BOARD OF MANAGEMENT

Finance & Property Committee

Tuesday 5 September 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** – 30 May 2023	Paper A for approval	
5.	**MATTERS ARISING**	Paper B for noting	
6.	**FINANCE**		
	6.1. Financial Sustainability	Verbal update	SH/ST
	6.2. Management Accounts & Forecast Outturn	Paper C for information	BF
	6.3. Finance Forecast Return (FFR)	Paper D for information	BF
7.	**INFRASTRUCTURE**		
	7.1. Estates Update	Paper E for information	BG
8.	**PROCUREMENT UPDATE**	Paper F for approval	BF
9.	**STRATEGIC RISK REGISTER**	Paper G for approval	ST
	9.1. Risk Register Update		
	9.2. Strategic Risk Register (F&PC Extract only)		
10.	**CORPORATE SERVICES REPORT**	Paper H for information	ST
11.	**DATE OF NEXT MEETING** – Tuesday 5 December 2023 at 5.00pm in Room A605, Kingsway Campus (Joint meeting with Audit & Risk Committee)		

FINANCE & PROPERTY COMMITEE

Tuesday 5 September 2023

MINUTES OF PREVIOUS MEETING **PAPER A**

BOARD OF MANAGEMENT

Finance & Property Committee

Tuesday 30 May 2023 at 5.00pm in Room A625 Kingsway Campus and on Microsoft Teams

Draft confirmed by Chair

PRESENT:	R McLellan (Vice Chair) L O'Donnell B Lawrie	S Hewitt S Stirling D Smith
IN ATTENDANCE:	J Grace (Vice Principal) S Taylor (Vice Principal) B Grace (Head of Estates)	A Ross (Head of IT) B Ferguson (Head of Finance)

1. WELCOME

R McLellan welcomed everyone to the meeting and welcomed D Smith to his first Finance & Property meeting.

2. APOLOGIES

Apologies were received from D Fordyce, D Mackenzie, C Cusick, J Carnegie and P Muir

3. DECLARATIONS OF INTEREST OR CONNECTION

No declarations were noted.

4. MINUTES OF PREVIOUS MEETING

The minute of the Finance and Property Committee meeting held on 28 February 2023 was approved as an accurate record.

5. MATTERS ARISING

S Taylor confirmed that all matters arising had been progressed and closed.

6. FINANCE

6.1 Financial Sustainability

S Hewitt summarised the financial sustainability paper circulated to the Board and noted the extensive feedback received through staff consultation (over 190 responses).

Work and discussions had progressed significantly in terms of the savings needed, with the total achieved sitting at £2.1 million relative to the £2.5 million target through a combination of savings and additional income.

S Hewitt noted that engagement with the unions was positive, with good working to support staff through a difficult situation and to challenge and support developments and approaches. S Hewitt noted that it was not yet possible to remove any threat of compulsory redundancy, but that this remained the aim of both the College and unions and that this would be done as early as possible.

S Hewitt stated that a follow up paper was in final draft stage, summarising the progress made and outlining the remaining elements for consultation. It was confirmed that the longer-term reviews and strategic direction from the government were still awaited but should be published over the coming weeks.

R McLellan asked how the savings plan and actions had impacted on staff morale. S Hewitt noted that it had had an obvious impact and many staff were either angry or sad at the overall situation. S Stirling stated that many staff were annoyed at the situation, not specifically at the College and that the news heard from other colleges had put some of this into context. D Smith stated that staff were finding it difficult, but that the College and unions were working well together to consult and do the best possible in the circumstances.

S Stirling noted that staff were much more aware of the financial situation and requirements after the 2022 savings, and better understood terms like flat cash and the distinctions between capital and revenue funds and how they could be used.

B Lawrie noted that although difficult, the paper and progress made did have a positive feel and that it was good no note that significant progress was being made.

B Lawrie noted the importance of focusing on the cash effects of the savings plan and the need for cash balances to be closely managed. S Hewitt noted that this was part of the overall plan.

The overall size of the College following the proposed savings was discussed.

The paper and update was welcomed and S Hewitt advised that he would share the follow up paper with the Board when available.

6.2 Management Accounts & Forecast Outturn

B Ferguson summarised the papers produced and stated that the underlying forecast position was looking better now than at the previous meeting. The underlying performance had improved, with the forecast out-turn then impacted by the projected pay increase costs and the costs of voluntary severance. B Ferguson confirmed that these costs were planned to appear in 2022/23 in line with previous reporting and audit practice

B Ferguson noted the potential risks, including the risk around clawback of grant from the Scottish Funding Council (SFC).

The key area of variation from the previous forecast were discussed, alongside the reduction in cash balances to c24 days.

6.3 2023/2024 Draft Budget

B Ferguson introduced the draft budget, highlighting that this was for approval by Finance and Property before going for final approval to the June meeting of the Board.

B Ferguson stated that the draft budget was for a minimal deficit of £15k but assumed that the savings plan target of £2.5 million would be achieved and that pay settlements were in line with current forecasts.

B Ferguson stated that whilst this was a good position to have reached, the budget did not provide sufficient cover for the Gardyne loan and included some one-off elements that were not sustainable.

Assumptions around the ability to subsume inflation on non-pay elements by reducing purchases were noted, as was the potential contribution from alternative funding sources. The impact of reducing HE recruitment on HE fees was highlighted.

B Ferguson stated that net capital expenditures would match capital funds and concluded that the position presented was as good as possible at this stage.

B Lawrie noted an issue with page 64 in the document pack and it was confirmed that this would be rectified for the board meeting. **S Taylor to progress.**

B Lawrie welcomed the budget and noted that the cash position showed the benefit of previous savings actions and that this gave a level of comfort around the management of finances and budget approaches.

Following further discussion the draft budget was approved for submission to the Board of management. **B Ferguson to progress.**

6.4 Financial Forecast Return

B Ferguson stated that he had hoped to give an initial update on progress and/or issues relating to the development of the FFR for end June 2023 but the expected guidance on requirements and underlying assumptions had not yet been published by SFC. A further update would be provided to the Board meeting.

7. INFRASTRUCTURE

7.1 Estates Update

B Grace summarised his paper, noting the progress made on capital projects over the past few years and the movement onto a new infrastructure strategy and plan for future years. Estates developments on the Kingsway campus were particularly noted.

B Grace summarised the projects planned for the forthcoming year, with much of this work scheduled for completion over the summer. Plans and external funding to replace lighting in the Gardyne campus with energy efficient LEDs were welcomed.

B Grace noted that the timing of work to replace the windows in the Isla building in Arbroath could be amended to allow a potential funding bid for this work to be progressed. B Grace noted that he was hopeful that a bid of this type would be successful.

Discussions around a shared heating system at Kingsway were also noted and L O'Donnell welcomed the proposals to tap into other funding sources.

7.2 Estates Annual Report

B Grace summarised the annual report, highlighting the change in reporting on carbon usage to include scope 3 emissions. These were generally outwith College control and had resulted in a rebasing of carbon reduction targets.

Regulations around the ability to carry forward capital funds were discussed and B Ferguson noted that this was not generally permitted but was accepted practice where there were clear plans in place for the use of such funds.

The Update and annual report were noted.

7.3 ICT Update

A Ross summarised his update highlighting progress and timescales around the network replacement project that had now commenced. It was noted that most replacement work would be undertaken out of hours to avoid disruption to users.

A Ross summarised the proposed replacement of student information systems, highlighting that this would bring these systems into the ‘cloud first’ strategy and create better and more streamlined integration between different elements of the student journey whilst also delivering longer-term savings on licence costs.

The proposed transfer from multiple suppliers to a single supplier and integrated system was discussed and the route to procurement noted.

L O’Donnell asked about assurances regarding the pace of systems development and the options for break out of the contract should these not be met. A Ross confirmed that there were not specific milestones around these, but that the contract arrangements through APUC incorporated significant penalty and break out options.

The potential for a future ‘single supplier’ approach within the sector was discussed.

The proposed replacement arrangements were endorsed and it was noted that formal approval would be considered within the procurement report.

8. PROCUREMENT

B Ferguson provided an update on procurement, confirming recent awards made and highlighting awards requiring Committee approval.

B Ferguson noted that there could be a requirement to seek non-competitive award approval arising from funding received by the Energy Skills Partnership. If required it was agreed that these could be circulated for consideration and approval by e-mail to the Committee. A similar requirement may be needed from the Board prior to seeking authority from SFC. This was agreed **B Ferguson to progress.**

The procurement of a new integrated student information system was approved. **A Ross to progress.**

B Ferguson noted that the tender exercise for replacement of the swimming pool roof had come in lower than the initial estimate. This was welcomed by the Committee.

9. STRATEGIC RISK REGISTER

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

The paper was approved.

10. CORPORATE SERVICES REPORT

S Taylor summarised the report and noted the excellent work being undertaken by teams across the College.

B Ferguson highlighted the proposal to exempt Gardyne Theatre Limited (GTL) from separate audit and remove GTL from consolidation. B Ferguson noted that this move had been considered by the GTL Board and would require formal approval from the D&A Board as well as agreement from the College auditors (who were comfortable with the approach). A paper outlining these steps would be considered by the Audit & Risk Committee.

The Corporate Services report was noted.

11. DATE OF NEXT MEETING – Tuesday 5 September 2023 at 5.00pm – Room A625 Kingsway Campus plus hybrid on Teams

Action Point Summary

Action	Responsibility	Date
Correction to budget papers	S Taylor	20 June 2023
Draft budget to be presented to the Board for approval	B Ferguson	20 June 2023
ESP procurement requests to be considered for approval by e-mail to Committee members if necessary.	B Ferguson	5 Sept 2023
New Student Information Systems procurement to be progressed.	A Ross	5 Sept 2023

Agenda Item 5.0

FINANCE & PROPERTY COMMITEE

Tuesday 5 September 2023

MATTERS ARISING **PAPER B**

BOARD OF MANAGEMENT

Finance & Property Committee

Tuesday 5 September 2023

Matters Arising

Paper B for information

The following actions were noted from Tuesday 30 May 2023 Finance & Property Committee Meeting:

Agenda Item No	Action	Current status	Open / Closed
6.3	Correction to budget papers. **S Taylor**	Completed	Closed
6.3	Draft budget to be presented to the Board for approval. **B Ferguson**	Completed	Closed
8.0	ESP procurement requests to be considered for approval by e-mail to Committee members if necessary. **B Ferguson**	Completed	Closed
8.0	New Student Information Systems procurement to be progressed. **A Ross**	Completed	Closed

Agenda Item 6.2

FINANCE & PROPERTY COMMITEE

Tuesday 5 September 2023

FINANCE

6.2 - Management Accounts & Forecast Outturn PAPER C

Finance and Property Committee

Tuesday 5 September 2023

Draft Outturn for the year to 31 July 2023

Paper for information

1. **Introduction**
This report brings to the Committees attention the management accounts for the year to 31 July 2023.

2. **Recommendation**
Members are asked to note the draft Outturn.

3. **Context**

A cash-backed budgeted deficit of £586K was approved by the Board in September last year, representing a substantial improvement upon an interim budget deficit of £2.9m following mitigating measures, and subsequently this was further improved to a near break-even cash position by the second quarter. The third quarterly forecast presented to Committee in May both revised the pay award, assuming 5% in line with SFC's Financial Forecast Return (FFR) guidelines, and considerably increased our VS provision, to enable necessary savings to be secured in light of the flat cash funding confirmed for 2023/24. Although other income gains and savings helped off-set, the net impact was to increase the forecast cash-backed deficit to £1.11m at Q3.

We endeavour, in these Management Accounts, to predict the final actual outturn as accurately as possible but this remains subject to further adjustment and refinement as we complete our pre-audit checks. This may be particularly true of potential capitalisation of expenditure, although this has no effect upon cash generation, and is invariably subject to agreement with auditors. There also remains significant uncertainties which may yet negatively impact our predictions.

The two unresolved maters that have the potential for material adverse movement are the pay awards for both academic and support staff and the likelihood of clawback of grant funding by SFC. This draft outturn should therefore be treated with caution as it reflects the most optimistic outcome in respect of these two issues.

4. Summary of results

Subject to remaining uncertainties, the draft outturn for the year is a **cash-backed deficit of £204K** after a VS charge of almost £1.5M. In the absence of unfunded VS costs, a cash-backed surplus of just under £1.3 would therefore have been achieved.

Despite certain adverse movements, this outturn represents a significant improvement upon our Q3 forecast, amounting to circa £0.9M despite increasing provisions for both pay award and voluntary severance (VS) costs. The outturn does however benefit from a retrospective increase in teaching grant from 2021/22.

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

Forecast deficit at Quarter 3	**(1,112)**
SFC: teaching grant adjustments for 2021/22	128
SFC: Capital & Maintenance, net	(134)
Tuition fees and Commercial Work-based provision	120
SDS Modern Apprenticeships	196
Construction Managing Agents Apprenticeships	119
Catering, net contribution	(49)
Gardyne Sports facilities	57
Other misc. income	70
Pay Award - increased provision	(100)
Pay savings	359
Voluntary severance costs	(149)
Exam fees	87
Property costs (non-works funded)	(45)
ICT costs (non-funded)	44
Bad debt charge, net credit	73
Other non-pay cost savings	150
Gardyne Theatre Limited	(18)
Draft Outturn	**(204)**

5. Income

Outturn income is £391K more than our latest forecast.

Scottish Funding Council (SFC) income benefits from an ESF sector reconciliation exercise for 2021/22, awarding us an additional 660 credits equating to £189K. This is partially offset by a clawback of £61K for under delivery of Foundation Apprentice grant income for 2021/22 yet to be confirmed by SFC.

No provision has been made for potential clawback of teaching grant for 2022/23, and it is unclear when such a decision will be taken by SFC. Final credit values are still being determined, and subject to audit, but our estimate is circa 104,500 against an SFC allocation of 109,230. The Financial Forecast Return provided for a maximum potential clawback of £800K in accordance with SFC guidance. Whilst any proposed clawback would be robustly resisted, this nevertheless remains a material risk. SFC have stated that they would not seek to be punitive, and the approach taken towards clawback for 2021/22 suggests that any clawback will be lower than the value used for FFR purposes.

