BOARD OF MANAGEMENT

Finance & Property Committee

Monday 26 September 2022 at 5.00pm in Boardroom (Y150) Gardyne Campus

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AGENDA

1.	Welcome		
2.	Apologies		
3.	Declarations of Interest		
4.	Appointment of Vice Chair		ST
5.	Minutes of Previous Meeting	Paper A for approval	
6.	Matters Arising	Paper B for noting	
7.	Finance		BF/JC
	7.1. 2021/22 Draft Outturn	Paper C for noting	
	7.2. 2022/23 Draft Budget	Paper D for approval	
	7.3. Financial Forecast Return	Paper E (to follow) for approval	
8.	Infrastructure		AR/BG/JC
	8.1. Infrastructure Strategy	Paper F for approval	
	8.2. Estates Update	Paper G for noting	
9.	Procurement Update	Paper H for approval	BF/JC
10.	Covid-19 Update on Arrangements	Verbal update	AR/BG/BF
	10.1. Estates & Infrastructure		
	10.2. Finance & Governance		
11.	Strategic Risk & Covid-19 Register (F&PC extract only)		JC/ST
	11.1. Strategic Risk Register – Cover	Paper I for discussion	
	11.2. Strategic Risk Register	Paper J for discussion	
	11.3. Covid-19 Risk Register	Paper K for discussion	
12.	VP Corporate Services Report	Paper L for noting	JC
13.	Date of Next Meeting - Tuesday 6 December 2022 (Joint Meeting with Audit & Risk Committee)		

Agenda Item 5.0

FINANCE & PROPERTY COMMITEE

Monday 26 September 2022

MINUTE OF PREVIOUS MEETING – 31 May 2022

PAPER A

BOARD OF MANAGEMENT

Finance & Property Committee

Tuesday 31 May 2022 at 5.00pm
Microsoft Teams Meeting

Draft confirmed by Chair

Minute of the Finance and Property Committee meeting held on Tuesday 31 May at 5.00pm vis MS Teams

PRESENT:	D Fordyce A McCusker S Hewitt B Carmichael	S Stirling B Lawrie R McLellan
IN ATTENDANCE:	J Grace (Vice Principal) J Carnegie (Vice Principal) S Taylor (Vice Principal)	T D'All (Principal's/Board Chair PA) B Ferguson (Head of Finance) B Sinclair (for Item 12.2)

1. WELCOME

D Fordyce welcomed everyone to the meeting and welcomed R McLellan and B Lawrie to their first Finance & Property meeting.

2. APOLOGIES

Apologies were received from S Mill, G Robertson, D Mackenzie, B Grace, and A Ross,

3. DECLARATIONS OF INTEREST OR CONNECTION

There were no declarations of interest or connections.

4. MINUTES OF PREVIOUS MEETING

The minute of the Finance and Property Committee meeting held on 1 March 2022 was approved as an accurate record.

5. MATTERS ARISING

J Carnegie confirmed that all outstanding Matters Arising were updated.

The official Opening for the Hair & Beauty Therapy facility to be finalise and expected to take place in August 2022 with an invitation extended to the Dundee & Angus Foundation.

6. FINANCE

6.1 Month 9 – Management Accounts & Forecast

B Ferguson stated that the paper was for noting and (for the benefit of the new Committee member) highlighted that the 2021/22 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 pandemic 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 crossed into the current year due to supply chain delays.

B Ferguson noted that the recent forecast 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.

B Ferguson noted the improved position with a Cash-backed deficit of £740K 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.

Discussion took place around the likelihood of a 3-year funding model but noted that this was not forthcoming currently. A McCusker and S Hewitt noted they had several meetings with SFC and the Scottish Government around "flexibilities" of non-delivery of Credit Target but that current adjustments don't go far enough to address the level of future funding and cuts anticipated.

The improved in-year financial position was noted and A McCusker congratulated the Team on getting to this point.

6.2 Interim Budget 2022/23

S Hewitt set the context of the Interim Budget 2022/23 noting D&A College was lobbying nationally about future funding and the negative impact of the cuts being experienced. The Savings Proposal had received some interest from Scottish Government, SFC and regional stakeholders.

S Hewitt stated that he and A McCusker had discussed the opportunity of funding for voluntary severance with SFC and it was confirmed that this was very unlikely.

S Hewitt noted possible changes proposed regarding the Funding Model, but this does not help the 2022/23 budget at this point. SFC was also asked about assistance in paying the Gardyne Loan of £470k per year, but this was unlikely.

J Carnegie stated that, at this time, a final draft Budget would ordinarily be presented to the Finance & Property Committee for consideration in advance of submission to the Board for formal approval. However, further work was required to produce an acceptable budget and consequently the paper 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. This would allow final consultation and development of the savings plans that were being discussed.

B Ferguson noted the Interim Budget 2022/23 presented a Cash- backed deficit of £2,858K.

B Ferguson noted the legacy of COVID was still being felt and was highlighted in the assumptions.

B Ferguson highlighted the Final Funding Allocation from SFC was as predicted with a slight Credit decrease with tuition fees falling £71K to just under £3.2m. B Ferguson noted various previous funded elements had been removed for 2022/23 including: loss of Deferred students and Mental Health funding; a reduction in Digital funding; a reduction in FWDF etc.

B Ferguson noted that the interim budget showed total cash income of £42.8m, some £1.5m lower than the current forecast for 2021/22.

B Ferguson confirmed that commercial income will be updated within "Core Income" e.g., work-based activity.

J Carnegie explained the process of the Financial Savings Plan highlighting the uncertainties during this consultation process.

J Carnegie acknowledged that it was unlikely that a balanced budget would be achieved but noted the SFC requirement that the budget was "sustainable" and "financially viable" with work progressing towards a balanced budget.

J Carnegie noted the Financial Strategy Phase 2 & Phase 3 (August 2022 – Feb 2023) to bring the College back into Financial Sustainability for 2023/24.

A McCusker highlighted that there was an important piece of work with SFC and Scottish Government to make then understand the situation for the sector and D&A College at the current time.

S Hewitt noted the Colleges were at the beginning of the process and that a lot might change in the coming months. Our aim is to get as close to breakeven but will depend on how plans and national policies developed.

The interim budget arrangements and related steps were approved. **J Carnegie to progress.**

6.3 Financial Strategy - Sustainability Planning

J Carnegie noted the forecast Interim Budget deficit of £2,878 with opportunities to make more savings or generate income. The Future Opportunities and Challenges outcomes within the Committee paper were also highlighted with these actions anticipated to deliver a revised Interim Budget with a cash-backed deficit of around £805K.

J Carnegie highlighted the planned staff savings but noted that these also had a direct impact of c £1m in VS payments which would substantially reduce the cash balance.

J Carnegie noted that projects such as MSIP and TCD were very positive and would bring in significant sums, but this income would need to be spent on the project activities and equipment with a relatively small contribution to the College.

J Carnegie noted that it was proposed that some future investments (such as the ICT Network replacement) be separated out and a funding approach for this made to the Dundee & Angus Foundation. Following discussion, it was agreed that a Foundation bid be drafted for approval by the Board of Management. **J Carnegie to progress.**

Plans were also developing to sell the vacant outreach facilities in Montrose and Kirriemuir owned by the College. The College may require SFC approval to retain any proceeds from the sale of assets. It was confirmed that the properties were likely to be valued at less than £500k. A McCusker acknowledged that further conversations with SFC were required around the sale of the assets and any restriction around the proceeds from these.

R McLellan asked about the timing and link between the savings plans and the interim budget. J Carnegie noted that the College was working through the consultation process considering ideas put forward by staff. Given this I was currently too early to carry anticipated savings into the budget.

7. INFRASTRUCTURE

7.1 Estates Update

J Carnegie noted the proposals and stated that the Estates team have been working closely with the curriculum teams to development best use of the Capital Backlog Maintenance Grant money.

J Carnegie highlighted that the Capital Backlog Maintenance Grant funding had some flexibilities which would be used to support financial sustainability where appropriate.

7.2 Estates Annual Report

A McCusker and B Lawrie noted the Estates update and congratulated the team on a really good and informative paper. A McCusker also praise the updated accommodation at Kingsway Campus along with the completed Hair & Beauty Therapy facility. The Estates Annual Report was noted for information.

7.3 Infrastructure Strategy Outline

J Carnegie summarised the paper outlining development of the revised strategy and noted that the change in emphasis (to infrastructure not just estates) had been recommended from audit.

The paper was welcomed, and A McCusker noted that there was likely to be an on-going demand for more partnership working, which should be reflected with the document e.g., buildings (co-estates) and shared building maintenance.

8. PROCUREMENT

8.1 Procurement Update

B Ferguson summarised the update and explained the requirement for retrospective approval for a non-competitive action for continuation of arrangements with a supplier (a single supplier and a unique purchase) by the Energy Skills Project (ESP). Concern was expressed around the need for this approval, and it was confirmed that ESP Management were taking steps to better their processes.

S Hewitt noted that the ESP Board Meeting was the following week, and he would ensure that the ESP Board had better oversight to safeguard this type of purchasing in future.

B Ferguson noted the Insurance contract increase to £400K (over a 2-year period) from U.M. Association Ltd. (UMAL) Limited. B Ferguson noted following engagement activities with the suppliers on the APUC Framework, it has been recognised that only one of three suppliers was able to provide Dundee & Angus College with a quote for Cyber insurance.

B Ferguson noted the Robotics Labs at MSIP, as previously reported to the Committee, with this equipment is being funded to a maximum value of £100,000 by The Mathew Trust and ready for open tender.

B Ferguson noted that an Options Appraisal for the Network Replacement was prepared for consideration by the Committee and included on the agenda.

B Ferguson noted a quick quote to spend £50K of the Seagreen fund.

The procurement update was noted, and the requested non-competitive action approved, **B Ferguson to progress.**

8.2 Network Replacement Options Appraisal

J Carnegie noted that the Network Replacement Options Appraisal formed part of the requirement / investment to upgrade as part of the cyber security piece and was the last piece of the jigsaw. The recommendation was to consider the upgrade based on the options presented over 3 years period.

J Carnegie intimated that if the proposed business case for funding from the Dundee & Angus Foundation was not forthcoming the Network Replacement project would still have to be undertaken.

B Sinclair confirmed that there would be a small risk over 3-years (rather than year) but there would also be some reduced risk as old equipment would be retained to use as spares for any faults arising in the remaining older part of the system.

J Carnegie noted that the main security risk would be internal but noted that this was not currently the main cyber threat. It was noted that we have, and would maintain, good external network firewalls.

The Committee gave approval to prepare a business case to the Dundee & Angus Foundation for the full amount and approved the 3-year recommendation in the paper.

9. REVIEW OF GARDYNE THEATRE LIMITED (GTL)

J Carnegie updated Committee with some background to the review of Gardyne Theatre Limited, highlighting that this included a lot of detail on the background to the current arrangements.

J Carnegie highlighted the recommendation was to continue with GTL holding the licence to operate in the Theatre until December 2023. Giving GTL the opportunity to develop post-pandemic and become as profitable as it could.

J Carnegie confirmed that, as a standalone entity, any surplus that GTL generated was retained by GTL but that a licence fee and service level charges would be payable to the College.

J Carnegie noted the Theatre facility itself was on the College balance sheet and was up to the College to decide on the physical condition of the theatre as a usable space and any future need for upgrading of the facility. It was noted that it was hoped that the College would be able to attract funding to upgrade all the lighting on all campuses with LED lighting, with this including the theatre facility.

The Committee Approved Option 5 of the proposal. **J Carnegie to progress.**

J Carnegie noted that the paper would also go to the GTL Board and to the full D&A College Board in June.

10. COVID-19 UPDATE

J Carnegie confirmed that the key COVID Mitigations remaining in place currently were the CO2 monitor and hand sanitisers.

S Hewitt noted that the College was still dealing with mental health issues and the broader fallout from COVID including higher student withdrawals this year, which was impacting on the overall credit target outturn.

B Ferguson noted the Finance Team were continuing to digitise forms and processes as quickly as possible with benefits for the overall service.

11. STRATEGIC RISK & COVID REGISTER

S Taylor highlighted the key change within the strategic institutional sustainability risk and noted that this would be reported to the Audit & Risk Committee advising of the situation, giving context, and highlighting the steps being taken to manage the financial situation and minimise the risk.

The Committee noted the paper.

12. VP CORPORATE SERVICES REPORT

J Carnegie stated that her report was for noting but highlighted the positive support that was being provided for our Learners with the Help Point service is now available on “What’s App”. J Carnegie noted that applicants and students were finding this an easy tool to use to communicate and engage with the College.

J Carnegie also noted the processing and student registrations for over 2,400 S3 pupils attending our S 3 tasters and over 1,900 new Senior Phase pupils.

J Carnegie highlighted several projects undertaken by Service Design Academy (SDA) including the Services Design Strategy Event for Board Members. SDA had good engagement and partnerships which was starting to pay off.

A McCusker noted she was delighted to see the programmes for unemployed people were coming to fruition - innovative and creative.

13. DATE OF NEXT MEETING – Tuesday 6 September 2022 at 5.00pm - ONSITE

Action Point Summary

Action	Responsibility	Date
Interim Budget 2022/23 to be prepared for the Board of Management	J Carnegie	27 September 2022
Dundee & Angus Foundation Business Case proposal to be developed for Board approval	J Carnegie	27 September 2022
Non competitive award notification to be progressed to SFC	B Ferguson	30 June 2022
Gardyne theatre limited option to be progressed	J Carnegie	21 June 2022

Agenda Item 6.0

FINANCE & PROPERTY COMMITEE

Monday 26 September 2022

MATTERS ARISING

PAPER B

BOARD OF MANAGEMENT

Finance & Property Committee

Monday 26 September 2022

Matters Arising

Paper for information

The following actions were noted from the Tuesday 31 May 2022 Finance & Property Committee meeting.

Agenda Item No	Action	Current status	Open / Closed
6.2	Interim Budget 2022/23 to be prepared for the Board of Management	The interim budget was presented to the June 2022 Board meeting with the expectation that a draft budget be presented to the September Finance & Property Committee and Board meetings	Closed
6.3	Dundee & Angus Foundation Business Case proposal to be developed for Board approval	The Business case will be presented to the September Board for approval to seek funding from D&A Foundation	Closed
8.1	Non-competitive award notification to be progressed to SFC	SFC approval granted	Closed
9.0	Gardyne Theatre Limited option to be progressed	Gardyne Theatre Limited advised that they would continue to have the license to occupy Gardyne Theatre in accordance with F&P and Board approved option 5.	Closed

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.	Board members had the opportunity to tour the new facilities at the June Board meeting and official opening in August 2022	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
6.4	Programme of proposed “shovel ready” projects for future consideration by Finance & Property Committee	As part of the implementation of the Infrastructure Strategy, business cases will be created. Expectation that traditional sources of funding will not be available.	Open

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.	The official soft launch took place in August 2022.	Closed

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	No progress has been made since the last update to the Committee. [Following a visit to Forth Valley’s Falkirk Campus in February 2022 options are being reconsidered.]	Open

Agenda Item 7.1

FINANCE & PROPERTY COMMITEE

Monday 26 September 2022

FINANCE

7.1 2021/22 Draft Outturn **PAPER C**

Finance and Property Committee

Monday 26 September 2022

Draft Outturn for the year to 31 July 2022

Paper for information

1. Introduction

This report brings to the Committees attention the management accounts for the year to 31 July 2022.

2. Recommendation

Members are asked to note the draft Outturn.

3. Context

The original budget had predicted a cash-operating surplus of £215K, later revised in the next forecast to a deficit of £854K taking into consideration the expenditure planned the previous year spilling into this year due to supply problems. This position did not change significantly, with the latest quarterly forecast being £740K, albeit that the underlying performance improved sufficiently to absorb Voluntary Severance (VS) costs.

These Management Accounts now seek to report the final outturn for the academic year and reflect an improved operating position before absorbing a greatly increased VS charge. Whilst every effort is made to produce a reliable draft Outturn, we are continuing with our quality checks ahead of audit in October and further adjustments remain possible before determining a final position. Discussions with auditors around capitalisation of certain expenditure may revise both revenue funding and expenditure but should have little or no impact upon the net cash operating position.

4. Summary of results

The draft outturn for the year is a **cash-backed deficit of £1.13m** after a VS charge of £1.2m. There is however now a small operating surplus of £69K before VS, which compares to the previous forecast deficit in excess of £500K

A summary of the main movements, netted off where appropriate, from the last forecast is given in the table below and explained in more detail within the relevant sections where necessary. A high level analysis of both income and non-pay provides details of gross movements across the main categories.

	£000's
Forecast Deficit at Q3	**(740)**
SFC Credit Income: Young Persons Guarantee (YPG)/ National Transition Training Fund (NTTF)	(259)
SFC Flexible Workforce Development Fund (FWDF)	(60)
Tuition fees	28
Managing Agents	78
SDS Modern (MA) and Foundation (FA) Apprentice contracts	249
Pay - strike deductions	43
Pay - VS savings	45
Pay - other	92
VS charge	(982)
Consumables & Equipment	114
Exam fees	95
Property costs, net	(40)
ICT costs	92
Bad debt costs	(39)
Other net movements (including VAT)	149
Draft Actual Outturn	**(1,135)**

5. Income

Income is down by £593K due largely to SFC grants offset by increases in SVQ and apprenticeship contracts.

SFC Credit income suffers from the removal of £259K for YPG/NTTF income that, based upon current guidance, we are unable to retain because we have not generated credits beyond our core target, despite delivering activity under the schemes.

Other SFC grants are reduced by underspends of Capital & Maintenance grants and FWDF totalling £626K, with an associated reduction in expenditure. These are available to carry forward into 2022/23.

Non-core income exceeds forecast by £333K, attributable to increases in final apprenticeship outcomes. SDS contracts for both Modern and Foundation Apprenticeships have performed particularly well and the College has taken full advantage of prior year’s carry forwards.

6. Pay Costs

Total pay costs increase by £665K but this is due to the anticipated VS charge rising by £982K to approx. £1.2m, with all severance costs provided for within 2021/22.

Payroll costs show a final saving from forecast of £170K, aided by a lower pay award settlement, vacancy savings and academic strike deductions.

7. Non Pay Costs

Non-pay costs finish £865K down on budget, benefiting from significant underspends from Consumables & Equipment, Exams, Property and ICT.

The underspend on property works was always likely when the lecture theatre refurbishment was removed from the Kingsway development project but this was fully funded and so has no net effect, with funding now moving into 2022/23 as noted previously. Similarly, unspent funded equipment has no impact and can carry forward into next year.

8. Subsidiary company

Gardyne Theatre Ltd had been forecast to break-even, with the help of a grant from Creative Scotland's Recovery Fund, and has returned only a small loss of £2K.

9. Student Support Funding

As previously highlighted, funding far exceeded demand and there remains a balance of funds to repay to SFC.

