BOARD OF MANAGEMENT

Finance & Property Committee

Tuesday 30 May 2023 at 5.00pm **Room A625, Kingsway Campus** (MS Teams option available)

AGENDA

1.	**WELCOME**		
2.	**APOLOGIES**		
3.	**DECLARATIONS OF CONNECTION & INTEREST**		
4.	**MINUTE OF THE PREVIOUS MEETING** – 28 February 2023	Paper A for approval	
5.	**MATTERS ARISING**	Paper B for noting	
6.	**FINANCE**		
	6.1. Financial Sustainability	Paper C for information	SH
	6.2. Management Accounts & Forecast Outturn	Paper D for information	BF
	6.3. 2023/24 Draft Budget	Paper E for approval	BF
	6.4. Finance Forecast Return (FFR)	Verbal update	BF
7.	**INFRASTRUCTURE**		
	7.1. Estates Update	Paper F for information	BG
	7.2. Estates Annual Report	Paper G for information	BG
	7.3. ICT Update - Student Information Systems consolidation	Paper H for information	AR
8.	**PROCUREMENT UPDATE**	Paper I for approval	BF
9.	**STRATEGIC RISK REGISTER**	Paper J for approval	ST
	9.1. Risk Register Update		
	9.2. Strategic Risk Register (F&PC Extract only)		
10.	**CS REPORT**	Paper K for information	ST
11.	**DATE OF NEXT MEETING** – Tuesday 5 September 2023 at 5.00pm in Room A625, Kingsway Campus		

Agenda Item 4.0

FINANCE & PROPERTY COMMITEE

Tuesday 30 May 2023

MINUTE OF PREVIOUS MEETING **PAPER A**

BOARD OF MANAGEMENT

Finance & Property Committee

Tuesday 28 February 2023 at 5.00pm
Microsoft Teams

Draft confirmed by Chair

PRESENT:	D Fordyce (Chair) G Robertson L O'Donnell S Hewitt B Carmichael	S Stirling B Lawrie R McLellan J Buchanan
IN ATTENDANCE:	J Grace (Vice Principal) J Carnegie (Vice Principal) S Taylor (Vice Principal) P Muir (Board Administrator)	A Ross (Head of IT) B Ferguson (Head of Finance) B Grace (Head of Estates)

1. WELCOME

D Fordyce welcomed everyone to the meeting and welcomed J Buchanan to her first Finance & Property meeting.

2. APOLOGIES

Apologies were received from D Mackenzie

3. DECLARATIONS OF INTEREST OR CONNECTION

G Robertson noted his role as Chair of Gardyne Theatre Limited (GTL), J Buchanan noted she was employed by Angus Council but did not believe there was any issue or interest or connection in respect of the proposed sale of Fairlie House (which was co-owned with the council).

4. MINUTES OF PREVIOUS MEETING

The minute of the Finance and Property Committee meeting held on 26 September 2022 was approved as an accurate record.

5. MATTERS ARISING

J Carnegie confirmed that all outstanding Matters Arising are closed with the STEM Centre OBC item to be closed for now and taken forward under the future Infrastructure Strategy.

6. FINANCE

6.1 Financial Sustainability

S Hewitt summarised work and discussions that were ongoing to help support future financial sustainability for the sector and for D&A. This included national discussions and lobbying in respect of potential new arrangements around student activity targets alongside modelling the impact of anticipated financial reductions. S Hewitt noted the College will continue to model and plan for the expected funding announcement in the middle of March 2023.

S Hewitt stated that national discussions centred around the funding levels plus discussion around potential reductions to activity (credit) levels of up to 20%.

The key assumptions were discussed, and it was noted that under all of these it was clear that future financial forecasts were very challenging and that the sector as a whole was unsustainable without significant national policy, activity, or funding changes.

S Hewitt noted the College's strengths in finding solutions and outlined discussions taking place nationally and directly with the Scottish Funding Council (SFC) to look at potential opportunities and solutions.

Modelling was still ongoing around the potential of a 6% + pay increase, however the College had only budgeted for 2%, with a 6% award adding c£1.4 million to the 2022/23 deficit. J Carnegie highlighted the importance of waiting for the Scottish Funding Council announcement and balancing what we can do with the resources made available.

G Robertson complimented how the College is managing and dealing with the financial challenges and questioned whether teaching unions in colleges will strike due to the ongoing discussion of pay. S Taylor stated negotiations were ongoing at a national level but that a dispute has been declared and an EIS consultative ballot on industrial action was being progressed. S Taylor noted that it was likely that there would be strike action if a resolution was not possible.

On-going planning and communication with unions and staff was noted, with similar timelines to the savings plan of 2022 envisaged.

6.2 Management Accounts & Forecast Outturn

B Ferguson summarised the papers produced and stated that the forecast position was looking better now than at the previous meeting. The underlying performance had improved showing a more stable platform (pay awards excluded) for next academic year.

B Lawrie asked about funding for Foundation Apprenticeships, asking if the funding would be coming to an end or recurring? B Ferguson stated the funding had been reduced significantly in 2022/23 and it was anticipated that this would be subsumed within normal funds for the future.

6.3 Gardyne Loan Repayment

J Carnegie stated this paper was for information only, highlighting the existing arrangements of the Gardyne Loan and the limited options to amend the arrangements.

J Buchanan asked about the legal standing of the loan and why this had changed and asked if it would be possible to liaise with others over this. J Carnegie summarised the changes arising from the reclassification of colleges as public bodies and stated that it was felt that the cost of legal advice would be more than the value of any savings made.

7. INFRASTRUCTURE

7.1 Estates Update

B Grace summarised his paper, noting it had been an exceptionally busy period for the Estates team. The range of projects undertaken was noted. B Grace highlighted work planned to replace windows in the Isla building in Arbroath and noted that this would be more complex and costly than usual given that it was a listed building.

J Carnegie stated there will be a paper coming to the Board meeting to seek approval for the sale of two properties to go ahead assuming that the College could retain the proceeds.

7.2 ICT Update

A Ross summarised his update highlighting that exchange and inflation rates, and issues around availability, had increased the costs associated with the network replacement. The various purchase orders had been raised, but with a shortage of raw materials there was a 38-week lead time for deliveries.

A Ross confirmed that placing the orders secured the current price, but that no payments were required until the equipment was delivered. This approach was welcomed.

8. PROCUREMENT

B Ferguson provided an update on procurement. He highlighted the work needing done on the Isla replacement windows and the Gardyne Swimming pool requiring Committee approval. Following discussion on these, both were approved. **B Grace to progress.**

B Ferguson noted that there could be two late procurement requests arising from funding received by the Energy Skills Partnership. If required it was agreed that these could be circulated for consideration and approval (including approval of a non-competitive award if required) by e-mail to the Committee. **J Carnegie to progress.**

9. SERVICE DESIGN ACADEMY BUSINESS PLAN

J Carnegie stated that her report was for noting but highlighted that the Service Design Business plan had been revisited from 2019. This showed good potential for growth, with this staged over the coming years and decisions on staffing taken on a rolling basis relative to increased demand and sales.

G Robertson noted it was positive to see the plan and the proposed developments. L O’Donnell asked if there were details available in terms of the overall size of the market and SDA’s share within it. It was noted that there was not, but that there were some strong drivers for demand (such as Scottish Government policy) and a clear increase in viable contacts being made. R McLellan confirmed from engagement in the planning process that there was clear evidence of future demand.

The revised business plan was noted.

10. VP CORPORATE SERVICES REPORT

J Carnegie summarised her report and noted the excellent work being undertaken by the Business partnerships team, Sector development Leads and staff to deliver the Flexible Workforce Fund (FWDF) income. It was planned that a bid for additional funds would be made.

The future of the FWDF was discussed and it was noted that this remains unclear.

The VP report was noted.

11. STRATEGIC RISK REGISTER

S Taylor summarised the risk register paper and focus on the financial security risk. The wider update to the Risk Register was noted, with this being discussed at the next Audit & Risk Committee meeting.

The paper was approved.

12. DATE OF NEXT MEETING – Tuesday 30 May 2023 at 5.00pm – Gardyne Campus, Y150

Action Point Summary

Action	Responsibility	Date
Procurement approved for work at Gardyne Swimming Pool and Isla window replacement	B Grace	30 May 2023
ESP procurement requests to be considered for approval by e-mail to Committee members if necessary.	J Carnegie	30 May 2023

Agenda Item 5.0

FINANCE & PROPERTY COMMITEE

Tuesday 30 May 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 Tuesday 28 February 2023 Finance & Property Committee Meeting

Agenda Item No	Action	Current status	Open / Closed
8.0	Procurement approved for work at Gardyne Swimming Pool and Isla window replacement. **B Grace**	Arrangements progressing	Closed
8.0	ESP procurement requests to be considered for approval by e-mail to Committee members if necessary. **J Carnegie**	E-mail approval not required	Closed

Agenda Item 6.0

FINANCE & PROPERTY COMMITEE

Tuesday 30 May 2023

FINANCE

6.1 - Financial Sustainability	**PAPER C**
6.2 – Management Accounts & Forecast Outturn	**PAPER D**
6.3 – 2023/24 Draft Budget	**PAPER E**

Creating a More Successful and Sustainable College

Initial Consultation on Savings and Change Proposals 20 April 2023

Section 1: Background

1. Overview

Following on from the extensive and difficult decisions made in spring and summer 2022, it is clear that much of the public sector – and colleges in particular – are continuing to face a very challenging few years.

Over the recent past we have seen declining full time student recruitment, combined with significant real terms cuts in our funding. This has been exacerbated by the cost of living crisis and levels of inflation and cost pressures that are significantly above those experienced at any time in the 10 years since merger.

Given that funding for the sector is projected to be 'flat cash' for the next few years, the cost of increases in staffing and other budgets will inevitably need to be met by cuts elsewhere and maximising the contribution made from additional income streams.

The combination of reducing student demand, increasing costs and funding cuts has created a significant and serious situation for the whole sector. This paper summarises the approach planned by Dundee & Angus College to create a more sustainable College over the next three years, whilst continuing to build upon our track record of success for our region.

As we were told throughout last year and in other similar exercises, most staff want to know key headlines, supported by the rationale for associated decisions. Recent discussions with our trade unions around the lessons learned from the 2022 savings plan exercise have also highlighted that unions and staff want a 'no surprises' approach. This includes comment that knowing what is happening helps everyone to consider options and identify potential solutions and opportunities. This paper is developed on this basis and provides information on the scale of the challenge facing the College and the national, curriculum, financial and wider operating context within which current and future decisions must be made. All of this underlines the need for the following steps and outcomes to be progressed without delay:

- Refocus our curriculum and services to reflect reducing demand for full time learning, including a 10% cut for 2023/24 (equating to approximately 640 full time places) with potential further reductions in the level of student activity (credits) by 2026.
- Continue to develop our curriculum to reflect the economic needs of our region, including supporting new curriculum opportunities and activities.
- Address a funding gap of c.£3.3 million and make savings of at least £2.5 million in our 2023/24 budget.
- Support our changing student demographic and increasing student needs.
- Create a stable financial platform for future years.

Each of the above steps is a significant one and will require further difficult decisions to be made. The scale of current cuts is greater than those of last year and are similar to those experienced in the pre-merger years of 2010 and 2011.

What is also different this year is that the Scottish Government and Scottish Funding Council (SFC) have recognised that the college sector cannot remain the same size as it has been in recent years. Whilst any reduction in activity is unwelcome, without this flexibility it would not be possible to plan for a sustainable future for the College. As such, we must make use of all the options available, but do so on a planned basis that helps us to create a College that is both sustainable and successful going forward.

We are at a very difficult juncture and there is no way to navigate the coming period without taking significant action. We are hugely disappointed with the funding situation which has brought about the action required, and we understand these challenges will affect staff in a range of ways. Please reach out for support if you need it, or to ask questions and seek answers – further details can be found at the end of this paper.

2. Understanding the Operating Context 2023 - 2026

This section summarises the national and regional context that D&A is operating in, and the impact that these are having as we look forward and plan for the next 3 year period. This context includes a mixture of both positive and negative factors that we will need to work through in order to continue to be both sustainable and successful.

2.1. National Context

There is no doubt that the whole Scottish education landscape, including the college sector, is at a very critical point given the significant range of reviews and reforms that are currently underway.

The catalyst, and first steps in the broader review of the sector was a report published by the SFC in June 2021 titled "Coherent Provision and Sustainability: A Review of Funded Provision in Scotland's Colleges and Universities". This report aimed to assess whether the current funding model for Scotland's higher and further education sector is sustainable in the long term, and whether it promotes coherence in the provision of courses across colleges and universities.

Since then other reviews have been initiated, these include an Independent Review of Qualifications and Assessment launched in October 2021, the National Discussion on Education launched in June 2022, an independent review by the Scottish Government into the Skills Delivery Landscape launched in September 2022 and finally, and most relevant to Colleges, the Purpose & Principles for Post School Education, Research and Skills Development Ecosystem review, launched in July 2022.

As well as these formal reviews, there are also the recent findings from the 2022 Audit Scotland report into Scotland's Colleges and the Education, Children and Young People Committee inquiry into College Regionalisation which both underpin the broader context of review / reform and highlight the significant pressures that colleges are under, both now and into the next few years.

Whilst most of the above reviews won't publish final findings and recommendations until May / June 2023, some of the interim findings and key points highlighted to date include:

- The current funding model is not sustainable in the long term due to increasing financial pressures on the sector and changes in demographics and student expectations. This is an issue highlighted right across the public sector.

- The Covid-19 pandemic has had a significant impact on Scotland's colleges, with many facing financial pressures and increased demand for student support services.
- The need for a more coherent approach to course provision across institutions to avoid duplication and inefficiencies, but also to ensure a regional approach to skills planning.
- The importance of collaboration and partnership working between institutions to improve efficiency and quality of provision, with a desire to incentivise and reward collaboration to reduce expenditure and improve outcomes.
- The need for a more strategic approach to workforce planning to address skills gaps and meet the changing needs of the economy.
- The need for the Scottish Government and SFC to work together to ensure colleges have more funding, more flexibility, or clearer priorities.

It is clear from the findings to date that the College needs to review and refresh how we operate over the coming few years to create a revised curriculum and service offer that meets the needs of our students, our region, and our funders.

We also need to prioritise income generation and look at other income sources that will ensure we don't continue to over rely on SFC funding and can support the development of new and emerging areas of the curriculum in the future.

2.2. Curriculum Context & Future Direction

Like most other colleges, it is clear that demand for full time courses has not returned to pre-pandemic levels, and we can see a continuing decline in full time applications and enrolments.

Before Semester 1 commenced this session, 28 full time course streams were removed due to insufficient demand. In addition, 24 full time FE streams started the academic year with fewer than 16 students in the class and 25 full time HE streams started with 12 or fewer enrolments - 15 of these streams were HND year 2 classes.

Whilst our application numbers have declined, we have continued to increase our portfolio in many areas even though recruitment trends show this to be unwarranted. This has had the effect of spreading applications more thinly across our provision. As well as being financially inefficient, small class groups often do not provide a good learning experience for students.

We also know that the age profile our region is changing, and the number of young people is declining. We are also seeing increased progression to universities directly from school, higher levels of employment, and greater uptake of apprenticeships. Sadly, we are also seeing higher levels of inactivity in the region amongst the working age population. All of these factors have had an impact on recruitment to our full time courses and it is anticipated that this trend will continue over the coming years, with little likelihood that full time demand will return to pre-Covid levels until the second half of this decade.

To address this, we will need to further and more fundamentally review our full portfolio of courses to ensure they are aligned to the changing demographics and known future regional skills needs. We will have more focused conversations with teams to ensure we can remain sustainable, operate efficiently, and provide a high quality learning experience that is relevant and meaningful for all learners.

As an integral part of this, we also need to look at how we can support our learners in more sustainable ways to reduce the number of students who leave their courses early and anticipate and build support directly into the learning experience.

We will need to review and repurpose our curriculum for the next three years, and the guiding principles outlined in section 3 below will support us in this change. This will (and should) involve change for all areas of our curriculum along with the key services that support them.

This planned approach to future curriculum and service change and development is critical if we are to remain sustainable, whilst delivering a curriculum that meets regional needs and supports our students to be successful.

2.3. Financial Context

We update the D&A Financial Strategy and our Financial Forecast Returns on an annual basis to reflect our current financial position and known / anticipated levels of future income and expenditure. Whilst challenging given the annual funding settlements the college sector receives, this work helps to ensure that we are aware of future financial challenges (and opportunities) and that we are able to plan and respond to changing levels of annual funding as information becomes known. All of this work is then reflected within the annual process to develop and set our budget for the forthcoming year.

This future financial planning reflects the impact of the cuts and savings in our 2022/23 budget and models the planned levels of income and expenditure in line with the 'flat cash' (i.e., no increase in the cash value of our funding) settlements for future years. The cumulative effect of 'flat cash' funding from the Scottish Government is effectively that we are having to manage cuts equivalent to the level of inflation at any given time. With inflation currently running at more than 10%, it is clear that our funding and budgets will quickly become unsustainable unless we make savings and increase other income sources.

The financial modelling we have undertaken highlights the need for significant savings to be made in the short term to address a c.£3.3 million shortfall in 2023/24 and to support the College to remain financially sustainable. To state this clearly, a shortfall of c.£3.3 million would mean that the College would run out of cash reserves in 2023/24 if no action were taken. This is the simplest outline of the current situation and underpins the need for the actions outlined within this paper.

2.4. Impact of Operating Context on D&A Direction and Activities

The combined impact of the above sections is significant for the College and will map out our direction and key activities over the coming three year period. Over this period, we must create curriculum and working models that deliver on new national priorities and meet regional economic and social needs, whilst also being financially and operationally sustainable. This will not only require us to reduce our course provision and costs on an ongoing basis, but also to review and revise our support services and how we work so that we can create a College of the size and scale that we will be.

This change cannot be undertaken in one go, and it is anticipated that course, support service and staffing changes will be required in each of the next three years and in different phases to create a College that is both sustainable and successful.

Some of the changes and needs are pressing and immediate, and the latter sections of this paper outline proposed changes for 2023/24 to deliver savings of at least £2.5 million to reduce the funding gap and support financial sustainability.

Consultation on these changes opens immediately and staff input, views and alternative solutions are sought.

Future changes are also under consideration, and the input and engagement of staff in creating and shaping the future of our curriculum and support services will be an ongoing feature of consultation and engagement going forward.

3. The D&A Way - Key Decision Making Criteria

As we plan a way forward through the challenges facing us, we are keen to utilise a series of clear criteria as guiding principles to support and test proposals put forward and the decisions that we are making. These criteria have been discussed with our local trade unions and will underpin decision making around both curriculum and support service changes impacting over the next three years.

In considering and developing future plans to support and underpin financial sustainability the following key criteria will be considered.

- Active engagement and involvement of staff, learners and relevant stakeholders is critical. Teams and team members should be actively engaged in regular discussions around the changes needed to create a successful and sustainable College.
- We will continue to provide access to education and training across the Dundee and Angus region, delivering a curriculum that provides clear progression pathways with multiple entry / exit points. Within this, courses will be consolidated to remove internal competition, reduce duplication and to prevent early specialisation with changes reflected in curriculum design. The creation of centres of excellence where practicable will be encouraged.
- Changes should recognise the needs of D&A learners and the needs of our wider community and economy. We will continue to build a sense of community, provide an inclusive curriculum, delivering on our regional economic priorities and supporting vulnerable and under-represented learners.
- Efficiency of curriculum and service delivery will be critical, such as class sizes being optimised to ensure efficient delivery, good housekeeping maintained, course hours, use of resources, working patterns, engagement, and outcomes managed.
- Developments should focus funding on the frontline learning, teaching, and services to support learners. Duplication of provision or services should be minimised (where this makes good educational or operational sense) and other activities streamlined where possible. Simplification and reduction of bureaucracy or other ‘non-contributing’ activities should always be a priority.
- Developments should generate genuine and sustainable cost savings and / or income (contribution) increases in the short, medium and / or long-term.
- Simplification of systems, arrangements and structures is desirable, with this balanced alongside the need to support new opportunities and future investment.
- Current structures and working arrangements are not necessarily sustainable and are not as important as the financial sustainability needed to assure high quality learning opportunities and outcomes are maintained.

By creating and sharing these at the start of the process, we hope that staff will be able to use these to inform their own thinking, and to understand how any proposed changes or developments fit into a longer term direction of travel.

