

BOARD OF MANAGEMENT

Finance & Property Committee



Tuesday 28 February 2023 at 5.00pm
Microsoft Teams Meeting

AGENDA

1. Welcome
2. Apologies
3. Declarations of Interest & Connection
4. Minutes of Previous Meeting Paper A for approval
5. Matters Arising Paper B for information JC
6. Finance Executive
 - 6.1. Financial Sustainability Verbal Update
 - 6.2. Management Accounts & Forecast Outturn Paper C for information BF/JC
 - 6.3. Gardyne Loan Repayment Paper D for information
7. Infrastructure AR/BG/JC
 - 7.1. Estates Update Paper E for information
 - 7.2. ICT Update Paper F for information
8. Procurement Update Paper G for approval BF/JC
9. Service Design Academy Business Plan Paper H for information JC
10. VP Corporate Services Report Paper I for information JC
11. Strategic Risk Register ST
 - 11.1. Cover Paper Paper J for discussion
 - 11.2. Strategic Risk Register (F&PC extract only) Paper K for discussion
12. Date of Next Meeting - Tuesday 30 May 2023,
Boardroom (Y150) Gardyne Campus.

FINANCE & PROPERTY COMMITTEE

Tuesday 28 February 2023



MINUTES OF PREVIOUS MEETING

PAPER A

BOARD OF MANAGEMENT

Finance & Property Committee

Tuesday 6 December 2022 at 5.30pm
Microsoft Teams Meeting



Draft confirmed by Chair

Minute of the Finance and Property Committee meeting held on Tuesday 6 December 2022 at 5.30pm via MS Teams

PRESENT:

D Fordyce	S Stirling
L O'Donnell	B Lawrie
S Hewitt	R McLellan
G Robertson	

IN ATTENDANCE:

J Carnegie (Vice Principal)	B Ferguson (Head of Finance)
S Taylor (Vice Principal)	P Muir (Board Administrator)

1. WELCOME

D Fordyce welcomed everyone to the meeting.

2. APOLOGIES

Apologies were received from D Mackenzie and B Carmichael

3. DECLARATIONS OF INTEREST OR CONNECTION

G Robertson noted his role as Chair of the Board for Gardyne Theatre Limited. In addition, B Lawrie noted his role as member of the Finance committee of Fife Cultural Services Trading Limited.

4. MINUTES OF PREVIOUS MEETING

The minute of the Finance and Property Committee meeting held on 25 September 2022 was approved as an accurate record.

5. MATTERS ARISING

J Carnegie highlighted progress on the outstanding Matters Arising.

6. FINANCE

6.1 Management Accounts & Forecast

B. Ferguson summarised the management accounts, highlighting that there had been minimal movement from the previous meeting. B Ferguson stated that pay provision would unlikely be sufficient as this was based around a 2% increase which it was forecast was not likely to be

acceptable given current inflation rates. It was also noted that no account had yet been taken of possible in-year Voluntary Severance (VS) costs.

B Ferguson stated that cash balances had reduced as expected due to repayment of EU funding held by the college and the annual payment in respect of the Gardyne loan.

B Ferguson noted that funding for HE fees had also not yet been received but that this was not an unusual situation at this point in the year.

D Fordyce noted the financial risks highlighted and noted that the likelihood element of the risk surrounding pay should perhaps be moved to high. It was noted that the key element around this risk was whether or not any increase beyond that forecast was funded or not. This was discussed and it was agreed that the risk be updated. **B Ferguson to progress.**

B Lawrie noted the comments in respect of VS costs and the likelihood over time that these would become unsustainable. S Hewitt noted that this had been flagged to the Scottish Funding Council (SFC) for the sector as a whole. D Fordyce noted the need for progress around these issues at a national level.

The management accounts and forecast were noted.

6.2 Tuition Fees 2022/2023

J Carnegie highlighted the document and noted that some tuition fees had been increase in line with the approved Financial Strategy increased, however the College was sitting at the higher end of the scale for fees so further increases were not proposed.

The proposed fees were approved.

7. INFRASTRUTURE

J Carnegie summarised the work progressing, noting that it had been a busy period, but good progress had been made. The update was welcomed.

8. PROCUREMENT

8.1 Annual Procurement Report

B Ferguson introduced the annual report highlighting that this was predominantly a legislative requirement confirming adherence to the required procurement practices.

The College approach to invoice payment and any impact of costs associated with late payments was discussed and B Ferguson noted that invoices were paid as soon as possible (usually within 7 days) and that late payments only arose where there was a query around the invoice or good received. It was noted that late payment fees were very minimal. It was agreed that the report wording would be updated to reflect this. **B Ferguson to progress.**

The arrangements and support in place via APUC and partnership with Abertay University were noted.

The annual report was approved. **B Ferguson to arrange for publication.**

8.2 Procurement Update

B Ferguson summarised the update, highlighting the contracts awarded since the previous meeting in line with agreed procedures.

BF noted that there was a contract requirement pending to support purchase of equipment for the Tay Cities TCEP project. This had arisen due to the need to seek approval to re-profile £197k spend from 2021/22 financial year into 2022/23.

This procurement was discussed, and approval granted by the Committee with the stipulation that any significant change in the spend be brought back to the Committee for approval via e-mail.

J Carnegie to progress if required.

8.3 Procurement Strategy

B Ferguson noted the requirement to produce an annual update to the procurement strategy and stated that the changes made were predominantly to reflect the updated legislation as a result of Brexit and changes to better reflect sustainability within the strategy.

All changes had been highlighted in blue and D Fordyce welcomed this approach to allow Committee members to see the areas that had been updated.

The revised strategy was approved. **B Ferguson to arrange for publication.**

9. STRATEGIC RISK REGISTER

J Carnegie noted that the focus remained on the financial sustainability risk, with no change suggested at this point in time. S Taylor confirmed that the Strategic Risk Register was being reviewed in a few areas, with this to be considered by the Audit & Risk Committee in March 2023.

10. MICHELIN SCOTLAND INNOVATION PARC (MSIP)

S Hewitt confirmed that he would cover this item and noted the previous discussions and updates around the MSIP project and the Skills Academy partnership with the College.

S Hewitt noted the options appraisal undertaken and the clear steer that the close collaboration option was preferred, supported by a clear Memorandum of Understanding, and underpinned by a financial plan and understanding of risks, etc. S Hewitt noted that this was still a work in progress, so the paper was for information rather than approval at this stage.

The update was welcomed, and G Robertson asked about the legal standing of MSIP itself. S Hewitt summarised this, noting that it was established as a partnership including Michelin, Skills Development Scotland, and the City Council, funded by the partners. S Hewitt noted that the College involvement would be through the Skills Academy as a partnership between the College and MSIP and confirmed that arrangements were developed on an initial shorter term basis to allow skills arrangements to be tested prior to any long-term financial agreements being developed.

The update was noted.

11. VP CORPORATE SERVICES REPORT

J Carnegie stated that her report was for noting but highlighted the earlier opening of 2022/23 recruitment to align with school's support for UCAS and next stages for pupils. It was noted that a good response had been received, with applications coming in quickly.

The work of the Service Design Academy was noted, with this progressing well considering the retirement and (current) non replacement of the manager. The lack of clarity around future Flexible Workforce Development Funding was noted, with the College continuing to progress and prepare work for this despite the uncertainty.

Activity within Gardyne Theatre was noted, including very popular provision of free Christmas movies as part of the Thrive project. These had 'sold out' in just over an hour, with many GTL staff volunteering to work for free to support the initiative. This was welcomed by the Committee.

The report was noted.

12. DATE OF NEXT MEETING – Tuesday 28 February 2023 at 5.00pm via Teams

Action Point Summary

Action	Responsibility	Date
Pay risk within management accounts to be reviewed	B Ferguson	31 December 2022
Update to procurement report to reflect College approach to invoice payment	B Ferguson	31 December 2022
Arrange for publication of the procurement report and strategy	B Ferguson	31 December 2022
Any substantial change in planned TCEP procurement to be raised with Committee via e-mail for further approval	J Carnegie	28 February 2023

FINANCE & PROPERTY COMMITTEE

Tuesday 28 February 2023



MATTERS ARISING

PAPER B

BOARD OF MANAGEMENT
Finance & Property Committee
Tuesday 28 February 2023
Matters Arising



Paper B for information

The following actions were noted from the Tuesday 6 December 2022 Finance & Property Committee meeting.

Agenda Item No	Action	Current Status	Open/ Closed
6.1	Pay risk within management accounts to be reviewed.	Risk re-evaluated at Quarter 2	Closed
8.2	Any substantial change in planned TCEP procurement to be raised with Committee via e-mail for further approval.	Approval from the Tay Cities Project Management Office (PMO) was given to the equipment spend originally allocated to Year 1 of the TCEP project (pre-project approval) to be reallocated to 2022/23. Equipment orders were placed in line with compliant procurement arrangements	Closed
8.2	Update to procurement report to reflect College approach to invoice payment	Narrative updated to reflect payment policy	Closed
8.2	Publish the Annual Procurement Report and revised Procurement Strategy	Both reports published on the College website	Closed

The following action was noted from the Tuesday 6 December 2021 Finance & Property Committee meeting.

Agenda Item No	Action	Current status	Open / Closed
6.0	Updated Service Design Business plan to be developed.	Business Plan is included in the agenda for this Committee.	Closed

The following action was 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	This will be addressed as part of the implementation of the Infrastructure Strategy. Business cases will be created as necessary. Expectation that traditional sources of funding will not be available.	Closed

The following action was 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	SFC’s College Infrastructure Strategy was published at the end of November 2022. The SLT are reviewing the approach that will be necessary to enable major capital investment into our infrastructure. Note: It is proposed that this action is closed and will be taken forward under the Infrastructure Strategy.	Open

FINANCE & PROPERTY COMMITTEE

Tuesday 28 February 2023



FINANCE

6.2 - Management Accounts & Forecast Outturn PAPER C

BOARD OF MANAGEMENT

Finance & Property Committee



Tuesday 28 February 2023

Management Accounts & Forecast Outturn

Paper C for information

1. Introduction

This report brings to the Committees attention the management accounts for Month 6 (August – January) which incorporates the budget that was approved in September 2022 together with the latest forecast for the year.

2. Recommendation

Members are asked to note the Month 6 position.

3. Context

An interim budget was prepared in May 2022, predicting a large cash-backed deficit of £2.9m without mitigating action. A savings and investment plan was already being devised and the subsequent implementation enabled a budget to be approved by the Board in September 2022. This predicted a much improved deficit position of £586K, helping to preserve cash reserves and providing more time for management to plan to return the College to a more sustainable medium term financial position.

In December 2022, the Committee was presented with the first quarterly Management Accounts forecasting a cash-backed deficit of £521K, a further improvement benefitting from further clarity but with significant uncertainties remaining. Whilst we have greater lucidity around certain aspects of this second quarterly forecast, key uncertainties continue, with unresolved pay award being the most notable.

Whilst the current year's forecast is being updated, and efforts being made to improve the operating position wherever possible, the primary focus is on improving underlying performance in future years, albeit that this challenge is made more difficult when not knowing exactly what future funding conditions might be. Despite an announcement that increased revenue funding of £26m will be available to the sector from the Scottish Government Budget for 2023/24, current indications are for flat cash settlements with associated lower activity targets. This future focus will inevitably lead to additional expenditure incurred this year to secure necessary savings. These costs cannot yet be precisely quantified but will likely result in an

increasing deficit forecast outturn for the current year.

Credit assumptions have not altered in this forecast and SFC have not provided any assurances of additional flexibilities. Despite taking all available actions to deliver the minimum 98% of our credit target we are predicting a shortfall, in line with most other colleges. Whilst this attracts risk of possible clawback of funding, we do not believe that this is a high probability given the indications from SFC that credit targets will be reduced next year.

Project activity continues to be embedded within forecasts, as reasonable certainty increases, to the extent that it either has a substantive financial impact upon revenue and cost or contribution. Specifically, additional funding made available to Tay Cities Engineering Project (TCEP) of £197K is now reflected but with no net impact. Other Tay City funded projects, namely Life Sciences and SME Skills continue to be excluded pending approval. Michelin Scotland Innovation Parc (MSIP) is also excluded as agreements are not quite finalised and the net financial impact of operations commencing in April will be minimal in this year.

An assessment of the risks from key areas is included 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

We are forecasting a **Cash-backed deficit of £7K**, a substantial improvement upon the previously forecast deficit of £521K, and £763K better, before taking VS costs of £249K into account.

Actual operating performance for the six-months is a surplus of £0.9m. This is due to timing and recognition of income and expenditure. It is however substantially below forecast surplus for this period due primarily to lower SFC funding.

The main movements in forecast is summarised in the table below, both income and expenditure netted off where appropriate. Variances are described in more detail within the relevant sections. 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 previous forecast	(521)
SFC: YPG contribution	90
SFC: FWDF contribution	(68)
SFC: Child Poverty cost reductions	68
Tuition Fees	253
SDS income	69
Catering contribution	50

Lets & Hires	(52)
Teaching pay, other	99
Support pay, other	173
VS, net savings	30
VS, net costs	(228)
Other miscellaneous, net	30
Cash-backed deficit per latest forecast	(7)

5. Income

Forecast income increases by £623K to almost £44.8m

Other SFC grants benefit from the recent allocation of £190K Young Person's Guarantee (YPG) non-credit bearing funding, delivery of which is subject to agreement with SFC. This increase is largely offset by reduced allocations of both Flexible Workforce Delivery Fund (FWDF) and Funding for Councillors. The latter is confirmed to 31 March and assumed to continue at a similar level, thereby reducing our FTE funding from 2.9 in the previous year to only 1.23.

