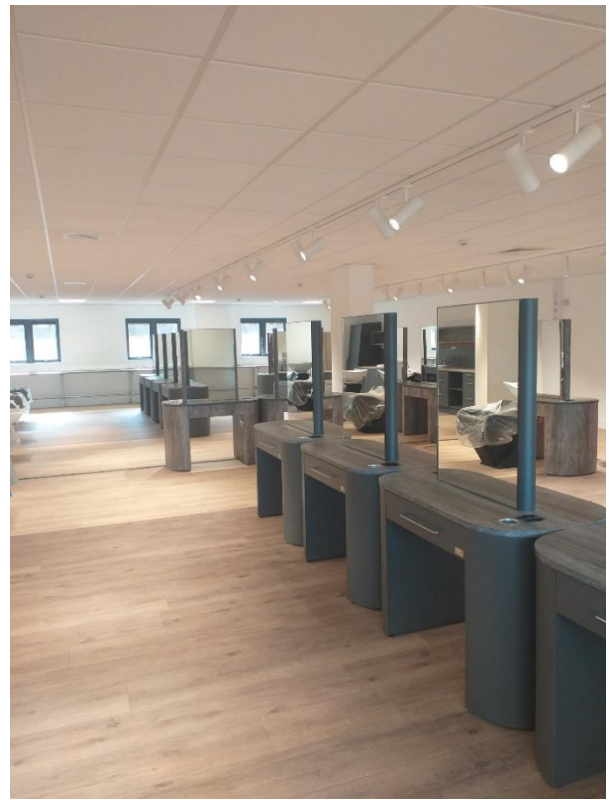
The Kingsway Tower Redevelopment project has been completed with formal handover of the new build hair and beauty facility taking place on 8th April 2022.



The project has enabled the College to create a range of inspirational facilities that significantly enhance the learning and social experience for our learners, staff and visitors to the College.

The project has been completed over a 2-year period and has provided –

- A new build Hair, Beauty and Complementary Therapies learning facility



- A new social space and frontline services space



- A new Café Bar facility which is also a learning environment



- A new Training Restaurant which is also a learning environment



The Estates project team have worked closely with Robertson Tayside to successfully deliver this project and we expect to agree the final account soon. The contractor's most recent forecast assessment of the final cost has increased by less than 0.5% since January and been absorbed by contingencies. However the removal of the Lecture Theatre from the existing contract reduces our overall budget by £163K to £8,066K. This does not impact upon the capital element, currently restricted to the new build, and increasing only slightly to just over £4.8m, with £3.4m falling into the current year to completion.

The works have been completed to a very high standard with almost all of the design team and sub-contractors based within the Dundee and Angus area. The use of local sub-contractors was a requirement of the SCAPE framework which was the procurement route for this project.

Funding released is being utilised on other projects, allowing a greater proportion of SFC indicative funding for FY22/23 to be utilised next year.

A summary of the spend for each of the project elements is shown below -

Kingsway Project - projected costs & funding

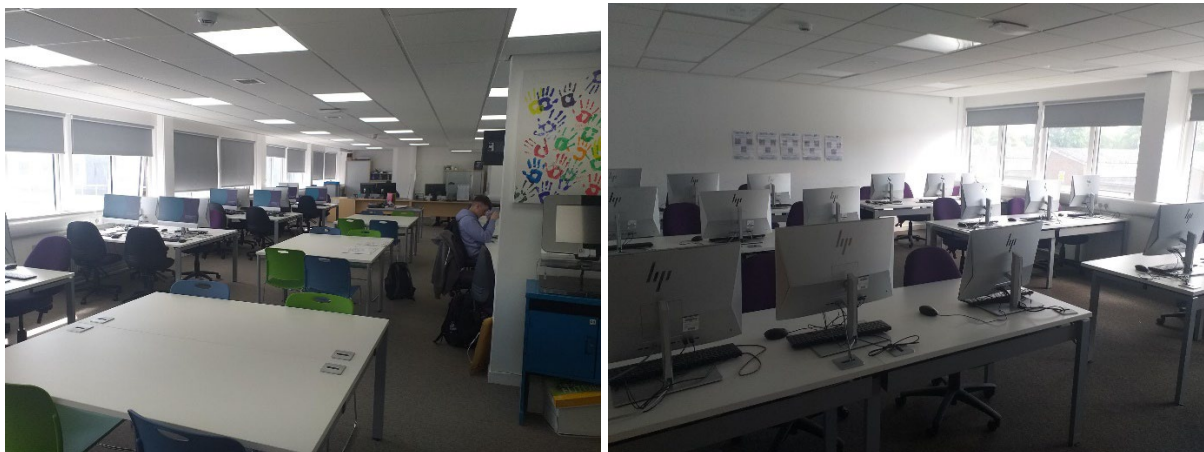
April 2022	Total Projection	Monthly Change	Academic Years spread			Actual	Balance	Memo
Project Element	Costs and funding	since March 22	2019/20 Actual	2020/21 Actual	2021/22 Projected	Costs to April 22	Unspent at April 22 (inc. retention yet to be accrued)	Retention @ 1.5%
	£000's	£000's	£000's	£000's	£000's	£000's		
Social Spaces	1,396	0	1,026	349	21	1,396	0	
Hair & Beauty Demolition	310	0	0	241	69	310	0	
Training Restaurant & Social Space	1,398	0	0	867	531	1,377	21	21
Hair & Beauty Facility New Build	4,806	2	0	1,379	3,427	4,710	96	72
Lecture Theatre Refurbishment	163	0	0	0	163	0	163	
Total Contractor Costs	8,073	2	1,026	2,836	4,211	7,793	280	93
Professional fees, furniture & equipment	156	-2	0	22	135	47	109	
Total Costs	8,229	0	1,026	2,858	4,346	7,840	389	93

Financed	Funds	Change	2019/20	2020/21	2021/22	Funding	
College preliminary costs	100	0	100	0	0	100	0
SFC High Priority Maintenance FY20/21+21/22	3,336	0	926	1,365	1,046	2,989	347
SFC Additional capital FY20/21	514	0	0	514	0	514	0
SFC Additional support for Kingsway FY20/21	979	0	0	979	0	979	0
SFC Additional support for Kingsway FY21/22	54	54	0	0	54	54	0
Dundee & Angus Foundation	3,300	0	0	0	3,300	3,204	96
Total Finance	8,283	54	1,026	2,858	4,400	7,840	443

Funding Surplus/Deficit	54	54	0	0	54	0	54
Capital/Revenue split							
Capital	4,806	2	0	1,379	3,427	4,710	96
Revenue	3,423	-2	1,026	1,479	919	3,130	293
	8,229	0	1,026	2,858	4,346	7,840	389

New Learning and Digital Resources Facility

In addition to the projects above, a new Learning and Digital Resources facility was also completed prior to the start of the 2021/22 academic session. This new space once again provides our students, learning on our Kingsway campus with facilities that are modern, bright and inspirational.



STEM Centre at Kingsway

The plans to develop of an outline business case for a new STEM Centre at Kingsway has been postponed as the College considers alternative options for the Kingsway Campus, which potentially includes developing a Masterplan for a new campus.

The development of the outline business case had been previously delayed due to the impact of COVID and also due the fact that Scottish Government Funding Model for this type of project was still to be finalised.

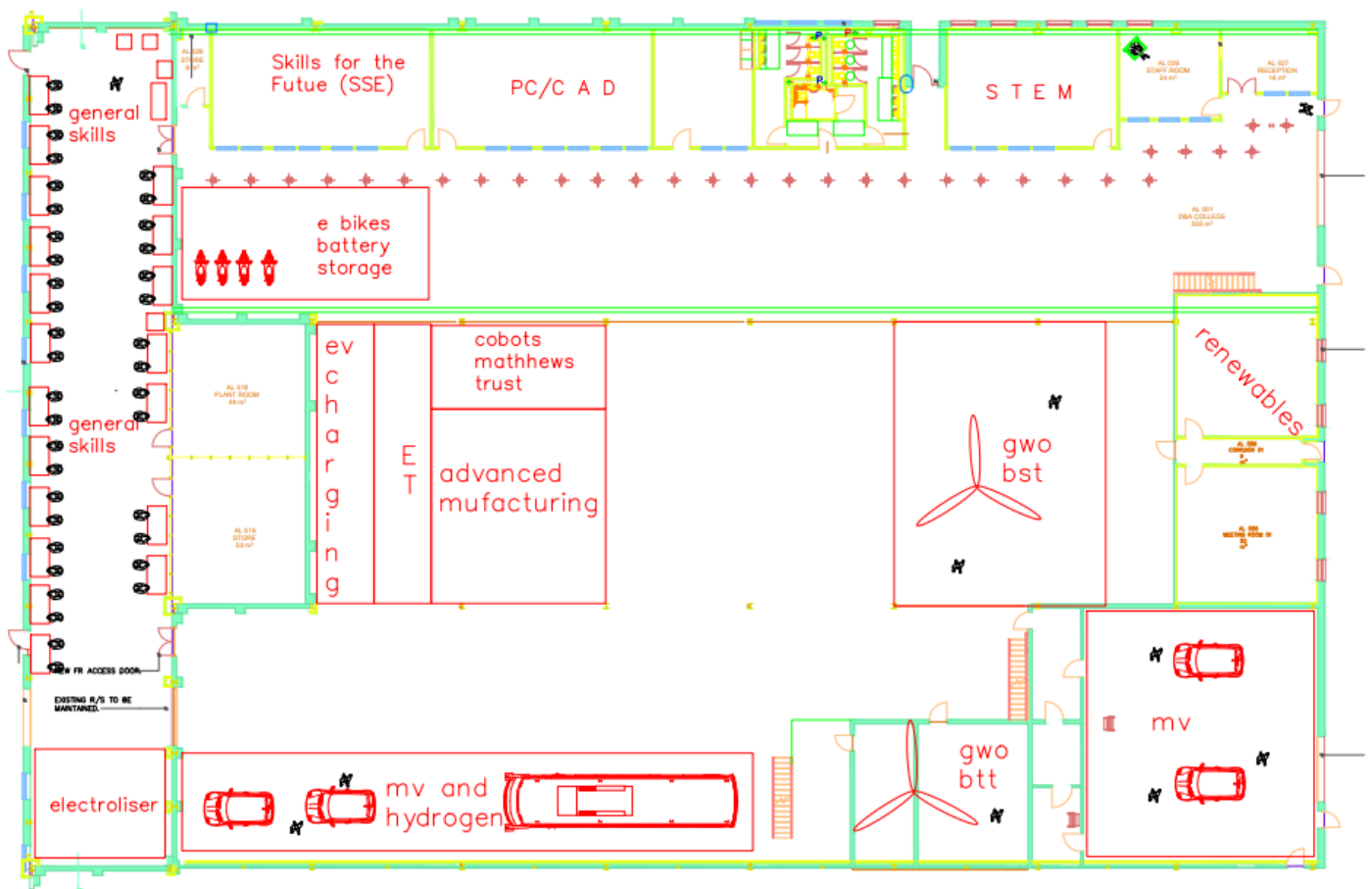
Capital Backlog Maintenance Projects

The majority of the 2021/22 Capital Backlog Maintenance Grant was ringfenced for the Kingsway Tower Redevelopment project.

Michelin Scotland Innovation Parc Project

The Skills Academy will open in the Autumn with £2m investment from Scottish Enterprise enabling MSIP to commission the additional capital works to reroof the building, new flooring and increase the scope of redevelopment works. MSIP will build a training tower to support the training of wind power technicians.

A considerable amount of planning has taken place in the last few weeks with site visits carried out by all engineering and construction staff. A floor plan (shown below) has been developed and the curriculum for the skills academy is firming up.



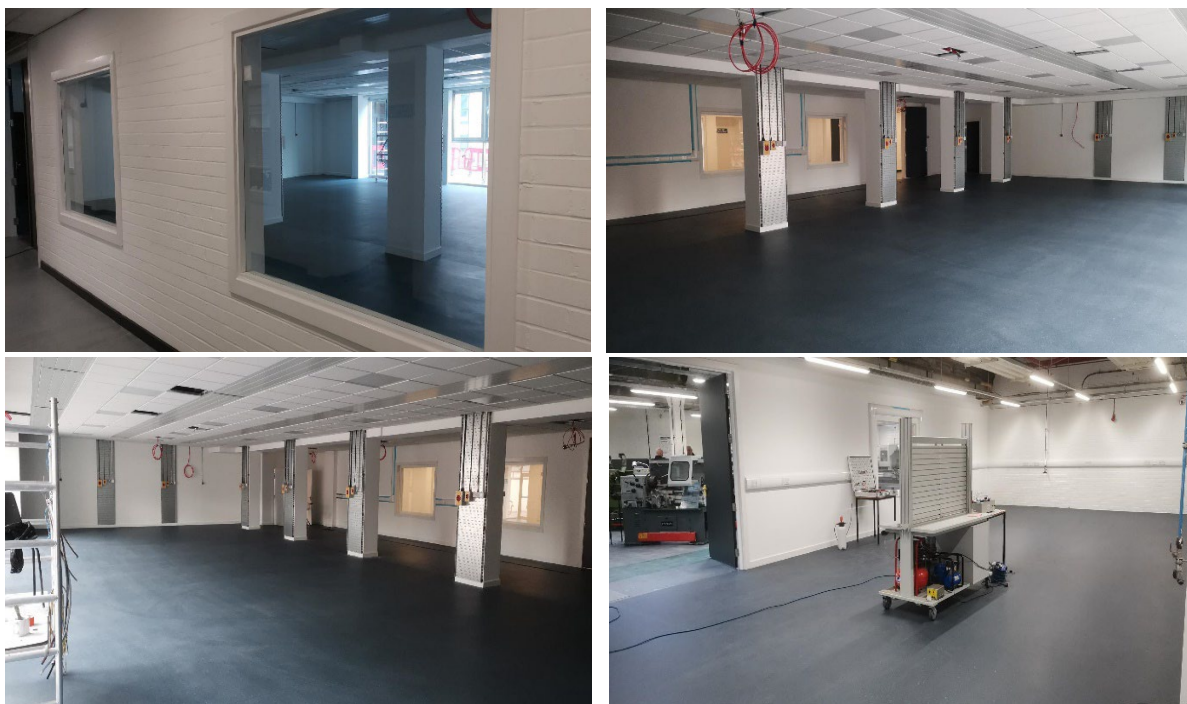
The Tay Cities Engineering Partnership (TCEP)

The works to create an Advanced Engineering Manufacturing, Demonstration and Training Facility in the D&A Arbroath campus has been completed. The Estates project team worked closely with curriculum colleagues over the last 6 months to develop a design brief which was fully implemented following the release of the funding.

The new facility is located within the existing engineering area in the Clova Building and the space has been transformed into a modern learning environment which will shortly be equipped with state-of-the-art industry production machine tools to trial, test and demonstrate new processes using Smart Technology and Virtual Learning to support increased product innovation, productivity, R&D and skills needs of the sector across the east of Scotland.

This new facility is a key element of a £4.2m innovative project that brings together the resources of training organisations, public sector bodies and engineering employers across the Tay Cities Region to establish the Engineering and Advanced Manufacturing (EAM) network.

Images below of the new facility.