Section 2: Savings Plans and Steps Needed

4. Specific Challenges and Actions for 2023/24

As detailed above, the specific challenge for 2023/24 is the need to save at least £2.5 million from our operating costs whilst managing the impact of lower full time recruitment and progressing plans for the future.

Many advertised courses did not run in 2022/23 due to low numbers, and a number of courses have had to be removed from the 2023/24 portfolio to make this more reflective of application trends and numbers. A heightened focus is also being placed on ensuring that all course provision is efficient and that minimum class sizes are met.

Whilst this approach is supporting a reduction in our overall curriculum relative to demand (and has allowed voluntary severance options to be progressed) it does not in itself deliver on the guiding principles outlined in section 3 above in terms of well-planned and managed learning journeys and progression opportunities across the College and region as a whole. Given this, significant proposals are outlined below to further reduce our curriculum offer and cost base in line with the reduction in activity targets and the principles outlined above.

Proposals and changes in respect of support services are also outlined. Like the curriculum, these have been developed by taking advantage of opportunities that arise, and also through proposed developments designed to better align future services to the anticipated size and operation of the College.

Overall, we are looking at changes designed to reduce costs, boost efficiency, and manage the reduction in demand and activity levels for 2023/24 in ways that also support the College in getting to a sustainable and successful position over the coming 3 year period. This is not an easy task and does involve some very challenging decisions - but we have no choice if we are to remain financially sustainable.

We have also been here before, in 2010/11 and again last year, so we know that challenges of this type can be met and that – despite the difficulties faced – the College and our students and staff will continue to thrive.

The following sections outline initial steps taken, plus initial savings proposals for consultation.

It is important to note that these are proposals at this point in time and that staff input, engagement and ideas are being sought on these, and other changes.

Consultation in 2022 resulted in over 100 responses from staff and positive change being adopted in around half of the initial proposals put forward. We have already received over 50 consultation responses and savings ideas, many of which have influenced the wide range of proposals outlined below. We hope that this type of engagement will continue in respect of the changes needed for 2023/24 and that all staff engage in discussion around these and further future developments over the coming weeks, months, and years.

5. Initial Steps Taken

As outlined during 2022, the challenges being faced by the College are not new and are not unforeseen. As such, a range of changes and savings have already been progressed as summarised below.

5.1. Recent Voluntary Severance

The Voluntary Severance options that ran until 31 December 2022 have now been reviewed and outcomes confirmed. From this, full year **savings of £348k** will be realised for 2023/24.

These changes reflect curriculum reductions made in Engineering, Administration & Leisure Industries and Business, Accounting & Housing within the 2022/23 and 2023/24 portfolio, alongside changes in workbased assessment and amendment to Help Point arrangements.

The outcomes from the interim voluntary severance (VS) scheme through to 31 March 2023 are being finalised as quickly as possible, with **£271k of savings** already realised and further discussions to be progressed.

The April 2023 Voluntary Severance Scheme will remain open until 30 June 2023 as one of the key approaches to support with cost reductions.

5.2. Other Voluntary Options

Other voluntary options may be considered where savings can be realised. A significant number of consultation responses have highlighted potential savings around 4 day working and / or reducing / centralising activity on campuses and closing campuses over the holiday periods. Options like this may be possible through individual arrangements to reduce working hours, transfer to term-time working etc. Options also exist to consider winding down arrangements under the relevant pension regulations, or the ‘purchase’ of additional annual leave.

Changes in working arrangements of this type should be matched against changes in service activity and arrangements made to avoid work commitments simply being added to the work of others. Concerns around the potential for work to be passed on in this way have been raised in the past by trade union representatives and it is important that this point is noted.

Opportunities of this type remain open and any member of staff that is interested in potential options should discuss this with their line manager and People Team Advisor.

5.3. Non-Pay Savings

Following initial suggestions and discussion with senior budget holders, a number of non-pay savings will be progressed. Some of these will be changes that can only be made for one year to help to support the cash position of the College needed to fund voluntary severance options. These one year changes are separate from the savings target and are not sustainable in the longer term as they ‘starve’ the College of the resources required to deliver our curriculum and services.

Savings identified for 2023/24 include the decision to delay replacement of IT equipment (counted in section 7 below), a range of savings within estates budgets, and savings in consumable budgets associated with reduced full time student numbers. These savings will **amount to £150k in 2023/2024.**

5.4. Increased Income and Contribution

Following work undertaken in 2022 to ensure that key projects, services, and other activities make an increased contribution to College finances, significant improvements have been seen and additional income generated. This work will continue into 2023/24 to ensure that all aspects of income generating activity make an appropriate contribution.

This will include review (and adoption where appropriate) of the many income generating ideas and opportunities identified through consultation feedback, alongside some more fundamental structured review of income bearing activity.

In particular, detailed work is progressing to review the commercial offer that the College provides to refresh the portfolio, improve the efficiency of delivery and support for commercial activities and maximise the income (and contribution) that can be achieved. This will include refreshing arrangements surrounding the Flexible Workforce Development Fund and establishing clear delivery and income targets for the relevant teams.

Funding from projects (such as the Tay Cities Engineering Project) is beginning to be realised, with these supporting improvements in College facilities that it would not otherwise be possible to support.

Work will progress to further review the financial performance of the Gardyne Fitness Centre to ensure that the ‘non-curriculum’ operation of the gym and pool facilities contributes to overall College funds.

Through the above steps, an additional contribution of **£60k** will be achieved in the 2023/24 budget.

Alongside this work, work has also progressed to create a new business plan for the Service Design Academy (see section 7 below) with a significant increase in the contribution made by the SDA.

Given the progress made to date, the £2.5 million savings target can be reduced to £1.7 million. Proposed steps to address this remaining gap are summarised in the sections below and are open for consultation.

6. Promoted / Senior Post Structure

As part of previous consultation exercises, we have received feedback on the need to review the senior and promoted post structure. Given the challenges of the past few years with Covid and increased Scottish Government / SFC engagement, reporting and continual changes to guidance, it wasn’t appropriate to do so. However, as we look forward to the future, and building a more successful and sustainable College, it is important that we review the senior and promoted post structure to reflect the future size and shape of the College to create a structure that supports us to achieve our strategic ambitions for the future and that can also contribute to the overall savings needed to make us more sustainable.

As we plan for the mid to long term future of the College, it is important that we have a senior and promoted post structure that delivers the following:

- Supports the delivery of our strategic aims and improves how we operate in the future
- Distributes strategic ownership, accountability and workload more widely and broadly.
- Improves communication throughout the College
- Promotes more joined up, cohesive working
- Generates an overall financial saving and value

To deliver the criteria above, the following proposed changes to the senior and promoted post structure are as follows.

6.1. College Executive

To enable broader changes within the senior and promoted post structure, and to deliver the aspirations outlined above, it is proposed that the **Executive Team reduces by 1FTE Vice Principal**. This reduction will support the introduction of other posts within the senior and promoted post structure and ensure better distribution of workload, strategic ownership and accountability.

6.2. Curriculum Directors, Heads of Sector & Head of Curriculum & Quality Contact Time

To reduce layers of communication and to promote more autonomy, ownership and accountability at middle management level, it is proposed that the Head of Sector layer within the academic structure is removed. This would see a proposed **reduction of 4FTE Heads of Sector**.

To support this reduction and to ensure that there would be adequate capacity to support the Heads of Curriculum & Quality, it is proposed that **1FTE additional Director of Curriculum & Attainment post is created**, working alongside the 2 currently in post.

To further support the reduction in Heads of Sector and to ensure that Heads of Curriculum & Quality have the time and capacity to support, manage and lead their teams, it is also **proposed that the teaching contact time for Heads of Curriculum & Quality is reduced**. This would likely differ depending on team size / function and is open to discussion through the consultation process.

6.3. Support Directors

To match the structure already in place on the academic side, and to deliver the aspirations outlined above, it is proposed that 3 new Director posts are created. A **1 FTE Director of Infrastructure,** a **1FTE Director of Student Experience** and a **1FTE Director of Finance** are proposed. They will work closely with the Directors of Curriculum & Attainment, the Executive Team and the broader Senior Leadership Team to support a more cohesive, joined up approach across the College.

6.4. Sector Development Leaders

As part of the recent Business Engagement Review, instigated as part of last year's savings plan, it was agreed that the College should be more streamlined and focused on areas of strategic priority, both to generate additional income but also to maximise current resources and investments.

To support this approach, it is proposed that the current Sector Development Leader roles are removed from the structure. This would see a proposed **reduction of 4FTE Sector Development Leaders**.

However, it is proposed that these will be **replaced with 2FTE Curriculum / Sector Project Lead** posts that will have a more focused remit and will support the development and delivery of key strategic priority areas for the College moving forward.

6.5. Proposed Savings

If enacted, all of the proposed changes outlined above would **result in an overall saving of £205k** but would also give the Executive and Senior Leadership Team the opportunity to look at new and more effective ways of working to support the future strategic aims of the College.

7. Curriculum Review and Developments

The following section summarises the planned curriculum changes for each sector and curriculum team, alongside the impact these changes will have in terms of staff numbers and potential savings. The proposed staffing reductions are quantified as a reduction in teaching FTE and may be a combination of reductions in permanent and / or part time variable staff.

Where appropriate, VS savings already achieved are noted and the remaining staffing and savings figures adjusted to take account of this.

In progressing this work, it is important that we continue to review our portfolio of courses to ensure that we provide relevant education and training opportunities for people in our region, that we plan to achieve the lower activity targets of the future in ways that are sustainable, and deliver the high quality education, outcomes, and services that we need.

In progressing with curriculum plans and changes, the School-College partnership, focusing predominantly on Senior Phase learners, will continue to be a strategic priority. These courses introduce our future students to D&A and a provide a clear and successful pathway into our full time courses.

Apprenticeships and work-based learning will also continue to be a strategic priority, increasing career opportunities for people in employment and generating income for the College.

The curriculum will be delivered in the most appropriate way, based on students' needs, with the aim of developing the whole individual, i.e. technical and meta skills. This may include direct delivery, online learning and directed self-learning.

Given the clear needs of many of our students, the support and guidance time of 1 hour per week per full time group will be retained to support student retention, engagement, and the learning experience. Class sizes will also be optimised to ensure efficient delivery and to provide meaningful learning experiences.

In undertaking this most recent portfolio review, we have considered what we deliver, how we deliver it and looked at:

- The current and future skills needs and opportunities for growth in the regional economy
- Recruitment and attainment trends over recent years
- Areas of internal competition and duplication of course provision, as well as areas of early specialisation

- The availability of alternative provision and progression routes for students
- The relative costs of delivery and efficiency levels relating to the provision in different teaching departments

The reduction in our credit target will be implemented for academic year 2023/24 and demand across all courses will continue to be reviewed and monitored as is normal practice in any given year.

Changes proposed within each sector and curriculum team are as follows.

7.1. Creative, Cultural and Digital Sector

7.1.1. Performing Arts

Dundee & Angus College is one of few colleges nationally that offers Degree provision in Dance and Acting & Performance, and our courses in these areas are well respected with applications received from a wide geographical area. However, the cost of living crisis has significantly impacted on the creative arts sector across Scotland and we, like other colleges, are seeing a reduced demand for Dance courses. Feedback from the Dundee Dance Partnership and University of West London also indicates that people entering the performing arts industry want to develop multiple skillsets to increase their chances of employment.

The NC in Dance did not run in session 2022/23 and currently has low numbers of applications. It is proposed that the NC Dance is discontinued in 2023/24. This would result in a **reduction of 0.7FTE lecturing staff with a saving £40k**.

7.1.2. Computing and Creative Media

The development of Digital Economy Skills is a national priority and the recent publication of the Digital Economy Skills Action Plan (DESAP) 2023-28 indicates that embracing and embedding digital technology is required to help businesses to thrive across every sector in Scotland. DESAP has 5 key priority actions relating to skills development for all individuals including young people, unemployed people, people in employment and business leaders which will require a combination of full time, work-based, and shorter upskilling, and reskilling training courses.

The full time portfolio and staffing in Computing and Creative Media was reduced last session to enable the department to refocus the curriculum and the DESAP priorities will underpin future developments in this curriculum area. No further reductions are proposed in this area.

7.1.3. Hospitality and Professional Cookery

The department has recently benefitted from significant investment in new facilities as part of the Kingsway campus development. The new professional kitchens and training restaurant facilities offer an industry-level experience for students on Hospitality and Professional Cookery courses. In addition, the department has close links with and is well regarded by industry. These professional relationships and a revised delivery model have helped to generate an increase in the uptake of Modern Apprenticeships in Professional Cookery.

Full time applications for Professional Cookery courses remain stable, however applications for Hospitality courses are continuing to decline despite a comprehensive review of the curriculum.

The department has recognised the need to have more broadly based lower level courses and will offer a consolidated Introduction to Hospitality and Professional Cookery in 2023/24. However, as this course no longer attracts enhanced funding, it will reduce from 3 streams of 12 students to 2 streams of 18 students. This will help maintain the number of places whilst improving the efficiency of delivery.

It is proposed that FE courses at Level 5 and 6 are consolidated to create broader courses in Hospitality and Professional Cookery.

The FTE reductions arising from the curriculum changes in this area have been realised through approved academic and support VSS applications included in 5.1. above.

Efficiencies will also be sought across the support staff in the department through enhanced ways of working and support provided to the curriculum.

7.1.4. Hair and Beauty

Applications for full time courses in Hair and Beauty are consistently high, especially from school leavers. However, the introduction of shorter access courses in Hairdressing and Beauty have not proved successful and both courses will be removed from the course portfolio.

The recent investment in a new facility at Kingsway – the Hair and Beauty School – means that our students now learn in industry standard facilities. All level 3 courses (except Barbering), evening classes and industry focused courses will take place in new Hair and Beauty School. The Barbering specialism remains a popular option and will continue to be delivered in Arbroath Campus only.

The proposed changes would result in a **reduction of 1.4FTE lecturing staff saving £81k.**

Demand for hairdressing apprentices has declined over recent years due to key employers changing their recruitment approaches. This has presented better opportunities for work experience and employment for full time College students but has reduced the uptake of Modern Apprenticeships, which has supported a reduction in Development Officer staffing via voluntary severance included in 5.1 above.

7.1.5. Art & Design

The Art & Design curriculum contains a range of specialisms and the recent curriculum review indicated that reintroducing broader based courses at lower levels would be more attractive to students who want to develop a range of skills and knowledge before progressing to more specialised, higher level courses.

In recent years we have also seen higher numbers of students choosing to leave after year 1 of the HND which impacts on our ability to continue to provide a meaningful or sustainable learning experience for students who wish to undertake HND year 2.

There has been a gradual decline in demand for the specialism of Textiles and applications for Certificate in Textiles for Fashion and Interiors are particularly low this year, with this course is unlikely to run. Therefore, it is proposed that this course be withdrawn from the portfolio.

HNC/D Computer Arts and Design has traditionally been taught as 2 separate specialisms – digital and animation. However, the course framework and group award arrangements are designed to allow students to gain experience of different subjects within the context of digital arts and design to enable them to make informed choices for later specialisation. The curriculum design of the HNC/D will be reviewed to reflect the breadth of skills and knowledge required and to ensure future sustainability of the year 2 HND option.

It is proposed that the HNC 3D Design would be discontinued as it has faced declining recruitment over a number of years. The January start Fastrack to Art & Design in Arbroath which did not run in 2022/23 would not be offered in 2023/24.

Leisure classes have not resumed since the pandemic and there are no plans to reintroduce the leisure offer. Further efficiencies will be made through class sizes which would be increased to 20 in line with school-based practical Art subjects.

The above changes would result in an overall reduction of 2.45FTE. A recent voluntary severance application of 0.75FTE has been approved in this department, resulting in a **remaining reduction of 1.7FTE generating a saving of £98k**.

7.2. Business, Access, and Education Sector

7.2.1. Business and Housing / Administration and Leisure Industries

There is currently a wide range of FE and HE provision between Business and Housing and Administration and Leisure Industries departments. Declining student demand means that courses are directly competing against each other and early specialisation in courses is not sustainable. It is proposed that FE courses at Levels 5 and 6 will be consolidated to create broader Certificates and Advanced Certificates in Accounting, Business and Administration. This approach would also be taken with January start courses.

Although there are a number of articulation routes in place, we have seen increased competition from universities for HE level students who may have previously chosen to enrol on our HNC/D courses. Specialisms at HN Level – HNC/D in Accounting, HNC/D Administration and IT, and HNC/D Business – would be retained but it is proposed to reduce and consolidate multiple streams to align with demand and improve efficiency.

HNC Accounting evening classes, HNC Business distance learning and medical terminology discrete courses are less attractive to potential students and have very low numbers in recent years. Given this it is planned that these be discontinued.

Fashion Business, Tourism and Events courses have struggled to recruit sufficient numbers onto full time courses compared to previous years and there has been no demand for a Senior Phase offer for a number of years, further limiting the pipeline of potential future applicants. This gradual decline across all levels is limiting progression opportunities for students.

The Tourism Sectoral Skills Assessment published in November 2022 indicates that future demand will be centred around the Edinburgh, East and Midlothian, and Glasgow regions and the top employing occupation within Tourism will be in elementary occupations: clerical and services. Currently the highest number of vacancies in the sector relate to professional cookery and hospitality jobs.

Like other areas in the College, demand for HND year 2 courses has reduced. Interest in HNC/D Events has declined, and the numbers enrolled on HNC Events this session mean that the HND would not be viable in 23/24, with current applications for HNC presenting a similar picture. Given this, it is proposed that HNC/D Events and HND Fashion Business year 2 are withdrawn.

The decline in retail courses has reduced the need to maintain an on campus retail shop. This provision would be discontinued, and students would instead be encouraged to obtain relevant work experience.

Further work will be undertaken in the coming months to review the Fashion Business, Tourism and Events curriculum and career pathways to ensure that future provision is fit for purpose and remains aligned with industry and regional needs.

The reorganisation of the curriculum offers the prospect to merge the curriculum teams of Business and Housing and Administration and Leisure. Whilst this would result in a slightly larger team, the combined curriculum portfolio would benefit from skills and knowledge of teaching staff working together.

The proposed changes in Business and Housing and Administration and Leisure and would reduce the overall teaching staff of the two departments by 6.24FTE. A reduction of 1.42FTE has been realised to date (included in 5.1 above) resulting in a remaining **reduction of 4.82FTE across the two teams.**

Given the reducing demand for curriculum across these two areas, and the level of changes planned, it is proposed that the two current teams be merged into one resulting in the **reduction of 1 Head of Curriculum & Quality and 1 Curriculum & Quality Leader.**

7.2.2. English Language Teaching and Training

In contrast to most other areas of our curriculum, demand for ESOL courses remains high despite initial concerns about the potential impact of the UK withdrawing from the European Union.

We have seen a significant increase in numbers of refugees and asylum seekers due, in part, to the war in Ukraine and other conflict affected countries. This increase is driving demand for English Language learning and represents an area of real need in our communities.

We will continue to work with Local Authority partners as part of the Angus and Dundee Community Planning Partnerships to support people to integrate and contribute to society and the economy. Given this, no changes are proposed in this area at present.

A number of consultation responses have highlighted the potential savings and benefits of reducing opening hours across campuses. This is particularly evident for ‘out of hours’ activities and as such it is proposed that evening classes delivered by the ELTT Team will be relocated to Kingsway campus.

7.2.3. Access and Supported Education

The impact of pandemic on the emotional and social development of young people alongside the disruption to learning cannot be underestimated and will continue to be felt for some years to come.

Although all young people have been affected by the pandemic, disadvantaged and under-represented groups have been disproportionately impacted. In addition, in Dundee 43.1% of secondary school pupils are recorded as having an Additional Support Need (ASN) and similarly, 38.4% secondary pupils in Angus schools have an identified ASN.

The Access and Supported Education department plays a key role in engaging and re-engaging the most vulnerable and disadvantaged young people in our region. The courses offered in this department offer an introduction to college and support the development of social, emotional, learning, and life skills, providing a foundation for students to progress into subject-specific courses.

It is proposed that Aspire courses would be removed from the portfolio. These courses were originally designed to support mature learners to return to study but demand from this demographic has declined both in this area and across the College more broadly. This course is delivered as a collaboration between Essential Skills and Access and Supported Education. However, there will be no reduction in staffing levels in the Access and Supported Education department as an offsite education programme in collaboration with Angus Council will be introduced in Arbroath for session 2023/24.