This year's FWDF allocation of £493K is less than anticipated, down 35% from our initial allocation for 2021/22, with funding available to the college sector reducing from £17m to just £10m. SFC have however intimated that additional funding, of up to £3m, is expected to be allocated for AY 2022/23. This could yield additional funding to the College of circa £150K, and potentially further augmented by redistribution of underspends across the sector. Given the late notification, it has been deemed prudent to recognise only the confirmed allocations meantime for the purposes of this forecast, whilst assuming that all activity will have commenced before the end of the year.

Capital & Maintenance grant remains unchanged. It is increasingly likely however that a greater proportion of funding assumed from an FY23/24 allocation will be carried into next academic year, matched by the rolling forward of associated expenditure.

The performance metric 'Proportion of income that is SFC grant funded' has moved closer to the 79% (national average) target, reducing from 83% to 82% in this forecast as the increase in SFC grants is less than the increase in other 'cash' income.

Tuition fees increase by £253K, attributable mainly to a combination of full-time HE and international students. A cautious position was maintained for the first quarterly forecast pending confirmation of students continuing to attend at the cut-off date of 1st December and eligible for payment of fees by SAAS. Whilst full-time student numbers remain disappointing it is encouraging, that stronger retention has enabled us to maximise income and surpass budget predictions.

Non-Core income is up by £256K from our last forecast, of which £179K relates to a net increase in funding, substantially matched by increased cost, most notably from the decision to allow the Tay City Engineering Partnership (TCEP) to access funding for equipment for the Advanced Engineering Facility that could not be procured last year. Additionally the College has continued to accrue Foundation Apprentice income from legacy SDS contracts, increasing forecast again by a further £55K.

Catering & other income rises by £78K in this forecast. Student demand has exceeded expectations and we have been able to increase the annual forecast with greater confidence. Interest receivable has also benefited from the rise in base rates.

6. Pay Costs

Total Pay costs are now forecast at £38.9m, reducing by £138K, or £387K before the introduction of a Voluntary Severance (VS) charge of £249K

Certain elements of pay are impacted by movements in funding, the most significant of which in this forecast has been an additional allowance of £100K, applied to variable teaching pay meantime, to meet the additional delivery costs of YPG activity. However, the most notable feature of this pay forecast is the continued reductions from staff vacancies, both permanent and temporary (and so both recurrent and non-recurrent), with substantial savings accruing across several support areas. This is supplemented by lower overtime and resulting release of contingencies. Whilst there have been specific exceptions, increases where they have occurred have been relatively modest.

As also agreed by the Board, we will continue to track the revised metric 'Proportion of expenditure that is staff costs' The target is 71% (national average) with the latest forecast falling from 74% to 73%.

Provision for pay award for both academic and support staff is again unchanged in this forecast, allowing for a minimum increase of 2% but factoring in minimum sums for lower paid employees in line with the Scottish Government Pay Policy for FY 2022/23. This assumption may not be realistic and consequently the risk of a higher nationally agreed settlement and resulting detrimental impact is substantial unless additional funding is provided via SFC, which appears unlikely at this time. It should be noted that each additional 1% increase in gross pay would cost approximately £350K.

The Voluntary Severance scheme costs, in terms of both actual and forecast, reflect only approved applicants from the scheme re-opened in October, together with some excess invoiced strain costs where these have exceeded the estimate provided previously. They annualised savings from the October exercise are currently circa £270K with the majority leaving in July but with in-year savings of approx. £30K. Additional VS costs will be incurred when the scheme is re-launched in order to secure additional savings for 2023/24.

7. Non Pay Costs

Non-Pay costs have increased, in total, by £247K, largely explained by the introduction of additional funding described above and primarily affecting Consumables & Equipment.

£152K plus vat has been vired from Property to ICT, along with associated SFC funding in order to support the digital poverty initiative. Property had benefited from the additional carry forward of Capital & Maintenance funding. It is however possible that ICT may underspend this year, by up to £130K, if it proves to be impossible to spend towards the recently awarded Network replacement project due to very long delivery times being quoted by suppliers.

Utility costs are showing a saving against forecast and whilst this is likely to be secured for the year, the previous forecast has been retained meantime pending confirmation of prices beyond March 2023.

Loan interest payable to Santander switches from fixed to a variable rate on 3rd April for the remainder of the term. Forecast increases marginally for rising interest rates and will now be prone to fluctuations in base rate until June 2027.

8. Subsidiary Company

Gardyne Theatre Limited benefits from residual COVID-19 support provided by Creative Scotland and a break-even forecast remains the most realistic outcome for the year, after taking into account theatre rental and service charges.

9. Student Support Funding

SFC funding has been sufficient to satisfy demands for student support and no in-year allocation was requested.

10. Capital Expenditure

There has been no change since last quarter. The Kingsway development project account is still to be finally agreed with the main contractor but the forecast provision is believed to be adequate and covered by available funding.

11. Cash Flow Forecast

Cash retained at 31 July 2023 is forecast to reduce substantially from an opening position of £6.2m due to factors such as the loan repayment and an anticipated reversal of last year's strong positive movement in working capital. An improved operating position in this forecast does increase the forecast to £4.1m but this will be subject to further increases in VS and the pay settlement for 2022/23. Disposal of surplus outreach sites is now being forecast for 2023/24.

Cash held at 31 January was £6.2m, up from £3.7m at October, due largely to the

receipt of HE fees from SAAS in January and a high level of restricted cash.

12. Conclusion

As our Risk Assessment suggests, at this mid-way point we can be reasonably confident of our likely operating position and satisfied that significant in-year improvements have been secured. The residual risks are however substantial and largely out with our control, particularly as we continue to focus upon achieving a balanced budget moving forward.

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

Income & Expenditure Summary

	2021/22	Month 6, January 2023			Full Year 2022/23			
	Actual	Previous Forecast	Actual	Variance from latest forecast	Budget	Previous Forecast	Latest Forecast	Variance from Previous Forecast
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
SFC Credit income	31,166	15,684	15,684	-	31,368	31,368	31,368	0
SFC ESF Credits	1,167	-	-	-	-	-	-	0
Other SFC grants	3,115	2,736	1,637	(1,099)	5,238	5,297	5,333	36
SFC Total	35,448	18,420	17,321	(1,099)	36,606	36,665	36,701	36
Tuition Fees	3,236	2,311	2,458	147	3,022	2,888	3,141	253
Non-Core income	3,782	1,016	1,217	201	2,727	2,841	3,097	256
Catering & other income	1,408	957	1,029	72	1,665	1,758	1,836	78
Total Income	43,874	22,704	22,025	(679)	44,020	44,152	44,775	623
Teaching Pay - established	16,571	8,163	8,108	55	16,817	16,549	16,386	163
Teaching Pay - variable	2,497	1,280	1,236	44	2,550	2,537	2,674	(137)
Invoiced Staff Costs	432	93	128	(35)	465	456	415	41
Teaching Support Pay	2,495	1,242	1,192	50	2,424	2,519	2,401	118
Support pay	11,941	5,533	5,498	35	11,476	11,464	11,262	202
Apprenticeship Levy	110	53	53	-	108	108	108	-
VS Scheme	1,246	-	113	(113)	-	-	249	(249)
Unfunded pension payments	386	200	194	6	400	400	400	-
Total Pay Costs	35,678	16,564	16,522	42	34,240	34,033	33,895	138
Staff related costs	283	147	130	17	307	312	304	8
Consumables & Equipment	1,553	756	744	12	1,851	1,891	2,040	(149)
Exam fees	784	351	381	(30)	859	855	832	23
Student related costs	161	90	132	(42)	183	179	190	(11)
Property cost	3,000	1,925	1,658	267	3,948	4,049	3,917	132
ICT & Telephony	1,665	666	678	(12)	1,399	1,434	1,586	(152)
Insurance	128	78	77	1	156	156	154	2
Marketing	142	40	84	(44)	76	91	91	-
Professional fees	178	28	22	6	115	115	161	(46)
General Overheads	263	152	163	(11)	278	310	318	(8)
Interest & Charges	145	37	32	5	92	92	98	(6)
VAT	936	483	477	6	1,108	1,156	1,196	(40)
Total non-pay costs	9,238	4,753	4,578	175	10,372	10,640	10,887	(247)
Cash-backed surplus/(deficit)	(1,042)	1,387	925	(462)	(592)	(521)	(7)	514
Add: subsidiary profit/(loss)	(2)	0	1	1	6	-	-	-
Consolidated Cash-backed surplus/(deficit)	(1,044)	1,387	926	(461)	(586)	(521)	(7)	514

Cash Flow Forecast

	2021/22	2022/23			
	Actual	Actual January	Revised Budget	Previous Forecast	Latest Forecast
	£000's	£000's	£000's	£000's	£000's
Cash backed surplus/(deficit)	(1,044)	926	(586)	(521)	(7)
Loan repayment	(457)	(457)	(457)	(457)	(457)
Capital Expenditure	3,402	(19)	-	(44)	(44)
Capital funding	(3,402)	19	-	44	44
Asset Disposals		-	150	150	-
Working capital movements	1,896	(528)	(1,800)	(1,700)	(1,700)
Net Movement in cash balances	395	(59)	(2,693)	(2,528)	(2,164)
Opening cash balances	5,853	6,248	6,248	6,248	6,248
Closing cash balances	6,248	6,189	3,555	3,720	4,084

Note: We hold restricted cash funds of approx. £3.4m at the end of January, including Student Support funds of £1.2m

Risk Assessment of key volatile areas at Quarter 2

Income/Expenditure Category	Latest	Possible Cash Deviations		Controllable?	Adverse Risk Assessment			Comments and mitigations
	Forecast	Favourable	Adverse		Likelihood	Impact	Overall	
	£000's	£000's	£000's		£000's	£000's	£000's	
SFC Credit income	31,368	-	300	Controllable in terms of activity delivered but subject to conditions requiring further clarity.	Low	Low	Low	SFC have provided no formal update in terms of additional in-year flexibilities. However, given the relaxation being discussed for next year the likelihood of clawback for credit shortfall appears to have further diminished. Favourable deviation suggested by last assessment is now reflected within increased forecast for Other SFC grants as now deemed non-credit bearing.
Other SFC grants	5,333	100	100	Provision of funding is uncontrollable but College can stimulate demand.	Low	Low	Low	Net funding has increased, with confirmed allocations of FWDF and Child Poverty. Although the former is reduced from previous forecast, further positive movement appears more likely. Any decrease in Capital & Maintenance funding will be matched by cost reduction.
Tuition Fees	3,141	100	100	Yes, in terms of marketing, recruitment delivery and retention but limited influence over demand.	Low	Low	Low	Increased forecast has surpassed last quarter's possible favourable deviation. Residual risk of adverse movement is now more limited, focused mainly upon commercial course fees, although forecast is believed to be achievable.
Non-Core income	3,097	100	100	Partly; varies across such a disparate category ranging from apprentice income to Trust funding.	Low	Low	Low	Movements in work based and apprenticeship income can have the greatest net impact upon financial performance and whilst contracts are performing well, adequacy of continued funding cannot be guaranteed.
Catering & other income	1,836	100	100	Yes	Low	Low	Low	Favourable movement in forecast predicted last quarter has been possible and risk of adverse variance further diminished.

Income/Expenditure Category	Latest Forecast £000's	Possible Cash Deviations		Controllable?	Adverse Risk Assessment			Comments and mitigations
		Favourable £000's	Adverse £000's		Likelihood £000's	Impact £000's	Overall £000's	
Total Pay (exc. VSS & unfunded pensions)	33,246	200	900	Largely yes but subject to pay and conditions negotiated centrally.	Mid	High	High	Savings secured to date have exceeded expectations and it is possible that further net savings will accrue in-year with a strong focus on efficiencies. However, it is highly likely that the pay award will be substantially higher than the current provision of a minimum 2% and the impact of an award of circa 5% will be substantial unless supported by additional funding.
VSS	249	-	1,000	Yes	High	High	High	To achieve future savings, and financial sustainability, it will be necessary to incur additional severance costs. These could be substantial but cannot yet be accurately quantified. Currently there are no indications that transitional funding for VS will be made available by SFC this year.
Property cost	3,917	200	100	Yes, subject to inherent risks of the usual unpredictable factors exacerbated this year by exceptional price rises.	Low	Low	Low	Maintenance budgets are managed within available funding and any under spend will likely result in funding carried forward. Utility budgets assume higher consumption this year and reflect higher price predictions, with only limited risk beyond March until prices confirmed.
Non-pay costs excluding property	6,723	200	200	Yes, with limited exceptions, but inflationary pressures have increased risk of over spend.	Low	Low	Low	Budget holders are conscious of unprecedented inflationary pressures and are managing controllable costs accordingly. Procurement activity continues to support the achievement of best value.