Climate Emergency Action Plan

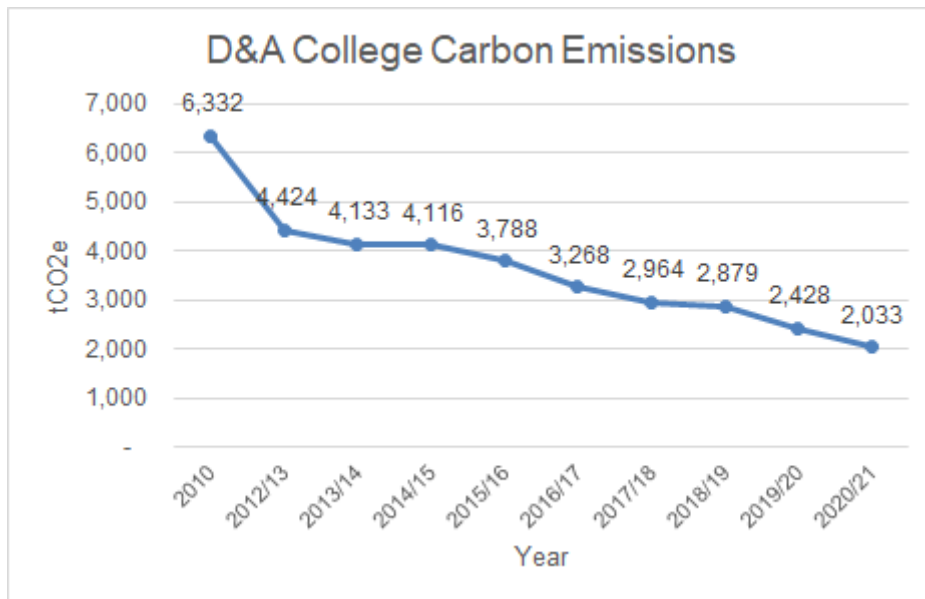
It has been another successful year for the Environment team in terms of meeting carbon reduction targets, however the reductions achieved for the 2020/21 mandatory reporting period, highlights that the high level of reduction achieved, would be aligned to a reduction in on campus student and staff activity due to the impact of COVID.

The College submitted it's 2020/21 Mandatory Climate Change Reporting documentation in November 2021 and it is pleasing to report the carbon footprint associated with the College's operations has fallen for the 12th consecutive year. The College has now reduced its carbon footprint by an outstanding 67% since signing up to the Universities and Colleges Climate Commitment for Scotland in 2009.

Since signing up to the Universities and Colleges Climate Commitment for Scotland in 2009, the College has reduced its carbon footprint from 6332tCO₂/year in 2010 down 2033tCO₂ in 2021.

This reduction in carbon footprint is a fantastic achievement and as a College, we continue to lead the FE sector on so many sustainability initiatives and practices and we continue to invest in sustainable technologies when developing the College estate - the latest being the introduction of air source heat pumps for the new hair and beauty facility

The table below highlights the fall in carbon footprint for the period 2010 -2021.



The College launched its new Climate Emergency Action Plan – **Our Path to Net Zero** in November 2021. The CEAP is aligned to the Scottish Government targets to reduce Scotland's emissions of all greenhouse gases to net-zero by 2045 at the latest. Our College is also committed to achieving net-zero, but are planning to achieve this by 2040 or earlier and our Climate Emergency Action Plan sets out the key areas of focus over the next 5 years to start us on our journey to Net Zero.

We centred our CEAP around the five roadmap elements of the Climate Commission and Nous Group's *Climate Action Roadmap for UK FE Colleges* –

- leadership and governance,
- learning and teaching,
- estates and operations,
- partnerships and engagement and
- data collection.

Using the 5 ROADMAP elements, we have established key objectives and targets for each one that forms the basis of this Climate Emergency Action Plan (CEAP). This will in turn set out the College's strategy for reducing carbon emissions over the next five years and our clear first steps to our PATH TO NET ZERO.

Although we are only 6 months in to our CEAP, we are already making excellent progress on a number of fronts across all 5 Roadmap themes.

Public Service Award – Sustainability – 'Going Green the D&A Way'

It was pleasing to end 2021 with further recognition of the excellent progress the College has made in responding to the climate emergency.

The College won the prestigious Public Service Award for Sustainability – **Going Green the D&A Way**, with the ceremony taking place in the Scottish Parliament.



COVID19 Pandemic

The Estates continued to play a significant role in maintaining a safe learning and working environment for our learners and staff as the COVID19 pandemic continued.

Efficiently responding to the regular changes in guidance and recommended mitigations, required - regular adaptation to our campuses along with updating the signage on a very regular basis.

Our cleaning teams also continued to maintain high cleaning standards, although we did promote shared responsibly in terms of cleaning and wiping down rooms. Staff and students were expected to clean rooms in advance of the next users coming in. This process continues to be in place.

Providing appropriate levels of ventilation in all areas was a key mitigation over the last reporting cycle and the Estates team assisted with the installation of CO2 monitors, along with the twice daily recording of data which was shared with staff and students on a weekly basis. The introduction of the monitoring and sharing the data allowed the college to demonstrate that satisfactory levels of air quality were being maintained when the available ventilation was being used properly.

The health and safety team also developed a risk assessment template to assist all academic and support teams with updating their departmental risk assessment to include the COVID19 mitigations. This ensured a consistency for all departmental risk assessments which were then posted centrally on the staff portal for everyone to access.

The last 2 years of working in a COVID pandemic has been challenging for everyone, however the contribution of the Estates teams across all 3 campuses has been vital in helping us maintain safe learning and working environments. The Estates team members should all be extremely proud of the hugely important role that they have played over the last 2 years.

It was very satisfying that their contributions were recognised by the Executive team at the Staff Awards.

Author: Billy Grace, Head of Estates
Executive Sponsor: Jaki Carnegie

FINANCE & PROPERTY COMMITTEE

Tuesday 31 May 2022



INFRASTRUCTURE

7.3 INFRASTRUCTURE STRATEGY OUTLINE

PAPER I

FINANCE AND PROPERTY COMMITTEE

Tuesday 31 May 2022

Infrastructure Strategy Outline 2022-2027



Paper for discussion

1. Introduction

This paper provides an outline for the planned creation of a new Infrastructure Strategy which provides an overall strategy for Estates, Digital and Physical Infrastructure and Digital Services.

2. Recommendations

Members are asked to note the report, with the expectation that the draft Infrastructure Strategy will be presented to the September 2022 Committee.

3. Infrastructure Strategy

The College infrastructure is a core element of the delivery of the Colleges 2025 Strategy and plays a key role in delivery of learning and teaching.

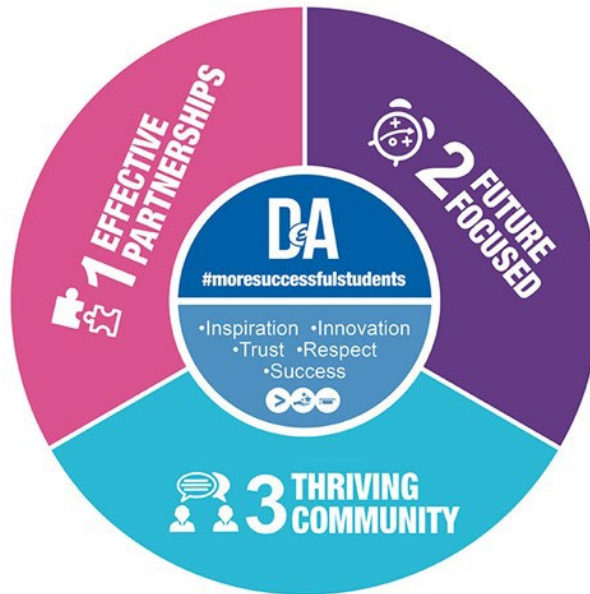
The strategy ensures that investment decisions in both physical and digital infrastructure are all focussed towards delivering the key aims of strategy.

4. Link to the overarching College Strategy

Strategic 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.

Future Focussed - 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.

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.



The infrastructure strategy will help the College deliver the following elements of the 2025 strategy

Pledge 1 – Effective Partnerships

- Prioritising sustainability & income generation
- Being responsive and agile
- Raising the profile of the College and College learning both locally & nationally

Pledge 2 – Future Focussed

- Co-designing sector-leading, modern courses and 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 Community

- Being health and wellbeing focussed
- Responding to the global climate emergency

5. Infrastructure Strategy Aims

Prioritising sustainability & income generation

Aim 1 - We will provide an Infrastructure that puts environmental & financial sustainability at the core of every decision

Being responsive and Agile

Aim 2 - We will ensure that stakeholders have an opportunity to contribute to Infrastructure decisions.

Aim 3 - Infrastructure decisions taken will be constantly reviewed. The changing external environment, regional and national priorities and opportunities will mean that we will need to be flexible and agile in our approach to our infrastructure developments.

Raising the profile of the College and College learning both locally & nationally

Aim 4 - Our infrastructure investment decisions will be innovative and sector leading. We will manage risks in deployment of infrastructure as we push boundaries of what is possible.

Co-designing sector-leading, modern courses and services

Aim 5 - Our infrastructure will act as an enabler to support the design and delivery of the curriculum and services for the future

Aim 6 - We will work with other leading institutions to implement good practice and lessons learned

Being inspirational and Inclusive

Aim 7 - Our infrastructure investment decisions will be designed with students for students to be inspirational to all.

Aim 8 - Our Infrastructure will enable an excellent working and learning environment across all locations

We are digitally enabled and developed

Aim 9 - Our digital infrastructure will connect users to our services. We will provide our digital services where stakeholders want it and when.

Aim 10 - Our digital services will be joined up and simple to adopt with limited manual intervention and automated processes implemented across the entire Estate

Aim 11 - Our digital services will operate at a zero-trust level. Stakeholders and devices will be managed in a secure fashion with cyber security a key element of decision making.

Using data to better inform our decision making

Aim 12 - We will develop a reporting strategy which brings together all data and services so that it is readily available in a simple, consistent format.

Aim 13 - Reporting will be focussed on analytics and enable the College to target resources and services where they are most required.

Providing modern and flexible learning spaces

Aim 14 - We will use technology to ensure learning spaces are designed around the curriculum

Aim 15 - We will deliver learning spaces which staff and students are proud of and inspires them to achieve even greater success

Being health and wellbeing focussed

Aim 16 - Our infrastructure will deliver to the College community an experience that enhances their wellbeing

Responding to the Global Climate Emergency

Aim 18 - Our infrastructure decisions will have the green agenda at its core

Aim 19 - We will deliver infrastructure which is seen locally and nationally as the good practice for delivering a sustainable environment

Aim 20 - We have developed a Climate Emergency Action Plan that clearly sets out how the College will work towards achieving net zero by 2040

6. Next Steps

Once the high-level aims are agreed the draft strategy will be updated to include milestones and the key deliverables.

Authors: Andy Ross, Head of ICT

Billy Grace, Head of Estates

Executive Sponsor: Jaki Carnegie, Vice Principal – Corporate Services

FINANCE & PROPERTY COMMITTEE

Tuesday 31 May 2022



PROCUREMENT

8.1 PROCUREMENT UPDATE

PAPER J

BOARD OF MANAGEMENT

Finance and Property Committee

Tuesday 31 May 2022



Procurement Report

Paper for approval

1. Introduction

Section A - Procurement Update / Contract Awards, for Noting provides information on the contracts that have been awarded during the period from March 2022 to May 2022.

This section also includes any requests for retrospective **Approval** of 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 £100k (inclusive of non-recoverable VAT) including call-off contracts under Framework Agreements let by other authorities, such as APUC, Scottish Procurement and Crown Commercial Services.

This section also includes any requests for **Approval** of Non-Competitive Awards (NCA's).

Section C – Planned Procurement and Recent Awards for Noting, provides a list of proposed or awarded contracts that are greater than £50k in value but less than the threshold of £100k (Chairs of Board and Finance & Property Committee) as laid out in the College Financial Regulations.

Values exclude VAT unless otherwise stated.

2. Recommendation

Members are asked to:

- a) note the recently awarded contracts.
- b) approve Non-Competitive Awards
- c) approve any additional anticipated procurements not already included in the Annual Planned Procurement Report submitted to the Committee in September 2021

Author: Amanda Walsh Procurement Manager, Brian Ferguson Head of Finance

Executive Sponsor: Jaki Carnegie, Vice Principal - Corporate Services

Section A - Procurement Update / Contract Awards / Extensions: Mar 22 – May 22

Contract name	Supply, Installation and Maintenance of Audio-Visual Equipment
Route to Market	Mini Competition via the APUC Framework
Successful Bidders	GVAV (UK) Ltd
Contract Value	£400,000
Award Date	04/05/2022
Start Date	09/05/2022
Contract Period	36 months + 12 months optional extension 09/05/2022 to 30/04/2025 (30/04/2026 where extended)

Non-Competitive Awards – retrospective approvals

These contracts have been secured prior to necessary approval from both Finance & Property Committee and SFC.

Contract name	EV Automotive Training Kit
Requester and Department	ESP
Supplier Name	Lucas-Nülle
Contract Value	£80,631
Contract Period	One Off Purchase – May 2022
Brief Description of Product or Service	Supply of CarTrain First Responder Trainer for Advance Electric Drive Vehicles *3, plus accessories
Justification for NCA	<p>Funded by Transport Scotland to support the transition to net zero. The additional equipment detailed above will complement the equipment and services already acquired from Lucas-Nülle. (Spend to date has been £240K + VAT)</p> <p>Please Note, previous Non-Competitive Actions to Lucas-Nülle were approved at December 2021 and March 2022 Finance & Property Committees, accepting the justification of this sole supplier of these specialist products following extensive research conducted by ESP as detailed previously.</p> <p>The project owner had assumed that no further approval was necessary for this latest order as it was perceived to be a continuation of existing arrangements. Governance arrangements within ESP will be enhanced to ensure that appropriate processes are in place to ensure adequate scrutiny by both ESP and that necessary approvals are obtained in advance of any orders being placed.</p>
Approver	ESP Project Director

Section B – Planned Contracting Requiring Approval

Contract name	Insurance (Update)
Incumbent Supplier	Zurich Municipal
Annual Value (2021/22)	£129,000 inc. IPT
Contract Value	£400,000 (estimated potential cost over two years, based on indicative quote)
Owner	Head of Finance
Route to Market	<p>This was discussed at the March Finance & Property Committee with approval to proceed as outlined within the update paper. We now provide a further update to reflect a change in approach.</p> <p>Option One: APUC Framework – Insurance Services (INS1002 AP)</p> <p>and/or</p> <p>Option Three: Direct Award to U.M. Association Ltd. (UMAL). UMAL exclusively provides cover for universities and higher education colleges and institutions. UMAL is not driven by a commercial imperative, profit, shareholders or the need to deliver a target return of equity but based on a close partnership with its members. UMAL are exempt from the normal application of Public Contract Regulations as contracting authorities can award contracts to an 'in-house' provider – which in effect, UMAL is, given that it is owned by its members.</p> <p>Note - Option Two: CCS Frameworks – Insurance Related Services 3 (RM6020) for Insurance Brokerage and Associated Services and Insurance Services 3 (RM6138) Dynamic Purchasing System for the placement of Insurance. Following discussions with both APUC and other institutions, this is no longer considered a viable route.</p> <p>The appointment of insurance brokerage services has been put on hold. Appointment via CCS was intrinsically linked to the placement of insurance. Adequacy of indemnity cover, resulting in limited revision, was satisfied through discussions with existing insurers, potential insurers and other colleges.</p> <p>The current routes to market may not provide</p>

	adequate competition for cyber insurance. Alternative quotation may be necessary however the reality is that this it is an extremely limited market with some providers imposing very restrictive conditions.
Intended Contract Start Date	August 2022
Proposed Contract Period	2 Years
Rationale	Both options (as detailed above) are being exercised, Option 1 – Mini Competition via the APUC Framework – Insurance Services (INS1002 AP) and Option 3 – Direct Award to U.M. Association Ltd. (UMAL). These options shall then be benchmarked to ascertain the route offering best value.
Risks	<p>Challenges impacting the Cyber Insurance Market include access to cover being restricted, product complexities have grown, pricing has risen, and reputational risks have increased. The demand for provision has been heightened by cyber security threats, risks of systemic attacks and increased market scrutiny. Following engagement activities with the suppliers on the APUC Framework, it has been recognised that only one of three suppliers will be in a position to provide Dundee & Angus College with a quote for Cyber insurance. The absence of competition could potentially result in the manipulation of an inflated price and/or reduced quality service i.e. poor performance, inefficiency or less opportunities for added value.</p> <p>This risk is being mitigated through benchmarking the different procurement options/routes.</p>

Contract name	Robotics (MSIP Skills Academy)
Incumbent Supplier	N/A
Annual Value (2021/22)	N/A
Estimated Contract Value	£100,000
Owner	Head of Sector
Start Date	May 2022
Route to Market	Open Tender via Public Contracts Scotland – Tender (PCS-T)
Proposed Contract Period	One-Off Purchase
Rationale	As the requirements of the contract are not covered by an existing procurement framework and due to the estimated value/budget for the equipment being estimated around £100k, an Open Tender exercise should be conducted to engage with all potential suppliers, irrespective of size and capability. Tender returns are to be assessed using “Most Economically

	<p>Advantageous Tender” (MEAT) so that quality and other important factors can be considered in addition to cost.</p> <p>As previously reported to the Committee, this equipment for the MSIP Skills Academy is being funded to a maximum value of £100,000 by The Mathew Trust.</p>
Risks	<ul style="list-style-type: none"> • Potential suppliers decide not to submit a tender response • Specification of Requirements is ambiguous • Failure to procure timeously following extended manufacturing lead-times due to supply chain disruptions.