In addition, a review of all Level 4 courses across the College will be undertaken during session 2023/24 to ensure they remain fit for purpose, are developing the appropriate range of social, emotional, learning and life skills, in addition to the required vocational knowledge, and are organised on a basis that anticipates and embeds the wider support that many of these students need to succeed and progress.

7.2.4. Essential Skills

The Essential Skills team offers national qualifications in Maths and English as well as providing core skills servicing to courses across the College. The outcome of the Independent Review of Qualifications and Assessment in Scotland will determine the future of national qualifications. In the meantime, the national qualifications portfolio of courses will be focused on Higher English, National 5 Maths and National 5 Applications of Maths, with greater attention given to sustainable and more efficient recruitment, resulting in fewer course occurrences, and more efficient class sizes.

As outlined in 7.2.2 above, evening class provision will be relocated to Kingsway campus.

The reduction of activity across the college teaching departments will reduce the servicing requests, impacting on the Essential Skills team, with a proposed reduction of **2.26FTE, generating a saving £130k**.

7.3. Science, Technologies, and Landbased Sector

7.3.1. Construction

The construction industry continues to be buoyant, and this is reflected both in full time applications for construction crafts courses and the increase in Foundation and Modern Apprenticeships. However, this area has high levels of student withdrawals and further work is required on retaining and engaging the full time students who enrol on these courses.

It is proposed that the full time Future Skills in Construction course is removed as alternative provision is available for school pupils on the School-College partnership construction courses, and for school leavers on pre-apprenticeship courses. This would **reduce the department staffing level by 0.78FTE, saving £45k**.

7.3.2. Building Services

There are significant training opportunities in renewable technologies arising from the Transition to Net Zero. These include short courses to upskill people in work and enhancements to develop the skills and knowledge of our existing students. These opportunities will require an agile response to develop the courses and approaches to meet the current and future needs of industry, ensuring we maximise our share of these new and growing markets.

Demand for Plumbing and Electrical Modern Apprenticeships remain stable, and we will continue to work with managing agents SECTT and SNIPEF to respond to industry requirements. With the exception of Civil Engineering (which underpins the Modern Apprenticeship and offers 3rd year entry to Abertay University) demand for technical construction courses has decreased over recent years. Given this it is proposed that HNC Built Environment be withdrawn.

There were 3 distinct NC courses in the department, this has created an element of internal competition for students and all 3 courses failed to recruit sufficient students in 2022/23. To address this, NC Built Environment, NC Civil Engineering and NC Building Services Engineering / Renewables have been replaced with a broader Level 6 course - Certificate in Construction Technology - retaining the same progression pathways. This course is already proving attractive to applicants.

HNC/D Construction Management will be discontinued as a full time course, with part time options prioritised as this is better suited to people in employment who wish to progress into supervisory or managerial roles within the construction industry. The course framework includes elements that will be explored as potential income generating, upskilling opportunities.

It is proposed that a part time, day release HNC Civil Engineering option is introduced aimed at people in employment, as this would replace the unpredictable nature of students infilling to full time courses.

It is proposed that the full time Future Skills in Plumbing and Electrical courses are removed as alternative provision is available for school pupils on the School-College partnership plumbing and electrical courses, and for school leavers on pre-apprenticeship courses.

The above changes would result in a proposed reduction of 4.65 FTE, 0.8FTE of which has been realised through VSS (included in 5.1 above), resulting in a remaining **reduction of 3.85FTE, generating a saving of £222k.**

7.3.3. Engineering

There are considerable training opportunities in renewable energy, sustainable mobility and decarbonisation arising from the Transition to Net Zero. These include PDAs and short courses to upskill people in work and enhancements to develop the skills and knowledge of our existing students. The demand for Electric Vehicle training has grown significantly in recent months, generating additional commercial income for the College. We will continue to respond to skills needs as technologies develop and as demand for green skills training increases.

Being the lead partner on the Tay Cities Deal *Tayside Centre for Engineering Partnership* has enabled the College to make significant investment in equipment and facilities in the Arbroath Campus Engineering Partnership Innovation Centre (EPIC).

Senior Phase courses, full time courses and apprenticeships in Automotive Skills remain popular and industry partnerships in this area are strong.

Alongside the skills requirements of new industry sectors such as offshore wind and renewables, there remains a need for Engineering training. Over recent years demand for Engineering full time courses and apprenticeships had decreased but are now showing signs of growth.

The SVQ Level 2 Engineering Training courses will be replaced by the reintroduction of the NCs in Engineering which offer better progression to HNC level courses. The HN curriculum has been reduced due to low demand but will be reviewed as demand increases.

The FTE reductions arising from the curriculum changes in this area have been realised through approved VS applications, saving £147k (included in 5.1 above).

7.3.4. Science

Life Sciences remains a key industry for Dundee and Scotland, and it is important that we continue to offer courses that support progression to employment and / or university. The College is also the lead partner of a Tay Cities Deal – *Life Sciences, Biotechnology and Medical Technology: Growing the Tayside Biotech, Biomedical and Agritech Sectors bid* – which aims to develop a new curriculum for the future skills needs of these industries.

Demand for the current, full time Science courses has, however, continued to decline and it is proposed that the Preparation for Science Level 4 course (which did not run in 2022/23) is removed from the portfolio. The numbers of students progressing to HND Applied Biological Sciences has also decreased with most students progressing to university after the HNC year. It is proposed that HND Applied Biological Sciences (Year 2) would be discontinued.

Alongside the potential for future growth, we need to maintain efficient delivery and it is planned that HNC Applied Sciences will reduce from 4 streams of 15 students to 3 streams of 20 students. This will maintain the number of places but will improve efficiency.

The proposed changes equate to a **reduction of 1.92FTE teaching staff, saving £110k**.

7.3.5. Animals, Land, and the Environment

The Landbased curriculum underwent significant reductions last session, refocusing courses towards employment and upskilling. The change has worked well, with the team working effectively, resulting in greater student retention and enhanced stakeholder engagement.

D&A is one of few colleges that delivers a suite of Animal Care courses and is well regarded in this area. Course applications remain stable and the recent introduction of the NC Zoo Animal Welfare & Behaviour qualification, written by the course team and validated by SQA, shows healthy numbers of applications.

Given the significant changes last year, no further changes are proposed to the landbased curriculum.

7.3.6. Team Structures – Science and Animals, Land, and the Environment

Given the relative size of teams and curriculum after recent changes, consideration has been given to bringing together the Science Team with the Animals, Land, and the Environment Team, but this has been discounted. Whilst there may be synergies between these areas that would make such a change feasible, it is considered that future curriculum and projects such as the Tay Cities Deal, environmental concerns and the climate emergency, present opportunities for growth and development in these areas and so no further structural changes are proposed at present.

7.4. Care, Sport, and Social Sciences Sector

7.4.1. Health and Social Care

The aging population of Scotland, the current national Adult Social Care workforce crisis and the potential introduction of a National Care Service present significant regional developments creating career opportunities for students undertaking courses in Health and Social Care. There are consistently high levels of demand for Modern Apprenticeships and work-based learning across all levels of SVQs in Social Services including management.

This area also suffers from high levels of student withdrawals and further work is required on retaining and engaging the full time students and modern apprentices who enrol on these courses.

The Step into Care and Step Up to Care Level 4 short courses have not proved successful and will be removed. An entry level course, Gateway to Care, will be introduced by Access and Supported Education working with Health and Social Care to give students an experience of care subjects whilst also supporting development in the social, emotional, behavioural, personal, and learning skills needed to progress within care settings.

The January courses will be consolidated into 1 stream to provide an initial experience of child, health, and social care subjects. This will result in a **reduction of 0.26FTE and generate savings £15k**.

7.4.2. Children and Young People

Full time course places in this area were increased to meet the Scottish Government's Expansion of Early Learning and Childcare. The additional funding allocated to colleges to support the workforce growth required for the expansion has ended and the course portfolio has reduced accordingly.

A broader based Certificate in Child, Health and Social Care at Level 5 will be reintroduced in Arbroath Campus in 2023/24, replacing the Certificate in Health and Social Care previously offered by the Health and Social Care team.

7.4.3. Team Structures - Health and Social Care / Children and Young People

The regulatory body (the Scottish Social Services Council / SSSC) is reviewing its registration and qualification requirements to facilitate workforce mobility across the care sector. It is important that our curriculum reflects the requirements of industry and sector skills bodies, and it is proposed that the Health and Social Care and Children and Young People teams are merged and the curriculum is realigned.

This change will allow students to benefit from the range of expertise and experience of staff in both areas. The proposal would **reduce the staffing by 1FTE Head of Curriculum & Quality, saving £67k**.

It is recognised that this will create a large staff team of teaching and support staff, therefore it is proposed that a new SVQ and Commercial Lead role would be introduced to lead and manage work-based and income generating courses and assume line management responsibility for the team of SVQ Development Officers. This would require **investment of £49k.**

7.4.4. Sport and Fitness

Full time courses in Sport and Fitness remain popular, however courses are duplicated at both Gardyne and Arbroath campuses and there is a risk that these courses over-supply the market.

In 2023/24 it is planned that 1 stream of Certificate in Uniformed Services and 1 stream of Certificate in Coaching Sport and Fitness would be removed from Gardyne Campus and that the Fastrack to Sports and Fitness January start course is removed from Arbroath Campus. These changes equate to **1.83FTE lecturing staff, saving £105k**.

Further efficiencies are planned through class sizes which would be increased to 20 per group.

The Gardyne Sports Centre generates income through commercial lets and membership activities. However, further work is required to understand the level of contribution the centre makes (outwith its curriculum role) and a review of income and expenditure of the Sports Centre will be undertaken.

7.4.5. Social Sciences

Applications for Senior Phase and full time courses in Social Sciences remain stable and HN students benefit from strong articulation arrangements. However, the introduction of 2 January start options has not been successful, and it is proposed that 1 stream of Introduction to Social Sciences will be removed, **reducing staffing by 0.26FTE, saving £15k.**

As outlined in 7.2.2 and 7.2.4 above, evening class provision will be relocated to Kingsway campus.

8. Support Services

Alongside the curriculum changes and savings summarised in section 7 above, a range of developments and savings options are proposed across a number of Support teams. These proposals reflect the decline in activity levels across the College, alongside the pressing need to make savings and secure financial sustainability.

The changes proposed in some areas are quite radical, and further work will be required to create and develop new ways of working and the new arrangements that will support these changes. This is reflected in the summaries below.

8.1. Corporate Services

8.1.1. Estates

The Estates team was rationalised last year to provide a more streamlined and efficient service.

The Estates team will continue to work effectively to provide well maintained and high-quality working and learning environments for our students and staff. This will include continued investment in our facilities and infrastructure across all of our campuses over the 2023/24 period, using the ringfenced Scottish Funding Council Capital Backlog Maintenance and Lifecycle funding.

The proposed relocation of night classes to Kingsway would enable shorter working days in Arbroath and Gardyne and this would in turn reduce the demands on caretaking cover. A review of Caretaking provision would **generate an initial saving of £31k**.

The caretaking teams in Gardyne and Kingsway have until recently participated in an on-call rota to attend to fire and intruder alarm activations outwith normal working hours. Caretakers who participated in the on-call rota were paid an allowance. An external security company has now been appointed to attend to these callouts and this has **generated an annual saving of £16k.**

The sale of the unused outreach facilities in Kirriemuir and Montrose will **generate one-off income of £260k.** Whilst a very welcome addition to College income, it is likely to be ringfenced for capital works and as such are not counted against the overall savings target.

8.1.2. Catering

Our Catering Services continue to be an important part of our provision to students. Significant savings have already been achieved for 2022/23, as part of the savings exercise in 2021/22. The subsidy necessary reduced from £460k in 2021/22 to a forecast of £230k for 2022/23. Whilst the volume of sales has increased as a result of the majority of staff and students returning to campus, it remains c.£200k behind pre-pandemic levels.

The reductions in student recruitment, alongside the cost of living crisis impact to staff and students, as well as the significant inflationary increases on the cost of consumables means that without further changes to the service delivery, the subsidy required will continue to increase.

A further review of the catering service, opening hours and catering provision would be undertaken to target a maximum subsidy of £150k, **generating a saving of £80k.**

8.1.3. Print / Reprographic Service

As a result of the changes made to the service in 2021/22 and the effectiveness of the arrangements now in place, the changes proposed relate to achieving cost savings on how / where printing is undertaken. A recent exercise identified high volume printing being undertaken on satellite printers. As the cost associated with satellite printing is significantly greater than printing on print room printers it is proposed that satellite printing volumes will be limited alongside placing a limit on the ability to print in colour - which costs 10 times as much as printing in black and white. In addition, we would propose to remove around 10 satellite copiers due to under-utilisation. This proposal would **generate savings of £12k.**

8.1.4. Learning & Digital Resources

The Learning & Digital Resources Team secured significant savings from the savings exercise undertaken in 2021/22. There is an opportunity to achieve further smaller scale efficiencies by merging the ICT first line support and the Learning & Digital Resources Advisors role and creating a new Digital Support role. This proposal would **generate savings of £14k across the Learning & Digital Resource and ICT team.**

8.1.5. ICT

The ICT department continue to see high level demands for their service with the number of devices and systems growing year-on-year. Significant non-pay savings are proposed with the migration to Cloud infrastructure and temporary reduction in hardware spend. As per the changes in Learning & Digital Resources, the proposal is to merge the first line support for Learning & Digital Resources with ICT. As above, the proposal would generate £14k savings on pay.

Work is also progressing to replace the current student records, recruitment, funding, and timetabling systems. This will require **Investment in the region of £160k** across 2023/24 and 2024/25, however, from 2025/26 annual savings of £90k will be achieved on licensing and hosting costs.

In addition, proposed one-off savings of £240k in session 2023/24 will be achieved on hardware spend by cancelling the annual hardware refresh for 2023/24. These savings will help to support the College's cash position in year as we meet the costs associated with significant voluntary severance and as such are not counted against the overall savings target.

8.1.6. Finance

Recently, staffing reductions have been achieved within the Finance team through vacancy savings and job changes. The importance of robust financial control increases during periods of financial challenge, and it is not felt to be prudent to seek further reductions at this time.

It was highlighted previously that the growth in project funding and activities inevitably creates additional financial management and reporting needs, with a manager post created to support this (and other) work. Recruitment to this role has proven challenging and this role will be reviewed further in line with the proposed senior management changes in Finance prior to further recruitment being progressed.

8.1.7. Service Design Academy

The Service Design Academy recently underwent a review of its strategy and produced a 5 year business plan, which was recently endorsed by the College Board. The process has resulted in changes to costing and pricing, increases to the efficiency of delivery and reducing reliance on Flexible Workforce Development Funds and other SFC funding.

To achieve targeted income of £900k, the SDA business plan proposes the need for growth in the number of Service Design consultants alongside spend on business development, administrative support and marketing. Whilst this is an additional investment, it will be covered by increased income and overall the changes would result in **an increase in annual contribution by £60k in 2023/24,** giving a total contribution of £240k.

8.1.8. Gardyne Theatre Limited

Gardyne Theatre is continuing to see the return of audiences. Shows are often booked with much less lead time to the production than pre-pandemic and audiences book much closer to the show dates, which makes it more difficult to predict schedules and income. Nonetheless Gardyne Theatre are benefitting from many more sold out shows, healthy bar sales and quality line-ups including comedy, amateur dramatics, orchestras, conferences and touring shows.

Gardyne Theatre continues to support the College though recruitment of staff and students, aligning support for productions in Kingsway's The Space, providing an advertising platform for College courses and supporting initiatives such as Thrive and eSports whilst at the same time targeting a sustainable financial contribution.

8.2. People and Performance

8.2.1. Learner and Community Engagement

The Learner and Community Engagement team has developed significantly over the past year, with increasing focus being placed on the role of third sector and community organisations in supporting pathways into College and providing opportunities for additionality. This work will be of increasing importance if we are to meet the social regeneration needs of our communities and support work that halts the increasing levels of inactivity and disenfranchisement from education.

Additional funding has supported the team to extend the valuable work undertaken to provide pathways out of Child Poverty and this will remain a focus for future funding bids.

The reduction in the core Learner Engagement Team in 2022 has reduced opportunity in some areas, but regrettably this is an inevitable impact of service reductions and the need for financial savings.

Whilst significant further reductions in this area are not planned, activities will be further reviewed relative to reducing full time student numbers. Student wellbeing activities will be further reviewed relative to changes outlined in the Student Services text below to consolidate and streamline the offer available to students. This would result in the reduction / restructure of these activities **generating a saving of £20k.**

8.2.2. Students' Association

The Students' Association has had a huge impact on the life and work of the College over recent years. DASA has played a really important role in supporting our students through Covid and the cost of living crisis, while also assisting students to maintain their studies and enhance representation and engagement.

Current staffing arrangements in support of the Students' Association are more complex than usual given the acting Marketing Manager role being covered by the DASA Team Leader. Arrangements will, however, be progressed to review and streamline activities and **generate savings of £5k.**

8.2.3. Student Services

The demand on our Student Services team continues to see significant growth and we are aware that this is likely to continue for the foreseeable future.

Changes introduced in 2022 have helped to support this, with the introduction of 'triage' arrangements and delivery of more group support assisting to offset the staffing reductions made in the 2022 savings plan. Demand continues to be high, and as a result there are no plans to reduce the services that directly support our students.

Whilst current arrangements provide excellent support, this is almost always provided as an 'add on' to the vocational curriculum on offer. This is not financially sustainable and does not assist with the need for us to mainstream support for those who need it.

Alongside increasing levels of demand and support provided, we are also seeing increased levels of student withdrawal and it is clear that we need to look at this differently.

As part of our curriculum review work during 2023/24 we will look at models for us to better embed the specialised support needed by an increasing proportion of our students directly into their curriculum and learning experience. This will include how we can better embed wellbeing within the curriculum offer.

The additional government funding to support mental health counselling has been the subject of much discussion across the whole sector, with all colleges calling for these important services to remain. Unfortunately, the current picture is unclear, with the government still to make a final decision over funding for the remainder of 2022/23, and no decision yet made in respect of funding for 2023/24.

Given this uncertainty it is difficult to confirm next stages in respect of the counselling service and further decisions will be based on the availability (or otherwise) of funding. Irrespective of future funding, the structures and arrangements for counselling will be revised to remove the 1 FTE role of Mental Health and Wellbeing Team Leader. This change will **generate savings of £49k.**

Work to streamline the 'back of house' administrative approaches and arrangements has progressed over the past year, with positive changes made to systems and approaches. This work will be further developed alongside the changes proposed to administration services and the introduction of new systems to better combine processing activities and reduce future costs.

8.2.4. Helping Hands Nursery

Changes made in 2022 have helped to improve the operating position of the Helping Hands Nursery, but this still requires a subsidy of c.£35k per annum.

Whilst this annual subsidy has been supported over the years due to the important role that the nursery has played in helping our students to attend College, the introduction of government funded 'free' childcare places has had a dramatic effect on this. In recent years very few children of students (or staff) have been in attendance.

In 2022/23, only 3 children of students are attending the nursery, with the remaining places filled from the local community. Given the high level of College subsidy provided, this situation is not sustainable.

The Helping Hands Nursery does, however, remain a valuable childcare asset for the Arbroath community, and it is planned that the operation of the facility and responsibility for staffing will transfer to Angus Council in August 2024. This will secure the childcare provision in the community, whilst removing the financial subsidy from the College. Places will remain available for College students, through open application as currently.

Arrangements for the transfer of nursery operations, staffing and facilities will be progressed during session 2023/24, saving £30k per annum.

8.2.5. Administration

Excellent work has been undertaken over recent years to review and develop many aspects of the administrative service. This has included the work undertaken through 'Good to Great' to create the Help Point service and embed many of the front facing administrative activities into multi-skilled roles.

The transfer of the Operations service from the former External Relations Group into administration a few years ago has highlighted the disparate range of approaches in place for many of our other administrative functions. This includes our approaches to different forms of recruitment (full time, part time, short course, leisure etc.) which are split across different parts of, and individuals within, the wider Administration team.

As our curriculum portfolio and recruitment profile changes, these distinctions and overlaps are increasingly inefficient and problematic. Given this, it is proposed that a review of these services be undertaken to create a single curriculum administrative service that will align with our sector arrangements and support the range of recruitment and curriculum administration activities that each sector and curriculum team requires.

