

BOARD OF MANAGEMENT



Thursday 28 September 2023 at 5.00pm in Seminar Room 5 Arbroath Campus and Hybrid on Teams

AGENDA

1. **WELCOME**
2. **APOLOGIES**
3. **DECLARATIONS OF INTEREST OR CONNECTION**
4. **MINUTE OF LAST MEETING – 20 June 2023** Paper A for approval LO
5. **MATTERS ARISING** Paper B for approval LO
6. **NATIONAL ACTIVITY & NATIONAL BARGAINING UPDATE** Verbal update LO/ST
7. **STRATEGIC ITEMS**
 - 7.1 Strategic Projects Update Paper C for Information JG
 - 7.2 2023/24 Regional Outcome Agreement Process Paper D for information ST
8. **STUDENTS' ASSOCIATION REPORT** Presentation E for discussion CO
9. **PRINCIPAL'S REPORT** Paper F for information SH
10. **FINANCE & INFRASTRUCTURE ITEMS**
 - 10.1 Financial Sustainability Paper G for discussion SH
 - 10.2 Financial Forecast Return Paper H for information SH
 - 10.3 Finance & Property Committee Update – 2022/23 (for information only) Paper I for information -
11. **GOVERNANCE ITEMS**
 - 11.1 Audit Assurance Response Draft Paper J for approval ST
 - 11.2 Membership Update Paper K for approval ST
 - 11.3 Strategic Risk Register Paper L for approval ST
 - 11.4 Board Metrics Paper M for noting ST
12. **MINUTES OF COMMITTEE MEETINGS** Paper N for information LO
 - 12.1 Learning, Teaching & Quality – 13 September 2023
 - 12.2 Human Resource & Development – 7 September 2023
 - 12.3 Finance & Property – 5 September 2023
 - 12.4 Audit & Risk – 19 September 2023 (verbal update)
13. **CORRESPONDENCE** Paper O for information
14. **DATE OF NEXT MEETING – NOTE PROPOSED CHANGE OF ARRANGEMENTS**

Proposed for Tuesday 12 December 2023 at 10.00AM, Seminar Room 5, Arbroath Campus and hybrid via Teams, followed by Board Christmas Lunch

Note the date: D&A Graduation Ceremony, Friday 27 October 2023.

BOARD OF MANAGEMENT

Thursday 28 September 2023



MINUTE OF LAST MEETING– 20 JUNE 2023

PAPER A

BOARD OF MANAGEMENT



**Tuesday 20 June 2023 at 5.00pm
in Enterprise Room 5, Gardyne Campus and Microsoft
Teams**

Draft

Minute of the meeting of the Board of Management of Dundee and Angus College held on Tuesday 20 June 2023.

PRESENT:

L O'Donnell (Chair)	S Middleton
D Smith	M Williamson
N Lowden	H Honeyman
S Stirling	A Monks
B Lawrie	L Strukanova
R McLellan	J Buchanan
D Mackenzie	C Cusick
D Rosie	D Fordyce

IN ATTENDANCE:

J Grace (Vice Principal)	
S Taylor (Vice Principal/Secretary to the Board)	
P Muir (Board Administrator)	P Connolly (Education Scotland)
C Ogilvie (incoming Student President)	

1. WELCOME

L O'Donnell welcomed everyone to the Board Meeting and welcomed Derek Smith, Carri Cusick and Daniel Rosie to their first Board of Management meeting.

2. APOLOGIES

Apologies were noted from J Carnegie, K Ditcham and S Hewitt.

3. DECLARATIONS OF INTEREST OR CONNECTION

M Williamson and Neil Lowden noted a connection with Angus Council in respect of the Helping Hands Nursery.

4. MINUTE OF LAST MEETING – 14 MARCH 2023

The Minute of the Board of Management meeting held on 14 March 2023 was approved as an accurate record.

5. MATTERS ARISING

Matters arising had been closed out or covered elsewhere on the agenda.

Board members have requested a session to be held around Risk Management for a better understanding of this topic. This would be reviewed for the next Board strategy/development day. **S Taylor to progress.**

6. D&A Education Scotland Annual Engagement Visit Feedback

J Grace introduced Peter Connolly and introduced the Annual engagement Visit report, noting that this had been a very positive engagement.

P Connolly shared the annual engagement feedback, highlighting the positive feedback around the outcomes and culture of the College. The report showed high levels of satisfaction with the support received from both curriculum and support staff, highlighting the strong and positive relationships between learners and staff at all levels.

The Annual Engagement feedback revealed the steps which the College was taking to address areas where outcomes were low and to engage and involve employers and communities in developing future curriculum and services. This included a tracking process around the potential of students, putting in place any interventions where necessary around the small number of areas for action identified.

The feedback also praised the Students' Association and the work it undertook to support learners and to work in partnership with the College. These links and activities were very strong and clearly amongst the best in Scotland.

The feedback showed that curriculum staff ensured that the curriculum was kept under constant review, engaging with employers to ensure that it remained fit for purpose.

P Connolly noted positive feedback around recent work to embed and signpost meta skills within the curriculum. He noted that meta skills were positively shared throughout the college and curriculum, showing the journey the learners were on, with these supported on a self-reflective way for learners throughout their journey through the College.

The report and positive feedback was welcomed by members of the Board for the great initiatives and good areas of practice.

M Williamson noted comment on performance indicators that appeared to be contradictory, and P Connolly noted that the comments referred to trends and national comparisons, hence the difference. This clarification was welcomed.

P Connolly noted the areas of positive practice identified and summarised arrangements for these to be published by the College Development Network (CDN).

L O'Donnell thanked P Connolly for his input and congratulated staff on this important external recognition of their excellent work.

7. NATIONAL UPDATE

L O'Donnell stated all colleges were going through difficult times financially; however, we are now in a stronger position at D&A as a result of the actions taken over the last year.

L O'Donnell noted that two new ministers have been appointed to cover Education, Jenny Gilruth and Graham Day (MSP representing Angus South). They both have attended in-person meetings to discuss and address a wide variety of matters. L O'Donnell stated these meetings have been very open and positive.

L O'Donnell summarised the main points made in the Scottish Government commissioned independent review of the skills delivery landscape, led by James Withers.

The report is generally positive with respect to the future role of colleges and the response to this from the government was awaited.

8. STRATEGIC ITEMS

8.1 Strategic Project Updates

J Grace summarised the paper for information only. In terms of the Michelin Scotland Innovation Parc (MSIP) development, Under the leadership of the Board, work is ongoing by the Admin, Curriculum, Estates, Health and Safety and Marketing teams on delivery readiness for August 2023. Curriculum planning for August to December 2023 will be finalised on 21st June with work ongoing to market this provision. B Lawrie noted that a presentation on plans and progress around these would be valuable for Board members. This was agreed. **J Grace to progress.**

A preliminary agreement, developed by the Business Partnerships Team, has been reached with Coast Renewable Services for the collaborative delivery of Global Wind Organisation Basic Safety and Basic Technical Training at the Skills Academy.

Work to progress Tay cities projects and forthcoming bids was continuing.

ESports continue to be embedded as a priority area. The Foundation Degree in ESports has fully recruited (23 students), with significant interest and potential to run additional cohorts in future academic sessions. Discussions are scheduled prior to summer.

ES Sports equipment has been successfully delivered and the opportunity for board members to see the Esports facility and new Engineering EPIC facility would be arranged alongside future meetings. **J Grace to progress.**

8.2 Board Strategy Day & Next Steps

L O'Donnell noted the overall positive Board Strategy event as a first step in considering the College strategy for 2025 onwards. M Williamson noted concerns about some of the input, highlighting that this was more of a management discussion instead of a formative talk around the strategy of the College.

D Fordyce welcomed the day as an opportunity to discuss the future, noting that the speakers were informative.

D Fordyce noted that it may be beneficial to work alongside other college boards in terms of alignment of future strategy.

L O'Donnell welcomed these inputs and noted that a further strategic planning session to be planned with the Board around November 2023 which will focus on further updates nationally and from within the region, as well as the outcomes of the strategic review/reform. He noted that he would also look at how engagement with other boards could be taken forward.

L O'Donnell to progress.

9. STUDENTS' ASSOCIATION PRESENTATION

L Strukanova introduced the report presentation to the Committee.

The 2023 Student elections closed at the end of the month with over 300 votes cast, which is the highest number in recent years. Colin Ogilive has been elected as the new Student President and Fatima Khan as the new Vice President for Gardyne Campus. Unfortunately, there were no candidates in Arbroath and Kingsway that made it to the voting stage. A re-election will be held in September and October.

A Monks summarised the other activities taking place since the previous meeting, noting that the team enjoyed WRAP Training delivered by Barry Carmichael, to help them look after themselves while supporting others. Feedback from the team shows this is something that would be beneficial to repeat nearer the start of the year.

The Student's Association team had supported the S3 Future Talent Taster days. This consisted of showing over 2,500 S3 pupils around the Campus for an insight into college life. This gave them experience in a variety of different subject areas over two days on campus. Positive feedback was received from the APT and schools.

Board members praised the work undertaken and the positive impact this had on students. L O'Donnell praised the report and thanked both Amy and Lena for their hard work and contribution to the Board, wishing them all the best for the future. He also thanked C Ogilvie for joining the meeting as an observer and looked forward to continuing the close working relationship between the Students' Association and the Board.

10. NATIONAL BARGAINING UPDATE

S Taylor summarised the update on the progress with National Bargaining, noting both Academic and Support staff pay discussions were in dispute and national ballots had resulted in votes in favour of industrial action. A final pay offer has been rejected by academic staff with additional conversations taking place with the Scottish Government. Significant areas of disagreement remain and work to be progressed if a settlement was to be reached.

Action short of strike action (ASOS) was underway by academic staff, consisting of a boycott on entering results. This would impact on students, particularly for those progressing and steps were in place to minimise this negative impact were possible.