Contract name	Networking
Incumbent Supplier	N/A
Annual Value (2021/22)	N/A
Estimated Contract Value	£700,000
Owner	Head of ICT
Route to Market	NEUPC Framework - HE Networking – Supply and Services (ITS2004NE)
Intended Contract Start Date	September 2022
Proposed Contract Period	60 Months (+ 24 Months)
Rationale	<p>An options appraisal paper has been prepared for consideration by the Committee and included on the agenda.</p> <p>Network hardware is reaching the end of its extended operating life and the increased use of technology across all D&A campuses is putting more pressure on this older, existing hardware. Whilst this does not cause an immediate problem it does place the College at an increased level of risk of device failure impacting reliability, efficiency, performance, and resilience in a disaster recovery situation. In addition, new network technology will enable the College to take a “zero” trust security model.</p> <p>The HE Networking – Supply and Services Framework is a fast, efficient, easy to use OJEU compliant procurement framework which removes the requirement to undertake costly and time-consuming full OJEU procurement processes. Additionally use to the framework, significantly reduces our procurement timescales.</p>

Section C – Planned Procurement and Recent Awards for Noting

Contract name	Roofing Contractor – Gardyne Campus
Route to Market	Open Tender via Public Contracts Scotland – Tender (PCS-T)
Successful Bidders	Raynor Roofing Ltd
Contract Value	£52,633
Award Date	16/05/2022
Start Date	To be Agreed
Contract Period	4 Weeks

Seagreen STEM funding

The last update advised of the award of £300,000 STEM funding from Seagreen Wind Energy Ltd. to equip both the Advanced Manufacturing Centre and MSIP Skills Academy in addition to the acquisition of a mobile STEM resources and engagement unit. With the exception of the reported award to Annimersion worth £71,000, specifications are still being determined for the remaining spend.

FINANCE & PROPERTY COMMITTEE

Tuesday 31 May 2022



PROCUREMENT

8.2 NETWORK REPLACEMENT OPTION APPRAISAL

PAPER K

Replacement Network – Options Paper

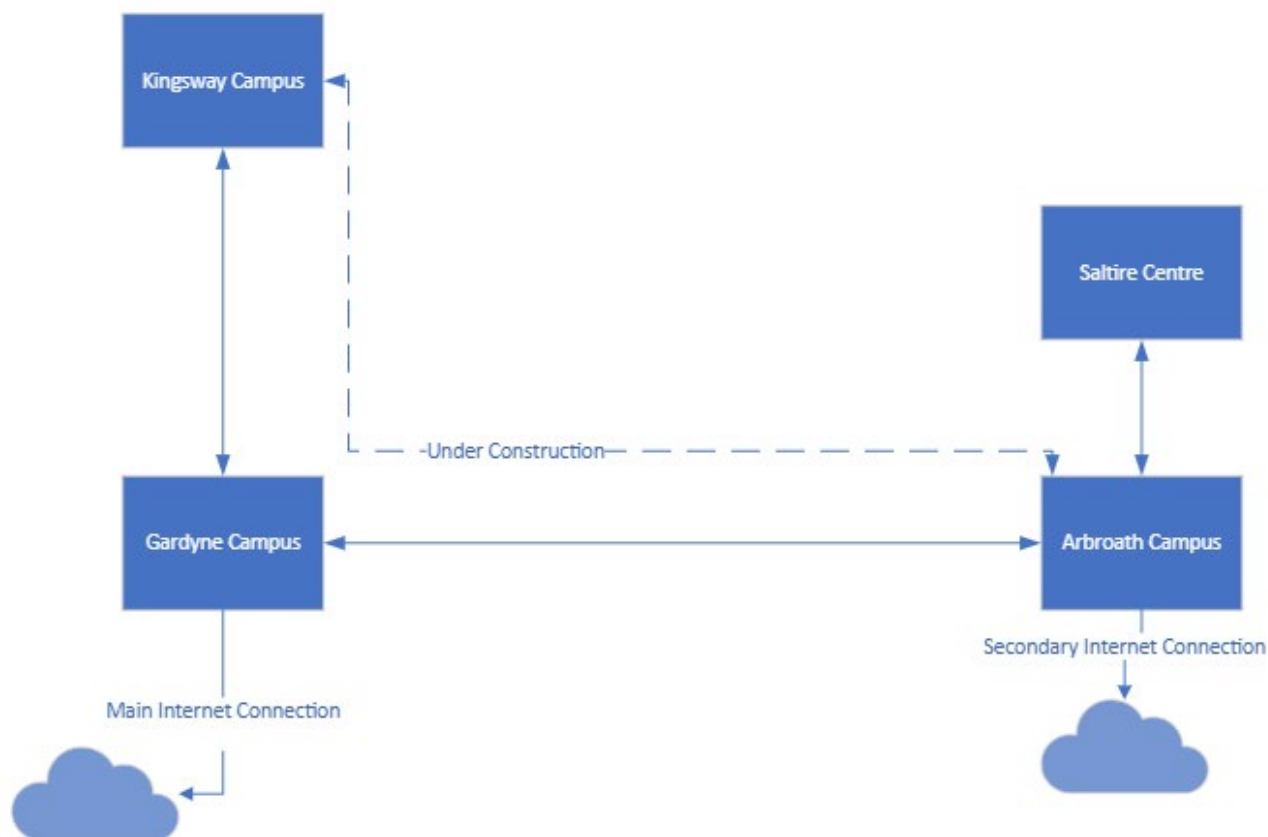
Paper for approval

1. Introduction

The replacement of the network is referenced in the Procurement Update. This paper covers the options for replacing the college digital network.

2. Background

The College's physical digital network consists of around 164 "edge" switches and 6 "core" switches. These switches are what allows workstations, servers and wi-fi access points to talk to each other. Edge switches are installed in data cabinets around campus and are cabled directly to network sockets in different rooms. These Edge switches are then connected to the Core switches that are installed beside the external data lines that connect the campuses with each other and the outside world



3. Current Issue

There are several issues with the current network which are required to be addressed.

3.1 End of Life of Switches

The Switches that the College has installed on all our campuses are now passed their end of life. The impact of this is a few fold

- The switches will no longer receive security updates. If a vulnerability is found, then the suppliers will no longer fix the vulnerability and as a result the College network will be less secure. Note, patch management of switches is not a core part of cyber essentials certification and is not as important to patch as devices but in some cases, vulnerabilities may be exploitable
- We can no longer receive support for the switches. If anything breaks it is up to the College to fix it
- In addition to the above, it will be difficult to source components for the switch as manufacturers no longer support them. Currently we are required to look on second hand sites for parts.

The agreed best practice is to replace a network once it reaches end of life (normally seven years). The College has done well as most of the network is now over ten years old.

3.2 Network Access Control

The College has external firewalls that block traffic from external sources accessing our network. However, for anyone who is on our internal network they can connect to any of our services. This was raised as an issue after the cyber-attack in 2020 and was one of the independent report's recommendations. For example, it is best practice that anyone connecting internally to our network will be able to connect to nothing but the internet by default. As it stands anyone (staff or student) can connect to any server, including database servers. Staff/student do require credentials to access the service.

To mitigate this risk, we have attempted to secure high value or high-risk devices on our network (e.g., building maintenance or tills) and not allowing anything to connect that we have not pre-approved, however, this does not scale up and is impossible to maintain at scale with the ICT resource we have available.

4. Options

4.1 Option 1 – Do Nothing and replace piecemeal

With this option we will not replace end of life switches. If one of the switches were to break and replacement parts could not be sourced, only then a replacement switch would be sourced. However, to ensure the overhead of maintenance is feasible, most of switches are being managed in stacks (this allows us to manage a high number of switches as one). If we were to replace one switch in a stack, then there will be significantly more overhead for ICT staff as the switch will need to be managed separately from the rest of the stack.

4.2 Option 2 – Replace switches and implement Network Access Control technology like ClearPass

By replacing switches, we would resolve the issues above with running hardware that is past its end of life. In addition to this, there are products available (for example [ClearPass](#)) that implements a “Zero

Trust” approach to accessing services. The impact of this is we can dictate that by default all users on all devices get no access to our network other than to see the internet. We can then build rules so that only certain users on specific devices can get access to a service. This will significantly mitigate the risk we have with threat actors connecting to our network.

4.3 Option 3 – Replace switches and do not implement Network Access Control technology

As per option 2, we replace the switch estate, however, do not implement Network Access Control technology. The logic behind not implementing this technology is that as we move increasingly towards SaaS (Software as a Service) the use case diminishes as the service is unsuitable for SaaS solutions. For SaaS solutions, the same secure functionality is delivered through Azure which we are already licensed to deliver.

5. **Recommendation**

The recommendation is to proceed with option 2 (paragraph 4.2 above), phased over 3 years (paragraph 5.4 below). This is the only solution that gives the College the level of security and resilience required to run a network that supports thousands of connected devices every day. If the network was to fail, for whatever reason, then this would have a massive impact on students and staff being able to continue to work on campus.

In addition, the lack of security on these aging switches would leave the College exposed to any new vulnerability found. If an issue were found that was easily exploitable the expectation would be that we would be required to replace this hardware at short notice to mitigate the risk.

5.1 Technology

As with all technology there are multiple options and brands that the College could look to implement. We should be looking to implement a market leader as any savings being made with lower end brands will be a false economy e.g., switches will not last as long, less secure, less functionality and harder to program. A good standard to use is Gartner’s independent Magic Quadrant for Wired and Wireless LAN Infrastructure (see below). It would be suggested that only vendors in the “Leaders” quadrant should be considered. Currently we are focussing on Cisco and Aruba as they have a high market presence and support is excellent. Cisco is our incumbent switch supplier. Additionally, it should be noted that vendors do not supply directly to customers they will work with resellers and the reseller would be who we would have the commercial relationship with.

Figure 1. Magic Quadrant for Enterprise Wired and Wireless LAN Infrastructure



Source: Gartner (November 2021)

5.2 Estimated Costings

The cost of replacing a network should not be understated. The ICT department have been working with vendors over the last six months to get some budgetary pricing prior to an actual procurement exercise. This has been based on Aruba and Cisco technology. The best pricing we have, is listed below, from a supplier based in Wales called Circle-IT, who have a similar contract with University of Dundee. However, once we enter a competitive process it would be hoped that prices could potentially reduce further.

Cost of Hardware for 164 Edge switches + 6 Core switches = £402,870

Cost of subscription and support for 5 years = £199,193

Cost of ClearPass hardware = £12,891

Cost of ClearPass subscription and support for 5 years = £5,385

All costs are paid upfront and total £620,339 (excluding VAT)

For purposes of budgets if all devices are purchased upfront then Year 1 cost is £456,676 for the capital costs of hardware and year of the subscription, maintenance and support. The following sessions would see an annual cost of £40,915 which is the continued subscription, maintenance and support.

On top of this, there would be consultancy to help with the design, training, and implementation of the replacement network. If we decide we require these services, then expected cost would in the region of £50-70,000. This would be as an option as part of any procurement exercise

5.3 Procurement options

There is an APUC framework available that we can use to procure this solution. This will provide an opportunity for the College to run a mini-tender exercise to all approved suppliers and ensure that we optimise the chance of reduced pricing.

5.4 Budget Considerations

It is recognised that it will be difficult to fund this project in a single academic session, so different options need to be investigated. Due to the nature of the project, we do not necessarily have to go with a “big bang” approach but rather, agree the costs with the reseller and enter a partnership to commence a rolling program of replacement for the Edge switches. E.g., for the next 3 budget years we would tackle a campus, one at a time and therefore spread the capital costs over 3 years.

As our 3 campuses are similar in size there would be even split with an additional upfront cost for core switches.

In this scenario we would expect capital costs to be as per below (+ VAT).

Year 1 Capital Costs = £168,134

Year 2 Capital Costs = £117,368

Year 3 Capital Costs = £117,368

Subscription and support costs will also be reduced in year 1 and 2 as there is less hardware to license and support. In addition, any consultancy services required would be delivered in year 1.

5.5 Risks

The security of our digital infrastructure is good. With the phased delivery model, it is operationally more achievable, however it does mean our network will be vulnerable from internal threats for approximately 15 months longer than if all was installed at once. The risks of this are a few fold: -

- Access to the switch could be compromised. The impact of compromise could be anything from someone gaining access to devices they should not, monitoring and stealing data from any traffic including sensitive data, or high value passwords being intercepted
- The devices may become unreliable if we are trying to use new technology over our network which the switches are not aware.
- As we can't source replacement parts for the hardware, if devices were to break down then second-hand parts would need to be tracked down.

As a result of the above the College may be required to purchase many devices at short notice and potentially close down parts of a network while a replacement, supported solution is installed

6. **Next Steps**

If the recommendation is approved by the Finance & Property Committee then the tender process would commence in mid-June with a desire to commence the delivery of the project from August 2022. Year one of the project has been included in the draft budget for session 2022/23.

Author: Andy Ross, Head of ICT
Executive Sponsor: Executive Team

FINANCE & PROPERTY COMMITTEE

Tuesday 31 May 2022



REVIEW OF GARDYNE THEATRE LIMITED (GTL) PAPER L

**BOARD OF MANAGEMENT
FINANCE & PROPERTY COMMITTEE
Tuesday 31 May 2022**



Review of Gardyne Theatre

Paper for approval

1. Introduction

It has been almost 11 years since the Gardyne Theatre opened after a major refurbishment. Gardyne Theatre Limited (GTL) was incorporated to operate the Theatre with the driver being the recovery of the input VAT (£407k) for the refurbishment.

Prompted by a number of factors it was agreed that a review of Gardyne Theatre would be appropriate.

Depending on the decisions taken on the purpose and use of Gardyne Theatre, other elements such as GTL, structure and investments can be explored in more detail.

There is quite a lot of context and background included within the report which is intended to support a baseline of awareness for those members who have not been involved in Gardyne Theatre.

2. Recommendations

Members are asked to consider and approve the following:

- a) The proposed Option 5 (paragraph 13) that GTL continues to operate Gardyne Theatre. The Executive propose this option would be for a period to 31 December 2023 initially, to confirm that GTL can provide a return by way of a:
 - Licence to Occupy fee of £10,000
 - Service Level Fee that is appropriate for the level of contra services provided. It is further proposed that the fee would be agreed by the Chair of this Committee and the Chair of the GTL Board, who is also a member of this Committee.
 - Increased Licence to Occupy fee if unfunded infrastructure investments in Gardyne Theatre are necessary with prior approval of the F&P Committee and the GTL Board.Approving this option would also result in the extension of the existing Theatre Manager's appointment by GTL to 31 December 2023.
- b) There is an emphasis on the delivery of the GTL objectives and purpose as incorporated (paragraph 3), particularly in relation to promoting the College and its offering.

- c) The opportunities to enhance the relationship between the College/The Space and Gardyne Theatre and the use of the spaces, is optimised within legal operational constraints.
- d) A separate review be undertaken to identify the most advantageous uses of and investments in The Space and Gardyne theatre to maintain the College's financial sustainability (paragraph 10).
- e) The GTL Articles of Association are updated to reflect good practice, Director terms of office and College appointed Director roles.

Based on the feedback from the Finance & Property Committee a version of this paper will be presented to the GTL Board for their agreement before being presented to the College Board in June for final sign off.

3. Background

Gardyne Theatre opened in September 2011. Since 2011 it has provided a high standard of theatre experience for hundreds of performances of all varieties.