Summary Analysis - Income

	Prior Year Actual	Month 6, January 2023			Full Year 2022/23			
		Previous Forecast	Actual	Variance from previous forecast	Budget	Previous Forecast	Latest Forecast	Variance from previous forecast
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Teaching Grant	31,166	15,684	15,684	-	31,368	31,368	31,368	-
SFC ESF Credits	1,167	-	-	-	-	-	-	-
SFC YPG 2022-23	-	-	-	-	-	-	190	190
SFC Capital & Maintenance grants	1,746	1,402	1,031	(371)	3,135	3,194	3,194	-
SFC Digital Poverty as capital	-	182	112	(70)	182	182	182	-
SFC Flexible Workforce Dev. Fund	854	864	374	(490)	1,272	1,272	1,154	(118)
SFC Reducing Child Poverty	221	42	-	(42)	125	125	125	-
SFC Funding for Councillors	152	64	20	(44)	152	152	116	(36)
SFC ESP Funding	120	175	100	(75)	350	350	350	-
SFC Access to sanitary products	22	7	-	(7)	22	22	22	-
Other SFC grants	3,115	2,736	1,637	(1,099)	5,238	5,297	5,333	36
HE Full-time	1,748	1,472	1,565	93	1,489	1,472	1,559	87
HE Associates & collaborations	682	273	217	(56)	546	546	639	93
Part-time Fees	242	157	183	26	334	223	255	32
Commercial and Leisure	357	318	338	20	503	534	521	(13)
Internal Re-charges	18	-	-	-	-	-	-	-
International Fees and Overseas contracts	188	91	155	64	150	113	167	54
Other fees	1	-	-	-	-	-	-	-
Tuition Fees	3,236	2,311	2,458	147	3,022	2,888	3,141	253
Commercial: Work-Based	345	110	131	21	250	250	250	-
Managing Agents	360	176	138	(38)	470	527	527	-
Skills Dev Scotland: MAs	655	296	350	54	500	500	500	-
SDS Foundation Apprentices L6	477	79	134	55	-	79	134	55
SDS Foundation Apprentices L4+5	76	-	-	-	-	-	-	-
SDS: Pathways to Apprenticeships	21	-	-	-	-	-	-	-

Summary Analysis - Income

	Prior Year Actual	Month 6, January 2023			Full Year 2022/23			
		Previous Forecast	Actual	Variance from previous forecast	Budget	Previous Forecast	Latest Forecast	Variance from previous forecast
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
SDS: Cyber in non-technical courses	-	-	-	-	-	-	14	14
Other Public Sector contracts	34	17	9	(8)	80	40	40	-
Schools Senior Phase	163	-	-	-	150	139	139	-
Non-funded tuition	6	4	-	(4)	20	10	6	(4)
European Projects	55	19	36	17	21	30	30	-
Developing Young Workforce	350	-	-	-	-	-	-	-
Energy Skills Partnership (non-SFC)	400	122	198	76	256	275	283	8
SDS for MSIP	40	-	-	0	38	38	38	-
Mathew Trust	-	-	-	0	100	100	128	28
Northwood Trust	29	70	81	11	110	110	110	-
Seagreen funding	49	113	98	(15)	251	251	267	16
Tay City Deals	369	0	30	30	446	446	581	135
Misc. grants, funding and sponsorships	75	7	4	(3)	10	10	10	-
Other grants - ESP	237	2	7	5	-	2	7	5
Other misc. income	41	1	1	0	25	34	33	(1)
Non-Core income	3,782	1,016	1,217	201	2,727	2,841	3,097	256
Consultancy	37	21	38	17	40	27	38	11
Catering	562	465	514	49	735	751	831	80
Training Restaurants	19.00	9	18	9	21	21	21	-
Nursery	167	99	107	8	187	187	187	-
Retail shops	3.00	1.00	-	(1)	6	3	2	(1)
Salon revenues	-	6	11	5	25	16	18	2
Gardyne Sport facilities	189	103	66	(37)	256	245	205	(40)
General Lets & Incubator Hire	37	48	47	(1)	106	106	94	(12)
Staff secondments	6	3	3	-	10	10	10	-
Support cost grants	94	33	38	5	90	90	90	-
GTL revenue from LTO and SLA	18.00	5	5	0	20	20	20	-
Library charges	12	5	2	(3)	18	11	11	-
Photocopy charges	1.00	2	2	-	4	4	4	-

Summary Analysis - Income

	Prior Year Actual	Month 6, January 2023			Full Year 2022/23			
		Previous Forecast	Actual	Variance from previous forecast	Budget	Previous Forecast	Latest Forecast	Variance from previous forecast
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Sale of materials, produce, scrap etc.	22	37	47	10	9	48	55	7
Biomass RHI & EDFE FIT charges	34	30	13	(17)	62	62	62	-
Wage Subsidy/CJRS	163	68	76	8	60	120	120	-
Insurance Claims	8	-	-	-	-	-	-	-
Bank Interest	3	4	13	9	1	5	25	20
Other misc.	33	18	29	11	15	32	43	11
Catering & other income	1,408	957	1,029	72	1,665	1,758	1,836	78

Summary Analysis - Expenditure

	Prior Year Actual	Month 6, January 2023			Full Year 2021/22			
		Previous Forecast	Actual	Variance from previous forecast	Budget	Previous Forecast	Latest Forecast	Variance from previous forecast
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Mileage	98	48	47	1	108	110	108	2
Travel & Accommodation	23	17	11	6	41	42	37	5
Overseas Travel	3	2	1	1	2	4	4	-
Staff welfare and other expenses	21	11	11	-	25	25	24	1
Recruitment	6	-	3	(3)	1	1	1	-
Organisational Development	132	69	57	12	130	130	130	-
Staff related costs	283	147	130	17	307	312	304	8
SFC Flexible Workforce Dev. Fund								
SFC Reducing Child Poverty	318	221	212	9	335	373	383	(10)
SFC Funding for Councillors	117	86	70	16	655	662	781	(119)
SFC ESP Funding	378	293	305	(12)	497	497	525	(28)
SFC Access to sanitary products	23	21	18	3	46	46	46	-
Stationery & Printing	11	11	11	-	21	21	21	-
Equipment purchase & maintenance	652	101	116	(15)	238	238	238	-
Other misc.	54	23	12	11	59	54	46	8
Consumables and Equipment	1,553	756	744	12	1,851	1,891	2,040	(149)
SQA Fees	531	196	186	10	550	550	535	15
Other fees	158	110	116	(6)	189	187	202	(15)
Accred/Regn/Assess/Verification	95	45	79	(34)	120	118	95	23
Exam Fees	784	351	381	(30)	859	855	832	23
Residentials, travel etc.	24	18	14	4	39	39	53	(14)
Foundation Apprentice travel	0	2	-	2	9	5	2	3
Student placement costs	5	2	1	1	6	6	6	-
Student Councelling	18	15	18	(3)	21	21	21	-
Student Support costs	30	15	15	-	30	30	30	-
Student Bursary materials	-	-	38	(38)	-	-	-	-
Miscellaneous costs (inc.PVG)	84	38	46	(8)	78	78	78	-
Student related costs	161	90	132	(42)	183	179	190	(11)
Maintenance, high priority works	1,461	897	667	230	1,896	1,944	1,792	152
Building rentals and rates	319	158	137	21	314	320	325	(5)
Utilities	961	731	693	38	1,535	1,545	1,545	-

Summary Analysis - Expenditure

	Prior Year Actual	Month 6, January 2023			Full Year 2021/22			
		Previous Forecast	Actual	Variance from previous forecast	Budget	Previous Forecast	Latest Forecast	Variance from previous forecast
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Cleaning, wast management etc.	145	77	85	(8)	138	138	138	-
Transport costs	77	50	62	(12)	31	68	82	(14)
Health & Safety costs	22	9	7	2	25	25	27	(2)
Other	15	3	7	(4)	9	9	8	1
Property Cost	3,000	1,925	1,658	267	3,948	4,049	3,917	132
ICT hardware, software, etc.	916	301	325	(24)	687	687	849	(162)
ICT Maintenance & Licences	643	311	313	(2)	574	624	624	-
Web Development	5	8	1	7	40	25	15	10
Telephony & data line rentals	101	46	39	7	98	98	98	-
ICT & Telephony	1665	666	678	(12)	1,399	1,434	1,586	(152)
Consultancy (inc.projects)	34	5	13	(8)	7	7	28	(21)
Audit Services	46	-	-	-	48	48	61	(13)
Bad Debts and collection fees	84	14	(7)	21	30	30	30	-
Legal & other professional fees	14	9	16	(7)	30	30	42	(12)
Professional fees	178	28	22	6	115	115	161	(46)
Photocopying, copyright & postage	107	62	60	2	111	116	126	(10)
Sponsorship, subscriptions, Licences	115	65	75	(10)	101	128	127	1
Hospitality and events	20	16	12	4	42	43	42	1
Miscellaneous and other	21	9	16	(7)	24	23	23	-
General Overheads	263	152	163	(11)	278	310	318	(8)

FINANCE & PROPERTY COMMITTEE

Tuesday 28 February 2023



FINANCE

6.3 GARDYNE LOAN REPLACEMENT

PAPER D

BOARD OF MANAGEMENT
Finance & Property Committee
Tuesday 28 February 2023



Gardyne Loan Repayment

Paper D for information

1. Introduction

Members will be aware that the Gardyne Campus redevelopment was funded through a capital loan from Santander. This paper is intended to provide an update as the fixed rate term of the loan ends on 31 March 2023.

2. Recommendations

Members are asked to note that interest repayments, in line with the original loan arrangement, will be based on variable rates from 3 April 2023.

3. Loan Finance Position

The 16-year, £8m term loan started on 30 June 2011, with the loan maturing on 30 June 2027. £6.4m of the loan was converted to a 10-year fixed rate (2.59% + 1.25% margin) in April 2013, with the remainder of the loan outstanding being on a variable rate.

Capital repayments of £457k are made at the beginning of August every year. In July 2019 an additional £1m capital loan repayment was approved by the Board.

The 10-year fixed term rate comes to an end on 3 April 2023, at which point the outstanding balance of £2.3m will transfer to a variable rate. The variable interest rate, as per the existing agreement, is 1.25% margin over base rate, currently 4%. Based on our current loan outstanding, a 0.5% change in base rate amounts to an average of approximately £6k change in interest per annum.

Discussions over the last few months have taken place with Santander to identify the potential option/benefit of entering into another fixed rate for the remainder of the loan. Due to the reclassification of the college sector as public bodies on 1 April 2014, the rules around borrowing changed which prohibits borrowing without prior consent from the Scottish Funding Council. Santander also confirmed that there is no explicit confirmation of a college's capacity to execute a loan arrangement so to identify whether Santander were able to enter into a "refinancing" arrangement would require counsel to provide legal opinion at a minimum cost of £6k + VAT and IF there was legal capacity, further fees of £2-4k to produce the documentation.

SFC were also approached and without the detail of any proposed arrangement they were not in a position to provide consent.

Fixing an interest rate merely provides the certainty of the interest repayment and a bank provides a quote based on their predictions on future market movements. In comparison to a rate that varies depending on bank base rate, it can result in more or less interest being paid, depending on whatever market fluctuations transpire. Taken alongside the additional complexities of colleges not having the legal capability to enter into a finance arrangement without additional costs being incurred to explore whether there is even a possibility, it is the intention to continue with the existing arrangement and move to variable interest rate from 3 April 2023.

4. Link to Strategic Risk Register

The consideration of the potential options in relation to the Gardyne Loan repayment will support the mitigation of Risk '2.2 Failure to achieve institutional sustainability'.

Author: Brian Ferguson, Head of Finance
Executive Sponsor: Jaki Carnegie, Vice Principal – Corporate Services

FINANCE & PROPERTY COMMITTEE

Tuesday 28 February 2023



INFRASTRUCTURE

7.1 ESTATES UPDATE

PAPER E

BOARD OF MANAGEMENT
Finance & Property Committee
Tuesday 28 February 2023



Estates Update

Paper E for information

1. Introduction

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

2. Recommendations

Members are asked to note the report.

3. Projects

The Estates Project Team have continued to progress a number of projects since the last report.

Current project works in progress include -

- Replacement Lift for the CSW Building in Arbroath.
- Development of new office facilities for the People and Quality teams on Level 6 – Kingsway tower block.
- Development of a new eSports hub for the delivery of the new eSports degree course in Gardyne
- Re-roofing of Swimming Pool roof in Gardyne.
- Refurbishment of the CSW block in Arbroath

4. Capital Backlog Maintenance Projects

As members have previously been advised the Capital Backlog Maintenance Grant funding for the period 1 April 2022 – 31 March 2023 is:

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

A list of backlog maintenance projects was previously compiled and is listed below along with high level costs – a number of the items in the table below have been progressed.

Project	Campus	Projected Costs	Current Status
Replacement blinds CALC building	Arbroath	20,000	Still to commence
CSW/Clova buildings refurb	Arbroath	150,000	Works in progress
CSW/Clova Lift Refurbishment	Arbroath	50,000	Contract awarded
Review water management system on Clova Roof	Arbroath	30,000	Below ground complete. Roof works progressing to start
Internal Fabric	Arbroath	25,000	These works are ongoing
Replacement ANPR Barrier system	Kingsway	12,000	Still to commence
Hardwire electrical testing	Kingsway	10,000	Contract awarded
Camera upgrade	Kingsway	20,000	Catering Outlet security element completed
Internal Fabric	Kingsway	25,000	These works are ongoing where access available
New lift for PE Block	Gardyne	45,000	Out to tender
Hardwire electrical testing	Gardyne	25,000	Contract awarded
Toilet Facilities Upgrade Sports 1 st Floor	Gardyne	30,000	Works will commence in April
Camera Upgrade	Gardyne	20,000	Additional cameras added within Sports Block to improve security
Internal Fabric	Gardyne	25,000	These works are ongoing
Departmental improvements	All	60,000	In progress
Equipment replacement	All	50,000	In progress

Projects Deferred	Campus	Projected Costs	Current Status
Lecture Theatre refurbishment	Kingsway	0	Delayed until April 2023 - £100k + £132k in budget from Tower Project
Refurbishment of South Tower Lift	Kingsway	45,000	Works deferred till 2023/24

Projects Completed	Campus	Projected Costs	Current Status
Road resurfacing of Isla and Esk car parks	Arbroath	120,000	Completed
Automatic Fire Alarm Installation in Clova building	Arbroath	60,000	Complete and system handed over
Camera upgrade	Arbroath	20,000	Completed
Refurbishment of Tower Level 5 + 6 Classrooms	Kingsway	80,000	Completed
Catering Block Sub-main replacement	Kingsway	25,000	Completed
Demo Kitchen Sub-main replacement	Kingsway	8,000	Completed

Projects Completed	Campus	Projected Costs	Current Status
Sports Block Roof	Gardyne	50,000	Completed

5. Sale of Outreach Centres in Montrose and Kirriemuir

The College's outreach centres in Montrose and Kirriemuir are currently being prepared for sale, in anticipation of Board approval and SFC confirmation that the sale proceeds can be retained.