This would be a streamlined structure and it is planned that the revised arrangements would be reviewed and implemented by 31 October 2023 at the latest. Whilst final details will be determined by the review it is anticipated that the revised structures and roles would result in a reduction equivalent to 6.0FTE. A 2FTE reduction has already been achieved through VS and the remaining reduction of 4FTE would **generate further savings of £139k.**

As part of activity on the Michelin Scotland Innovation Parc (MSIP) site there will be a need for a mixture of administrative, reception and other support for staff and students using the facility. To meet this need, a new administrative role (similar to the former Outreach Administrator roles) will be created as a redeployment opportunity. This would require **investment in this new role of £30k.**

8.2.6. Quality, MA Compliance & Business Intelligence

With a whole College systems verification visit scheduled for autumn 2023, a return to previous levels of external verification, the introduction of HN Next Gen qualifications, approval of significant new course provision, and new tertiary quality arrangements anticipated, the role of the Quality Team in supporting the core business of the College is critical.

Over the past year, however, substantive changes have been made in this service, with a change in staffing profile and reduction of 0.5FTE staffing. These changes already enacted **generate savings of £18k**.

No changes are planned in respect of the smaller and specialist areas around business intelligence and MA compliance, although improved reporting and working arrangements will be progressed to better integrate and streamline these activities.

8.2.7. People Team

The demands placed on People Team services through multiple rounds of voluntary severance and savings arrangements are significant additions to the day-to-day operation of this service. As College staffing numbers are reduced, however, reductions in this area would be progressed. This would include removal of the 1.0FTE Modern Apprentice role and reduction in additional hours currently worked. Together these changes would **generate savings of £25k.**

8.2.8. Marketing

A significant review of marketing services, activities and roles was undertaken in 2022, resulting in the creation of a revised service. This work is delivering significant improvement in marketing operations and will remain as an essential element of our need to maximise additional income and develop awareness of our changing portfolio and service over the coming years.

Ongoing review of expenditures will, however, continue to ensure that these are managed prudently.

8.2.9. Learning and Teaching Mentors, AD / OD & TQFE Delivery

Following last year's savings plan and to support better staff and budget planning going forward, a maximum cap of 12 continues to be set on TQFE numbers. As an area of relatively high spend, discretionary budgets in this area have been reviewed and reduced where possible, to strike a balance between essential training and upskilling, and managing the overall financial needs. These changes will **generate savings of £10k per annum.**

8.3. Curriculum Support

8.3.1. Academic Partnerships

The staffing within the Academic Partnerships Team was reduced last session with International activity ceasing as we prioritised skills development for regional economic and social recovery. The need to support and enhance our senior phase delivery and the attraction of school leavers into College courses is clear and vital. These represent key areas of activity and recruitment for the College and therefore no further reductions are proposed.

8.3.2. Business Partnerships

The Business Partnerships Team deliver the Flexible Workforce Development Fund (FWDF) alongside a range of other income generating activity. The team have fully maximised the fund, gaining £70k in additional funding bringing the total FWDF funding secured for 2021/22 to £834k.

The team have also secured a number of high value contracts including the contract to deliver EV training to the Tri Emergency Services group. This remains an area which makes a valuable financial, educational, and reputational contribution to the College, increasing our non-core income, and therefore no changes are proposed at this time.

The Business Engagement Review currently being undertaken is also considering how we better organise ourselves and work more effectively to grow our non-core income.

Whilst significant work is still required, the growth in alternative income streams is a major priority for the College and it is planned that **an additional contribution towards College costs of £50k** will be achieved in 2023/24 through a substantive increase in non-core commercial, sponsorship and other funding turnover and more efficient management of delivery / services.

8.3.3. Strategic Projects

The College is the lead partner on 3 funded Tay Cities Deal projects which are overseen by the Projects and Partnerships team. One project is live with funded staff already in place and two projects continue to be progressed through the very complex bidding arrangements, and will be of great benefit to the College and the region with funding for both staff and activity. External funding was also secured for a Senior Project Manager to oversee these projects. Whilst the level of contribution from this work is not always significant, these activities will continue to provide funds to allow us to invest in activities and facilities that are of significant wider benefit to the College (such as the recent purchase of c.900k engineering equipment in Arbroath).

In support of the projects, the College has recently agreed a fixed term, part time, internal secondment opportunity for a Project Officer which represents **an investment of £7k.**

The MSIP Skills Academy continues to be developed and will support skills development towards Net Zero and offers opportunities to secure additional commercial income. Given the external funding available in this area and the opportunities to secure non-core income, no changes are proposed at this time.

9. Capital Investment

Capital funding (for buildings, maintenance, and large equipment purchases) is used and managed separately from the funding available for normal College operations. Generally, capital funds cannot be used for day-to-day activities. Given this, we will continue to utilise our Capital funds to improve the College estate and ICT infrastructure and undertake routine maintenance and upgrading of our physical infrastructure.

We will prioritise investments that support the curriculum review developments required, progress our Climate Emergency Action Plan, a fit-for-purpose infrastructure and maintain safe, wind and watertight campuses.

Capital funds will be carefully managed to fund the Gardyne loan repayment, Estates, and ICT infrastructure priority investments.

Section 3 – Consultation, Support and Planning Arrangements

10. Redeployment

Where there is a potential risk in respect of the areas outlined in sections 6, 7 and 8, the People Team will discuss opportunities for redeployment and / or retraining with the individual(s) impacted and staff are encouraged to regularly check the vacancies published on the homepage of the Staff Portal.

This will ensure that staff are aware of current and potential opportunities as they arise and will support options within areas where activity is being scaled down for individuals to redeploy to an available vacancy within another area and / or role. This may also allow a voluntary severance to be accepted (where it might not otherwise) in one service, with the tasks filled by a member of staff redeploying from another area. Any changes of this type will be done through consultation and with the agreement of the staff involved.

To support this activity, all redeployment options will be explored prior to a vacancy being advertised externally.

A redeployment policy has been discussed with the trade unions and this will be used to support redeployment arrangements.

In line with the appropriate national bargaining arrangements, conservation of salary would be available for staff redeployed into a suitable alternative role.

Alongside these arrangements, an arrangement is in place with Perth, North East Scotland and Fife Colleges to share any external vacancies that arise. Fife and NESCol are also happy to offer guaranteed interviews where essential criteria are met (Perth are unable to offer this due to their UHI obligations).

11. Voluntary Severance Scheme

The Voluntary Severance scheme will reopen for all staff with immediate effect and remain open until 30 June 2023 in the first instance as one of the key approaches to support cost reductions. Any member of staff may apply for VS and all applications will be considered on their merits either as a direct savings opportunity, as an alternative savings opportunity, or to create a redeployment opportunity for another member of staff.

Where a VS application has been turned down previously it does not mean that it will be again, and equally where a VS application cannot be supported, applying does not impact on any future application or job opportunities.

It is recognised that the terms associated with VS can be complex, particularly where there is interaction for support staff with the terms of the Local Government Pension Scheme. The wording of this section of the VS scheme outlines these requirements, but the arrangements are complex, and staff are encouraged to meet with their People Team contact to raise any questions or seek additional information.

It is anticipated that VS costs will be very significant, and the College will need to carefully manage VS arrangements to support voluntary options where these are needed without creating future cashflow challenges.

12. Avoiding Compulsory Redundancy

Whilst the funding gap and savings required are significant, it is the strong desire of the College and our unions to avoid any compulsory redundancy situation if at all possible. This step would only be contemplated as a last resort where all other options and savings steps had been exhausted.

As stated previously, it is hoped that compulsory redundancy can be avoided through the use of natural vacancies that arise, voluntary severance, expiry of temporary contracts, and redeployment opportunities supported by retraining support and development as appropriate.

The Voluntary Severance scheme is a key step in avoiding the need for compulsory redundancy and whilst all applications will be considered, particular consideration will be given to staff in any area impacted by changes arising through the savings proposals.

The College will also ensure that no member of staff is disadvantaged in terms of applying for VS due to a delay in receiving pensions estimate or 'strain on the fund' details from the Tayside Pension scheme.

13. Consultation and Engagement

As outlined above, we need to reduce costs and activity whilst also boosting efficiency and increasing income. This must be achieved within a challenging financial backdrop and with an eye on future developments, opportunities and limitations and your input and feedback on this is really important.

The consultation responses from the 2022 savings plan consisted of a mixture of responses from individual academic and support staff, from managers, teams, and from our trade unions. Responses received were shared with the relevant senior managers and further discussion encouraged so that ideas and proposals could be considered as opportunities and arrangements progressed. These resulted in some significant changes to the initial proposals. We have already received over 50 responses via the consultation mailbox and anonymous hotline, and as many of the suggestions as possible have been taken into consideration in forming these proposals.

It is hoped that similar engagement will continue throughout the next few years as we tackle the challenges faced. To support this, we have opened consultation on all of the above proposals and options. None of these proposals are finalised and there are a range of opportunities over the coming weeks to allow any member of staff to input thoughts and ideas around all of these.

Initial consultation will be open until 19 May 2023 and during the consultation period, the email inbox consultation@dundeeandangus.ac.uk can be used to direct all feedback.

Confidential queries and comments can be raised through a dedicated online hotline, again available throughout the period of change: Access the Hotline. Anonymous questions can be asked at any time and responses will be given as soon as practicable.

Principal's Briefing sessions will be held on each campus and online on 27 and 28 April 2023, where the content of this paper and related savings plans will be discussed and questions can be raised. The Portal announcement accompanying this paper confirms arrangements for these sessions.

We will ensure that we are honest, transparent, and clear in our decision making, using the guiding principles outlined in section 3 above. We will undertake to communicate as much as we can so that need for change, the specific proposals and the timescales for decisions are clear and understood.

14. Support for Staff

HR support and advice is available to all staff on an ongoing basis, including support and guidance on interview skills for any member of staff looking at redeployment opportunities or taking VS.

Confidential support around personal wellbeing, or the wellbeing of colleagues, can also be sought by contacting the People Team. Your key contacts in the People Team are noted here.

The People Team can be contacted via peopleteam@dundeeandangus.ac.uk or directly through Teams. More details on team members can be accessed here.

A series of on campus HR surgeries have been organised. Details are available here. The College also supports an individual Employee Assistance Programme and provides links to other services through the D&A Wellbeing Hub. Your trade union may also offer similar support for members.

Where staff are impacted by the changes identified, individual and (as appropriate) team discussions will continue alongside work with our trade unions to look at individual options / opportunities / support to avoid the risk of compulsory redundancy.

15. Timeline

The timeline for changes proposed through this paper is summarised in the table below.

Date/s	VS	Activities
Ongoing	VS Scheme open 20 April – 30 June 2023	Extensive discussion with local unions on financial situation and sustainability planning.
March 2023		Initial Portal post on savings/sustainability needs shared with staff.
14 April 2023		Confirmation of receipt of indicative funding allocations posted on the Portal.
17 April 2023		Special Joint Consultation Forum (JCF) meeting with trade unions to discuss draft proposals.
18 April 2023		Leadership Development Session to discuss draft proposals with managers.
20 April 2023		Publication of draft savings plans with opportunity for individual consultation with staff and final comment / consultation via the Consultation inbox, with further opportunity to discuss comments or concerns directly with line managers, the People Team or through the anonymous hotline.
27 & 28 April 2023		Principal's Briefing sessions for staff at all campuses and online.
10 May 2023		Joint Consultation Forum (JCF) meeting to discuss consultation feedback.
19 May 2023		Consultation on draft savings plans closes.

w/b 22 May 2023	Special Joint Consultation Forum (JCF) meeting with trade unions to discuss consultation feedback.
w/b 29 May 2023	Final paper published with further opportunity for individual consultation with staff / areas impacted and final comment / consultation via the Consultation inbox, with further opportunity to discuss comments or concerns directly with line managers, the People Team or through the anonymous hotline.
1 & 2 June 2023	Principal's Briefing sessions for staff at all campuses and online.
9 June 2023	Close of final consultation.
w/b 12 June 2023	Special Joint Consultation Forum (JCF) meeting with trade unions to discuss consultation feedback.
19 June 2023 onwards	Progression of outcomes.

16. Conclusions

Whilst much of the above information is similar to the savings plan of 2022, there are key differences. These are most evident in respect of the reduction in demand for full time provision and the reduced activity targets for the sector. These changes highlight the need for us to plan our curriculum and services more closely and carefully than ever before, to ensure that the College meets its twin objectives of success and sustainability.

There is little doubt that the savings and change plans outlined within this paper are significant and challenging. These reflect the scale of the funding gap facing the College, and the awareness that the next few years continue (and deepen) the return to the type of public sector austerity that we see periodically.

As with last year, the proposals outline some stark choices, but these are necessary if the College is to continue to thrive and be successful. We need to make clear decisions, however challenging, that put the College in the best position it can for the future. Getting this right is important in terms of maintaining our financial sustainability and also creating and harnessing the extensive opportunities available to us for the future.

It is recognised that what we need to achieve is not easy, but we have no choice. We have also been here before, so we know that challenges of this type can be met and that – despite the difficulties faced – the College, its staff and students will continue to thrive.

We would encourage all staff to take time to read all of the proposals and to make comment on all / any aspects of these – those that impact them most, and those that don't. We have seen many times in the past that staff across the College have excellent insight and ideas, and we hope that everyone can contribute thoughts, ideas and alternative options that will make the savings and change plans that we are developing as effective as they can be.

We are under no illusions that this is an exceptionally difficult time for the College and more importantly, those directly affected by the proposals. We will do all we can to support those affected and key to this is managing this process in as fair and quick a timescale as possible, whilst giving due consideration to feedback and input from staff.

There is also a risk that we get blinded by the negative impact that funding cuts and a savings plan have, and we need to try to progress these with an eye to the future (and the opportunities and developments that are available to us) alongside continuing to support our current students. This will take input from the whole D&A community, and we hope that you can engage in conversation and contribute to how we meet these multiple challenges.

BOARD OF MANAGEMENT

Finance & Property Committee

Tuesday 30 May 2023
Management Accounts & Forecast Outturn

Paper D for information

1. Introduction

This report brings to the Committees attention the management accounts for Month 9 (August – April) 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 9 position.

3. Context

An interim budget prepared in May 2022 predicted a large cash-backed deficit of £2.9m without mitigating action. The successful implementation of a savings and investment enabled a budget to be approved by the Board in September 2022. This predicted a deficit position of £586K and management undertook to try to further improve the position in-year. Whilst underlying performance was improved, finally achieving a near break-even position to be forecast at Q2, it was obvious that the pay award assumptions of only 2%, as originally instructed by SFC to align with government public sector pay policy, was not realistic as inflation continued to rise. This assumption has now been revised for this final quarterly forecast, increasing to 5%, although this is yet to be agreed/finalised at a national level and may still increase further. This revised pay assumption is a major contributory factor in the large deficit now being forecast.

We had reported to the last meeting of Committee that our focus was already on next year with expectations for only a flat-cash core teaching funding, subsequently confirmed by indicative allocations published by The Scottish Funding Council (SFC) on 13th April. Notwithstanding the significant uncertainty around pay awards, financial modeling indicated that at least £2.5m of additional savings would be necessary. Whist acknowledging that proposals are still being consulted upon, it has been prudent to recognise a substantial voluntary severance (VS) charge likely to result from the scheme recently launched. This, together with the outcome of two earlier schemes available to staff mid-year, increases the VS provision to £1.33m this year. It is disappointing to note that despite intensive lobbying by the sector, SFC have not been able to provide any support for VS costs and this needs to be met through our own cash reserves.

We are predicting that we will fall short of our credit target, possibly by as much as 3% after taking into account the 2% threshold allowed. Conversations with SFC suggest that clawback of teaching grant is unlikely to be applied, however this has not been formally confirmed and may be resolved with certainty for some time as SFC wish to review the situation across the whole sector.

Ordinarily we would not feel it necessary to provide a Risk Assessment within the Management Accounts for the final quarterly forecast but have done so this year given the continued uncertainty over both pay and credits.

4. Summary of results

We are forecasting a **Cash-backed deficit of £1.11m after charging VS costs of £1.33m.** Despite the increased pay costs, a surplus of £216K would have been achieved in the absence of the VS charge.

Actual operating performance for the nine-months is a surplus of £1.1m, a negative variance of £150K against previous forecast for the period but including additional pay and VS costs. It should be noted however that apart from pay, forecast profiling of income and expenditure will be flawed and subject to the vagaries of timing.

A high-level analysis of both income and non-pay expenditure provides details of gross movements across the main categories. The main movements in forecast is summarised in the table below, with both income and expenditure netted off where appropriate. Variances are described in more detail within the relevant sections below.

	£000's
Cash-backed deficit per previous forecast	**(7)**
Fees, net	(19)
SDS Foundation Apprentices	30
Local Authority Senior Phase	23
Catering	91
Thrive donations	34
Pay award revised assumption	(740)
Pay - teaching variable pay savings	136
Pay - other net movements	70
Invoiced staff costs	64
VS increased provision	(1,079)
Utility savings	115
ICT costs deferred	108
Marketing costs	(75)
Other net movements	137
Cash-backed deficit per this forecast	**(1,112)**

5. Income

Forecast income increases by £247K to just over £45m, due mainly to increases in Catering & other income of £206K.

Catering performance has continued to outperform expectations, whilst Thrive donations are recognised for the first time, allocated primarily to support subsidised catering costs.

Tuition fees benefit from the continued improvement in commercial courses, with Service Design Academy now delivering a net contribution of £215K, up from £170K budgeted. Gains are however offset by lower HE full-time fees and commercial work-based provision.

The performance metric ‘Proportion of income that is SFC grant funded’ has moved has reduced slightly but remains at 82%. The (national average) target is 79%.

6. Pay Costs

Total Pay costs are now forecast at £35.44m due to the significant impact of the pay award assumption effective from September along with a substantial VS provision.

Whilst this forecast continues to see savings emanating from vacancies and the release of certain contingencies, pay has been enhanced by a significantly higher assumption to settle the pay claims from both academic and support unions. It has previously been noted that the assumption of 2% for academic and support ranging from 2% to 3%, in line with government public sector pay policy was increasingly unrealistic and the risk duly highlighted. In this final quarterly forecast it seems prudent to revise this in line with current predictions, unaffordable as they may be. The sector had hoped that funding could be found by SFC to at least provide some support for an increased settlement, but we are advised that no funding is available.

At time of writing the Employer’s Association has offered an increase of 3.5% for 2022/23 together with 3.5% for 2023 but this has been rejected. The academic claim has been reduced to £3,500 for each of the two years, equating to increases of between 6.5% and 10%. The claim from support unions remains at £5,000 for 22/23, an average of 16.5% across pay scales.

As agreed by the Board, we will continue to track the revised metric ‘Proportion of expenditure that is staff costs. The latest forecast increases to 75%, or 76%, when including VS, against a historic national average target of 71%.

A significant proportion of the total voluntary severance costs is estimated and predicated upon the assumption that the majority of posts removed will attract maximum severance. This forecast cannot be entirely accurate whilst the consultation process continues but is considered to be prudently calculated.

7. Non Pay Costs

Non-Pay costs are forecast to be reduced by £197K thanks to savings within Property and ICT, partly offset by increased Marketing expenditure.

The anticipated savings in utility costs can now be recognized. Reductions in gas prices and lower consumption has contained impact of higher electricity prices from April. Within the ICT budget, the costs provided for network replacement have been pushed back to next year and therefore this saving is one of timing only.

The property works budget is unchanged in this forecast. A substantial number of projects are scheduled over the summer months however and it is difficult to accurately predict costs incurred either side of 31 July. It is therefore possible that expenditure may spill over into next year and in this eventuality funding will be carried forward to match.

The Marketing budget has been allowed to increase in this forecast to maintain a strong focus on recruitment for the next academic year.

8. Subsidiary Company

Gardyne Theatre Limited has benefited from residual COVID-19 support provided by Creative Scotland and has also secured support from Northwood Trust of £15K. The break-even forecast has been retained but a modest surplus is now possible.

9. Capital Expenditure

The Kingsway development project has been agreed resulting in a small capital saving. Capital expenditure will be reassessed in advance of the year-end and any adjustment will be similarly reflected in revenue funding.

10. Cash Flow Forecast

Cash balances at 30 April were just over £5m, including restricted funds of £2.9m.

Cash retained at 31 July 2023 is forecast to reduce substantially from an opening position of £6.2m due to the cash deficit now forecast. Taking into account other factors such as the loan repayment and an anticipated reversal of last year's strong positive movement in working capital, including a reduction in restricted funds, we anticipate cash at 31 July of approximately £3m, of which some £1.5m may be considered as restricted.

11. Conclusion

In this final quarterly forecast our improved operating position is reasonably assured with the notable exceptions of pay award which is mitigated by the change in our assumptions, VS costs and potential clawback.