10. Capital Expenditure

Expenditure of £3.4m relating to the new Hair & Beauty School has been capitalised to date but is subject to adjustment pending confirmation of the final account. Whilst the build was substantively completed some months ago, practical completion was delayed pending resolution of some minor issues that have now concluded satisfactorily and the building now fully occupied.

11. Cash Flow Forecast

Cash held at year end, of £6.2m, was significantly stronger than envisaged, due both to an improved underlying operating outcome and a high level of creditors. Restricted or committed funds were circa £3.4m and this position will, all other things being equal, largely reverse during 2022/23.

12. Conclusion

The improvement in the operating outturn before VS of nearly £600K is very welcome and strengthens our cash reliance in the short to medium term. VS costs have been necessary to secure much-needed recurrent savings.

13. Link to Strategic Risk Register

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

2.2 – failure to achieve institutional sustainability

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

Draft Actual Outturn 2021/22

	2020/21	Year to July 2022		
	Actual	Quarter 3 Forecast	Draft Outturn	Variance from Quarter 3 Forecast
	£000's	£000's	£000's	£000's
SFC Credit income	28,912	31,425	31,166	(259)
SFC ESF Credits	1,143	1,028	1,028	-
Other SFC grants	4,174	3,741	3,115	(626)
SFC Total	**34,229**	**36,194**	**35,309**	**(885)**
Tuition Fees	3,407	3,266	3,236	(30)
Non-Core income	3,544	3,449	3,782	333
Catering & other income	1,739	1,425	1,414	(11)
Total Income	**42,919**	**44,334**	**43,741**	**(593)**
Teaching Pay - established	15,628	16,681	16,571	110
Teaching Pay - variable	2,577	2,478	2,497	(19)
Invoiced Staff Costs	349	569	432	137
Teaching Support Pay	2,209	2,494	2,495	(1)
Support pay	10,984	12,021	11,941	80
Apprenticeship Levy	103	108	110	(2)
VS Scheme	255	222	1,204	(982)
Unfunded pension payments	396	398	386	12
Total Pay Costs	**32,501**	**34,971**	**35,636**	**(665)**
Staff related costs	193	254	283	(29)
Consumables & Equipment	921	1,744	1,553	191
Exam fees	707	879	784	95
Student related costs	163	205	161	44
Property cost	3,196	3,292	3,000	292
ICT & Telephony	1,394	1,757	1,665	92
Insurance	117	129	128	1
Marketing	48	144	142	2
Professional fees	180	151	178	(27)
General Overheads	228	258	263	(5)
Interest & Charges	182	140	145	(5)
VAT	936	1,150	936	214
Total non-pay costs	**8,265**	**10,103**	**9,238**	**865**
Cash-backed surplus/(deficit)	**2,153**	**(740)**	**(1,133)**	**(393)**
Add: subsidiary profit/(loss)	**2**	**-**	**(2)**	**(2)**
Consolidated Cash-backed surplus/(deficit)	**2,155**	**(740)**	**(1,135)**	**(395)**

Cash Flow Forecast

	2020/21	Year to July 2022		
	Actual	**Actual July**	**Budget**	**Quarter 3 Forecast**
	£000's	£000's	£000's	£000's
Cash backed surplus/(deficit)	**2,155**	**(1,135)**	**215**	**(740)**
Loan repayment	(457)	(457)	(457)	(457)
Capital Expenditure	(1,568)	(3,402)	(4,743)	(3,427)
Capital funding	1,568	3,402	4,743	3,427
Asset Disposals	11	-	-	
Working capital movements	386	1,987	(800)	(900)
Net Movement in cash balances	**2,095**	**395**	**(1,042)**	**(2,097)**
Opening cash balances	3,758	5,853	4,425	5,853
Closing cash balances	**5,853**	**6,248**	**3,383**	**3,756**

Note

We hold restricted or committed cash funds of approx. £3.4m at the end of July, including accrued VS costs of £800K

Summary Analysis - Income

	2020/21	Year to July 2022		
	Actual	Quarter 3 Forecast	Draft Outturn	Variance from Quarter 3 Forecast
	£000's	£000's	£000's	£000's
Teaching Grant	**28,912**	**31,425**	**31,166**	**(259)**
SFC ESF Credits	**1,143**	**1,028**	**1,028**	**-**
SFC Sustainability Funding	898	-	-	-
SFC Capital & Maintenance grants	2,297	2,154	1,746	(408)
SFC Digital Poverty as capital				-
SFC-Flexible Workforce Dev. Fund	286	1,072	854	(218)
SFC-Reducing Child Poverty	175	221	221	-
SFC-Funding for Councillors	150	152	152	-
SFC-Student Mental Health & Wellbeing	51	-	-	-
SFC: Students Association Funding	23	-	-	-
SFC-ESP Funding	120	120	120	-
SFC-Digital Support Fund	152	-	-	-
SFC - Access to sanitory products	23	22	22	-
Other SFC grants	**4,175**	**3,741**	**3,115**	**(626)**
HE Full-time	2,013	1,760	1,748	(12)
HE Associates & collaborations	826	707	682	(25)
Part-time Fees	247	272	242	(30)
Commercial and Leisure	254	314	357	43
Internal Re-charges	-	18	18	-
International Fees and Overseas contracts	67	194	188	(6)
Other fees	1	1	1	-
Tuition Fees	**3,408**	**3,266**	**3,236**	**(30)**
Commercial: Work-Based	311	240	345	105
Managing Agents	578	282	360	78
Skills Dev Scotland: MAs	378	477	655	178
SDS Foundation Apprentices L6	556	406	477	71
SDS Foundation Apprentices L4+5	154	76	76	-
Covid related funding contingency	56	-	-	-
Pathways to Apprenticeships	68	21	21	-
Other Public Sector contracts	10	83	34	(49)
Schools Senior Phase	150	165	163	(2)
Non-funded tuition	8	10	6	(4)
European Projects	149	63	55	(8)
Developing Young Workforce	435	350	350	-
Energy Skills Partnership (non-SFC)	382	405	402	(3)
SDS for MSIP	-	40	40	-
Mathew Trust	-	-	-	-
Northwood Trust	-	30	29	(1)
Seagreen funding	-	140	49	(91)

	2020/21	Year to July 2022		
	Actual	Quarter 3 Forecast	Draft Outturn	Variance from Quarter 3 Forecast
Tay City Deals	-	366	369	3
Misc. grants, funding and sponsorships	168	50	65	15
Other grants - ESP	90	224	246	22
Other misc. income	51	21	40	19
Non-Core income	**3,544**	**3,449**	**3,782**	**333**
Consultancy	20	40	37	(3)
Catering	102	535	562	27
Training Restaurants	-	18	19	1
Nursery	158	165	167	2
Retail shops	-	4	3	(1)
Salon revenues	-	5	-	(5)
Gardyne Sport facilities	34	205	189	(16)
General Lets & Incubator Hire	27	39	37	(2)
Staff secondments	2	6	6	-
Support cost grants	75	90	94	4
GTL revenue from LTO and SLA	-	18	18	-
Library charges	4	12	12	-
Photocopy charges	-	5	1	(4)
Sale of materials, produce, scrap etc.	32	28	28	-
Biomass RHI &EDFE FIT charges	38	40	40	-
Wage Subsidy/CJRS	1,180	166	163	(3)
Insurance Claims	47	8	8	-
Bank Interest	1	1	3	2
Other misc.	19	40	27	(13)
Catering & other income	**1,739**	**1,425**	**1,414**	**(11)**

Summary Analysis - Expenditure

	Prior Year	Year to July 2022		
	Actual	Quarter 3 Forecast	Draft Outturn	Variance from Quarter 3 Forecast
	£000's	£000's	£000's	£000's
Mileage	28	80	97	(17)
Travel & Accommodation	3	27	23	4
Overseas Travel	5	2	3	(1)
Staff welfare and other expenses	26	20	22	(2)
Recruitment	4	-	6	(6)
Organisational Development	128	125	132	(7)
Staff related costs	**194**	**254**	**283**	**(29)**
Course Consumables etc.	297	382	318	64
Project Materials, Equipment etc.	61	188	117	71
Catering supplies	108	407	378	29
Library	40	42	23	19
Stationery & Printing	14	17	11	6
Equipment purchase & maintenance	360	653	652	1
Other misc.	41	55	54	1
Consumables and Equipment	**921**	**1,744**	**1,553**	**191**
SQA Fees	530	585	532	53
Other fees	114	186	158	28
Accred/Regn/Assess/Verification	63	108	94	14
Exam Fees	**707**	**879**	**784**	**95**
Residentials, travel etc.	17	65	24	41
Foundation Apprentice travel	2	11	-	11
Student placement costs	3	5	5	-
Student Councelling	8	21	18	3
Student Support costs	22	30	30	-
Student Bursary materials	-	-	-	-
Miscellaneous costs (inc.PVG)	111	73	84	(11)
Student related costs	**163**	**205**	**161**	**44**
Maintenance, high priority works, etc.	1,860	1,786	1,461	325
Building rentals and rates	304	323	319	4
Utilities	722	944	961	(17)
Cleaning, wast management etc.	106	127	145	(18)
Transport costs	171	67	77	(10)
Health & Safety costs	21	25	22	3
Other	12	20	15	5
Property Cost	**3,196**	**3,292**	**3,000**	**292**
ICT hardware, software, etc.	693	948	916	32
ICT Maintenance & Licenses	597	704	643	61
Web Development	4	3	5	(2)
Telephony & data line rentals	99	102	101	1
ICT & Telephony	**1393**	**1,757**	**1,665**	**92**

	Prior Year	Year to July 2022		
	Actual	Quarter 3 Forecast	Draft Outturn	Variance from Quarter 3 Forecast
Consultancy (inc.projects)	48	32	33	(1)
Audit Services	41	48	46	2
Bad Debts and collection fees	68	45	84	(39)
Legal & other professional fees	18	26	15	11
Professional fees	**175**	**151**	**178**	**(27)**
Photocopying, copyright & postage	103	118	107	11
Sponsorship, subscriptions, Licences	104	104	115	(11)
Hospitality and events	5	17	20	(3)
Miscellaneous and other	16	19	21	(2)
General Overheads	**228**	**258**	**263**	**(5)**

Agenda Item 7.2

FINANCE & PROPERTY COMMITEE

Monday 26 September 2022

FINANCE

7.2 2022/23 DRAFT BUDGET **PAPER D**

Finance & Property Committee

Monday 26 September 2022

Draft Budget for 2022/23

Paper for approval

1. Introduction

This report brings to the Committee's attention a draft budget for the year to 31July 2023.

2. Recommendation

Finance & Property Committee is invited to consider the attached draft budget and recommend approval to the Board of Management.

3. Context

The interim budget presented to Finance & Property Committee on 31 May 2022 did not provide an acceptable financial outcome. Approval was given for a draft budget to be presented to the September Committee to enable the outcomes from the savings and investment consultation and budget review to conclude. This aimed to establish a budget position closer to a £500k deficit that would enable the College to retain sufficient cash for a period necessary to formulate longer-term plans to support financial sustainability.

The interim budget was predicated upon the Scottish Funding Council's indicative grant allocations for 2022/23, which have subsequently been confirmed as final. Certain specific funding allocations are still to be announced however and SFC's suggested assumptions are used in these instances.

This draft Budget incorporates the very substantial savings secured from the exercise that had commenced in May and updates assumptions using current data. In some respects, most notably from student full-time enrolments and inflationary pressures, this has had a detrimental impact. Credit assumptions have not changed and SFC have not responded to requests for further flexibilities.

Whilst it is assumed that there will be no return to COVID restrictions, income generation is not yet budgeted to return to pre-COVID levels. The cost of living crises and the inflationary pressures challenging businesses also dictates a high degree of prudence when considering revenue budgets.

Whilst the full potential income and expenditure from the Life Sciences and SME Skills Tay City Projects continue to be excluded from the budget pending Business Case approval, a measure of contribution to overhead costs has been assumed. Revenues and expenditure from the College's involvement with MSIP has been excluded, pending formal agreement, with the exception of discretely funded activity already in place.

An assessment of the risks from key areas is included within the papers in order to complement this paper and to provide more details of mitigation and contingencies. Possible cash deviations are estimated in an effort to provide some indication of likely impacts, both favourable and adverse.

4. Summary of results

A **Cash-backed deficit of £586K** is budgeted, reduced by nearly £2.3m from the Interim Budget deficit of £2,878.

A summary of the main net movements from the interim budget is given in the table below and explained in more detail within the relevant sections where necessary. A high level analysis of both income and non-pay provides detail of gross movements across the main categories.

	£000's
Cash-backed deficit per Interim Budget	**(2,878)**
SFC Flexible Workforce Development Fund (FWDF), contribution	276
SFC Child Poverty funding, contribution	32
Catering, reduced deficit	152
Nursery, reduced deficit	43
Tuition fees + skills based training	(23)
Rental and facility income	71
Project contribution	81
Pay - increased awards for 21/22 and 22/23	(280)
Pay - variable teaching pay reduction	150
Pay - VSS savings (exc. catering)	956
Pa y - vacancy savings, net of increments	200
Pay - other net savings	276
Pay - Investment in Finance & Estates	(73)
Non-pay savings linked to savings plan/VS etc.	191
Non-pay savings from Exams, OD & Marketing	98
Non-pay savings from Insurance renewal	20
Non-pay removal of ICT Network replacement	300
Non-Pay utilities	(178)
Cash-backed deficit per Revised Budget	**(586)**

5. Income

Income rises £1.2m to £44m and is now £279K above last year's draft outturn.

Other SFC grants accounts for £964K rise in income. Both Capital & Maintenance and FWDF grants benefit from underspends brought forward from 2021/22. The latter is also boosted by assumptions of greater income recognition within the year, however allocations have not yet been published and it is possible that there will be a reduction for 2022/23.

The College has bid for Child Poverty funding of £260K. SFC have made no allocations to date but have signalled that a distribution of £125K can be anticipated as a minimum.

Tuition fees have been revised downwards by £173K for this budget, because of falling numbers of full-time enrolments. The combined value HE Full-time is now some 16% lower than 2021/22 although we consider this a very prudent position and strong retention could yield significant improvement.

Non-Core income rises by £322K to £2,727K, with the increase broadly split between skill based qualifications and project income. Variances from 2021/22 can be seen in the analysis and the reduction of circa £1m from last year is due, in large part, to the removal of second year Foundation Apprenticeship income from SDS that is now wholly subsumed within SFC Credit income. The balance is largely project related with little net impact.

Catering and other income rises to £1,665K and now includes revenue from hosting Dundee Football Club at Gardyne campus. Catering itself sees the loss of the Clova outlet in Arbroath but still shows an increase of £173K on the previous year, which we hope to improve upon with the return of students to all three campuses.

6. Pay Costs

Total Pay Costs have reduced by almost £1.1m from the interim budget and pay, when excluding VS costs charged in 2021/22, is almost £200K down on last year, with savings exceeding pay awards.

Pay is initially enhanced both by the higher consolidated award settled for 2021/22 and an allowance for a minimum award of 2% for 2022/23. Whilst this goes beyond the assumption of public sector pay award that continues to be recommended by SFC, it is likely that the settlement for 2022/23 proves to be more costly. This may be unaffordable without additional funding. Conversely, if the national insurance increase introduced is revered this would save approximately £300K for a full year.

Savings of circa £1.6m have been secured from pay budgets through a combination of VS, efficiencies and vacancies. This has enabled modest provision to be made for investment in select areas. In other instances, pay costs have increased in line with increased activity, notably in areas of FWDF and Child Poverty.

No allowance is currently made for further VS costs.

7. Non Pay Costs

Non-pay costs, at almost £10.4m, barely change in total. This does however mask substantial savings noted in the table above, with substantial increases in property budget offsetting these savings.

Property costs rise by £438K plus VAT. Unspent funding allocations are brought forward to be available in the current year but this has no net impact. Electricity and gas budgets have been increased in line with latest price guidance and contains contingency for increased consumption, albeit that this will be closely monitored and tightly controlled.

ICT costs have reduced in this revision, mainly attributable to the removal of £250K plus VAT from the budget for the first phase of network replacement meantime, pending a bid to the ALF.

8. Subsidiary Company

The Gardyne Theatre Ltd. Budget has not been revised and predictions remain for a modest profit of £6K. Bookings and interest are both encouraging but it will be challenging to improve upon this position, particularly in the current economic climate.

9. Student Support Funding

SFC continue to provide assurance that demand for funds will be met in full.

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.

The cash flow forecast includes an approximate estimated resale value, influenced by chartered surveyors, for Montrose Outreach Centre.

11. Cash Flow Forecast

Cash flow benefits substantially from both a stronger opening position and the improved operating performance now envisaged. Although the very high level of committed funds at July 2022 is expected to reverse during the year, cash balances of circa £3.5m are now predicted at July 2023.

12. Conclusion

The outcomes of the savings and investment plan has been successful in enabling us to deliver a revised budget that improves markedly upon the interim budget. This is considered achievable subject to the significant various risks and uncertainties, particularly around unprecedented inflationary pressures. The objective to improve cash retention to allow sufficient time to implement further changes in an effort to reach a financially sustainable position by 2023/24 is achieved.