The College has appointed JE Shepherd – Chartered Surveyors to assist with the marketing and sale of the property in Montrose. Following an initial survey of the property, Shepherds have estimated a sale value of around £185k - £200k. The Estates team are in the process of obtaining the Title information from our Solicitor (Thorntons) and also safety certification for the gas and electrical systems. An Energy Performance Certificate (EPC) is also required.

Part of Fairlie House in Kirriemuir is owned by the College with a larger part of the building being owned by Angus Council. Angus Council have confirmed that they will vacate their part of Fairlie House at the end of March 2023 which will allow the College and Council to jointly market the property for sale. It is hoped that Fairlie House will attract a sale price in the region of £160k with the College receiving approximately £60k, which is based on Shepherd's property valuation in September 2020.

College Financial Regulations require approval of the Board of Management to dispose of assets with a market value in excess of £50k.

SFC have advised that where gross proceeds exceed £500k, institutions should assume that proceeds will not be retained, unless specifically agreed with Ministers/SFC. Where gross proceeds are less than £500k, Ministerial approval is not required. SFC must be informed of all planned disposals and seek consent to retain and invest the proceeds in the college estate.

We will progress to seek approval from the Board to the disposal of the two properties and to SFC for the retention of the proceeds.

6. Link to Strategic Risk Register

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

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

Author: Billy Grace, Head of Estates

Executive Sponsor: Jaki Carnegie, Vice Principal – Corporate Services

FINANCE & PROPERTY COMMITTEE

Tuesday 28 February 2023



INFRASTRUCTURE

7.2 ICT UPDATE

PAPER F

BOARD OF MANAGEMENT
Finance & Property Committee
Tuesday 28 February 2023



ICT Update

Paper F for information

1. Introduction

This paper provides an update on ICT related activity since the last Finance & Property Committee (FPC) meeting.

2. Recommendations

Members are asked to note the report.

3. Network Replacement Project

As per agreement at the FPC meeting on 31/5/22, the College commenced a tender process for a new network infrastructure. The tender exercise completed in August 2022. Circle IT were successful in the tender, proposing replacement of the College network with HPE Aruba equipment which would deliver a faster, more secure network that was entirely under support. Circle IT also included a new Network Monitoring tool called ClearPass in their tender that will give the College additional assurance that users are only able to access services they are entitled to.

The funding of the project was approved in October 2022 and, following various discussions and negotiation, a formal purchase order has now been raised for the full cost of the project £977,000 (inc. VAT). There continues to be a 6-9 month lead time for equipment to be received, so by placing the whole order at this point we secure the price and will be unaffected by the volatility of exchange rates and inflationary increases.

The plan is to roll out this new network in three phases with the expectation that the implementation will be spread over 18 months. Due to the significant lead time on delivery of the equipment we expect that we cannot commence the installation until the summer. The phase and high-level timeline are listed below:

- Phase 1 – Gardyne Campus and ClearPass – starting July 2023
- Phase 2 – Arbroath Campus – January 2024
- Phase 3 – Kingsway Campus – July 2025

We will continue to keep Dundee & Angus Foundation, who are providing financial support of up to £700k, up to date on the timelines for the project and we continue to seek support from SFC for the balance of the project c£300k.

4. Cyber Essentials+

The college was successful in renewing its Cyber Essentials+ (CE+) certification for another year. Each year there is an incremental tightening of the requirements around this certification, and we are now 1 of only 2 Scottish colleges that are currently in receipt of this. There are a small number of other colleges who have the Cyber Essentials (CE) award but only 2 currently have CE+. The difference between these awards is that CE+ is an externally verified award and CE is self-verified.

The focus for this year has been in relation to ensuring any staff personal devices that connect to our digital services are secure. This has been challenging both to ensure that users can still get access to the materials they need but also, so we do not impact on the productivity of our staff.

5. Cloud Migration

Back in 2019 the College made a strategic decision to gradually migrate services from our on-premise data centre into the cloud. This was to realise the following benefits:

- Reduced total cost of ownership
- Better resilience
- Reduced pressure on technical teams
- Better scalability and flexibility
- Better physical security
- Sustainability
- Reduced single point of failure (for Software as a Service (SaaS) solutions RE: cyber-attack)

The focus between 2019 and 2021 was on migrating services to SaaS solutions (where a third party manages the application entirely, all you do is point your browser at the service). SaaS offers the most benefits to the College, however, with the impending end of life of our data storage solution we were required to migrate all remaining digital services into the cloud. Microsoft Azure is our cloud partner of choice. This is called Infrastructure as a Service (IaaS). We are on track to move all or digital services into Microsoft Azure by late September and that point we can power down our on-premise data centre.

Whilst there is currently a budgeted additional cost associated with the move to the cloud, annual savings of £128k from cancelled support contracts and licensing will be realised when we no longer use our on-site data centre, however this is offset against estimated costs of around £100k for our Azure hosting costs. In addition we will not be required to replace our processors and data storage which would require a capital spend of around £500k every 5-7 years.

6. Link to Strategic Risk Register

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

1.6 – Failure of D&A plans and activities to deliver on required carbon reductions and sustainability actions necessary to meet national targets and achieve College climate emergency ambitions.

3.8 - Breach of data security / data protection

4.1 – Disasters – e.g., Fire, MIS Failure, Failure of Emergency Procedures

4.2 – Failure to achieve ambitions of Digital strategy; strategy and development is ineffective

4.3 - Breach of ICT/Cyber security

4.4 - ICT infrastructure fails to support effective data security / data protection

Author: Andy Ross, Head of ICT

Executive Sponsor: Jaki Carnegie, Vice Principal – Corporate Services

FINANCE & PROPERTY COMMITTEE

Tuesday 28 February 2023



PROCUREMENT UPDATE

PAPER G

BOARD OF MANAGEMENT
Finance & Property Committee
Tuesday 28 February 2023



Procurement Update

Paper G for 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 February 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 January 2023 to February 2023.

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.

This section also includes any requests for advance approval of an NCA. 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. This section will include new contracts together with any contracts not previously included in the report in September.

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:

- i) note the recently awarded contracts (Section A)
- ii) approve anticipated procurements not already included in the Annual Planned Procurement Report submitted to the Finance & Property Committee in September 2022 (Section B)
- iii) note other activity (Section D)

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: Jan 23 – Feb 23

Contract name	Periodic Inspection and Testing of Fixed Electrical Systems
Route to Market	Open Tender, in collaboration with Abertay University
Successful Bidders	Valley Group Ltd
Contract Value	£75,000 + Remedial Works (Estimated)
Award Date	31/01/2023
Start Date	13/02/2023
Contract Period	60 months 13 February 2023 to 12 February 2028

Section B - Planned Contracting Requiring Approval

Contract name	Isla Building Replacement Windows
Incumbent Suppliers	N/A
Estimated Contract Value	£420,000
Owner	Head of Estates
Route to Market	Open Tender
Intended Contract Start Date	July 2023
Proposed Contract Period	N/A
Rationale	Capital Backlog Maintenance

Contract name	Gardyne Swimming Pool Roof Replacement
Incumbent Suppliers	N/A
Estimated Contract Value	£60,000
Owner	Head of Estates
Route to Market	Invitation to Quote (Works)
Intended Contract Start Date	June 2023
Proposed Contract Period	N/A
Rationale	Capital Backlog Maintenance

Section C – Planned Procurement and Recent Awards

None in this period.

Section D – Other Procurement Activities

1. TCEP Advanced Manufacturing Equipment
The unspent budget of £197,000 (Including VAT) from financial year 21/22 has been reallocated into the current financial year on the condition full eligible expenditure is spent by 31st March 2023. Orders have been committed via the TCEP Advanced Manufacturing Equipment and MSIP Robotics Arms and Controllers Frameworks for delivery in Mid-March.
2. MSIP Robotics Arms and Controllers
The commercial bid from the preferred bidder was considerably higher than initially forecast. An additional funding request was therefore made to the Matthew Trust to cover the full price of the preferred bid before the contract was awarded. Matthew Trust have agreed to fully fund the procurement of £127,841 (including VAT), representing an increase from the £100,000 previously reported.
3. Since reclassification as a public body in 2014, Scotland's Colleges have been required to use the government banking service, currently managed by Royal Bank of Scotland. The relet of the Scottish Government's Banking Services Framework resulted in the College being required to enter into a new contract with Royal Bank of Scotland under the terms of the overarching framework agreement. Retrospective Contract Award Date was 18 January 2023 and Contract Period is 1 August 2022 to 31 July 2026.
4. The UK Procurement Bill currently progressing through parliament repeals the current EU Law-based procurement regulations and will reform the way public authorities purchase goods, services and public works by simplifying and modernising procurement rules and procedures. Scotland, however, will maintain its own legal framework, with the Bill setting out the arrangement for joint and cross-border procurement with Scottish contracting authorities. Further clarity is required but this will have implications for how we engage with Central Purchasing Bodies in other parts of the UK such as Crown Commercial Services (CCS) etc. There are likely to be several amendments before the legislation is enacted however and it is not clear if Scottish Government will seek to replicate any of the new measures.

FINANCE & PROPERTY COMMITTEE

Tuesday 28 February 2023



SERVICE DESIGN ACADEMY BUSINESS PLAN

PAPER H

BOARD OF MANAGEMENT
Finance & Property Committee
Tuesday 28 February 2023



Service Design Academy Business Plan

Paper H for information

1. Introduction

The Business Plan for the Service Design Academy has been developed with involvement from members of the Board (George Robertson and Roy McLellan).

The Business Plan is presented for information.

The format of the Business Plan is as recommended by Business Gateway, adjusted to reflect that SDA sits within the College and is not a start-up.

Within the plan there are 2 growth scenarios which both require investment in staff resource, from 2023/24. As the SDA has no track record in generating financial contributions, the expectation would be that when the Executive are comfortable that the 2022/23 contribution is on track to deliver, SDA would start the process of investment/ recruitment. Any investment in administration/ marketing/ business will be in conjunction with the various College teams.

2. Recommendations

Members are asked to note the Business Plan.

3. Link to Strategic Risk Register

The development of the Business Plan will support the mitigation of Risk '2.2 Failure to achieve institutional sustainability'.

Executive Sponsor: Jaki Carnegie, Vice Principal – Corporate Services



Business Plan for: Service Design Academy

Document Version:	Draft
Date:	February 2023
Completed by:	Maralyn Boyle, Katie Murrie, Jaki Carnegie

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1. Executive summary

The 'Scottish Approach to Service Design' was developed by the Scottish Government to meet the need for a radical roadmap to better public services outlined in Campbell Christie's 'Commission on the Future Delivery of Public Services' (2011). Its vision is that the people of Scotland are supported and empowered to actively participate in the definition, design and delivery of their public services (from policy making to live service improvement).

Dundee and College's award-winning transformation project "Good to Great" was at the vanguard of taking a service design approach. From a skills perspective, the College recognised that there was a distinct gap in Scottish education for quality and accredited service design training.

Service Design Academy (SDA) was established in 2017 and, after a pilot phase, the first Business Plan, developed with support from members of the College Board, was produced in 2019. In 2020 the Covid-19 pandemic stopped all in-person training. The SDA team used the next 18 months, using service design principles, to successfully redesign all programmes to accommodate online delivery and re-engage with existing and new customers.

The UK Government, Scottish Government, Audit Scotland and other influencers now expect, if not demand, that the public sector embrace service design principles in the delivery of public services. Service Design is a skill required from awareness to expert level for tens of thousands of people working across the UK public sector.

The voluntary sector has led the way in placing the users of their service at the forefront of their delivery and businesses are recognising the value it brings to the bottom line. The public, private and voluntary sectors are recruiting service designers in increasing volumes to meet the demands of digital service transformation, project management and improving customer and staff experience.

Since its establishment SDA has continued to reduce its financial reliance on the College with the 2021/22 outturn being a £19k subsidy and 2022/23 targeting a £170k contribution.

During 2022, the SDA team, with support from Board members, revisited the SDA strategy with the key priorities being:

- Streamlining processes and course delivery
- Focusing on the delivery of high-quality training
- Achieving financial contributions (profit)
- Maintaining position as leaders in the field of service design training
- Being an employer of choice

Following on from the Strategy, the Board were keen to continue to be involved through the development of this revised Business Plan.

This Business Plan follows the structure recommended by Business Gateway, adjusted to reflect SDA is now an established business and part of Dundee & Angus College.

The modelling that has been undertaken as part of the Business Planning process on costing & pricing, consultant capacity, sales pipeline and conversion rates has been translated into two Income & Expenditure scenarios, one of which is based on growing capacity from 2023/24 to achieve a minimum £400k contribution by 2026/27.

Depending on the success of growing the internal capacity and aligning with demand, evidenced by an on target 2022/23 outturn and good progress in delivering against 2023/24, the second scenario models continued growth which forecasts a £700k contribution by 2026/27.

2. Business details

Company name:

Service Design Academy

<https://www.sda.ac.uk/>

Address:

Dundee & Angus College

Gardyne Campus

Legal status:

Part of Dundee & Angus College

The Service Design Academy (SDA) provides innovative, accredited training and education programmes in service design. It does this for organisations and individuals who want to build skills to implement its tools and methodologies to design and deliver better services.

Service design is concerned with the design of services and making them better suit the needs of the service's users and customers. It examines all activities, infrastructure, communication, people, and material components involved in the service to improve both quality of service and interactions between the provider of the service and its customers.

Service design requires the user to be at the heart of the full design process, from understanding the challenge to delivering the solution. The user is defined in the widest sense - not just the customer but it can be the individual delivering the service.