Whilst the impact from these risks are substantial we nevertheless believe that this forecast reflects the most likely outturn for the year.

12. 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

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Dundee and Angus College

Income and Expenditure Report

Month 9, April 2023

	2021/22	Month 9, April 2023			Full Year 2022/23			
	Actual	Previous Forecast	Actual	Variance from 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	23,526	23,526	-	31,368	31,368	31,368	-
SFC ESF Credits	1,167	-	-	-	-	-	-	-
Other SFC grants	3,115	4,578	3,400	(1,178)	5,238	5,333	5,350	17
SFC Total	**35,448**	**28,104**	**26,926**	**(1,178)**	**36,606**	**36,701**	**36,718**	**17**
Tuition Fees	3,236	2,658	3,112	454	3,022	3,141	3,192	51
Non-Core income	3,782	2,296	2,608	312	2,727	3,097	3,070	(27)
Catering & other income	1,408	1,564	1,745	181	1,665	1,836	2,042	206
Donation from ALF								
Total Income	**43,874**	**34,622**	**34,391**	**(231)**	**44,020**	**44,775**	**45,022**	**247**
Teaching Pay - established	16,571	12,223	12,480	(257)	16,817	16,382	16,789	(407)
Teaching Pay - variable	2,497	2,008	2,002	6	2,550	2,674	2,556	118
Invoiced Staff Costs	432	170	196	(26)	465	415	351	64
Teaching Support Pay	2,495	1,831	1,844	(13)	2,424	2,401	2,421	(20)
Support pay	11,941	8,323	8,505	(182)	11,476	11,266	11,491	(225)
Apprenticeship Levy	110	81	81	-	108	108	108	-
VS Scheme	1,246	64	527	(463)	-	249	1,328	(1,079)
Unfunded pension payments	386	300	291	9	400	400	400	-
Total Pay Costs	**35,678**	**25,000**	**25,926**	**(926)**	**34,240**	**33,895**	**35,444**	**(1,549)**
Staff related costs	283	225	204	21	307	304	302	2
Consumables & Equipment	1,553	1,613	1,669	(56)	1,851	2,040	2,025	15
Exam fees	784	702	644	58	859	832	813	19
Student related costs	161	139	172	(33)	183	190	185	5
Property cost	3,000	3,010	2,416	594	3,948	3,917	3,807	110
ICT & Telephony	1,665	1,202	959	243	1,399	1,586	1,477	109
Insurance	128	116	116	-	156	154	154	-
Marketing	142	65	116	(51)	76	91	154	(63)
Professional fees	178	85	38	47	115	161	161	-
General Overheads	263	244	215	29	278	318	323	(5)
Interest & Charges	145	63	70	(7)	92	98	108	(10)
VAT	936	900	748	152	1,108	1,196	1,181	15
Total non-pay costs	**9,238**	**8,364**	**7,367**	**997**	**10,372**	**10,887**	**10,690**	**197**
Cash-backed surplus/(deficit)	**(1,042)**	**1,258**	**1,098**	**(160)**	**(592)**	**(7)**	**(1,112)**	**(1,105)**
Add: subsidiary profit/(loss)	**(2)**	**-**	**10**	**10**	**6**	**-**	**-**	**-**
Consolidated Cash-backed surplus/(de	**(1,044)**	**1,258**	**1,108**	**(150)**	**(586)**	**(7)**	**(1,112)**	**(1,105)**

Dundee and Angus College
Management Accounts for the year to 31 July 2023
Summary Analysis - Income
Month 9, April 2023

	Prior Year	Month 9, April 2023			Full Year 2022/23			
	Actual	Previous Forecast	Actual	Variance from 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**	**23,526**	**23,526**	**-**	**31,368**	**31,368**	**31,368**	**-**
SFC ESF Credits	**1,167**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
SFC-YPG 2022-23	-	190	190	-	-	190	190	-
SFC-Capital & Maintenance grants	1,746	2,594	1,699	(895)	3,135	3,194	3,194	-
SFC-Digital Poverty as capital	-	182	112	(70)	182	182	182	-
SFC-Flexible Workforce Dev. Fund	854	1,084	971	(113)	1,272	1,154	1,154	-
SFC-Reducing Child Poverty	221	83	83	-	125	125	125	-
SFC-Funding for Counsellors	152	72	84	12	152	116	116	-
SFC-ESP Funding	120	350	233	(117)	350	350	350	-
SFC-Access to sanatory products	22	23	22	(1)	22	22	22	-
SFC: EMA Admin grant	-	-	6	6	-	-	17	17
Other SFC grants	**3,115**	**4,578**	**3,400**	**(1,178)**	**5,238**	**5,333**	**5,350**	**17**
HE Full-time	1,748	1,558	1,530	(28)	1,489	1,559	1,531	(28)
HE Associates & collaborations	682	284	620	336	546	639	639	-
Part-time Fees	242	228	247	19	334	255	248	(7)
Commercial and Leisure	357	421	557	136	503	521	608	87
Internal Re-charges	18	-	-	-	-	-	-	-
International Fees	188	167	158	(9)	150	167	166	(1)
Other fees	1	-	-	-	-	-	-	-
Tuition Fees	**3,236**	**2,658**	**3,112**	**454**	**3,022**	**3,141**	**3,192**	**51**
Commercial: Work-Based	345	180	164	(16)	250	250	180	(70)
Managing Agents	360	352	355	3	470	527	527	-
Skills Dev Scotland: MAs	655	402	514	112	500	500	500	-
SDS Foundation Apprentices L6	477	134	164	30	-	134	164	30
SDS Foundation Apprentices L4+5	76	-	-	-	-	-	-	-
SDS: Pathways to Apprenticeships	21	-	-	-	-	-	-	-
SDS: Cyber in non-technical courses	-	14	14	-	-	14	14	-
Other Public Sector contracts	34	28	19	(9)	80	40	40	-
Schools Senior Phase	163	15	162	147	150	139	162	23
Non-funded tuition	6	4	-	(4)	20	6	6	-
European Projects	55	25	41	16	21	30	31	1
Developing Young Workforce	350	-	-	-	6.00	-	-	-
Energy Skills Partnership (non-SFC)	400	203	249	46	256	283	285	2
SDS for MSIP	40	38	38	-	26	38	38	-
Mathew Trust	-	128	128	-	100	128	128	-
Northwood Trust	29	90	81	(9)	110	110	110	-
Seagreen funding	49	90	79	(11)	251	267	259	(8)
Tay City Deals	369	568	567	(1)	446	581	590	9
Misc. grants, funding and sponsorships	75	9	12	3	6.00	10	13	3
Other grants - ESP	237	7	7	-	-	7	7	-
Other misc. income	41	9	14	5	25	33	16	(17)
Non-Core income	**3,782**	**2,296**	**2,608**	**312**	**2,727**	**3,097**	**3,070**	**(27)**
Consultancy	37	35	38	3	40	38	40	2
Catering	562	766	796	30	735	831	907	76
Training Restaurants	19	15	34	19	21	21	40	19
Nursery	167	153	153	-	187	187	187	-
Retail shops	3	1	1	-	6	2	2	-
Salon revenues	-	12	25	13	25	18	30	12
Gardyne Sport facilities	189	153	152	(1)	256	205	205	-
General Lets hire of space	37	72	88	16	106	94	96	2
Staff secondments	6	7	11	4	10	10	13	3
Support cost grants	94	81	120	39	90	90	120	30
GTL revenue from LTO and SLA	18	7	8	1	20	20	20	-
Library charges	12	8	3	(5)	18	11	11	-
Photocopy charges	1	3	3	-	4	4	4	-
Sale of materials, produce, scrap etc.	22	50	64	14	9	55	73	18
Biomass RHI &EDFE FIT charges	34	44	45	1	62	62	52	(10)
Wage Subsidy/CJRS	163	101	103	2	60	120	120	-
Insurance Claims	8	-	-	-	-	-	-	-
Thrive@D&A Donations		-	27	27	-	-	34	34
Bank Interest	3	21	29	8	1	25	33	8
Other misc.	33	35	45	10	15	43	55	12
Catering & other income	**1,408**	**1,564**	**1,745**	**181**	**1,665**	**1,836**	**2,042**	**206**

Dundee and Angus College

Management Accounts for the year to 31 July 2023

Summary Analysis - Expenditure

Month 9, April 2023

	Prior Year	Month 9, April 2023			
	Actual	**Previous Forecast**	**Actual**	**Variance from forecast**	**Budget**
	£000's	£000's	£000's	£000's	£000's
Mileage	98	78	77	1	108
Travel & Accommodation	23	26	18	8	41
Overseas Travel	3	3	2	1	2
Staff welfare and other expenses	21	18	16	2	25
Recruitment	6	0	3	(3)	1
Organisational Development	132	100	88	12	130
Staff related costs	**283**	**225**	**204**	**21**	**307**
Course Consumables etc.	318	328	312	16	335
Project Materials, Equipment etc.	117	599	637	(38)	655
Catering supplies	378	451	484	(33)	497
Library	23	33	21	12	46
Stationery & Printing	11	16	13	3	21
Equipment purchase & maintenance	652	156	170	(14)	238
Other misc.	54	30	32	(2)	59
Consumables and Equipment	**1,553**	**1,613**	**1,669**	**(56)**	**1,851**
SQA Fees	532	457	425	32	550
Other fees	158	170	132	38	189
Accred/Regn/Assess/Verification	95	75	87	(12)	120
Exam Fees	**785**	**702**	**644**	**58**	**859**

Residentials, travel etc.	24	32	27	5		39
Foundation Apprentice travel	0	1	-	1		9
Student placement costs	5	4	3	1		6
Student Counselling	18	18	21	(3)		21
Student Support costs	30	22	26	(4)		30
Student Bursary materials	-	-	37	(37)		-
Miscellaneous costs (inc.PVG)	84	62	58	4		78
Student related costs	**161**	**139**	**172**	**(33)**		**183**
Maintenance, high priority works, etc.	1,461	1,371	848	523		1,896
Building rentals and rates	319	242	222	20		314
Utilities	961	1,193	1,097	96		1,535
Cleaning, waste management etc.	145	108	152	(44)		138
Transport costs	77	74	73	1		31
Health & Safety costs	22	17	12	5	6	25
Other	15	5	12	(7)	6	9
Property Cost	**3,000**	**3,010**	**2,416**	**594**		**3,948**
ICT hardware, software, etc.	916	651	412	239		687
ICT Maintenance & Licenses	643	467	480	(13)		574
Web Development	5	11	8	3		40
Telephony & data line rentals	101	73	59	14		98
ICT & Telephony	**1665**	**1202**	**959**	**243**		**1,399**
Consultancy (inc.projects)	34	22	11	11		7
Audit Services	46	9	7	2		48
Bad Debts and collection fees	84	22	-	22		30
Legal & other professional fees	14	32	20	12		30
Professional fees	**178**	**85**	**38**	**47**		**115**
Photocopying, copyright & postage	107	100	88	12		111
Sponsorship, subscriptions, Licences	115	100	86	14		101
Hospitality and events	20	28	17	11		42

Miscellaneous and other	21	16	24	(8)	24
General Overheads	**263**	**244**	**215**	**29**	**278**

Full Year 2022/23		
Previous Forecast	**Latest Forecast**	**Variance from Previous Forecast**
£000's	£000's	£000's
108	112	(4)
37	30	7
4	2	2
24	24	-
1	4	(3)
130	130	-
304	**302**	**2**
383	366	17
781	784	(3)
525	529	(4)
46	32	14
21	20	1
238	253	(15)
46	41	5
2,040	**2,025**	**15**
535	500	35
203	200	3
94	113	(19)
832	**813**	**19**

53	51	2
2	-	2
6	6	-
21	21	-
30	30	-
-	-	-
78	77	1
190	**185**	**5**
1,792	1,792	-
325	312	13
1,545	1,435	110
138	159	(21)
83	84	(1)
25	12	13
9	13	(4)
3,917	**3,807**	**110**
849	759	90
624	624	-
15	15	-
98	79	19
1586	**1477**	**109**
28	28	-
61	61	-
30	30	-
42	42	-
161	**161**	**-**
126	126	-
127	127	-
42	42	-

23	28	(5)
318	**323**	**(5)**

Dundee and Angus College

Latest Forecast for the year to 31 July 2023

Risk Assessment of key volatile areas at Q3

Income/Expenditure Category	Latest Forecast	Possible Cash Deviations		Controllable?	Adverse Risk Assessment			Comments and mitigations
		Favourable	Adverse		Likelihood	Impact	Overall	
	£000's	£000's	£000's		£000's	£000's	£000's	
SFC Credit income	31,368	-	900	Controllable in terms of activity delivered but not fully in control of demand.	Low	High	Mid	Despite the 10% credit reduction for 2023/24 the threat of clawback for under delivery this year has not been formally withdrawn. SFC have asked us to the reasons and stated that they do not seek to be punitive. The potential adverse variance is the approximate maximum value of a net 3% shortfall beyond current threshold of 2% but is considered highly unlikely to be applied.
Other SFC grants	5,350	-	-	Provision of funding is uncontrollable but College can stimulate demand.	Low	Low	Low	Capital & Maintenance grant dominates this category and any movement, most likely to be a reduction, will be matched by a similar reduction in property costs.
Tuition Fees	3,192	50	50	Yes, in terms of marketing, recruitment delivery and retention but limited influence over demand.	Low	Low	Low	At this stage in the year significant adverse movement is not anticipated and net gains forecast this quarter appear secure.
Non-Core income	3,070	100	100	Partly; varies across such a disparate category ranging from apprentice income to Trust funding.	Low	Low	Low	This forecast sees little net movement and, similar to above, any further fluctuation is likely to be modest. The exception may be certain grant funding streams not expended by year-end but this again would be matched with similar movement in associated costs and funding carried forward into next year.
Catering & other income	2,042	50	50	Yes	Low	Low	Low	Catering income augmented by Thrive donations secure this category with little residual risk.
Total Pay (exc. VSS & unfunded pensions)	33,716	300	600	Largely yes but subject to pay and conditions negotiated centrally.	Low	High	Mid	Continued savings have mitigated predictable impact of a higher pay award assumption. However, whilst the current assumption limits the extent of further adverse movement there remains a high degree of uncertainty until a national settlement is reached with both academic and support unions.

VSS	1,328	200	200	Yes	Mid	Mid	Mid	Last quarter's predictions of a potential adverse movement of £1m have proved accurate, albeit that current forecast includes a high degree of estimation. Substantially higher cost seems unlikely but any favourable movement could result from spillage into next year, albeit we would strive to agree with our auditors restrict the charge to current year.
Property cost	3,807	100	100	Yes, subject to inherent risks of the usual unpredictable factors exacerbated this year by exceptional price rises.	Low	Low	Low	This quarter's forecast has improved due principally to reduction in utility costs. Any further significant movement across all property accounts, most probably positive, should be largely matched by equivalent movement in funding.
Non-pay costs excluding property	6,883	100	100	Yes, with limited exceptions, but inflationary pressures have increased risk of over spend.	Low	Low	Low	Significant movement in this forecast were deliberate and controlled by budget holders. Further substantive movement to outturn is unlikely.

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Dundee and Angus College
Income and Expenditure Report

Cash Flow Forecast

	2021/22	2022/23			
	Actual	**Actual April**	**Budget**	**Previous Forecast**	**Latest Forecast**
	£000's	£000's	£000's	£000's	£000's
Cash backed surplus/(deficit)	**(1,044)**	**1,108**	**(586)**	**(7)**	**(1,112)**
Loan repayment	(457)	(457)	(457)	(457)	(457)
Capital Expenditure	3,402	(19)	-	(44)	(20)
Capital funding	(3,402)	19	-	44	20
Asset Disposals		-	150	-	
Working capital movements	1,896	(1,863)	(1,800)	(1,700)	(1,700)
Net Movement in cash balances	**395**	**(1,212)**	**(2,693)**	**(2,164)**	**(3,269)**
Opening cash balances	5,853	6,248	6,248	6,248	6,248
Closing cash balances	**6,248**	**5,036**	**3,555**	**4,084**	**2,979**

Note

We hold restricted cash funds of approx. £2.9m at the end of April, including Student Support funds of £850K

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Finance & Property Committee

Tuesday 30 May 2023

Draft Budget for 2023/24

Paper E for approval

1. Introduction

This report brings to the Committee's attention a draft budget for the year to 31July 2024.

2. Recommendation

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

3. Context

This draft budget for 2023/24 takes cognisance of the Indicative College Funding Allocations published 13 April 2023. As had been anticipated, both core teaching and capital funding is unchanged from 2022/23, thus representing a real terms cut to funding. Credit target was however reduced by 10% to 98,307. At that time there remained the prospect of a share of the additional £26m made available from Scottish Government's FY 2023/24 budget announced in December for strategic investment to support the transition to a financially sustainable sector. Subsequently this was formally withdrawn on 2 May 2023. Final 2023/24 allocations have not been published.

In anticipation of this 'flat cash' settlement, management had continued to explore potential means of managing a very challenging settlement in the face of unprecedented inflationary pressures and early modelling had identified a need to secure savings of at least £2.5m and accepting that teaching activity must be reduced in line with our new credit target. Initial Consultation on Savings and Change Proposals was released to staff on 20 April within a Creating a More Successful and Sustainable College paper, with final consultation closing 9 June. Simultaneously the approved VS scheme was relaunched and is open to applications until 30 June.

Whilst acknowledging that there could be further changes arising from consultation, this draft budget is nevertheless established assuming that all the proposed changes will be enacted by 31 July. Subsequent forecasts will reflect the impact of any deviations.

In these prevailing circumstances of uncertainty and necessary high-level top-down assumptions, the budget process has not benefitted from the usual level of engagement with curriculum budget holders.

This budget must also contend with significant underlying price inflation, leading to an equally unprecedented level of pay demands. At time of writing no settlement has been reached with either academic or support unions for 2022/23 and so we carry this added level of uncertainty into 2023/24. We believe that our budgetary assumptions of 5% for each of 2022/23 and 2023/24 are realistic but acknowledge within our Risk Assessment that the potential for adverse movement is substantial.

Tay City Deal projects have continued to suffer from delays and whilst we remain confident that both will be approved, neither 'Supporting SME Skills' nor 'Life Sciences Biotech and Medical Tech' are included in this budget. Should these begin mid-year a modest level of financial contribution should accrue. Confirmed costs and income from our partnership with Michelin Scotland Innovation Parc (MSIP) are however included.

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

4. Summary of results

A **Cash-backed deficit of £15K** is budgeted. Although this is considered an acceptable outcome at this stage, we require a surplus of at least £457K to meet our obligation to make annual loan repayments.

Subject to the many inherent risks and uncertainties, management will continue to seek to achieve a more sustainable position.

A summary of the main net movements from the latest forecast for 2022/23 is given in the table below and explained 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 forecast for 2022/23	**(1,112)**
SFC - loss of contribution from FWDF	(320)
Net impact of other SFC grant reductions (est.)	(300)
Reduction in apprentice income	(267)
Net contribution from additional grants	300
Catering contribution	44
Pay - proposals inc. approved VS, net of new posts	2,076
Pay - impact of pay awards	(1,660)
VS costs removed	1,328
Utility increases	(168)
ICT - core budget savings, inc. licences	344
ICT - new projects, net of funding	(219)
Other net movements	(61)
Cash-backed deficit per draft Budget 2023/24	**(15)**

5. Income

Income reduces by £1.1m from latest 22/23 forecast to £43.9m due to the reduction in non-core SFC grant funding, partially offset by the donation from our Arm's Length Foundation (ALF).

Indicative teaching cash funding for AY 2023/24 is £31,370,793, only £2,645 more than previous year. The Credit Target is 10% lower at 98,307. Credit Guidance may afford additional flexibilities for 2023/24 but has not yet been published by SFC.

Other SFC grants are down by nearly £1.9m. Capital & Maintenance grants account for £606K but this is simply a reflection of the exceptional roll over of funding into the previous year to match costs of works. The FY allocation from SFC for 2023/24 is unchanged from previous year at £2,587,725, however there is no split between High Priority Backlog and Lifecycle maintenance, thereby affording more flexibility of use.

Similarly, Flexible Workforce Development Funding (FWDF) had benefited last year from Covid related extensions, and roll-over of funding. However, the reduction of £661K also recognises a lower expectation of funding, with allocations reducing by 40% from 2021/22 levels. Additionally four other income streams have been removed for 2023/24 where continued funding cannot be confirmed and indications from SFC are pessimistic. These are YPG, Child Poverty, Student Counsellors and Digital Poverty as capital. There is a stronger possibility that the latter will again attract some funding and would add equivalent cost to the ICT budget.