D Smith stated there were conversations with the Scottish government taking place to seek to push forward for additional funding.

The update was noted.

11. PRINCIPAL'S REPORT

J Grace summarised the report for information only, highlighting positive developments and increased links with our community.

M Williamson welcomed the report and noted the funding allocation given in respect of the Shared Prosperity Fund.

12. FINANCE ITEMS

12.1 Financial Sustainability

S Taylor noted that it continued to be a challenging time and highlighted planning and modelling that was progressing against a series of assumptions around flat cash settlements and increasing wage and other costs. He noted there had been over 200 responses received through the consultation inbox from the second paper publication. These consultation submissions were a mixture of responses from individual academic and support staff, from managers and from full teams.

The final 2023/24 funding allocations announced by the Scottish Funding Council on 25 May 2023 were identical to the indicative allocations highlighted in April. Despite ongoing lobbying by colleges, trade unions and representative bodies, this 'flat cash' financial settlement represents a significant cut in real term funding for the sector and for D&A.

Alongside this, work has also progressed to develop a breakeven budget for next year. With the level of savings planned, this will be achievable with the current draft budget forecasting a minimal (£15k) deficit for 2023/24.

The College is required to make savings of at least £2.5 million. Positive progress has been made in addressing this target, and it can be noted that the gap to the £2.5 million minimum savings target has been reduced to £225k in final implementation paper because of the actions identified and implemented.

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

S Taylor noted that the final proposals for implementation had been shared with unions and staff and copied to the Board that day. These covered a smaller number of remaining steps, including changes to the senior and promoted post structure and changes affecting two curriculum teams and two support teams.

M Williamson expressed how assessable this paper was (despite the difficult subject matter), noting that this was clear and understandable. N Lowden welcomed the update provided that day and noted that he felt much clearer regarding both the progress made and remaining financial risk than he had in 2022.

D Fordyce welcomed the progress made and asked about the impact of this on staff. S Taylor noted that the mood across the College was understandably low, but that staff were getting on with what needed to be done and were focusing on their students. It was noted that the opportunity cost associated with the need to focus on savings plans was a concern and that there were worries that this would impede future developments and opportunities.

L O'Donnell thanked S Taylor for the paper and update.

12.2 2023/24 Budget

S Taylor presented the paper for approval noting that the Finance & Property Committee considered and approved the draft budget for submission to the Board on the 30th of May 2023.

S Taylor noted that sustainability work was ongoing (as per the previous item) and that this would support delivery of a cash-backed deficit budget of £15K. Although this was considered an acceptable outcome at this stage, it was subject to the many inherent risks and uncertainties and the senior team would continue to seek to achieve a more sustainable position.

The factors impacting on the draft budget were discussed and the budget approved.

12.3 Financial Forecast Return (FFR)

S Taylor summarised the paper for approval, noting that the required details were only received on 31 May 2023 and as such the Financial Forecast Return Paper was not ready to be shared with the Board. It was proposed that approval of the FFR be delegated to the Chair of the Board and Chair of Finance & Property Committee, with the paper approved on behalf of the board and circulated at the next Board of Management meeting. This was agreed. **S Taylor to progress.**

12.4 Procurement Approvals

S Taylor and J Grace presented this paper for approval. Members were asked to approve procurement for two items valued at over £500k.

The first was for the supply of Virtual Reality (VR)/Augmented Reality (AR) Welding Stimulators, and the second for LED lighting replacement of Gardyne Campus.

The Board approved these subject to confirmation that the appropriate compliant procurement routes were in place. **S Taylor to progress.**

Two non-competitive awards were proposed to support the purchase of specialist equipment for the Energy Skills Partnership. The need for these were discussed alongside the requirements for approval by SFC and APUC prior to progressing with the purchase. Following consideration approval was given.

12.5 GTL Audit Arrangements

S Taylor introduced the paper noting that the Audit & Risk Committee were comfortable with the underlying principle to amend audit arrangements as proposed but had asked that additional information and clarity be made available to the Board of Management to inform final decision making.

H Honeyman noted that the paper was now clearer but there remained concerns regarding the lack of final information on any conditions required from Audit Scotland.

Board members were still not comfortable approving this paper and asked that further information be sought from Audit Scotland and that arrangements for an independent review of GTL finances be built into the proposal. The final decision on the matter be delegated to the Chair of the Board and Chair of the Audit & Risk Committee. **S Taylor to progress.**

12.6 Climate Emergency Action Plan Update

S Taylor summarised the paper, noting the good progress made across the range of climate emergency actions. This progress, and the work underpinning it, was welcomed.

L O'Donnell noted that this was an excellent piece of work and merited further consideration at a Board meeting where the agenda was not as full.

12.7 Finance & Committee update- 2022/23

S Taylor highlighted these papers were for information only.

13. GOVERNANCE ITEMS

13.1 Membership Update

S Taylor summarised the update, noting the range of approvals to be confirmed.

Recruitment and selection arrangements had progressed under the delegated authority provided to the nominations committee, with two new appointments approved by the Scottish Government. Following this, the Board formally endorsed the appointments of Carri Cusick and Daniel Rosie.

Following the expiry of G Robertson's Board tenure one nomination was received for M Williamson to succeed George in the role of Vice Chair. The Board formally endorsed the appointment of M Williamson to this role and the appointment of N Lowden to the role of Chair of the Learning, Teaching and Quality Committee (replacing M Williamson).

It was noted that J Buchanan had been appointed to the vacant role as Vice Chair of the Audit and Risk Committee (approved at the Audit & Risk meeting on 6 June 2023).

Following the expiry of their tenure as Students' Association President and Vice President, the Board membership of Amy Monks and Lenka Strukanova will expire on 31 July 2023. The new Students' Association President, Colin Ogilvie, will join the Board in August 2023 alongside a second DASA nominee (to be confirmed).

Arrangements and timescales for the appointment of union nominated board members were noted and it was agreed not to progress with observer arrangements given the short gap until full appointments were made. This was approved.

13.2 Board Development Plan

S Taylor summarised the paper and progress made on the actions identified. It was noted that a full evaluation would be undertaken during 2023/2024.

13.3 Board Metrics

The Board metrics were noted, and S Taylor highlighted the further improvement in student satisfaction arising through the recent SFC survey.

14. MINUTES OF COMMITTEE MEETINGS

Updates from the Committees were noted.

15. CORRESPONDENCE

The list of recent correspondence was noted.

16. DATE OF NEXT MEETING

Tuesday 26 September 2023 **at 5.00pm** in the **Isla Building, Seminar Room 5, Arbroath Campus**. A hybrid option on MS Teams would also be available. A tour of the new engineering facilities would be scheduled just before the meeting.

L O'Donnell thanked members for their contributions. He also thanked S Taylor and J Grace for carrying much of the agenda, on behalf of the Executive, and P Muir for her support. He closed the meeting by wishing Board members and all college staff a well-deserved break over the summer.

Action Point Summary

Action	Responsibility	Date
Board development update on Risk management to be scheduled as part of next board day	S Taylor	November 2023
Update on MSIP curriculum plans and developments to be provided to the Board	J Grace	26 September 2023
Tour of Engineering and Esports facilities to be scheduled in advance of next two Board meetings	J Grace	26 September 2023
Board strategy day to be organised/confirmed	L O'Donnell	November 2023
FFR approval delegated to Chairs of the Board and F&P Committee	S Taylor	30 June 2023
Procurement Approvals to be progressed (subject to compliant procurement arrangements)	S Taylor	30 June 2023
GTL Audit and non-consolidation arrangements to be progressed subject to delegated approval by the Chairs of the Board and A&R Committee	S Taylor	31 July 2023

BOARD OF MANAGEMENT

Thursday 28 September 2023



MATTERS ARISING

PAPER B

BOARD OF MANAGEMENT

Thursday 28 September 2023



Matters Arising

Paper for information

The following actions were noted from Tuesday 14 March 2023 Board of Management Meeting

Agenda Item No	Action	Current Status	Open/Closed
6.3	Risk update papers to be shared with the Board twice a year S Taylor	Scheduled for September 2023	Closed
12.1	Arrangements for trade union observers to be developed. S Taylor	Arrangements for union nominees are progressing nationally, with appointments scheduled for January 2024	Closed
10.2	Disposal of College properties in Montrose and Kirriemuir to be progressed. J Carnegie	Properties are on the market	Closed

The following actions were noted from Tuesday 20 June 2023 Board of Management Meeting:

Agenda Item No	Action	Current Status	Open/Closed
5.0	Board development update on Risk management to be scheduled as part of next board day. S Taylor	Scheduled for November 2023	Open
8.1	Update on MSIP curriculum plans and developments to be provided to the Board. J Grace	Scheduled for 28 th of September 2023	Closed
8.1	Tour of Engineering and Esports facilities to be scheduled in advance of next two Board meetings. J Grace	Scheduled for 28 th of September 2023	Closed
8.2	Board strategy day to be organised/confirmed. L O'Donnell	Scheduled for November 2023	Open
12.3	FFR approval delegated to Chairs of the Board and F&P Committee. S Taylor	Approval completed	Closed

12.4	Procurement Approvals to be progressed (subject to compliant procurement arrangements) S Taylor	Approval completed	Closed
12.5	GTL Audit and non-consolidation arrangements to be progressed subject to delegated approval by the Chairs of the Board and A&R Committee. S Taylor	Audit to progress for 2022/23 accounts and further review to be undertaken for future years	Closed

Author & Executive Sponsor: Steve Taylor, Vice Principal

BOARD OF MANAGEMENT

Thursday 28 September 2023



STRATEGIC ITEMS

PAPER C

7.1- STRATEGIC PROJECTS UPDATE

BOARD OF MANAGEMENT

Thursday 28 September 2023



Strategic Items Strategic Projects Update

Paper C for information

1. The Skills Academy

The College Skills Academy Project Board continues to meet regularly to support delivery readiness and will transition to an operational group over the coming months as delivery commences.