Flexible Workforce Delivery Funding (FWDF) is coming in just a little under our forecast, however the residual balance will be delivered next year together with an additional £33K recently provided by SFC from 2022/23 funds. Associated costs have reduced by a greater proportion and so there is no net detriment within this year.

Recognition of SFC capital & Maintenance grants is lower than forecast, due in part to lower property works costs funded by an allocation for 2023/24. As funding is provided on a fiscal year basis, we do have discretion about how this is recognised across academic years, and this will be subject to further review.

Tuition fees have out turned stronger than expected thanks principally to commercial activity. A number of curriculum areas are showing substantial improvements, with engineering and construction combined accounting for almost 40% of the total increase.

Income from Modern Apprenticeships has surpassed latest forecast by £286K (28%). Additional funding from SDS accounts for £196K, however the total of £696K is only 6% greater than the previous year, albeit with a different academic profile. Income recognition continues to be verified but a number of areas are reporting large positive variances, with Engineering/Construction, at £126K (64%), also accounting for a high proportion of this increase.

Trust and other non-SFC sources of funding is below forecast as associated expenditure is also lower, and the bulk of this funding shortfall will be available to carry forward into 2023/24.

The performance metric ‘Proportion of income that is SFC grant funded’ has again reduced slightly to 81%. The (prior year’s national average) target is 79%.

6. Pay Costs

Total pay costs reduce by £154K despite increasing the provision for pay award and VS by a combined £250K.

The College has continued to secure payroll savings in this final quarter principally, though not restricted to, academic pay with savings accruing from a combination of vacancies and surplus contingency provision for sickness, maternity cover etc. together with efficiencies.

Variable teaching pay contributes substantially to this trend. To provide some context, data indicates that our annual average FTE has reduced by 12%, from 711 in 2021/22 to around 628 for this year.

The pay award for 2022/23 is unresolved. Our provision has been increased by £100K for this outturn only to match the cost of the current offer of a flat £2,000 which has been rejected by unions. Each additional £100 offered would cost approximately £85K, with 11 months charged to this academic year.

Voluntary severance costs are not completely finalised (and in case will be impacted by the final pay settlement), with payments spilling over into the current year and decisions pending on a number of applications. The outturn value has increased to what we believe to be a prudent estimate.

We continue to track the revised metric ‘Proportion of expenditure that is staff costs. The latest forecast increases to 76%, or 77%, when including VS, against a historic national average target of 71%.

7. Non Pay Costs

Outturn Non-Pay costs are down £381K from forecast with most categories registering savings from forecast.

ICT is the notable exception but is explained by the accelerated expenditure on some of the hardware for the network infrastructure project. This in-year expenditure is funded from SFC Capital & Maintenance grant for FY 2023/24.

We have yet to finalise our bad debt provision, but it is evident that there will be a credit available this year due to what has proven to be an over provision made last July.

8. Subsidiary company

Gardyne Theatre Ltd had been forecast to break-even, and whilst it has benefitted from a grant from Northwood Trust it has suffered from the absence of Youth Music Initiative funding this year (due to cuts in funding for this work from Creative Scotland). A combination of lower income and higher costs, with audit fees alone adding £5K, has resulted in a draft outturn deficit of £18K. Unless reversed, such losses are not sustainable and will inevitably lead to cashflow difficulties, with cash balances having reduced to only £28K at year-end. The deficit is calculated after college charges of £10K for the Licence to Operate the theatre and a Service Level Charge also of £10K, to be confirmed but provisionally charged as budgeted.

9. Capital Expenditure

Our primary focus is on cash generation and our default approach is to account for expenditure as revenue in the first instance and similarly recognising any related funding. This affords maximum flexibility.

Consequently only £27K relating to final costs of the Hair & Beauty building have been capitalised and funded from SFC Capital & Maintenance grant. As highlighted above, this may not be the final position adopted either pre or post audit. Any further capitalisation may have consequences for the annual accounts but should have no net impact upon the management accounts outturn.

10. Cash Flow Forecast

Cash held at year end of £5.5m is much higher than our estimate of only £3m when preparing the last quarterly forecast, although subsequently increased to £4.4m for the FFR submitted to SFC. Clearly the improved operating position is a major contributor. The anticipated large negative movement in working capital did not crystalise, with restricted or committed cash reserves remaining at an exceptionally high level, of almost £3m. The deviation from forecast in this respect is due chiefly to lower VS costs actually paid by 31 July, and the non-settlement of the pay award which had been prudently assumed to be paid before the end of the year.

11. Conclusion

The improvement in this draft outturn, both in terms of higher than expected revenues and lower costs, is a very welcome development and, to some extent may enable us to take a less prudent view of elements of the 2023/4 budget. However, risk remains from both potential clawback of teaching grant and higher pay settlements, with the latter also threatening to have a consequential and adverse impact upon future years. It is therefore worth reiterating that the final actual outturn could become significantly less satisfactory due to factors largely out with our control.

12. Link to Strategic Risk Register

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

2.2 – failure to achieve institutional sustainability

Authors: Brian Ferguson, Head of Finance
Rhonda Bissett, Senior Management Accountant
Executive Sponsor: Steve Taylor, Vice Principal – Support Services & Operations

Dundee and Angus College

Draft Outturn for 2022-23

Income & Expenditure

	2021/22	Year to July 2023		
	Actual	**Quarter 3 Forecast**	**Draft Outturn**	**Variance from Q3 forecast**
	£000's	£000's	£000's	£000's
SFC Credit income	31,166	31,368	31,307	(61)
SFC ESF Credits	1,167	-	189	189
Other SFC grants	3,115	5,350	5,169	(181)
SFC Total	**35,448**	**36,718**	**36,665**	**(53)**
Tuition Fees	3,236	3,192	3,237	45
Non-Core income	3,782	3,070	3,368	298
Catering & other income	1,408	2,042	2,143	101
Total Income	**43,874**	**45,022**	**45,413**	**391**
Teaching Pay - established	16,571	16,789	16,752	37
Teaching Pay - variable	2,497	2,556	2,410	146
Invoiced Staff Costs	432	351	286	65
Teaching Support Pay	2,495	2,493	2,420	73
Support pay	11,941	11,419	11,449	(30)
Apprenticeship Levy	110	108	102	6
VS Scheme	1,246	1,328	1,477	(149)
Unfunded pension payments	386	400	394	6
Total Pay Costs	**35,678**	**35,444**	**35,290**	**154**
Staff related costs	283	302	290	12
Consumables & Equipment	1,553	2,025	1,942	83
Exam fees	784	813	726	87
Student related costs	161	185	175	10
Property cost	3,000	3,807	3,588	219
ICT & Telephony	1,665	1,477	1,683	(206)
Insurance	128	154	154	-
Marketing	142	154	130	24
Professional fees	178	161	77	84
General Overheads	263	323	301	22
Interest & Charges	145	108	107	1
VAT	936	1,181	1,136	45
Total non-pay costs	**9,238**	**10,690**	**10,309**	**381**
Cash-backed surplus/(deficit)	**(1,042)**	**(1,112)**	**(186)**	**926**
Add: subsidiary profit/(loss)	**(2)**	**-**	**(18)**	**(18)**
Consolidated Cash-backed surplus/(deficit)	**(1,044)**	**(1,112)**	**(204)**	**908**

Dundee and Angus College
Draft Outturn for 2022-23
Summary Analysis - Income

	Prior Year Actual	Quarter 3 Forecast	Draft Outturn	Variance from Q3 forecast
	£000's	£000's	£000's	£000's
Teaching Grant	**31,166**	**31,368**	**31,307**	**(61)**
SFC ESF Credits	**1,167**	**-**	**189**	**189**
SFC YPG 2022-23	-	190	190	-
SFC Capital & Maintenance grants	1,746	3,194	3,060	(134)
SFC Digital Poverty as capital	-	182	182	-
SFC-Flexible Workforce Dev. Fund	854	1,153	1,109	(44)
SFC-Reducing Child Poverty	221	125	125	-
SFC-Funding for Counsellors	152	116	116	-
SFC-ESP Funding	120	350	350	-
SFC - Access to sanatory products	22	23	23	-
SFC: EMA Admin grant	-	17	14	(3)
Other SFC grants	**3,115**	**5,350**	**5,169**	**(181)**
HE Full-time	1,748	1,531	1,526	(5)
HE Associates & collaborations	682	639	652	13
Part-time Fees	242	248	263	15
Commercial and Leisure	357	608	634	26
International Fees	188	166	162	(4)
Other fees	1	-	-	-
Tuition Fees	**3,236**	**3,192**	**3,237**	**45**
Commercial: Work-Based	345	180	255	75
Managing Agents	360	527	646	119
Skills Dev Scotland: MAs	655	500	696	196
SDS Foundation Apprentices L6	477	164	164	-
SDS: Cyber in non-technical courses	-	14	14	-
Other Public Sector contracts	34	40	23	(17)
Schools Senior Phase	163	162	162	-
Non-funded tuition	6	6	9	3
European Projects	55	31	51	20
Developing Young Workforce	350	-	-	-
Energy Skills Partnership (non-SFC)	400	285	282	(3)
SDS for MSIP	40	38	38	-
MSIP Management Fee	-	-	15	15
Mathew Trust	-	128	128	-
Northwood Trust	29	110	81	(29)
Seagreen funding	49	259	182	(77)
Tay City Deals	369	590	582	(8)
Misc. grants, funding and sponsorships	75	13	12	(1)
Other grants - ESP	237	7	7	-
Other misc. income	41	16	21	5
Non-Core income	**3,782**	**3,070**	**3,368**	**298**
Consultancy	37	40	40	-
Catering	562	907	904	(3)
Training Restaurants	19	40	37	(3)
Nursery	167	187	192	5
Retail shops	3	2	1	(1)
Salon revenues	-	30	24	(6)
Gardyne Sport facilities	189	205	262	57
General Lets hire of space	37	96	94	(2)
Staff secondments	6	13	21	8
Support cost grants	94	120	132	12
GTL revenue from LTO and SLA	18	20	20	-
Library charges	12	11	21	10
Photocopy charges	1	4	3	(1)
Sale of materials, produce, scrap etc.	22	73	68	(5)
Biomass RHI &EDFE FIT charges	34	52	52	-
Wage Subsidy/CJRS	163	120	133	13
Insurance Claims	8	-	4	4
Thrive@D&A Donations		34	38	4
Bank Interest	3	33	36	3
Other misc.	33	55	61	6
Catering & other income	**1,408**	**2,042**	**2,143**	**101**

Dundee and Angus College

Draft Outturn for 2022-23

Summary Analysis - Expenditure

	Prior Year Actual	Quarter 3 Forecast	Draft Outturn	Variance from Q3 forecast
	£000's	£000's	£000's	£000's
Mileage	98	112	111	1
Travel & Accommodation	23	30	29	1
Overseas Travel	3	2	2	-
Staff welfare and other expenses	21	24	21	3
Recruitment	6	4	3	1
Organisational Development	132	130	124	6
Staff related costs	**283**	**302**	**290**	**12**
Course Consumables etc.	318	366	377	(11)
Project Materials, Equipment etc.	117	784	646	138
Catering supplies	378	529	572	(43)
Library	23	32	29	3
Stationery & Printing	11	20	15	5
Equipment purchase & maintenance	652	253	265	(12)
Other misc.	54	41	38	3
Consumables and Equipment	**1,553**	**2,025**	**1,942**	**82**
SQA Fees	532	500	454	46
Other fees	158	200	167	33
Accred/Regn/Assess/Verification	95	113	105	8
Exam Fees	**785**	**813**	**726**	**87**
Residentials, travel etc.	24	51	26	25
Student placement costs	5	6	6	-
Student Counselling	18	21	23	(2)
Student Support costs	30	30	31	(1)
Student Bursary materials	-	-	4	(4)
Miscellaneous costs (inc.PVG)	84	77	85	(8)
Student related costs	**161**	**185**	**175**	**10**
Maintenance, high priority works, etc.	1,461	1,792	1,552	240
Building rentals and rates	319	312	324	(12)
Utilities	961	1,435	1,383	52
Cleaning, waste management etc.	145	159	204	(45)
Transport costs	77	84	87	(3)
Health & Safety costs	22	12	20	(8)
Other	15	13	18	(5)
Property Cost	**3,000**	**3,807**	**3,588**	**219**
ICT hardware, software, etc.	916	759	976	(217)
ICT Maintenance & Licenses	643	624	625	(1)
Web Development	5	15	8	7
Telephony & data line rentals	101	79	74	5
ICT & Telephony	**1665**	**1,477**	**1,683**	**(206)**
Consultancy (inc.projects)	34	28	25	3
Audit Services	46	61	60	1
Bad Debts and collection fees	84	31	(42)	73
Legal & other professional fees	14	41	34	7
Professional fees	**178**	**161**	**77**	**84**
Photocopying, copyright & postage	107	126	98	28
Sponsorship, subscriptions, Licences	115	126	121	5
Hospitality and events	20	51	57	(6)
Miscellaneous and other	21	20	25	(5)
General Overheads	**263**	**323**	**301**	**22**

Dundee and Angus College

Draft Outturn for 2022-23

Cash Flow Forecast

	2021/22	2022/23		
	Actual	Draft Actual Outturn	Budget	Latest Forecast
	£000's	£000's	£000's	£000's
Cash backed surplus/(deficit)	**(1,044)**	**(204)**	**(586)**	**(1,112)**
Loan repayment	(457)	(457)	(457)	(457)
Capital Expenditure	3,402	(27)	-	(20)
Capital funding	(3,402)	27	-	20
Asset Disposals		-	150	
Working capital movements	1,896	(82)	(1,800)	(1,700)
Net Movement in cash balances	**395**	**(743)**	**(2,693)**	**(3,269)**
Opening cash balances	5,853	6,248	6,248	6,248
Closing cash balances	**6,248**	**5,505**	**3,555**	**2,979**

Note

We hold restricted cash funds of circa £2.9m at 31 July 2023, with an accrued provision for pay award representing a substantial portion.