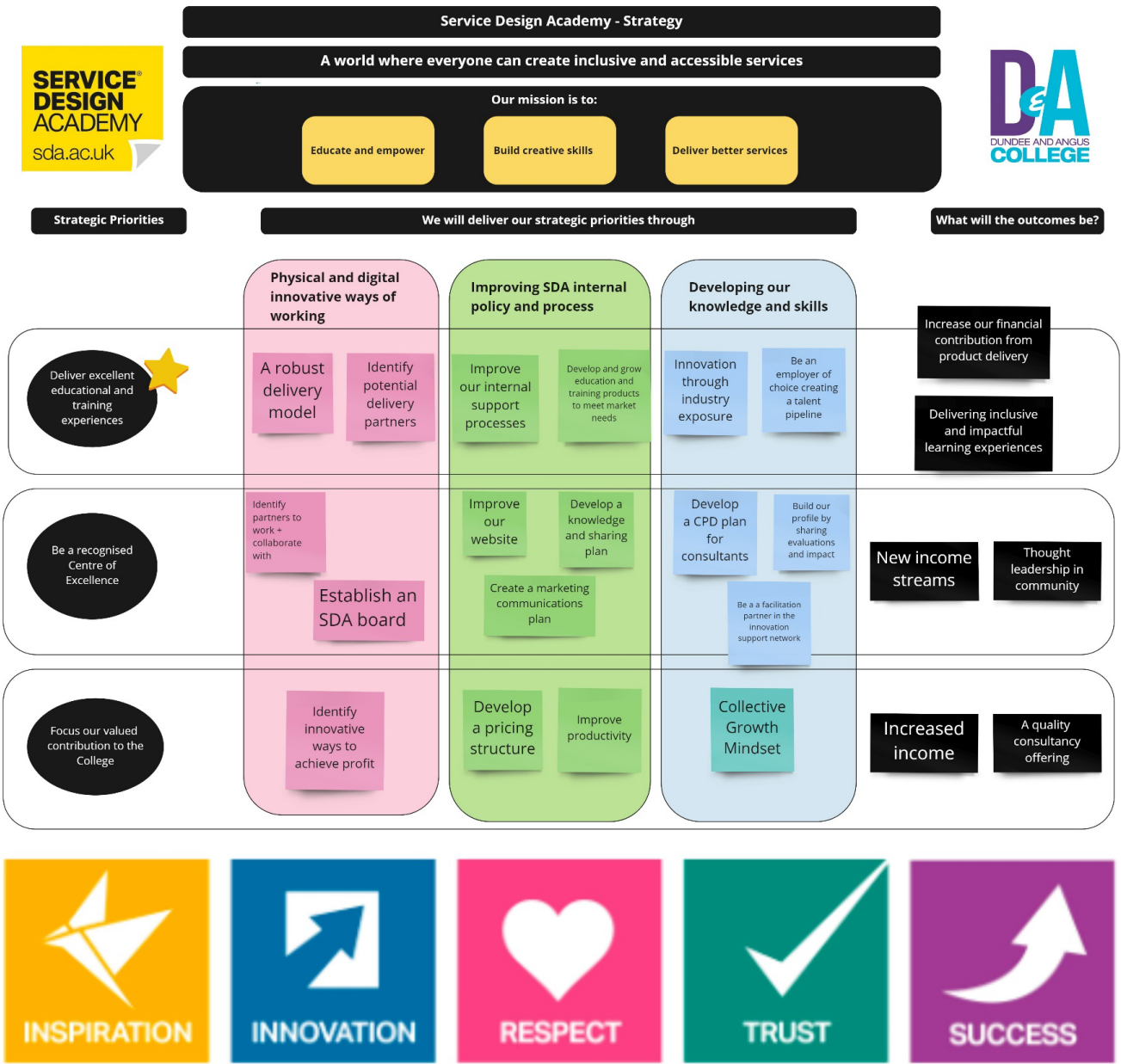
The objective of service design is to formulate both front office and back-office processes that meet the customers' needs in the most relevant way whilst remaining economic (or sustainable) for the service provider. Ideal services are considered to be user-friendly and competitive within their market.

"Service design is the creative process of gathering insights about people's experiences and behaviours, generating new ideas, testing these ideas to come up with those solutions to create new value for people and organisations." [Christian Bason](#)

Here are helpful (2m36s) [video](#) and (2m18s) [video](#) that explains what service design is and a (1m25s) [video](#) that provides an excellent easy to understand example of the value of service design in practice.

3. Business Overview

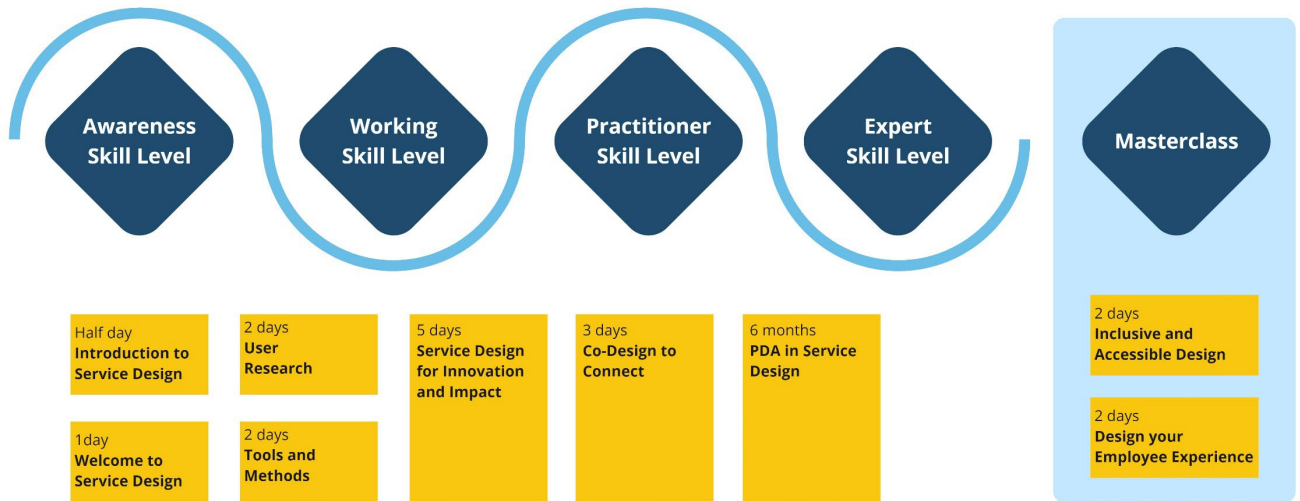
The SDA provides innovative, accredited training and education programmes in service design for organisations and individuals who want to embrace service design tools and methodologies in how services are designed and delivered. All programmes have the capacity to be delivered in-person and online.



The SDA goal is to generate a minimum annual financial contribution of £400,000 by 2027/28 through delivery of relevant, leading, innovative, competitive, high quality and valued, accredited and non-accredited service design training. SDA will do this by attracting and retaining motivated, appropriately rewarded, high quality talent and invest in their development.



Service Design Learning Pathway



4. Key personnel

SDA is part of Dundee & Angus College.

Importantly, all the governance and statutory arrangements that apply to the College, apply to the SDA. This includes compliance and alignment with all practices such as public procurement, national bargaining and non-recovery of input VAT and compliance with all policies such as recruitment and selection, equality and safeguarding.

The SDA employs a small team of service design consultants, a business manager and an administrator. The consultants are well-qualified and experienced, a number have been certified by the leading global Service Design Network as Accredited Master/Professional trainers.

5. What the business does

The Professional Development Award in Service Design	
Features	Benefits
<ul style="list-style-type: none"> The only (non-degree level) SQA accredited qualification in Service Design 6 months over 17 live, online and interactive classes over 4 units and related assessments It has been designed to support professional practice in service design and roles needing skills to support innovation and transformation It has content, methodology, tools and techniques to apply across all sectors in many contexts 	<ul style="list-style-type: none"> Accreditation is important for professional validation and career progression With a Learn by Doing approach, each of the 4 units covers key elements of the Service Design process. Consistent learning resources are available for reference and application Assessments are all practical, meaning that it can support live work projects for delegates The course builds a community of SD practice in the class and back in the

<ul style="list-style-type: none"> Price: £4,200 	<p>workplace for individuals and small corporate groups</p> <ul style="list-style-type: none"> You can learn about the PDA in this video Learning content and outcomes
5-day Service Design for Impact and Innovation	
Features	Benefits
<ul style="list-style-type: none"> No previous experience or knowledge of service design is needed Delegates learn the full design process – from Discover, Define, Develop and Deliver Delegates work on a design challenge to experience the full design process from User Research to Co-Design to Prototyping Price: £1,795 5-day course content and expected learning outcomes 	<ul style="list-style-type: none"> The “learn by doing” approach gives an immersive experience Individuals and small corporate groups will leave with enough skill and knowledge to implement small scale service design or change projects It has high approval ratings from in class feedback and post learning reflections The course is popular for customised programmes for teams to work on live organisational challenges
2-day Employee Experience	
Features	Benefits
<ul style="list-style-type: none"> This course was developed with the support of HR professionals to meet the growing need to improve employee experience This course focusses on User Research and Co-design at introductory level The price is £795 You can find out who the course is for and expected outcomes 	<ul style="list-style-type: none"> The learning offers support to strategic objectives for learners in HR, OD etc to improve employee engagement, increase retention and productivity. Learning a service design approach helps to embed HR professionals and managers with a new mindset to develop processes like recruitment, onboarding and CPD differently The course is a standalone introductory level course in service design Learners take-away a toolkit they can use back in the workplace
2-day Inclusive and Accessible Design	
Features	Benefits
<ul style="list-style-type: none"> Developed and designed with industry experts and people experiencing barriers every day Learners are introduced to the Inclusive Design approach and mindset, with its practical, legal and ethical application 	<ul style="list-style-type: none"> Learners develop an understanding of the importance of accessibility and potential barriers for users The course has a practical output – learners collaboratively develop ideas and a roadmap to begin to design more inclusively. Learners use project planning tools to start applying inclusive design back at work
Customised courses	
Features	Benefits
<p>Courses are tailored to meet an organisation’s challenges and meet staff’s skills gaps</p> <p>Learning outcomes and tangible outputs are developed in the co-design of training with customers</p>	<ul style="list-style-type: none"> Post-training support to implement learning including toolkits, a summary report and a Data Analysis and Reflection session. We also offer follow-up mentoring sessions to support small groups of colleagues to

	implement their learning on future work-based projects
Consultancy	
Features	Benefits
<ul style="list-style-type: none"> • We are approached to facilitate stakeholder engagement and co-design projects. • These include building partnership vision in areas including employability and learner pathways. 	<ul style="list-style-type: none"> • With our service design training credentials and experience we offer organisations a methodical approach to help them meet the challenge they need to address • There are always learning outcomes for participants and project leads by being involved in the co-design process as participants with valued voices

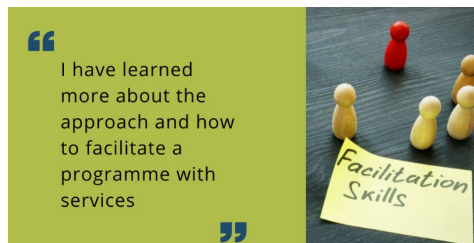
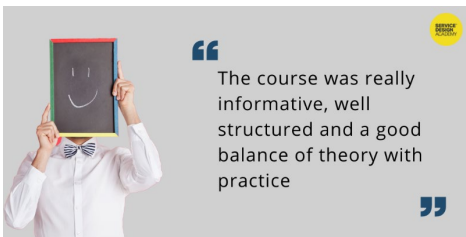
6. Customer feedback from our courses:

“SDA have provided high quality, engaging online training that has energised and motivated our four partner organisations.....all reported upon the positive impact about workforce morale and motivation.....The training has delivered an impressive balance of being incredibly well planned and structured throughout, yet feeling participant led and driven.”

Ali MacLachlan, UK Director; The Wood Foundation

“Our experience with every member of the SDA team has been fantastic. The team are skilled, knowledgeable and absolutely focussed on developing the right solution for us as an organisation. The co-design approach, as you would expect, was engaging, challenging and rewarding. This was made all the better by the enthusiastic and fun approach the team bring to everything they do.”

Stevie McGowan, Creative Design Lead, Glasgow City Council



7. What makes our business different

The SDA offers the only accredited Professional Development Award in Service Design in the UK, and the only accredited training below the level of honours degree. The PDA focusses on contextual learning with practical application and valued outputs in the workplace or community, rather than offering a purely theoretical approach.

From the initial development of the Professional Development Award, the business grew organically to meet interest and demand in specific modules and customised projects.

The pandemic then led to the growth of our business which is now 90% online delivery. The flexibility and accessibility that online offers have opened up new markets across UK and across the world.