Under the leadership of the Board, work is ongoing by the Admin, Curriculum, Estates, Health and Safety and Marketing teams on delivery readiness. Course offers have been finalised and advertised under the Advance branding.

An arrangement has been reached with Coast Renewable Services and they have taken up occupancy at The Skills Academy in preparation for the collaborative delivery of Global Wind Organisation Basic Safety and Basic Technical Training at the Skills Academy.

A planning session for The Skills Academy Advisory Board is provisionally scheduled for the 23rd October, to look at the priorities and objectives for that group which will provide strategic guidance to The Skills Academy.

Two high profile events are to be hosted by The Skills Academy in the coming weeks – the Regional STEM Expo, an annual event to engage learners with a range of activities from regional STEM partners and businesses, designed to build their confidence and awareness around a future career in STEM will take place on 27th and 28th September and plans are well advanced for the official launch of The Skills Academy on the evening of the 24th October, giving local business and future collaborators an insight into the training offer at The Skills Academy,

2. Tay City Region Deal (TCRD) Projects

2.1 Tay Cities Engineering Partnership (TCEP)



The installation of signage at the TCEP showpiece Engineering Partnership Innovation Centre (EPIC) on the Arbroath campus was completed just in time for the official partnership launch which took place there on the 19th June. This was a well-attended, positive event for the project and was a chance to begin the outreach activity for the project in a high-profile way.

We have now received feedback from all partners on the draft partnership agreement covering governance and financial arrangements for the project and we are taking this forward with the College's solicitors to finalise an agreement that suits all the partners.

The next meeting of the partnership board is scheduled for the 12th September, and will focus on partnership activity and procurement planning, the creation and remit of the TCEP Advisory Board and planning for the mobile unit to be procured in 24/25.

2.2 Supporting SME Skills

Version 1 of the Full Business Case (FBC) was submitted on the 29th May and Scottish Government feedback was received on the 1st August. Using that feedback version 2 of the FBC was prepared and submitted on 24th August.

As we await feedback on version 2, the project began with a soft launch on the 4th September and a project kick-off event for project partners is planned for 29th September.

2.3 Life Sciences, Biotechnology and Medical Technology: Growing the Tayside Biotech, Biomedical and Agritech Sectors

Version 1 of the Business Justification Case (BJC) was submitted to Scottish Government on the 15th May and feedback was received on the 24th July. We are working our way through this first round of feedback to prepare version 2 of the BJC and we hope to submit it by mid-September.

A project partners' workshop is planned for 27th September to discuss governance and operational detail of project delivery.

The Senior Project Manager has negotiated acceleration of £260K for the project which had been moved to year 10 as a result of underspend/delayed project start date.

3 ESports

The offering and outputs developed under the ESports project have now been fully integrated into the College's business as usual curriculum activity.

4 Approvals

The Board is asked to:

- (i) Note progress being made in respect of strategic projects.

5 Link to Strategic Risk Register

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

- 1.1 Failure of College strategy to meet the needs of the D&A Region and/or national priorities (eg Employability, DYW, attainment, articulation)
- 1.4 Difficulties or over commitment arising within large scale/national College led initiatives or projects impact negatively on:
 - Ability of the College to meet key regional strategies/objectives
 - Financial loss or unmanageable financial risk
 - Reputational loss
- 3.5 Reputational Risk – Loss of reputation with key stakeholders

Authors Steph Toms, Director of Curriculum and Partnerships & Caroline Crichton, Senior Project Manager
Executive Sponsor: Julie Grace, Vice Principal

BOARD OF MANAGEMENT

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STRATEGIC ITEMS

PAPER D

**7.2- 2023/24 REGIONAL OUTCOME AGREEMENT
PROCESS**

BOARD OF MANAGEMENT MEETING

Thursday 28 September 2023

Session 2023/24 Regional Outcome Agreement Process/Timescale



Paper for approval

1 Background

Please find attached the proposed process and timescale for the creation and development of the Regional Outcome Agreement (ROA) for the College for AY 2023/2024.

Key dates proposed for Board members are:

May 2023	SFC publishes ROA guidance based on Ministerial letter of guidance
tbc	Board Strategic Development Sessions
30 October 2023	Completion of ROA for discussion with the Scottish Funding Council.
12 December 2023	Board consideration of ROA.
31 December 2023	Final draft for publication by SFC.

2 Approval

The Board of Management is asked to approve the proposed Regional Outcome Planning process and timescales.

3 Link to Strategic Risk Register

Information in this report is intended to provide Board members with reassurance that actions and activities are being progressed and addressed that support the mitigation of a range of risks identified within the Strategic Risk Register namely;

- 1.1 Failure of College strategy to meet the needs of the D&A Region and/or national priorities (eg Employability, DYW, attainment, articulation)
- 3.2 Failure to achieve/maintain compliance arrangements, e.g. contracts; awarding bodies; audit.

Author and Executive Sponsor: Steve Taylor, Vice Principal

REGIONAL OUTCOME AGREEMENT PROCESS AND TIMESCALES 2023/2024



The proposed process and timescale for production of the Regional Outcome Agreement for 2023/24 is as follows:

August/September 2023	Initial Planning meeting of Executive Team following publication of SFC guidance. Initial consideration of external environment changes and priorities.
28 September 2023	Approval of Regional Outcome Agreement process – Board of Management.
tbc	Board of Management strategic events
May 2023	Publication of ROA guidance Liaison with and linkages to plans of key organisations from a Dundee and Angus perspective, including: Scottish Government; Scottish Funding Council (SFC); Dundee City Council and Angus Council – Single Outcome Agreements, Community Plans, Economic Development Strategies, Lifelong Learning Strategies; Employer groups and contacts; Skills Development Scotland; Job Centre Plus; NHS Tayside, other local and national FE/HE providers.
September 2023	Commencement of draft Regional Outcome Agreement in discussion with Scottish Funding Council.
30 October 2023	Submission of ROA to SFC
12 December 2023	Board consideration of ROA
October 2023 onwards	Briefings to Staff, Student Representatives and unions on Regional opportunities and key Strategic Objectives and external impacts
31 December 2023	Final Regional Outcome Agreement published by Scottish Funding Council

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STUDENTS ASSOCIATION REPORT

PAPER E

The background of the slide is a vibrant, abstract pattern of colorful splatters. The colors include red, orange, yellow, green, cyan, blue, purple, and magenta, all set against a black background. The splatters are irregular and organic in shape, creating a dynamic and energetic visual effect.

LTQ Committee Update September 2023

Dundee & Angus College Students' Association

Team

The new team for 2023-2024 academic year comprises of Colin Ogilvie as President and Fatima Khan as the new Vice President for Gardyne.

Norma Payne has joined the team as an assistant covering Arbroath and Kingsway campus.

We will be running an election campaign during September/October to to elect VP's for Kingsway and Arbroath.

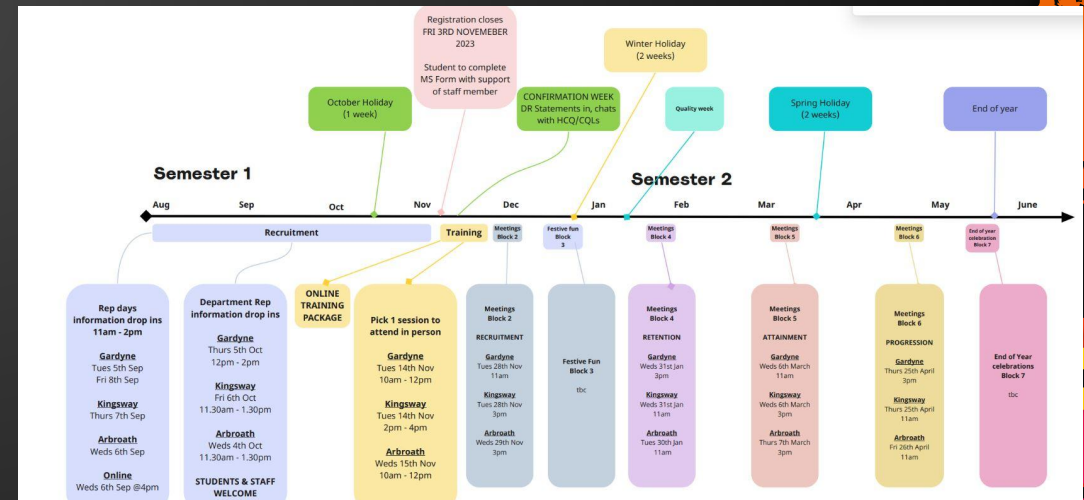
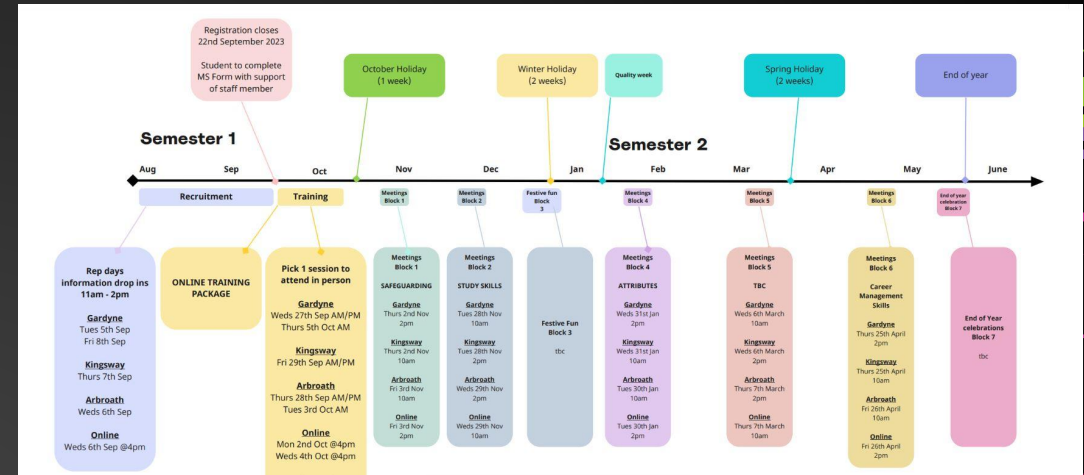


Summer Planning

During the summer, the team has been working away in the background to make sure we were prepared for the students returning. We have went through all of the class/dept rep training to ensure it is up to date and fit for purpose. The rep training for ELTT and Supported Education has been adapted so that we are inclusive of all students when recruiting reps.