Agenda Item 6.3

FINANCE & PROPERTY COMMITEE

Tuesday 5 September 2023

FINANCE

6.3 – Finance Forecast Return (FFR) PAPER D

BOARD OF MANAGEMENT

13 July 2023

Financial Forecast Return (FFR)

Paper for approval under delegated authority of the Board

1. Introduction

This report, and appendix provides the -year financial forecast return for the period 2022-23 to 2025-26.

2. Recommendations

The Board are asked to approve the Financial Forecast Return for submission to the Scottish Funding Council.

3. Call for Information

On 31 May the Scottish Funding Council issued a Call for Information requesting colleges to complete a medium-term financial forecast return (FFR) for the period 2022-23 to 2025-26.

The FFR is an established part of SFC's financial health monitoring framework, enabling SFC to monitor and assess the medium-term financial planning and health of institutions. Both the guidance and information requested are very similar to the previous year, although the period of forecast has been shortened again in recognition of the challenges posed by current economic conditions and the longer term uncertainties.

SFC's Financial Memorandum requires institutions to plan and manage their activities to remain sustainable and financially viable, and therefore take the necessary actions to balance their adjusted operating position, reflect these actions in their FFRs, and provide a full description of their financial plans in the FFR commentary including the impact upon staff and students. Institutions should aim to achieve a balanced budget each year.

Where a deficit is forecast in any year, institutions must work towards bringing income and expenditure back into balance over the forecast period. SFC will take into account the adjusted operating position and the cash generative capacity of institutions when monitoring financial health.

The format of this FFR is largely unchanged, containing a number of tabs detailing income, expenditure, cash etc. with succinct explanations for significant yearly variances. A final summary tab provides some key indicators of financial strength.

Key FFR planning assumptions are provided by SFC, including some developed in consultation with the Finance Development Network. SFC grant funding assumptions have taken account of the Scottish Government's Spending Review published on 31 May 2022. Scottish Government will continue to set budgets annually over the Spending Review period so assumptions beyond

FY 2023-24 are indicative. SFC core grant funding and related credit targets remain unchanged from those set out in the 2023-24 final funding announcement.

The following commentary is intended to address the key elements requested by SFC's Call for Information.

4. Introduction

This forecast is prepared against a backdrop of an extremely challenging financial environment affecting the College, it's staff and students. Audit Scotland's 2022 Report highlighted the challenges faced by colleges in the face of flat cash settlements to SFC as revealed within Scottish Government's multi-year spending plans up to 2026/27. This remains relevant and is compounded by the extraordinary high rates of inflation that have persisted since, and currently reported to be 8.7%. This puts extreme pressure on already tight budgets and has led inevitably to higher pay demands that are unaffordable without staffing reductions.

The Scottish Government draft budget for 2023/24 published in December 2022 proposed an additional £26m revenue funding for the college sector. Indicative funding allocations published by SFC in April did not set out how this would be distributed and in early May this was formally withdrawn, with funding being repurposed elsewhere within the education portfolio. Final allocations published on 25 May 2023 confirmed that teaching grant funding would be virtually unchanged for 2023/24. The cash teaching grant available to Dundee and Angus College is £31.37m, an increase of only 0.01%. Funding for capital and maintenance also remained unchanged at £2.58m. Certain other discrete revenue funding streams have been discontinued or reduced, with some still to be confirmed for 2023/24, most notably the Flexible Workforce Development Fund (FWDF) which is assumed to continue at current year levels

Although our teaching grant remained almost identical our core credit target is reduced by 10% for 2023/24, from 109,230 to 98,307. Although this is welcomed, and enabled a reduction in teaching resource, it may not be sufficient. Certain changes to credit guidance for 2023/24 recently published are still being assessed and whilst some are beneficial, others may present additional barriers to achieving our activity target in 2023/24 and we seek further clarity from SFC. Recruitment of sufficient full time students is also an obstacle to achieving credit target, particularly at Higher National level as we witness the trend of diminishing applications amidst a reduction in young people in our region and stronger competition from universities. This also has a direct and damaging impact upon fees.

The College acted swiftly in anticipation of a flat cash and had continued to explore potential means of managing a very challenging settlement in the face of unprecedented inflationary pressures. Early financial modelling had identified a need to secure savings of at least £2.5m for 2023/24, conceding that curriculum provision and teaching activity must be reduced in line with our new credit target. Initial Consultation on Savings and Change Proposals was released for consultation to staff on 20 April within a Creating a More Successful and Sustainable College paper, leading to a final implementation paper issued 19 June which reported that almost £2.3m savings had been secured to date. For the third time this year, the SFC approved Voluntary Severance (VS) scheme was relaunched in tandem with the consultation and was open to applications until 30 June, with additional flexibility offered to those directly affected by the proposals. In total, an FTE reduction of 29 was planned, augmenting the reduction of 18 achieved through earlier schemes.

Although support areas were affected, with all required to review staffing, proposals primarily targeted academic areas that were performing less efficiently and this has resulted in some team structural changes together with course reductions. A new structure for promoted academic and senior staff, including both the College Executive and Senior Leadership teams, was proposed for more cohesive and effective management. There is also a renewed emphasis upon viable class sizes and timetable management to optimise operational efficiencies. Non-staff savings coupled with increased income targets are contributing almost £0.4m.

Staff savings, where they cannot be managed through vacancy management or redeployment opportunities, are assumed to be achieved through VS and compulsory redundancy will only be considered as a last resort. This is the assumption adopted throughout the period of this FFR but it is evident that is becoming unaffordable without additional support from SFC. This could become a significant barrier to achieving further savings and financial sustainability.

Additional staff reductions assumed for the purposes of this FFR, of £1.75m for 24/25 and a further £1.25m for 25/26 are staggered to facilitate the management of VS costs totalling an estimated £1.8m. This requires further exploration and detailed planning and in reality, some savings may be realised through natural means. Nevertheless, this does still presume that we can achieve these reductions through VS and, more fundamentally, they can be made without severely impacting capacity to deliver our credit target, maintain a high level of academic performance, and retain positive student and staff experience. These assumptions therefore carry substantial risk to the organisation that will require skilful management. Even if successful in the short term, it is not sustainable without additional funding or funded contraction of the sector.

The College remains committed to affective strategic partnerships to obtain alternative sources of funding in order to support further curriculum development, transformation and investment in estates, with renewables and energy efficiency and decarbonisation continuing to be the main drivers. The College is the lead partner on one Tay City Deal and we are confident that this will soon become three if current bids for two more projects are successful. We deliver the new Skills Academy in conjunction with MSIP, and benefit from funding from Seagreen, and the generosity of local Trusts. Most recently we have secured funding from the UK Shared Prosperity Fund and from the Scottish Green Public Sector Estate Decarbonisation Scheme and Scottish Central Government Energy Efficiency Grant Scheme.

We continue to benefit from our ALF, the Dundee and Angus Foundation, which has approved our bid to substantially fund an IT Network replacement project during 2023/24. SFC's Capital & Maintenance grant also continues to supports both ongoing maintenance and development of our estate, including ICT investment when appropriate, but budgetary constraints has also rendered it necessary to utilise a portion of the grant for the annual loan repayment that was originally obtained to finance development of our Gardyne campus.

The budget for 2023/24 forecast a consolidated cash-backed operating deficit of (£-15K), effectively a break-even position, in accordance with our Management Account style of reporting and was predicated upon achieving the planned savings described above. This was approved by the Board of Management in June with the proviso, readily agreed by management, that efforts are continued to improve this position sufficiently to cover the capital loan repayment of £457K.

This deficit is revised within the FFR to reduce the pay award to 3.5%, in accordance with the suggested assumption to be used post 22/23, and to allow for VS costs necessary to secure additional staff reductions for future years, though it would be our intention to secure some savings in year where possible. SFC's Adjusted Operating Result also removes unfunded pension costs and the result for 2023/24 is an adjusted deficit of £210K.

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

The Workforce Plan 2022-24, recognises the:
- impact the pandemic had on the ways of working
- drive to achieve net zero by 2040 as part of Climate Emergency Action Plan "Our Path to Net Zero"
- requirement to continue to enhance digital skills and literacy
- importance of keeping up to date with industry skills throughout the curriculum
- increase in the need for wellbeing and resilience support for staff and students
- requirement to embed UN Sustainable Development Goals and carbon reduction throughout the curriculum and college activities

The draft Infrastructure Strategy, incorporating Estates and ICT:
- prioritises sustainability & income generation
- has inspirational and inclusive spaces and services
- provides modern and flexible learning spaces
- highlights the importance of services being digitally enabled and developed
- uses data to better inform decision making
- is health and wellbeing focussed
- responds to the Global Climate Emergency
- raises the profile of the College and College learning both locally and nationally

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

5. Review of Financial Performance 2022-23

The Mid-Year Return, submitted in March and based upon the College's second quarterly forecast as adjusted, predicted an Adjusted Operating Result of (£-1,524) deficit after allowing for an increased pay award and provision for possible clawback of teaching grant. It detailed the substantial improvement made by the College since its interim budget, as a result of the savings plan enacted during 2022, and subsequent improvements in underlying performance offset by the increased likelihood of a higher pay settlement.

This FFR predicts an Adjusted Operating Result of (-£1,549) and is based upon our third quarterly forecast as adjusted. This saw further improvement in operating performance but also increased VS provision to £1.33m as a consequence of the savings plan described within the introduction above.

The College is currently providing for a potential clawback of teaching grant of £800K based upon current assessment of the likely under delivery of credits. No provision is made for prior year clawback, which in any case would be relatively modest, and we are confident that we have provided SFC with satisfactory explanation for under deliver in 2021/22. We will similarly present a robust case in defence of the current year's shortfall, relying in part upon the additional flexibilities now afforded for 2022/24, along with SFC's declared intent that they will not seek to be punitive. Any clawback would be severely damaging and considerably add to the very obvious financial challenges. Nevertheless, it is necessary to make provision in accordance with guidance.

6. SFC Recurrent Grant

As described above, we confirm that SFC grant income for 2023-24 is in accordance with the AY 2023-24 final college sector funding allocations issued on 25 May 2023

7. Changes in Tuition Fees and other income

Specific variances are explained within the FFR.

Tuition fees are almost unchanged in the 2023/24 budget, with increases in part-time courses off-set by a prudent reduction in HE Full-time, equating to approximately 85 students. This is attributable to declining applications, retention challenges, and reduction in provision.

Education contract income reduces in 2023/24 due to the end of the legacy SDS Foundation Apprentices and the contractual reduction in new start Modern Apprentices.

A continued, though modest, increase in site based activity is assumed.

With certain exceptions, this FFR assumes annual increase of between 5% and 10% beyond 2023/24.

Non-SFC grant income emanates from a variety of sources as describes above and is therefore inherently inconsistent. It is however generally matched by broadly equivalent associated expenditure and so has limited net impact upon adjusted operating results.

8. Commercial Income

Commercial income has benefitted from the structural changes described previously, maximising contracts and exploiting new opportunities. We also anticipate that the strategic partnerships will present more opportunities for commercial growth. Whilst we are anticipating increased revenues, the College would be more optimistic if it were not for the continuing challenges posed by current economic conditions.

Service Design Academy is now generating a healthy contribution towards overheads but recruitment and retention of specialist staff is another barrier to sustainable growth.

9. Changes in Staff & Non-Staff Costs

Baseline staff costs for 2023/24 reflect the changes and net reductions currently being implemented by the savings plan described earlier in this paper and allow for a 2022/23 pay award of 5% for both academic and support staff, followed by 3.5% thereafter.

The pay award assumption is per the suggested guidance but may not be realistic in view of the recent offers made by the College Employer's Association and rejected by all unions.

Setting aside the risk of higher pay settlements, further staffing reductions, as detailed on the Efficiencies tab within the FFR, are necessary to return the College's cash position to a more sustainable level by July 2026. These numbers, and the timings, are merely assumptions at this stage and require careful consideration ahead of what will inevitably be further savings exercises. Our concerns about affordability of future VS schemes, and the difficulties they already pose to cash holdings during the period of this FFE, have been noted above. Revisions to the existing scheme will be considered but any reduction in compensation may be a deterrent to future applicants.

This FFR again assumes that SFC funding for job evaluation, when implemented, will be sufficient to cover the cost costs. Inflationary increases have been assumed from 2023/24 onwards. For the sake of simplicity and to avoid unhelpful spikes in pay, no payment of arrears is assumed within the period of the FFR, with both cost and funding accumulating throughout.

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

Non-staff costs necessarily fluctuate with activity levels and available funding, particularly significant investments in property and equipment. Whilst short-term reductions in certain areas of core budget are achievable in the very short term, as with ICT for 2023/24, these cannot be sustained without significant deterioration to our infrastructure and resources. Similarly, the discretionary element of most budgets have been severely squeezed in recent years and there is little potential to secure more savings.

With the exception of utility costs, the impact of inflation (assumed at 5%) is absorbed through either reduction in spending power, particularly in areas such as property and ICT, or by efficiencies required from all areas. Given our observations regarding reduced discretionary spend, this will be extremely challenging and perhaps unachievable.

10. Cash Budget for Priorities

The College will continue to use the “ring-fenced” cash budget for either the ongoing costs associated with the 2015-16 pay award, unfunded pensions and VS costs.

11. Balance Sheet – Cash Position

As with previous years, the cash position is largely driven by the operating position and our annual commitments to both unfunded pensions and loan repayments.

£000s	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
Opening cash	6,248	4,418	1,207	937
Net cash flow/(outflow) including changes in working capital and restricted funds	(1,633)	(2,754)	187	1,425
Asset disposal	260	-	-	-
Loan repayment	(457)	(457)	(457)	(457)
Closing cash	4,418	1,207	937	1,905
NOTE: Restricted Cash	3,700	1,200	1,200	1,200

‘Restricted’ or ‘committed’ cash is not expressly defined but would generally be regarded to include funds, such as student funds, held in advance of need or repayment, funds held for specific purposes or for 3rd parties, and funds necessary to pay backdated pay awards or approved VS. All of these elements contribute to the unusually high level of restricted funds at July 2023. Although we anticipate, as per normal, that these will reduce in future years (though in reality they may not) it should be noted that they are equivalent to the cash balance projected at July 2024 and exceed the cash balance at July 2025. This is clearly a perilous position to be in, and is equivalent to only approximately 8 days cash at this snapshot position on 31 July. Every effort will of course be made to manage this possible outcome.