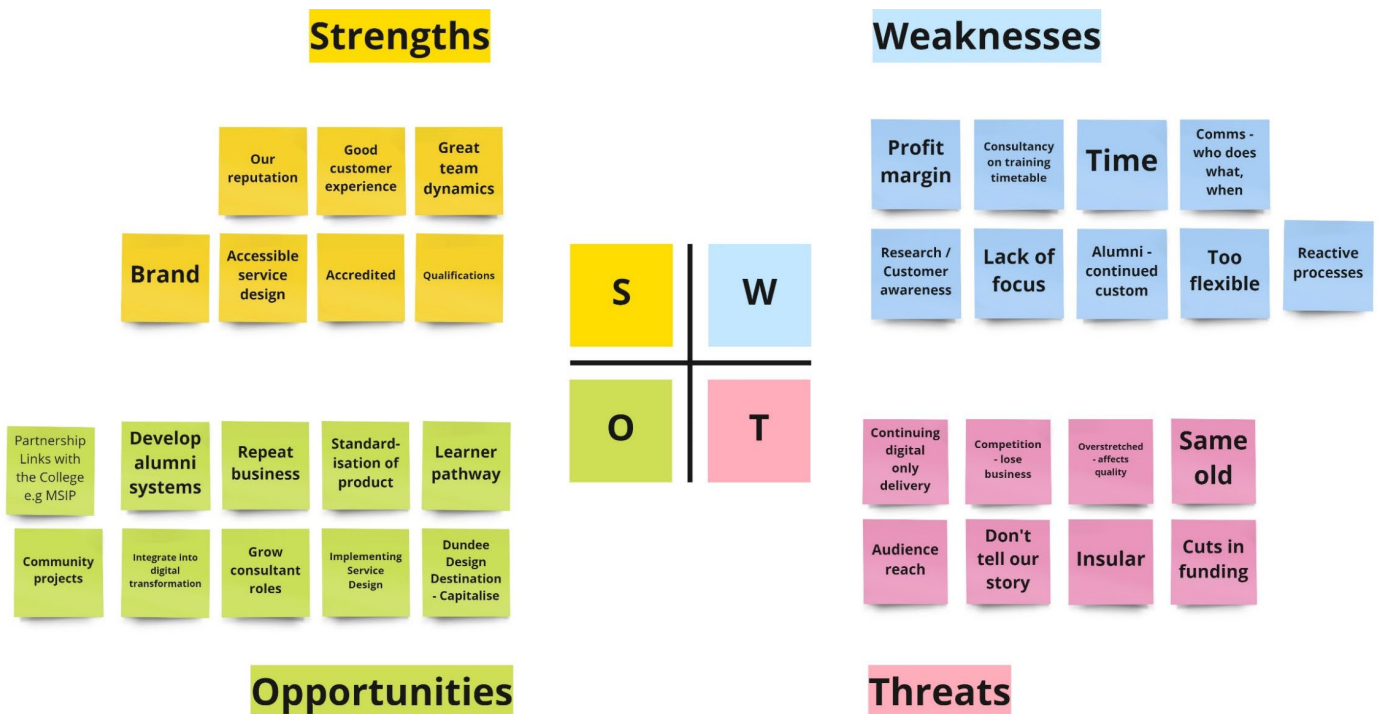
Our customised offering is recognised to build skills and capacity while contributing to organisational strategic objectives. Our training gives learners the opportunity to design tangible outputs/prototypes that will add value back in the workplace. We now market our short courses in open and customised format to meet demand for building capacity without great time commitment.

We are part of Dundee & Angus College, one of the largest and highly rated Colleges in Scotland. This helps us leverage relationships with Scottish public sector customers and with local businesses.

Dundee & Angus College is delivery partner with the Scottish Funding Council's Flexible Workforce Development Fund. This means that large businesses can apply for £15k of funding. SDA can also tap into development grants.

The team of consultants is our greatest asset. They do not just deliver world class training programmes but design and develop our core product offering through many iterations. Every consultant builds strong customer relationships with learners and organisations' project leads in the training context and beyond with implementation support.

8. SWOT Analysis



9. Governance requirements

The SDA are covered by the legal, governance, statutory, regulatory and policy frameworks that Dundee & Angus College are bound by. The College offers the structure that enables the SDA to operate without the additional burden of developing the necessary systems, processes, compliance and governance arrangements.

10. Market research

Service Design is recognised to be the single largest design discipline in the world. This is a reflection of the growing demand to use its methodology for businesses to design services, products and experiences.

“Service design improves the experiences of both the user and employee by designing, aligning, and optimising an organisation’s operations to better support customer journeys.” Neilsen Norman Group

<https://worldofknight.medium.com/10-future-trends-in-ux-f6938e68f90d>

It has lost the “fluffy” reputation it once held in comparison to digital disciplines like UX (user experience) and CX (customer experience) which focussed on “front of stage interactions” because it offers an overarching and holistic approach to how services are designed back-stage (staff interactions and technology) and behind the scenes (culture, organisational structures)

- Our corporate market covers any organisation who needs to build service design capacity and capability, and are looking to fill specific skills gaps in service design. We can support building skills at any level of the organisation, supporting strategy development to operational support.
- Service Design is a relatable discipline for organisations who want to change mindsets to improve ways of working with staff, customers or communities to drive change.
- Our consumer market is for any individual who wants to become a service designer or improve their “meta-skills” to improve how they work and solve problems. They are motivated to learn service design to improve their prospects at work and for future employment.

The Scottish Approach to Service Design (SAAtSD) and Scottish Service Standards require all public and third sector organisations to follow its principles. The move to Digital-First and Digital-Only services in recent years means that service design should be implemented by public and third sector teams in digital transformation to ensure that services are being designed with the user at the heart.

Some service designer experts regard the SAAtSD to be too prescriptive, relying on rigid processes and playbooks. That has been to the SDA benefit; our reputation is growing that we offer a way for people to learn an iterative and non-linear process.

<https://practitionerstories.medium.com/have-you-heard-of-the-scottish-approach-to-service-design-b8191095f48c>

How we know this:

- Talking with our customers and learners
- Online research
- Industry articles and conversations from experts including [Birgit Mager, President and Founder of the Service Design Network.](#)
- Discussions with public sector digital transformation leaders including the Scottish Digital Academy and Scottish Digital Office
- Our consultants’ industry knowledge and experience

11. Market Overview

<https://www.bgateway.com/your-sector/education>

The universal appeal of service design can be make identifying on target markets problematic. It can and does add value to any organisation - from a local restaurant to a multinational corporation.

To bring focus to the training markets that we want to build on and reduce risk by balancing sectors, our target market is focussed on service design, digital transformation, organisational design, continual improvement.

With the digital and tech sector growing, we are well placed to develop emerging service designers and also upskill across many different disciplines.

<https://futurescot.com/more-than-13-per-cent-of-jobs-in-scotland-now-in-tech-sector-new-figures-show/>

Our training programmes for all sectors are informed by Scottish Government Digital Strategy [A changing nation: how Scotland will thrive in a digital world](#)

Our core target markets are in

- Public Sector Organisations including 32 Local Authorities in Scotland and NHS
- Scottish Government and other public bodies
- Dundee and Tayside organisations across all sectors, linking with the College
- UK Government and other public bodies
- Universities and Colleges
- Financial Services and Banking
- Charities with a turnover of more than £3 million

The risk of having predominantly public sector customers with reduced budgets is balanced with not being restricted to one particular area of public sector. Service Design is recognised to be a priority to support efficiency and greater service user impact.

The PDA offers a gateway to private sector and global markets. PDA has a 50/50 split with public and non-public, which offers opportunity for referral

The PDA being delivered remotely is also opening up global markets including demand for service design skills for digital transformation elsewhere in the world.

Our customer research has shown what our customers want is:

- Building service design capacity and capability to develop better services for customers and staff
- Introductory training to gain buy-in from the top-down and bottom-up.
- Cost effective training that will demonstrate impact from awareness, understanding and skill
- Customised training that will build skills and deliver tangible outputs
- A shared service design language across teams to pull together different design and digital disciplines including UX, CX, and UI (User Interface)
- Mindset shifts that create cultures that embrace change
- Accessible and flexible programmes
- Support with the implementation of learning with a range of assets including toolkits, summaries
- Evidence of the impact that service design training has made through case studies, testimonials.

How we know this:

- From over 100 discussions with project leads across all sectors in “contact chats” and over 50 Discovery Meetings with potential customers
- Discussions with Service Design Network and SDN Academy leads on learning trends and needs

- Service Design capacity trends and tracking public sector notices for service design contractors and tender opportunities
- From speaking to specialist Recruitment Consultants and monitoring recruitment marketing

12. Competitor analysis

Competitor name	Strengths	Weaknesses
<ul style="list-style-type: none"> • Snook 	<ul style="list-style-type: none"> • Consultancy associated with a well-established and highly respected SD agency 	<ul style="list-style-type: none"> • Training is not core business
<ul style="list-style-type: none"> • Design Thinkers Academy 	<ul style="list-style-type: none"> • Well established • Short courses • Courses command £1,500 for 2 days 	<ul style="list-style-type: none"> • Badged as design thinking rather than service design which could dilutes their offering • Introductory level
<ul style="list-style-type: none"> • Good Services 	<ul style="list-style-type: none"> • Led by SD thought leader Lou Downe – associated with a best-selling book • Simple core offering from introductory to advanced training • Support organisations with the buy-in element of service design – e.g writing business case for service design • Blending Agile and Service Design • Strong private sector client base 	<ul style="list-style-type: none"> • Not accredited • Unclear how successful they are in open course sales
<ul style="list-style-type: none"> • This is Milk 	<ul style="list-style-type: none"> • Reputable Scottish SD Agency • Successful in winning public sector contracts including Education Scotland 	<ul style="list-style-type: none"> • Training not core business
<ul style="list-style-type: none"> • Service Design Network Academy 	<ul style="list-style-type: none"> • Runs courses which are developed and delivered in-house • Promotes a platform for academics and training companies 	<ul style="list-style-type: none"> • Not wholly a service design training company in its own right
<ul style="list-style-type: none"> • Ignite 	<ul style="list-style-type: none"> • An innovation and change consultancy dedicated to transforming the face of public services. • Won the Angus Council Contract “Managing Demand and Service Design” in 2021 worth £300k+ 	<ul style="list-style-type: none"> • Not service design training specialists • Offers on demand service design information with no practical training
<ul style="list-style-type: none"> • City of Glasgow College 	<ul style="list-style-type: none"> • The SQA has advised that the City of Glasgow College has had a PDA in Service Design Approved – this is not being marketed currently (January 2023) 	

SDA analyses the competition through:

- Review of course descriptors
- Monitoring through social media marketing
- Conversations with industry peers

The SDA continually review the offer and/or price(s):

- We do not necessarily want to compete on price and are setting the industry norm on price
- We can understand where demand lies by monitoring their offering and adapt our course offering by service designing to meet customers' needs
- We aim to develop relationships and partnerships for longer term engagement
- Our key differentiators are that SDA offers accredited training and being part of D&A College
- Taking advantage of access to Flexible Workforce Development Funding, when and where it is appropriate

The SDA's Competitive advantage is:

- Our recognised accreditation and our Consultants SDN accreditation
- Our reputation working with key public sector customers
- Our Consultants hold a strong profile in the service design education market
- Our Consultants have a range of industry experience and have built knowledge in key target markets (public/charity) and with key roles (e.g. service designer/UX)
- Our pre- and post-training support packages including Discovery sessions to co-design training, tool kits, summaries, Miro boards and data analysis and reflection sessions

13. Sales

The SDA has a small and targeted mailing list of under 1,000 contacts. This has been built from incoming enquiries, networking and taster events and from targeted approaches from the Sales Executive.

Our website with regularly updated news and course information with contact form that can customise initial enquiries. Our website has good organic search and we receive enquiries Scotland, UK and overseas.

All enquiries from the website get personal response from the most appropriate SDA team member. If appropriate, prospective customers are invited for meetings to discuss requirements

A significant proportion of our sales come from referrals and word of mouth. Education, Tayside councils and referrals from PDA students wanted to build capacity are typical routes to introduction.

The Flexible Workforce Development Fund (FWDF) is also a source of leads with recommendations to work with SDA coming from the College's Skills Advisors.

Customised Courses

The SDA has developed a sales process that stewards each corporate customer enquiry according to need – e.g. customised courses. Initial proposals with prices are shared to gauge budgets, timelines and training requirements.

When a corporate customer is a strong and significant prospect to progress, they are invited to meet

with consultants, which shapes a finalised priced proposal. Dates for development and delivery are secured on issuing a purchase order and contracts are used where appropriate.

For FWDF funded customers the sales process has added support from the College's Business Partnerships Team.

Open Courses are also sold directly to prospective customers through calls and emails.

14. Marketing

SDA uses a number of channels to promote our courses and build an audience. These build SDA's profile as a service design training company of choice. Stories about our learners, customised programmes for companies and the impact our training and partnerships make are shared on a regular basis.

[Service Design Academy Website](#)

[Dundee and Angus College Website](#)

Social media:

- LinkedIn 5,000+ followers on company page and 5,000+ net followers SDA team pages
- Twitter – 3.5k followers
- Regular email newsletters share service design industry insights and advertise courses
- Advertising – no paid for
- Direct mail – none
- Taster Events are advertised on social media and through partnerships e.g. Scottish Digital Academy Senior Alumni
- Exhibitions – We have had a physical and online presence at SDInGov, The Gathering and SDN Global Conference – the team join events including Design for Planet, Digital Leaders
- SDN website has team bios and SDA information
- Scottish Digital Academy and Service Design Network has our course information

PR – we share news of awards with local and national press including DigiLeaders Finalist in 2021, SDN re-accreditation and joint projects

SDA branded College Pool Car

15. Pricing

Prices calculated:

- Based on past work, covering all the time that is taken to design, develop and deliver a course including follow up support and report writing
- Each project is quoted and time planned accordingly.
- The chargeable hours have a multiplier to ensure that profit reaches target margins
- Each project is evaluated on chargeable¹ hours and its potential replication

How our prices compare with the competition:

Product/service	SDA price(s)	Range of competitor prices (per unit)
PDA	£4,200	£n/a

¹ Chargeable hours calculation is explained at 16. staffing

½ day	£150 - £350	£15.99 - £500
1-day	£350 - £600	£420 - £750
2-day	£795 - £1,000	£650 – £1,450
3-day	£1,500	£1,195
5-day	£1,795 - £2,000	£700 - £ 3,250 (This is Service Design Doing)

We analyse competitor course prices for open courses on an individual basis.

We do not charge VAT

16. Staffing

Current and proposed future staffing levels are highlighted in the tables below.

Table 1 provides for an increase in staffing for 2023/24, which enables corresponding growth in delivery capacity and business generation.