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

Draft Budget 2022/23

	2021/22	Year to July 2023			
	Draft Actual Outturn	Interim Budget	Revisions	Revised Draft Budget	Variance from Draft 21/22 Outturn
	£000's	£000's	£000's	£000's	£000's
SFC Credit income	31,166	31,368		31,368	202
SFC ESF Credits	1,028	-		-	(1,028)
Other SFC grants	3,115	4,274	964	5,238	2,123
SFC Total	**35,309**	**35,642**	**964**	**36,606**	**1,297**
Tuition Fees	3,236	3,195	(173)	3,022	(214)
Non-Core income	3,782	2,405	322	2,727	(1,055)
Catering & other income	1,414	1,548	117	1,665	251
Total Income	**43,741**	**42,790**	**1,230**	**44,020**	**279**
Teaching Pay - established	16,571	16,953	(403)	16,550	21
Teaching Pay - variable	2,497	2,599	(49)	2,550	(53)
Invoiced Staff Costs	432	307	158	465	(33)
Teaching Support Pay	2,495	2,566	(163)	2,403	92
Support pay	11,941	12,396	(632)	11,764	177
Apprenticeship Levy	110	108		108	2
VS Scheme	1,204	-		-	1,204
Unfunded pension payments	386	400		400	(14)
Total Pay Costs	**35,636**	**35,329**	**(1,089)**	**34,240**	**1,396**
Staff related costs	283	334	(27)	307	(24)
Consumables & Equipment	1,553	1,829	22	1,851	(298)
Exam fees	784	914	(55)	859	(75)
Student related costs	161	219	(36)	183	(22)
Property cost	3,000	3,510	438	3,948	(948)
ICT & Telephony	1,665	1,654	(255)	1,399	266
Insurance	128	176	(20)	156	(28)
Marketing	142	99	(23)	76	66
Professional fees	178	115	-	115	63
General Overheads	263	300	(22)	278	(15)
Interest & Charges	145	92		92	53
VAT	936	1,103	5	1,108	(172)
Total non-pay costs	**9,238**	**10,345**	**27**	**10,372**	**(1,134)**
Cash-backed surplus/(deficit)	**(1,133)**	**(2,884)**	**2,292**	**(592)**	**541**
Add: subsidiary profit/(loss)	**(2)**	**6**		**6**	**8**
Consolidated Cash-backed surplus/(deficit)	**(1,135)**	**(2,878)**	**2,292**	**(586)**	**549**

Cash Flow Forecast

	2021/22	Year to July 2023			
	Draft Actual Outturn	Interim Budget		Revised Draft Budget	
Cash backed surplus/(deficit)	**(1,135)**	**(2,878)**		**(586)**	
Loan repayment	(457)	(457)		(457)	
Capital Expenditure		-		-	
Capital funding	3,402	-		-	
Asset Disposals	(3,402)	-		150	
Working capital movements	1,987	-		(1,800)	
Net Movement in cash balances	**395**	**(3,335)**		**(2,693)**	
Opening cash balances	5,853	3,756		6,248	
Closing cash balances	**6,248**	**421**		**3,555**	

Summary Analysis - Income

	2021/22 Draft Actual Outturn	Year to July 2023 Interim Budget	Revisions	Revised Draft Budget	Variance from Draft 21/22 Outturn
	£000's	£000's	£000's	£000's	£000's
Teaching Grant	**31,166**	**31,368**		**31,368**	**202**
SFC ESF Credits	**1,028**	**-**		**-**	**(1,028)**
SFC Sustainability Funding	-	-		-	
SFC Capital & Maintenance grants	1,746	2,814	321	3,135	1,389
SFC Digital Poverty as capital		182		182	182
SFC-Flexible Workforce Dev. Fund	854	754	518	1,272	418
SFC-Reducing Child Poverty	221	-	125	125	(96)
SFC-Funding for Councillors	152	152		152	-
SFC-Student Mental Health & Wellbeing	-	-		-	-
SFC: Students Association Funding	-	-		-	-
SFC-ESP Funding	120	350		350	230
SFC-Digital Support Fund	-	-		-	-
SFC - Access to sanitory products	22	22		22	-
Other SFC grants	**3,115**	**4,274**	**964**	**5,238**	**2,123**
HE Full-time	1,748	1,699	(210)	1,489	(259)
HE Associates & collaborations	682	546		546	(136)
Part-time Fees	242	334		334	92
Commercial and Leisure	357	503		503	146
Internal Re-charges	18	-		-	(18)
International Fees and Overseas contracts	188	113	37	150	(38)
Other fees	1	-		-	(1)
Tuition Fees	**3,236**	**3,195**	**(173)**	**3,022**	**(214)**
Commercial: Work-Based	345	150	100	250	(95)
Managing Agents	360	470		470	110
Skills Dev Scotland: MAs	655	450	50	500	(155)
SDS Foundation Apprentices L6	477	-		-	(477)
SDS Foundation Apprentices L4+5	76	-		-	(76)
Covid related funding contingency	-	-		-	-
Pathways to Apprenticeships	21	-		-	(21)
Other Public Sector contracts	34	80		80	46
Schools Senior Phase	163	150		150	(13)
Non-funded tuition	6	20		20	14
European Projects	55	21		21	(34)
Developing Young Workforce	350	-		-	(350)
Energy Skills Partnership (non-SFC)	402	241	15	256	(146)
SDS for MSIP	40	38		38	(2)
Mathew Trust	-	100		100	100
Northwood Trust	29	110		110	81
Seagreen funding	49	160	91	251	202
Tay City Deals	369	384	62	446	77
Misc. grants, funding and sponsorships	65	6	4	10	(55)
Other grants - ESP	246	-		-	(246)
Other misc. income	40	25		25	(15)
Non-Core income	**3,782**	**2,405**	**322**	**2,727**	**(1,055)**
Consultancy	37	40		40	3
Catering	562	709	26	735	173
Training Restaurants	19	21		21	2
Nursery	167	167	20	187	20
Retail shops	3	6		6	3
Salon revenues	-	25		25	25
Gardyne Sport facilities	189	245	11	256	67
General Lets & Incubator Hire	37	46	60	106	69
Staff secondments	6	10		10	4
Support cost grants	94	90		90	(4)

	2021/22	Year to July 2023			
	Draft Actual Outturn	Interim Budget	Revisions	Revised Draft Budget	Variance from Draft 21/22 Outturn
GTL revenue from LTO and SLA	18	20		20	2
Library charges	12	18		18	6
Photocopy charges	1	4		4	3
Sale of materials, produce, scrap etc.	28	9		9	(19)
Biomass RHI &EDFE FIT charges	40	62		62	22
Wage Subsidy/CJRS	163	60		60	(103)
Insurance Claims	8	-		-	(8)
Bank Interest	3	1		1	(2)
Other misc.	27	15		15	(246)
Catering & other income	**1,414**	**1,548**	**117**	**1,665**	**123**

Summary Analysis - Expenditure

	2021/22	Year to July 2023			
	Draft Actual Outturn	Interim Budget	Revisions	Revised Draft Budget	Variance from Draft 21/22 Outturn
	£000's	£000's	£000's	£000's	£000's
Mileage	97	113	(5)	108	(11)
Travel & Accommodation	23	43	(2)	41	(18)
Overseas Travel	3	2		2	1
Staff welfare and other expenses	22	25		25	(3)
Recruitment	6	1		1	5
Organisational Development	132	150	(20)	130	2
Staff related costs	**283**	**334**	**(27)**	**307**	**(24)**
Course Consumables etc.	318	439	(104)	335	(17)
Project Materials, Equipment etc.	117	533	122	655	(538)
Catering supplies	378	489	8	497	(119)
Library	23	48	(2)	46	(23)
Stationery & Printing	11	22	(1)	21	(10)
Equipment purchase & maintenance	652	239	(1)	238	414
Other misc.	54	59		59	(5)
Consumables and Equipment	**1,553**	**1,829**	**22**	**1,851**	**(276)**
SQA Fees	532	600	(50)	550	(18)
Other fees	158	189		189	(31)
Accred/Regn/Assess/Verification	94	125	(5)	120	(26)
Exam Fees	**784**	**914**	**(55)**	**859**	**(75)**
Residentials, travel etc.	24	74	(35)	39	(15)
Foundation Apprentice travel	-	9		9	(9)
Student placement costs	5	6		6	(1)
Student Councelling	18	21		21	(3)
Student Support costs	30	30		30	-
Student Bursary materials	-	-		-	-
Miscellaneous costs (inc.PVG)	84	79	(1)	78	6
Student related costs	**161**	**219**	**(36)**	**183**	**(22)**
Maintenance, high priority works, etc.	1,461	1,628	268	1,896	(435)
Building rentals and rates	319	314		314	5
Utilities	961	1,365	170	1,535	(574)
Cleaning, wast management etc.	145	138		138	7
Transport costs	77	31		31	46
Health & Safety costs	22	25		25	(3)
Other	15	9		9	6
Property Cost	**3,000**	**3,510**	**438**	**3,948**	**(948)**
ICT hardware, software, etc.	916	927	(240)	687	229
ICT Maintenance & Licenses	643	589	(15)	574	69
Web Development	5	40		40	(35)
Telephony & data line rentals	101	98		98	3
ICT & Telephony	**1,665**	**1,654**	**(255)**	**1,399**	**266**
Consultancy (inc.projects)	33	7		7	26
Audit Services	46	48		48	(2)
Bad Debts and collection fees	84	30		30	54
Legal & other professional fees	15	30		30	(15)
Professional fees	**178**	**115**	**-**	**115**	**63**
Photocopying, copyright & postage	107	125	(14)	111	(4)
Sponsorship, subscriptions, Licences	115	109	(8)	101	14
Hospitality and events	20	42		42	(22)
Miscellaneous and other	21	24		24	(3)
General Overheads	**263**	**300**	**(22)**	**278**	**(15)**

Risk Assessment of key volatile areas

Income/Expenditure Category	Draft Budget	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	£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 confirmed unchanged since the interim budget was established but SFC have given no further clarity about the use of 2% threshold and its implications for other sources of funding, nor officially responded to the sector's requests for further flexibilities. Foundation Apprentice target is challenging.
Other SFC grants	5,238	100	300	Yes, however subject to demand for FWDF training.	Mid	Low	Low	Neither FWDF nor Child Poverty have yet been confirmed. FWDF attracts greatest risk, with potential for reduction, and now reflects a higher carry forward of underspend from 21/22, boosted by enhanced allocations from SFC in recognition of the college's success in fully contracting it's initial allocations. Maintenance grant is increased by FY22/23 funding not required last year but is matched with additional equivalent cost provision, with utilisation assumptions maintained.
Tuition Fees	3,022	200	100	Yes, in terms of marketing, recruitment delivery and retention but limited influence over demand.	Low	Low	Low	Despite a vigorous marketing campaign, recruitment of full-time HE students has been disappointing and budget has been reduced to a very prudent level, thereby reducing risk of further negative movement. Commercial income targets are challenging, particularly during difficult economic times, but is underpinned by a strong focus on business engagement.
Non-Core income	2,727	200	100	Partly; varies across such a disparate category ranging from apprentice income to Trust funding.	Low	Low	Low	Outcomes from 2021/22 provide reassurance that capacity for adverse movement from this enhanced budget position is limited.
Catering & other income	1,665	200	100	Yes	Low	Low	Low	Early indications suggest that catering income could improve further upon the revised budget and we may yet see gains from all campus based activity. Risk of negative movement appears to have diminished.
Total Pay (exc. VSS & unfunded pensions)	33,840	300	500	Largely yes but subject to pay and conditions negotiated centrally.	Mid	High	High	The provision for the 22/23 pay award has been increased to a minimum of 2% but may yet fall short of an ultimate settlement during a period of high inflation. The college will continue to lobby for additional funding if an unaffordable settlement is imposed. All new appointments will be tightly controlled and we shall continue to strive to ensure that all possible efficiencies are realised. There is potential for positive movement if the national insurance surcharge is reversed.
VSS	-	-	-	Yes	-	-	-	Given the need to return to a financially sustainable position it is likely that VS costs will be incurred to secure further savings but this is difficult to quantify at this time.
Property cost	3,948	100	100	Yes, subject to inherent risks of the usual unpredictable factors exacerbated this year by exceptional price rises.	Low	Low	Low	Maintenance budgets will be managed within available funding with minimal likelihood of any significant overspend. Utility budgets have been further increased in line with latest price predictions and prudently assuming a higher level of consumption, albeit that this will be closely monitored. A commercial energy price cap may offer some relief.
Non-pay costs excluding property	6,424	100	400	Yes, with limited exceptions, but inflationary pressures have increased risk of over spend.	Low	Low	Low	Additional consumable savings have been assumed for the revised budget, attracting greater risk and necessitating strict control. Inflationary pressures may yet impact adversely.

Agenda Item 7.3

FINANCE & PROPERTY COMMITEE

Monday 26 September 2022

FINANCE

7.3 Financial Forecast Return PAPER E

BOARD OF MANAGEMENT

26 September 2022

Financial Forecast Return (FFR)

Paper for approval

1. Introduction

This report, and appendix provides the 5-year financial forecast return for the period 2020-21 to 2026-27. This is required to be submitted by 30 September.

2. Recommendations

The Finance & Property Committee are asked to recommend approval to the Board of the Financial Forecast Return for submission to the Scottish Funding Council.

3. Call for Information

On 11 August the Scottish Funding Council advised that a financial forecast return for academic years 2020-21 to 2026-27 be submitted by 30 September 2022.

The 'Call for Information' does not differ substantively from that which has been in previous FFRs. Meaningful changes are highlighted. The commentary includes the following.

- An introduction which should include the context in which the forecasts have been prepared and an explanation of how the elements of the college's strategic plan, human resource management strategy and infrastructure strategy are reflected in the forecasts. There is an expectation that colleges will be reviewing business models and strategic plans in light of Covid-19 and the tight financial environment.
- Review of financial performance 2021-22, and highlight positive and negative variances from previous forecasts.
- SFC recurrent grant
- Changes in tuition fee income and other income, including assumptions made regarding student numbers and the reasons for year-on-year movements in other sources of income
- Commercial income including identifying barriers, funding sources, expected net contribution and quantifying how income forecasts have changed as a result of COVID-19 impacts.
- Changes in staff and non-staff costs including year-on-year movements and assumptions regarding pay awards, price changes, changes in activity levels, job evaluation funding, staff numbers, staff restructuring and voluntary severance or compulsory redundancy, future pension contribution costs and inflationary pressures.
- Cash budget for priorities
- Balance sheet – cash position, especially if this position is deteriorating, including highlighting details of expected breaches of loan covenants negotiated loan repayment holidays and VAT payment deferrals.
- Contingency planning including details of contingency plans and potential mitigating actions,

to respond to adverse movements.

- Risk management including the corrective actions that would be taken to address identified risks
- Additional planning scenarios, and related financial/non-financial impacts.
- Any other information

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

4. Introduction

As has been well publicised in various Audit Scotland reports[1] the financial environment within which colleges operate was already challenging. Audit Scotland's 2022 report highlighted "*incorporated colleges are increasingly reliant on SFC grants*" and *"..the Scottish Government …multi-year spending plans up to 2026/27…shows a flat cash settlement for the SFC over the next four years, equating to an eight per cent reduction in real terms. The multi-year plan confirms that the college sector faces some really challenging years to come.*" The Audit Scotland report was published in May 2022, before the extent of inflationary increases and the cost-of-living crisis had significantly worsened with inflation being calculated at 9.8% for the 12 months to August 2022.

In February 2022 when the Scottish Budget 2022/23 was announced the College started to lobby for more funding, highlighting the significant detrimental impact this would have on the College. The indicative SFC funding allocations announced in March 2022 confirmed the damaging impact this would have on our ability to maintain the same level of services and high quality learning & teaching provision. The College highlighted to staff that we would require to consult on how we maintain long-term financial sustainability whilst continuing to meet the needs of our region. In April 2022 we started the consultation. The initial £1.5m of savings necessary was in response to the anticipated SFC funding shortfall, however inflation, national bargaining salary outcomes, fuel crisis and falling student recruitment alongside the additional provisions required to support student retention and achievement meant that the scale of the budget deficit was forecast to be £2,878k. Following months of consultation with unions and staff the exercise generated savings of £1,811k costing c£1m in one-off voluntary severance payments.

The College is a key partner in a number of significant projects within our Region; Tay Cities Deal, Michelin Scotland Innovation Parc, esports arena and the Eden project. Some of these projects include investment funding, alongside the College securing very welcome additional funding from the Matthew Trust, the Northwood Trust, Seagreen (wind energy) and Skills Development Scotland. To take full advantage of the long-term benefits and opportunities of being involved in these projects, alongside the necessity to maintain financial sustainability we will need to secure investment funding. The College is very fortunate that Dundee & Angus Foundation has funding, with a balance of c£1.8m after investing £3.3m in the Kingsway Tower redevelopment in 2021/22. Based on the College Board approving an approach we will seek funding from the Foundation to partially support the required investment in our network infrastructure. The College will also seek to identify other sources of funding to support the necessary curriculum investments and the drive to net zero from initiatives such as the Scottish Green Public Sector Estate Decarbonisation Scheme and Scottish Central Government Energy

[1] Scotland's Colleges 2022
Coherence and Sustainability: A Review of Tertiary Education and Research
Audit Scotland update on Scotland's colleges 2020

Efficiency Grant Scheme.

As a result of the consultation, the assumed funding bid to the Foundation and the process of rigorously reviewing budgets and identifying further efficiencies and opportunities for additional or new income has resulted in the draft budget for 2022/23 now being presented as a cash-operating deficit of (£586k), equating to an Adjusted Operating Result of (£682k) deficit.

In early September 2022 the First Minister announced the Programme for Government and the confirmed priorities of household finances, child poverty, the climate emergency and improving public services further. The First Minister also emphasised that inflation had removed £1.7 billion from the Scottish budget. The impact of inflation and salary settlements alongside a flat cash SFC funding settlement, depletion of cash balances, the reduced ability to afford voluntary severance and the reduction in or removal of existing pots of funding represents a totally unsustainable position for 2023-24 to 2026-27.

The College's Our 2025 Strategy – More Successful Students remains relevant and appropriate, despite the pandemic and the ominous economic outlook.

The Workforce Plan 2022-24, recognises the:

- impact the pandemic had on the ways of working
- drive to achieve net zero by 2040 as part of Climate Emergency Action Plan "Our Path to Net Zero"
- requirement to continue to enhance digital skills and literacy
- importance of keeping up to date with industry skills throughout the curriculum
- increase in the need for wellbeing and resilience support for staff and students
- requirement to embed UN Sustainable Development Goals and carbon reduction throughout the curriculum and college activities

The draft Infrastructure Strategy, incorporating Estates and ICT:

- prioritises sustainability & income generation
- has inspirational and inclusive spaces and services
- provides modern and flexible learning spaces

- highlights the importance of services being digitally enabled and developed
- uses data to better inform decision making
- is health and wellbeing focussed
- responds to the Global Climate Emergency
- raises the profile of the College and College learning both locally and nationally

Whilst the FFR is intended to present financial projections, it is important that we always have our purpose at the forefront of everything we do. We are a sector-leading College that provides, opportunities, skill development and training for our Region, to often our most disadvantaged young people.

5. Financial Performance 2021-22

The unaudited 2021/22 College adjusted operating result is a (£1,538k) deficit.

In the June medium-term FFR return the adjusted operating result was forecast as a deficit of £828k. The papers presented to the Board and sharded with SFC did not include any costs associated with voluntary severance payments as part of the savings exercise that was underway at the time.

6. SFC Recurrent Grant

Teaching Grant
Core funding for 2022-23 has been based on the final funding announced in May 2022.

The level of funding for Flexible Workforce Development Fund, Young Person's Guarantee, Counsellors and Child Poverty are not yet known.

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

The following has been assumed:

Income Stream £000s	2022/23	2023/24	2024/25	2025/26	2026/27
Tuition Fees	3,042	3,084	3,128	3,174	3,222
Education Contracts	1,300	1,361	1,425	1,492	1,563
Other Income	3,233	2,378	2,378	2,379	2,379
Grants from ALF	700	-	-	-	-

Certain income streams continue to be impacted as a result of the pandemic, particularly in relation to number of full time students falling to unprecedented low numbers.

Income continues to be impacted by the lack of increase in the HE and SDS Foundation Apprenticeship fees, which have remained static for many years. Based on inflation over the last 15 years since the HE full time tuition fee was revised, the fee would have increased by 51% from £1,285 to £1,904. Using 2022/23 as an example this would equate to an additional c£750k. For SDS fees, the equivalent increase based on no change in 10 years would be additional income of c£170k.