Asset disposal proceeds are estimated from the sale of underutilised outreach properties at Montrose and Kirriemuir.

Two loan repayments are due to Santander during AY 2026/27, on 1st August 2026 and a final payment on 30 June 2027.

12. Contingency Planning

The College will update its Financial Strategy and continue to model possible outcomes based upon different scenarios. It should be acknowledged however that the tools available to manage these results are both limited and, in the case of some scenarios, inadequate without additional funding.

Increases in revenue streams can only ever be modest, particularly with the college carrying a heavy cost base compared with private providers. The College has been successful and will continue to pursue investment from other sources to enable it to achieve its strategic aims. However whilst this is hugely beneficial for a host of reasons, it has only a very limited impact upon operational liquidity.

Staffing reductions are costly, creating in in-year deficits, and it may become increasingly difficult to reduce headcount on a voluntary basis, though compulsory costs can still be significant and will often include pension strain costs in the case of support staff. Disadvantages are numerous, as detailed previously, and would undoubtedly severely limit our ability to achieve our necessary outcomes.

Flexible use of capital and maintenance funding is already being applied. This does of course limit our ability to invest in our infrastructure to the fullest extent possible. Alternative sources of funding do mitigate this impact but cannot be relied upon.

The Dundee & Angus Foundation (ALF) continues to be supportive, most recently approving a bid of £700K to support IT Network Replacement. Its continued support will of course be sought when appropriate, but it is short-term with cash is depleting to near minimum levels and consequently it cannot continue to support the college indefinitely. Furthermore, its objectives do not specifically allow for a donation to be provided to support severance costs.

Worsening possible scenarios have caused us to consider the unthinkable, such as removal of provision, cessation of services and closure or partial closure of campuses. There are however obstacles and severe implications to be considered and such radical decisions would not be taken without careful consideration and consultation with stakeholders.

13. Risk Management and Alternative Scenario Planning

Risk Management is being applied to everything we do. Our Strategic Risk Register captures all potential risks together with mitigating actions and monitoring arrangements. The under noted risks are delegated to the Board's Finance & Property Committee and 2.2 "Failure to achieve institutional sustainability" was again considered at the meeting held on 30 May 2023. It continues to be managed as a 'major risk'.

- 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

The specific risks affecting the preparation of the FFR all fall under these broad categories. Mitigating strategies are varied but include local and national engagement, robust budget setting and monitoring, sensitivity analysis, workforce and investment planning.

We continue to model alternative scenarios, including those advised by James Thomson on behalf of the Finance Network Group following consultation with SFC. These include lower SFC and SDS funding in addition to higher pay settlements, with the latter already reflected in our College budget for 2024/25 as possibly more likely. Predictably, any combination of these has a damaging impact, necessitating more savings and staff reductions that may not be achievable or affordable. In particular, a 5% reduction in SFC funding equates to almost £1.6m and, without mitigation, would plunge the College into negative cash during 2024/25 and reducing to -£1.9m by July 2026. The college could not manage such a situation without support.

14. Conclusion

We concluded last year that, notwithstanding the Board and the Executive's absolute commitment to ensuring the financial sustainability of the College, this will only be achievable in the long term where national policies and funding methodologies are supportive of the challenging decisions that will be necessary to ensure we continue to be a successful College for the benefit of our learners, our communities and Tayside Region. This remains true and we are disappointed that the funding landscape that we must assume for the purposes of this FFR is not conducive to achieving financial sustainability.

Authors: Brian Ferguson, Head of Finance
Rhonda Bissett, Senior Management Accountant
Executive Sponsor: Simon Hewitt, Principal

Appendix: FFR

Financial Forecast Return June 2023

College	Dundee and Angus College
Contact	Brian Ferguson
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DECLARATION:	The attached worksheets represent the financial forecasts for the College. They reflect a financial statement of our academic and physical plans from 2022-23 to 2025-26. Adequate explanations have been provided where requested on the return. The worksheets and their underpinning assumptions have been reviewed and approved by the Board of Management in accordance with their agreed practices. In preparing this financial forecast the College has fully considered the financial implications of all aspects of its strategy and has properly reflected these in the forecast.

Signed: Simon Hewitt

Principal/Chief Executive Officer

Date: 14 July 2023

Dundee and Angus College

		Forecast 2022-23 FTE	Forecast 2023-24 FTE	Forecast 2024-25 FTE	Forecast 2025-26 FTE
	ANNUAL STAFFING EFFICIENCIES (savings reflected in FFR)				
1	FTE Staff reduction - vacancy management	9	3	3	3
	FTE Staff reduction - voluntary severance (related restructuring costs to be set out in section 2 below)	40	47	35	22
	FTE Staff reduction - compulsory redundancy (redundancy costs to be set out in section 2 below)	0	0	0	0
	Staff reduction - total	49	50	38	25
		£000	**£000**	**£000**	**£000**
2	Voluntary severance costs	1,328	1,050	750	0
	Compulsory redundancy costs	0	0	0	0
	Total	1328	1050	750	0
	CHECK - Staff restructuring costs per SOCIE	1,328	1,050	750	0
3	**NON-STAFF COST EFFICIENCIES (savings reflected in FFR)**	600	440	410	390

Pension Assumptions	2022-23	2023-24	2024-25	2025-26	2022-23	2023-24	2024-25	2025-26
Employer Contributions	£000	£000	£000	£000	Details of Methodology and Valuation	Details of Methodology and Valuation	Details of Methodology and Valuation	Details of Methodology and Valuation
STSS	3,234	3,102	2,790	2,904				
LGPS	1,943	1,984	2,065	2,142				
Other pension schemes - please state which scheme								
Other pension schemes - please state which scheme								
Total	5,177	5,086	4,855	5,046				

Dundee and Angus College

Statement of Comprehensive income and expenditure (Consolidated)	Actual 2021-22	Forecast 2022-23	Forecast 2023-24	Forecast 2024-25	Forecast 2025-26	2021-22 - 2022-23	2022-23- 2023-24	2023-24 - 2024-25	2024-25 - 2025-26	Explanation for variance
	£000	£000	£000	£000	£000	%	%	%	%	
INCOME										
Tuition fees and education contracts	5,210	4,622	4,352	4,472	4,606	-11.3%	-5.8%	2.8%	3.0%	Price increases assumed throughout period
Funding council/RSB grants	38,299	38,771	37,876	37,694	37,694	1.2%	-2.3%	-0.5%	0.0%	Digital Poverty IT grant removed after 23-24
Research grants and contracts	0	0	0	0	0					
Other income	6,761	3,952	4,989	3,930	3,786	-41.5%	26.2%	-21.2%	-3.7%	Reduction in known grant income post 23-24 including ALF funding (£700K 23-24)
Investment income	3	33	25	15	5	1000.0%	-24.2%	-40.0%	-66.7%	Reducing cash balances
Total income before donations and endowments	**50,273**	**47,378**	**47,242**	**46,111**	**46,091**	-5.8%	-0.3%	-2.4%	0.0%	
Donations and endowments	0	0	0	0	0					
Total income	**50,273**	**47,378**	**47,242**	**46,111**	**46,091**	-5.8%	-0.3%	-2.4%	0.0%	SEE ALSO INCOME TAB
EXPENDITURE										
Staff costs	38,154	34,159	33,048	32,455	32,291	-10.5%	-3.3%	-1.8%	-0.5%	3.5% pay inflation assumed from 23-24 but subsequent years assume staff reductions
Staff costs - exceptional restructuring costs	1,287	1,328	1,050	750	0	3.2%	-20.9%	-28.6%	-100.0%	Estimates post 22/23 are calculated at 60% of annual savings
Exceptional costs - non-staff	0	0	0	0	0					
Other operating expenses	10,232	11,551	11,454	10,493	10,168	12.9%	-0.8%	-8.4%	-3.1%	This moves braoadly in line with other income after 2023-24 with efficiencies and reductions off-setting inflation
Donation to Arms Length Foundation	0	0	0	0	0					
Depreciation	2,258	3,200	3,200	3,200	3,200	41.7%	0.0%	0.0%	0.0%	
Interest and other finance costs	396	89	100	62	43	-77.5%	12.4%	-38.0%	-30.6%	Variable rate payable on loan reducing with annual payments
Total expenditure	**52,327**	**50,327**	**48,852**	**46,960**	**45,702**	-3.8%	-2.9%	-3.9%	-2.7%	SEE ALSO EXPENDITURE TAB
Surplus/(deficit) before other gains and losses and share of operating surplus/deficit of joint ventures and associates	**(2,054)**	**(2,949)**	**(1,610)**	**(849)**	**389**	43.6%	-45.4%	-47.3%	-145.8%	
Gain/(loss) on disposal of fixed assets	4	0	0	0	0	-100.0%				
Gain/(loss) on investments	0	0	0	0	0					
Share of operating surplus/(deficit) in joint venture(s)	0	0	0	0	0					
Share of operating surplus/(deficit) in associate(s)	0	0	0	0	0					
Surplus/(deficit) before tax	**(2,050)**	**(2,949)**	**(1,610)**	**(849)**	**389**	43.9%	-45.4%	-47.3%	-145.8%	
Other taxation	0	0	0	0	0					
Surplus/(deficit) for the year	**(2,050)**	**(2,949)**	**(1,610)**	**(849)**	**389**	43.9%	-45.4%	-47.3%	-145.8%	
Unrealised surplus on revaluation of land and buildings	0	0	0	0	0					
Actuarial (loss)/gain in respect of pension schemes	29,999	0	0	0	0	-100.0%				Omitted from FFR as cannot be predicted
Other comprehensive income	0	0	0	0	0					
Total comprehensive income for the year	**27,949**	**(2,949)**	**(1,610)**	**(849)**	**389**	-110.6%	-45.4%	-47.3%	-145.8%	

Dundee and Angus College

INCOME		Actual 2021-22	Forecast 2022-23	Forecast 2023-24	2021-22 - 2022-23	2022-23- 2023-24	Explanation for variance
		£000	£000	£000	%	%	
1 Tuition fees and education contracts							
a)	FE - UK	474	731	825	54%	13%	Increase driven by commercial courses
b)	FE - EU	0	0	0			
c)	HE	2,574	2,295	2,203	(11%)	(4%)	Declining full-time numbers and reduced credit delivery
d)	Non-EU	188	166	174	(12%)	5%	
e)	SDS contracts	1,229	677	450	(45%)	(34%)	Drop out from old FA contract and reduced MA starts
f)	Education contracts	739	747	694	1%	(7%)	Reduction in construction apprentices
g)	Other	6	6	6	0%	0%	
Total tuition fees and education contracts		**5,210**	**4,622**	**4,352**	(11%)	(6%)	
2 SFC / RSB Grants							
a)	SFC / RSB FE recurrent grant (including fee waiver)	33,011	31,244	32,047	(5%)	3%	22/23 allowes for potential clawback of £800K for under delivery
b)	UHI recurrent grant - HE provision	0	0	0			
c)	FE Childcare funds	592	477	477	(19%)	0%	
d)	Release of SFC / RSB deferred capital grants	1,581	1,700	1,700	8%	0%	
e)	SFC capital grant	1,746	3,376	2,770	93%	(18%)	AY 22-23 benefited from carry forward from 21-22 under spend
f)	SFC grant for NPD	0	0	0			
g)	Other SFC / RSB grants - FE provision	1,369	1,974	882	44%	(55%)	FWDF in 22-23 benefitted from carry forward but declines sharply in 22-24 and compounded by removal of several funding streams
h)	Other UHI grants - HE provision	0	0	0			
Total SFC / RSB Grants		**38,299**	**38,771**	**37,876**	1%	(2%)	
3 Research grants and contracts							
a)	European Commission	0	0	0			
b)	Other grants and contracts	0	0	0			
Total research grants and contracts		**0**	**0**	**0**			
4 Other Income							
a)	Catering and residences	600	947	1,073	58%	13%	Continued post-COVID recovery
b)	Other European Income	55	31	0	(44%)	(100%)	22-23 sees the end of the last Erasmus project
c)	Other income generating activities	682	1,051	1,055	54%	0%	Recovery of site based activities post-COVID including subsidiary theatre company
d)	Grants from ALF	3,300	0	700	(100%)		See ALF funding tab for details
	i) Revenue	0	0	700			
	II) Capital	3,300	0	0	(100%)		
e)	Non-government capital grant	0	0	0			
f)	Other grant income	1,818	1,608	1,916	(12%)	19%	Fluctuating income from several sources including government, charitable trusts and private organisations, focusing upon renewables and largely subsidising direct costs
g)	Release of non-SFC government deferred capital grant	104	100	100	(4%)	0%	
h)	Income from Coronavirus Job Retention Scheme	37	0	0	(100%)		
i)	Other income	165	215	145	30%	(33%)	Removal of 'Thrive' cost of living donations
Total other income		**6,761**	**3,952**	**4,989**	(42%)	26%	
5 Investment income							
a)	Investment income on endowments	0	0	0			
b)	Investment income on restricted reserves	0	0	0			
c)	Other investment income	0	0	0			
d)	Other interest receivable	3	33	25	1000%	(24%)	Higher interest but declining cash balances
e)	Net return on pension scheme	0					
Total investment income		3	33	25	1000%	(24%)	
6 Donations and endowment income							
a)	New endowments	0	0	0			
b)	Donations with restrictions	0	0	0			
c)	Unrestricted donations	0	0	0			
Total donation and endowment income		0	0	0			