Role	2022/23	2023/24	2024/25	2025/26	2026/27
Business Manager	1	1	1	1	1
Senior Consultant	1	1	1	1	1
Consultants	3.9	6.4	6.4	6.4	6.4
Administrator	0.7	1	1	1	1
Marketing/Business Development Expertise	-	1.5	1.5	1.5	1.5
Salary Cost	£400k	£610k	£630k	£650k	£670k
Maximum Consultant Chargeable Hours Capacity		5,629	5,629	5,629	5,629

Assumptions:

- 5% pay awards have been assumed for 2022/23 and 2023/24 with 3% thereafter.
- Chargeable delivery capacity is assumed as:
 - Consultants = 43 week year and 60% productivity i.e. 21 average chargeable hours per week, 903 chargeable hours per year.
 - Senior Consultant is provided remission which equates to 7 average chargeable hours per week, 301 chargeable hours per year.
- The addition of 2.5 FTE consultants from 2023/24 assumes 0.5 FTE will be a flexible resource to cover for unplanned absences, unexpected non-chargeable activity and additional development capacity.
- The maximum chargeable hours capacity, based on 2023/24 consultant staff complement is 5,629. Business/sales are required to be generated to ensure efficient and optimised chargeable consultants' time.
- Additional marketing/business development expertise is assumed for 2023/24 to generate sufficient sales to utilise the delivery capacity.
- Income, based on chargeable hours capacity is assumed not be optimised until 2024/25.
- Additional administrative support is included to manage the increased volume of business and customer engagement.

Table 2 provides for an increase in staffing in 2023/24, 2024/25 and 2025/26 which enables continued growth in delivery capacity and business generation.

Role	2022/23	2023/24	2024/25	2025/26	2026/27
Business Manager	1	1	1	1	1
Senior Consultant	1	1	1	1	1
Consultants	3.9	6.4	8.9	10.9	10.9
Administrator	0.7	1	1.5	1.5	1.5
Marketing/Business Development Expertise	-	1.5	2	2	2
Salary Cost	£400k	£610k	£816k	£960k	£989k
Maximum Consultant Chargeable Hours Capacity		5,629	7,435	9,241	9,241

Additional assumptions:

The addition of 2.5 FTE consultants in 2023/24 and 2024/25 assumes 0.5 FTE will be a flexible resource to cover for unplanned absences, unexpected non-chargeable activity and additional development capacity.

Business/sales are required to be generated to ensure efficient and optimised chargeable consultants' time. Additional marketing/business development expertise is assumed in 2023/24 and 2024/25 to generate business/sales.

Additional administrative support in 2023/24 and 2024/25 is included to manage the increased volume of business and customer engagement.

Income, based on chargeable hours capacity is assumed not be optimised throughout the planning period with income forecast reduced between £150k and £200k each year.

17. Activity Volume

The number of consultants, alongside their capability, determines the volume of activity that can be delivered. Based on the number of consultants and their "productivity" (explained above) the following provides the maximum delivery capacity.

This table is based on the Table 1 modelling to 2023/24 and Table 2 modelling from 2024/25-2026/27.

Role	Hours²	Number of Occurrences				
		2022/23	2023/24	2024/25	2025/26	2026/27
Customised						
1/2 day courses	18	2	-	-	-	-
1 day courses	35	4	-	-	-	-
2 day courses	59	3	10	15	18	18
3 day courses	83	4	12	14	20	20
6 x 1/2 day courses	112	-	-	-	-	-
5 day courses	112	9	15	20	30	30
Open						
1/2 day courses	15	-	-	-	-	-

² Hours includes all consultancy input; start up meeting, development, preparation, delivery, report-writing. It does not include marketing/business development activity to generate the sale. Travel time is charged separately.

Role	Hours ²	Number of Occurrences				
		2022/23	2023/24	2024/25	2025/26	2026/27
1 day courses	21	-	-	-	-	-
2 day courses	42	3	-	-	-	-
3 day courses	62	1	-	-	-	-
6 x 1/2 day courses	130	-	-	-	-	-
5 day courses	130	2	5	5	5	5
PDA	417	3	4	6	6	6

Maximum Achievable Income	£600k	£1,050k	£1,465k	£1,905k	£1,995k
Hourly Costing Rate to Breakeven	£113	£118	£121	£115	£119

18. Premises

The College provides the infrastructure and facilities.

19. Suppliers

There are a limited number of regular suppliers due to the College providing the necessary infrastructure and facilities.

The College is committed to the principles of The Better Payment Practice Code and all suppliers are placed on immediate payment terms.

20. Equipment

The College provides the necessary equipment, which in the main, is the ICT hardware, software and digital connections.

21. Managing operational risks

Risk	Mitigation
Staff <ul style="list-style-type: none"> High demand for skilled service designers affecting ability to recruit/ retain staff Insufficient staff to meet delivery demand Capacity of team to: <ul style="list-style-type: none"> maintain reputation prepare tenders 	<ul style="list-style-type: none"> Maintain excellent reputation Continue to develop staff Provide a valued working environment Model capacity / demand Secure (affordably) tendering expertise (College or external) Provide capacity for team to enhance reputation through contributing to thought-leadership, showcasing events
Financial <ul style="list-style-type: none"> Profitability / insufficient generation of a 'contribution' FWDF ceases 	<ul style="list-style-type: none"> Provide clarity of profitability of each programme delivery, allocated 'chargeable' hours, ensure efficiency of delivery Secure sufficient contracts to maintain productivity levels

Risk	Mitigation
	<ul style="list-style-type: none"> • Achieve efficient class sizes for open programmes • Achieve a mix of business customers and funding sources to minimise reliance on any single income streams
Marketing <ul style="list-style-type: none"> • 'Buyers' of service design training are not aware of SDA • Inadequate capacity to undertake marketing/networking/publicity/ engagement activity 	<ul style="list-style-type: none"> • Maintain relevant website • Target influencers with relevant marketing, publicity and engagement • Secure (affordably) necessary expertise (College or external)
Sales Insufficient sales are generated to cover costs	<ul style="list-style-type: none"> • Maintain effective sales/business development/marketing activity • Manage timing of any new appointments to align with relative confidence in achievement of targets and new business opportunities
Competition <ul style="list-style-type: none"> • Increase in new competitors to the service design training market • Accredited Service Design training at the same level as the PDA is offered by other Colleges/ Organisations 	<ul style="list-style-type: none"> • Market our market leading position as the first and most developed • Leverage business from increased demand created by competitors • Publicise and showcase our continued areas of strength and USPs including our team's expertise • Engage in partnerships or collaborative activity to maximise opportunity

22. Income & Expenditure forecast

Two income & expenditure profiles have been produced; the first assumes growth in sales through an investment in consultants, administrative support, business development & marketing for 2023/24, in line with **16. Staffing** Table 1. The second profile assumes continued investment, in line with **16. Staffing** Table 2

	2022/23	2023/24	2024/25	2025/26	2026/27
	£	£	£	£	£
Maximum Capacity Income	625,000	1,050,000	1,050,000	1,102,500	1,157,625
Pragmatic adjustment	-	-150,000	-	-	-
Forecast Income	625,000	900,000	1,050,000	1,102,500	1,157,625
Pay Costs	425,000	612,000	630,000	649,000	668,000
Staff related costs	6,000	8,000	8,300	8,600	8,900
Consumables & Equipment	9,000	13,000	13,400	13,900	14,400
ICT	1,000	1,500	1,600	1,700	1,800

Marketing	1,000	10,000	10,300	10,700	11,100
Licences	4,000	5,500	5,700	5,900	6,100
Hospitality	2,000	3,000	3,100	3,200	3,300
Miscellaneous Expenditure	3,000	5,000	5,200	5,400	5,600
Non Recoverable VAT	4,000	9,000	9,300	9,600	9,900
Total non-pay costs	30,000	55,000	56,900	59,000	61,100
Total Costs	455,000	667,000	686,900	708,000	729,100
Contribution/(net cost)	170,000	233,000	363,100	394,500	428,525

Assumptions

1. Additional staff as identified in 16. above
2. Course price increases of 5% per annum
3. Income increased proportionately in line with chargeable hour capacity, although maximum capacity income is assumed not to be achieved in 2023/24 and reduced by £150k.
4. Inflation and staff pay awards of 5% in 2022/23 and 2023/24 and 3% thereafter

	2022/23	2023/24	2024/25	2025/26	2026/27
	£	£	£	£	£
Maximum Capacity Income	625,000	1,050,000	1,465,000	1,905,000	1,995,000
Pragmatic adjustment	-	-150,000	-165,000	-205,000	-195,000
Income	625,000	900,000	1,300,000	1,700,000	1,800,000
Pay Costs	425,000	612,000	816,000	960,000	989,000
Staff related costs	6,000	8,000	14,400	19,000	19,500
Consumables & Equipment	9,000	13,000	16,000	18,000	18,500
ICT	1,000	1,500	5,000	7,000	7,200
Marketing	1,000	10,000	12,000	16,000	16,400
Licences	4,000	5,500	7,000	8,000	8,200
Hospitality	2,000	3,000	10,000	16,000	16,300
Miscellaneous Expenditure	3,000	5,000	6,000	8,000	8,400
Non Recoverable VAT	4,000	9,000	12,000	14,000	14,500
Total non-pay costs	30,000	55,000	82,400	106,000	109,000
Total Costs	455,000	667,000	898,400	1,066,000	1,098,000
Contribution/(net cost)	170,000	233,000	401,600	634,000	702,000

Assumptions

1. Additional staff as identified in 16. above
2. Income increased proportionately in line with chargeable hour capacity, although maximum capacity income has been pragmatically adjusted down
3. Course price increases of 5% per annum
4. Non-pay cost increases relative to additional sales/activity

5. Inflation and staff pay awards of 5% in 2022/23 and 2023/24 and 3% thereafter

FINANCE & PROPERTY COMMITTEE

Tuesday 28 February 2023



VP CORPORATE SERVICES REPORT

PAPER I

BOARD OF MANAGEMENT
Finance & Property Committee
Tuesday 28 February 2023



Vice Principal Corporate Services Report

Paper 1 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/GD/02/2023 <u>Published:</u> 17/1/2023	Flexible Workforce Development Fund Levy payers = £373,000 SMEs = £120,000 This compares to an assumption of £764,000, of which 80% was budgeted within AY 22/23. There is the potential for access to another £3m against which we have already requested: Levy payers + £135,000 SMEs + £50,000	£493,000
SFC/GD/03/2023 <u>Published:</u> 25/1/2023	Young Person's Guarantee Young Person's Guarantee = £190,028 For AY 2022-23 SFC are funding YPG on a grant award basis rather than, in previous years, as additional credits. Tackling Child Poverty = £125,000 Funding allocated based on proposals which were submitted to SFC earlier in 2022	£315,028
SFC/AN/01/2023 <u>Published:</u>	Funding for Counsellors 8 months to March 2023, further allocation for April -	£64,000

27/1/2023	July 2023 awaited, expected AY outturn at c£35k less than AY 2021/22.	
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4. Supporting Our Learners

Our January learners have now started, support teams have been focused on induction and easing those new learners into their journey with us. We currently have just over 440 January start learners and are still actively recruiting in most areas. We also introduced a new online induction attendance recording process as part of the students' Onboarding, which has significantly reduced queries from students at our HelpPoints but also pulled the attendance data through to our reporting systems for academic staff to track.

Our 23/24 recruitment is in full swing with over 3,200 application received and almost 1,800 offers made. We are now planning a series of communication/events to those candidates to keep in touch and ensure they feel part of the college throughout the recruitment process.

Retention is still the focus for the team we are currently completing telephone calls for any student that has not returned from the Xmas holidays – offering support, liaising with curriculum teams on bootcamps and guidance on financial support.

We had a number of targeted communications and events available to students the weeks prior and just after the Xmas break relating to retention as part of our “Stay @ D&A” campaign – focus being on completing your assessments, financial support, well-being and resilience.

As part of Quality week each team offered sessions catered for their learners in their own subject area with employer visits, demonstrations, fun activity as well as revision and remediation workshops. Examples of the comms below:





Welcome back to D&A

Happy New Year!

A warm welcome awaits you at D&A and we're looking forward to seeing you back for the next semester.

Even though some of our courses don't start back until 16th January, there are lots of things going on in our campuses from 9th January. There's lots of support your studies as well cosy campuses where you can meet up with friends, come along for a free breakfast or lunch soup and roll, use the learning hubs and library or pop along to the Students Association for a [cupple](#) and chat.

D&A the Place to achieve in 2023.



We have also offered financial support to 738 students, these were identified as living in a household with income under £25K. They all received a one-off payment to ensure no benefits were affected of £150 which they received on 23rd December, this was to give additional financial support during the holiday period for extra fuel or food costs. It is planned to offer something similar after our Feb-mid term break and Easter breaks.

We have also increased the accommodation rates for all our learners in-line with inflation costs and are now supporting our students with up to £65 per week towards accommodation costs.

5. Service Design Academy Update

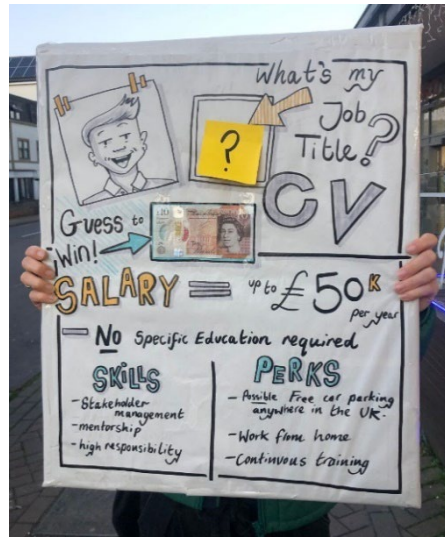
5-year Business Plan

Building on the strategy development work in summer 2022, our 5-year business plan has now been drafted and reviewed with the support of board members George Robertson and Roy McLellan.

The modelling that has been undertaken as part of the business planning process on costing & pricing, consultant capacity, sales pipeline and conversion rates has been translated into two Income & Expenditure scenarios, one of which is based on growing capacity from 2023/24 to achieve a minimum £400k contribution by 2026/27.

Professional Development Award (PDA)

January and February '23 has seen three PDA cohorts running concurrently from starts in August 22, October 22 and January 23 respectively. All six consultants including two new full-time and part-time consultants are delivering and supporting 56 delegates from Scottish Local Government, Education, Housing Associations, Scottish and UK government agencies, large charities and financial services. The PDA's popularity is growing in the Middle East with nine delegates from digital and management consultancies also making referrals for customised training.