Tuition Fees increase by only £10K, This reflects a more optimistic assessment of commercial courses, particularly delivery by Service Design Academy, but also recognises the reduction of full-time delivery from discontinued provision and the ongoing challenge of recruitment.

Non-Core income sees a large reduction in apprentice funding, with the residual SDS outcomes for Foundation Apprentices coming to an end and compounded by the contractual reduction in new start Modern Apprentices being applied across all disciplines.

In other respects, reductions in specific sources of grant funded activity are replaced by new sources such as Energy Efficiency grants or Transport Scotland funding for ESP, all having no net cost impact. The singular exception is an additional zero cost contribution assumed from a combination of UK Shared Prosperity and commercial funding. Whilst we believe that it is highly probable and are working hard to achieve this, there is clearly risk that it does not materialise or does not contribute to this extent.

Although off-set by specific anticipated reductions, challenging targets have been set for Catering and other site based activities, contributing to a modest increase in Catering & other income.

A successful bid for partial funding of the ICT Network Replacement project will secure a donation of £700K from the ALF.

6. Pay Costs

Total Pay costs are budgeted at £33.37m, a total reduction of £2.07m from the forecast for 22/23, and a reduction of £762K when excluding VS costs charged in the previous year.

A 5% pay award assumption has added £1.66m. As planned within the financial sustainability paper, this is offset by savings of approximately £2.07m net of investment in new posts and after accounting for pay associated with discontinued activities. Savings are focused around academic areas as we decrease our provision in line with funding. Whilst established and variable teaching costs are reported separately it is not possible to do so fully accurately at this point and this profile will subsequently change, and also be subject to a 'transfer to permanency' movement to established.

VS costs associated with the current savings proposals are all assumed to be charged within 2022/23. No costs of additional schemes have been budgeted meantime.

7. Non Pay Costs

Non-pay costs, at £10.54m are £146K less than the latest forecast for 2022/23.

Consumables and equipment reduce with the net reduction in grant funding. In other respects, little movement from last year is anticipated as we seek efficiencies to counteract inflationary pressures.

Exam fees, unlike most categories of consumables, should reduce with lower student numbers.

Property costs increase by £128K to £3.9m, due primarily to increased utility costs. Although gas prices have fallen from April 2023, electricity has increased by almost 50%. A saving of £50K has been assumed from the lower consumption following the installation of new LED lighting at Gardyne campus. Property works cost would have fallen sharply this year in line with SFC Capital & Maintenance funding but now includes £500K + vat for the installation of this LED lighting, made possible by the successful bid for 100% funding from the government Energy Efficiency grant scheme.

ICT costs rise £316K from outgoing forecast to almost £1.8m, despite a one-off reduction of £231K from core budget and removal of Digital Poverty allocation meantime of £152K. However, Network replacement costs of £652K + vat are included this year in addition to costs for the first phase replacement of the student record system of £114K + vat.

Marketing costs have been reduced by £20K in this budget but are being maintained at a relatively high level given the importance of both student recruitment and commercial income.

Professional fees show an increase as contain £36K + vat for the funded energy efficiency survey.

8. Subsidiary Company

The break-even budget for Garyne Theatre Ltd., after allowing for Licence to Occupy and Service Level Agreement charges payable to the College, has been established at a relatively high level in consultation with the Theatre Manager but has yet to be approved by the Board. Demand is slowly returning to post-COVID levels and we can have reasonable confidence in this position. Although we are disappointed that the theatre is not to receive any Youth Music Initiative (YMI) funding this year (£25K for 22/23) most of this is expended on direct costs. The Theatre successfully secured funding from Northwood Trust of £15K per annum for 2022/23 and 2023/24 to support operating and development costs.

9. Student Support Funding

Indicative funding allocations of almost £9.4m should be adequate to meet demands despite an increase in maximum allowances to combat the cost of living crisis.

10. Capital Expenditure

Currently no capital expenditure is budgeted, with all property works presumed to be revenue in nature. Any expenditure deemed to be capital will, unless funded by third party sources, result in SFC's Capital & Maintenance grant being diverted. This will reduce revenue but should have no effect on operating position or cash. Funding for capital expenditure from non-government sources would be fully recognised in year of receipt but would also feature as a necessary adjustment to derive an Adjusted operating result.

The cash flow forecast includes estimated proceeds from the disposal of outreach centres at both Montrose and Kirriemuir.

11. Cash Flow Forecast

Current predictions are for an opening cash position of approximately £3m to fall to circa £2.6m by July 2024 after the loan repayment due in August and with disposal proceeds off-setting potential negative working capital movements. Cash, free of restrictions, could be as low as £1.4m.

12. Conclusion

The College is on track to make the targeted savings and the near break-even budgeted position provides a reasonable starting point to further improve financial performance. Notwithstanding the significant inflationary risks upon this year, the considerable challenge will also be to plan for, and fund, further efficiencies that will likely be necessary to combat a potential flat-cash funding settlement for 2024/25. These will be addressed within the Financial Forecast Return that is expected to be required by SFC by the end of June. Guidance expected shortly will set out the planning assumptions that we are required to make.

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

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Executive Sponsor: Simon Hewitt, Principal

Dundee and Angus College
Income and Expenditure Report
Month 9, April 2023

	2022/23
	Latest Forecast
	£000's
SFC Credit income	31,368
SFC ESF Credits	-
Other SFC grants	5,350
SFC Total	**36,718**
Tuition Fees	3,192
Non-Core income	3,070
Catering & other income	2,042
Donation from ALF	-
Total Income	**45,022**
Teaching Pay - established	16,789
Teaching Pay - variable	2,556
Invoiced Staff Costs	351
Teaching Support Pay	2,421
Support pay	11,491
Apprenticeship Levy	108
VS Scheme	1,328
Unfunded pension payments	400
Total Pay Costs	**35,444**
Staff related costs	302
Consumables & Equipment	2,025
Exam fees	813
Student related costs	185
Property cost	3,807
ICT & Telephony	1,477
Insurance	154
Marketing	154
Professional fees	161
General Overheads	323
Interest & Charges	108
VAT	1,181
Total non-pay costs	**10,690**
Cash-backed surplus/(deficit)	**(1,112)**
Add: subsidiary profit/(loss)	-
Consolidated Cash-backed surplus/(deficit)	**(1,112)**

Dundee and Angus College
Management Accounts for the year to 31 July 2023
Summary Analysis - Income
Month 9, April 2023

	2022/23
	Latest Forecast
	£000's
Teaching Grant	**31,368**
SFC YPG 2022-23	190
SFC Capital & Maintenance grants	3,194
SFC Digital Poverty as capital	182
SFC-Flexible Workforce Dev. Fund	1,154
SFC-Reducing Child Poverty	125
SFC-Funding for Counsellors	116
SFC-ESP Funding	350
SFC - Access to sanatory products	22
SFC: EMA Admin grant	17
Other SFC grants	**5,350**
HE Full-time	1,531
HE Associates & collaborations	639
Part-time Fees	248
Commercial and Leisure	608
Internal Re-charges	-
International Fees	166
Other fees	-
Tuition Fees	**3,192**
Commercial: Work-Based	180
Managing Agents	527
Skills Dev Scotland: MAs	500
SDS Foundation Apprentices L6	164
SDS: Cyber in non-technical courses	14
Other Public Sector contracts	40
Schools Senior Phase	162
Non-funded tuition	6
European Projects	31
Energy Skills Partnership (non-SFC)	285
SDS for MSIP	38
MSIP Management Fee	-
Mathew Trust	128
Northwood Trust	110
Seagreen funding	259
Tay City Deals	590
Government Energy Efficiency grants	
Misc. grants, funding and sponsorships	13
Other grants - ESP	7
Other misc. income	16
Non-Core income	**3,070**
Consultancy	40
Catering	907
Training Restaurants	40
Nursery	187
Retail shops	2
Salon revenues	30
Gardyne Sport facilities	205
General Lets hire of space	96
Staff secondments	13
Support cost grants	120
GTL revenue from LTO and SLA	20
Library charges	11
Photocopy charges	4
Sale of materials, produce, scrap etc.	73
Biomass RHI &EDFE FIT charges	52
Wage Subsidy/CJRS	120
Insurance Claims	-
Thrive@D&A Donations	34
Bank Interest	33
Other misc.	55
Catering & other income	**2,042**

Dundee and Angus College
Management Accounts for the year to 31 July 2023
Summary Analysis - Expenditure
Month 9, April 2023

	2022/23	2023/24	
	Latest Forecast	**Draft Budget**	**Variance from 22/23 forecast**
	£000's	£000's	£000's
Mileage	112	112	-
Travel & Accommodation	30	29	1
Overseas Travel	2	-	2
Staff welfare and other expenses	24	24	-
Recruitment	4	4	-
Organisational Development	130	130	-
Staff related costs	**302**	**299**	**3**
Course Consumables etc.	366	354	12
Project Materials, Equipment etc.	784	297	487
Catering supplies	529	575	(46)
Library	32	32	-
Stationery & Printing	20	22	(2)
Equipment purchase & maintenance	253	265	(12)
Other misc.	41	41	-
Consumables and Equipment	**2,025**	**1,586**	**439**
SQA Fees	500	447	53
Other fees	200	180	20
Accred/Regn/Assess/Verification	113	113	-
Exam Fees	**813**	**740**	**73**

Residentials, travel etc.	51	28	23
Student placement costs	6	6	-
Student Counselling	21	21	-
Student Support costs	30	30	-
Miscellaneous costs (inc.PVG)	77	75	2
Student related costs	**185**	**160**	**25**
Maintenance, high priority works, etc.	1,792	1,765	27
Building rentals and rates	312	378	(66)
Utilities	1,435	1,575	(140)
Cleaning, waste management etc.	159	160	(1)
Transport costs	84	33	51
Health & Safety costs	12	12	-
Other	13	12	1
Property Cost	**3,807**	**3,935**	**(128)**
ICT hardware, software, etc.	759	1,087	(328)
ICT Maintenance & Licenses	624	612	12
Web Development	15	15	-
Telephony & data line rentals	79	79	-
ICT & Telephony	**1477**	**1793**	**(316)**
Consultancy (inc.projects)	28	22	6
Audit Services	61	66	(5)
Bad Debts and collection fees	30	30	-
Legal & other professional fees	42	73	(31)
Professional fees	**161**	**191**	**(30)**
Photocopying, copyright & postage	126	114	12
Sponsorship, subscriptions, Licences	127	127	-
Hospitality and events	42	40	2
Miscellaneous and other	28	16	12

General Overheads	**323**	**297**	**26**

Dundee and Angus College

Draft Budget for the year to 31 July 2024

Risk Assessment of key volatile areas

Income/Expenditure Category	Latest Forecast	Possible Cash Deviations		Controllable?	Adverse Risk Assessment		
		Favourable	Adverse		Likelihood	Impact	Overall
	£000's	£000's	£000's		£000's	£000's	£000's
SFC Credit income	31,371	-	300	Controllable in terms of activity delivered but not fully in control of demand.	Low	Low	Low
Other SFC grants	3,470	200	100	Provision of funding is uncontrollable but College can stimulate demand.	Low	Low	Low
Tuition Fees	3,202	100	100	Yes, in terms of marketing, recruitment delivery and retention but limited influence over demand.	Low	Low	Low

Non-Core income	3,066	200	300	Partly; varies across such a disparate category ranging from apprentice income to Trust funding.	Mid	Mid	Mid
Catering & other income	2,093	100	100	Yes	Low	Low	Low
Total Pay (exc. VSS & unfunded pensions)	32,953	500	1,000	Largely yes but subject to pay and conditions negotiated centrally.	Low	High	Mid

VSS	-	-	500	Yes	High	High	High
Property cost	3,935	200	200	Yes, subject to inherent risks of the usual unpredictable factors exacerbated this year by exceptional price rises.	Low	Low	Low
Non-pay costs excluding property	6,609	100	100	Yes, with limited exceptions, but inflationary pressures have increased risk of over spend.	Low	Low	Low

Comments and mitigations
Adverse is notional at this stage. Curriculum plans are developed to achieve the new lower credit target but we await formal credit guidance and confirmation of threshold and flexibilities, particularly in respect of attendance. The College will continue to play its part, along with others in the sector, to lobby for greater latitude to ensure credit targets are more manageable but will also continue to prioritise actions to improve recruitment and retention. SFC are yet to publish Final Allocations and Credit Guidance for 2023/24.
Capital & Maintenance funding now accounts for a greater proportion of this category at 75%. Given this is awarded on an FY basis, AY recognition can be volatile but normally with limited net impact when set against associated cost. Many other streams have been removed in 23/24, with reintroduction less likely and attracting additional cost. FWDF is unconfirmed and budgeted as 22/23 allocation meantime.
Fees have been significantly reduced to reflect removal of some core provision. Increased commercial income, chiefly from SDA, along with price increases largely offset this reduction. A continued emphasis on strong and focused marketing activities are an important element of mitigation.

Very different activities within this broad category attract different risks and opportunities. Modern Apprentice income has been reduced to reflect a reduction in new starts but we will continue to lobby for additional funding to meet higher demand, and this contributes to possible favourable deviation. Grant funding continues to dominate this category however and does, unusually, contain a high level of contribution beyond direct cost, thus presenting the risk.
Targeted increases in site based activities will be challenging, particularly in catering as we to contain the operational deficit.
The pay budget contains several components contributing to risk of both favourable and adverse potential movements. This year it is again predicated on savings proposals still in consultation at time of writing. Teaching pay in particular has been adjusted to account for a lower level of activity, and the variable pay element is budgeted at a high level. In the absence of agreement we are assuming a level of pay award for both this year and last. The impact of a higher award over both years will therefore have a compound effect. The College cannot control this and our ability to react in-year, whilst still achieving targets and outcomes is limited. Notwithstanding, pay will be closely monitored and the impact of likely movements continually reassessed.

This adverse deviation is largely a nominal value simply to highlight the distinct possibility of having to use VS to secure additional saving, particularly if we are to again receive no increase in core teaching funding for 24/25. There is however also a possibility of VS charged in year from slippage last year, though this would have no net impact overall.
Property works inherently attract risk of overspend, particularly from unplanned maintenance, but this would be managed in-year and planned works adjusted accordingly as far as possible so risk of material over spend, with no associated funding, is low. Utility costs also account for a large portion of this budget and we have reasonable price certainty until March 2024.
Departmental budgets are generally well controlled and the prospect of material over spend, unless discretely funded, is unlikely, although exceptional inflationary pressures have increased risk. Effective budget monitoring and sound procurement practices will provide mitigation and ensure value for money.

Agenda Item 7.0

FINANCE & PROPERTY COMMITEE

Tuesday 30 May 2023

INFRASTRUCTURE

7.1 Estates Update **PAPER F**

7.2 Estates Annual Report **PAPER G**

7.3 ICT Update – Student Information Systems Consolidation **PAPER H**

BOARD OF MANAGEMENT

Finance & Property Committee

Tuesday 30 May 2023

Estates Update

Paper for noting

1. Introduction

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

2. Recommendations

Members are asked to note the report.

3. Capital Funding for Maintenance

The SFC 5-year Capital Backlog Maintenance Grant funding project has come to an end for this year for the period 1 April 2023 – 31 March 2024 been replaced with Capital Funding for Maintenance. Previously there were 2 elements for the funding split between

- Backlog maintenance
- Lifecycle maintenance

This financial year there is no ringfenced allocation for Backlog maintenance, however we will still be tackling a number of Backlog maintenance projects.

The level of funding for Capital Funding for Maintenance for the period 1 April 2023 – 31 March 2024 is **£2,587,725.00**

There was an element of underspend on last year's grant allocation and this has been carried forward into the new financial year. Projects not completed last year form part of the programme this year along with a new list of projects.

The table below highlights the range of projects planned to be completed before the 31st July 2023 –

PW Number	Project	Campus	Estimated Value (inc VAT)	Current Status
PW586	CSW Building Refurbishment	Arbroath	£240k	In Progress
PW634	Swimming Pool Roof Replacement	Gardyne	£60k	Contract awarded
PW590	CSW Replacement Lift	Arbroath	£60k	In Progress
PW636	MSIP Improvement Works	MSIP	£50k	Tender Stage
PW667	Equipment/Plant Replacement	All	£72k	In Progress
PW637	Major Chiller Repair	Gardyne	£18k	In Progress
PW638	Isla 1st Floor changes	Arbroath	£12k	In Progress
PW578	Create Construction Workshop	Kingsway	£12k	Complete
PW640	Create slabbed area outside CSW- wheelchair access	Arbroath	£16k	Complete
PW641	Create Esports Hub	Gardyne	£120k	In Progress
PW642	Supported Ed Wheelchair Garden Access	Gardyne	£6k	Complete
PW643	Highlander EV Charging Pod	Kingsway	£18k	Complete
PW644	Student Services Window Replacement	Kingsway	£30k	Award Pending
PW662	Painting and Decoration Workshop – create storage and 3 additional booths	Kingsway	£18k	Complete
PW595	Replacement Blinds CALC Building	Arbroath	£12k	Award Pending
PW583	Swimming Pool Toilets refurbishment	Gardyne	£40k	Contract Awarded
PW645	Demolition of Aviary	Arbroath	£5k	Complete
	Estates Projects Contingency	All	£20k	
		Total	**£809k**	

A number of projects are also planned for completion beyond the 31st July 2023 and are detailed below -

PW Number	Project	Campus	Estimated Value (inc VAT)	Current Status
PW633	Isla Building Replacement Windows	Arbroath	£400k	Planning Stage
PW646	Replacement Lift Esk Building	Arbroath	£72k	Contract Awarded
PW648	Replacement Lift Space Building	Kingsway	£60k	Contract Awarded
PW649	Level 4 Refurbishment	Kingsway	£48k	Planning Stage
PW650	Level 5 Refurbishment	Kingsway	£48k	Planning Stage
PW591	Hardwire Testing	Gardyne	£30k	Contract Awarded
PW652	Partition Wall between Esk 1.03/1.04	Arbroath	£7.2k	Planning Stage

PW653	Y101 – demolish small rooms to create larger room – new vinyl flooring, lighting and painting	Gardyne	£18k	Planning Stage
PW654	Y102 - Replace gas ovens with fan assisted electric ovens x 8	Gardyne	£6k	Award Pending
PW655	Engineering Office refurb – install window, lights, flooring and painting	Kingsway	£7.2k	In progress
PW656	Space – create IT Space for laptop use - furniture	Kingsway	£6k	Planning Stage
PW657	Esk – Big Hair Salon Upgrade – New chairs, stations and scaffold benching, painting	Arbroath	£12k	Planning Stage
PW658	Esk – Small Hair Salon Upgrade - New chairs, stations, scaffold benching, new ceiling, flooring, lighting and painting	Arbroath	£18k	Planning Stage
PW659	Esk – Creation of new Barber Salon – Room 0.01	Arbroath	£24k	Planning Stage
PW660	Install doors for pop-up shop space	Kingsway	£2.9k	
PW661	E033 Classroom refurb	Kingsway	£7k	In progress
PW663	Clova - Existing Barber Salon to General Classroom	Arbroath	£6k	Planning Stage
PW664	B050a/b – new joinery workshop requiring LEV system installed, new 110v supplies and floor levelling	Kingsway	£60k	Planning Stage
PW665	Building Management System Upgrade	All	£48k	Planning stage
PW666	Esk – Create new flexible workshop for Construction and Engineering (Old Catering Outlet)	Arboath	£30k	In progress
PW667	Create new Marketing Office and new Meeting room	Kingsway	£12k	In progress
PW668	New Carpet – ground floor Space building	Kingsway	£15k	Planning stage
PW669	Replace corroded pipework on Gardyne roof which feeds Chiller 2	Gardyne	£36k	In progress
	Estates Project Contingencies	All	£60k	
	Total		**£1033.3k**	

4. Scottish Green Public Sector Estate Decarbonisation Scheme

The College submitted 2 bids in March 2023 to the Green Public Sector Estate Decarbonisation Scheme for -

- Pre-capital funding for Energy Audit and Feasibility work to identify potential decarbonisation and energy saving projects across the College estate. Bid value - £36k + VAT

- Capital funding for a LED lighting replacement project for the Gardyne campus. Bid value - £500k + VAT

Installing LED lighting replacements will half our lighting energy consumption generating annual savings based on the electricity costs of approx. £70k/year.