Dundee and Angus College

EXPENDITURE

	Actual 2021-22	Forecast 2022-23	Forecast 2023-24	2021-22 - 2022-23	2022-23- 2023-24	Explanation for variance
STAFF COSTS	£000	£000	£000	%	%	
1 Teaching departments	22,141	22,124	20,648	(0%)	(7%)	Lecturer numbers reduced for 23-24 as a consequence of lower credit target
2 Teaching support services	743	701	706	(6%)	1%	
3 Other support services	0	0	0			
4 Administration and central services	9,364	8,893	9,207	(5%)	4%	
5 Premises	1,688	1,678	1,688	(1%)	1%	
6 Catering and residences	701	646	677	(8%)	5%	
7 Other income generating activities	0	117	122		4%	
8 Other staff costs	0	0	0			
9 Impact of FRS 102 pensions reported costs (less contributions paid included above)	3,517					
Normal staff costs	**38,154**	**34,159**	**33,048**	(10%)	(3%)	**Generally staff reductions from VS shcemes and efficiancies have off-set pay awards.**
10 Exceptional restructuring costs	1,287	1,328	1,050	3%	(21%)	Estimated are based upon likely profile of staff reductions required
Total staff costs	**39,441**	**35,487**	**34,098**	(10%)	(4%)	

Additional breakdown of staff costs

	Actual 2021-22	Forecast 2022-23	Forecast 2023-24	2021-22 - 2022-23	2022-23- 2023-24
Salaries	27,019	26,499	25,728	(2%)	(3%)
Social security costs	2,578	2,574	2,439	(0%)	(5%)
Pension contributions	5,040	5,086	4,881	1%	(4%)
Non-cash pension adjustments - net service cost	3,517				
Non-cash pension adjustments - early retirement provision	0				
Severance payments	1,287	1,328	1,050		
Total staff costs	**39,441**	**35,487**	**34,098**	(10%)	(4%)

NON-STAFF COSTS

			Actual 2021-22	Forecast 2022-23	Forecast 2023-24	2021-22 - 2022-23	2022-23- 2023-24	Explanation for variance
1 Exceptional costs - non-staff			0	0	0			
2 Other operating expenses	a)	Teaching departments	994	1,263	1,028	27%	(19%)	Fluctuations partly attributable to non-SFC grant funding along with continued efficiances required to off-set inflationary pressures upon budgets
	b)	Teaching support services	130	145	140	12%	(3%)	
	c)	Other support services	0	0	0			
	d)	Administration and central services	3,884	4,206	4,260	8%	1%	Impacted by funded projects
	e)	General education	0	0	0			
	f)	Premises	3,824	4,542	4,706	19%	4%	
	(i)	Maintenance	1,812	2,201	2,114	21%	(4%)	High level of expenditure maintained for 23-24 due to government energy efficiancy funding
	(ii)	Utilities	1,003	1,507	1,653	50%	10%	Rising electricity and gas, albeit the latter reduces in 23-24
	(iii)	Other	1,009	834	939	(17%)	13%	
	g)	Catering and residences	325	481	531	48%	10%	Increases with higher revenues
	h)	Other income generating activities	51	86	83	69%	(3%)	
	i)	Overspend on student support funds *	0	0	0			
	j)	Planned maintenance	0	0	0			
	k)	Movement on early retirement pension provision	0	0	0			
	l)	NPD	0	0	0			
	m)	Other	1,024	828	706	(19%)	(15%)	Lower childcare post 21-22
Total other operating expenses			10,232	11,551	11,454	13%	(1%)	
3 Depreciation	a)	Government funded assets	2,227	2,960	2,960	33%	0%	
	b)	Non-government funded assets	31	240	240	674%	0%	
	c)	NPD funded assets	0	0	0			
Total depreciation			2,258	3,200	3,200	42%	0%	Capitalisation of Kingsway redevelopment in 21-22, funded by SFC capital maintenance and ALF, brought into use during 22-23
4 Interest	a)	On bank loans, overdrafts and other loans	125	89	100	(29%)	12%	Reducing balance but interest rises with return to variable rates in April 23 under terms of loan
	b)	Finance lease interest	0	0	0			
	c)	Other	0	0	0			
	d)	Net charge on pension scheme	271			(100%)		
	e)	NPD interest	0	0	0			
Total interest			396	89	100	(78%)	12%	

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

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ADJUSTED OPERATING RESULT	Actual 2021-22 £000	Forecast 2022-23 £000	Forecast 2023-24 £000	Forecast 2024-25 £000	Forecast 2025-26 £000	2021-22 - 2022-23 %	2022-23- 2023-24 %	2023-24 - 2024-25 %	2024-25 - 2025-26 %	Explanation for variance
Surplus/(deficit) before other gains and losses and share of operating surplus/deficit of joint ventures and associates	**(2,054)**	**(2,949)**	**(1,610)**	**(849)**	**389**					
Add:										
Total depreciation (Government-funded, privately funded and NPD-funded assets) net of deferred capital grant release *(incorporated colleges only)*	573	1,400	1,400	1,400	1,400	144.3%	0.0%	0.0%	0.0%	
Exceptional non-restructuring items (e.g. impairment costs)	0	0	0	0	0					
Donation to Arms-Length Foundation (incorporated colleges only)	0	0	0	0	0					
Non-cash pension adjustment - net service cost	3,517									
Non-cash pension adjustment - ERP	0									
Non-cash pension adjustment -net interest costs	271									
Deduct:										
Non-Government capital grants (e.g. ALF capital grant)	3,300	0	0	0	0	-100.0%				
Exceptional income (if disclosed as exceptional in accounts)	0	0	0	0	0					
CBP allocated to loan repayments and other capital items *(incorporated colleges only)*	457	0	0	0	0	-100.0%				
NPD payments to reduce NPD balance sheet debt	0	0	0	0	0					
Adjusted operating result	**(1,450)**	**(1,549)**	**(210)**	**551**	**1,789**	6.8%	-86.4%	-362.4%	224.7%	
Cash budget for priorities *(incorporated colleges)* :										
Revenue priorities										
Student support funding	0	0	0	0	0					
2015-16 pay award	473	473	473	473	473					
Voluntary severance	125	582	582	582	0					
Estates costs	0	0	0	0	0					
Other - please describe	0		0	0	582					to be determined
Total impact on operating position	**598**	**1,055**	**1,055**	**1,055**	**1,055**					
Capital priorities										
Loan repayments	457	0	0	0	0					
NPD / PFI repayments	0	0	0	0	0					
Estates costs	0	0	0	0	0					
Provisions pre 1 April 2014	0	0	0	0	0					
Total capital	**457**	**0**	**0**	**0**	**0**					
Total cash budget for priorities spend	**1,055**	**1,055**	**1,055**	**1,055**	**1,055**					

Dundee and Angus College

	Balance Sheet		Actual 2021-22	Forecast 2022-23	Forecast 2023-24	Forecast 2024-25	Forecast 2025-26	2021-22 - 2022-23	2022-23- 2023-24	2023-24 - 2024-25	2024-25 - 2025-26	Explanation for variance
			£000	£000	£000	£000	£000	%	%	%	%	
1	Non-current assets	a) Intangible assets	0	0	0	0	0					
		b) Fixed assets	68,793	65,613	62,153	58,953	55,753	-4.6%	-5.3%	-5.1%	-5.4%	**Reducing with depreciation but subject to review of high value expenditure and revaluation of property**
		c) Investments	0	0	0	0	0					
	Total non-current assets		**68,793**	**65,613**	**62,153**	**58,953**	**55,753**	-4.6%	-5.3%	-5.1%	-5.4%	
2	Current assets	a) Stock	10	10	10	10	10	0.0%	0.0%	0.0%	0.0%	
		b) Debtors	4,614	4,862	5,506	6,150	6,794	5.4%	13.2%	11.7%	10.5%	
		c) Investments	0	0	0	0	0					
		d) Cash and cash equivalents	6,248	4,418	1,207	937	1,905	-29.3%	-72.7%	-22.4%	103.3%	
		e) Other (e.g. assets for resale)	0	0	0	0	0					
	Total current assets		**10,872**	**9,290**	**6,723**	**7,097**	**8,709**	-14.6%	-27.6%	5.6%	22.7%	
3	Creditors: amounts falling due within one year	a) Bank loans and external borrowing	453	453	453	453	453	0.0%	0.0%	0.0%	0.0%	
		b) Bank overdrafts	0	0	0	0	0					
		c) Lennartz creditor	0	0	0	0	0					
		d) Obligations under finance leases and service concessions	0	0	0	0	0					
		e) Payments received in advance	1,305	1,305	1,305	1,305	1,305	0.0%	0.0%	0.0%	0.0%	
		f) Amounts owed to SFC	1,544	1,344	544	544	544	-13.0%	-59.5%	0.0%	0.0%	
		g) Obligations under PFI/NPD	0	0	0	0	0					
		h) Deferred capital grant	1,685	2,361	2,361	2,361	2,361					
		i) Other creditors and accruals	6,032	7,052	6,088	6,764	7,440	16.9%	-13.7%	11.1%	10.0%	
	Total creditors < 1year		**11,019**	**12,515**	**10,751**	**11,427**	**12,103**	13.6%	-14.1%	6.3%	5.9%	
	Share of net assets/(liabilities) in associate		0	0	0	0	0					
	NET CURRENT ASSETS/LIABILITIES		**(147)**	**(3,225)**	**(4,028)**	**(4,330)**	**(3,394)**	2093.9%	24.9%	7.5%	-21.6%	
	TOTAL ASSETS LESS CURRENT LIABILITIES		**68,646**	**62,388**	**58,125**	**54,623**	**52,359**	-9.1%	-6.8%	-6.0%	-4.1%	
4	Creditors: amounts falling due after more than one year	a) Local authority loans	0	0	0	0	0					
		b) Bank loans and external borrowing	2,273	1,820	1,367	914	461	-19.9%	-24.9%	-33.1%	-49.6%	**Annual repayment and ammortisation**
		c) Lennartz creditor	0	0	0	0	0					
		d) Finance leases and service concessions	0	0	0	0	0					
		e) Obligations under PFI/NPD	0	0	0	0	0					
		f) Deferred capital grant	23,580	21,124	19,324	17,524	15,724					**Reduces with depreciation of government funded assets**
		g) Amounts repayable to Funding Council	0	0	0	0	0					
		h) Other creditors	0	0	0	0	0					
	Total creditors >1 year		**25,853**	**22,944**	**20,691**	**18,438**	**16,185**	-11.3%	-9.8%	-10.9%	-12.2%	
5	Provisions	a) Pension provisions	(8,643)	-9,043	-9,443	-9,843	-10,243	4.6%	4.4%	4.2%	4.1%	**Unfunded payments reduces liability but subject to annual actuarial valuation**
		b) Other	0	0	0	0	0					
	Total provisions		**(8,643)**	**(9,043)**	**(9,443)**	**(9,843)**	**(10,243)**	4.6%	4.4%	4.2%	4.1%	
	TOTAL NET ASSETS		**51,436**	**48,487**	**46,877**	**46,028**	**46,417**	-5.7%	-3.3%	-1.8%	0.8%	
9	Restricted Reserves	a) Endowment Reserve	0	0	0	0	0					
		b) Restricted Reserve	0	0	0	0	0					
10	Unrestricted reserves	a) Income and Expenditure Reserve	26,274	24,020	23,104	22,949	24,032	-8.6%	-3.8%	-0.7%	4.7%	
		b) Revaluation reserve	25,162	24,467	23,773	23,079	22,385	-2.8%	-2.8%	-2.9%	-3.0%	**Reduces with annual transfer to I&E Reserve but subject to asset revaluation adjustment**
11	Non-controlling interest		0	0	0	0	0					
	TOTAL RESERVES		**51,436**	**48,487**	**46,877**	**46,028**	**46,417**	-5.7%	-3.3%	-1.8%	0.8%	

Dundee and Angus College

Liquidity Analysis		Actual 2021-22	Forecast 2022-23	Forecast 2023-24	Forecast 2024-25	Forecast 2025-26	2021-22 - 2022-23	2022-23- 2023-24	2023-24 - 2024-25	2024-25 - 2025-26
		£000	£000	£000	£000	£000	%	%	%	%
1 Current assets	a) Stock	10	10	10	10	10	0.0%	0.0%	0.0%	0.0%
	b) Debtors	4,614	4,862	5,506	6,150	6,794	5.4%	13.2%	11.7%	10.5%
	c) Investments	0	0	0	0	0				
	d) Cash and cash equivalents	6,248	4,418	1,207	937	1,905	-29.3%	-72.7%	-22.4%	103.3%
Total current assets		**10,872**	**9,290**	**6,723**	**7,097**	**8,709**	-14.6%	-27.6%	5.6%	22.7%
2 Creditors: amounts falling due within one year excl Deferred Capital Grants	a) Bank loans and external borrowing	453	453	453	453	453	0.0%	0.0%	0.0%	0.0%
	b) Bank overdrafts	0	0	0	0	0				
	c) Lennartz creditor	0	0	0	0	0				
	d) Obligations under finance leases and service concessions	0	0	0	0	0				
	e) Payments received in advance	1,305	1,305	1,305	1,305	1,305	0.0%	0.0%	0.0%	0.0%
	f) Amounts owed to SFC	1,544	1,344	544	544	544	-13.0%	-59.5%	0.0%	0.0%
	g) Obligations under PFI/NPD (unfunded only)	0	0	0	0	0				
	h) Other creditors and accruals	6,032	7,052	6,088	6,764	7,440	16.9%	-13.7%	11.1%	10.0%
Total creditors < 1year excl Deferred Capital Grants		**9,334**	**10,154**	**8,390**	**9,066**	**9,742**	8.8%	-17.4%	8.1%	7.5%
Liquidity position (baseline cash)		**1,538**	**(864)**	**(1,667)**	**(1,969)**	**(1,033)**	-156.2%	92.9%	18.1%	-47.5%
Liquidity ratio		**1.16**	**1**	**1**	**1**	**1**				

ADDITIONAL INFORMATION

	Actual 2021-22	Forecast 2022-23	Forecast 2023-24	Forecast 2024-25	Forecast 2025-26	2021-22 - 2022-23	2022-23- 2023-24	2023-24 - 2024-25	2024-25 - 2025-26
Longer Term Obligations under PFI / NPD (Unfunded Only)	0	0	0	0	0				
Other Longer Term Liabilities in Balance Sheet resulting in cash outflows	2,273	1,820	1,367	914	461				
Other Cash Commitments not included in Balance Sheet	0	0	0	0	0				
Liquidity position less Longer Term Cash Liabilities/Commitments	**(735)**	**(2,684)**	**(3,034)**	**(2,883)**	**(1,494)**	265.2%	13.0%	-5.0%	-48.2%