Gardyne Theatre Limited (GTL)

Gardyne Theatre is fully owned by Dundee & Angus College (the College). GTL is a company, limited by guarantee, incorporated under the Companies Act, (SC405789) established to operate the Theatre on behalf of its sole member; the College. GTL has articles which specify the objects as:

"The Company is incorporated for the objective and purpose of:

- 3.1 to advance, promote, maintain and improve education, participation and enjoyment of the performing arts, including, without limitation, the arts of drama, mime, dance, singing, music and film;
- 3.2 to contribute to the promotion of Dundee & Angus College as a centre for excellence for the performing arts in education;
- 3.3 to promote Gardyne Theatre as a destination for high quality performances and participatory projects;
- 3.4 to ensure access for all to performing arts, music, dance and theatre through a programme that develops access and increases participation in the live performing arts; and
- 3.5 to deliver a high quality programme through effective collaboration and partnerships."

There are articles of association which govern how the company is run.

GTL has a Board of Directors:

Name	Capacity	Appointment
Simon Hewitt	Principal	1 August 2020
Jaki Carnegie	Vice Principal Corporate Services	30 May 2019
George Robertson	College Board member	1 January 2018
Grant Ritchie	(now) Interested party	22 August 2011
Helen Brown	Interested party	8 September 2015

The articles of association do require to be updated and agreed by the GTL and College Boards. Appendix 2 has the current articles alongside proposed changes.

4. Structure of GTL

The purpose of the incorporation of GTL and the limited liability structure was to maximise VAT recovery on the original theatre refurbishment. The arrangement was intentionally written so that it could be “flexed” between the parties to try to continue to optimise the best financial position for the College. Establishing GTL enabled the College to recover the £407k of VAT on the refurbishment. This arrangement was necessary for 10 years to ensure that the recovery of VAT was not challenged by HMRC.

5. Licence to Occupy

GTL has a “Licence to Occupy” Gardyne Theatre from the College. A fee of £10K is specified and normally paid annually by GTL to the College for the “Licence to Occupy”.

The Licence to Occupy allows GTL the use of the Gardyne Theatre, the Dance and Rehearsal Studios and the Foyer and Atrium Space in order to meet the needs of GTL and on the terms and subject to the conditions of this Licence.

As highlighted above, Gardyne Theatre itself, as a physical asset, is on the balance sheet of the College. The Licence to Occupy fee can be amended with agreement of both parties. The Licence to Occupy can be revoked or be assigned to another operator.

The Licence to Occupy fee has been taken annually since 2011, until:

- 2019/20 when a partial fee of £6,667 was taken due to lockdown commencing in March 2020.
- 2020/21 when no fee was taken due to the Theatre being unable to operate.
- 2021/22 when a partial fee of £7,500 was taken to account for the periods where social distancing was not in place.

6. Service level Agreement (SLA)

The SLA provides for GTL to request the provision of services from the College on an arms length basis and can be terminated by either party giving 6 months notice. Services are required to be asked to be provided by the College. In the event that the College cannot provide the services they can be commission by GTL elsewhere.

The agreement allows for the College to charge a retrospective and variable annual charge as agreed between the parties and for additional ad-hoc services or provision of goods, as agreed between the parties.

The services provided by the SLA are:

- Human Resources
- Estates Services
- Finance Services
- Operational & Commercial Management
- Information Services
- Bar & Catering
- Production Services

The SLA is intentionally “silent” on the value of the services with the default position being that the College is responsible for maintenance and refurbishment. How the costs of maintenance, repairs and other services are split between the parties is deliberately left subject to agreement between the parties, to allow for flexibility depending on financial performance each year and access to funding. The financial failure of GTL during the 10 year period following the VAT recovery would have risked the VAT being clawed back.

Separately the College is responsible for maintaining professional indemnity insurance of no less than £2m.

The annual charge recovered by the College for the last few years is:

2015/16	£nil
2016/17	£30k
2017/18	£30k
2018/19	£10k
2019/20	£nil
2020/21	£nil

The following identifies the Theatre staff costs borne by the College/GTL since 2015/16:

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
<u>Theatre Staff - Recharged from College</u>						
Technical Manager	28,180	30,151	32,645	36,060	21,614	
Admin Assistant				28,007	19,498	
<u>GTL Payroll</u>						
Chairman	1,000	1,000	1,000	1,000	100	
Theatre Manager						15,808
	29,180	31,151	33,645	65,067	41,212	15,808

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
<u>Theatre Staff - Costs borne by College</u>						
Theatre Manager	58,178	59,103	58,331			
Technical Manager				Furloughed →	14,966	36,857
Technical Staff	40,944	41,687	42,487			
Admin Assistant	24,559	25,626	26,265			
	123,681	126,415	127,082	0	14,966	36,857

7. Statutory Accounts

Henderson Loggie is appointed by GTL to audit the accounts of GTL.

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Turnover	291,604	301,374	343,882	255,780	127,546	1,208
Other Operating Income	43,100	32,100	3,067	29,922	8,302	42,176
Total Income	334,704	333,474	346,949	285,702	135,848	43,384
Expenditure	339,156	323,326	350,183	281,925	136,730	41,763
Profit/(Loss)	(4,452)	¹150,148	(3,234)	3,777	(882)	1,621
Reserves	(105,577)	44,571	41,337	45,114	44,232	45,853
Cash	46,477	85,197	81,014	30,600	45,230	47,083

8. Budget

The forecast outturn for 2021/22 and draft budget for 2022/23 is

	2021/22 Forecast	2022/23 Budget
	£	£
INCOME		
Rental Income	45,328	111,500
Box Office	52,021	63,000
Bar	22,218	27,000
Catering	250	0
Grants, Sponsorships & Awards	65,769	40,085
Miscellaneous	15	0
Total Income	185,602	241,585
EXPENDITURE		
Payroll Costs	85,868	118,285
Other Staff Costs	250	100
Production Costs	40,718	48,550
Box Office Costs	1,000	1,000
Bar Supplies	8,761	11,100
Invoiced Staff Costs	17,400	17,400
Marketing & PR	2,900	3,500
Property & Rental Charges ²	7,500	11,000
Bad Debt Provision/Write Off	1,000	2,000

¹ A loan of £140,000 was provided by the College to GTL to cover the loss on Jackie the Musical. This loan was subsequently written off by the College.

² Includes Licence to Occupy fee

Other Operating Costs ³	20,204	23,069
Expenditure	185,602	236,004

Surplus	Nil	5,581
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9. Staffing

GTL currently has two members of dedicated staff; Theatre Manager, appointed by GTL and Technical Manager appointed by the College. The terms and conditions of GTL staff are different from those of College staff.

	GTL	College
Contractual Weekly Hours	35	35
Holidays	28	45
Pension E'rs Contribution	3%	17%
Sick Pay	Statutory sick pay	6 months full pay 6 months ½ pay
Unsociable Hours	none	paid at T+1/3 rd
Overtime	TOIL	Paid at 1.5T / 2T

Other than the 2 dedicated Theatre staff, GTL has a bank of casual staff that consists of technical support, bar staff, ushers and duty managers.

Prior to the Theatre Manager appointment in February 2021, dedicated staff have been appointed by the College and on College terms and conditions. The Technical Manager has been recharged to GTL from 2015/16 and the Theatre Administrator from 2018/19 (until redeployment).

The Theatre Manager was appointed in February 2021 and has not yet operated under non-covid restrictions. The last restrictions (face coverings) were removed in May 2022 with the ability to not be socially distanced, but still with face covering restrictions in place was the end of January 2022.

Three tranches of funding (£15k, £15k, £45k) have been granted by Creative Scotland's Recovery Fund for Cultural Organisations to enable us to cover the cost of the appointment of the Theatre Manager. The £45k is also intended to be used to re-engage with communities to encourage/maximise the use of the Theatre.

As GTL is a company limited by guarantee access to Creative Scotland funding was not as accessible as would have been the case for a charity. It is proposed that if GTL is to continue to operate beyond December 2023, or sooner, if circumstances require it, a review of the company structure should be undertaken to ensure that it remains appropriate

10. Relationship with the Performing Arts Curriculum Department

³ Includes Service Level Agreement charge

Since the appointment of the Theatre Manager a good working relationship has been established between both sets of staff and opportunities for enhancement of the student experience developed. This included GTL putting on a student show and students generally being offered opportunities to work in the Theatre as part of GTL casual staff.

Optimising this relationship will be a key focus over the next 18 months.

11. Gardyne Theatre and The Space

Due to the age of the technical/fittings infrastructure, The Space is 19 years and Gardyne Theatre 11 years, the College ICT Manager commissioned consultants to review the sound system in The Space and the lighting system in Gardyne Theatre.

The quotes were provided in May/July 2021 and are exclusive of VAT:

	Gardyne Theatre	The Space
Sound System	Touring companies bring own PA. Wear & tear minimal. No investment required.	£210,000
Lighting (ETC Lighting 558840) (Chauvet lighting 558847)	£117,000 £95,000	Estimated to be in the same ballpark as GTL c£100,000
Stage Floor	No spring in stage. For dance performances dance floor is put down	Identified as requiring repair
Auditorium	No significant wear or tear concerns in Auditorium	Carpet identified as requiring replaced/ refurbished in some areas

The Service Level Agreement gives responsibility for maintaining the asset to the College. As the asset is a College asset it is for the College to decide on the “state” of the asset. As mentioned above, the SLA is deliberately flexible to adjust for the financial performance each year and access to funding.

If the College foresees Gardyne Theatre and The Space Theatre continuing to be used as physical spaces investment will be required over the next few years. It is possible that moving to LED lighting in both Theatres will attract funding from carbon reduction investment funds; probably via Scottish Government. Investment in the 19 year old The Space sound systems/stage/auditorium should be considered with one of the options being greater use of Gardyne Theatre. It is likely that for the upgrades to The Space sound system, auditorium and stage, the use of SFC Capital Backlog maintenance monies would need to be prioritised. In the case of capital investments into Gardyne Theatre, there is flexibility in the legal structure to enable the rationale for investment to sit where the outcome optimises the College’s financial position, whether that is in terms of VAT recovery or access to funding.

12. College Use of Gardyne Theatre

When Gardyne Theatre was redeveloped, £407k of input VAT was recovered in 2011 under an Option to Tax. Based on the recovery of the VAT, Henderson Loggie advised that if the College were to use the Theatre as if it were its own, until the end of 2021, then it would be possible for the HMRC to seek to reclaim the input VAT, at a reducing scale. Advice was also that the College should not reimburse GTL for any use of the Theatre nor keep any record of any use by the College of the Theatre. This has driven College's decision-making on the College use of the Theatre over many years and no recognition of any notional recharge of the limited use being recognised in GTL accounts.

Now that 10 years has passed, the use and recognition of the College use of Gardyne Theatre can be revisited. VAT advice is that any supply of service from GTL to the College would be VAT exempt. The recovery of input VAT by GTL would be impacted proportionately by the level of exempt "sales" to the College. This would be minimal unless there are significant levels of input VAT, for example if funding was attracted by GTL to invest in capital refurbishment.

Over the last year, recognising that shows commenced in October 2021 and in December/January 2022 Coronavirus distancing restrictions were again applied meaning that the Theatre could not operate, the College's notional use of the theatre is valued at £23,000, with a 50% reduction being applied to most activities. Activities include:

- Staff Awards
- Student Talent Show
- DSMT rehearsals and performances
- College Prize Giving
- Lego ceremonies
- Performing Arts rehearsals and performances

The recording studio is also used by the College. The recording studio has been used on almost 100 occasions this financial year for external and College bookings. Most recently voice overs required for College adverts took advantage of using the recording studio.

13. Gardyne Theatre Company Status

Gardyne Theatre Limited was established as a Limited Company. It is understood at the time of the company being established the option to establish as a charity was also considered. Throughout the pandemic the funding mechanisms to support theatres throughout the pandemic have favoured theatres that have been established as having charitable status. It is also understood that trusts funding and grants are more accessible when a charity or a not-for-profit organisation is applying for financial support.

As the asset of Gardyne Theatre remains in the ownership of the College, the College can equally apply for funding for any capital redevelopment. Being a charity helps the College attract funding/grants.

As mentioned above a review of the most appropriate status of GTL would be undertaken if GTL were continuing to hold the Licence to Occupy the Theatre beyond 2023.

14. Options for Gardyne Theatre

Option 1: College operates Gardyne Theatre for Curriculum Use

Practicalities:

- GTL Licence to Occupy is revoked
- GTL staff contracts are terminated (Theatre Manager and casual staff)
- Depending on whether the Theatre continues to be used by the college on a regular/frequent basis the Technical Manager would be retained or made redundant
- Consideration of longer term contracts such as YMI
- Contracted shows are cancelled

Advantages:

College resources are not utilised by GTL;

- HR recruitment of staff
- Finance processing of transactions/management & annual accounts preparations
- Estates out of normal business hours activity
- Senior staff oversight and governance

Disadvantages:

- This would depend on the extent of the usage of the facilities and what management/ oversight of the facility would be needed
- Costs of physically maintaining the Theatre would remain
- Potential for the space to be underutilised
- Inability to recover VAT
- Small scale backlash and reputational damage caused by cancelled shows

Option 2: College operates Gardyne Theatre for Commercial Use

Practicalities:

- GTL Licence to Occupy is revoked
- GTL staff contracts are terminated (Theatre Manager and casual staff)
- Staff are recruited by the College and the Technical Manager retained or other staff are deployed

Advantages:

- GTL Board and separate statutory reporting would not be required.

Disadvantages:

- Not core business

- Staff would need to be redeployed, deployed or recruited to operate the Theatre
- Financially sustainability of employing staff on College Terms & Conditions of Service
- Costs of physically maintaining the Theatre would remain
- Inability to recover VAT

Option 3: Gardyne Theatre is closed for use

Practicalities:

- GTL Licence to Occupy is revoked
- GTL staff contracts are terminated (Theatre Manager and casual staff)
- Technical Manager is redundant
- Contracted shows are cancelled

Advantages:

- GTL Board and separate statutory reporting would not be required
- College resources are not required; HR/Finance/Estates/Senior staff

Disadvantages:

- Large spaces left unused/unmaintained
- Partial return of funding to Creative Scotland
- Small scale backlash and reputational damage caused by cancelled shows

Option 4: The Licence to Occupy Gardyne Theatre is allocated to another operator

Practicalities:

- GTL Licence to Occupy is assigned to another operator
- GTL staff contracts are terminated (or TUPE may apply for Theatre Manager and casual staff)
- Technical Manager is redundant or transferred

Advantages:

- GTL Board and separate statutory reporting would not be required
- Financial contribution to operate could potentially be increased from £10,000
- College resources are not required; HR/Finance/Estates/Senior staff

Disadvantages:

- Cost and resource to develop contractual agreements on use of the Theatre
- Agreement required on funding of maintenance and replacement of physical infrastructure
- Contract manager allocated to oversee agreement
- Ability to attract a suitable operator
- Detailed and complex agreements would be required (H&S, security, shared use of bar/café/toilet/atrium facilities)

Option 5: GTL continues to operate Gardyne Theatre for Commercial Use and Curriculum Use (when there is no conflicting bookings) for a time-specified period.

Practicalities:

- The current arrangement would be maintained with the addition of the ability to formalise College use.

Advantages:

- Provides the Theatre Manager time to explore the ability of Gardyne Theatre to generate a contribution to the College
- Non-core business of the College continues to be outsourced to GTL
- GTL Terms & Conditions of Service are aligned with the industry
- Better alignment with College activities is now possible since the 10 year limit of use is removed
- VAT recovery is maintained, although would be impacted if there is a significant increase in the use by the College of the Theatre

Disadvantages:

- Continuing GTL Board and separate statutory reporting
- Continuing input from College resources (appropriately reimbursed via the Service Level Agreement taking into account College use of the Theatre)
- Responsibility for costs of physically maintaining the Theatre remain to be agreed

15. Conclusion

There has not been stability within GTL for a number of years, either as a consequence of changes in management and leadership or as a result of the pandemic. Equally there hasn't been visibility of the transactions between the College and GTL, as is now possible following the 10-year VAT recovery period now ending.