8. Commercial Income

The Business Partnerships Manager, and business advisors, now in place for a year, have made a significant impact on engaging with businesses within the Tayside Region to enhance the opportunities for more commercial income. Triggered by Flexible Workforce Development Funded engagements opportunities for further partnerships include:

- Emergency Services – a collaboration with the 'tri-group emergency services' across Scotland (Fire, Ambulance and Police) to support the transition to Electric Vehicles. This involves an initial commitment to upskill 100 technicians in level 2 and level 3 awards.
- Dundee FC – a partnership with Dundee Football Club to create and deliver leadership sports qualifications to their first team players. The partnership includes the "incubator" space within our campus being let out to the football club and the club securing trust funding investment into our football pitches for shared use by the professional team and the College's sports & fitness curriculum staff/students alongside our ability to further let out these pitches/facilities, once redeveloped, for commercial use.
- Scottish Football Association (SFA) – working with the SFA to create business/management training for all club managers across the region. Initially this is being developed in partnership with 4 clubs with the intention to roll this out to all 32 local clubs.

We reported previously that in the current economic environment it would be naïve for the college to imagine that "profit" will be anything other than marginal until such time as the economy recovers. With inflation and energy prices at recent history record levels, businesses are also scrutinising their expenditure. The College continues to be optimistic that the work currently engaged in alongside being a significant partner in other initiatives such as MSIP, Tay Cities, eSports and the Eden Project will shape our commercially viable offering.

The Service Design Academy has undergone a strategic review alongside implementing increased prices. With its world-class reputation it remains as a key College opportunity to generate contributions. The extent of the demand for service designers has however impacted on our ability to retain our highly regarded and experienced service design consultants, which is now impacting on the volume of business that can be delivered.

9. Changes in Staff & Non-Staff Costs

The table below shows the cumulative cost of the pay increases from the 2020/21 baseline, before further adjustments for changes in activity.

Cost of Pay Award £000s	2020/21 Baseline	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Staff Costs[2] @2% (2022/23-26/27)	32,085	939	1,735	2,398	3,094	3,804	4,528
Staff Costs[2] @5%/3% (2022/23-26/27)	32,085	939	2,680	4,413	5,517	6,654	7,825

The provision for pay awards beyond August 2022 is in accordance with Scottish Government Public Sector Pay Policy, as required by SFC, for 2022/23 but enhanced to provide a minimum of 2%. For all subsequent years SFC's assumption of 2% p.a. has been used. The cost of each additional 1% is provided within the Efficiencies and Sensitivities tab of the Return.

The Finance Development Network (FDN) proposed modelling of 5% pay award in 2022/23 and 2023/24 and 3% in 2024/25 to 2026/27 is also provided.

Adjusted Operating Result (based on 2% or 5%/3% pay award) £000s	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Staff Costs @2% (2022/23-26/27)	2,168	(1,538)	(682)	(2,176)	(3,008)	(3,888)	(4,823)
Staff Costs @5%/3% (2022/23-26/27)	2,168	(1,538)	(1,627)	(4,191)	(5,431)	(6,739)	(8,122)

The modelling of a 5% pay award in 2022/23 and 2023/24 and 3% in 2024/25 to 2026/27, as proposed by the FDN, would add **£11.5m** to the cumulative adjusted operating deficit.

On completion of the job evaluation exercise, the FFR assumes that the job evaluation funding will be sufficient to cover any costs. Inflationary increases have been assumed from 2023/24 onwards. For the sake of simplicity only, and to avoid unhelpful spikes in pay, no payment of arrears is assumed within the period of the FFR, with both cost and funding accumulating.

Based on flat cash funding, the only way to cover the costs of pay awards and inflation alongside the challenge to achieve the credit target without further flexibilities or a new funding methodology will be to reduce staff. Further reduced staff numbers have not been assumed as part of the FFR.

[2] Excludes pension charge

As highlighted above, and in papers presented to the Board and shared with SFC, a significant voluntary severance exercise has recently completed with 32 FTE staff accessing the voluntary severance scheme. This was in addition to the 8 FTE staff who accessed a Voluntary Severance Scheme that closed in December 2021. Funding the two schemes over the last academic year has cost £1,204k. The College are intending to revisit the scheme arrangements as the level of payments are no longer affordable. It is expected that compulsory redundancies will be required.

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

The national insurance surcharge of 1.25% has added approximately £270k annually to our payroll costs. The proposed reversal of this with effect from November 2022 will save approximately £200K in 2022/23 and circa £1.3m throughout the period to July 2027.

It is assumed that the College will offset the cost of inflation on non-pay expenditure (3.7% 2022/23, 2.3% 2023/24 then 2% beyond using SFC assumptions) with efficiency savings. The exception to this will be the increases in utilities where the assumptions recommended by the Finance Development Network, through consultation with APUC, have been adopted. This will continue to be challenging. Procurement good practice will continue to be embedded to maximise opportunities for Best Value.

The impact of all alternative scenarios suggested by the Finance Development Network are given in the table below. These have not already been factored into this FFR.

		22/23 £000	23/24 £000	24/25 £000	25/26 £000	26/27 £000
1)	NTTF & YPG Income	NIL	NIL	NIL	NIL	NIL
	Change from FFR		Nil assumed throughout this period			
2)	Reductions in FWDF Income %	20%	10%	10%	10%	10%
	Reductions in FWDF Income £ (net)	(95)	(38)	(34)	(31)	(28)
	Adjusted Operating Result	(777)	(2,309)	(3,175)	(4,087)	(5,051)
3)	Pay Award Increases %	5%	5%	3%	3%	3%
	Change from FFR	(945)	(1,070)	(408)	(427)	(447)
	Adjusted Operating Result	(1,627)	(4,191)	(5,431)	(6,739)	(8,122)
4)	Inflation (non-staff costs excl. utilities)	9%	7%	7%	7%	7%
	Change from FFR	(538)	(405)	(455)	(458)	(459)
	Adjusted Operating Result	(1,220)	(3,119)	(4,405)	(5,745)	(7,139)
5)	Increase in Gas unit prices	230%	8%	17%	17%	17%
	Impact subsumed within this FFR	(155)	(45)	(49)	(53)	(57)
6)	Increase in Electricity unit prices	27%	54%	17%	17%	17%
	Impact subsumed within this FFR	(422)	(442)	(214)	(251)	(294)

10. Cash Budget for Priorities

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

11. Balance Sheet – Cash Position

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

£000s	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27
Opening cash	5,853	6,248	3,555	1,015	(2,357)	(6,609)
Net cash flow/(outflow)	852	(2,236)	(2,083)	(2,915)	(3,795)	(4,730)
Loan repayment	(457)	(457)	(457)	(457)	(457)	(457)
Closing cash	6,248	3,555	1,015	(2,357)	(6,609)	(11,796)
NOTE: Restricted Cash	3,400	1,500	1,500	1,500	1,500	1,500

Due to the uncertainties in 2020, the College took advantage of a capital loan repayment holiday in August 2020. This was repaid in July 2021. The FFR assumes that the College will honour its loan repayments and VAT payments. There are no loan covenants for the Gardyne Campus loan. The final loan repayment is due on 30 June 2027.

12. Contingency Planning

Based on the forecast cumulative **deficit** for the 5 years 2022/23 – 2026/27 of **£14.576m** only fundamental change will impact on a cumulative deficit of this magnitude.

Significant increases in fees, commercial and other income generating activity will not resolve the underlying forecast deficit.

There is only so much direct control that the College has to enable it to present a balanced budget over the planning period, whilst achieving the credit target, based on the current funding methodology. In the post-pandemic context of learning loss, mental health, child poverty and cost of living crises, to be a high quality skills provider, the level of wraparound support to ensure that students achieve is far greater than has ever been experienced.

The College will, of course, take a proactive approach to try to minimise the deficit. Significant staffing reductions, as the biggest cost that is within the College’s control, although damaging the quality of the service to students and the ability to achieve the credit count, will be necessary.

- Reduction in Headcount

  For the purposes of achieving a balanced budget by the end of the planning period, taking into account previous cash-backed surpluses have depleted to fund Voluntary Severance in 2021/22, the level of reduction in staff headcount required is estimated as:

Year	In year savings required £000's	FTE reduction	Cost of Voluntary Severance £000's
2022/23		40	£1,200
2023/24	£2,176	15	£450
2024/25	£831	16	£480
2025/26	£881	17	£510
2026/27	£935		
Total	**£4,823**	**88**	**£2,640**

Notes:
a) any staff reduction is necessary in the year prior to the savings being realised
b) the staffing reduction in a year reduces the deficit in future years

Whilst being unaffordable, the cost of any voluntary severance or redundancy payments, including strain costs, is assumed to be borne within existing resources. An additional estimated 50 FTE reduction would be required to fund the cost of voluntary severance.

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

Disadvantages:
- The College is an efficient and high quality education provider and reductions will have a significant and detrimental impact on the quality of the provision.
- The College will not be able to deliver its credit target, based on the current funding methodology.
- Further reductions in staff will impact negatively on our ability to deliver the services required to support regional economic recovery and growth.
- The current Voluntary Severance Scheme is not affordable to support future staff reductions.
- The level of strain costs for staff aged between 50 and 60 is unaffordable.
- The number of staff likely to be interested in voluntary severance options has reduced over recent years with the expectation that significant FTE reductions will require to be targeted and likely through compulsory redundancies.
- National bargaining 'Transfer to Permanence' arrangement continues to reduce any flexibilities.
- Particularly after the recent savings exercise our relationship with the unions will be severely tested.

- Flexible Use of the Capital Maintenance Monies

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

  Disadvantages:

- Reducing investment in the estates infrastructure will prolong the time necessary to achieve fit for purpose campuses.

- Apply to the Foundation

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

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

  Advantages:
  - Short term cash injection

  Disadvantages:
  - The Foundation are supportive of funding the college to achieve transformational change. The Foundation are being approached to partially fund the necessary replacement of the College network.
  - The foundations resources (currently c£1.8m) continue to be depleted.

Whilst the financial position is dire, the College continues to optimise opportunities, which includes access to other sources of funding for local and national, new or ongoing initiatives:

- Continuation of the Flexible Workforce Development Fund (for levy payers and SMEs), , Young Persons Guarantee and Scottish Government's ongoing commitment to apprenticeships and prioritising young people.
- Michelin (Scotland) Innovation Parc
- Tay Cities Deal
- Eden project
- eSports Arena
- Energy Efficiency Grant and Scottish Green Public Sector Estate Decarbonisation Schemes
- As a high quality, respected, innovative and responsive College there will be new, yet to be identified, income streams, initiatives and alternative sources of funding. As with the majority of initiatives these require investment/expenditure to be incurred.

Based on the disastrous financial forecast the College, over the next year, will explore scenarios including:

- Closure of whole campus(es)
- Removal of services and provision
- Removal of least affordable / resource intensive curriculum

13. Risk

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

- The continued impact of the COVID-19 pandemic and the potential consequential failure to achieve income targets.

- Changes to the funding model and colleges' ability to deliver regional outcome agreements and Government priorities.
- The impact of cost efficiencies, including reduced staff numbers and frontline student services, on both the quality of student experience and on the health and wellbeing of college staff.
- Future arrangements for funding Foundation Apprenticeships.
- The UK Government's policies designed to mitigate the effects of leaving the EU, in particular the development of the Shared Prosperity Fund.
- Additional staff costs arising from both cost of living pay awards and the outcome of the National Bargaining job evaluation exercise for support staff.
- Addressing backlog estates maintenance and ICT/digital requirements.
- Challenges of diversifying income and generating additional surplus.
- Delivering against fragmented funding streams and programme requirements.
- Meeting student support requirements.
- Increases in employer contributions to the Scottish Teachers Superannuation Scheme and Local Government Pension Schemes.
- Maintaining short-term liquidity.
  [Whilst we reported in the 2021/22 FFR that short-term liquidity was not a significant risk for Dundee & Angus College at that time, liquidity has been and will be impacted by both the forecast deficits and funding of voluntary severances in 2021/22.

The above set of risks, whilst published in 2021 remain relevant and represent well the views of the College.

14. Conclusion

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

Authors: Brian Ferguson, Head of Finance
Rhonda Bissett, Senior Management Accountant
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Appendix: FFR

Financial Forecast Return September 2022

College	Dundee and Angus College
Contact	Brian Ferguson
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DECLARATION:	The attached worksheets represent the financial forecasts for the College. They reflect a financial statement of our academic and physical plans from 2021-22 to 2026-27. Adequate explanations have been provided where requested on the return. The worksheets and their underpinning assumptions have been reviewed and approved by the Board of Management in accordance with their agreed practices. In preparing this financial forecast the College has fully considered the financial implications of all aspects of its strategy and has properly reflected these in the forecast.

Signed:

Principal/Chief Executive Officer

Date: 29-Sep-22

Dundee and Angus College

		Forecast 2022-23	Forecast 2023-24	Forecast 2024-25	Forecast 2025-26	Forecast 2026-27
	STAFFING EFFICIENCIES (savings reflected in FFR)	**FTE**	**FTE**	**FTE**	**FTE**	**FTE**
1	FTE Staff reduction - vacancy management	6	6	6	6	6
	FTE Staff reduction - voluntary severance (related restructuring costs to be set out in section 2 below)	40	0	0	0	0
	FTE Staff reduction - compulsory redundancy (redundancy costs to be set out in section 2 below)	0	0	0	0	0
	Staff reduction - total	46	6	6	6	6
		£000	**£000**	**£000**	**£000**	**£000**
2	Voluntary severance costs	0	0	0	0	0
	Compulsory redundancy costs	0	0	0	0	0
	Total	0	0	0	0	0
	CHECK - Staff restructuring costs per SOCIE	0	0	0	0	0
3	Staff cost savings - identified	1,620				
	Staff cost savings - still to be identified	0	2,176	832	881	936
	Staff cost savings - total	1620	2176	832	881	936

NON-STAFF COST SAVINGS (savings reflected in FFR)

Non-staff cost savings - identified	600				
Non-staff cost savings - still to be identified		201	171	171	171
Non-staff cost savings - total	600	201	171	171	171

ADDITIONAL SENSITIVITY ANALYSIS

		Forecast 2022-23 £000	Forecast 2023-24 £000	Forecast 2024-25 £000	Forecast 2025-26 £000	Forecast 2026-27 £000

Effect of each scenario before mitigating action

(assumes the stated sensitivity occurs each year, with cumulative impact to be shown)

1	Adjusted operating surplus / (deficit) based on planning assumptions	-682	-2176	-3008	-3888	-4823
2	Increase in staff costs of 1%	341.7	347.91	354.87	361.96	369.2
	Restated adjusted operating surplus / (deficit)	-1023.7	-2523.91	-3362.87	-4249.96	-5192.2
	Restated cash position	3,213	667	-2,712	-6,971	-12,165

Please give details of the mitigating actions in the event of such an outcome in the box below:

Additional staff reductions would be necessary but voluntary severance payments will become unafordable without additional funding.

3	Increase in Employer's National Insurance contributions of 1%	211	215	219	223	227
	Restated adjusted operating surplus / (deficit)	-893	-2391	-3227	-4111	-5050
	Restated cash position	3,344	800	-2,576	-6,832	-12,023

Please give details of the mitigating actions in the event of such an outcome in the box below:

As above.

4	Increase in pension costs of 1%	264	269	274	279	284
	Restated adjusted operating surplus / (deficit)	-946	-2445	-3282	-4167	-5107
	Restated cash position	4,501	3,460	925	-2,442	-6,689

Pension Assumptions **Employer Contributions**	2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000	2020-21 Details of Methodology and Valuation	2021-22 Details of Methodology and Valuation	2022-23 Details of Methodology and Valuation	2023-24 Details of Methodology and Valuation
STSS								
SPF								
Other pension schemes - please state which scheme								
Other pension schemes - please state which scheme								
Total	0	0	0	0				

Dundee and Angus College

Statement of Comprehensive income and expenditure (Consolidated)	Actual 2020-21 £000	Forecast 2021-22 £000	Forecast 2022-23 £000	Forecast 2023-24 £000	Forecast 2024-25 £000	Forecast 2025-26 £000	Forecast 2026-27 £000	2020-21 - 2021-22 %	2021-22- 2022-23 %	2022-23 - 2023-24 %	2023-24 - 2024-25 %	2024-25 - 2025-26 %	2025-26 - 2026-27 %	Explanation for variance
INCOME														
Tuition fees and education contracts	5,532	5,210	4,342	4,445	4,553	4,666	4,785	-5.8%	-16.7%	2.4%	2.4%	2.5%	2.6%	Some price increases assumed beyond 22/23 for certain
Funding council/RSB grants	37,831	38,836	40,133	38,895	38,895	38,895	38,895	2.7%	3.3%	-3.1%	0.0%	0.0%	0.0%	Both C&M and FWDF income reduces beyond 22/23
Research grants and contracts	0	0	0	0	0	0	0							
Other income	3,305	6,773	4,097	2,542	2,542	2,542	2,542	104.9%	-39.5%	-38.0%	0.0%	0.0%	0.0%	Certain existing grant income ends during 22/23 along with associated expenditure
Investment income	1	3	1	1	1	1	1	200.0%	-66.7%	0.0%	0.0%	0.0%	0.0%	
Total income before donations and endowments	**46,669**	**50,822**	**48,573**	**45,883**	**45,991**	**46,104**	**46,223**	8.9%	-4.4%	-5.5%	0.2%	0.2%	0.3%	
Donations and endowments	0	0	0	0	0	0	0							
Total income	**46,669**	**50,822**	**48,573**	**45,883**	**45,991**	**46,104**	**46,223**	8.9%	-4.4%	-5.5%	0.2%	0.2%	0.3%	Refer also to Income tab
EXPENDITURE														
Staff costs	35,190	34,678	34,170	34,791	35,487	36,196	36,920	-1.5%	-1.5%	1.8%	2.0%	2.0%	2.0%	Increases of 2% p.a. assumed from September 2023
Staff costs - exceptional restructuring costs	255	1,204	0	0	0	0	0	372.2%	-100.0%					
Exceptional costs - non-staff	0	0	0	0	0	0	0							
Other operating expenses	9,201	10,239	12,181	10,370	10,634	10,938	11,288	11.3%	19.0%	-14.9%	2.5%	2.9%	3.2%	Grant funded reduction dominates in 23/24 and thereafter FDN utility assumptions result in a net increase. In all other respects infaltion is deemed to be absorbed as an efficiancy saving.
Donation to Arms Length Foundation	0	0	0	0	0	0	0							
Depreciation	3,706	3,906	3,906	3,906	3,906	3,906	3,906	5.4%	0.0%	0.0%	0.0%	0.0%	0.0%	
Interest and other finance costs	489	121	86	80	60	40	20	-75.2%	-29.0%	-7.0%	-25.0%	-33.3%	-50.0%	
Total expenditure	**48,841**	**50,148**	**50,343**	**49,147**	**50,087**	**51,080**	**52,134**	2.7%	0.4%	-2.4%	1.9%	2.0%	2.1%	Refer also to Expenditure tab
Surplus/(deficit) before other gains and losses and share of operating surplus/deficit of joint ventures and associates	**(2,172)**	**674**	**(1,770)**	**(3,264)**	**(4,096)**	**(4,976)**	**(5,911)**	-131.0%	-362.6%	84.4%	25.5%	21.5%	18.8%	
Gain/(loss) on disposal of fixed assets	11	0	0	0	0	0	0	-100.0%						
Gain/(loss) on investments	0	0	0	0	0	0	0							
Share of operating surplus/(deficit) in joint venture(s)	0	0	0	0	0	0	0							
Share of operating surplus/(deficit) in associate(s)	0	0	0	0	0	0	0							
Surplus/(deficit) before tax	**(2,161)**	**674**	**(1,770)**	**(3,264)**	**(4,096)**	**(4,976)**	**(5,911)**	-131.2%	-362.6%	84.4%	25.5%	21.5%	18.8%	
Other taxation	0	0	0	0	0	0	0							
Surplus/(deficit) for the year	**(2,161)**	**674**	**(1,770)**	**(3,264)**	**(4,096)**	**(4,976)**	**(5,911)**	-131.2%	-362.6%	84.4%	25.5%	21.5%	18.8%	
Unrealised surplus on revaluation of land and buildings	0	0	0	0	0	0	0							
Actuarial (loss)/gain in respect of pension schemes	11,806	0	0	0	0	0	0	-100.0%						
Other comprehensive income	0	0	0	0	0	0	0							
Total comprehensive income for the year	**9,645**	**674**	**(1,770)**	**(3,264)**	**(4,096)**	**(4,976)**	**(5,911)**	-93.0%	-362.6%	84.4%	25.5%	21.5%	18.8%	