Dundee and Angus College

Cashflow	Actual 2021-22 £000	Forecast 2022-23 £000	Forecast 2023-24 £000	Forecast 2024-25 £000	Forecast 2025-26 £000	2021-22 - 2022-23 %	2022-23- 2023-24 %	2023-24 - 2024-25 %	2024-25 - 2025-26 %	Explanation for variance
1 Cash flow from operating activities										
a) Surplus / (deficit) for the year	-2050	-2949	-1610	-849	389	44%	(45%)	(47%)	(146%)	
2 Adjustment for non-cash items										
a) Depreciation	2,258	3,200	3,200	3,200	3,200	42%	0%	0%	0%	
b) Amortisation of intangibles	0	0	0	0	0					
c) Benefit on acquisition	0	0	0	0	0					
d) Amortisation of goodwill	0	0	0	0	0					
e) Loss / (gain) on investments	0	0	0	0	0					
f) Decrease / (increase) in stock	(4)	0	0	0	0	(100%)				
g) Decrease / (increase) in debtors	(370)	(248)	(644)	(644)	(644)	(33%)	160%	0%	0%	
h) Increase / (decrease) in creditors	2,980	820	(1,764)	676	676	(72%)	(315%)	(138%)	0%	
i) Increase / (decrease) in pension provision	3,402	(400)	(400)	(400)	(400)	(112%)	0%	0%	0%	
j) Increase / (decrease in other provisions	0	0	0	0	0					
k) Receipt of donated equipment	0	0	0	0	0					
l) Share of operating surplus / (deficit) in joint venture	0	0	0	0	0					
m) Share of operating surplus / (deficit) in associate	0	0	0	0	0					
n) Other	0	0	0	0	0					
Total adjustment for non-cash items	8,266	3,372	392	2,832	2,832	(59%)	(88%)	622%	0%	
3 Adjustment for investing or financing activities										
a) Investment income	(3)	(33)	(25)	(15)	(5)	1000%	(24%)	(40%)	(67%)	
b) Interest payable	125	89	100	62	43	(29%)	12%	(38%)	(31%)	
c) Endowment income	0			0	0					
d) Loss / (gain) on the sale of assets	(4)	0	0	0	0	(100%)				
e) Capital grant income	(1,685)	(1,800)	(1,800)	(1,800)	(1,800)	7%	0%	0%	0%	
Total adjustment for investing or financing activities	(1,567)	(1,744)	(1,725)	(1,753)	(1,762)	11%	(1%)	2%	1%	
4 Net cash inflow from operating activities	**4,649**	**(1,321)**	**(2,943)**	**230**	**1,459**	(128%)	123%	(108%)	534%	
5 Cash flow from investing activities										
a) Proceeds from sales of fixed assets	4	0	260	0	0	(100%)		(100%)		
b) Proceeds from sales of intangible assets	0	0	0	0	0					
c) Capital grants receipts	102	20	0	0	0	(80%)	(100%)			
d) Disposal of non-current asset investments	0	0	0	0	0					
e) Withdrawal of deposits	0	0	0	0	0					
f) Investment income	3	33	25	15	5	1000%	(24%)	(40%)	(67%)	
g) Payments made to acquire fixed assets	(3,785)	(20)	0	0	0	(99%)	(100%)			
h) Payments made to acquire intangible assets	0	0	0	0	0					
i) New non-current asset investments	0	0	0	0	0					
j) New deposits	0	0	0	0	0					
Total cash flows from investing activities	(3,676)	33	285	15	5	(101%)	764%	(95%)	(67%)	
6 Cash flows from financing activities										
a) Interest paid	(125)	(89)	(100)	(62)	(43)	(29%)	12%	(38%)	(31%)	
b) Interest element of finance lease and service concession	0			0	0					
c) Endowment cash received	0			0	0					
d) New secured loans	0			0	0					
e) New unsecured loans	0			0	0					
f) Repayments of amounts borrowed	(453)	(453)	(453)	(453)	(453)	0%	0%	0%	0%	
g) Capital element of finance lease and service concession payments	0	0	0	0	0					
Total cash flows from financing activities	(578)	(542)	(553)	(515)	(496)	(6%)	2%	(7%)	(4%)	
7 (Decrease) / increase in cash and cash equivalents in the year	395	(1,830)	(3,211)	(270)	968	(563%)	75%	(92%)	(459%)	
8 Cash and cash equivalents at beginning of the year	5,853	6,248	4,418	1,207	937	7%	(29%)	(73%)	(22%)	
9 Cash and cash equivalents at the end of the year	6,248	4,418	1,207	937	1,905	(29%)	(73%)	(22%)	103%	

Dundee and Angus College

Capital Expenditure Projects and Forecast Methods of Financing	Actual 2021-22 £000	Forecast 2022-23 £000	Forecast 2023-24 £000	Forecast 2024-25 £000	Forecast 2025-26 £000	2021-22 - 2022-23 %	2022-23- 2023-24 %	2023-24 - 2024-25 %	2024-25 - 2025-26 %
Expenditure:									
Land & Buildings	3403	20	0	0	0	-99.4%	-100.0%		
Equipment & Others	0	0	0	0	0				
	3,403	20	0	0	0	-99.4%	-100.0%		
Financed by:									
Cash reserves	0	0	0	0	0				
ALF grants	3300	0	0	0	0	-100.0%			
Leasing	0	0	0	0	0				
SFC/RSB grant	103	20	0	0	0	-80.6%	-100.0%		
Re-investment of proceeds from disposal of assets *	0	0	0	0	0				
Non-SFC/RSB grants	0	0	0	0	0				
PFI/NPD	0	0	0	0	0				
Other - please specify if material	0	0	0	0	0				
	3,403	20	0	0	0	-99.4%	-100.0%		

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

Capital disposals	Actual 2021-22 £000	Forecast 2022-23 £000	Forecast 2023-24 £000	Forecast 2024-25 £000	Forecast 2025-26 £000				
Disposal proceeds:									
Vehicles	4	0	0	0	0	-100.0%			
Montrose Outreach Centre	0	0	200	0	0			-100.0%	
Kirriemuir Outreach Centre	0	0	60	0	0			-100.0%	
Asset description	0	0	0	0	0				
	4	0	260	0	0	-100.0%		-100.0%	

Gain/(loss) on disposal:

Vehicles	4	0	0	0	0	-100.0%
Montrose Outreach Centre	0	0	0	0	0	
Kirriemuir Outreach Centre	0	0	0	0	0	
Asset description	0	0	0	0	0	
	4	0	0	0	0	-100.0%

Dundee and Angus College

ALF Funding

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

Note:

For most foundations, the most recent accounts available are for periods ending in 2022. Colleges' forecast movements will not include governance costs, donations from third parties, payments to third parties or investment income.

	Actual 2021-22 £000	Forecast 2022-23 £000	Forecast 2023-24 £000	Forecast 2024-25 £000	Forecast 2025-26 £000
Grant from Arms Length Foundation - capital:					
Kingsway Development	3,300	0	0	0	0
Description	0	0	0	0	0
Description	0	0	0	0	0
Description	0	0	0	0	0
Description	0	0	0	0	0
Description	0	0	0	0	0
Total	3300	0	0	0	0
Grant from Arms Length Foundation - revenue					
ICT Network upgrade	0	0	700	0	0
Description	0	0	0	0	0
Description	0	0	0	0	0
Description	0	0	0	0	0
Description	0	0	0	0	0
Description	0	0	0	0	0
Total	0	0	700	0	0

Dundee and Angus College

FINANCIAL SUMMARY

	Actual 2021-22 £000	Forecast 2022-23 £000	Forecast 2023-24 £000	Forecast 2024-25 £000	Forecast 2025-26 £000
Income ratios					
Total Income	50,273	47,378	47,242	46,111	46,091
Total Funding Council Grant as % of Total Income	76%	82%	80%	82%	82%
Total non-Funding Council Grant as % of Total Income	24%	18%	20%	18%	18%
Total Education Contracts and Tuition Fees as % of Total Income	10%	10%	9%	10%	10%
Total Research Grants and Contracts as % of Total Income	0%	0%	0%	0%	0%
Total Other Income as % of Total Income	13%	8%	11%	9%	8%
Expenditure ratios					
Total Expenditure	52,327	50,327	48,852	46,960	45,702
Salaries as % of Total Expenditure	73%	68%	68%	69%	71%
Other operating costs as % of Total Expenditure	20%	23%	23%	22%	22%
Depreciation/amortisation as % of Total Expenditure	4%	6%	7%	7%	7%
Operating position					
Operating Surplus/(deficit)	(2,054)	(2,949)	(1,610)	(849)	389
Operating Surplus/(deficit) as % of Total Income	-4%	-6%	-3%	-2%	1%
Adjusted operating surplus/(deficit)	(1,450)	(1,549)	(210)	551	1,789
Adjusted operating surplus/(deficit) as % of Total Income	-2.9%	-3.3%	-0.4%	1.2%	3.9%
Cash Position					
Cash and Current Asset Investments	6,248	4,418	1,207	937	1,905
Overdrafts	0	0	0	0	0
Days Ratio of Cash to Total Expenditure	46	34	10	8	16
Net cash inflow/(outflow) from operating activities	4,649	(1,321)	(2,943)	230	1,459
Net cash inflow/(outflow) from operating activities as % of Total Income	9.2%	-2.8%	-6.2%	0.5%	3.2%
Balance Sheet strength					
Unrestricted reserves	26,274	24,020	23,104	22,949	24,032
Liquidity ratio	1.16	0.91	0.80	0.78	0.89
Unrestricted reserves as % of Total Income	52%	51%	49%	50%	52%
Total borrowing (Overdrafts, Loans, Finance Leases, PFI/NPD)	2,726	2,273	1,820	1,367	914
Interest cover	-4.19	-32.13	-15.10	-12.69	10.05

Agenda Item 7.1

FINANCE & PROPERTY COMMITEE

Tuesday 5 September 2023

INFRASTRUCTURE

7.1 - Estates Update **PAPER E**

BOARD OF MANAGEMENT

Finance & Property Committee

Tuesday 5 September 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

A reminder that the the SFC 5-year Capital Backlog Maintenance Grant funding project came to an end on the 31st March 2023 and was replaced with Capital Funding for Maintenance.

Previously there were 2 elements for the funding split between

- Backlog maintenance
- Lifecycle maintenance

For the current financial year there is no ringfenced allocation for Backlog maintenance, however we have still been tackling a number of Backlog maintenance projects over recent months.

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

As previously reported we also had an element of underspend on last year's grant allocation and this was carried forward into the new financial year. Projects not completed last year have been included as part of the programme for this year along with a new list of projects.

It has been an extremely busy summer period for the Estates Project Team and a significant number of projects have been completed across all 3 campuses with some still works in progress. The projects and their current status are listed below –

Project	Campus	Estimated Value (inc VAT)	Current Status
CSW Building Refurbishment	Arbroath	£240k	In Progress
Engineering Workshop	Kingsway	£12k	Complete
Clova Roof Repairs	Arbroath	£36k	In progress
Isla Building Replacement Windows	Arbroath	£331k	Planning Stage
Swimming Pool Roof	Gardyne	£60k	Complete
Isla/Esk Car Park Phase 2	Arbroath	£84k	Complete
CSW Replacement Lift	Arbroath	£60k	Complete
MSIP Improvement Works	MSIP	£50k	Complete
Equipment/Plant Replacement	All	£72k	In Progress
Major Chiller Repair	Gardyne	£18k	Complete
Isla 1st Floor room changes	Arbroath	£12k	Complete
Create Construction Workshop	Kingsway	£25k	Complete
Create new offices on Level 6	Kingsway	£40k	Complete
Create new Locker Space for H&B	Kingsway	£15k	Complete
Create slabbed area outside CSW- wheelchair access	Arbroath	£16k	Complete
Create Esports Hub	Gardyne	£120k	Nearing completion
Supported Ed Wheelchair Garden Access	Gardyne	£6k	Complete
Highlander EV Charging Pod	Kingsway	£18k	Complete
Student Services Window Replacement	Kingsway	£30k	Complete
Replacement Blinds CALC Building	Arbroath	£12k	Award Pending
Swimming Pool Toilets refurbishment	Gardyne	£60k	Complete
Demolition of Aviary	Arbroath	£5k	Complete
Replacement Lift Esk Building	Arbroath	£72k	Nearing completion
Replacement Lift Space Building	Kingsway	£60k	Contract awarded
Level 4 Refurbishment	Kingsway	£48k	Complete
Level 5 Refurbishment	Kingsway	£48k	Complete
Hardwire Testing	Gardyne	£30k	Contract awarded
Partition Wall between Esk 1.03/1.04	Arbroath	£7.2k	Complete
Y101 – demolish small rooms to create larger	Gardyne	£18k	Complete

room – new vinyl flooring, lighting and painting			
Y102 - Replace gas ovens with fan assisted electric ovens x 8	Gardyne	£6k	Complete
Engineering Office refurb – install window, lights, flooring and painting	Kingsway	£7.2k	Complete
Space – create IT Space for laptop use - furniture	Kingsway	£6k	In progress
Esk – Big Hair Salon Upgrade – New chairs, stations and scaffold benching, painting	Arbroath	£12k	Complete
Esk – Small Hair Salon Upgrade - New chairs, stations, scaffold benching, new ceiling, flooring, lighting and painting	Arbroath	£18k	Complete
Esk – Creation of new Barber Salon – Room 0.01	Arbroath	£24k	Nearing completion
Install doors for pop-up shop space	Kingsway	£2.9k	In progress
E033 Classroom refurb	Kingsway	£7k	Complete
Painting and Decoration Workshop – create storage and 3 additional booths	Kingsway	£18k	Complete
Clova - Existing Barber Salon to General Classroom	Arbroath	£6k	In progress
B050a/b – new joinery workshop requiring LEV system installed, new 110v supplies and floor levelling	Kingsway	£60k	Nearing completion
Building Management System Upgrade	All	£48k	Planning stage
Esk – Create new flexible workshop for Construction and Engineering (Old Catering Outlet)	Arbroath	£30k	Complete
Create new Marketing Office and new Meeting room	Kingsway	£12k	Complete
New Carpet – ground floor Space building	Kingsway	£15k	Contract awarded
Replace corroded pipework on Gardyne roof which feeds Chiller 2	Gardyne	£36k	Complete

North Annexe key resuite	Gardyne	£5k	Complete
NA31 Classroom refurb	Gardyne	£10k	Complete
Smoking Signage	All		Complete
Fire Evac Equipment	All	£6.5k	Complete
Electrical Booths	Kingsway	£8k	Complete
E018 – divide classroom	Kingsway	£12k	Complete
B001 upgrade	Kingsway	£12k	Complete
Create new Learner Engagement Suite	Arbroath	£12k	Complete
Estates Project Contingencies	All	£80k	In progress

4. Reinforced Autoclave Aerated Concrete – RAAC

The Scottish Funding Council recently contacted the University and College sector in Scotland to raise awareness around the presence of RAAC in estate buildings.