At present, GTL accesses support from the College in the same way as the Sports Centre, Nursery or SDA. Before the pandemic, there was financial consideration of this support as part of the Service Level Agreement, although the visibility of the transactions could rightly be questioned.

Undoubtedly GTL has been able to operate recently at break-even as a result of being physically within Gardyne Campus and therefore resources ordinarily required to secure and access a building alongside the access to the other services as and when required means that the fixed costs of running the Theatre are small in comparison to other Theatres. GTL is budgeted to break-even at worst in 2021/22 and 2022/23. The expectation is that an appropriate Service Level Agreement fee, as yet to be determined, will be payable in 2021/22 and 2022/23, if GTL continues to operate Gardyne Theatre.

Based on the information provided I would recommend that GTL continues to operate Gardyne Theatre to December 2023, assuming that break-even of GTL can be maintained as a minimum on an annual basis. This assumes the Licence to Occupy fee and an appropriate Service Level fee is paid by GTL to the College and that the College reimburses GTL an appropriate fee for the use of the Theatre.

If this is approved, further work would be necessary to:

- Update the GTL articles of association which wouldn't be necessary if the Licence to Occupy was to be revoked at 31 July 2022.
- Optimise the potential of the College/GTL relationship, particularly as the use by the College of Gardyne Theatre is allowable as well as the relationship with Performing Arts.
- Understand the infrastructure investments that will be required over the next few years to Gardyne Theatre and The Space, with a view to minimising the impact on the College's financial sustainability through other sources of funding and sharing of resources.

16. Link to Strategic Risk Register

The review of GTL connects with a number of risks within the Strategic Risk Register however the main issue of concern for the College is that Gardyne Theatre does not impact on the College's financial sustainability namely; Risk 2.2 – Failure to achieve institutional sustainability.

Executive Sponsor: Jaki Carnegie, Vice Principal Corporate Services

Current Gardyne Theatre Bookings to December 2022

Date	Show
June	
3.06.22	cirque: greatest show
6-9.6.22	angus centre for performance arts
10-11.06.22	Dundee Dance Factory
13-15.06.22	staff awards rehearsals
16.06.22	staff awards
18.06.22	Showcase the Street
23.06.22	Joan As A Policewoman
24.06.22	staff event
25.06.22	ASDS Extravaganza 2022
26.06.22	Launchpad Dance Studio
July	
09.07.22	Ronnie O'Sullivan Exhibition
10.07.22	Ronnie O'Sullivan Exhibition
15.07.22	Some Might Say – Oasis Tribute
16.07.22	Chris McGlade 'Forgiveness'
22.07.22	Country Superstars
24.07.22	Midnight Train to Georgia
30.07.22	provsional Open day
Aug-22	
04.08.22	The Elvis Presley Show
14-27.08.22	DSMT
Sep-22	
01.09.22	Spandau Ballet Story
02.09.22	80s Icons Show
03.09.22	Viva Neil Diamond
04.09.22	rc Dance Company
09.09.22	Eddi Reader - 40 Years Live
10.09.22	twos company
11-17.09.22	Thomson Leng - Rent
21/22.09.22	Ricky Ross
24.09.22	Scots Language Awards
29-30.09.21	Billy Joel Rehearsals
Oct-22	
01.10.22	Magnificent Buble
03.10.22	Billy Joel Albums Tour
08.10.22	Rock Icons Show
15.10.22	Jerry Sadowitz
16.10.22	Simon & Garfunkel
17.10.21	Comedy Girls
24-28.10.22	respect week- college

Date	Show
29.10.22	ACARI Comedy Stage Hypnotist
30.10.22	Rat pack
Nov-22	
3-7 11 22	jazz festival
10.11.22	flo & joan
12.11.22	dance zone
16-19.11.22	esports
20- 26.11.22	Brought Ferry Amateur Operatic Society
27.11.22- 04.12.22	Thomson Leng Musical Society
Dec-22	
9/10.12.22	dundee dance factory
16-18.12.22	angus centre for performing arts

THE COMPANIES ACT 2006
COMPANY LIMITED BY GUARANTEE AND
NOT HAVING A SHARE CAPITAL
ARTICLES OF ASSOCIATION
of
GARDYNE THEATRE LIMITED

1 CONSTITUTION OF COMPANY

The model articles of association as prescribed in Schedule 2 to The Companies (Model Articles) Regulations 2008 are excluded in respect of this company.

2 **INTERPRETATION**

2.1 In these Articles of Association, unless the context demands otherwise:-

"the Act" means the Companies Acts as defined in Section 2 of the Companies Act 2006 including any statutory modification or re-enactment thereof for the time being in force;

"the Articles" or **"these Articles"** means the Articles of Association of the Company or such as are in force from time to time;

"clear days" in relation to the period of a notice means that period excluding the day when the notice is given or deemed to be given but including the day for which it is given or on which it is to take effect;

"the College" means Dundee College, Kingsway Campus, Old Glamis Road, Dundee DD3 8LE

"communication" means the same as in the Electronic Communications Act 2000;

"the Company" means Gardyne Theatre Limited;

"Connected Person" means a person who is 'connected' to a Director and 'connected' shall mean the same as in Section 68 (2) of the Charities and Trustee Investment (Scotland) Act 2005;

"the Directors" or **"the Board"** means the directors of the Company for the time being as a body or (as the context may require) the board of directors of the Company, or the directors present at a meeting of the directors at which a quorum is present;

Commented [JC1]: All gendered references will be replaced

"electronic communication" means the same as in the Electronic Communications Act 2000;

"executed" includes any mode of execution;

"Office" means the registered office of the Company;

"secretary" means the secretary of the Company or any other person appointed to perform the duties of the secretary of the Company, including a joint, assistant or deputy secretary;

"Taxes Acts" shall mean the Income & Corporation Taxes Act 1988, the Income Tax (Earnings and Pensions) Act 2003, the Income Tax (Trading & Other Income) Act 2005 and the Income Tax Act 2007 including any statutory modification or re-enactment thereof for the time being in force;

"United Kingdom" means Great Britain and Northern Ireland.

2.2 Words importing the singular shall include the plural and vice versa. Words denoting the masculine shall include the feminine. Words denoting individuals shall include corporations.

2.3 References to names of corporations shall unless inconsistent with the subject or context include their respective successors.

2.4 Unless the context otherwise requires, words or expressions contained in these articles bear the same meaning as in the Act but excluding any statutory modification thereof not in force when these articles become binding on the Company.

OBJECTS

3 The Company is incorporated for the objective and purpose of:

3.1 to advance, promote, maintain and improve education, participation and enjoyment of the performing arts, including, without limitation, the arts of drama, mime, dance, singing, music and film;

3.2 to contribute to the promotion of Dundee & Angus College as a centre for excellence for the performing arts in education;

3.3 to promote Gardyne Theatre as a destination for high quality performances and participatory projects;

3.4 to ensure access for all to performing arts, music, dance and theatre through a programme that develops access and increases participation in the live performing arts; and

3.5 to deliver a high quality programme through effective collaboration and partnerships.

4 The Company's objects are restricted to those set out in Article 3 (but subject to Article 5).

5 The company may add to, remove or alter the statement of the Company's objects in Article 3; on any occasion when it does so, it must give notice to the Registrar of Companies and the amendment will not be effective until that notice is registered with the Registrar of Companies.

6 In pursuance of the objects listed in Article 3 (but not otherwise), the Company shall have the following powers:-

Commented [JC2]: These are standard clauses which can be amended with the GTL Board and D&A Board approval

6.1 To provide, promote, arrange and organise shows, plays, drama, musical performances and similar forms of entertainment.

6.2 To provide, promote, arrange, organise and conduct courses, meetings, workshops, classes, programmes, seminars and participatory performing arts activities of any kind.

6.3 To provide and manage a fully integrated arts venue and related ancillary services including, but not limited to, catering, operating licensed premises and retailing.

6.4 To make grants or loans of money, or other assets, including loans on favourable terms, and loans both secured and unsecured that do not require the borrower to pay interest or other money to the Company on or for the sum, or property, borrowed and to make such loans even when the Company knows that a borrower may be unable to repay, some or all of the amount of the loan to such borrower.

6.5 to purchase, take on lease or in exchange, hire or otherwise acquire and hold any heritable or moveable, real or personal property and to maintain and alter any of the same as are necessary for any of the objects of the Company and (subject to such consents as may be required by law) to sell, lease or otherwise dispose of or mortgage any such heritable or moveable, real or personal property and to issue or grant any mortgage, charge, standard security, lien or other security upon all or part of its property or assets whether present or future;

6.6 to retain all or part of the monies of the Company not immediately required for its objects in money or liquid form and to invest the same in interest bearing accounts or deposits; to invest the monies of the Company not immediately required for its objects in or upon such other investments and such securities or properties as may be thought fit, subject nevertheless to such conditions (if any) and such consents (if any) as may for the time being be imposed or required by law subject also as hereinafter provided;

6.7 to set aside funds for special purposes or reserves against future expenditure;

6.8 to assist any person, body or bodies financially or otherwise in the furtherance of the objects set out in Article 3 above;

6.9 to write off, and waive either wholly or in part, any loan made by the Company, and to release the debtor from some or all of his obligations in respect of such loan;

6.10 to apply for, register, purchase or otherwise acquire and protect, prolong and renew, whether in the United Kingdom or elsewhere, any patents, designs, trade marks, licences, concessions and the like, conferring an exclusive or non-exclusive or limited right of user or any secret or other information as to any invention which may seem capable of being used for any of the purposes of the Company or the acquisition of which may seem calculated directly or indirectly to benefit the Company and to use, exercise, develop, grant licences or privileges in respect of or otherwise turn to account any rights and information so acquired;

6.11 to hold exhibitions, meetings, lectures, classes, seminars and courses either alone or with others;

6.12 to foster, sponsor, carry out, research and to disseminate the results of any such research;

6.13 to draw, make, accept, endorse, discount, execute and issue promissory notes, bills, cheques and other instruments, and to operate bank accounts;

6.14 to enter into any arrangement with, or co-operate with any institution, corporation, company, association, firm or person or with any government or public authority (supreme, municipal local or otherwise) that may seem conducive to the attainment of the Company's objects or any of them, and to obtain from any such government or public authority any charters, decrees, rights, privileges or concessions which the Company may think desirable and to carry out, exercise, and comply with any such charters, decrees, rights, privileges and concessions;

6.15 to employ and remunerate any person or persons to, and take on secondees to supervise, organise, carry on the work of and advise the Company and to remunerate any person(s) or company for any services provided by then to the Company;

6.16 to insure and arrange insurance cover for and to indemnify the Company's officers, employees, and voluntary workers from and against all risks incurred in the course of the performance of their duties as may be thought fit including without prejudice to the foregoing generality against the cost of a successful defence to a criminal prosecution brought against an officer as a Director or any personal liability incurred in respect of any act or omission which is or is alleged to be a breach of Company or breach of duty unless the officer concerned knew that, or was reckless whether, the act or omission was a breach of Company or breach of duty;

6.17 subject to the provisions of Article 7 hereof, to establish and support pension and superannuation schemes for the benefit of persons employed by the Company and to grant pensions or retiring allowances to persons who have been employed by the Company or to their dependants;

6.18 to transfer all or any part of the undertaking, assets and liabilities of the Company to or to take over, federate or amalgamate with or to affiliate or become affiliated to any other institution, company or association having objects similar in whole or in part to those of the Company provided that any such institution, company or association is prohibited from the

payment of dividend, bonus or profit to its members at least to as great an extent as such payment is prohibited to members of the Company and further provided that this paragraph shall not authorise anything which shall prevent the Company from properly and usefully carrying out its functions as contemplated by these Articles;

6.19 to form any subsidiary to further or to assist in carrying out the objects of the Company, whether directly or indirectly;

6.20 to pay out of the funds of the Company the costs, charges and expenses of and incidental to the formation and registration of any subsidiary company formed to further or to assist in carrying out the objects of the Company;

6.21 to offer to co-operate and enter into arrangements with authorities, national, local or otherwise.

6.22 to procure that the Company be registered in any country or place;

6.23 to create, promote, organise and administer projects, courses and developments in any part or parts of the world;

6.24 to do all of any of the above administrations in any part of the world, either alone or in conjunction with others and either as principals, agents, contractors, Directors or otherwise and either by or through agents, sub-contractors, Directors or otherwise;

6.25 to do all such other things as may be incidental or conducive to the Company's objects or any of them

PROVIDED that:

6.26 in case the Company shall take or hold any property which may be subject to any trusts, the Company shall only deal with or invest the same in such manner as allowed by law, having regard to such trusts;

6.27 the objects of the Company shall not extend to the regulation of relations between workers and employers or organisations of workers and organisations of employers.

RESTRICTIONS ON USE OF THE COMPANY'S ASSETS

7 The income and property of the company shall be applied solely towards promoting the Company's objects and no part of the income or property of the Company shall be paid or transferred (directly or indirectly) to the members of the Company, whether by way of dividend, bonus or otherwise.

Provided that nothing herein shall prevent any payment in good faith by the Company:-

7.1 of reasonable and proper remuneration to any member, officer, servant or employee of the Company for any services rendered to the Company, or any Director of the Company in accordance with Articles 48 and 49 of these Articles, provided always that (i) such

remuneration is not for services rendered solely to the Company in the capacity of Director; and (ii) the Board of Directors shall at all times comprise a majority of non-remunerated Directors;

7.2 of reasonable and proper rent for premises hired or let by any member of the Company or its Directors; or

7.3 to any Director of "out of pocket" expenses pursuant to Article 48.

MEMBERS

8 The liability of the members of the Company is limited.

9 Each member of the Company undertakes that if the Company is wound up while he is a member, or within one year after he ceases to be a member, he will contribute up to a maximum sum of £1.00 to the assets of the Company, to be applied towards:

9.1 payment of the Company's debts and liabilities contracted before he ceases to be a member;

9.2 payment of the costs, charges and expenses of winding up; and

9.3 adjustment of the rights of the contributories among themselves.

10 The subscribers to the Memorandum of the Company and such other persons as are admitted to membership in accordance with the Articles shall be members of the Company. No person shall be admitted as a member of the Company unless he is unanimously approved by the members.

11 Any person who desires to be admitted to membership of the Company must sign or have signed on his behalf and deliver to the Company an application for admission framed in such terms as the Company may require from time to time and shall so consent in writing to be a member, undertake to comply with any conditions imposed on such member as contained in such application, and/or such ancillary agreement as may be executed between the Company and the members. The members shall have full discretion as to the admission and non-admission of any person to membership and shall not be bound to assign any reason for the non-admission of any person to such membership.

12 A member shall cease to be a member of the Company in any of the following circumstances:-

12.1 if by giving at least seven clear days' notice lodged at the Office he resigns from membership; or

12.2 if he is removed from membership by a resolution of the members passed by four-fifths of the votes cast upon such resolution at a meeting specially convened to consider such resolution of which he shall have been given a reasonable opportunity of attending and being heard; or

12.3 if, being a firm, the estates of the firm or of any of the partners are sequestrated or the firm suspends or compounds with its creditors; or

12.4 if, being a corporation, it goes into liquidation.

13 The rights of a member shall be personal and membership shall not be transferable and shall cease on death.

NOTICE OF GENERAL MEETINGS

14 The Directors may call general meetings and, on the requisition of members pursuant to the provisions of the Act, shall forthwith proceed to convene a general meeting in accordance with the provisions of the Act.

15 General meetings shall be called by at least fourteen clear days' notice but a general meeting may be called by shorter notice if it is so agreed by a majority in number of the members having a right to attend and vote being a majority together holding not less than ninety per cent of the total voting rights at the meeting of all the members.

The notice shall specify the time and place of the meeting and, in the case of special business only, the general nature of the business to be transacted.

The notice shall be given to all the members and to the auditors.

16 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at the meeting.

PROCEEDINGS AT GENERAL MEETINGS

17 No business shall be transacted at any general meeting unless a quorum is present.

A quorum shall be not less than one half of all the persons who at the commencement of the meeting are members of the Company, and are entitled to vote upon the business to be transacted.

18 If such a quorum is not present within thirty minutes from the time appointed for the meeting, or if during a meeting such a quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week at the same time and place or such other day and at such other time and place as the Directors may determine, and if at the adjourned meeting a quorum is not present within thirty minutes from the time appointed therefor the members present shall be a quorum.