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INCOME			Actual 2020-21 £000	Forecast 2021-22 £000	Forecast 2022-23 £000	2020-21 - 2021-22 %	2021-22- 2022-23 %	Explanation for variance
1 Tuition fees and education contracts								
	a)	FE - UK	365	474	607	30%	28%	Assumed continued growth in part-time and commercial post COVID
	b)	FE - EU	0	0	0			
	c)	HE	2,976	2,574	2,265	(14%)	(12%)	Reflects trend of declining full-time student enrolments
	d)	Non-EU	66	188	150	185%	(20%)	
	e)	SDS contracts	1,217	1,229	500	1%	(59%)	No Foundation Apprenticeship income from SDS for 22/23
	f)	Education contracts	900	739	800	(18%)	8%	
	g)	Other	8	6	20	(25%)	233%	
Total tuition fees and education contracts			**5,532**	**5,210**	**4,342**	(6%)	(17%)	
2 SFC / RSB Grants								
	a)	SFC / RSB FE recurrent grant (including fee waiver)	30,731	32,871	32,044	7%	(3%)	Grant reduced as per confirmed allocation for 22/23
	b)	UHI recurrent grant - HE provision	0	0	0			
	c)	FE Childcare funds	669	593	593	(11%)	0%	Possibly rising for 22/23 but having no net impact
	d)	Release of SFC / RSB deferred capital grants	2,257	2,257	2,257	0%	0%	22/23 to be agreed but with no impact upon adjusted operating result
	e)	SFC capital grant	2,297	1,746	3,318	(24%)	90%	Limited use of FY22/23 allocations in AY21/22 and enhanced by Digital Poverty in AY22/23. Currently no further capital application predicted.
	f)	SFC grant for NPD	0	0	0			
	g)	Other SFC / RSB grants - FE provision	1,877	1,369	1,921	(27%)	40%	Net increase for 22/23 due to increased FWDF delivery and higher ESP funding.
	h)	Other UHI grants - HE provision	0	0	0			
Total SFC / RSB Grants			**37,831**	**38,836**	**40,133**	3%	3%	
3 Research grants and contracts								
	a)	European Commission	0	0	0			
	b)	Other grants and contracts	0	0	0			
Total research grants and contracts			**0**	**0**	**0**			
4 Other Income								
	a)	Catering and residences	102	581	756	470%	30%	Recovery continuing slowly but still below pre-COVID levels
	b)	Other European Income	149	55	21	(63%)	(62%)	Residual projects ending by 22/23
	c)	Other income generating activities	383	772	1,057	102%	37%	Renewed demand for site based activities
	d)	Grants from ALF	0	3,300	700		(79%)	Contribution towards cost of Kingsway development in 21/22
		i) Revenue	0	0	700			
		II) Capital	0	3,300	0		(100%)	
	e)	Non-government capital grant	0	0	0			
	f)	Other grant income	1,311	1,753	1,386	34%	(21%)	21/22 benefits from Tay Cities Deal funding. 22/23 sees removal of Scot Gov DYW funding.
	g)	Release of non-SFC government deferred capital grant	104	104	104	0%	0%	
	h)	Income from Coronavirus Job Retention Scheme	1,163	37	0	(97%)	(100%)	
	i)	Other income	93	171	73	84%	(57%)	High level of Kickstart funding in 21/22
Total other income			**3,305**	**6,773**	**4,097**	105%	(40%)	
5 Investment income								
	a)	Investment income on endowments	0	0	0			
	b)	Investment income on restricted reserves	0	0	0			
	c)	Other investment income	0	0	0			
	d)	Other interest receivable	1	3	1	200%	(67%)	
	e)	Net return on pension scheme	0	0	0			
Total investment income			1	3	1	200%	(67%)	
6 Donations and endowment income								
	a)	New endowments	0	0	0			
	b)	Donations with restrictions	0	0	0			
	c)	Unrestricted donations	0	0	0			
Total donation and endowment income			0	0	0			

Dundee and Angus College

EXPENDITURE

	Actual 2020-21	Forecast 2021-22	Forecast 2022-23	2020-21 - 2021-22	2021-22-2022-23	Explanation for variance
STAFF COSTS	**£000**	**£000**	**£000**	**%**	**%**	
1 Teaching departments	20,674	22,162	22,076	7%	(0%)	Higher variable costs incurred in 21/22 in response to COVID. All teaching and support pay includes PSPP for 22/23 but with minimum of 2%. All categories benefit from savings plan staff reductions.
2 Teaching support services	694	743	659	7%	(11%)	
3 Other support services	0	0	0			
4 Administration and central services	8,461	9,295	9,142	10%	(2%)	
5 Premises	1,575	1,688	1,608	7%	(5%)	
6 Catering and residences	681	701	567	3%	(19%)	
7 Other income generating activities	0	89	118		33%	Resumption of subsidiary company activities
8 Other staff costs	0	0	0			
9 Impact of FRS 102 pensions reported costs (less contributions paid included above)	3,105					
Normal staff costs	35,190	34,678	34,170	(1%)	(1%)	
10 Exceptional restructuring costs	255	1,204	0	372%	(100%)	VS costs may be incurred during 22/23 to secure further savings but neither currently budgeted.
Total staff costs	35,445	35,882	34,170	1%	(5%)	

Additional breakdown of staff costs

	Actual 2020-21	Forecast 2021-22	Forecast 2022-23	2020-21 - 2021-22	2021-22-2022-23	Explanation for variance
Salaries	25,027	26,928	26,392	8%	(2%)	
Social security costs	2,312	2,625	2,745	14%	5%	**NI surcharge introduced April 22**
Pension contributions	4,750	5,125	5,033	8%	(2%)	
Non-cash pension adjustments - net service cost	3,105					
Non-cash pension adjustments - early retirement provision	0					
Severance payments	255	1,204	0			
Total staff costs	35,449	35,882	34,170	1%	(5%)	

NON-STAFF COSTS

		Actual 2020-21	Forecast 2021-22	Forecast 2022-23	2020-21 - 2021-22	2021-22-2022-23	Explanation for variance
1 Exceptional costs - non-staff		0	0	0			
2 Other operating expenses	a) Teaching departments	860	994	1,116	16%	12%	Practical courses resume during 21/22, increasing consumables etc.
	b) Teaching support services	114	130	158	14%	22%	
	c) Other support services	0	0	0			
	d) Administration and central services	3,272	3,884	4,715	19%	21%	Underspends in 20/21 due to supply chain delays. Discrete funding supports higher equipment purchases in both 21/22 and 22/23. Marketing increased during 21/22 to boost recruitment.
	e) General education	0	0	0			
	f) Premises	3,832	3,825	4,641	(0%)	21%	
	(i) Maintenance	2,289	1,812	2,328	(21%)	28%	
	(ii) Utilities	753	1,003	1,606	33%	60%	Increased consumption and, in particular, price for 22/23
	(iii) Other	790	1,010	707	28%	(30%)	Vehicle purchases in 21/22
	g) Catering and residences	80	318	395	298%	24%	Resumption of catering during 21/22
	h) Other income generating activities	25	63	98	152%	56%	Resumption of subsidiary company activities.
	i) Overspend on student support funds *	0	0	0			
	j) Planned maintenance	0	0	0			
	k) Movement on early retirement pension provision	0	0	0			
	l) NPD	0	0	0			
	m) Other	1,018	1,025	1,058	1%	3%	
Total other operating expenses		9,201	10,239	12,181	11%	19%	
3 Depreciation	a) Government funded assets	3,544	3,606	3,606	2%	0%	To be re-evaluated but will have no impact on adjusted operating result.
	b) Non-government funded assets	162	300	300	85%	0%	
	c) NPD funded assets	0	0	0			
Total depreciation		3,706	3,906	3,906	5%	0%	
4 Interest	a) On bank loans, overdrafts and other loans	142	121	86	(15%)	(29%)	Reducing balance.
	b) Finance lease interest	0	0	0			
	c) Other	0	0	0			
	d) Net charge on pension scheme	347	0	0	(100%)		
	e) NPD interest	0	0	0			
Total interest		489	121	86	(75%)	(29%)	

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

Dundee and Angus College

ADJUSTED OPERATING RESULT	Actual 2020-21 £000	Forecast 2021-22 £000	Forecast 2022-23 £000	Forecast 2023-24 £000	Forecast 2024-25 £000	Forecast 2025-26 £000	Forecast 2026-27 £000	2020-21 - 2021-22 %	2021-22- 2022-23 %	2022-23 - 2023-24 %	2023-24 - 2024-25 %	2024-25 - 2025-26 %	2025-26 - 2026-27 %	Explanation for variance
Surplus/(deficit) before other gains and losses and share of operating surplus/deficit of joint ventures and associates	**(2,172)**	**674**	**(1,770)**	**(3,264)**	**(4,096)**	**(4,976)**	**(5,911)**							
Add:														
Total depreciation (Government-funded, privately funded and NPD-funded assets) net of deferred capital grant release *(incorporated colleges only)*	1,345	1,545	1,545	1,545	1,545	1,545	1,545	14.9%	0.0%	0.0%	0.0%	0.0%	0.0%	Please refer to SOCIE tab
Exceptional non-restructuring items (e.g. impairment costs)	0	0	0	0	0	0	0							
Donation to Arms-Length Foundation (incorporated colleges only)	0	0	0	0	0	0	0							
Non-cash pension adjustment - net service cost	3,105													
Non-cash pension adjustment - ERP	0													
Non-cash pension adjustment -net interest costs	347													
Deduct:														
Non-Government capital grants (e.g. ALF capital grant)	0	3,300	0	0	0	0	0		-100.0%					
Exceptional income (if disclosed as exceptional in accounts) - PLEASE DO NOT INCLUDE CJRS INCOME HERE	0	0	0	0	0	0	0							
CBP allocated to loan repayments and other capital items *(incorporated colleges only)*	457	457	457	457	457	457	457	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
NPD payments to reduce NPD balance sheet debt	0	0	0	0	0	0	0							
Adjusted operating result	**2,168**	**(1,538)**	**(682)**	**(2,176)**	**(3,008)**	**(3,888)**	**(4,823)**	-170.9%	-55.7%	219.1%	38.2%	29.3%	24.0%	

Cash budget for priorities *(incorporated colleges)* :

Revenue priorities							
Student support funding	0	0	0	0	0	0	0
2015-16 pay award	473	473	473	473	473	473	473
Voluntary severance	125	125	0	0	0	0	0
Estates costs	0	0	0	0	0	0	0
Other - unfunded pension payments	0	0	125	125	125	125	125
Total impact on operating position	**598**	**598**	**598**	**598**	**598**	**598**	**598**
Capital priorities							
Loan repayments	457	457	457	457	457	457	457
NPD / PFI repayments	0	0	0	0	0	0	0
Estates costs	0	0	0	0	0	0	0
Provisions pre 1 April 2014	0	0	0	0	0	0	0
Total capital	**457**	**457**	**457**	**457**	**457**	**457**	**457**
Total cash budget for priorities spend	**1,055**	**1,055**	**1,055**	**1,055**	**1,055**	**1,055**	**1,055**

Dundee and Angus College

Balance Sheet		Actual 2020-21	Forecast 2021-22	Forecast 2022-23	Forecast 2023-24	Forecast 2024-25	Forecast 2025-26	Forecast 2026-27	2020-21 - 2021-22	2021-22- 2022-23	2022-23 - 2023-24	2023-24 - 2024-25	2024-25 - 2025-26	2025-26 - 2026-27	Explanation for variance
		£000	£000	£000	£000	£000	£000	£000	%	%	%	%	%	%	
1 Non-current assets	a) Intangible assets	0	0	0	0	0	0	0							
	b) Fixed assets	67,648	67,144	63,088	59,182	55,276	51,370	47,464	-0.7%	-6.0%	-6.2%	-6.6%			Only depreciation beyond 21/22 meantime
	c) Investments	0	0	0	0	0	0	0							
Total non-current assets		**67,648**	**67,144**	**63,088**	**59,182**	**55,276**	**51,370**	**47,464**	-0.7%	-6.0%	-6.2%	-6.6%			
2 Current assets	a) Stock	6	10	10	10	10	10	10	66.7%	0.0%	0.0%	0.0%			
	b) Debtors	4,243	3,809	4,353	4,997	5,641	6,285	6,929	-10.2%	14.3%	14.8%	12.9%			Both Debtors and Creditors are increasing annually by £676K for support job evaluation for sake of simplicity meantime
	c) Investments	0	0	0	0	0									
	d) Cash and cash equivalents	5,853	6,248	3,555	1,015	-2,357	-6,609	-11,796	6.7%	-43.1%	-71.4%	-332.2%			
	e) Other (e.g. assets for resale)	0	0	0	0	0	0	0							
Total current assets		**10,102**	**10,067**	**7,918**	**6,022**	**3,294**	**(314)**	**(4,857)**	-0.3%	-21.3%	-23.9%	-45.3%			
3 Creditors: amounts falling due within one year	a) Bank loans and external borrowing	453	453	453	453	453	453	457	0.0%	0.0%	0.0%	0.0%			
	b) Bank overdrafts	0	0	0	0	0	0	0							
	c) Lennartz creditor	0	0	0	0	0	0	0							
	d) Obligations under finance leases and service concessions	0	0	0	0	0	0	0							
	e) Payments received in advance	1,091	2,391	1,077	1,077	1,077	1,077	1,077	119.2%	-55.0%	0.0%	0.0%			High level of restricted funds at July 22 will partially reverse during 22/23
	f) Amounts owed to SFC	605	1,544	958	958	958	958	958	155.2%	-38.0%	0.0%	0.0%			
	g) Obligations under PFI/NPD	0	0	0	0	0	0	0							
	h) Deferred capital grant	2,361	2,361	2,361	2,361	2,361	2,361	2,361							
	i) Other creditors and accruals	4,586	4,237	4,916	5,592	6,268	6,944	7,620	-7.6%	16.0%	13.8%	12.1%			
Total creditors < 1year		**9,096**	**10,986**	**9,765**	**10,441**	**11,117**	**11,793**	**12,473**	20.8%	-11.1%	6.9%	6.5%			
Share of net assets/(liabilities) in associate		0	0	0	0	0	0	0							
NET CURRENT ASSETS/LIABILITIES		**1,006**	**(919)**	**(1,847)**	**(4,419)**	**(7,823)**	**(12,107)**	**(17,330)**	-191.4%	101.0%	139.3%	77.0%			
TOTAL ASSETS LESS CURRENT LIABILITIES		**68,654**	**66,225**	**61,241**	**54,763**	**47,453**	**39,263**	**30,134**	-3.5%	-7.5%	-10.6%	-13.3%			
4 Creditors: amounts falling due after more than one year	a) Local authority loans	0	0	0	0	0	0	0							
	b) Bank loans and external borrowing	2,726	2,269	1,816	1,363	910	457	0	-16.8%	-20.0%	-24.9%	-33.2%			Bank term loan repaid during 2027
	c) Lennartz creditor	0	0	0	0	0	0	0							
	d) Finance leases and service concessions	0	0	0	0	0	0	0							
	e) Obligations under PFI/NPD	0	0	0	0	0	0	0							
	f) Deferred capital grant	24,487	22,227	19,866	17,505	15,144	12,783	10,422							
	g) Amounts repayable to Funding Council	0	0	0	0	0	0	0							
	h) Other creditors	0	0	0	0	0	0	0							
Total creditors >1 year		**27,213**	**24,496**	**21,682**	**18,868**	**16,054**	**13,240**	**10,422**	-10.0%	-11.5%	-13.0%	-14.9%			
5 Provisions	a) Pension provisions	17,954	17,556	17,156	16,756	16,356	15,956	15,556	-2.2%	-2.3%	-2.3%	-2.4%			
	b) Other	0	0	0	0	0	0	0							
Total provisions		**17,954**	**17,556**	**17,156**	**16,756**	**16,356**	**15,956**	**15,556**	-2.2%	-2.3%	-2.3%	-2.4%			
TOTAL NET ASSETS		**23,487**	**24,173**	**22,403**	**19,139**	**15,043**	**10,067**	**4,156**	2.9%	-7.3%	-14.6%	-21.4%			
9 Restricted Reserves	a) Endowment Reserve	0	0	0	0	0	0	0							
	b) Restricted Reserve	0	0	0	0	0	0	0							
10 Unrestricted reserves	a) Income and Expenditure Reserve	(2,370)	(989)	(2,065)	(4,635)	(8,037)	(12,319)	(17,536)	-58.3%	108.8%	124.5%	73.4%			
	b) Revaluation reserve	25,857	25,162	24,468	23,774	23,080	22,386	21,692	-2.7%	-2.8%	-2.8%	-2.9%			
11 Non-controlling interest		0	0	0	0	0	0	0							
TOTAL RESERVES		**23,487**	**24,173**	**22,403**	**19,139**	**15,043**	**10,067**	**4,156**	2.9%	-7.3%	-14.6%	-21.4%			