The team has taken part in Safeguarding training with Sarah Thom, Wrap training with Barry Carmichael , and also Insights training with Barry and Christine Calder to help discover more about each other in the team, and how we can work together more effectively.

We have timelines for all the class/dept rep training, meetings and fun activities that are in planning stages for the reps.



SPARQS TRAINING

Colin, Amy and Fatima attended the That's Quality event through SPARQS at Queen Margaret University in Musselburgh at the start of August. The team were introduced to the Tertiary approach that SPARQS are working towards adopting this year. The team found the event very useful and it gave everyone involved the chance to work on scenario based situations as a Students' Association.

The training that we received will help us to fulfill our roles to the fullest and ensure that as many students as possible are involved with us. We are working on having roles for the VP's this year and will be welcoming volunteers to help us with other working groups at the college.

- LGBTQIA+
 - Sustainability
 - Wellbeing
 - LTQ Committee
 - BofM
- and more.

Inductions

With having a small (but mighty) team, we unfortunately could not make it in person to every induction. We decided to create an induction video with all of the information that would be required, to show who we are, what we can do, and how students can get involved with us. This goes along with an MS form to be filled in as the video plays.

This gives students the opportunity to let us know how they are settling in to the new year and also to let us know if there is anything they would like to get involved with.



Thrive

The thrive shops at Gardyne and Kingsway are all set up and ready to go for the students and staff to grab themselves some clothes, toiletries, children's toys and much more.

Arbroath campus will have a temporary shop in the Pod of the Ilsa building outside our office. This is until we have a more permanent fixture.

Breakfast clubs will be starting from Monday 4th of September and will be running every Monday, Wednesday and Friday between 9.00 am and 11.00 am at all three campuses. This will hopefully be offered on more days once we can get volunteers in to help out with this.



Freshers

Freshers kicked off this year at Arbroath this year on the 29th August and this gave us a chance to get chatting to students and to let them know who we are and what we can do for them.

We ran fun activities for students and staff to get involved with, which turned out to be successful, especially giving students the opportunity to let us know how they are getting on and if there is anything we can do for them to support their college journey.

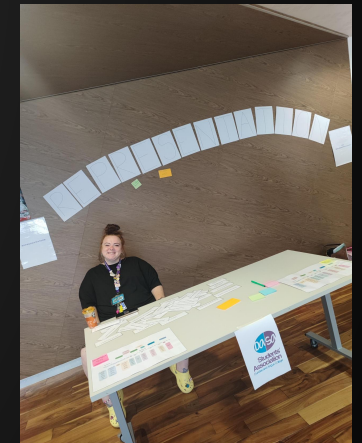
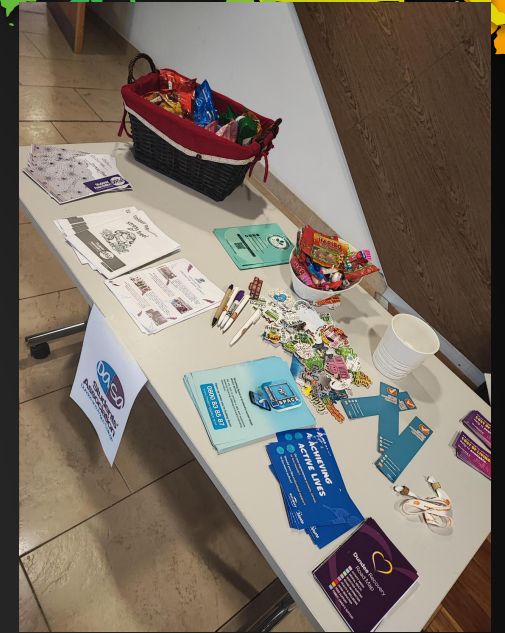
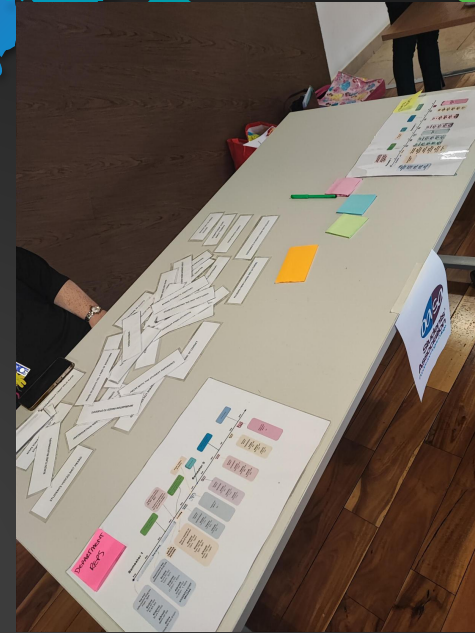


Representation Days

The team ran representation days to inform students of what representation is and what class rep does. This gives students an insight into how important it is to be a rep and what we can do to support them in their role. These days ran across all campuses including an online session for those who could not make it in person.

Support staff and Marketing came along to help us with the days that we were on campus.

These were well attended by students and this will hopefully help to recruit class reps to work with us over the next year.



Staff awards 2023

All Staff that were nominated have now received a certificate with comments from students included. Reading through some of the comments shows how much the students really do appreciate the staff at the college.

Lecturer of the year

AC – Oonagh Devoy

GC – Beth Hardie

KC – Michelle Archibald

Support staff of the year

AC – Susanne Thomson

GC – Jenny Horne

KC – Jenna Reilly

Most Inspirational

Kerry Larmour

Most creative teaching

Raymond Uphill-Wood

Extra Mile

Rona Jack

Heart of the College

Library Team



Connect 2

We had great fun meeting all the new and returning 23/24 students over the six Connect 2 D&A Events across all three campuses.

We were able to give students a taster of what DASA has to offer. Chance to chat about representation, mental health, social activities and of course to meet the DASA team.

With students now returned to classes, the Connect 2 days gave the students an insight into who we are and what we do.



Future Talent

Our team helped to welcome the S3 pupils on the Future Talent Taster days. With 2500 pupils involved, the pupils got to experience what it is like to study at college. They had a variety of different subjects over two days on campus.

Our main role was to take the pupils around the college to the different classes they took part in, and also it gave the pupils a friendly face to help them settle in.

The whole team and some student volunteers got involved and thoroughly enjoyed the days, we got great feedback from the APT and schools about our involvement.



2023/24 Student Elections

We are going to be running elections in October for Kingsway and Arbroath campuses, as we unfortunately did not get VPs in place for these campuses in April.

We want to ensure that as many students are represented as possible and getting officers in place at Arbroath and Kingsway will help to ensure that this happens.



Feedback Friday

After discussions with the team, we have decided to bring back Feedback Friday. This will give us an insight into how students are coping with college life on a weekly basis. There will be a question put out every Friday directly to the students, where they can give us feedback on a theme. Themes include, recruitment, retention, attainment and many more.

Trauma Informed Practice Group

Colin has been involved with the TIPG and with this, we as a team feel better equipped in speaking to students with a trauma background. This will be a valuable source to help students progress forward with the support of staff and fellow students in their lives.

SMHA

We have been working on the updating of our Student Mental Health Agreement, to ensure that we are working within the framework for student mental health. We now have a working group set up to update the SMHA with Student Services and Learner Engagement.

CLASS REP
TRAINING

OFFICER
ROLES

What's next??

CLUBS AND
SOCIETIES

FUN
EVENTS



Thank you.

Any questions?

BOARD OF MANAGEMENT

Thursday 28 September 2023



PRINCIPAL'S REPORT

PAPER F

BOARD OF MANAGEMENT



Thursday 28 September 2023

Principal's Report

Paper for information

1. Introduction

The following paper summarises key projects and recent activities currently being progressed and have been aligned to the three core pillars of the new 2025 More Successful Students strategy (*Effective Partnerships, Future Focused & Thriving Community*).

2. Recommendation

Board Members are asked to note the contents of this paper.

3. Effective Partnerships

- 3.1. BAFTA Roadshow – The college played host to an extraordinary BAFTA Educational Roadshow at its Gardyne campus, igniting the imaginations of over 500 young students and a twilight session specially designed for D&A Esports and Animation students. Throughout the event, distinguished speakers, and industry leaders, including representatives from BAFTA Scotland, Sarah Jane Crawford of DC Thomson's 110% Gaming, Biome Collective, Wild Child, and Fi Milligan-Rennie from Creative Scotland, shared their experiences and insights, enhanced by an interactive learning experience.
- 3.2. The DataLab & D&A - The college successfully tendered for UK Shared Prosperity Funding to deliver data skills training in response to the need for enhanced digital skills in the region. The '*Data is Everyone's Business*' programme, delivered in partnership with The Data Lab, is aimed at upskilling people in employment, career changers and people who are recently unemployed. There are general courses – Data for All – open to all participants, one of which will be contextualised for a neuro-diverse audience; Women in Data which also includes Equate Scotland who specifically help and support women to get into digital careers; and Data for Leaders aimed at managers and senior members of staff in local business.
- 3.3. Coast Renewables - The partnership between the college and Coast has been formalised, with Coast delivering Global Wind Organisation (GWO) training from within The Skills Academy. The 3-year partnership has been established in response to the growing demand for Wind Turbine Technicians and the need to build a skilled workforce. Coast are well-known in the Wind sector and have invested in the specialist training tower and equipment required to deliver training courses at The Skills Academy. In addition to rental income from the use of the space, the partnership agreement also includes the delivery of training by Coast for D&A staff and students.
- 3.4. School/College Partnership - During 2022-23 a short life working group comprising Dundee City Council Education Officers and D&A Directors and Academic

Partnerships Manager was established to review and consider how to mitigate the lasting impact of COVID-19 on behaviours, attendance, participation, and attainment in courses delivered through the School-College Partnership. All partners engaged openly and productively, and the Dundee Standard for Senior Phase School-College Partnership was created. The standard sets out the commitments expected from key staff in both organisations as well as from the young people and parents/carers. The launch of the new Dundee Standard took place on 24 August as part of the D&A staff development day, with DCC colleagues in attendance. Feedback so far has been positive but will continue to be sought and the standard will be reviewed on an annual basis. Plans are in place to undertake similar work with Angus Council.