19 The chairman, if any, of the Board of Directors or in his absence some other Director nominated by the Directors shall preside as chairman of the meeting, but if neither the chairman nor such other Director (if any) be present within ten minutes after the time appointed for holding the meeting and willing to act, the Directors present shall elect one of

Commented [JC3]: General meetings refer to meetings of the shareholders/members only of a company. D&A College is sole shareholder and unlikely require a specific meeting.
D&A Board or Committee meetings where GTL is discussed are perfectly acceptable vehicles and do not require a "General" or "Annual" meeting.
Any change that was required to be made to the operation of GTL can be by resolution at a D&A Board or Committee meeting.
Paragraph 54 refers to GTL Board meetings that take place 4 times per year.

Commented [JC4]: To be updated by our Legal Advisers to reflect any recent good practice, if applicable i.e. hybrid meetings

their number to be chairman and, if there is only one Director present and willing to act, he shall be chairman.

20 If no Director is willing to act as chairman, or if no Director is present within ten minutes after the time appointed for holding the meeting, the members present and entitled to vote shall choose one of their number to be chairman.

21 A Director shall, notwithstanding he is not a member be entitled to attend and speak at any general meetings.

22 The chairman may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn business from time to time and from place to place, but no business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen days or more, at least seven clear days' notice shall be given specifying the time and place of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to give any such notice.

23 A resolution put to the vote of a meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands a poll is duly demanded. Subject to the provisions of the Act, a poll may be demanded:-

23.1 by the chairman; or

23.2 by at least two members having the right to vote at the meeting; or

23.3 by a member or members representing not less than one tenth of the total voting rights of all the members having the right to vote at the meeting;

and a demand by a person as proxy for a member shall be the same as a demand by the member.

24 Unless a poll is duly demanded a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

25 The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.

26 A poll shall be taken as the chairman directs and he may appoint scrutineers (who need not be members) and fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

27 A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either forthwith or at such time and place as the chairman directs not being more than thirty days after the poll is demanded. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded. If the poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.

28 No notice need be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.

VOTES OF MEMBERS

29 On a show of hands every member who (being an individual) is present in person or by proxy or (being a firm or corporation) is present by a duly authorised representative or by proxy, unless the proxy (in either case) or the representative is himself a member entitled to vote, shall have one vote and on a poll every member present in person, by a duly authorised representative or by proxy shall have one vote.

30 A member in respect of whom an order has been made by any court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder may vote, whether on a show of hands or on a poll, by his receiver, curator bonis or other person authorised in that behalf appointed by that court, and any such receiver, curator bonis or other person may, on a poll, vote by proxy. Evidence to the satisfaction of the Directors of the authority of the person claiming to exercise the right to vote shall be deposited at the Office, or at such other place as is specified in accordance with the articles for the deposit of instruments of proxy, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in default the right to vote shall not be exercisable.

31 No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.

32 An instrument appointing a proxy shall be in writing executed by or on behalf of the appointor and shall:-

32.1 state the name and address of the member appointing the proxy;

32.2 identify the person appointed to be that member's proxy and the general meeting in relation to which that person is appointed;

32.3 be signed by or on behalf of the member appointing the proxy, or authenticated in such manner as the Directors may determine; and

32.4 be delivered to the Company in accordance with the Articles and any instructions contained in the notice of the general meeting to which it relates.

The company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.

Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.

Unless a proxy notice indicates otherwise, it must be treated as:

- (i) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting; and
- (ii) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

33 The instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the Directors may:-

33.1 in the case of an instrument in writing be deposited at the Office or at such other place within the United Kingdom as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote: or

33.2 in the case of an appointment contained in an electronic communication, where an address has been specified for the purpose of receiving electronic communications:-

- (i) in the notice convening the meeting, or
- (ii) in any instrument of proxy set out by the Company in relation to the meeting; or
- (iii) in any invitation contained in an electronic communication to appoint a proxy issued by the Company in relation to the meeting,

be received not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote;

33.3 in the case of a poll taken more than 48 hours after it was demanded, be deposited as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or

33.4 where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded to the chairman or to the secretary or to any Director;

and an instrument of proxy which is not deposited or delivered in a manner so permitted shall be invalid. In calculating the periods mentioned in Articles 30, 33.1 33.2, 33.3 and 33.4 no account shall be taken of any part of a day that is not a working day.

In this regulation and the next "address", in relation to electronic communications, includes any number or address used for the purposes of such communications.

34 A vote given or poll demanded by proxy or by the duly authorised representative of a firm or corporation shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll unless notice of the determination was received by the Company at the office or at such other place at which the instrument of proxy was duly deposited or, where the appointment of the proxy was contained in an electronic communication, at the address at which such appointment was duly received before the commencement of the meeting or adjourned meeting at which the vote is given or the poll demanded or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.

NUMBER OF DIRECTORS

35 Unless otherwise determined by ordinary resolution, the number of Directors shall not be subject to any maximum, but shall not be less than three which shall comprise inter alios:

35.1 The Principal of the College ex officio;

35.2 The Depute Principal of the College ex officio

35.3 The Assistant Principal of the College ex officio; and

35.4 such other fit and proper individuals as may be appointed pursuant to these Articles from time to time.

POWERS OF DIRECTORS

36 Subject to the provisions of the Act, and the Articles and to any directions given by special resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of the Articles and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this regulation shall not be limited by any special power given to the Directors by the Articles and a meeting of Directors at which a quorum is present may exercise all powers exercisable by the Directors.

37 The Directors may, by power of attorney or otherwise, appoint any person to be the agent of the Company for such purposes and on such conditions as they determine, including authority for the agent to delegate all or any of his powers.

DELEGATION OF DIRECTORS' POWERS

Commented [JC5]: Does not reflect current practice.

It is proposed that it be changed to be:

- Principal
- 2 members of the SLT, as approved by the Principal
- A College Board member, as approved by the Chair of the College Board

38 The Directors may delegate any of their powers to any committee consisting of one or more Directors. Any such delegation may be made subject to any conditions the Directors may impose, and either collaterally with or to the exclusion of their own powers and may be revoked or altered. Subject to any such conditions, the proceedings of a committee with two or more members shall be governed by the Articles regulating the proceedings of Directors so far as they are capable of applying. The quorum of a committee with two members shall, unless otherwise specified by the Directors, be two.

DIRECTORS TO ACT IN A PERSONAL CAPACITY

39 There shall be no provision for the appointment of alternate Directors and no Director shall have the right to be represented at a meeting of the Board of Directors or at any sub-committee of which he is a member by any other person or to request another Director to cast a vote on her or his behalf.

APPOINTMENT AND RETIREMENT OF DIRECTORS

40 No person shall be appointed or re-appointed a Director at any general meeting unless:-

40.1 he is recommended by the Directors; or

40.2 not less than fourteen or more than thirty five clear days before the date appointed for the meeting, notice executed by a member qualified to vote at the meeting has been given to the Company of the intention to propose that person for appointment or re-appointment together with notice executed by that person of his willingness to be appointed or reappointed.

41 Not less than seven nor more than twenty eight clear days before the date appointed for holding a general meeting, notice shall be given to all who are entitled to receive notice of the meeting of any person who is recommended by the Directors for appointment or re-appointment as a Director at the meeting or in respect of whom notice has been duly given to the Company of the intention to propose him at the meeting for appointment or re-appointment as a Director. The notice shall give the particulars of that person which would, if he were so appointed or re-appointed, be required to be included in the Company's register of Directors.

42 A Director shall hold office for a maximum period of three years from the date of his appointment and shall then retire. Such person shall not again be appointed as a Director unless the Directors resolve that there are exceptional circumstances in that such individual possesses specific or unique skills and expertise, experience or ability of significant value to the Company. In such circumstances, a retiring Director may, if willing to act, be re-appointed by the Directors for a second and final term of a maximum of three years and shall at the end of that second term retire altogether so that no Director shall hold office as Director for more than six years in total. The ex officio Directors shall not be subject to retirement and the provisions of this Article 42 shall not apply to such Directors.

Commented [JC6]: Does not reflect current practice. Helen Brown was appointed as Director on 8 September 2015. George Robertson on 1 January 2018. There has not been a "specific and unique skills" resolution for either Director. Grant Ritchie remained Director on his retirement as Principal on 31 July 2020. It is proposed to be changed to reflect:

- a) A member of the College Board can remain as a Director of GTL for as long as they remain a Board member
- b) The maximum period of three years be changed to align with the College term of four years with a second and final term of four years being on the approval of the College Board.

43 The Company may by Ordinary Resolution appoint a person who is willing to act to be a Director either to fill a vacancy or as an additional Director.

44 The Directors may appoint a person who is willing to be a Director, either to fill a vacancy or as an additional Director, provided the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Articles as the maximum number of Directors.

DISQUALIFICATION AND REMOVAL OF DIRECTORS

45 The office of a Director shall be vacated if:-

45.1 he, being an ex officio Director, ceases to hold the relevant office of entitlement; or

45.2 he ceases to be a Director by virtue of any provision of the Act or he becomes prohibited by law from being a Director; or

45.3 he becomes bankrupt or makes any arrangement or composition with his creditors generally; or

45.4 he is, or may be, suffering from mental disorder and either:-

(i) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Care and Treatment) (Scotland) Act 2003, or

(ii) an order is made by a court or mental health tribunal having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs; or

45.5 he resigns or retires from office by notice to the Company and such resignation or retirement has taken effect in accordance with its terms; or

45.6 he shall for more than six consecutive months have been absent without permission of the Directors from meetings of Directors held during that period and the Directors resolve that his office be vacated.

46 A Director shall cease to hold office if the Directors by resolution in writing signed by all other Directors entitled to receive notice of a meeting of Directors declare that he shall cease to be a Director.

47 The Company may by ordinary resolution of which special notice has been given in accordance with Section 312 of the Companies Act 2006 remove any Director from office notwithstanding anything in these Articles or any agreement between the Company and such Director.

DIRECTORS' FEES AND EXPENSES

48 No Director, other than the Chairman of the Board of Directors shall receive any salary or fees (but may receive payment of out of pocket expenses properly incurred in connection with his duties) for acting as a Director, but a Director may be appointed to any office under the Company (except that of auditor) and receive remuneration in that capacity and shall not be disqualified by being a member of a limited or statutory company which may contract with the Company.

49 Any Director appointed as Chairman of the Board of Directors shall be entitled to receive an annual payment of £1,000 or such other amount as the Board may determine from time to time which shall be payable on 31 July in each year for so long as that Director remains Chairman. If any Chairman has not served as Chairman during the period of twelve consecutive months prior to the date on which the payment falls due then such payment shall be reduced *pro rata*. It shall be at the discretion of the Chairman as to whether he accepts such payment and nothing in these Articles shall be deemed to oblige him to accept such payment.

DIRECTORS' APPOINTMENTS AND INTERESTS

50 Subject to the provisions of the Act and the Articles, a Director shall first and foremost act at all times in the interests of the Company and put such interests before those of himself, any other person or body and avoid circumstances giving rise to a conflict of interest between himself, any related third party interests and the Company.

51 Subject to the provisions of the Act and provided he has disclosed to the Directors the nature and extent of his material interest, a Director may be a party to, or otherwise interested in, any transaction or arrangement with the Company or matter in which the Company is otherwise interested, provided:

51.1 he shall not be entitled to vote on any matter relating to such transaction, arrangement or matter; and

51.2 he shall not be entitled to vote on his appointment or that of a Connected Person (where he or the Connected Person has a contract of service or any other type of contract) or in relation to any matter concerning remuneration or any benefit received by him or the Connected Person); and

51.3 he shall not be entitled to vote on any employee of the Company's terms and conditions of service;

and in relation to all of the above matters, shall absent himself from discussion at any meeting or meetings where the terms of such transactions, arrangements, contracts and service are discussed.

52 Further, notwithstanding the terms of Article 51, provided a Director has so disclosed his material interest, a Director:

52.1 may be a Director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested; and

52.2 shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

53 For the purposes of Articles 51 and 52:

53.1 a general notice given to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified; and

53.2 an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

PROCEEDINGS OF DIRECTORS

54 Subject to the provisions of the Articles, the Directors may regulate their proceedings as they think fit. A Director may, ~~and the secretary~~ at the request of a Director shall, call a meeting of the Directors. Questions arising at a meeting shall be decided by a majority of votes.

Commented [JC7]: This will be removed. A Secretary is not required under Companies Act 2006

55 The quorum for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed at any other number, shall be not less than one half of all the persons who at the commencement of such transaction are Directors, and shall include not less than one of the Directors holding office pursuant to Articles 35.1, 35.2 or 35.3.

56 The continuing Directors or a sole continuing Director may act notwithstanding any vacancies in their number, but, if the number of Directors is less than the number fixed as the quorum, the continuing Directors or Director may act only for the purpose of filling vacancies or of calling a general meeting.

57 The Directors may appoint one of their number to be the Chairman of the Board of Directors and may at any time remove him from that office. Unless he is unwilling to do so, the Director so appointed shall preside at every meeting of Directors at which he is present. If there is no Director holding office, or if the Director holding it is unwilling to preside or is not present within five minutes after the time appointed for the meeting, the Directors present may appoint any one of their number to be chairman of the meeting.

58 All acts bona fide done by a meeting of Directors, or of a committee of Directors, or by a person acting as a Director shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any Director or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every

person had been duly appointed and was qualified and had continued to be a Director and had been entitled to vote.

59 A resolution in writing signed by all the Directors entitled to receive notice of a meeting of Directors or of a committee of Directors shall be as valid and effectual as if it had been passed at a meeting of Directors or (as the case may be) a committee of Directors duly convened and held and may consist of several documents in the like form each signed by one or more Directors.

60 A Director shall not vote at a meeting of the Directors, or at any meeting of a committee of the Directors, on any resolution concerning a matter on which he has an interest, which interest conflicts with the interest of the Company.

61 If a question arises at a meeting of Directors or of a committee of Directors as to the right of a Director to vote, the question may, before the conclusion of the meeting, be referred to the chairman of the meeting and his ruling in relation to any Director other than himself shall be final and conclusive. If such a question arises in relation to the chairman of such a meeting the question may be decided by a majority of Directors present, the presence of the chairman not being counted in any such decision.

62 The Board may seek, obtain and procure such advice and assistance from such persons or bodies as they consider necessary to enable them to carry out their duties as Directors and/or fulfil the objects of the Company and may invite or request the attendance at any of its meetings of any such person or representatives of any such bodies for the purposes of giving such advice and assistance. The attendance of such persons shall be in a non-voting capacity, and may at the discretion of the Directors be for the whole or any part of any meeting or for more than one meeting.

63 A meeting of the Directors or any committee thereof may, subject to notice thereof having been given in accordance with the Articles, be for all purposes deemed to be held when Directors are in simultaneous communication with each other by telephone or fax or by any means of audio-visual communication, if all the Directors of the Company agree to treat the meeting as so held, and the number of Directors participating in such communication constitutes the quorum of Directors which would otherwise be required by the articles to be present at the meeting. Such meeting shall be deemed to take place where the largest group of those participating is assembled, or, if there is no such group, where the Chairman of the meeting then is and the word 'meeting' shall be construed accordingly.

SECRETARY

64 Subject to the provisions of the Act, a secretary may be appointed by the Directors for such term, at such remuneration and upon such conditions as they may think fit; and any secretary so appointed may be removed by them.

MINUTES

65 The Directors shall cause minutes to be made in books kept for the purpose:-

65.1 of all appointments of officers made by the Directors; and

65.2 of all proceedings at meetings of the Company and of the Directors, and of committees of Directors, including the names of the Directors present at each such meeting.

NOTICES

66 Any notice to be given to or by any person pursuant to the Articles (other than a notice calling a meeting of the Directors) shall be in writing or shall be given using electronic communications to an address for the time being notified for that purpose to the person giving the notice. In this regulation and the next, "address" in relation to electronic communications, includes any number or address used for the purposes of such communications.