Dundee and Angus College

Cashflow	Actual 2020-21 £000	Forecast 2021-22 £000	Forecast 2022-23 £000	Forecast 2023-24 £000	Forecast 2024-25 £000	Forecast 2025-26 £000	Forecast 2026-27 £000	2020-21 - 2021-22 %	2021-22- 2022-23 %	2022-23 - 2023-24 %	2023-24 - 2024-25 %	2024-25 - 2025-26 %	2025-26 - 2026-27 %	Explanation for variance
1 Cash flow from operating activities														
a) Surplus / (deficit) for the year	-2161	673.95757	-1770	-3264	-4096	-4976	-5911	(131%)	(363%)	84%	25%	21%	19%	
2 Adjustment for non-cash items														
a) Depreciation	3,706	3,906	3,906	3,906	3,906	3,906	3,906	5%	0%	0%	0%	0%	0%	
b) Amortisation of intangibles	0	0	0	0	0	0	0							
c) Benefit on acquisition	0	0	0	0	0	0	0							
d) Amortisation of goodwill	0	0	0	0	0	0	0							
e) Loss / (gain) on investments	0	0	0	0	0	0	0							
f) Decrease / (increase) in stock	11	(4)	0	0	0	0	0	(136%)	(100%)					
g) Decrease / (increase) in debtors	(436)	434	(544)	(644)	(644)	(644)	(644)	(200%)	(225%)	18%	0%	0%	0%	JE adds £676K
h) Increase / (decrease) in creditors	259	1,897	(1,221)	676	676	676	676	632%	(164%)	(155%)	0%	0%	0%	JE adds £676K. Restricted funds reduce in 21/22
i) Increase / (decrease) in pension provision	3,056	(398)	(400)	(400)	(400)	(400)	(400)	(113%)	1%	0%	0%	0%	0%	Unfunded payments
j) Increase / (decrease in other provisions	0	0	0	0	0	0	0							
k) Receipt of donated equipment	0	0	0	0	0	0	0							
l) Share of operating surplus / (deficit) in joint venture	0	0	0	0	0	0	0							
m) Share of operating surplus / (deficit) in associate	0	0	0	0	0	0	0							
n) Other	0	0	0	0	0	0	0							
Total adjustment for non-cash items	6,596	5,835	1,741	3,538	3,538	3,538	3,538	(12%)	(70%)	103%	0%	0%	0%	
3 Adjustment for investing or financing activities														
a) Investment income	(1)	(3)	(1)	(1)	(1)	(1)	(1)	200%	(67%)	0%	0%	0%	0%	
b) Interest payable	142	121	86	80	60	40	20	(15%)	(29%)	(7%)	(25%)	(33%)	(50%)	
c) Endowment income	0			0	0	0	0							
d) Loss / (gain) on the sale of assets	(11)	0	0	0	0	0	0	(100%)						
e) Capital grant income	(2,361)	(2,361)	(2,361)	(2,361)	(2,361)	(2,361)	(2,361)	0%	0%	0%	0%	0%	0%	
Total adjustment for investing or financing activities	(2,231)	(2,243)	(2,276)	(2,282)	(2,302)	(2,322)	(2,342)	1%	1%	0%	1%	1%	1%	
4 Net cash inflow from operating activities	**2,204**	**4,266**	**(2,305)**	**(2,008)**	**(2,860)**	**(3,760)**	**(4,715)**	94%	(154%)	(13%)	42%	31%	25%	
5 Cash flow from investing activities														
a) Proceeds from sales of fixed assets	11	0	150	0	0	0	0	(100%)		(100%)				
b) Proceeds from sales of intangible assets	0	0		0	0	0	0							
c) Capital grants receipts	1,642	102	0	0	0	0	0	(94%)	(100%)					
d) Disposal of non-current asset investments	0	0		0	0	0	0							
e) Withdrawal of deposits	0	0		0	0	0	0							
f) Investment income	1	3	1	1	1	1	1	200%	(67%)	0%	0%	0%	0%	
g) Payments made to acquire fixed assets	(1,167)	(3,402)	0	0	0	0	0	192%	(100%)					
h) Payments made to acquire intangible assets	0	0	0	0	0	0	0							
i) New non-current asset investments	0	0	0	0	0	0	0							
j) New deposits	0	0	0	0	0	0	0							
Total cash flows from investing activities	487	(3,297)	151	1	1	1	1	(777%)	(105%)	(99%)	0%	0%	0%	
6 Cash flows from financing activities														
a) Interest paid	(142)	(121)	(86)	(80)	(60)	(40)	(20)	(15%)	(29%)	(7%)	(25%)	(33%)	(50%)	
b) Interest element of finance lease and service concession	0			0	0	0	0							
c) Endowment cash received	0			0	0	0	0							
d) New secured loans	0			0	0	0	0							
e) New unsecured loans	0			0	0	0	0							
f) Repayments of amounts borrowed	(453)	(453)	(453)	(453)	(453)	(453)	(453)	0%	0%	0%	0%	0%	0%	
g) Capital element of finance lease and service concession payments	0	0	0	0	0	0	0							
Total cash flows from financing activities	(595)	(574)	(539)	(533)	(513)	(493)	(473)	(4%)	(6%)	(1%)	(4%)	(4%)	(4%)	
7 (Decrease) / increase in cash and cash equivalents in the year	2,096	395	(2,693)	(2,540)	(3,372)	(4,252)	(5,187)	(81%)	(782%)	(6%)	33%	26%	22%	
8 Cash and cash equivalents at beginning of the year	3,757	5,853	6,248	3,555	1,015	(2,357)	(6,609)	56%	7%	(43%)	(71%)	(332%)	180%	
9 Cash and cash equivalents at the end of the year	5,853	6,248	3,555	1,015	(2,357)	(6,609)	(11,796)	7%	(43%)	(71%)	(332%)	180%	78%	

Dundee and Angus College

Capital Expenditure Projects and Forecast Methods of Financing

	Actual 2020-21 £000	Forecast 2021-22 £000	Forecast 2022-23 £000	Forecast 2023-24 £000	Forecast 2024-25 £000	Forecast 2025-26 £000	Forecast 2026-27 £000	2020-21 - 2021-22 %	2021-22- 2022-23 %	2022-23 - 2023-24 %	2023-24 - 2024-25 %
Expenditure:											
Land & Buildings	1402	3402	0	0	0	0	0	142.7%	-100.0%		
Equipment & Others	166	0	0	0	0	0	0	-100.0%			
	1,568	3,402	0	0	0	0	0	117.0%	-100.0%		
Financed by:											
Cash reserves	0	0	0	0	0	0	0				
ALF grants	0	3300	0	0	0	0	0		-100.0%		
Leasing	0	0	0	0	0	0	0				
SFC/RSB grant	1487	102	0	0	0	0	0	-93.1%	-100.0%		
Re-investment of proceeds from disposal of assets *	0	0	0	0	0	0	0				
Non-SFC/RSB grants	81	0	0	0	0	0	0	-100.0%			
PFI/NPD	0	0	0	0	0	0	0				
Other - please specify if material	0	0	0	0	0	0	0				
	1,568	3,402	0	0	0	0	0	117.0%	-100.0%		

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

Capital disposals

	Actual 2020-21 £000	Forecast 2021-22 £000	Forecast 2022-23 £000	Forecast 2023-24 £000	Forecast 2024-25 £000	Forecast 2025-26 £000	Forecast 2026-27 £000			
Disposal proceeds:										
Montrose Outreach Centre	11	0	150	0	0	0	0	-100.0%		-100.0%
Asset description	0	0	0	0	0	0	0			
Asset description	0	0	0	0	0	0	0			
Asset description	0	0	0	0	0	0	0			
	11	0	150	0	0	0	0	-100.0%		-100.0%
Gain/(loss) on disposal:										
Asset description	11	0	0	0	0	0	0	-100.0%		
Asset description	0	0	0	0	0	0	0			
Asset description	0	0	0	0	0	0	0			
Asset description	0	0	0	0	0	0	0			

11	0	0	0	0	0	0	-100.0%

Dundee and Angus College

ALF Funding

	Actual 2020-21 £000	Forecast 2021-22 £000	Forecast 2022-23 £000	Forecast 2023-24 £000	Forecast 2024-25 £000	Forecast 2025-26 £000	Forecast 2026-27 £000
Estimated balance of cash in ALF as at 1 August	5,150	5,150	1,850	1,150	1,150	1,150	1,150
Donation to Arms Length Foundation	0	0	0	0	0	0	0
Grant from Arms Length Foundation - capital	0	(3,300)	0	0	0	0	0
Grant from Arms Length Foundation - revenue	0	0	(700)	0	0	0	0
Estimated balance of cash in ALF as at 31 July	**5,150**	**1,850**	**1,150**	**1,150**	**1,150**	**1,150**	**1,150**

Note:
For most foundations, the most recent accounts available are for periods ending in 2021. Colleges' forecast movements will not include governance costs, donations from third parties, payments to third parties or investment income.

	Actual 2020-21 £000	Forecast 2021-22 £000	Forecast 2022-23 £000	Forecast 2023-24 £000	Forecast 2024-25 £000	Forecast 2025-26 £000	Forecast 2026-27 £000
Grant from Arms Length Foundation - capital:							
Kingsway Development	0	3,300	0	0	0	0	0
Description	0	0	0	0	0	0	0
Description	0	0	0	0	0	0	0
Description	0	0	0	0	0	0	0
Description	0	0	0	0	0	0	0
Description	0	0	0	0	0	0	0
Total	0	3300	0	0	0	0	0

Grant from Arms Length Foundation - revenue							
IT Network upgrade	0	0	700	0	0	0	0
Description	0	0	0	0	0	0	0
Description	0	0	0	0	0	0	0
Description	0	0	0	0	0	0	0
Description	0	0	0	0	0	0	0
Description	0	0	0	0	0	0	0
Total	0	0	700	0	0	0	0

Dundee and Angus College

FINANCIAL SUMMARY

	Actual 2020-21	Forecast 2021-22	Forecast 2022-23	Forecast 2023-24	Forecast 2024-25	Forecast 2025-26	Forecast 2026-27
	£000	£000	£000	£000	£000	£000	£000
Income ratios							
Total Income	46,669	50,822	48,573	45,883	45,991	46,104	46,223
Total Funding Council Grant (excluding release of deferred capital grant) as % of Total Income	81%	76%	83%	85%	85%	84%	84%
Total non-Funding Council Grant (including release of SFC DCG) as % of Total Income	19%	24%	17%	15%	15%	16%	16%
Total Education Contracts and Tuition Fees as % of Total Income	12%	10%	9%	10%	10%	10%	10%
Total Research Grants and Contracts as % of Total Income	0%	0%	0%	0%	0%	0%	0%
Total Other Income as % of Total Income	7%	13%	8%	6%	6%	6%	5%
Expenditure ratios							
Total Expenditure	48,841	50,148	50,343	49,147	50,087	51,080	52,134
Salaries as % of Total Expenditure	72%	69%	68%	71%	71%	71%	71%
Other operating costs as % of Total Expenditure	19%	20%	24%	21%	21%	21%	22%
Depreciation/amortisation as % of Total Expenditure	8%	8%	8%	8%	8%	8%	7%
Operating position							
Operating Surplus/(deficit)	(2,172)	674	(1,770)	(3,264)	(4,096)	(4,976)	(5,911)
Operating Surplus/(deficit) as % of Total Income	-5%	1%	-4%	-7%	-9%	-11%	-13%
Adjusted operating surplus/(deficit)	2,168	-1,538	-682	-2,176	-3,008	-3,888	-4,823
Adjusted operating surplus/(deficit) as % of Total Income	4.6%	-3.0%	-1.4%	-4.7%	-6.5%	-8.4%	-10.4%
Cash Position							
Cash and Current Asset Investments	5,853	6,248	3,555	1,015	-2,357	-6,609	-11,796
Overdrafts	0	0	0	0	0	0	0
Days Ratio of Cash to Total Expenditure	47	49	28	8	-19	-51	-89
Net cash inflow/(outflow) from operating activities	2,204	4,266	-2,305	-2,008	-2,860	-3,760	-4,715
Net cash inflow/(outflow) from operating activities as % of Total Income	4.7%	8.4%	-4.7%	-4.4%	-6.2%	-8.2%	-10.2%
Balance Sheet strength							
Unrestricted reserves	(2,370)	(989)	(2,065)	(4,635)	(8,037)	(12,319)	(17,536)
Current Ratio	1.11	0.92	0.81	0.58	0.30	-0.03	-0.39
Unrestricted reserves as % of Total Income	-5%	-2%	-4%	-10%	-17%	-27%	-38%
Total borrowing (Overdrafts, Loans, Finance Leases, PFI/NPD)	3,179	2,722	2,269	1,816	1,363	910	457
Interest cover	-3.44	6.57	-19.58	-39.80	-67.27	-123.40	-294.55

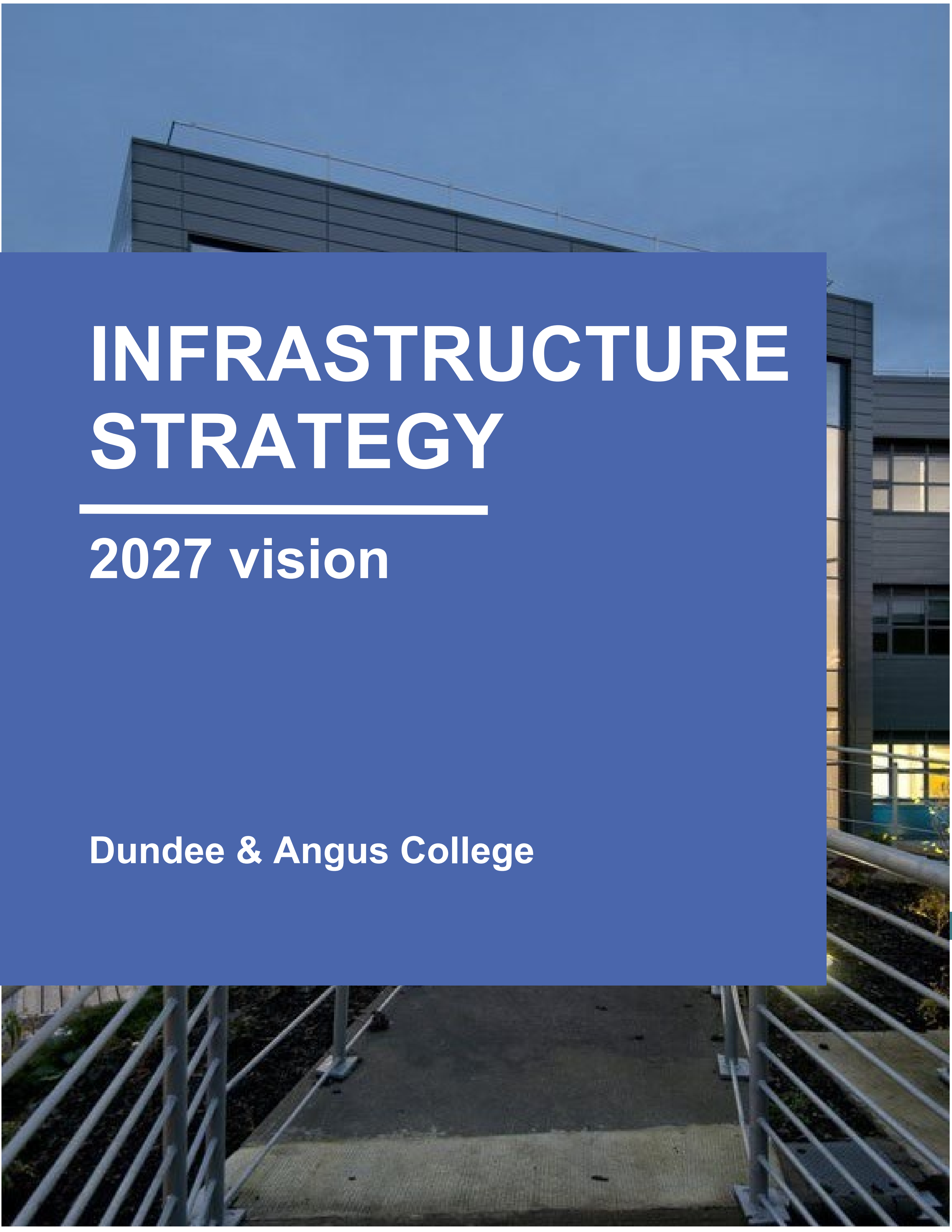
Agenda Item 8.1

FINANCE & PROPERTY COMMITEE

Monday 26 September 2022

INFRASTRUCTURE

8.1 INFRASTRUCTURE STRATEGY **PAPER F**



INFRASTRUCTURE STRATEGY

2027 vision

Dundee & Angus College

Executive Summary

Comprising the physical buildings and the digital infrastructure supporting digital services the strategy is in place to ensure that the infrastructure is provisioned and invested in the most effective way.

The strategy recognises the changing role of a college campus and the evolving change in how our curriculum deliver learning and our support teams deliver services. The College will, through successful implementation of this strategy, provide infrastructure and spaces that are truly innovative and inspiring to learners

The College infrastructure is a core element to support 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.

Strategic Context

The College's 2025 vision has three overarching pledges:-

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

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.


1 EFFECTIVE PARTNERSHIPS
2 FUTURE FOCUSED
3 THRIVING COMMUNITY
D&A
#moresuccessfulstudents
•Inspiration •Innovation
•Trust •Respect
•Success

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

Pledge 1 – Effective Relationships
- Prioritising sustainability & income generation
- Being responsive and agile
- Raising the profile of the College and the College learning both locally & nationally

Pledge 2 – Future Focused
- Co-designing sector-leading and modern courses
- Being inspirational and inclusive
- Ensuring we are digital enabled & developed
- Using data to better inform our decision making
- Providing modern & flexible learning spaces

Pledge 3 – Thriving Community
- Being health and wellbeing focused
- Responding to the global climate emergency

College Infrastructure Strategic Aims

The aims of the infrastructure strategy are designed to align to each element of the College 2025 Strategy pledge

Prioritising sustainability & Income generation

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

Aim 2 – We will work with our partners and potential funders to target additional funding sources for infrastructure investment.

Being responsive and Agile

Aim 2 - We will ensure that our learners and staff have the opportunity to identify, and support changing needs and contribute to infrastructure decisions.

Aim 3 – We will engage with the curriculum and support planning processes to ensure identified infrastructure changes are planned and implemented effectively.

Aim 4 – We will be open to short notice changes to infrastructure requirements as opportunities arise or curriculum and services are flexed to meet demand.

Aim 5 - 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 future infrastructure developments.

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

Aim 6 - 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 7 - Our infrastructure will act as an enabler to support the design and delivery of the curriculum and services for the future.

Aim 8 - We will work with other leading institutions to implement good practice and lessons learned.

Being inspirational and Inclusive

Aim 9 - Our infrastructure investment decisions will be co-designed with students and staff to facilitate the creation of fit for purpose and industry standard facilities that will provide our students with an inspirational learning experience.

Aim 10 - Our Infrastructure will enable an excellent working and learning environment across all locations.

We are digitally enabled and developed

Aim 11 - Our digital infrastructure will connect users to our services. We will provide our digital services where stakeholders want it and when.

Aim 12 - Our digital services will be joined up and simple to adopt with limited manual intervention and will automated processes across the entire estate.

Aim 13 - 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 14 - 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 15 - Reporting will be focused on analytics and enable the College to target resources and services where they are most required.

Providing modern and flexible learning spaces

Aim 16 - We will use technology to ensure learning spaces are designed around the curriculum.