Eleanor Ogilvie • 1st
 Engagement & Co-Design Practitioner | Programme | Pro...
 1mo • 🌐

So delighted that I've completed my PDA in Service Design with Service Design Academy in Dundee. Been a lot of work but something I've wanted to do for many years. Already helping me to put people with lived experience of cancer at the heart of our services.



Our PDA students sharing practical learning (user research) and PDA success on social media

The next intake of PDA delegates is being advertised for April '23. With firm bookings and enquiries we are projecting 18 – 20 delegates with additional income of over £40k in 22/23.

The team has started plans to streamline the PDA with critical friend support from the Academic Development Team. The launch of the streamlined PDA is planned for 23/24 session and will require a review of accreditation, redesign of the group award, review of delivery platforms and redesign of assessments. Although our drivers for streamlining is to improve delegate experience and consultant productivity, we received news in the meantime that City of Glasgow College has received approval to deliver a PDA in Service Design. Our proactive development of the course will ensure that our position as the leading service design training provider is protected.

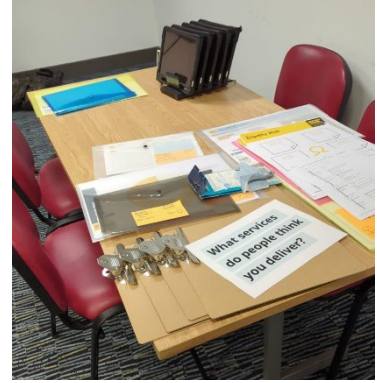
2023 Short Course Delivery

Delivery was completed for a new 3-day co-design training course followed by a one-day community vision day in Lochgelly Centre. This model of building skills with staff to be put into practice with a wider stakeholder event is being repeated in February and March by Dumfries & Galloway Council Local Employability Partnership. Scottish Forestry's face to face delivery for a 2-day Employee Experience course in their head office and a planned 5-day open course means that we only have limited availability now left for delivery for March.



20 people from the Lochgelly community joined Centre Staff for a day to co-create a community vision

Our 5-day open course is being adapted to meet feedback from delegates in 2022 on practical implementation. Learners coming in small corporate groups will now be offered the chance to work together on work-related challenges to learn processes together while the benefits remain of shared experiences and “critical friend” support from other businesses.



February Customised Course Pipeline

There has been a number of meetings, proposals and tenders during December though to February, both locally and elsewhere in Scotland and UK that will hopefully result in business within the current year.

In the last week we have secured two contracts valued at £64k.

Management Accounts

The following shows the management accounts for the 6 months to January 2023.

	Prior Year	Year to Date Cumulative	Full Year	
	Actual	Actual	Budget	Forecast
	£	£	£	£
Income	427,758	305,352	625,034	537,010
Pay Costs	441,625	172,133	424,962	337,538
Total non-pay costs	5,350	5,307	29,472	29,472
Contribution/ (net cost)	(19,217)	127,912	170,600	170,000

It is worth noting that the total of a contract’s income is recognised at the start of the contract delivery and the expenditure (staff costs) are expended over the year, so although a contribution of £128k is already being reported this will vary depending on when the income/costs are recognised.

Delivery Spaces

With customer demand starting to move to a mixed model of onsite and online delivery, consultants are using interview spaces and the SDA office for online delivery when appropriate. We are continuing to explore the use of hybrid spaces with the Learning

and Digital Team and a dedicated space with digital equipment suitable for the professional delivery of training is an ongoing requirement.

SDA Strategy

Streamlined Processes

The team continued to be focused on the strategic goals of delivering a quality suite of core training programmes to achieve 2022/23 contribution targets.

Team innovation days in the first working week of 2023 saw a shift from our previous focus of creating new courses to creating more effective and efficient ways of working together with our existing products. A new Teams file management system was created with the support of consultant Connor to enable more agile internal and external communication with PDA delegates and customer projects. This has been tested with the team and is now in the process of being implemented with the support of the College Learning and Digital Resources team.

Productivity & Capacity

As part of the wider development of the 5-year Business Plan, realistic capacity on course development and delivery was analysed and presented to the team with agreement on 21 hours for FTE being chargeable. Recording of chargeable work time will support effective pricing and planning of all client work and support continuing productive behaviour.

The Learning Digital Resource team also ran a demo of the Microsoft 365 customer relationship management system. We plan to move our existing customer data over from Hubspot to integrate with Teams. This will initially support business development activity, a phase 2 will then be rolled out for consultants to record activity to support productivity measurement and evaluation.

The opportunity to build our talent pipeline by offering shadowing and facilitation opportunities to PDA qualified college staff is being explored. Local community projects in the pipeline are a natural fit to build experience and skills to become future SDA consultants.

Business Support

- Robust and realistic pricing particularly for offsite projects is building confidence in contribution targets being achieved
- Support from Learning and Digital Resources continues to align with College systems including being Digital First
- Digital Marketing continues to share learner and business stories to promote courses and continue to build our presence as an expert resource in the service design community.
- The SDA team are being encouraged to share their stories to build our brand as expert trainers.

- Our organic social media presence needs support to develop more individual enquiries for short courses
- Our LinkedIn followers now number over 5,600 with our single highest geographical group coming from London.
- Monthly Newsletters with short course updates and industry news are planned for February, March and April.

Consultant Continuing Professional Development

- Kim Anderson is continuing her British Sign Language learning to the next level to build her inclusive and accessible skills and knowledge for future learners
- Janine Wilson and Connor Finlayson will be joining the Teaching in Colleges Today August cohort
- All consultants and the Business Manager are updating or submitting for Service Design Network accreditation from Practitioner to Master level
- Jo and Kim are now trained to support Internal Verification
- Katie and Kim are writing two chapters of a Service Design in Education book in collaboration with academics from Lancaster University

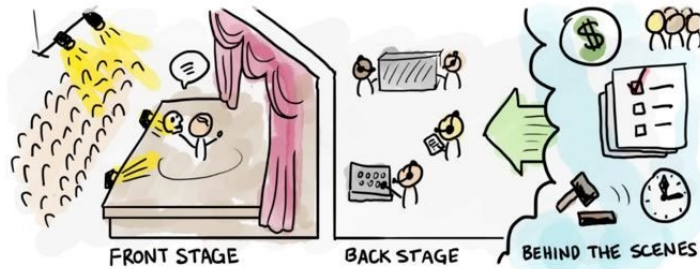
In the News

Service Design Academy's User Research project commissioned by Dundee City Council in spring '22 engaged with over 200 young people to explore key themes around public spaces, living, working and connecting. Their thoughts, feelings and ideas about the City Centre was included in the draft [City Centre Strategic Investment 30-year Plan](#) advertised and available on DCC's website.

The SDA youth report can be read here [CCSIP Report \(dundeecity.gov.uk\)](https://www.dundee.gov.uk/ccsip-report)

Partnerships

- Lead Consultant Katie is guest lecturing service prototyping at Duncan of Jordanstone College of Art and Design (DJCAD) and there will be return lecture from their Head of Service Design. Collaborative opportunities to work on funded projects with DJCAD are being explored
- Service Design Network are partnering and promotion of our delivery of a paid 3-hour course "Backstage and Behind the Scenes" for public sector executives from US and Europe, using the content delivered to Scottish Government in November.
- Service Design Network President Birgit Mager is planning to visit Dundee as part of her 2023 sabbatical with opportunity to engage with the Scottish creative and design community as an advocate of Service Design Academy
- Here's the Plan sustainability consultancy are supporting the development and testing of our new Design for Climate Emergency course with their customers



Scottish Digital Academy

The Business Manager and Lead Consultant met with the Scottish Digital Academy in late December to support a mapping exercise of the UK and Scottish Governments' Digital Data and Technical professions framework with levels of service design training required from awareness to expert. The exercise will support our growing reputation for building skills in government agencies.

6. Business Partnership Team – Flexible Workforce Development Fund

We have now received confirmation of FWDF allocation which has allowed us to press on with converting applications and starting training delivery.

We were disappointed to see a reduction of the fund, noted below, however have already started the conversations with SFC to request an additional £185k from £3m, as yet unallocated, and any underspend across other colleges.

	2021/22	2022/23	Funds Already Allocated
SME	£197,127	£119,520	£93,527
Levy	£607,151	£373,223	£207,255
	£804,278	£492,743	£300,782

Whilst the reduction does look significant it is actually around our original allocation figures and last years allocation was increased significantly with the underspend and carry over of funds from across the covid period.

The team had been working hard building up their pipeline and so we are now in a very strong position and are on track to hit full target by March 31st.

This year will also now draw down the funding on training start date rather than completion date which will see us bring in the money within each financial year.

A recent success from the FWDF is the partnership with Xplore and McGill Group. We are using £45,000 of the fund to upskill bus mechanics across Scotland. SFC are using this as an example of best practise and are presenting this to Scottish Government to again demonstrate how important this fund is to the local business community.

[D&A College launches heavy electric vehicle course with McGill's Bus contract \(dundeeandangus.ac.uk\)](https://dundeeandangus.ac.uk)

We also recently put staff from a local garage, Copland Motors, through the Electric Vehicle training using the fund. See below feedback:

“On attending the EV course, I was rather apprehensive as you hear all the horror stories about EVs and with having these vehicles coming through my workshop for MOTs I have always been very wary of them. On doing the course, I found it very interesting and it really opened my eyes about how the systems work and how to safely work on these vehicles as in the past I would refer them back to the dealer. The course itself was very well presented and very well explained. The format of how it was put together and explained really opened my eyes. I give all credit to Chris and Ben for the layout and presentation and patience with the delivery of it all and nothing was an issue when quizzed about items and their explanation of items etc. I took so much from the course that I'm implementing all my staff onto the course so that I have everyone trained to the same standards, eliminating any risk of injury or damage. I have recommended your course to so many other guys in the trade and will continue to do so. Thanks again for such a great course and keep up the good work.”

- Callum Copland of CD Copland Motors Ltd

7. Gardyne Theatre

As part of the Cost of Living Crisis Thrive initiative, Gardyne Theatre, when there are no commercial bookings, continues to screen movies with priority booking for students and staff before being open to the general public.

Gardyne theatre Limited will be hoping to attract at least one new Director in the next few months, who has experience of operating a venue. Any suggestions would be gratefully received.

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 December 2022 to February 2023.

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

3.2 – failure to achieve/maintain compliance arrangements

Authors: Maralyn Boyle, Business Manager SDA
Leann Crichton, Head of Administrative Operations
Caryn Gibson, Business Partnerships Manager

Executive Sponsor: Jaki Carnegie, Vice Principal – Corporate Services

FINANCE & PROPERTY COMMITTEE

Tuesday 28 February 2023



STRATEGIC RISK REGISTER

11.1 - Strategic Risk Register – Cover Paper

PAPER J

BOARD OF MANAGEMENT

Finance & Property Committee



Tuesday 28 February 2023

Strategic Risk Register - Cover

Paper J 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.

The following risks are allocated to the Finance & Property Committee for overview:

- 2.1 Change in SFC Funding Methodology and Allocation – Reduction in Funding
- 2.2 Failure to achieve institutional sustainability
- 2.3 National outcomes on salaries and conditions of service outstrip ability to pay
- 2.5 D&A Foundation refuses/withholds funding for key College priorities
- 2.6 Demands of capital developments / maintenance impacts on financial sustainability or delivery of learning and/or services
- 4.2 Failure to achieve ambitions of Digital strategy; strategy and development is ineffective

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

Any proposed changes would be advised to the March 2023 meeting of the Audit & Risk Committee.

3. Risk

Risk 2.2: The indicative budget for the College will not be known until mid-late March 2023. Based on ongoing sector-wide discussions the expectation of a flat-cash settlement remains likely.

The 2022/23 forecast outturn and discussion on financial sustainability will form the basis of the information for consideration.

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

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

The full Strategic Risk Register has been subject to a detailed review following discussion at the September 2022 Audit & Risk Committee. As a result, a number of changes will be considered by the March 2023 Audit & Risk Committee. The risks identified as ‘under review’ do not include any within this Committee’s specific scrutiny.

Executive Sponsor: Jaki Carnegie, Vice Principal – Corporate Services

FINANCE & PROPERTY COMMITTEE

Tuesday 28 February 2023



STRATEGIC RISK & COVID REGISTER

11.2 - Strategic Risk Register (F&PC Extract) PAPER K



STRATEGIC RISK REGISTER

2022 – 2023

Extract for Finance & Property Committee

As at November 2022

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

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

2.1 F&P	Change in SFC Funding Methodology and Allocation – Reduction in Funding Post mitigation impact increased from 2 to 3 to reflect current public sector challenges	3	3	9	<ul style="list-style-type: none"> Negotiation/influence at national level Contingency plans for reduced funding 	3	3	9	<ul style="list-style-type: none"> Advance modelling of new funding methodologies and allocations Monitoring impact of changes Amendment of strategic or operational direction/plans Financial strategy sensitivities 	VPCS
2.2 F&P	Failure to achieve institutional sustainability	5	4	20	<ul style="list-style-type: none"> Protection of funding through dialogue with SFC Robust annual budget-setting and multi-year financial strategic planning Effective budgetary control Where required, swift action to implement savings 	4	4	16	<ul style="list-style-type: none"> Monthly monitoring of budgets Regular review of financial strategy and non-core income sensitivity Detailed monitoring of savings programmes 	VPCS
2.3 F&P	National outcomes on salaries and conditions of service outstrip ability to pay Reviewed but no change currently	4	4	16	<ul style="list-style-type: none"> Influence within Employers Association Management of staffing expenditures 	4	3	12	<ul style="list-style-type: none"> Expenditure modelling On-going discussions with staff Financial strategy sensitivities Workforce planning 	VPP&P, VPCS

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

Risk Number & Committee	POTENTIAL CONTRIBUTING FACTORS			TREATMENT	POST MITIGATION EVALUATION					
	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Lead Responsibility
2	Financial (cont)									

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

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