67 The Company may give any notice to a member, either personally or by sending it by post in a prepaid envelope addressed to the member at his registered address or by leaving it at that address or by giving it using electronic communications to an address for the time being notified to the company by the member.

68 A member present, either in person, by proxy or by duly authorised representative, at any meeting of the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

69 Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given. Proof that a notice contained in an electronic communication was sent in accordance with guidance issued by the Institute of Chartered Secretaries and Administrators shall be conclusive evidence that the notice was given. A notice shall be deemed to be given at the expiration of 48 hours after the envelope containing it was posted or, in the case of a notice contained in an electronic communication, at the expiration of 48 hours after the time it was sent.

ACCOUNTS

70 The Directors shall ensure that proper accounting records are maintained in accordance with all applicable statutory requirements and shall ensure that annual accounts are prepared in accordance with all relevant statutory requirements. If an audit is required under any statutory provisions or if the Directors otherwise think fit, the Directors shall ensure that an audit of such accounts is carried by a qualified auditor.

WINDING UP

71 If on the winding-up of the Company any property remains after satisfaction of all the Company's debts and liabilities, such property shall be transferred to such body or bodies (whether incorporated or unincorporated) as may be determined by the members of the Company at or before the time of dissolution (or, failing such determination, by such court as may have or acquire jurisdiction), to be used solely for a "charitable purpose" or "charitable purposes" (as those terms are defined in the Charities and Trustee Investment (Scotland) Act 2005). For the avoidance of doubt, a body to which property is transferred under Article

71 may be a member of the Company. To the extent that effect cannot be given to this Article, the relevant property shall be applied to some charitable purpose or purposes.

INDEMNITY

72 Subject to the provisions of the Act but without prejudice to any indemnity to which a Director may otherwise be entitled, every Director or other officer or auditor of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution or discharge of the duties of his office or otherwise in relation thereto including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of Company in relation to the affairs of the Company and no Director or other officer or auditor of the Company shall be liable for any loss, damage or misfortune which may happen to be incurred by the Company in the execution or discharge of the duties of his office or in relation thereto.

FINANCE & PROPERTY COMMITTEE

Tuesday 31 May 2022



STRATEGIC RISK & COVID REGISTER

11.1 -	Strategic Risk – Financial Sustainability	PAPER M
11.2 -	Strategic Risk Register (FPC Extract)	PAPER N
11.3 -	COVID Risk Register (FPC Extract)	PAPER O

BOARD OF MANAGEMENT

Finance & Property Committee



Tuesday 31 May 2022

Strategic Risk Register Update

Paper for discussion

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:

- 2.1 Change in SFC Funding Methodology and Allocation – Reduction in Funding
- 2.2 Failure to achieve institutional sustainability
- 2.3 National outcomes on salaries and conditions of service outstrip ability to pay

2. Recommendation

Members are asked to review the risks and ratings and identify if:

- a) they are in agreement with the post-mitigation increase to Risk no: 2.2
- b) there are emerging risks that should be considered

Any proposed changes would be advised to the June 2022 Committee of the Audit & Risk Committee.

3. Risks

All of the 3 risks; 2.1, 2.2 and 2.3 both in terms of likelihood and impact should be reviewed at this time.

The 2021/22 Forecast alongside the Sustainability Planning and 2022/23 Interim Budget agenda items will form the basis of the information for consideration.

The current risk ratings are:

Risk no:	Risk	Pre-mitigation			Post-mitigation		
		Impact	Likelihood	Score	Impact	Likelihood	Score
2.1	Change in SFC Funding Methodology and Allocation – Reduction in Funding	3	3	9	2	3	6
2.2	Failure to achieve institutional sustainability	5	4	20	4	3	12

2.3	National outcomes on salaries and conditions of service outstrip ability to pay	4	4	16	4	3	12
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Risk 2.1: Whilst the SFC indicative funding settlement is insufficient to enable the College to achieve institutional sustainability, the funding methodology in itself, is not the reason for the challenging financial position.

Risk 2.3: As with 2.1, whilst the cost of forecast salary settlement outcomes from national bargaining are not affordable, it is not the proposed settlement, in itself, that makes it unaffordable.

Risk 2.2: As a result of a number of significant factors which have been highlighted and discussed as part of the financial strategy, financial planning, forecast outturn and interim budget papers, the likelihood of not achieving financial sustainability is increasing. It is proposed that the post mitigation rating is increased from 3 to 4 giving a post mitigation score of 16.

Risk no:	Risk	Pre-mitigation			Post-mitigation		
		Impact	Likelihood	Score	Impact	Likelihood	Score
2.2	Failure to achieve institutional sustainability	5	4	20	4	4	16

4. 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 May 2022

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

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

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

Risk Number & Committee	POTENTIAL CONTRIBUTING FACTORS			TREATMENT		POST MITIGATION EVALUATION				
	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Lead Responsibility
2	Financial (cont)									
2.5 F&P	D&A Foundation refuses/withholds funding for key College priorities	5	3	15	<ul style="list-style-type: none"> On-going dialogue with Foundation Trustees Appropriate bid arrangements in place 	3	2	6	<ul style="list-style-type: none"> Monitor and advise Board of Management 	Prin & VPCS
2.6 F&P	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"> Multi-year estates strategy and capital planning Lobbying of SFC on capital and backlog maintenance funding Planning for D&A Foundation bids 	2	2	4	<ul style="list-style-type: none"> Monitoring of capital plans and expenditures Regular review of capital plans/timescales relative to funds 	VPCS
4	Infrastructure									
4.2 F&P	Failure to achieve ambitions of Digital strategy; strategy and development is ineffective	4	3	12	<ul style="list-style-type: none"> Planning, careful phasing of changes to processes and systems Effective management of ICT arrangements Clear investment plan 	4	2	8	<ul style="list-style-type: none"> Regular review/reporting on milestones, systems effectiveness etc Regular CPD 	VPC&A, HoICT

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



STRATEGIC RISK REGISTER

COVID 19 SPECIFIC MITIGATIONS

2021 – 2022

Extract for Finance & Property Committee

As at May 2022

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

Risk Number & Committee	POTENTIAL CONTRIBUTING FACTORS			TREATMENT		POST MITIGATION EVALUATION				
	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Responsibility
2	Financial									
2.2 F&P	Failure to achieve institutional sustainability Increased to reflect Strategic Risk Register	5	4	20	<ul style="list-style-type: none"> Protection of funding through dialogue with government, SFC and other funders Robust and effective budgetary control Where required, swift action to implement savings Increased focus on cash position 	4	4	16	<ul style="list-style-type: none"> Monthly monitoring of budgets Engagement with government and other partners Detailed monitoring of income optimisation and savings programmes 	VPCS

FINANCE & PROPERTY COMMITTEE

Tuesday 31 May 2022



VP CORPORATE SERVICES REPORT

PAPER P

BOARD OF MANAGEMENT
Finance and Property Committee
Tuesday 31 May 2022



Vice Principal Corporate Services Report

Paper for information

1. Introduction

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

2. Recommendation

Members are asked to note the contents of this paper.

3. Scottish Funding Council Update

The SFC announced the following funding:

Publication	Topic	Allocation
SFC/AN/05/2022	Additional Easter study support funding AY 2021-22	£4,071
SFC/AN/07/2022	Indicative Funding Allocation: 2022/23	£32,044,466

4. Supporting Our Learners

Recruitment is the key priority for the team currently, it continues to be a challenge as applications are continually declining year on year. The Help Point team have completed over 1,000 phone calls with unsubmitted applications to offer support to submit their applications and weekly reminders are sent to those candidates but it doesn't seem to be resulting in an increase of submitted applications. We have almost 1,200 applications going through the selection process through the months of May and June therefore, we hope these will transfer into offers.

Help Points offered a Pop-up Service in the Overgate Shopping Centre during the Easter Break to promote the college, offer support and guidance with applications – the feedback from this was very positive, we are working with the Overgate to offer this service on a more regular basis.

All front-line areas of the team were involved in the college open day event, which was extremely successful, not only to aid recruitment but also support those students that had received an offer with their funding applications, advice and support on college life and support that is available for candidates with additional support needs. It is hoped that this will aid the early retention with those candidates that have received an offer of a place.

The Help Point service is now available on “What’s App”, applicants and students are finding this an easy tool to communicate and engage with. We are now looking to promote this on our future promotional material and adding to our external systems. Retention is a continuous theme and the Help Points completed phonearounds of non-returners after Easter Break this resulted in 46% of those contacted returning to study the following week.

The Student Funding team have been updating all material and preparing the system for Bursary/EMA applications opening on Monday 16th May, they are also planning to work with Help Point staff to offer funding Workshops to candidates during the month of June.

The whole team have been involved in the data entry processing and student registrations for over 2,400 S3 pupils attending our S 3 tasters and over 1,900 new Senior Phase pupils. This has been a large task to undertake at a normal busy time but by visiting 15 schools to complete this task before the pupils’ attend ensures they can go straight into classes and access systems etc from the moment they attend.

Our next big task is the co-ordination and preparation of the Prepare Me days where every candidate with an offer to study is invited into college as a pre-induction/welcome event. These are scheduled to take place in mid-June and all support teams will be involved on the on-campus days with team building events, support sessions to ensure these students feel supported and starting to build those early relationships with staff and peers prior to starting their course. As per previous sessions when we offered these on-campus events it is hoped this will aid our early retention.

5. Service Design Academy Update

For the past 2 months we have been working on 3 main projects, these vary slightly from our traditional education and training programmes and focus more on discovery, research, and analysis.

The first is on behalf of **Dundee City Council** supports bringing the voice of young people into the **City Centre Strategic Investment Plan**. This has involved working with community groups and young people across the city to establish their views on the city centre of the future.

The second project is a Self-Evaluation Framework for Tertiary Education in Scotland, led by the **College Development Network** on behalf of the **Scottish Funding Council**. We’ve been working with representatives from CDN, SFC, SPARQS, Education Scotland, Colleges, and Universities to explore barriers and opportunities for change and co-design a new framework.

The third is a project for **Scottish Government** mapping Employability Services across Scotland. We have been working with representatives from Scottish Government, Department for Work & Pensions, Scottish Enterprise, Scottish Local Authorities and Developing the Young Workforce.

The team have welcomed the variety this work brings, its challenges, the opportunity to use different skillsets and, the chance to run face-to-face workshops again.

Contribution Report

After a difficult 6 months, business is picking up and we are confident we will achieve a breakeven/small surplus in Session 2021/22, with funding for the above projects due as well as work for two more companies scheduled in June 2022.

	Month 9 2021/22			Revised Annual Forecast	2022/23 Budget
	Forecast	Actual	Variance		
	£'000	£'000	£'000	£'000	£'000
SFC Credit income	17	17	0	23	40
Flexible Workforce Development Fund	119	97	-22	137	105
SFC Total	136	114	-22	160	145
PDAs & Short Programmes	192	192	0	292	480
Other income	4	4	0	4	-
Total Income	332	310	-22	456	625
Pay costs	336	336	0	445	425
Travel, consumables etc.	9	4	5	12	29
Total Expenditure	345	340	5	457	454
Contribution	-13	-30	-17	-1	171

Recruitment opened for the 2022/23 **PDA in Service Design** in March, and we currently have 19 applications for the August Cohort. In 2022/23 we are forecasting growth in recruitment and have increased the programme fee from £2,900 to £3,300.

5 new **short courses** were advertised for delivery in Spring 2022. The Service Design for Innovation & Impact programme proved popular, and the Employee Experience was delivered as a customised course to one large private sector organisation. Inclusive & Accessible Design starts on 1 June. Our success in the short course market for individuals is variable and we continue to explore opportunities to increase demand however, competitors have entered the market, and this is proving challenging.

We have played a significant part in the delivery of the **Flexible Workforce Development Fund** activities and are now seeing repeat business from Levy Payers and SMEs alike. Most popular is the Service Design for Impact & Innovation programme. We are reviewing delivery options to maximise income going forward.

Social Media & Newsletters continue to be our only marketing, picked up by team members when time permits. Followers continue to grow with 4,230 followers on LinkedIn, we appear in around 1000 searches, have an average 1,700 impressions of our content, and add 100 followers each month from an average of 7 posts. Twitter followers sit at around 3,200, we have almost 2,000 profile visits, 45 mentions and 7,000+ impressions per month from an average 11 posts.

The **April Newsletter** had a 24.3% open rate – comparable to the previous 2 newsletters. It was sent to 590 people and delivered successfully to 95.4%. It had 221

opens and 24.3% clicks for these opens

Top clicks

EduJam	6.5%
Inclusive and Accessible Design	5.6%
Welcome to Service Design	5.2%

36 people were highly engaged – over 90% from the public sector who will be personally stewarded going forward. We've sent 3 Newsletters this year and stats fall away for content at the end of the newsletter. We are looking at ways to build our database and considering single subject messaging, little and lots, going forward.

We've been accepted onto the **Suppliers List for Public Contract Scotland Digital Technology Services Dynamic Purchasing System - Lot 1** which means that public sector organisations and some third sector orgs can now use this to engage our services without a full Tender process.

We have achieved a further 3 years **Organisational Accreditation from the Service Design Network** cementing our role on the global stage. This accreditation will benefit us through:

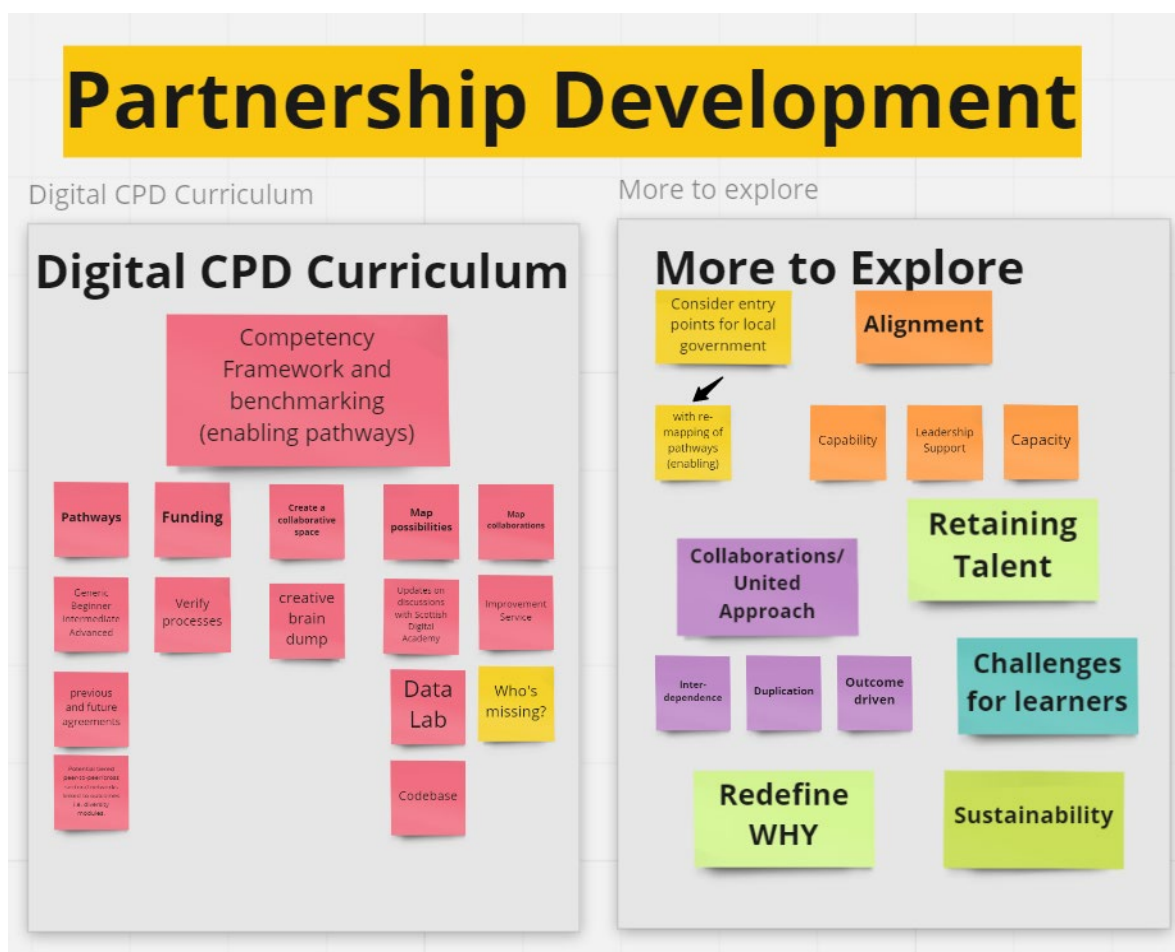
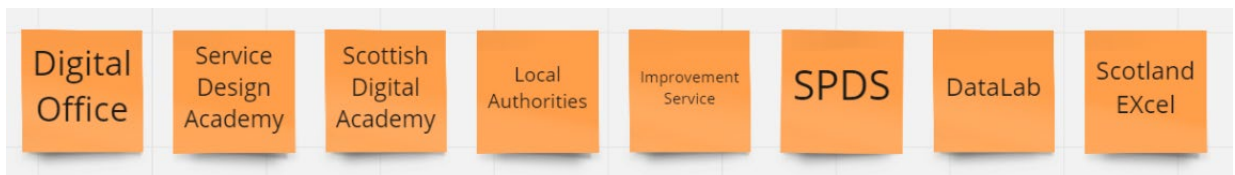
- Invitations to participate in content and knowledge development by sharing projects in the SDN Case Study Library, publishing articles in the Touchpoint Journal, and being a speaker or workshop facilitator at local, national, and global events.
- Opportunities to partner with the SDN Academy to develop and conduct online, on-demand and/or on-site certified training courses with profit-sharing models.
- Gaining prominent visibility with our SDN Organisational Accreditation title, badge and profile page featured on the SDN website, a platform that welcomes over 200,000 visitors per year, 51% of those being new visitors every day
- Showcasing SDA's offerings, projects, and contact details on our SDN profile page on the SDN website
- Our Lead Consultant remains the only SDN Accredited Master Trainer in Service Design in Scotland, and one of only 36 in the world. All Consultants will apply for Accreditation to Practitioner, Professional or Master levels during the remainder of 2022.