It is very pleasing to report that both bids were successful and approx. £650k of additional funding has been secured for these projects.

5. 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: Steve Taylor, Vice Principal People and Performance

Estates Annual Report

1 April 2022– 31 March 2023

DUNDEE AND ANGUS COLLEGE

Contents

Introduction

This report provides a summary of Estates related activities for the period 1 April 2022 – 31 March 2023.

Infrastructure Strategy – 2027 Vision

The Infrastructure Strategy – 2027 Vision was approved by the Finance and Property Committee in September 2022, replacing the Estates Strategy 2019-2024 document.

The new strategy has been developed to ensure that the infrastructure is provisioned and invested in the most effective way, recognising the changing role of a college campus and the evolving change in how our curriculum deliver learning and our support teams deliver services.

The College, through successful implementation of this strategy is committed to providing infrastructure and spaces that are truly innovative and inspiring to learners.

The College infrastructure is also a core element to support the delivery of the Colleges 2025 Strategy and will play a key role in delivery of learning and teaching. The strategy ensures that investment decisions in both physical and digital infrastructure are all focussed towards delivering the key aims of strategy.

Estates Strategy 2019 – 2024

The College successfully implemented a number of the key objectives of the Estates Strategy 2019-2024 between 1st April 2022 – 31st March 2023 in line with the key parameters that had been set out in the Strategy -

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

One of the key objectives of the Estates Strategy was the creation of new build STEM Centre at Kingsway. While this particular project was not progressed - mainly due a lack of an identified funding model, a significant amount of money was invested in the college estate across all 3 campuses during the lifetime of the strategy.

The Kingsway Tower Redevelopment project was the main project with £8m invested to create a range of high-quality learning, support and social spaces –

- A new build Hair, Beauty and Complementary Therapies learning facility
- A new social space and frontline services space
- A new Café Bar facility which is also a learning environment
- A new Training Restaurant which is also a learning environment
- A new Learning and Digital Resources facility

All of these new spaces have been operational over the last 2022/23 academic session and there has been a lot of very positive feedback from learners, staff and visitors about their significantly enhanced learning, working and customer experiences.

The Scottish Funding Council were a key financial supporter of this project, particularly when the proposed building location for the new Hair and Beauty was condemned due to significant structural roof defect which resulted in the building having to be demolished and a new building constructed. But the financial support from our Foundation (£3.3m) was ultimately pivotal to this Kingsway Project being successfully completed on time and on budget.

Capital Backlog Maintenance

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

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

Following the intensity of the previous 2 years when the Estates team were heavily involved in managing the COVID process along with the Kingsway Project, it was back to a more ‘normal’ albeit still very busy 2022/23 period with a number of Capital Backlog Maintenance projects being completed as detailed below –

Project	Campus	Approx Costs	Current Status
Review water management system on Clova Roof	Arbroath	30,000	Below ground completed. Roof works progressing to start
Road resurfacing of Isla and Esk car parks	Arbroath	100,000	Completed
CSW/Clova buildings refurb	Arbroath	10,000	Works in progress with some enabling works completed
CSW/Clova Lift Replacement	Arbroath	60,000	Contract awarded in March – new lift installation commences 23/05/2023
Automatic Fire Alarm Installation in Clova building	Arbroath	60,000	Completed
Camera upgrade	Arbroath	20,000	Completed
Internal Fabric	Arbroath	25,000	Completed

Project	Campus	Approx Costs	Current Status
Refurbishment of Tower Level 5 + 6 Classrooms	Kingsway	80,000	Completed
Camera system upgrade	Kingsway	20,000	Completed
Internal Fabric improvements	Kingsway	25,000	Completed
Catering Block Sub-main cable replacement	Kingsway	25,000	Completed
Demo Kitchen Sub-main cable replacement	Kingsway	8,000	Completed
Creation of new Offices of Level 6 for People and Quality teams	Kingsway	40,000	Completed
Creation of new Engineering Workshop	Kingsway	30,000	Completed
Creation of new Locker room for Hair and Beauty Students	Kingsway	15,000	Completed
Sports Block Roof Resurfacing	Gardyne	50,000	Completed
Camera System Upgrade	Gardyne	20,000	Completed
Hardwire electrical testing	Gardyne	25,000	Contract awarded in February – works will commence in July
Internal Fabric improvements	Gardyne	25,000	Completed

Some of the other identified works planned during the 2022/23 financial year were not progressed, but they have been carried forward and will be completed during the 2023/24 financial year.

Climate Emergency Action Plan

The College continues to make very good progress with the implementation of its Climate Emergency Action Plan.

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

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

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

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

The link below provides details of progress made on each of the 5 ROADMAP elements.

Mandatory Climate Change Reporting 2021/22

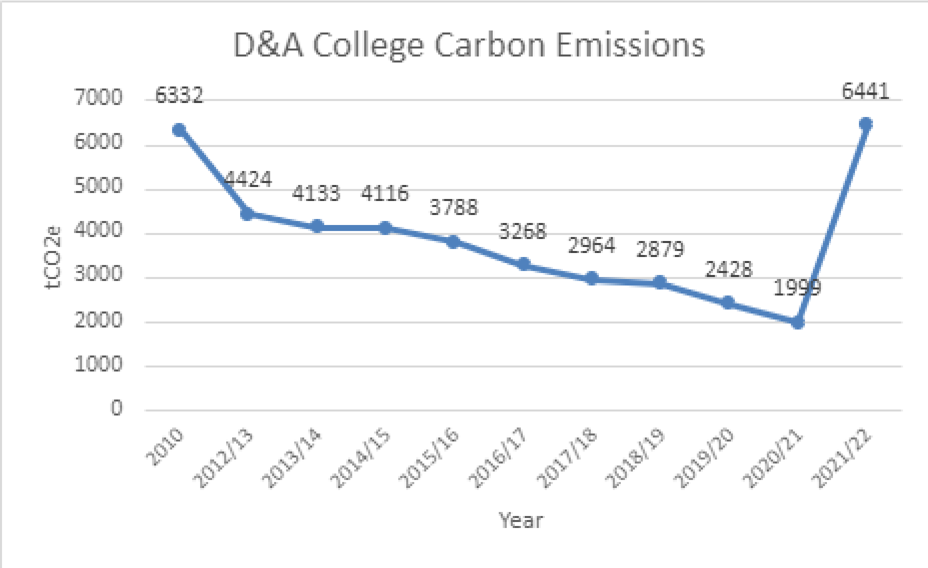
The College submitted its 2021/22 Mandatory Climate Change Reporting documentation in November 2022, which saw a significant increase in our carbon footprint. This is because we are now required to record all aspects of our Scope 3 emissions which cover -

• Home Working	52.5
• Procurement – Medical & Precision	124.6
• Procurement – Business Services	454.9
• Procurement – Construction	1054.6
• Procurement – Other Manufactured Products	536.1
• Procurement – ICT	1480.7
• Procurement – Paper products	27.7
• Procurement – Fuels, Chemicals and Gases	67.7
• Procurement – Waste and Water	4.2
• Procurement – Food and Catering	240.1
• Procurement – Unclassified	5.4
• Procurement – Other	73.2
• **Scope Total**	**4121.7 tonnes C02**

The Scope 3 data above was provided by APUC (Advanced Procurement for Universities and Colleges) and at this stage is based purely on the level of College spend for each element. This is not the most scientific way of calculating the associated carbon emissions and work is ongoing to refine this moving forward.

The 2021/22 Reporting period also saw an increase in our Scope 1 and Scope 2 emissions. This was an expected increase as the College returned to normal operation following the impact of COVID which saw a significant reduction in on campus activity. Scope 1 and Scope 2 emissions are reflective mainly of our electricity and heating (gas) consumption.

The table below highlights the carbon footprint information for the period 2010 -2022.



Scottish Green Public Sector Estate Decarbonisation Scheme

The College submitted 2 bids in March 2023 to the Green Public Sector Estate Decarbonisation Scheme for -

- Pre-capital funding for Energy Audit and Feasibility work to identify potential decarbonisation and energy saving projects across the College estate. Bid value £36k + VAT

- Capital funding for a LED lighting replacement project for the Gardyne campus. Bid value - £500k + VAT

Installing LED lighting replacements will half our lighting energy consumption generating annual savings based on the electricity costs of approx. £70k/year.

It is very pleasing to report that both bids were successful and approx. £650k of additional funding has been secured for these projects.

Operation Unicorn

The College played a key role in assisting Police Scotland with Operation Unicorn – Queen Elizabeth cortege being transported to Edinburgh from Balmoral. Our Kingsway Campus was Police Scotland's staging post on Saturday and Sunday and we provided breakfast, lunch and dinner for over 400 police officers. This was a monumental effort by a range of catering staff and staff volunteers who did the college proud.

A special mention to Michael Robinson (Catering Manager) and Kichelle Robinson-Williams (HCQ Hospitality and Professional Cookery) who planned and implemented the event with very little notice - they along with their teams did an incredible job.

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

Some of the amazing team who took part.

Author: Billy Grace, Head of Estates
Executive Sponsor: Steve Taylor, Vice Principal

BOARD OF MANAGEMENT

Finance & Property Committee

Tuesday 30 May 2023

ICT Update

Paper H 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 previous papers the network replacement project has now commenced. Design workshops have taken place to agree with the contractor how the network will operate. The next steps are for training to take place on the new hardware and deliveries will start to happen over the next few months.

As per previous update paper it is planned to replace the Gardyne Campus network first and that is still scheduled for October. Ideally the work would have commenced over the summer but unfortunately, we are still seeing some significant lead times on hardware delivery.

4. Cloud Migration

Over 50% of on-premises services have now been migrated into the Cloud. Significant migrations already completed are the current Application and Bursary system and the Finance system.

Over the next couple of months, the remaining services will be migrated. Specifically, the Student Management system will move in June and the Timetabling system will move in July.

5. Implementation of a replacement Student Management Solution

5.1 Current Operating Model

The College currently has a fragmented approach to core student related business systems. This was due to the availability of systems that were able to deliver all core functionality across the student journey at the time of implementation and the College wishing to take a "best of breed" approach. Business systems were implemented during or pre-merger and since then there has been limited resource to review these systems to ensure they are still providing value to the College and that they operate in an effective manner. The core business systems used across the College are as follows:

- **Student Course Application System – CAMS provided by Inisoft** – utilised to enable students to apply online for courses and funding. The management of an application is within CAMS and transferred to the Student Management System once an unconditional offer is accepted.

- **Student Management System – Unit-e provided by Parent Pay** – responsible for managing the student from the point of registration until they leave the College. Functionality used includes statutory returns, registrations/results with Awarding Bodies, enrolment and raising of fees.

- **Student Funding Management System – Tequios provided by Inisoft – responsible** for student funding assessment and payments and to ensure support funds are reconciled correctly. Also includes statutory returns which are imported to Unit-e.

- **Timetabling System – Celcat provided by Kinetic** – responsible for timetabling of modules, students, staff and physical spaces and the management of student attendance.

Whilst, in isolation, these applications are functional and supportable solutions, there are specific concerns. Specific issues with the current solutions are:

- **CAMS and Tequios** – Concern around future of the product. The vendor is open about the lack of investment in the product and the continued supportability. The product is currently supported but it should be deemed as a risk. We are the only institution using the CAMS product and if a core change to the product is required e.g., due to cyber security concern or platform reliability then it would not be unexpected that Inisoft divest themselves from any responsibility unless the College was to invest significantly in the product.

  The system has many non-functional issues, including the lack of Software as a Service (SaaS) option, client application/database backend architecture, limited knowledgeable support staff available within Inisoft. This all makes it difficult for the College to support the product and ensure it is available on any device in any location.

  In line with the non-functional issues, there are multiple functional issues where the system no longer fits our current recruitment process. To resolve these issues the Administration Services team have had to implement several workarounds for our admissions and funding processes. This creates issues around supportability of the product and creates convolute processes.

- **Unit-e** – there has been under-investment in the student management system by the vendor for the last ten years. The product that was implemented at the point of merger is the same one that is in use today. In discussion with the vendor there has been promises of future investment, however, this has been discussed for the last four years without any demonstrable improvement in the product. As with CAMS and Tequios, they do not offer a SaaS solution, it is a client front-end, database back-end solution.

  From the functional aspect, unit-e requires significant support from the Systems and Data Management team to ensure data flows through the system correctly. Items such as reporting are required to be created from scratch and ongoing maintenance of these reports is problematic. As Scottish Funding Council requirements change each year, this is a significant undertaking.

- **Celcat** – whilst the Celcat solution has seen investment, there is significant amount of bespoke development to ensure that the tool integrates with our student management system, student funding system and reporting systems.

5.2 Target Operating Model

If the College is to continue to be agile and provide the level of service our staff and students expect alongside the external context of reduced funding year on year, a change in approach to digital services is necessary. Whereas bespoke, highly customised services were the correct decision a decade ago, in most organisations, this is no longer a sustainable solution. Changing from multiple bespoke and vendor supplied solutions towards Commercial Off The Shelf (COTS) products that cover a wide range of services in one application are far more suitable.

Specifically, the College is required to partner with a vendor to ensure that all statutory elements are met. There are only four vendors who can offer much of the benefits as listed above, these are Unit-e by ParentPay, REMS by Civica, SITS by Tribal, and ProSuite by OneAdvanced.

The College should implement one of the solutions above and use this application in its entirety. It is expected, at a minimum, that the service will encompass student management, course and funding applications, student funding management, timetabling and attendance, pastoral management, and student portals. It should be noted that there will always be a trade-off between a solution that has been developed to our precise requirements to one that it highly supportable and resilient. It should be expected that any new product may see some reduced functionality or changed processes in the short-term but then achieve long-term benefits of consolidating systems. The College is in the enviable position that it is seen by other further education institutions as a high performing college and vendors are keen work with us to support the continued development of their products.

For any specific services that the system does not support a separate system should be chosen that will offer ease of integration, high-availability, supportability, and resilience. Data should be readily available to whichever reporting and business intelligence tool the College wishes to use.

All business systems should be utilised using a SaaS model. This provides the College with the most resilient services that are fully supported by vendors and ensures that the resource required by the College to support the solution is minimised.

5.3 Proposed Solution

The shared service Advanced Procurement for Universities and Colleges (APUC) have recently completed a renewal of the student management solution for further education colleges' framework. The College's Head of ICT and Head of Administration were a core part of the team reviewing tenders. REMS by Civica was successful in being the preferred supplier on the framework. The evaluation process demonstrated that functionally it is the most advanced solution available to colleges, whilst also proving to be the cheapest solution (especially when it is delivered via SaaS).

REMS meets all the core functional and non-functional requirements of the College. This service would be capable of replacing all the student related systems and benefits to the current environment are significant:

- Consistent digital service for students (e.g., application, funding, enrolment, and portal all in one)
- Consistent digital service for staff enabling flexibility of staff
- Simple to use interface that has a much shallower learning curve than the current digital services
- SaaS solution. Service delivered entirely by the vendor with little to no ICT input
- Flexibility of the service. Other than for certain specialist roles (e.g., statutory returns) all functionality available from anywhere via browser
- Vendor is investing significantly in the product and are keen to work alongside the College
- Simpler digital environment as substantial reduction in the number of disparate systems
- Better integration with other digital services e.g., Azure AD, reporting tools
- Significantly cheaper licensing and hosting costs

5.1.1 Pre-implementation Tasks

There are several tasks, pre and post procurement, which have, and will be conducted to ensure that the product we purchase is fit for purpose.

Pre-procurement:

- Set up meeting with REMS reference sites to understand how they utilise the system
- Document any functional gaps identified and categorise into Must, Should and Could
- Agree with REMS how and when these functional gaps will be addressed

Post-procurement

- Detailed documentation of how the core processes are designed to work within the system
- Map our current process to this documentation

5.1.2 Programme Team

A programme team will need to be put in place to deliver this change. It is proposed that this programme will be made up of multiple project teams. These project teams will have members from across the College depending on what the deliverables are e.g., for Student Funding it is expected there will be multiple Subject Matter Experts (SME) co-opted into the team from the Student Funding team, Student Services team. Student Association and the Finance team.

To ensure consistency across the entire programme, and future digital transformation projects, it is proposed that this team is led by the Learning and Digital Resources Manager, who would co-ordinate the delivery of the programme along with the SME, who will be responsible for being the link between the rest of the College and the project and capturing and articulating any functional requirements.

5.1.3 Implementation Timescales
It is proposed that the implementation of the replacement student management solution should follow the student journey. Therefore, the high-level plan would be as follows:

- November 2023 – launch of new course application system
- April 2024 – launch of new student funding application system
- August 2024 – launch of new student management system, attendance system and commercial/leisure enrolment solution
- April 2025 – launch of replacement timetabling solution

5.1.4 Direct Costs and Savings
The direct costs of delivering the project are split into 3 categories.

- License and hosting costs £52,000 per annum
- Vendor consultancy £80,000 (split between £60,000 in 2023/24 and £20,000 in 2024/25). There is a commitment from REMS that they will deliver the project based on this consultancy costs regardless of whether we go over the number of days consultancy purchased.
- Staff costs £100,000 (one subject matter expert for two years) and cost of any backfilling required to cover project manager's current duties

Estimated savings:

- Reduction in licensing £14,000 in 2024/25 (CAMS and Tequios), £134,000 per annum in 2025/26
- Reduction in hosting £10,000 in 2024/25 (CAMS and Tequios), £30,000 per annum from 2025/26

As above, from session 2025/26 it is expected that the College will save **£114,000** per annum if the programme is implemented in its entirety.

The above does not consider initial indirect costs with staff time supporting the design and implementation of the new service and training required.

5.4 Next Step
The proposal to procure the REMS Student Management Solution is included for approval in the Procurement Update paper for the Finance and Property Meeting on 30/05/2023

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: Steve Taylor, Vice Principal

Agenda Item 8.0

FINANCE & PROPERTY COMMITEE

Tuesday 30 May 2023

8.0 PROCUREMENT UPDATE PAPER I

BOARD OF MANAGEMENT

Finance & Property Committee

Tuesday 30 May 2023

Procurement Update

Paper I for both noting and 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 May 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 March 2023 to May 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 may include items exceeding £500K requiring further approval from the Board of Management. This report includes two such items.

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: Simon Hewitt, Principal

Section A - Procurement Update / Contract Awards / Extensions: Mar 23 – May 23

Contract name	**Road Resurfacing Works at Arbroath Campus**
Route to Market	Desktop Evaluation via the APUC Road Resurfacing & Minor Civil Engineering Framework (Ref: EFM1042 AP)
Successful Bidders	J Sives Surfacing
Contract Value	£71,682
Award Date	17 March 2023
Start Date	3 April 2023
Contract Period	4 Weeks

Contract name	**Lift Replacement at The Clova Building, Kingsway Campus**
Route to Market	Desktop Evaluation via the APUC Lift Maintenance, Installation and Refurbishment Framework (Ref: EFM1032 AP)
Successful Bidders	Consult Lift Services
Contract Value	£48,915
Award Date	22 February 2023
Start Date	15 May 2023
Contract Period	4 Weeks

Contract name	**Lift Replacement at The Esk Building, Arbroath Campus**
Route to Market	Direct Award via the APUC Lift Maintenance, Installation and Refurbishment Framework (Ref: EFM1032 AP)
Successful Bidders	Consult Lift Services
Contract Value	£54,962
Award Date	19 April 2023
Start Date	10 July 2023
Contract Period	4 Weeks

Contract name	Lift Replacement at The Space, Kingsway Campus
Route to Market	Direct Award via the APUC Lift Maintenance, Installation and Refurbishment Framework (Ref: EFM1032 AP)
Successful Bidders	Consult Lift Services
Contract Value	£57,172
Award Date	20 April 2023
Start Date	1 August
Contract Period	4 Weeks

Section B - Planned Contracting Requiring Approval

Contract name	Trucktrain, VR Capability for Hydrogen Refuelling, Resource Management System and Multi-Fuel Training Equipment
Incumbent Suppliers	N/A
Estimated Contract Value	£270,000 (ESP Funding from Transport Scotland)
Owner	ESP Project Director
Route to Market	Not Identified
Intended Contract Start Date	TBC
Proposed Contract Period	TBC
Rationale	Under the Zero Emission Skills Programme by Transport Scotland, Dundee and Angus College has secured funding, which will be utilised to acquire a diverse range of modern equipment and resources. These acquisitions are vital for the development of the college curriculum and will significantly enhance the educational experience for students. By providing access to advanced resources and facilitating practical hands-on training in the field of zero-emission transportation, the college aims to equip its students with the necessary skills and expertise for a future focused on sustainability.