- 3.5. NHS Tayside Estates Team - A partnership with NHS Tayside Estates department has been established and an agreement secured for the college to become their preferred supplier of CPD training involving the Engineering, Construction and Building Services teams. With over 200 members of staff, NHS Tayside Estates department currently spends significant sums of money sending staff to England for training and development. They are also acutely aware that they have an aging workforce and the Head of Estates, a former college student, is committed to engaging current students and creating a pipeline of future employees. The first element of the collaboration has been to recruit 6 adult apprentices.
- 3.6. Balhousie Care Group - The college has worked with Balhousie Care Group for a number of years to upskill and train their care staff and the relationship has grown to cover a wider range of staff. Balhousie identified that many of their residents were not getting enough nutrition due not being able to swallow their food. The Hospitality team worked to create a course for their kitchen staff which taught them how to make highly nutritious food with a low choking hazard. This was a hugely successful piece of work with excellent feedback from the business and further plans are in place to roll the training out to all of their care homes
- 3.7. Profile Raising - Some recent examples of profiling raising blogs and videos involving a range of staff and partners are below:
 - Dundee FC Community Trust PACE student placement - <https://youtu.be/HvrY9BbZmO8>
 - Dundee United FC partnership - <https://youtu.be/Ksb-lvP74NQ>
 - Engineering Employability Academies - https://youtu.be/UU_9wW4CiOQ
 - Hospitality Employability Academies - <https://youtu.be/dW5SbjxxyBE>
 - The Important of Embracing Digital (Q&A with James Oliver, Head of Curriculum and Quality for Computing) - <https://dundeeandangus.ac.uk/for-businesses/features/the-importance-of-embracing-digital/>
 - Forbes of Kingennie Bespoke customer Service Training - <https://dundeeandangus.ac.uk/for-businesses/features/forbes-of-kingennie/>

4. Future Focused

- 4.1. Introduction to Construction - In May, the Construction department collaborated with Robertson Construction to deliver a 12-week Construction Skills training programme to individuals in HMP Perth. The training academy aims to support labour market needs and enable access to opportunities for individuals on release. The programme was successful and the collaboration was acknowledged across a range of national media e.g. [Robertson supports HMP Perth's construction skills programme | Project Scotland](#). Conversations are underway regarding future programmes.

- 4.2. HN Next Gen Physical and Activity - As one of only 2 colleges piloting the new HN Physical and Activity and Health, the Sports and Fitness team have driven the content for the course and have embedded industry qualifications. As a member of the strategic group responsible for developing and implementing the Angus Sport and Physical Activity Framework, the Head of Curriculum and Quality for Sport and Fitness has engaged with industry to align the HN qualification to industry standards and professional bodies such as CIMSPA, the UK professional development body for the sport and physical activity sector.
- 4.3. TCEP Launch - The Tay Cities Engineering Partnership (TCEP) celebrated its official opening over the summer, marking a pivotal moment in the region's engineering landscape. As the partnership eagerly anticipates the forthcoming academic year, preparations are already underway to welcome students and foster an environment where future engineers can thrive. The partnership secured funding of up to £2 million from the Scottish Government, as part of the Tay Cities Regional Deal which will drive the transformation of manufacturing processes required to meet the ambitions of The Fourth Industrial Revolution.
- 4.4. Co-designing a future - In a recent College Development Network blog post, our own Amy Monks reflects on how she has championed service design as Student Association President to amplify the student voice in decision-making at Dundee and Angus College. You can read [Amy's thoughts here](#).

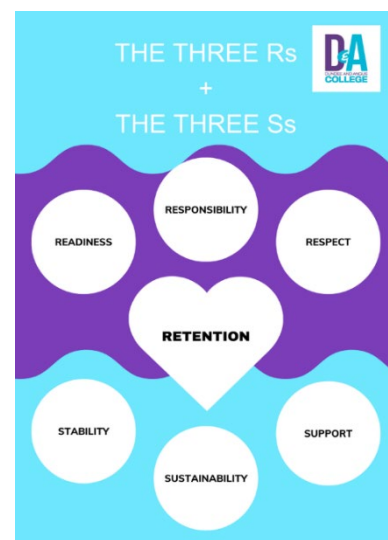
5. Thriving Community

- 5.1. Connect2D&A - In June, almost 1,300 full-time applicants were welcomed onto campus for Connect2D&A sessions. The sessions provided applicants with further insight into their chosen course, an opportunity to meet their peers and the teaching teams and highlighted the extra-curricular activities on offer at the college. The feedback from the events was extremely positive. The D&A Welcome Hub has been developed to help new students to settle into college life and provides a range of information, support and “how to” videos (scan the QR code to find out more).



- 5.2. Promoting Positive Behaviour - The Promoting Positive Behaviour cross college group continues to make good progress with the findings from the service design activity, held jointly with the Students' Association, influencing the work of the group. Students were asked what the five college values meant to them and which behaviours they associated with these values. The findings offered insight into how students feel about their own and others' behaviours and the culture they want to see at D&A College.

Their views reinforced that visible consistency is key, there should be no more than three clear “rules”, and there should be certainty of adult behaviour. All of which is rooted in kindness and the importance of valuing each other.



Three “rules” – Respect, Readiness to Learn and Responsibility (3 Rs) – formed the basis of a staff training session at the beginning of the academic year focusing on improving the learning experience and creating an inclusive college culture.

5.3. Holyrood Climate Action Awards – The college has been shortlisted for the Technology Innovation Award at Holyrood's Climate Action Awards 2023. We are delighted to see our College Electric Vehicle School as a finalist and wish them the best of luck at the ceremony on 8th November. You can [find out more here](#).

5.4. Thrive Initiative - The Thrive with D&A work is an important support for our students and many staff. Following consideration by the Executive team, and reflection / evaluation from the Students' Association, it has been confirmed that the Thrive initiative and work will continue throughout 2023/24.



Thrive activities have incurred expenditure of £33k and have received donations of almost £5k.

Over the course of last year, we provided **27,383 free portions of soup and 3,043 free breakfasts** from the catering outlets.

6. Link to Strategic Risk Register

Information in this report is intended to provide Board members with reassurance that actions and activities are being progressed and addressed that support the mitigation of a range of risks identified within the Strategic Risk Register namely:

- 1.1 Failure of College strategy to meet the needs of the D&A Region and/or national priorities
- 3.1 Failure to reach aspirational standards in learning, teaching and service delivery

Authors: Senior Leadership Team
Executive Sponsor: Simon Hewitt, Principal

BOARD OF MANAGEMENT

Thursday 28 September 2023



FINANCE & INFRASTRUCTURE ITEMS

PAPER G

10.1- FINANCIAL SUSTANABILITY

Creating a More Successful and Sustainable College



Update on Progress 20 September 2022

1. Overview

Following publication of the initial [consultation paper of 20 April 2023](#), the final [consultation paper of 31 May 2023](#), and the [June 2023 implementation plan](#), this paper details the final position in terms of the urgent need to address a funding gap of at least £2.5 million, address the decline in full time recruitment and address the financial shortfall whilst focusing on our future sustainability and success.

As highlighted in all previous updates, the plans and savings outlined within the series of papers were not steps that we wanted to take and represented difficult choices that we had to make to help to return the College to a manageable financial position following the real terms funding cuts, as well as support the investments needed to take advantage of the current opportunities available to us.

As we were told throughout last year and in other similar exercises, most staff want to know key headlines, supported by the rationale for associated decisions. This paper is developed on this basis and provides information on the scale of the challenge facing the College and the progress that has been made in addressing these challenges. The detail outlined in this paper underlines the ongoing need for the following steps and outcomes:

- Update on progress to address a minimum of £2.5 million savings, which incorporates the mix of both savings and investments. Actions confirmed to date have realised savings of **£2.7 million**.
- Continue to develop our curriculum to reflect the economic needs of our region, address declining student numbers, support new curriculum opportunities, and respond to the 10% reduced activity (credit) target.
- Summary of further developments, changes and enhancements that will be taken forward to support future sustainability and success.

We recognise that this has been a really difficult time for all staff, and we remain hugely disappointed and frustrated by the sector funding situation and continued uncertainty which has brought about the action taken. The College, trade unions and broader sector have been lobbying the Scottish Funding Council and the Scottish Government on this, but without any immediate impact being evident.

This lobbying will continue, with a sharp focus on the need for further in-year funding, but also to seek further clarity on the major review and reform discussions anticipated over the coming year.

2. Financial Summary

As noted previously, the overall financial position and strategy has not changed since publication of the initial consultation paper. [The final 2023/24 funding allocations](#) announced by the Scottish

Funding Council represent a 'flat cash' settlement for the College and a real terms cut in our budget.