Work continues on our partnership with the **Scottish Digital Academy**:

- Our courses are advertised on the Scottish Digital Academy website
- Scottish Digital Academy intend to offer Scotland Charities a package of support including Service Design training with SDA, this will be announced at a joint workshop at SCVO's national conference, The Gathering, in June 2022
- Scottish Digital Academy have asked us to deliver a Professional Development Award in Service Design for Scottish Government employees which they will fund through bulk purchase
- A training needs analysis has taken place with national and local government to determine service design skills gaps – the Scottish Digital Academy will buy places or bulk courses from us to meet the skills gap in Scotland
- We are being invited to a Quick Quote (tender) for the Service Design Champions programme delivery in 2022/23

Current activity with the **Scottish Digital Office** includes

- the promotion of the PDA in Service Design for Scottish Local Authorities with monthly insights, individual's blogs, and sharing learners' journeys across platforms
- a potential funded competition for Scottish Local Authorities to win a training programme with SDA
- working to bring the key national players for digital transformation in Scotland together to develop a Digital CPD Curriculum for Scotland



We are working collaboratively and in partnership with **V&A Dundee**. These are the beginnings of what we hope will be a long and mutually beneficial partnership.

	<p>Join V&A Dundee and the Service Design Academy for a discussion about the power of design for businesses and their communities.</p> <p>The first of V&A Design for Business' and</p>
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Talk Free

3D Connections: Dundee Discusses Design

Thursday 26 May 2022

[V&A Dundee · 3D Connections: Dundee Discusses Design \(vam.ac.uk\)](https://vam.ac.uk/3D-Connections-Dundee-Discusses-Design)

Service Design Academy's Dundee Discusses Design (3D) events!

Design has the power to help businesses and their communities thrive. Come find out how design can transform how a business works, make it more customer-centred and ultimately benefit the financial bottom line; and how the design process put Dundee's Union Street on the map as a destination for visitors to the city, helping the businesses in the area thrive.

In June we will support the second **EduJam** event, inspired by the Global Jam family, it is a weekend of collaboration reviving and reimagining the future of education, looking at how we learn, how we teach and how we can change the world for better with good and equitable education. The aim is to introduce design approaches to as many people involved in education as possible. It's for everyone!

<https://www.eventbrite.co.uk/e/edujam-tickets-293060350397>



Workshop £10.00 - £30.00

EduJam 2022

Friday 10 June 2022 – Sunday 12 June 2022

It's 5 years this week since the introduction of **Service Design at D&A College** when we hosted the Global GovJam Event. We've come a long way but reflection, and discussion around our future direction is now vital. So much has changed because of the pandemic; buying behaviours, customer expectations and mode/style of delivery to name but a few. There is a real need to set the direction for SDA as business picks up and it is timely to do this as we start to look ahead to the new academic/financial year in a more stable market, building key partnerships, focussing on growth, and increasing profitability.

On 16th May, representatives from the Board, Executive & SDA came together in a scoping workshop setting the scene for the strategic direction, aligned to the overall college strategy. The objectives for the workshop were to create a safe place to consider the strategic direction, discuss the Board/Exec expectations for SDA, identify the boundaries, barriers/constraints to work within, and sense check the strategic fit to D&A's 2025 Strategy.

Priority Focus Know your high value services Consultancy v Training Be clear on your product Influencers (wider SDA community)	Direction Concentrate on the high value work Partnership working Community space Ways of Working Digital v F2F Skills v qualification College v Independent Free up SDA for external work
Market Be clear about your market Local v Global Marketing, promotion External understanding Ethics of dealing in certain markets/countries	Profit Plus Profitable Professional A quality service Consistent Reliable Delivery model Variable pricing SDA Board

Two days of workshops are now planned with the whole SDA team to understand the current business and the change for the future, based on the strategic scope set out by the Board and Executive.

We'll consider vision, values, strategic themes, and knowledge capture to inform, develop and build strategic objectives, operational activities, and measures to develop the new business model. In late June, we'll present the outputs back to the Board and Executive for consideration, validation, discussion, and development in the context of supporting a refreshed **Business Plan** encompassing: Strategy; Business Model and Operational Plan.

6. Economic Recovery

Raising Profile

Marketing Agency – Your Due North

To allow our marketing team to focus purely on recruitment of students we recruited a marketing agency on a short term contract to support with all B2B and commercial marketing.

We appointed Your Due North whose focus has been to create a higher quality, more grown up look and feel to our business brand and comms. They re-designed our business pages on the website, centralising and decluttering content.

Alongside creating a social media strategy which highlights key commercial areas and key business engagement staff within the college they have also created hard copy business prospectuses which we can use to help promote our offering.

The team have been working hard to increase SEO by including bi-weekly topical blogs

and engaging with our customers to create some case studies which help create high quality marketing material that is humanised.

Fully Charged

We teamed up with MSIP and Tronius to create 'Team Electrifying Scotland' to showcase our Electric Vehicle Training portfolio at Fully Charged, Farnborough. Fully Charged is the biggest UK Electric Vehicle Exhibition show and we wanted to demonstrate the need for skills and that we are leading the way when it comes to training.



We had 3 members of the automotive team join the MSIP and Tronius Teams and collectively they showcase Innovation, Skills and Place. The event was a huge success with lots of great contacts made. The team got lots of brilliant feedback and Fully Charged offered to work with us to help us raise the profile of the skills required and courses offered.

Internally I feel this also really boosted the team. They have been working incredibly hard to get the courses and training school over the line and this investment in them was gratefully received.

EV Training School launch Event

We held an official opening of the Electric Vehicle Training School on Thursday 12th May 2022.

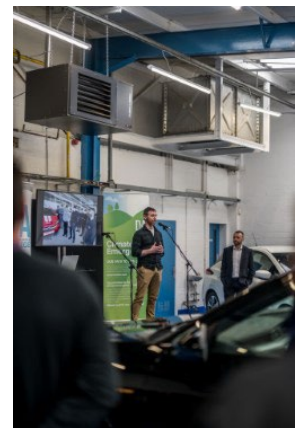
It was a fantastic evening with over 60 attendees. John Alexander, Leader of Dundee City Council officially opened the school and we had Chris Ramsey of Plug in Adventures tell us a bit more about his cross country adventure in an electric vehicle.

Audi also sponsored the evening and donated one of their Audi Q8s to showcase on the night.

It was a hugely successful night with lots of interest from industry, government and emergency services.

[Electric vehicle training school opens in Dundee | GreenFleet](https://www.anguscountyworld.co.uk/business/da-college-blazes-trail-with-new-ev-maintenance-coursesonecmsd52d8cc5-857d-42dd-8a89-824819299fba/)

<https://www.anguscountyworld.co.uk/business/da-college-blazes-trail-with-new-ev-maintenance-coursesonecmsd52d8cc5-857d-42dd-8a89-824819299fba/>





UK Climate Emergency Action Group

As part of the UK Climate Emergency Tour, Caryn Gibson was asked to represent Dundee and Angus College to help the group better understand what is currently happening across the region and what further support that the College requires.

It was a great opportunity to raise the fact that colleges require funding to resource the provision that is required to support our economy to upskill and reskill in these key areas.

Caryn was also able to highlight that lack of direction for businesses directly impacts us as a skills provider. If businesses do not know what is required of them they will not invest in a training provision for their workforces without knowing the skills will be required.

The group did take all the key feedback on board. It was also good to be able to highlight this in front of our key local government partners. The group were impressed that despite the challenges we have continued to work hard on a provision and we are progressing with our offering of skills in these key areas.

JCI Young Leaders Conference

We sponsored this years JCI Young Leaders Conference which focused on Sustainable Leadership. As key sponsors, Caryn also presented on the important role that leaders will play in transitioning businesses to net zero and highlighted the role that Dundee & Angus College can play in supporting leaders.

In August 2022 we kick off a partnership academy that will support JCI members through a Sustainable Leadership Academy giving them the key knowledge and skills to embed cultural change into their organisation and drive the journey to net zero.

Cricket Ireland – Leading with Empathy

Caryn was asked to present to the Cricket Ireland Professional Squad on leadership and how to lead with empathy. As part of the presentation Caryn highlighted the role the college plays in giving leaders the key skills that are required to lead effectively. A great event with lots of positive feedback.

Tourism Industry Group

Caryn has put together an Industry Advisory Group to support our Tourism Department as they look to modernise their offering and create a portfolio that is designed to support businesses.

The group had representation from both Dundee & Angus across Industry and Government including Visit Scotland and Angus Tourism Co-Operative.

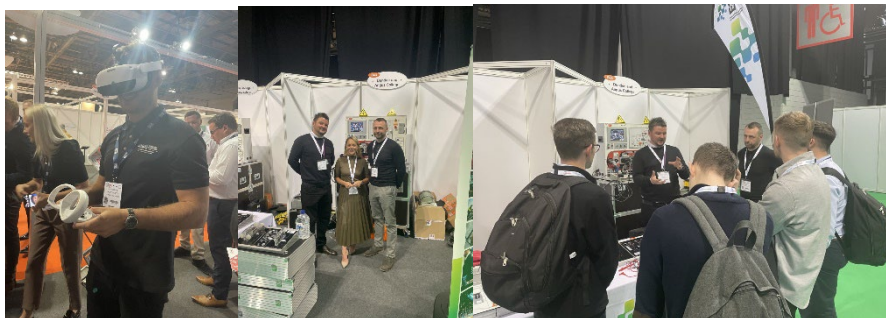
It was a fantastic first session where we presented our vision for the College and department and worked with the group to really drill into the key challenges and opportunities within the sector to help us understand the skills that are required but also the best way for us to delivery and teach these skills.

The next steps are to now work through the feedback with the department and create a next steps plan. The group all noted they would be delighted to work with us moving forward to ensure we create a curriculum to suit.

All Energy Conference

The team represented D&A at the All Energy Conference at the SEC as part of the Energy Skills Partnership Stand.

Over the course of the two days we demonstrated the Lucas Nulle Kit to thousands of individuals and businesses who were all blown away by the incredible piece of kit as well as genuinely interested in the course offering that is available.



Courier Business Conference

We have again sponsored this years Courier Business Conference and are proudly sponsoring the apprenticeship award. The benefit of the sponsorship package is the huge market reach through the promotional material leading up to the event and exposure on the evening.

[The Courier Business Awards 2022: Apprentice](#)

Partnerships

Partnerships continue to be a priority focus for the team. These partnerships come in

many guises – some are simply to offer workplace experience to students and staff, some are sponsorship opportunities and others are real collaboration opportunities where they are working with us to shape a future curriculum.

There has been a focus this quarter on rebuilding our partnership with the local employability providers to deliver employment academies.

Confirmed and running:

- GA Manufacturing Academy – Kicked off early May and we currently have 12 unemployed individuals working through a 6 week academy. We worked closely with GA engineering and the Dundee Employability partners to ensure the content of the course was tailored specifically to their needs and that the curriculum covered growth mindset, employability and sector specific skills. GA have guaranteed all students who successfully complete the course an interview.
- Embark Call Centre Academy – Kicked off 16th May and we have 12 unemployed individuals signed up. It is only week 1 but to date all have attended. Again we worked closely with the business to tailor the content to specific to their business and the employability partners have been fully involved.
- Journeycall Call Centre Academy – Plans are now in place to commence a call centre academy with Journeycall on Monday 18th July. We are currently working with Angus Employability providers and the business to create the content. Journeycall have opted for a 4 week course rather than a 6 week course.

We are currently in discussions with the following businesses who are also looking for an academy:

Angus Council Customer Support
Wright Cottrell
Tradeprint
Two Sisters Food Group
STL

Dundee Football Club

We are currently in discussions with Dundee Football Club around potential partnership on the rental of the Enterprise Area and investment into the redevelopment of our football pitches into an elite standard grass pitch, astro pitch with private fencing and flood lights installed.

Blue Light Response Tri Group

We are in the early stage discussions with the Blue Light Response Tri Group which includes Fire, Police and Ambulance Services from the whole of Scotland. We are in direct discussions with the 3 Chiefs to create a partnership that will see us roll out Electric Vehicle training to all staff across Scotland.

To support with the payment we are pulling a joint proposal together for Transport

Scotland to ask for additional funding for D&A to deliver.

Flexible Workforce Development Fund

2021/22 and Forecast 2022/223

The 2021/22 Fund is progressing. The team have allocated funds out to businesses and are busy working through Training Needs Analysis and Application forms.

We managed to secure an additional £30k for the SME Fund and are on track to fully commit and utilise the whole fund.

FWDF	ORIGINAL BUDGET	Q3 FORECAST	Actuals April'22	BUDGET 2022-23
<u>SFC Allocations:</u>				
2019/20 473,379	166,026	132,356	81,700	
2020/21 - Ph1 607,852	592,852	408,239	329,341	
2020/21 - Ph2 157,135	150,103	139,866	108,776	
	908,981	680,461	519,817	
2021/22 - Ph1 602,241	378,703	290,660	24,385	311,581
2021/22 - Ph2 162,042	141,422	102,000	23,171	60,042
2022/23 - Ph1 602,241				301,121
2022/23 - Ph2 162,042				81,021
Total Income	1,429,106	1,073,121	567,373	753,765
Less SDA income	-214,365	-137,190	-96,985	-105,033
Income net of SDA	1,214,741	935,931	470,388	648,732
<u>Direct Costs:</u>				
PTV	-168,864	-131,026	tbc	-92,700
Associate Trainers	-357,913	-275,757	-115,092	-191,125
	-526,777	-406,783	-115,092	-283,825
VAT on ATs	-50,108	-27,576	-10,905	-19,112
Contribution(excl SDA)	637,856	501,572	344,391	345,795
	44.6%	46.7%		45.9%

Skills Boost – National Transition Training Fund (NTTF) and Young Person's Guarantee (YPG) Funding

We continue to build our portfolio of online courses designed to give individuals the skills to enhance their job projects or to progress through their career

Since 1st November 2021 we have had **776** individuals sign up to our courses and we and to date **436** have completed their course.

7. 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 March 2022 to May 2022.

8. 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

Authors: Caron Sandeman, Service Design Manager

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Executive Sponsor: Jaki Carnegie, Vice Principal – Corporate Services