Contract name	Framework for the Supply of Virtual Reality (VR) / Augmented Reality (AR) Welding Simulators
Incumbent Suppliers	N/A
Estimated Contract Value	£1,000,000 (subject to External Funding)
Owner	Head of Sector and ESP Project Director
Route to Market	Open Tender
Intended Contract Start Date	June 2023
Proposed Contract Period	4 years (48 Months)
Rationale	The College will utilise residual Seagreen funding of £83,000 (net of VAT) to purchase virtual welding equipment. ESP have a similar requirement with the expectation of minimum funding of £450,000 over a period of 2 years from Caledonia Offshore Wind Farm. Coupled with the prospect of additional demand from both the College and ESP, should further funding be secured, it is appropriate to award this as a framework allowing

	call-offs over a longer period with reasonable price certainty.

Contract name	**REMS Student Resource Education Management System**
Incumbent Suppliers	Unit-e (ESS), CAMS-Tequios (Inisoft), Celcat (Celcat)
Successful Bidders	Civica
Estimated Contract Value	£261,000
Owner	Head of ICT
Route to Market	Direct Award via the APUC Student Management System(s) and Associated Services Framework (Ref: ITS1050 AP) Lot 2 – Further Education Systems and Associated Services
Intended Contract Start Date	1 September 2023
Proposed Contract Period	5 years (60 Months)
Rationale	The delivery and implementation of a consolidated student information management system replacing multiple disparate systems into one. Enabling the efficient and effective management of student information, improve data quality, and ensure compliance with relevant regulations and standards.

Contract name	LED Lighting Replacement of Gardyne Campus
Incumbent Suppliers	Not Applicable
Estimated Contract Value	£500,000 (Funding from the Scottish Central Government Energy Efficiency Grant Scheme)
Owner	Head of Estates
Route to Market	Direct Award/Mini Competition via APUC Framework for Electrical Sundries and/or Open Tender
Intended Contract Start Date	TBC – Subject to Formal Written Confirmation
Proposed Contract Period	12 Weeks
Rational	LED Lighting offers numerous benefits over traditional lighting sources including energy efficiency, longevity, durability, versatility, environmental friendliness, and improved lighting quality. Compared to traditional incandescent and fluorescent bulbs, LED lights use less electricity, have a longer lifespan, are more durable, and produce a brighter, more natural-looking light. Additionally, LED lights do not contain toxic chemicals and produce less heat, making them the environmentally friendly option. These benefits emphasise that LED replacement is a cost-effective and sustainable choice for Dundee and Angus College. A further £36,000 has been awarded for a building energy audit and feasibility study. The objective is to support the College to identify ways to reduce energy consumption,

	reduce costs, and improve our buildings environmental sustainability.

Section C – Planned Procurement and Recent Awards

None in this period.

Section D – Other Procurement Activities

1. Tayside Region Procurement Team (TRPT)

   The Tayside Regional Procurement Team was official re-formed in April 2023. The team brings together the procurement resources based within Dundee and Angus College and Abertay University to leverage their collective purchasing power, knowledge, and expertise to achieve cost savings, improve efficiency, and maximise value for their respective institutions.

2. Community Wealth Building

   Dundee City Council has unveiled its Community Wealth Building Strategy, designed to harness available resources and capabilities to maximise local opportunities and boost the city's economic well-being.

   In pursuit of this objective, the Council has actively engaged with key stakeholders and essential partners from the College, Universities, NHS Tayside, housing associations, and prominent employers throughout the city. It is through these partnerships, the Council intends to combine the resources and capabilities of these entities, channelling them towards advancing the local economy.

   The College and TRPT welcomes the initiative and will actively engage with the Council and other partners to realise potential benefits. Concerns have been raised that introducing additional bureaucracy may have a negative impact on the current capacity of the organisation involved. The implementation of additional community benefit criteria could also inadvertently discourage smaller businesses from engaging with publicly funded organisations. We will seek to mitigate these risks.

Agenda Item 9.0

FINANCE & PROPERTY COMMITEE

Tuesday 30 May 2023

STRATEGIC RISK REGISTER

9.1 Risk Register Update

9.2 Strategic Risk Register

BOARD OF MANAGEMENT

Finance & Property Committee

Tuesday 30 September 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 May 2023 meeting of the Audit & Risk Committee.

3. Risk

Risk 2.2: As outlined within the agenda and papers considered, the College has embarked upon a significant savings plan to deliver a sustainable budget and operating position for 2023/2024 in the light of the ‘flat cash’ settlement indicated within the indicative funding allocation.

Whilst the risk rating in respect of this remains as major, the savings plan activities have supported development of a close to breakeven budget at this time.

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 Audit & Risk Committee and Board of Management. As a result, further changes will be considered by the May 2023 Audit & Risk Committee. The risks identified as 'under review' do not include any within the remit of the Finance and Property Committee.

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

DUNDEE AND ANGUS COLLEGE

STRATEGIC RISK REGISTER

2022 – 2023

Extract for Finance & Property Committee

As at May 2023

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

Risk Number & Committee	POTENTIAL CONTRIBUTING FACTORS				TREATMENT	POST MITIGATION EVALUATION				
	Risks	**Impact**	**Likelihood**	**Score**	**Mitigation Actions**	**Impact**	**Likelihood**	**Score**	**Monitoring**	**Responsibility**
2	**Financial**									
2.1 **F&P**	Change in SFC Funding Methodology and Allocation – Reduction in Funding	3	3	9	• Negotiation/influence at national level • Contingency plans for reduced funding	3	3	9 ↔	• Advance modelling of new funding methodologies and allocations • Monitoring impact of changes • Amendment of strategic or operational direction / plans • Financial strategy sensitivities	VPCS
2.2 **F&P**	Failure to achieve institutional sustainability.	5	4	20	• Protection of funding through dialogue with SFC • Robust annual budget-setting and multi-year financial strategic planning • Effective budgetary control • Where required, swift action to implement savings	4	4	16 ↔	• Monthly monitoring of budgets • Regular review of financial strategy and non-core income sensitivity • Detailed monitoring of savings programmes	VPCS
2.3 **F&P**	National outcomes on salaries and conditions of service outstrip ability to pay	4	4	16	• Influence within Employers Association • Management of staffing expenditures	4	3	12 ↔	• Expenditure modelling • On-going discussions with staff • Financial strategy sensitivities • Workforce planning	VPP&P, VPCS

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

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

Risk Number & Committee	**POTENTIAL CONTRIBUTING FACTORS**				**TREATMENT**	**POST MITIGATION EVALUATION**				
	Risks	**Impact**	**Likelihood**	**Score**	**Mitigation Actions**	**Impact**	**Likelihood**	**Score**	**Monitoring**	**Lead Responsibility**
2	**Financial (cont)**									
2.5 **F&P**	D&A Foundation refuses/withholds funding for key College priorities	5	3	15	• On-going dialogue with Foundation Trustees • Appropriate bid arrangements in place	3	2	6 ↔	• Monitor and advise Board of Management	Prin & VPCS
2.6 **F&P**	Demands of capital developments / maintenance impacts on financial sustainability or delivery of learning and/or services	3	2	6	• Multi-year estates strategy and capital planning • Lobbying of SFC on capital and backlog maintenance funding • Planning for D&A Foundation bids	2	2	4 ↔	• Monitoring of capital plans and expenditures • Regular review of capital plans/timescales relative to funds	VPCS
4	**Infrastructure**									
4.2 **F&P**	Failure to achieve ambitions of Digital strategy; strategy and development is ineffective	4	3	12	• Planning, careful phasing of changes to processes and systems • Effective management of ICT arrangements • Clear investment plan	4	2	8	• Regular review/reporting on milestones, systems effectiveness etc • Regular CPD	VPC&A, HoICT

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

Agenda Item 10.0

FINANCE & PROPERTY COMMITEE

Tuesday 30 May 2023

10.0 CS REPORT PAPER K

BOARD OF MANAGEMENT

Finance & Property Committee

Tuesday 28 February 2023

Corporate Services Report

Paper I 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 in respect of financial and funding requirements

Publication	Topic	Allocation
SFC/AN/07/2023	**Indicative college funding allocations AY 2023-24**	
SFC/CI/01/2023	**College mid-year financial forecast return (MYR) 2022-23**	
SFC/AN/01/2023	**Funding for counsellors in AY 2022-23**	£64,000

4. Supporting Our Learners

We are in full swing of the application process, with just over 4,500 offers made to candidates. On feedback from our current students, we have worked with the marketing team to design newsletter comms as a keep warm communication "Hey@D&A"sent throughout the application process. The first of these went out in March and the next one is schedule to be released next week

We are also in the process of inviting all applicants with an offer to our on campus "Connect 2 D&A" pre-induction sessions in June. These will give an insight for our new intake into their course, opportunity to meet the team and peers, but also highlight the extra-curricular activities college life has to offer.

We are currently working with our ICT and Finance teams to offer an easier recurring payment plan/pay up front option for our part-time and commercial programmes.

During March the Help Point staff have completed over 1,000 of telephones calls with our previous learners to complete SFC Post-Destination Survey exercise on time with an 85% completion target rate.

Student Funding applications have opened for 23/24 and staff will offer workshops as part of our Connect 2 Days but also Workshops throughout the summer break.

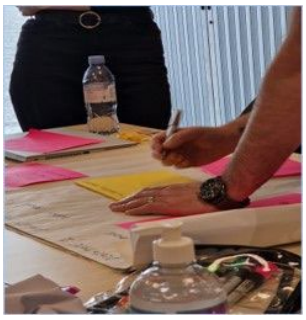
Full focus for next few weeks will be supporting our learners to ensure attainment and closing off the academic year tasks and preparation for our new intake in August.

5. Service Design Academy Update

Professional Development Award (PDA)

Our six consultants continue to train and educate over 50 PDA delegates from councils, Education, Housing Associations, Scottish and UK government agencies, large charities, financial services and overseas. Led by Jo and Kim, the August cohort has completed their final projects. The October 22 cohort is due to complete later in May and the January cohort in July.

Our lead consultant Katie is preparing for External Verification from SQA in late June with the support of Michelle Hamilton and the Quality team.



Scottish Social Services Council PDA workshops promoted on Linkedin

Customised Short Course Delivery: February – May 23

20 colleagues across the Dumfries and Galloway Local Employability Partnership participated in face-to-face and online learning environments delivered by Connor, Janine, Katie and Robbie. Three colleagues are also studying our PDA; this pathway approach is proving to offer great support in implementing learning and making the ideas developed into reality.

Dumfries and Galloway (pic1) and Dundee City Council (pic 2 & 3) workshops

Scottish Forestry 2-day People Experience course led by Kim and Connor brought a group of 8 colleagues together to work on a design challenge which led to proto-typing of new ways to interact in hybrid settings and to support ways of working in new offices.

Dundee City Council Pathfinder 3-day face to face workshops delivered by Katie and Robbie brought employability stakeholders together to co-design the development of a successful pilot programme to overcome barriers and maximise the use of resources tailored to the individual needs of families. The SDA team was delighted to welcome families from Linlathen to participate in co-design sessions with new ideas on signposting already being implemented.

Manchester City Council

2-day People experience course delivered by Connor and Kim with 35 HR colleagues on how to design better experiences with colleagues taking on 2 challenges in the employee journey.

A customised programme for colleagues across the **Department of Health and Social Care** *NHS Transformation Digital Policy Unit* was designed with a 1-day course for leaders and a 5-day intensive course in one week for 20 colleagues.

We had very positive feedback throughout the course from participants and initial impact scores:

- Average increase in capability from 2.4/5 to 3.82/5
- Recommend to a colleague rating: 4.5 out of 5

DHSC are keen now to explore a face to face training programme in 23/24.

Angus Alive
has had a new 3-day face to face course designed by Kim and Janine to specifically meet the needs of frontline staff and their team leaders to solve problems and develop new ideas that they can have influence over. The AA senior leadership team join to support the ideas that have been proto-typed by the group in the final day.

Open courses
2-day People Experience will run with Macmillan and Dundee University HR teams working on their respective employee experience plans
2 x 5 day open courses in March and May had 35 delegates @ £1,795 per place including colleagues from Changeworks, SEPA, Education Scotland, Macmillan, Marine Management and Royal London. Drop-in session will offer support implementation of learning as added value and to continue to engage with learners.

Pipeline
With strong interest from our competitive bid, we've been invited to meet on the 23rd May for a scoping meeting with a major financial services organisation to train a group of service designers and user experience specialists.
Data Lab have confirmed funding in principle for a service design for data professionals 2-day course across Tay Cities.

The 23/24 Open course plan is being developed and will be advertised May – June.
Three new PDA cohorts are being advertised from August, October 2023 and January 2024 with strong interest already building and group bookings from HMRC and University of Dundee, Stockport Council, NHS (Golden Jubilee) and Education Scotland

Management Accounts

The following shows the management accounts for the 8 months to April 2023.

	Prior Year	Year to Date Cumulative	Full Year	
	Actual	**Actual**	**Budget**	**Forecast**
	£	**£**	**£**	**£**
Income	427,758	524,823	625,034	587,176
Pay Costs	441,625	262,258	424,962	349,360
Total non-pay costs	5,350	6,677	29,472	22,516
Contribution/ (net cost)	**(19,217)**	**255,889**	**170,600**	**215,300**

Contribution:
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 £255k is already being reported this will vary depending on when the income/costs are recognised.

The Service Design Academy team is forecast to exceed their contribution target of £170,000 by approximately £45k. The factors which have ensured this achievement are:

- Staff costs have been reduced for consultants (3.9 FTE) with the lead consultant and business manager taking additional responsibilities from the previous Service Design Manager - £337k v £441k. Other costs have been reduced by recharging expenses to customers
- Income is forecast to increase £428k to £587k with pricing now reflecting the time taken for all non-delivery activity
- Productivity has been a focus with a planned approach to pre-training design and post-training support
- Training programmes activated more quickly than before with new techniques by administrator Alison being developed for scheduling courses
- Most significantly, the team has been adaptable and flexible in their attitude and approach. This has been a real team effort with an understanding of the impact that everyone's activity makes to the bottom line.

The Business Plan 23/24 has outlined the need for investment in additional delivery staff resources - 2.5 consultants FTE and additional business development and admin - 1.8 FTE. This investment is needed to meet national and global demand to deliver innovative training solutions and required sales and marketing expertise to ensure sustainable growth, towards the £400k contribution target in 27/28.

With the risk of SFC funding including FWDF decreasing, investment in these resources is essential to balance our sector portfolio and customer profile to reach more diverse markets.

Design and Delivery Spaces
With customer demand starting to move to a mixed model of onsite and online delivery, consultants are using the small interview spaces in Gardyne Room 145 and the SDA office for online delivery. This is not always conducive to a good working environment, particularly for all day delivery. We have no dedicated space for face to face delivery and rely on the goodwill of customers to provide and pay for training venues.

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. With face-to-face training meaning the analysis of physical assets (paper templates and sticky notes), the team is struggling to work in space fit for purpose

Productivity & Capacity

Realistic capacity on course development and delivery continues to be analysed on the benchmark 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.

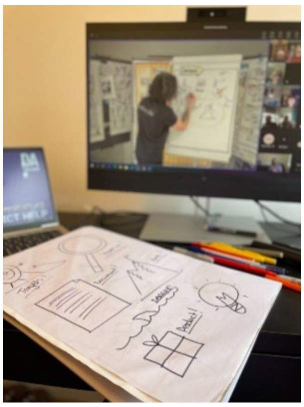
The opportunity to build our talent pipeline by offering shadowing and facilitation opportunities to PDA qualified college staff has been fulfilled with the Dundee City Council Linlathen Pathfinder project and Dundee Design Month events proving to be a natural fit to build experience and skills for future SDA consultants.

The business Manager and lead Consultant continue to share the responsibilities of the previous Service Design Manager. With a focus on converting enquiries and account managing projects, the business manager needs additional resource to implement proactive business development activity e.g. a Scottish Local Authority campaign and overseas prospecting. The lead consultant is involved in most delivery work but needs remission to support the team, develop courses and build knowledge and expertise with her Service Design peers on this ever-developing discipline.

Marketing Communications

The Microsoft Dynamics Customer Relationship Management system is now being tested with live enquiries coming from our website. Connor, Alison and Maralyn are working closely with Learning and Digital Resources team to trial the Microsoft Dynamics Customer Relationship Management system. This will make tracking and converting enquires with tailored communications more streamlined and effective.

- Our Linkedin following has grown by 26% to 6,300 in 8 months with our single highest geographical group coming from London. 2 SDA team members will join Linkedin training with Due North
- Monthly Newsletters with short course updates and industry news have been issued. You can read our May Newsletter here https://www.sda.ac.uk/service-design-academy-may-newsletter/
- A Scottish Public Sector campaign is being planned to launch before Q1
- An engagement event for specially invited delegates with Workvisible offered a 1-hour introduction to Visual Thinking on the 27th April with over 80 sign-ups and
- Design Dundee Drop-In Co-design Coffee Shops with Kim, Connor and Janine in Gardyne on 11th and 18th May afternoons had great engagement on social media and stimulated discussions with DYW and local businesses



Workvisible Session and Co-Design Coffee Shop in Gardyne

Partnerships

- Edinburgh Napier University's Information Services Directorate team has had over 40 colleagues trained with in customised and open training setting in the past 7 months. Katie will deliver mentoring and coaching to a small group on a multi-disciplinary Teaching Spaces service design project in June 23.
- Collaborative opportunities to work on funded projects with DJCAD are being explored This includes a major funded bid with The Arts and Humanities Research Council: Green Transitions Ecosystems Hub to build a more equitable and sustainable health and social care system
- Service Design Network is promoting our paid for 3.5 hour course "Backstage and Behind the Scenes" on the 22nd June for public sector executives from US and Europe based on the content delivered to Scottish Government in November.
- Katie and Kim had the honour of guest editing of the next SDN Touchpoint journal on Employee Experience
- Katie and Kim are also co-authoring chapters with various University colleagues on Service Design in Higher Education
- Katie has contributed learning content to Law School 2.0 in partnership with Thorntons

One disappointment for us has been not securing the Scottish Digital Academy Service Design Champions contract for 23/24. This contract was won by the incumbent agency. Feedback from the Head of Scottish Digital Academy was our bid was of the highest quality but our price was higher. We have been assured that this will not be a barrier to build training partnerships with Scottish public and third sector and we have submitted our PQQ for the newly created Digital Training Dynamic Purchasing System. The Scottish Digital Academy are now responsible for the Digital Data and Technical Skills framework, on which we base our learning pathways.

6. Business Partnership Team – Flexible Workforce Development Fund

The Team have now fully allocated all FWDF 22/23 allocation as well as successfully drawing down the full 2012/22 allocation.

	2022/23	**Funds Already Allocated**
SME	£119,520	£119,520
Levy	£373,223	£373,223
	£492,743	**£492,743**

Whilst the target date to have the funds drawn down isn't until July 31st the team wanted to press on and draw and hit target at the earliest opportunity in the hope it would allow us to secure additional funding from SFC.

The focus will now be on getting all training delivered and completed. We are on track to having all training started by July 31st ensuring we can draw down the full amount within this financial year.

We have a large waiting list of businesses looking to access the fund and so the team have continued to keep communication open and continue to complete training needs analysis so that we are in a strong position for the next round.

Training has been hugely varied with a big focus on leadership and management and lots of bespoke requests.

Three recent case studies showcasing work undertaken and outcomes achieved through the use of FWDF Funding have been published as follows:
Bespoke Customer Service Training by D&A College (dundeeandangus.ac.uk)
Dover Fuels Assessment Training Programme by Dundee & Angus College (dundeeandangus.ac.uk)
Bespoke Customer Service Training for Forbes of Kingennie by D&A College (dundeeandangus.ac.uk)

7. Gardyne Theatre

The Theatre made a successful bid to Northwood Trust who have agreed to provide a grant of £15,000 per year for two years. This will support operational and developmental activity.

The audit of small enterprises is becoming increasingly onerous under new auditing standards, and it is difficult for auditors to fulfil their obligations at an acceptable cost. For this reason, Henderson Loggie have advised that they do not wish to undertake the audit this year. The College had already been exploring the possibility of seeking exemption from audit and this has the support of the GTL Board. The College's auditors, Mazars, are also supportive and are content that GTL need not be consolidated within group accounts this year. Audit Scotland have also agreed to this in principle, and we will work with both them and SFC to ensure that the correct process for exemption is followed.

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 February to May 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

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