Aim 17 - We will deliver learning, social spaces and campus environments which staff and students are proud of and inspires them to want to work & study on campus and achieve even greater success.

Aim 18 – Implement a comprehensive lifecycle maintenance plan ensuring that our physical and digital estate always remains modern and fit for purpose.

Being health and wellbeing focused

Aim 19 - Our infrastructure will deliver to the College community an experience that enhances their wellbeing.

Responding to the Global Climate Emergency

Aim 20 - We will implement our Climate Emergency Action Plan which clearly sets out how the College will work towards achieving net zero by 2040.

Aim 21 – Our CEAP will drive the decision-making process for our future Infrastructure developments.

Aim 22 - We will deliver infrastructure which is seen locally and nationally as best practice for meeting the key objectives of the Scottish Government's Climate Emergency commitment.

Aim 23 – We will apply for funding to support our Infrastructure net zero ambitions via the Scottish Green Public Sector Decarbonisation Scheme and other cardon reduction funding opportunities.

Roadmap (22-24)

Model the new flexible teaching spaces on all campuses

Deliver new reporting and business intelligence strategy for the College

Design a new project methodology for delivering infrastructure projects

Implement annual process that aligns infrastructure investment with curriculum requirements

Develop relationships and create process for working with partner organisations in relation to infrastructure investment

Session 2023–2024

Session 2022–2023

Roll-out flexible teaching spaces across the College

Deliver the reporting strategy, a unified approach to reporting and Business Intelligence

Complete Cloud migration and retire on-premise data centre

Develop an energy efficiency monitoring process and track progress at department level

Roadmap (24-27)

Complete rollout of the new, secure College network implementing a "zero-trust" approach to access

Deliver on the outcomes of the Ways of Working project

Produce a detailed plan for delivery of the replacement Kingsway Campus

Session 2024/25

Session 2026/27

Migrate all our systems to truly Software as a Service

Integrate all student focussed digital services into one common platform

Implement the Climate Emergency Action Plan in Full with Net Zero delivered by 2030

Agenda Item 8.2

FINANCE & PROPERTY COMMITEE

Monday 26 September 2022

INFRASTRUCTURE

8.2 ESTATES UPDATE **PAPER G**

BOARD OF MANAGEMENT

Finance & Property Committee

Monday 26 September 2022

Estates Update

Paper for noting

1. Introduction

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

2. Recommendations

Members are asked to note the report.

3. Summer Projects

It has been an extremely busy summer period for the Estates Project Team and a significant number of projects have been completed across all 3 campuses. Completed projects are listed below:

- Car park resurfacing and relining project completed beside the Isla building in Arbroath. Recycled plastics aggregate has been used in this project – excellent circular economy case study.
- New counselling room created in Isla building in Arbroath
- Automatic fire alarm system installed in the Clova building in Arbroath
- Enabling works completed for the creation of new classrooms in the CSW building in Arbroath
- New painting and decorating workshop created in the Clova building in Arbroath
- Complete rewire of IT cabling to all areas of the Clova building in Arbroath
- New Executive Suite created on Level 6 Kingsway tower
- New CAD suite created on Level 5 Kingsway tower
- 4 new classrooms created on Level 5 and 6 Kingsway tower
- New electrical sub-main installed from main panel board to Catering department in Kingsway
- New electrical sub-main cable to Demonstration kitchen in Kingsway
- IT suite created in new Hair, Beauty and Complementary Therapy facility in Kingsway
- New engineering workshop created in Kingsway
- New construction workshop created in Kingsway
- New reception area created for Hair, Beauty and Complementary Therapy in Kingsway

- Bar gantry installed in the new training restaurant in Kingsway
- Glazed screen installed in the new training restaurant in Kingsway
- Replacement roof installed in Sports department in Gardyne
- A range of painting and decoration and re-flooring projects have been completed across all campuses

4. Capital Backlog Maintenance Projects

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

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

A list of backlog maintenance projects was previously complied and have been and listed below along with high level costs – a number of the items in the table below have been progressed and are included within Item 3 above.

Project	Campus	Projected Costs	Current Status
Review water management system on Clova Roof	Arbroath	30,000	In progress
Road resurfacing of Isla and Esk car parks	Arbroath	120,000	Completed
CSW/Clova buildings refurb	Arbroath	150,000	In progress
Replacement blinds CALC building	Arbroath	20,000	Still to commence
CSW/Clova Lift Refurbishment	Arbroath	50,000	Out to tender
Automatic Fire Alarm Installation in Clova building	Arbroath	60,000	In progress
Camera upgrade	Arbroath	20,000	Still to commence
Internal Fabric	Arbroath	25,000	A number of areas have been completed
Lecture Theatre refurbishment	Kingsway	0	Delayed till April 2023 - £100k + £132k in budget from Tower Project
Replacement ANPR Barrier system	Kingsway	12,000	Still to commence
Refurbishment of South Tower Lift	Kingsway	45,000	Out to tender
Refurbishment of Tower Level 5 + 6 Classrooms	Kingsway	80,000	Completed
Camera upgrade	Kingsway	20,000	Still to commence
Internal Fabric	Kingsway	25,000	A number of areas have been completed
Catering Block Sub-main replacement	Kingsway	25,000	Completed
Demo Kitchen Sub-main replacement	Kingsway	8,000	Completed
Hardwire electrical testing	Kingsway	10,000	Out to tender

Project	Campus	Projected Costs	Current Status
Sports Block Roof	Gardyne	50,000	Completed
Camera Upgrade	Gardyne	20,000	Completed
New lift for PE Block	Gardyne	45,000	Out to tender
Hardwire electrical testing	Gardyne	25,000	Out to tender
Internal Fabric	Gardyne	25,000	A number of areas have been completed
Toilet Facilities Upgrade Sports 1st Floor	Gardyne	30,000	Still to commence
Departmental improvements	All	60,000	In progress
Equipment replacement	All	50,000	In progress

5. Operation Unicorn

The College played a key role over last weekend to assist Police Scotland with Operation Unicorn and Queen Elizabeth being transported to Edinburgh from Balmoral. Our Kingsway Campus was Police Scotland's staging post on Saturday and Sunday and we provided breakfast, lunch and dinner for over 400 police officers. This was a monumental effort by a range of catering staff and staff volunteers who did the college proud. A special mention to Michael Robinson (Catering Manager) and Kichelle Robinson (Williams HCQ Hospitality and Professional Cookery) who planned and implemented the event with less than 24 hours notice - they along with their teams did an incredible job.

The feedback from police officers throughout the day and subsequently from senior officers involved was exceptional and extremely complimentary of the quality of the food and service provided.

Some of the amazing team who took part.

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

Agenda Item 9.0

FINANCE & PROPERTY COMMITEE

Monday 26 September 2022

PROCUREMENT UPDATE

PAPER H

BOARD OF MANAGEMENT

Finance & Property Committee

September 2022

Procurement Report

Paper for noting/approval

1. Introduction

The information included in this paper details the planned and recurring contracts and renewals which exceed or are very close to the regulated authority threshold of £50k (exclusive of non-recoverable VAT) covering the period to December 2023. In all cases, Planned Procurement Activity remains dependent on appropriate budget allocation as part of the annual budget approval process.

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

This section also includes any requests for retrospective **Approval** of Non-Competitive Awards (NCA's). There are no such requests in this Report.

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.

Anything planned that is ultimately identified to be requiring approval of an NCA will be included in a subsequent report to Committee.

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.

Section D – Other Procurement Activities for **Noting**, provides a progress update on other procurement activities.

All values exclude VAT unless otherwise stated.

2. Recommendation

Members are asked to:

a) note the recently awarded contracts.
b) approve Non-Competitive Awards (there are none)
c) approve the anticipated procurements over £100K

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: May 22 – Sept 22

Contract name	**Non-Life Insurance and Related Services**
Route to Market	Mini Competition via the APUC Framework
Successful Bidders	Zurich Municipal Education Protect Scotland Limited (EPS)
Contract Value	£156,292 (includes Cyber Insurance £18,144 to EPS)
Award Date	22 June 2022
Start Date	1 August 2022
Contract Period	24 months + 24 months optional extension 1 August 2022 to 31 July 2024 (1 August 2024 to 31 July 2026, where extended)

Contract name	**Networking Supplies and Services**
Route to Market	Mini Competition via NEUPC Framework
Successful Bidders	Circle IT Solutions Ltd
Contract Value	£979,000
Award Date	5 September 2022
Start Date	1 November 2022 (subject to D&A Foundation funding)
Contract Period	60 months + 12 months + 12 months optional extension 1 November 2022 to 31 October 2027 (1 November 2027 to 31 October 2028 and 1 November 2028 to 31 October 2029, where extended)

Contract name	**Road Resurfacing**
Route to Market	Direct Award via APUC Framework
Successful Bidders	J.Sives Surfacing Ltd.
Contract Value	£120,000
Award Date	30 June 2022
Start Date	10 August 2022
Contract Period	2 Weeks 10 August 2022 to 19 August 2022

Contract name	**Student Support - British Sign Language (BSL)**
Route to Market	Extension (Originally procured as an NCA)
Successful Bidders	Various
Contract Value	£100,000 (estimated maximum)
Award Date	30 September 2022
Start Date	1 October 2022
Contract Period	1+1 Years 1 October 2022 to 30 September 2023 and 1 October 2023 to 30 September 2024

Section B - Planned Contracting Requiring Approval

Contract name	**Fixed Electrical Testing**
Incumbent Suppliers	PME (Dundee) Mechanical & Renewables Ltd, EW Edwardson Ltd, SSE and Care Electrical Contractors Ltd
Estimated Contract Value	£75,000 + Remedial Works
Owner	Head of Estates
Route to Market	Open Tender - Collaboration with Abertay University
Intended Contract Start Date	December 2022
Proposed Contract Period	5 Years (Statutory Compliance)
Rationale	Improve efficiency of resources and time by aggregating the requirements of all three campuses into one contractual agreement.

Contract name	**Lift Replacements**
Incumbent Supplier	N/A
Estimated Contract Value	£250,000
Owner	Head of Estates
Route to Market	Open Tender
Intended Contract Start Date	December 2022
Proposed Contract Period	3+1 Years
Rationale	Several passenger lifts are reaching their end of life and will require replacement. Aggregating our requirements for lift replacements over a term will improve efficiency, resources and time.

Contract name	**Waste Management**
Incumbent Suppliers	Dundee City Council Angus Council
Estimated Contract Value	£100,000
Owner	Head of Estates
Route to Market	Call off from Framework or Open Tender
Intended Contract Start Date	April 2023
Proposed Contract Period	2+1+1 Years
Rationale	Full waste management services, including but not limited To, the collection, transport and disposal of waste.

Contract name	**EV Automotive Training Kit**
Incumbent Supplier	Lucas-Nülle have provided all similar equipment
Estimated Contract Value	£60,000
Owner	Project Director, Energy Skills Partnership
Route to Market	To be explored
Intended Contract Start Date	Subject to funding allocation
Proposed Contract Period	One off purchase
Rationale	Training kit for Hybrid and Electric Vehicles
Risks	Potentially a sole supplier requiring an NCA

Contract name	**Hybrid Energy Lab System**
Incumbent Supplier	Alvatek Ltd
Estimated Contract Value	£80,000
Owner	Project Director, Energy Skills Partnership
Route to Market	To be explored
Intended Contract Start Date	Subject to funding allocation
Proposed Contract Period	One off purchase
Rationale	Supporting understanding and research of individual components and system behaviour under various hybrid set-ups.
Risks	Potentially a sole supplier requiring an NCA

Contract name	**500k Fuel Cell**
Incumbent Supplier	Alvatek Ltd
Estimated Contract Value	£240,000
Owner	Project Director, Energy Skills Partnership
Route to Market	To be explored
Intended Contract Start Date	Subject to funding allocation
Proposed Contract Period	One off purchase
Rationale	Principles of fuel cell technology and practical training.
Risks	Potentially a sole supplier requiring an NCA

Contract name	**Azure Cloud Services**
Incumbent Supplier	CoreAzure Ltd
Estimated Contract Value	£150,000
Owner	Head of ICT Services
Route to Market	Call Off from Framework
Intended Contract Start Date	November 2022
Proposed Contract Period	3 Years
Rationale	ICT Software and Systems Dedicated Licensing Requirements

Contract name	**Microsoft Campus Renewal**
Incumbent Supplier	Softcat
Estimated Contract Value	£100,000
Owner	Head of ICT Services
Start Date	31 October 2022
End Date	31 October 2025
Route to Market	Call Off from Framework
Rationale	ICT Software and Systems Dedicated Licensing Requirements

Contract name	**Library Books, Textbook and Multimedia Supplies**
Incumbent Supplier	Kelvin Books Ltd
Estimated Contract Value	£100,000
Owner	Learning and Digital Resources Manager
Original Start Date	3 September 2022
Route to Market	Call Off from Framework

Intended Contract Start Date	26 September 2022
Proposed Contract Period	2+1+1 Years
Rationale	Supply and delivery of library books, textbooks and multimedia supplies.

Contract name	**Occupational Health**
Incumbent Supplier	People Asset Management Ltd
Estimated Contract Value	£100,000
Owner	Head of People and Organisational Development
Route to Market	Open Tender
Intended Contract Start Date	8 October 2023
Proposed Contract Period	3+1+1 Years
Rationale	Provision of Occupational Health and related services for staff.

Contract name	**Taxi Services and Private Transfers**
Incumbent Supplier	Discovery Luxury Travel Dundee 505050 Ltd Links Cabs Carnoustie Tele Taxis Dundee Ltd
Estimated Contract Value	£200,000
Owner	Head of Administration Operations
Route to Market	Open Tender
Intended Contract Start Date	7 July 2023
Proposed Contract Period	2+2 Years
Rationale	Transportation services for staff and students.

<u>Section C - Planned Procurement and Recent Awards for Noting</u>

Contract name	**Legal Services**
Route to Market	Desktop Evaluation via the APUC Framework
Successful Bidders	Thorntons Law, LLP
Contract Value	£52,000
Award Date	5 September 2022
Start Date	7 September 2022
Contract Period	2+2 Years 7 September 2022 to 6 September 2024 (7 September 2024 to 6 September 2026 where extended)

Contract name	**Teaching Qualifications: Further Education (TQFE) Programme**
Route to Market	Extension - Direct Award via APUC Framework
Successful Bidders	University of Aberdeen
Contract Value	£50,000
Award Date	30 September 2022
Start Date	1 August 2022
Contract Period	1+1 Years 1 August 2022 to 31 July 2023 and 1 August 2023 to 31 July 2024

Contract name	Pay360 by Capita
Incumbent Supplier	Capita Business Services Limited
Estimated Contract Value	£40,000
Owner	Head of ICT Services/ Head of Finance
Route to Market	Call Off from Framework
Intended Contract Start Date	April 2023
Proposed Contract Period	4 Years
Rationale	Payment collection software system

<u>Section D – Other Procurement Activities</u>

1. Tay Cities Engineering Partnership (TCEP) - The procurement for the Supply, Delivery, Installation and Maintenance of Advanced Manufacturing Equipment is in the final stages of evaluation. Following approval of the award recommendation report, supporting information such as insurance cover and evidence of good financial standing is to be sought from the preferred bidder(s) upon the commencement of the standstill period.

2. Michelin (Scotland) Innovation Parc (MSIP) – The procurement documentation for the Supply, Delivery, Installation, Maintenance and Operational Training of Robotics Arms and Controllers are to be finalised and published. It is envisaged this procurement will be published on Public Contract Scotland in October 2022.

3. Timber Supplies - Challenges with previous tender returns and volatile market pricing and supply activities due to the Covid-19 pandemic resulted in this contract opportunity being placed on hold. APUC are currently seeking participant nominations for their User Intelligence Group (UIG) for the re-tender of their Timber Products and Materials Framework Agreement (EFM1057 AP). Dundee & Angus College have agreed to support the UIG and possibly migrate our future requirements.

4. Energy - There has been no update on the form of support offered to businesses with regards to the price cap on non-domestic supplies (time limited to six months) and it remains unclear how this may be applied to the procurement model used by APUC.

5. The Scottish Higher and Further Education Sector in Scotland published a Sector Supply Chain Climate & Ecological Emergency Strategy (SSCCEES) which was approved by both the Universities Scotland Principals Group and the Colleges' Principals Group in May 2022. Activities are currently underway across the sector to aid the strategy's integration and implementation. The Tayside Region Procurement Team consisting of Abertay University and Dundee & Angus College have agreed to participate in all seven Primary Impact Areas of Climate Change (PIACC) working groups, with Dundee & Angus College supporting the impact areas of Catering and Construction and Energy.

Agenda Item 11.0

FINANCE & PROPERTY COMMITEE

Monday 26 September 2022

STRATEGIC RISK & COVID REGISTER

11.1 -	**Strategic Risk Register - Cover**	**PAPER I**
11.2 -	**Strategic Risk Register (FPC Extract)**	**PAPER J**
11.3 -	**COVID Risk Register (FPC Extract)**	**PAPER K**

BOARD OF MANAGEMENT

Finance & Property Committee

Monday 26 September

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 again consider the following particular risk:
2.2 Failure to achieve institutional sustainability

2. Recommendation

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

a) the pre- and post-mitigation risk ratings remain appropriate
b) there are emerging risks that should be considered

Due to the timing of this Committee any proposed changes would be advised to the December 2022 meeting of the Audit & Risk Committee.

3. Risk

The 2021/22 forecast outturn and 2022/23 draft budget alongside the Financial Forecast Return will form the basis of the information for consideration.

<u>Risk 2.2</u>: As a result of a number of significant factors which have been highlighted and discussed as part of the savings plan, financial planning, forecast outturn and draft budget papers, the likelihood of not achieving financial sustainability is increasing.

It is suggested that members consider whether the pre- and post-mitigation risks be increased based on the assumptions we have been advised to model as part of the Financial Forecast Return alongside the continuing warnings of reducing public sector funding from the First and Depute First Minister.

		Pre-mitigation			Post-mitigation		
Risk no:	**Risk**	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

The Audit & Risk Committee will be considering the removal of the COVID-19 Risk Register from the end of September 2022. For this meeting, the COVID-19 Risk Register is unchanged. The risk of a future pandemic has been added to the Strategic Risk Register "3.11 Failure to plan or respond adequately to future pandemic illness."