RAAC is a lightweight, aerated form of concrete that was most used in buildings from the 1960s up to 1990, with some instances of it being used earlier and into the 90s. RAAC panels were used **within** the structure of the roofs, walls or floors. Issues with these panels have been known for a number of years and RAAC is no longer manufactured or used as a construction material in Scotland.

There have been a significant number of RAAC roof plank failures within school buildings in England and as a result, a safety alert has been placed requesting universities and colleges in Scotland to provide information regarding the known presence of RAAC in our estate buildings. There is a further requirement of a condition assessment to be carried out on the identified RAAC locations by appointed Structural Engineers.

In terms of our own estate, we are now aware that within our Kingsway Campus, we have extensive RAAC within the roof structures of our Construction and Engineering buildings.

We are now working Structural Engineer – Christie Gillespie who have carried an initial inspection of these areas and reported that the RAAC in both locations appears to be in very good condition.

This will now be followed up with a formal inspection which will involve a Stage 4 Detailed Assessment of the RAAC panels in the Construction and Engineering Blocks at the Kingsway Campus, with the ultimate aim of providing advice into the Stage 5 – **Management and Remediation Strategy.**

This documentation will provide a performance specification for the Risk Category which based on Christie Gillespie's initial site walkover, a prediction that all panels would be categorised between "Medium" and "Low" risk which means that the outcome would be future periodic monitoring at agreed intervals.

For the Stage 4 Detailed Assessment and the subsequent monitoring to mean anything Christie Gillespie would need to do the same activities each time to ensure that they were getting a direct comparison of results, thus determining if the panels were deteriorating or otherwise.

Christie Gillespie have recommended that the activities should include:

- Photographic survey of the soffit of all slabs, with particular focus on cracking or other visible defects.
- Monitoring the soffit for excessive or ongoing deflections. This would be done by using a laser to measure floor to ceiling levels at strategic locations.
- One of the major threats to RAAC is water ingress and the voids in panels can act like a sponge and so there should be a walkover of the roof to establish if there are any areas of ponding.

Christie Gillespie have advised that intrusive testing should be a last resort as it would likely cause more damage to the building fabric.

I will keep the committee informed of the survey findings.

5. Scottish Green Public Sector Estate Decarbonisation Scheme

As previously reported, the College submitted 2 successful 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

Following a robust tender process, the LED lighting replacement project for Gardyne is now progressing with an estimated installation start date of 25th September.

The Energy Audit and Feasibilty project tender process will commence next week.

6. Link to Strategic Risk Register

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

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

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

Agenda Item 8.0

FINANCE & PROPERTY COMMITEE

Tuesday 5 September 2023

PROCUREMENT UPDATE PAPER F

BOARD OF MANAGEMENT

Finance & Property Committee

September 2023

Procurement Report

Paper F for noting/approval

1. Introduction

The information included in this paper details the planned and recurring contracts and renewals which exceed or are very close to the regulated authority threshold of £50k (exclusive of non-recoverable VAT) covering the period to December 2024.

In all cases, Planned Procurement Activity remains dependent on appropriate budget allocation as part of the annual budget approval process, or when funding becomes available.

Section A - Procurement Update / Contract Awards, **for Noting** provides information on the contracts that have been awarded during the period from May 2023 to Sept 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. It does not include contracts falling within this period that have been previously approved.

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 list is not necessarily comprehensive for the period to December 2024 and additional contacts will be brought to the Committee's atention through the quarterly reporting process.

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

All values exclude VAT unless otherwise stated.

2. Recommendation

Members are asked to:

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

Authors: Amanda Walsh, Procurement Manager, Brian Ferguson, Head of Finance
Executive Sponsor: Steve Taylor, Vice Principal - Support Services & Operations

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

Contract name	Truck Train Training Rig
Route to Market	Non-Competitive Action
Successful Bidders	Lucas-Nulle GmbH
Contract Value	£60,000
Award Date	18 July 2023
Start Date	18 July 2023
Contract Period	16 Weeks

Contract name	VR Capability for Hydrogen Refueling Station
Route to Market	Non-Competitive Action
Successful Bidders	Annimerson UK Ltd
Contract Value	£85,000
Award Date	18 July 2023
Start Date	18 July 2023
Contract Period	9 Months

Contract name	Heliocentris 793-HGHEL Hybrid Energy Lab System
Route to Market	Non-Competitive Action
Successful Bidders	Alvatek
Contract Value	£108,000
Award Date	18 July 2023
Start Date	18 July 2023
Contract Period	16 Weeks

Contract name	Framework for the Supply of Virtual Reality (VR) Augmented Reality (AR) Welding Simulators
Route to Market	Open Tender
Successful Bidders	TechSoft UK Ltd
Contract Value	£1,000,000 (subject to External Funding)
Award Date	17 July 2023
Start Date	17 July 2023
Contract Period	4 years (17 July 2023 to 16 July 2027)

Contract name	REMS Student Resource Education Management System
Route to Market	Direct Award via APUC Framework
Successful Bidders	Civica Uk Limited
Contract Value	£261,000
Award Date	12 June 2023
Start Date	12 June 2023
Contract Period	5 years (60 Months)

Contract name	LED Lighting Replacement Garydne Campus (Supply)
Route to Market	Mini Competition via APUC Framework
Successful Bidders	Rexel
Contract Value	£373,056
Award Date	10 August 2023
Start Date	10 August 2023
Contract Period	12 Weeks

Contract name	Taxi Services and Private Transfers
Route to Market	Extension – Open Tender
Successful Bidders	Links Cabs Carnoustie Tele Taxis Dundee Ltd
Contract Value	£90,000 (estimated maximum)
Award Date	11 July 2023
Start Date	7 July 2023
Contract Period	1 Year (7 July 2023 to 6 July 2024)

Contract name	Teaching Qualifications: Further Education (TQFE)
Route to Market	Direct Award via APUC Framework
Successful Bidders	University of Aberdeen
Contract Value	£97,500
Award Date	12 July 2023
Start Date	1 August 2023
Contract Period	3 Years (1 August 2023 to 31 July 2026)

Section B - Planned Contracting Requiring Approval

Contract name	General Stationery and Office Paper
Incumbent Suppliers	Lyreco
Estimated Contract Value	£200,000
Owner	Head of Administrative Operations
Route to Market	Call off from Framework
Intended Contract Start Date	1 November 2023
Proposed Contract Period	4 Years
Rationale	Optimising daily operations, aiding efficient organisation, communication and productivity, while supporting a productive and well-equipped work environment.

Contract name	Supply and Maintenance of MFD’s
Incumbent Suppliers	Xerox UK Ltd
Estimated Contract Value	£260,000
Owner	Head of ICT
Route to Market	Collaborative Contract – Dundee City Council
Intended Contract Start Date	1 January 2024 (Option to extend up to 31 December 2025)
Proposed Contract Period	2 Years (Extension)
Rationale	Streamline office operations by combining multiple functionalities, such as printing, scanning, and copying, into a single efficient device, reducing costs, saving space, and increasing productivity.

Contract name	Timetabling Software
Incumbent Suppliers	CELCAT
Estimated Contract Value	£140,000 (£35,000 per annum)
Owner	Head of ICT
Route to Market	TBC (possibly a further NCA)
Intended Contract Start Date	1 April 2024
Proposed Contract Period	4 Years (currently renewed annually)
Rationale	Timetabling software contributes to a more organised, efficient, and student-centred learning environment. It supports college in managing the complexities of scheduling while improving resource utilisation and overall operational effectiveness.

Contract name	Associate Trainers
Incumbent Supplier	Accs-Safety, Arena HR Ltd, Build Your Skill, Change Frameworks Ltd, CPD Training Solutions Ltd, Digital bricks, Firefly Business Solutions Ltd, Health Environment & Risk Training, Kalor Consultancy, MidasWorks, Mind’s Well, Sibbald Training, Stewart Engineering & Training Solutions Ltd, Successful Learning Solutions Ltd, Supportive Solutions Ltd, The Sporting Pursuit, Ymindset Ltd.
Estimated Contract Value	£150,000
Owner	Business Partnership Manager
Route to Market	Open Tender
Intended Contract Start Date	27 May 2024
Proposed Contract Period	3 Years
Rationale	Contribute to diverse perspectives and enriched learning experiences in training programs, drawing on specialised knowledge and practical insights to enhance skill development, engagement, and overall training effectiveness.

Contract name	**Replacement Windows – Isla Building, Arbroath Campus**
Incumbent Supplier	Not Applicable
Estimated Contract Value	£420,000
Owner	Head of Estates
Route to Market	Open tender/Call off from Framework
Intended Contract Start Date	1 March 2024
Proposed Contract Period	6 Months
Rationale	Replacement windows offer a cost-effective and energy-efficient solution, enhancing comfort, aesthetics, and campus value by upgrading outdated or inefficient windows with modern, durable, and visually appealing alternatives.

Contract name	**Student Support – British Sign Language (BSL)**
Incumbent Supplier	Various
Estimated Contract Value	£135,000
Owner	Student Services Manager
Start Date	1 October 2023
End Date	30 September 2027
Route to Market	Open Tender
Rationale	Facilitating effective communication and inclusion for the Deaf and hard-of-hearing community, promoting equal access to information, education, and social interactions.

Contract name	**Life Sciences Equipment**
Incumbent Supplier	N/A
Estimated Contract Value	£100,000
Owner	Director of Curriculum and Partnerships
Route to Market	Call-Off from Framework
Intended Contract Start Date	1 December 2023
Proposed Contract Period	12 Months
Rationale	Equipment will students with hands-on experience and exposure to cutting-edge technologies used in the field. This practical experience is invaluable for their learning and skill development, preparing them for careers in life sciences and related industries.

Contract name	**Virtual Reality Headsets**
Incumbent Supplier	Annimersion (via a NCA)
Estimated Contract Value	£200,000 (subject to funding)
Owner	Director of ESP
Route to Market	Open Tender
Intended Contract Start Date	1 March 2024
Proposed Contract Period	4 Years
Rationale	Virtual reality headsets equipped with wind and hydrogen capabilities aligns with ESP's educational goals of promoting experiential learning, understanding complex scientific concepts, and preparing students for the evolving

	demands of sustainable and technological industries. It offers an exciting opportunity to transform the educational landscape by providing students with immersive and dynamic learning experiences.

Section C - Planned Procurement and Recent Awards for Noting

Contract name	**Replacement Firewall**
Incumbent Supplier	PING Network
Estimated Contract Value	£55,000
Owner	Head of ICT
Route to Market	TBC
Intended Contract Start Date	28 June 2024
Proposed Contract Period	3 Years + 2 Year Optional Extension
Rational	A firewall acts as a protective barrier, regulating network traffic and blocking unauthorised access, enhancing cybersecurity by preventing potential threats and safeguarding sensitive data.

Section D – Other Procurement Activities

1. The procurement process for the Supply of Replacement LED Lighting Fixtures for Garydne Campus has been concluded. The subsequent phase of procurement involves finalising the procurement documents for the Installation contract. This contract is scheduled to be advertised in August 2023, with the objective of awarding the contract by early September 2023.

2. Last September’s Finance and Property Committee Procurement Update highlighted the plans for procuring Waste Management, Taxi Services and Private Transfers and Timber and Associated Products in fiscal year 2022/23. However, due to unexpected priority procurements arising, these requirements have now been rescheduled and will take place during the 2023/24 period.

3. The Tayside Regional Procurement Team's reformation is functioning efficiently. With a renewed structure and purpose, the team has employed strategic measures to unveil a series of insights that hold the potential to transform the procurement landscape of the College. Discussion with the College’s Executive are ongoing to explore the means to realise additional benefits.

Agenda Item 9.0

FINANCE & PROPERTY COMMITEE

Tuesday 5 September 2023

STRATEGIC RISK REGISTER

9.1 - Risk Register Update **PAPER G**

9.2 - Strategic Risk Register (F&PC Extract only)

BOARD OF MANAGEMENT

Finance & Property Committee

Tuesday 5 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 September 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 is subject to rolling review and discussion at the Audit & Risk Committee and Board of Management.

Author and Executive Sponsor: Steve Taylor, Vice Principal

STRATEGIC RISK REGISTER

2023 – 2024

Extract for Finance & Property Committee

As at September 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
	VPSO	Vice Principal Support & Operations	HoE	Head of Estates		3	Significant	Possible
	VPCP	Vice Principal Curriculum & Partnerships	Chair	Chair of the Board of Management		4	Major	Probable
						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	VPSO
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	VPSO
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	VPSO

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

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

Risk Number & Committee	**POTENTIAL CONTRIBUTING FACTORS**				**TREATMENT**	**POST MITIGATION EVALUATION**				
	Risks	**Impact**	**Likelihood**	**Score**	**Mitigation Actions**	**Impact**	**Likelihood**	**Score**	**Monitoring**	**Lead Responsibility**
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 & VPSO
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	VPSO
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	VPSO 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 5 September 2023

CORPORATE SERVICES REPORT PAPER H

BOARD OF MANAGEMENT

Finance & Property Committee

Tuesday 5 September 2023

Corporate Services Report

Paper H 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/GD/13/2023	National Policy on Bursaries	
SFC/GD/14/2023	FE Discretionary Fund	
SFC/GD/17/2023	Capital Maintenance Grant Guidance	
SFC/GD/09/2023	Credit Guidance for Colleges	
SFC/GD/20/2023	Digital Poverty	£183,157
SFC/AN/16/2023	Access to Free Period Products	£22,500
SFC/CI/04/2023	Financial Forecast Returns for colleges	
SFC/GD/22/2023	Accounts Direction for Scotland's Colleges	

4. Supporting Our Learners

Recruitment continues to be the focus and all areas will actively be recruiting candidates over the next few weeks. Great progress had been made over the summer by the whole team to have just over 90% of our full-time students completed registration and ready to start their classes, this ensures they have access to all ICT systems and our MYD&A Life app.