A [recently published Audit Scotland report](#) on Scotland's Colleges confirmed that the Scottish Government's funding for the sector has reduced by 8.5 per cent in real terms between 2021/22 and 2023/24, while the sector's costs have increased. They have also stated that the Scottish Government and the Scottish Funding Council urgently need to build on their ongoing work to help colleges plan for change now and make best use of available funding so that they are sustainable for the future.

Also, sadly, we do not appear to be any closer to a national settlement of the salary disputes for either academic or support staff, with this continuing to add uncertainty for everyone and making it difficult for the College to plan better in respect of future finances. Both the College and local trade union representatives will continue to push hard on both sides to seek a resolution nationally.

3. Solving the Funding Gap – Progress to Date

As detailed previously, the College was required to make savings from our 2023/24 budget of at least £2.5 million. Progress has continued to be made in addressing this gap, and it is positive, yet bittersweet to note that the current savings and additional income total now stands at **£2,723k (£2.7m)**.

This allowed us to remove the threat of compulsory redundancy in respect of the savings plan on 18 August 2023. This is an important and hugely welcome step and has supported the College to begin to work on creating a more sustainable longer-term financial position. In particular, the savings achieved will help the College to:

- Meet the costs of current national pay offers without the need for further cuts or reductions;
- look to the future, although knowing we need to plan for future savings on a longer term and more sustainable basis as student numbers and funding levels become known.

4. Savings Summary

Following the same format as previous, the savings achieved to date are outlined below.

[A summary of staffing changes is produced each month and is shared on the People team portal pages](#) this includes changes arising as result of the savings plan and normal staff turnover and is updated every month.

4.1. Staffing Changes

From the proposals and implementation paper, and other opportunities that have arisen over the summer, it was possible to progress with **staffing savings of £236k** that have assisted with the savings plan. It is clear, however, that this remains challenging unless it is possible to also reduce the activity associated with the roles that are not replaced.

Savings of this type will continue to be sought as opportunities arise and all staffing requests will continue to be scrutinised very carefully in light of the ongoing financial cuts the College is facing. As noted in previous papers, we have discussed the possibility of a full freeze on recruitment, and whilst it is never as simple as that, we do need to approach every staffing request on the basis that they will be declined unless there are very compelling reasons to do otherwise.

Where vacancies do arise, they will be considered as redeployment options, although the removal of the risk of compulsory redundancy has removed the need for these to be made available for internal application only in the first instance. Given future uncertainty around funding and student recruitment, appointments on a fixed-term basis will be considered in the first instance for most future vacancies.

4.2. Voluntary Severance

The Voluntary Severance (VS) scheme was extended to 19 August 2023 (and later for some) for those directly impacted by the savings plan.

Between them, the three VS schemes operated during 2023/2024 received 80 applications, with outcomes now confirmed in almost all cases. As a result, 53 VS applications have been accepted, representing 34.93 FTE of staffing.

When combined together, the annual savings achieved from these schemes will result in annual **savings of £2.1 million** with a one-off VS cost of c.£961k.

Voluntary Severance remains as one of the few ways in which the College can reduce overall costs and maintain financial security. As a result, it is planned that the scheme will reopen later in the year as student recruitment and future funding becomes clearer.

4.3. Other Savings and Income

The June 2023 paper identified **£387k** of other savings and income against the overall target. Savings and income opportunities of this type will continue to be sought as opportunities arise.

5. Promoted / Senior Staff Structure

As set out within [the original paper](#), [the follow up paper](#) and the [paper presenting further clarity on the promoted/senior structure](#), it is important that we operate with a promoted / senior structure that balances both the need to meet the strategic aims of the College, but delivers the required savings needed.

Work on this new structure has progressed and the following changes/developments have been implemented.

5.1. Executive Team

Changes have been made to reduce the Executive to a team of three. In addition to the Principal, this Team consists of:

Vice Principal Curriculum and Partnerships (Julie Grace) has assumed responsibility as the senior academic lead for curriculum delivery and related projects and partnerships, whilst the Vice Principal Support Services and Operations (Steve Taylor) now holds responsibility as the senior support lead for the support and operational responsibilities of the College as an organisation.

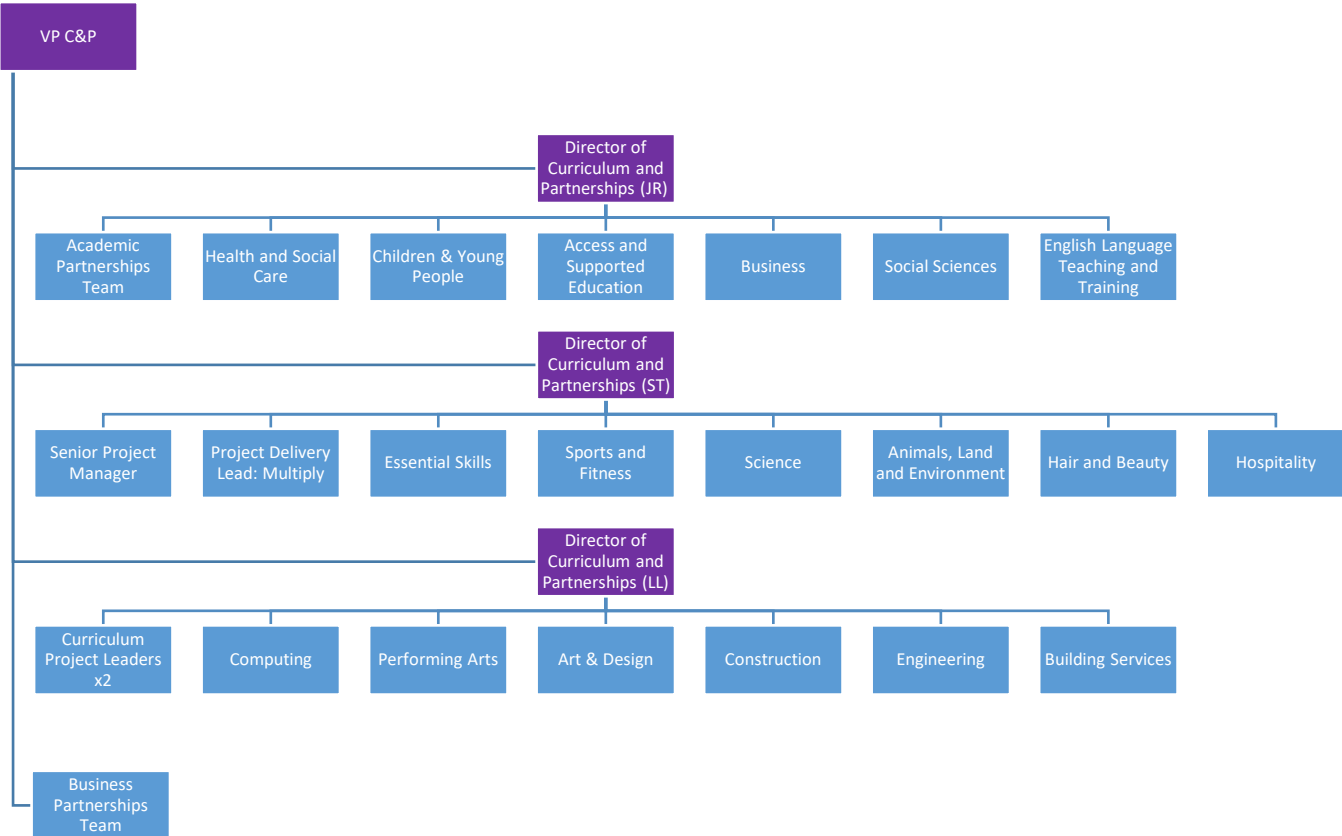
These Vice Principals, along with the Principal, will work very closely together to ensure that all parts of the College operate in unison to deliver an excellent student and staff experience that is efficient and successful.

5.2. Curriculum & Support Directors

To reduce the number of layers within the academic structure in order to improve communication and promote more autonomy, ownership, and accountability at middle management level within the academic structure, the Head of Sector role has been removed.

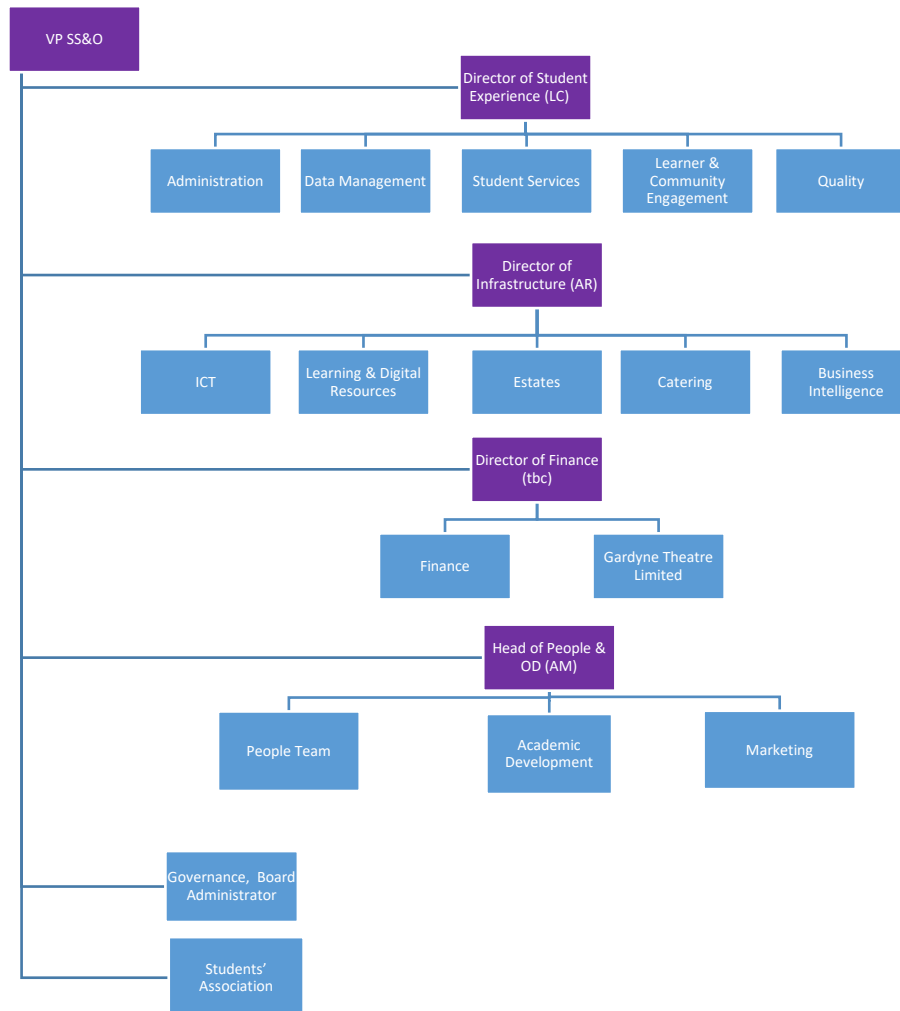
The two Vice Principal roles will work closely with the 3 Directors of Curriculum role holders and 3 Support Director roles to ensure it is clear who is responsible and accountable for what and that the workload and responsibility is distributed evenly and effectively across the College.