Executive Sponsor: Jaki Carnegie, Vice Principal – Corporate Services

STRATEGIC RISK REGISTER

2022 – 2023

Extract for Finance & Property Committee

As at September 2022

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

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	• Negotiation/influence at national level • Contingency plans for reduced funding	2	3	6	• 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	• 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	• 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	• Influence within Employers Association • Management of staffing expenditures	4	3	12	• 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: Risks	Impact	Likelihood	Score	TREATMENT: Mitigation Actions	POST MITIGATION EVALUATION: 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	• On-going dialogue with Foundation Trustees • Appropriate bid arrangements in place	3	2	6	• 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	• 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	• 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	• Planning, careful phasing of changes to processes and systems • Effective management of ICT arrangements • Clear investment plan	4	2	8	• 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

DUNDEE AND ANGUS COLLEGE

STRATEGIC RISK REGISTER
COVID 19 SPECIFIC MITIGATIONS
2022 - 2023

Extract for Finance & Property Committee

As at September 2022

Post Holders					**Score**	**Impact**	**Likelihood**
	ELT	Executive Leadership Team	Prin	Principal	1	Routine	Remote
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	VPCA	Vice Principal Curriculum & Attainment					

Risk Number & Committee	POTENTIAL CONTRIBUTING FACTORS: Risks	Impact	Likelihood	Score	TREATMENT: Mitigation Actions	POST MITIGATION EVALUATION: Impact	Likelihood	Score	Monitoring	Responsibility
2 Financial										
2.2 **F&P**	Failure to achieve institutional sustainability	5	4	20	• 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	• Monthly monitoring of budgets • Engagement with government and other partners • Detailed monitoring of income optimisation and savings programmes	VPCS

Agenda Item 12.0

FINANCE & PROPERTY COMMITEE

Monday 26 September 2022

VP CORPORATE SERVICES REPORT **PAPER L**

BOARD OF MANAGEMENT

Finance and Property Committee

Monday 26 September 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/14/2022	Announcement of college final funding allocations for Academic Year (AY) 2022-23	
	Teaching	£32,044,466
	Capital	£2,587,725
	Digital Poverty	£182,265

We await the 2022/23 funding announcements for Flexible Workforce Development, Young Person's Guarantee, Counsellors and Child Poverty.

4. Supporting Our Learners

Recruitment is the main priority and whilst overall recruitment is lower this year, we have continued to offer full support and make good progress with induction and communication over the summer. We had 1,650 students participate in our Prepare Me sessions which offer the opportunity to meet staff, peers and start those early sessions of confidence and team building. The Help Point staff have conducted student registrations over the summer which has resulted in 89% of our students completing registrations before the start date of their course, which ensures the students can access their MYD&A app, timetables and computer access for starting their programme.

We have also offered Student Funding workshops over the summer. These have been well attended by our vulnerable learners, thus offering support to make sure their funding is in place for the start of the course. We have also processed and have in payment over 250 more awards than the same time last year. It is hoped that the work that the department have undertaken over the summer will aid with our student retention.

Feedback from our apprentice and distance learning students showed they felt a disconnect with the college and the wider facilities we have to offer so early work has started on an Induction Microsite for those students. The plan is to launch this after the October break. We have also been working with ICT and the academic staff to introduce Adobe signature for these learners which will mean staff are not having to travel to workplaces to complete signatures on external paperwork that is required for these candidates. We hope to launch this after October break.

We have worked with SDS colleagues on our reporting information tool and the developments we have made will allow them will support us with real-time retention phonecalls for candidates aged 16-24. We will also work closely with our Students Association on our early retention phonearounds.

The focus for the whole team will be on retention and how we can support our learner. Evaluation of our recruitment practices with the curriculum will take place in October in preparation for our January start and 2023/24 applications.

5. Service Design Academy Update

As academic year 2021/22 ended we delivered work for Dundee City Council, Perth College UHI, College Development Network, Perth & Kinross Council, Scottish Government, Shelter, and completed delivery and assessment for the January 2022 and Local Authority PDA Cohorts.

Contribution Report

Disappointingly we did not achieve the projected small surplus for academic year 2021/22 that we had hoped following a difficult 6 months (reported in May 2022), despite signs of market recovery.

	Month 12 2021/22			2022/23 Budget
	Quarter 3 Forecast	Actual	Variance	
	£'000	£'000	£'000	£'000
SFC Credit income	23	23	0	40
Flexible Workforce Development Fund	137	137	0	105
SFC Total	**160**	**160**	**0**	**145**
Professional Development Awards & Short Programmes	292	258	-34	480
Other income	4	10	6	-
Total Income	**456**	**428**	**-28**	**625**
Pay costs	445	442	3	425
Travel, consumables etc.	12	5	7	29
Total Expenditure	**457**	**447**	**10**	**454**

Contribution	**-1**	**-19**	**-18**	**171**

The Team worked hard, however the decision not to fully replace Consultant Chris Muir when he left in January to join Police Scotland which reduced delivery capacity. We identified through work undertaken over the summer (See SDA Strategy below) that we were not operating in a way that would deliver efficiently and achieve a profit.

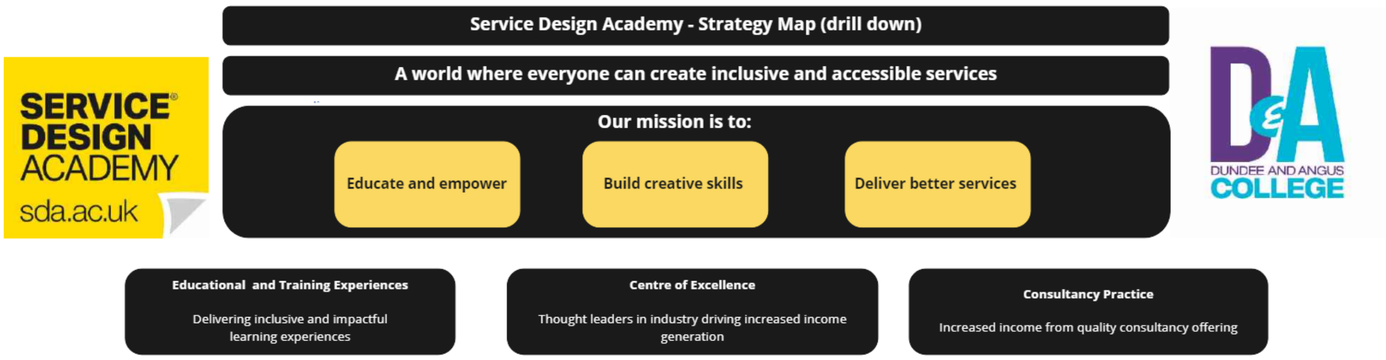
Events

We delivered a workshop to over 100 delegates at **SCVO The Gathering** in partnership with The Scottish Digital Academy and launched our **Inclusive & Accessible Design** course.

EduJam returned in 2022 with a successful event at V&A Dundee. Over 60 local, national, and international delegates joined for the weekend event. This cemented our place on the Global Jam stage and solidified our partnership with V&A Dundee's Education and Design for Business Team.

SDA Strategy

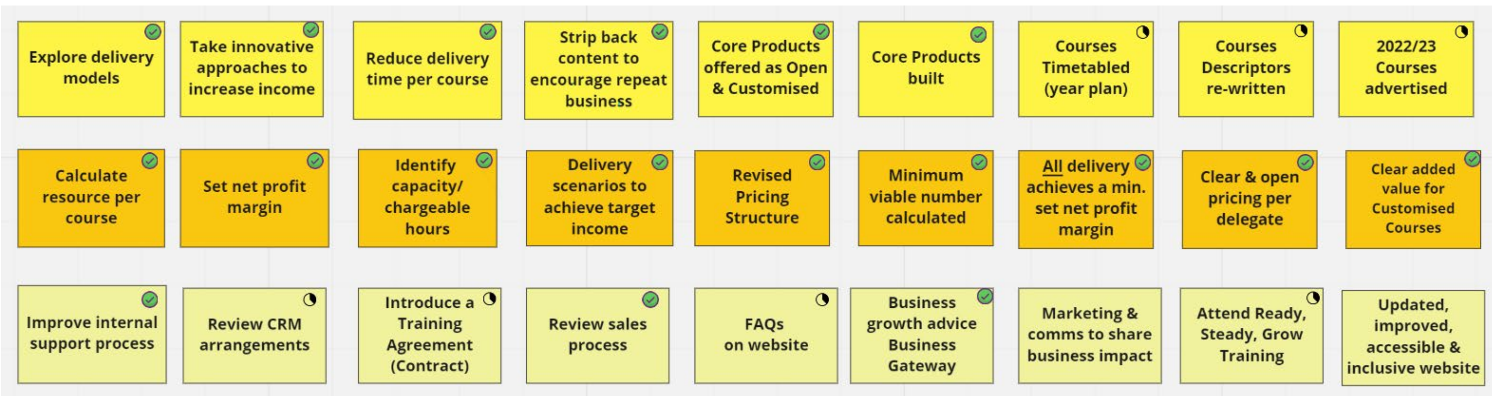
Following the scoping workshop with representatives from the Board, Executive and the College's Business Partnership Team (reported May 2022) team workshops allowed us to examine our current operations and look ahead to the future with a key outcome to increase income. We identified 3 strategic priorities, objectives, and actions for each.



Our work was presented to the Strategy Team on 29 June 2022. During the period of our work two things happened – Dundee Football Club took over the Incubator Space and Nathan Sheach resigned, meaning we were now 1.6 Consultants down from the start of the year.

There was concern that we had overextended our capacity in considering a Centre for Excellence and a Consultancy Practice. We agreed following hard-hitting discussions that we would focus on the "north star" to deliver excellent educational and training experiences.

Work on key activities to achieve objectives began



We have now taken steps to ensure

- Chargeable hours achieve a set net profit margin and reflect work undertaken
- Delivery models and content encourage repeat business
- Core products are easily adaptable to Customised Courses with appropriate Added Value
- Course Descriptors reflect the ROI, benefits, impacts and business solutions rather than Service Design speak/jargon
- Scheduling courses maximises delivery capacity
- Clear and open prices per delegate
- Customer relationship management is the best it can be (without a CRM system)
- The sales process delivers commitment before work begins

This exercise has given us time to reflect, concentrate on the business, re-visit our business model, and crucially recognise the world class products we offer, and price them accordingly.

Year to Date (August – September 2022)

We saw high recruitment for our **PDA in Service Design** for the August Cohort resulting in a waiting list for places, and 21 students enrolled. We took the decision to run an additional course starting in October and have 24 applications for October and 16 for January 2023.

The **Open Course – Service Design for Innovation & Impact** started on 31st August with 18 delegates from a range of organisations.

Claire Hartley resigned in August to take up a post with Police Scotland, this means we are starting the year 2.6 consultants down. Recruitment to fill the places is underway and we had 24 applications, 7 of which have been shortlisted for interview. The third resignation in 8 months (due to more lucrative employment offers elsewhere) has left us extremely vulnerable in terms of delivery capacity.

We've **delivered workshops** for Changeworks Scotland, Ayrshire College and AngusAlive, and have **work underway/scheduled** for Edinburgh Napier University, Alliance Scotland, ONFife Lochgelly, Insights, and SSSC giving us **income to date of £218,364**.

The **Scottish Digital Office** have secured funding for us to work with one Local Authority this year, delivering service design training and project implementation skills.

We await the release of tenders (spending moratorium) from the **Scottish Digital Academy (SDA^2)** for delivery of the Service Design Champions Course and a 2-year programme delivering training in the transformation space.

Our partnership work with them is ramping up and

- We are participating in an alumni network event for senior leaders, delivering a short session in November
- SDA^2 are keen to support us on sharing evidence-based impact of our training effectively for public sector work
- SDA^2 will continue to signpost our courses including the PDA in Service Design
- We have agreed that SDA will be the pilot organisation of a Quality Assurance process for "endorsed" Scottish Digital Academy courses. All the QA we have in place is likely to cover this so it should not be a resource intensive process.

The publication of the framework for a **Service Design Apprenticeship** in England has given us renewed momentum for a Scottish Apprenticeship. Discussions are underway with the Scottish Digital Academy, Scottish Government and Skills Development Scotland. We now have a framework which has been approved in England that we can use for development, this is a longer-term initiative (2023/4 hopefully). Vision: Scottish Government as employer, in partnership with both SDA's and SDS to launch SD apprenticeships.

Farewell

This will be my last report to the Board as I am retiring from my post on 21 October. I have enjoyed my 30+ years with the College immensely and have had great satisfaction in taking on the challenges given to me. From my early days in the Admissions Team to Secretary to the Assistant Principal then Bursaries Manager, Client Service Manager, Business Systems Development Manager and finally setting up and leading the Service Design Academy. I have learnt many things, made many friends, and have many happy memories.
I am confident that I am leaving the Service Design Academy in good shape with great potential. Finally, I'd like to thank Board Members for their support for SDA over the past 5 years.

6. Business Partnership Team – Flexible Workforce Development Fund

In summary, this has been a hugely successful year that saw the Business Partnership Team exceed all target outputs that were set for them at the beginning of the year. These targets were split across 3 areas:

- Clear the backlog left from 2019/20 and 2020/21 ensuring we drawdown funds and provide the promised service to businesses from existing team
- Get a structure, process and system in place that would allow a much more structured approach to delivery of FWDF and a higher quality of service for customers
- Successfully achieve 2021/22 targets which would include raising profile of the team and fund, identifying new Levy and SME businesses and ensuring training was relevant, high quality and shaped around business need.

2019/20 and 2020/21 Backlog Position

Picking up this backlog with 4 weeks before we lost the funding was a mammoth task for the team and the work involved in getting this over the line can not be underestimated, even more so because the team were in their first weeks of joining the College. Not only were we at risk of losing a huge sum of money but the damage to our reputation in the business community would have been catastrophic with the previous team having promised well over 300 courses to businesses and not delivering on them.

You will see from the table below the financial position that the funds were in and we were delighted to successfully draw down all funds ensuring we brought in the **£847,082** clearing the backlog and limiting the damage to our reputation.

	Budget Allocation	Complete	Not allocated	In progress	Not Started
Levy 19/21	£473,379	£253,861		£138,957	£82,095
Levy 20/21	£607,582		£503,379		£104,473
SME 20/21	£157,135		£115,082		£42,053
Total to achieve	£1,238,096		£618,461		£228,621

Team, Process and Systems

Moving into a new year it was simply not viable to progress with the lack of structure, processes and systems if we wanted to make this fund successful.
The team put a lot of work into re-designing delivery, creating centralised recording and reporting systems aswell as building relationships with internal and external trainers to create a strong portfolio of training.

Key Changes:

FWDF 2021/22 Fund

Allocations

	Original Allocation	Allocation with 20/21 Underspend added	Additional 21/22 Funding secured	New Allocation	Successfully brought in
Levy	£473,379	£602,241	£40,000	£642,241	£641,392
SME	£157,135	£162,042	£30,000	£192,042	£192,602
Total	**£630,514**	**£764,283**	**£70,000**	**£834,283**	**£833,994**

As you can see from the table above the team exceeded targets meaning Dundee & Angus College were only 1 of 2 colleges to hit target for both funds and the only college to ask for additional funding from both Levy and SME pots.

2021/22	No of Businesses supported	No of training courses	No of students
Levy	34	149	2,083
SME	45	103	488
Total	**79**	**252**	**2,571**

Customer Feedback

With 201 feedback forms now gathered we are confident that the quality of our course provision is continuing to improve. With an average score of **4.7 out of 5** we are delighted to see our content being well received.

- **Mental Health Awareness** – 'Learned a lot around the subject of being aware of mental health and more importantly the differences around mental health. Great instructor who encouraged a lot of course interaction....made it fun and informative'
- **Net Zero for Leaders** – 'Extremely informative, very well delivered and great open discussions with the training providers'
- **Leadership Development** – 'The engaging way Mina presented the course. Open discussions were used to get diverse views from managers from different departments. Mina also explained all aspects of the course in detailed and engaging manner, which helped all get involved. Having been on many mind numbing management courses previously, Mina was a breath of fresh air and ensured we all enjoyed all aspects of the course'

Development

Within the 2021/22 fund we were able to use 5% of our allocated budget for the development of new course material or the upskilling of staff. Using this years fund we have manged to:

- Pay for two members of the automotive team to be trained in the **HGV Electric Vehicle Training Course Level 3** by Glasgow Training Group aswell as pay two members of staff two days of development time to allow them to create a Level 3 course for delivery from September 2022.
- Pay for the creation of a **Workplace Culture & Inclusion Learning Programme** which includes Equality, Diversity and Inclusion (1 – 2 hours) • Unconscious Bias (1 – 2 hours) • Neurodiversity (1 - 2 hours) • Disability Awareness (1 hour) • Bullying and Harassment (1 hour) • Dealing with Difficult Behaviours (1 hour) • Menopause in the Workplace (1 hour) • Gender and Inequality in the Workplace (1 hour). All IP will be owned by D&A will be available for both face to face or digital delivery.
- **AAT Level 7 Diploma** – paid for 64 hours of time for internal business staff to create the course which includes Business Awareness, Management Accounting Techniques, Tax processes for Business and Financial Accounting Preparation of Financial Statements.
- **Power BI –** paid for the upskilling of a member of the business sector team to enable them to deliver Power BI training in our commercial portfolio

Additionality

For the team, FWDF is the hook to get businesses on board to look at additional ways of working together and opportunities to get creative. We are already starting to see this happen. Below are some examples of how we are using the fund to collaborate and get creative with how we partner with organisations.

- **Dundee United FC –** We have partnered with Dundee United Football Club to create and deliver leadership sports qualifications to their first team players. Working with the sports sector we wanted to find a way to encourage professional players to study and learn whilst playing to consider future career progression. We funded the development and delivery of this through FWDF and are building onto this training to bolster the offer within 2022/23 fund.
- **SFA –** We are currently working with SFA to create business/management training for all club managers across the region. Whilst football managers are experts at the sport they lack skills to run their business and so together with SFA we are creating a new course that will give them the leadership training and help them understand the fundamentals of running a business from budgeting, forecasting, staffing and planning. We are using the FWDF to deliver this in partnership with 4 clubs and then rolling this out to all 32 local clubs.
- **Emergency Services –** We have used the FWDF as our hook into the Emergency Services to delivery Electric Vehicle Training. Being able to contribute £45k per year towards the training was just the motivation the emergency services needed to get started. We also used the FWDF to upskill our staff on HGV EV Training so we can support the skills provision for the transition to electric fire engine training.

- **JTC Furniture** – We first built a relationship with JTC through the FWDF and this lead onto a conversation around SVQs in furniture making. We have now teamed our construction teams with the business and they have created a partnership SVQ that will be rolled out every year to all new intakes at JTC.
- **Employability Academies –** carrying out training needs analysis with businesses really helps us see where the pain points are. When identifying that staffing and a lack of a skilled workforce is a pain point it enables us to talk in more depth about employability academies and to date with have delivered for Embark, Journeycall and GA Engineering and have Discovery Flexibles, Wright Cottrell and Tradeprint

7. Gardyne Theatre

Whilst the performance of Gardyne Theatre Limited (GTL) is monitored by the Board of GTL, there were some actions presented to the May 2022 Finance & Property Committee and approved by the Board that would be usefully shared with this Committee:

- The articles of association have been revised to reflect the substantive changes agreed; good practice, Director terms of office and College appointed Director roles.
- Forecast Service Level Fee charges are being prepared by the appropriate line managers to enable GTL to plan for this expense well in advance of the year end.

8. 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 June to September 2022.

9. 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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Caryn Gibson, Business Partnerships Manager
Executive Sponsor: Jaki Carnegie, Vice Principal – Corporate Services