We have also introduced our Hey@D&A Newsletters as ‘keeping in touch’ communication with all students with an offer to study. This gives an insight into student life and further information on the support services available.

In June we welcomed almost 1,300 full-time applicants on campus for our “Connect 2” days – this is an opportunity for them to meet staff, classmates and a general introduction to college life, the feedback has been extremely positive and hopefully this makes them feel supported and confident about starting their journey.

Targeted Student Funding Workshops have been offered over the summer for our vulnerable learners and those that English is not their first language – these have been particularly well attended and those students have now had funding awards issued and will go into payment for the start of their course. In general student funding have made excellent progress on awards issued with almost 100 more students going into payment than same time last session and are currently working on approximately a 7-day processing time.

We have increased the communication and amended our internal process for our HE full-time students to target those that have not applied to SAAS or arranged with finance to pay fees, it is hoped this early intervention will see less students going into hardship due to not apply for their fees by SAAS deadline.

We have also introduced re-occurring payment plans for all our commercial programmes over £200, this allows candidates to payment in instalments before the start date of the course.

As we progress through the first few weeks of term our attention will be on ensuring all students feel supported and are engaged in their studies. We will be launching our Stay@D&A Campaign with information on support services and the opportunities available as part of the wider college.

5. Service Design Academy Update

Professional Development Award (PDA)

External Verification June 2023

With the support of Michelle Hamilton and the Quality team, Katie Murrie, Robbie Beautyman, Jo McNicoll, and Kim Anderson met with the SQA External Verifier on the 24th of June. The Service Design Academy received a glowing report. The assessor's summarised findings

......"it was evident that the team work together very effectively. All candidate evidence and quality procedures .....met SQA criteria and high confidence was identified against all criteria"

Minor suggested improvements are already being implemented. The team is thrilled to receive such positive validation on our processes and student experience.

Three 22/23 cohorts of over 50 learners have completed the Professional Development Award and we are looking forward to celebrating at their graduation. We have developed a protocol to reduce extension requests, and with the support of Leann Crichton and the Administration team are now charging students for the time taken for extraordinary marking and remediation.

International Delivery:
Our PDA has received SQA approval for International Delivery, opening up new opportunities as the demand for accredited service design training grows in Europe, Asia, and the Middle East.

23/24 PDA
The first PDA cohort for 23/24 have joined in August with a focus from Connor Finlayson and Kim Anderson on accessible course content, including a conversion of all course materials to be screen-reader compliant and for learners to evidence their service design practice in video and in-viva.

Kim Anderson and Connor Finlayson join University of Dundee PDA Induction session

As part of our strategic learning partnership with Dundee University, we held a special induction session for 5 new PDA learners. With the support from their Organisational Development and Transformation teams the session helped new PDA learners understand more about course expectations and the live projects that they would work on as part of their assessments. The learners underwent a competitive process to gain their place – demonstrating the value placed on service design and our PDA.

This strategic approach for corporate customers is being offered in our October cohort with a group of 6 learners coming from the Estates Division of HMRC.

Short course programme

A new Service Design for Data Professionals course to run in November 2023 has been designed and approved with the support of Data Skills for Work at The Data Lab through the Tay Cities Deal Digital Skills Project. This course offers 28 fully funded places for learners in Tay Cities meeting eligibility criteria. It is also supporting Service Design Academy growing reputation as a training provider for the wider digital skills landscape.

Our popular 5-day Service Design for Innovation and Impact course in October will welcome colleagues from Marine Management, Registers of Scotland. Changeworks, Education Scotland, Scottish Government, Care Inspectorate, University of Dundee, and Strathclyde University.

A pilot ½ day Design Your Donor Journey session saw participants from Scottish charities learn new ways to engage and build relationships with supporters. This course received very positive feedback with potential to be delivered with a wider UK audience.

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 year. Katie mentored and coached to 2 colleagues on a multi-disciplinary Teaching Spaces service design project, one colleague is further extending their skills to study the PDA. ENU is keen to create a community of practice with our support across the Higher Education community in Scotland.

- Katie and Maralyn met with **Scottish Social Services Council** Project Management leads to discuss the impact of a pathway programme delivered from September 2022. Service Design has now been embedded, with every project proposal requiring evidence that service design will be used.

- **Scottish Widows** are keen to develop a partnership to elevate Scotland as a place for designers to stay and thrive, and to identify a future talent pipeline

- An exploratory meeting is planned to discuss showcase events, traineeships, helping us establish our alumni network, and creating a community of practice together.

- Maralyn met with Dr Alaa Garad at **Al Maktoum College** to discuss opportunities to collaborate including business school courses to include service design tools and methodology, cultural support with Middle East learners, joint training events in their hybrid facilities and longer-term international opportunities to build learning cultures in organisations.

Management Accounts

The following shows the draft management accounts for the 11 months to July 2023. Please note that these accounts have not been finalised.

	Prior Year	Year to Date Cumulative	Full Year	
	Actual	Actual	Budget	Forecast
	£	£	£	£
Income	427,758	571,390	625,034	587,176
Pay Costs	441,625	354,083	424,962	349,360
Total non-pay costs	5,350	9,467	29,472	22,516
Contribution/ (net cost)	**(19,217)**	**207,840**	**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 £207k 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 £40k.

The Business Manager has presented an initial 23/24 forecast for the team, with £175.5k secured for delivery starting before the end of 2023. A safe forecast based on all secured income and additional business has been projected at £255k by the end of December – 40% up year on year.

Flexible Workforce Development Funding not being confirmed until potentially next year means that there is risk for open courses not being viable in the first half of the academic year. FWDF places tend to be in corporate groups which mean that breakeven points are reached quickly with additional company funded places adding to contribution.

Customer Pipeline

Proposals have been shared with Balfour Beattie, Scottish Government (Agricultural Reform Programme) and Cabinet Office in July and August.

Continuing from 5-day and 1-day training programme in March 2023, The Department of Health and Social Care Digital Transformation Policy team has a new requirement for us to design a prototyping course for delivery in November. This will support better communication between policymakers and NHS stakeholders.

A five-day training programme has been commissioned by SoftCat, a UK wide IT services company looking to build capacity with product and programme managers. Again, this indicates that service design is valued as a skillset needed in software and IT services professionals.

Building from recent training for Dumfries and Galloway Local Employability Partnership (DGLEP) we were invited in August to bid for a pilot service design project to improve employability outcomes for families in Stranraer. We have proposed a skills-led rather than consultancy approach. This will ensure that co-design skills are developed on a sustainable basis - empowering DGLEP workers to engage with local families and testing a 20-minute neighbourhood proposition.

Pipeline income not accounted for in the initial safe projection for corporate business is approximately an additional £100k.

Delivery Team

The 23/24 business plan outlined the need for investment in additional delivery staff resources. This has been fulfilled by developing D&A's internal talent pipeline with John King's secondment from the D&A Learner Engagement team. John graduated from the Service Design PDA in 2020 and brings his valued teaching and facilitation skills to the team. We now have 4.9 consultants FTE plus Katie our lead consultant with capacity for design and delivery of courses.

Design and Delivery Spaces

College delivery space for online delivery continues to be a challenge, with the best option sometimes being for consultants to work from home. We continue to explore new options for face to face delivery and are still encouraging customers to provide training venues. The team still struggles to develop courses in space fit for purpose, particularly in the analysis of physical assets (paper templates and sticky notes).

A dedicated space with digital equipment suitable for the professional delivery of training is an ongoing requirement. We will be testing using remote delivery in a hybrid space for a prototyping course with DHSC, with trainers delivering online to a group working live and face to face together.

Development Week and 23/24 Action Plan

The team put their service design expertise into practice in the last week in June with a structured agenda of workshops. These themes now have time-lined and allocated action plans for implementation throughout the new academic year.

Quality session with Michelle Hamilton

- Ensure our assessment processes in Teams meet ‘best practice’.
- Explore assessment process, feedback formats, and IV process to provide and inclusive experience for all.
- Modernise assessment instruments.

Learner journey from application to graduation

- Exploring and mapping all processes
- Streamlining communication to better support our learner journey
- Automation to reduce time taken on repetitive manual processes to improve productivity will be explored by Alison Duncan and Maralyn Boyle

PDA Review and Refresh

Led by Janine Wilson and Jo McNicoll, PDA development is entering the User Research Phase. It is anticipated that the PDA will include a theory component which will also offer a new opportunity to monetise on demand content. Learning platforms including Canvas and FutureLearn are being explored.

The PDA refresh is scheduled to launch for our 24/25 first cohort.

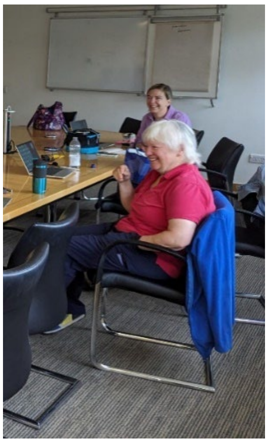
Inclusive and accessible learning and teaching

Kim Anderson and Connor Finlayson shared knowledge from their participation in the RNIB Inclusive Design for Sustainability in conference in June and the practical work they are doing to support PDA students with accessibility needs including visual impairment. Our drive is for not only learning and teaching materials to be inclusive but also to change the mindset across the team and our learners to take an inclusive and accessible approach at all times.

Service Design Academy messaging and storytelling

This was supported by Connor Finlayson sharing his experience in content creation.

- How can we embed storytelling into our practice?
- To develop quick and easy ways for completing case studies / telling stories about what we do



The Untitled Service Design Game

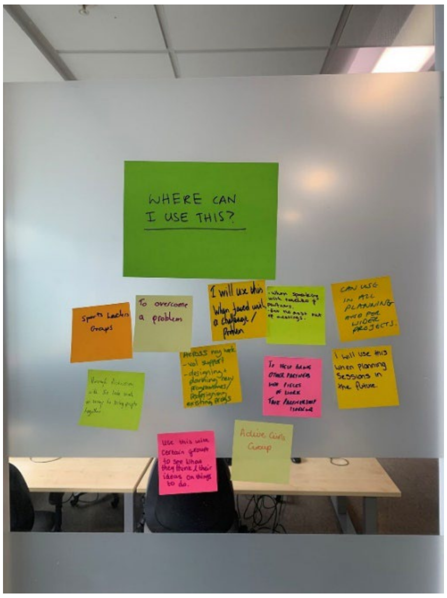
An innovative board game introducing non-specialists to Service Design has been designed by Service Design Academy to provide a practical understanding of service design principles and methods.

With sessions in the College All Staff days and with Angus Active Schools, Robbie Beautyman and John King facilitated a hands-on, team-based board game.

The interactive board game is called "Untitled" because it can be adapted for people to work together in teams to address a challenge that matters to them. In this iteration of the game, the theme was Wellbeing and the prompts were based on the NHS Five Pillars of Wellbeing.

Untitled enables people to define problems, develop innovative ideas and solutions from fresh perspectives, and test those ideas together**. This is done with minimal facilitation and offers a fun introduction to design.**

From the overwhelmingly positive feedback on how this game could support teams to drive change and develop ideas, Maralyn is keen to explore how this could be adapted for monetised facilitated SDA projects and as a standalone product.



Business Development and Marketing

- Simon has facilitated introductions and meetings to explore collaborations with Dundee City Council, CodeClan, Improvement Service and DataLab.
- Learning and Digital Resources will support the trial of the Microsoft Dynamics Customer Relationship Management system. This will make tracking and converting enquires with automated and customised communications more streamlined and effective.
- Maralyn the Business Manager participated in AI and Automation workshop on 24th August provided by Business Gateway and is developing an incremental process plan to reduce manual administrative communication including the use of ChatBots
- Monthly Newsletters with short course updates and industry news have been issued. You can read our July Newsletter here
- Social media, with LinkedIn in particular is our main marketing communication activity and is driving leads to our website and inbox.
- Online service design information events and the User Research campaign around the PDA are planned to engage with new audiences.

A significant amount of the Business Manager’s time is dedicated to relationship building and setting complex customised briefs with existing customers, partners, and new incoming enquiries. Although this approach has very high conversion rates, for sustainable growth we need to broaden our target audience geographically and by sector. A more focussed, expert, and dedicated resource is required to implement our marketing strategy successfully.

6. Gardyne Theatre

The College auditors and finance team deemed an audit appropriate for the theatre this year, and have started to conduct this.

The Theatre's hire fees have been raised to match the rise in Real Living Wage for casual staff, this has been met with no resistance from regular clients or new clients.

Theatre bookings are up from last year with 64 shows booked in from August to end of December compared to last year’s 28, the majority of these are hire contracts at the new hire fee amount.

7. Regular Updates

The following have previously been agreed as a feature of the regular reporting to the Finance & Property Committees.

Subject	Comment
Bad Debt Reporting and Write- Off	There were no individual bad debt write offs over £3k during the period between May to September 2023.

8. Link to Strategic Risk Register

Consideration of the topics included in this Vice Principal – Corporate Services report will support the mitigation of a range of risks identified within the Strategic Risk Register namely;

2.2 – failure to achieve institutional sustainability
3.2 – failure to achieve/maintain compliance arrangements

Authors: Maralyn Boyle, Business Manager SDA
Leann Crichton, Head of Administrative Operations
Executive Sponsor: Steve Taylor, Vice Principal

Agenda Item 11.0

FINANCE & PROPERTY COMMITEE

Tuesday 5 September 2023

DATE OF NEXT MEETING

Tuesday 5 December 2023 at 5.00pm in Room A605, Kingsway Campus (Joint meeting with Audit & Risk Committee)