Following the appointment of Lee Lappin to the role of Director of Curriculum, reporting lines for each Head of Curriculum and Quality and related academic support areas for Jane Roscoe, Steph Toms and Lee Lappin have been confirmed as follows:



Recruitment for the support Director roles have progressed, with appointments made as follows:

Director of Student Experience, Leann Crichton; Director of Infrastructure, Andy Ross. The Director of Finance role has not yet been filled, with recruitment to this role currently ongoing. Whilst final transition arrangements are still to be completed, the reporting lines for each support area and service are currently planned as follows:



Please note that where a department/function is not shown or mentioned above, current arrangements remain as is and unchanged.

These changes have **generated savings of c.£200k** within the above noted total.

6. Implementation of other Changes

Following on from the three previous consultation papers and savings proposals, implementation of the savings plan is nearing completion, with final VS, and redeployment arrangements now being implemented.

The range of changes outlined in the 19 June 2023 paper have been progressed, with most of these completed over the summer. These are summarised below and further details of any

changes in ways of working, process changes, or key contacts will be shared as appropriate by each service over the coming weeks.

A number of course changes and savings were outlined within the previous paper as having already been achieved. These were in the following curriculum teams:

- Computing and Creative Media
- Hospitality and Professional Cookery
- English Language Teaching and Training
- Access and Supported Education
- Engineering
- Animals, Land and Environment
- Children and Young People#
- Performing Arts
- Art & Design
- Essential Skills
- Construction
- Health and Social Care#
- Sport and Fitness
- Social Sciences
- Science
- Building Services
- Hair & Beauty
- Business and Housing*
- Administration and Leisure Industries*

* The latter two areas have merged to create a single Business Team, led by Gillian Westlake.

Elaine Stewart has moved into the role of HCQ for Health and Social Care, with Donna Robertson taking on the role of HCQ for Children and Young People.

In addition to these changes, the College has been successful in receiving significant additional funds to support numeracy development within our community and Kirsty Paterson has taken over the role of Project Lead for this project (Multiply).

Alongside the curriculum changes and savings summarised above, a number of the developments and savings options proposed across Support teams have also been able to be progressed in the following areas.

- Estates
- Catering
- ICT
- LDR

- Print Services
- Finance
- Students' Association
- Quality, MA Compliance and Business Intelligence
- Marketing
- People Team
- Learning & Community Engagement
- Gardyne Theatre Ltd
- Academic Partnerships
- Business Partnerships
- Strategic Projects

Rosie Ivins has been appointed to a Student Services Officer role (following removal of the Mental Health Team Leader role) and 1.5FTE Counselling Staff have been retained as an established service.

Arrangements for the review and development of the Administration service are progressing, with Chrissie Clinkscale appointed to the permanent role of Administration Manager and Erin Ironside appointed to the role of Administration Team Leader.

Given the need for savings to be achieved and implemented rapidly there does remain some work to be undertaken to revise services and ways of working to reduce and remove activities that are no longer being supported, and to ensure that activities that are carrying on are supported on an appropriate and sustainable way.

This work will take some time (and a little patience) to be finalised and it is anticipated that there will be some further redeployment opportunities to be advertised and other operational changes to be finalised as arrangements progress.

7. Remaining Developments

As outlined in previous papers, there are other changes and developments that we must continue to progress over the foreseeable future.

These include arrangements in respect of the role of the College with the Helping Hands Nursery and further work to ensure that the income targets are achieved and maintained for our Catering Services.

In addition to the usual review of recruitment and retention information for all courses, we will continue to keep the full curriculum portfolio under review, responding to potential growth opportunities and areas of low demand, retention, and attainment on an ongoing basis. We will engage with teams to explore their consultation responses and ideas relating to their curriculum portfolio. We will also have more focused conversations with teams to ensure that all provision is delivered as effectively and sustainably as possible whilst remaining high quality and meaningful for all learners.

This will include an expectation that teams have retention strategies in place and are focusing on engagement and inclusion, the management of class sizes, more detailed timetable audit activities

during the year, and clearer expectations around the integration and merging of streams and delivery where numbers decline during the year.

Given the ongoing financial needs of the College and sector it will not be possible to support situations where recruitment is low, and appropriate focused discussions will be needed where course numbers do not materialise or staffing exceeds the teaching hours available.

As signalled in previous papers we will continue to monitor and adjust the curriculum spread and designated course responsibilities of Curriculum and Quality Leaders in line with the normal ebb and flow of courses and student numbers. It should be recognised that we will also review the configuration of teams if (or when) more significant curriculum changes arise.

Where there is any future risk in respect of any area of activity the People Team will actively discuss opportunities for redeployment and / or retraining with the individual(s) impacted and staff are encouraged to regularly check the vacancies published on the [homepage of the Staff Portal](#). This will ensure that staff are aware of current and potential employment opportunities as they arise and will support individual discussion and consultation around possible (or anticipated) options for individuals to redeploy into an available vacancy.

Work will progress around the review of our business engagement activities, working with teams to review and refresh our part time and industry specific offers to focus on areas of identified demand/return, and to promote our non-fulltime offer alongside other delivery modes as a key part of our response to regional skills and learning needs.

We are finalising arrangements to better focus evening activities into fewer evenings, to reduce utility costs and better manage the costs associated with additional and premium hours. Details of evening arrangements for each campus will be publicised in line with demand and needs.

Significant feedback was also received around other opportunities to reduce costs and enhance our climate actions by switching off lights, computers, and other electrical equipment and by reducing the temperature of rooms. Whilst work will progress to look at better automated systems to reduce power usage, individual approaches and responsibility is important within this and all staff are encouraged to turn down thermostats, and switch off lights, computers and other equipment that is not in use.

As highlighted in the initial consultation paper, the demand on our Student Services Team continues to see significant growth and we are aware that this is likely to continue for the foreseeable future.

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

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

7. Avoiding Compulsory Redundancy

Whilst (as noted above) there are still some operational details and conversations required around the final details surrounding redeployment, the savings proposals that have been progressed through this exercise have been achieved without any need for compulsory redundancy.

This has been the strong desire of the College throughout this process, and whilst it is difficult to be positive about cuts or staffing reductions, being able to confirm this is a very welcome step.

The EIS/FELA dispute raised in respect of the risk of compulsory redundancy should now be resolved, and arrangements in respect of the advertising of vacancies will revert to normal practice.

8. Support for Staff

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

Confidential support around personal wellbeing, or the wellbeing of colleagues, can also be sought by contacting the People Team. Your key contacts in the People Team are [noted here](#). The People Team can be contacted via peopleteam@dundeeandangus.ac.uk or directly through Teams.

The College also supports an individual Employee Assistance Programme and provides links to other services through the [D&A Wellbeing Hub](#). Your [trade union](#) may also offer similar support for members.

As outlined above, we understand these challenges are difficult for everyone and will affect staff in a range of ways. Please reach out to your manager or the People Team for support or to ask questions as required and encourage any colleagues that have been impacted by the changes to do the same.

9. Conclusions

Whilst much of the above information is similar to previous papers and savings exercises, there is a difference in terms of the decline the sector is seeing in full time applications. These changes highlight the need for us to plan our curriculum and services more closely and carefully than ever before, to ensure that the College meets its twin objectives of success and sustainability.

The reductions come on the back of what have been an extraordinary few years for D&A, but regrettably the scale and nature of the pressures facing us mean that change and savings are inevitable. As highlighted throughout this exercise, the proposals are not what the College would ordinarily have planned, but these are not ordinary circumstances and there are some stark choices that have had to be made.

That said, significant progress has been made against what appeared to be an impossible savings target earlier this year to deliver a balanced budget for 2023/24, whilst creating a more stable financial platform for future years.

The quality of much of the feedback received has been extremely high, with well thought out plans and proposals to improve how we operate, or at least mitigate the impact of cuts. Thank you to everyone who took the time to respond and to put forward their thoughts and ideas.

It is hoped that by acting in a quick but planned way, D&A is in a much more stable and positive position looking forward and that we can progress over the coming year to meet the financial challenges we will continue to face, but also to respond positively to opportunities that arise and to influence the major reviews and reforms taking place across the sector.

We have survived major savings plans and cuts in each of the past two years, and there is no doubt that the College will continue to thrive and be successful in meeting the needs of our students, staff, and region.

BOARD OF MANAGEMENT

Thursday 28 September 2023



FINANCE & INFRASTRUCTURE ITEMS

PAPER H

10.2- FINANCIAL FORECAST RETURN

BOARD OF MANAGEMENT

Thursday 28 September 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, its 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 support 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 offset 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

Contact

Telephone

Email:

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.
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Signed:
Principal/Chief Executive Officer

Date:

Dundee and Angus College

ANNUAL STAFFING EFFICIENCIES (savings reflected in FFR)

- 1 FTE Staff reduction - vacancy management
- FTE Staff reduction - voluntary severance (related restructuring costs to be set out in section 2 below)
- FTE Staff reduction - compulsory redundancy (redundancy costs to be set out in section 2 below)
- Staff reduction - total**

	Forecast 2022-23 FTE	Forecast 2023-24 FTE	Forecast 2024-25 FTE	Forecast 2025-26 FTE
	9	3	3	3
	40	47	35	22
	0	0	0	0
	49	50	38	25

- 2 Voluntary severance costs
- Compulsory redundancy costs
- Total**

	£000	£000	£000	£000
	1,328	1,050	750	0
	0	0	0	0
	1328	1050	750	0

CHECK - Staff restructuring costs per SOCIE

	1,328	1,050	750	0
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- 3 **NON-STAFF COST EFFICIENCIES (savings reflected in FFR)**

	600	440	410	390
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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

	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	%	%	%	%	
Statement of Comprehensive income and expenditure (Consolidated)										
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 broadly 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	Forecast	Forecast	2021-22 -	2022-23 -	Explanation for variance
	2021-22	2022-23	2023-24	2022-23	2023-24	
	£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 allows 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
	£000	£000	£000	%	%	
STAFF COSTS						
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 schemes and efficiencies 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						
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

1 Exceptional costs - non-staff		0	0	0		
2 Other operating expenses						
a) Teaching departments		994	1,263	1,028	27%	(19%)
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%
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%)
(ii) Utilities		1,003	1,507	1,653	50%	10%
(iii) Other		1,009	834	939	(17%)	13%
g) Catering and residences		325	481	531	48%	10%
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%)
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%
4 Interest						
a) On bank loans, overdrafts and other loans		125	89	100	(29%)	12%
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.

Dundee and Angus College

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 (<i>incorporated colleges only</i>)	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 (<i>incorporated colleges only</i>)	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 (<i>incorporated colleges only</i>)	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 (<i>incorporated colleges</i>) :										
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	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					

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 < 1 year		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%	Reduces with annual transfer to I&E Reserve but subject to asset revaluation adjustment
	b) Revaluation reserve	25,162	24,467	23,773	23,079	22,385	-2.8%	-2.8%	-2.9%	-3.0%	
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%	

Liquidity Analysis		Actual	Forecast	Forecast	Forecast	Forecast	2021-22 -	2022-23-	2023-24 -	2024-25 -
		2021-22	2022-23	2023-24	2024-25	2025-26	2022-23	2023-24	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

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	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	0	0					
c) Endowment cash received	0	0	0	0	0					
d) New secured loans	0	0	0	0	0					
e) New unsecured loans	0	0	0	0	0					
f) Repayments of amounts borrowed	(453)	(453)	(453)	(453)	(453)	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

	Actual 2021-22 £000	Forecast 2022-23 £000	Forecast 2023-24 £000	Forecast 2024-25 £000	Forecast 2025-26 £000
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Capital disposals

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
Montrose Outreach Centre
Kirriemuir Outreach Centre
Asset description

4	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
4	0	0	0	0

-100.0%

-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
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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

BOARD OF MANAGEMENT

Thursday 28 September 2023



FINANCE & INFRASTRUTURE ITEMS

PAPER I

FINANCE & PROPERTY COMMITTEE UPDATE- 2022/23

Finance and Property Committee

Thursday 28 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 matters 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 crystallise, 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 sanitary 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.

BOARD OF MANAGEMENT

Thursday 28 September 2023



GOVERNANCE ITEMS

AUDIT ASSURANCE RESPONSE DRAFT

PAPER J

Annual Accounts Audit Assurance Response

Paper for approval

1. Introduction

As part of the arrangements in place from the recently appointed external audit providers, Mazars, a letter requesting significant details has been received (**appendix 1**).

Mazars have highlighted that this letter aims to summarise for the Audit and Risk Committee the requirements under International Auditing Standards, in respect of preventing fraud in the annual accounts, compliance with laws and regulations, litigation and claims, and going concern.

The letter also requests an update from the Committee in order to inform continuous audit planning as part of the final stage of the audit of the College's 2022/23 accounts.

These requirements were discussed at the Audit & Risk Committee on 19 September 2023 and it was noted that some elements of the assurances required would reflect information provided and items discussed at others Board Committees. Given this it was felt appropriate that the paper be submitted to the Board for consideration and approval. This step was agreed with the College auditors (Mazars) who have also highlighted that they are content with the approach adopted and the content of the response provided.

2. D&A Comments and Responses

To support these arrangements, the various information and comment requests are outlined below with relevant commentary from the College perspective as appropriate. These comments / responses have been approved in discussion with the Audit and Risk Committee, pending final approval by the Board.

3. Discussion and Approval

Members of the Board are asked to consider and approve the responses provided and as recommended via the Audit and Risk Committee.

Authors: Steven Taylor, Vice Principal, Brian Ferguson, Head of Finance
Executive Sponsor: Steven Taylor, Vice Principal

BOARD OF MANAGEMENT

Audit & Risk Committee, Tuesday 19 September 2023

Annual Accounts Audit Assurance Response



International Standard for Auditing 240 - The auditor's responsibility to consider fraud in an audit of financial statements

	Audit Assurance Sought	Audit & Risk Committee Response
1.	<p>How does the Committee, in its role as those charged with governance, exercise oversight of management's processes in relation to:</p> <ul style="list-style-type: none">• undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent, and frequency of these assessments);• identifying and responding to risks of fraud in the organisation, including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist;• communicating to employees of views on business practice and ethical behaviour (for example by updating, communicating and monitoring against the organisation's code of conduct); and• communicating to those charged with governance the processes for identifying and responding to fraud or error?	<p>An extensive and well planned internal audit plan is in place alongside regular contact with internal and external auditors. A comprehensive fraud policy is also in place, with instances of fraud reported to the committee alongside action plans and progress and close out against actions. All Board members receive quarterly management accounts.</p> <p>Fraud management arrangements include training for all staff and targeted training in instances where fraud has arisen or risks identified.</p> <p>The College is an active participant in the National Fraud initiative and regular reports on the outcome of this work are reported to the Audit and Risk Committee.</p> <p>The College operates detailed financial procedures that are subject to internal audit and periodic review via the Finance & Property Committee.</p> <p>Information around employee communication, staff surveys and employee and industrial relations are discussed through the Human Resource and Development Committee.</p>

	Audit Assurance Sought	Audit & Risk Committee Response
2.	<p>How does the Committee oversee management processes to identify and respond to the risk of fraud and possible breaches of internal control? Is the Committee aware of any breaches of internal control during 2022/23? Please provide details.</p>	<p>As above. No breaches of internal control were reported in 2022/23.</p>
3.	<p>Has the Committee knowledge of any actual, suspected or alleged fraud during the period 1 August 2022 to 31 July 2023? Where appropriate please provide details.</p>	<p>As above.</p>
4.	<p>Has the Committee any suspicion that fraud may be occurring within the organisation? Please provide details.</p> <ul style="list-style-type: none"> • Has the Committee identified any specific fraud risks within the organisation? Please provide details. • Does the Committee have any concerns that there are areas within the organisation that are at risk of fraud? Please provide details. • Are there particular locations within the organisation where fraud is more likely to occur? Please provide details. 	<p>Whilst risk is always possible and must be managed, the Committee does not have any specific concerns in respect of fraud.</p> <p>Internal audit planning is undertaken on a rolling 3 yearly basis with the focus for audit guided by an assessment of risk and the outcomes of internal and external audit and other assessment activities in the intervening period.</p> <p>Where concerns are identified specific reports on college practice / compliance may be sought or audit arrangements expanded or expedited to provide assurance.</p> <p>Activities that are potentially higher risk (such as payroll and cash handling) are subject to more regular review.</p> <p>Where appropriate the College looks at 'lessons learned' outcomes from other Scottish public sector organisations and assesses D&A practice relative to any lessons or action points arising from these.</p>

	Audit Assurance Sought	Audit & Risk Committee Response
5.	<p>Is the Committee satisfied that internal controls, including segregation of duties, exist and work effectively? Please provide details.</p> <ul style="list-style-type: none"> • If not, where are the risk areas? • What other controls are in place to help prevent, deter or detect fraud? 	<p>The Committee is assured in respect of internal control, segregation, and appropriate management of fraud minimisation.</p>
6.	<p>Is the Committee satisfied that staff are encouraged to report their concerns about fraud, and the types of concerns they are expected to report? Please provide details.</p>	<p>A comprehensive fraud policy is in place, with instances of fraud reported to the Committee alongside action plans and progress and close out against actions.</p> <p>Fraud management arrangements include training for all staff and targeted training in instances where fraud has arisen or risks identified.</p> <p>Training includes encouragement to report fraud and proactive use of the fraud triangle (Motive, Rationalisation & Opportunity) to understand how fraud risks can arise and how they can be minimised by effective management approaches.</p>
7.	<p>From a fraud and corruption perspective, what are considered by the Committee to be high risk posts within the organisation? Please provide details.</p> <ul style="list-style-type: none"> • How are the risks relating to these posts identified, assessed and managed? 	<p>Activities that are potentially high risk are those covering larger volumes of small value transactions, or where transactions are of large value. This includes all aspects of cash handling, payroll, and procurement alongside access to equipment or consumables that are readily transferable into cash.</p> <p>Activity in these areas is subject to more regular review. Internal audit planning is undertaken on a rolling 3 yearly basis with the focus for audit guided by an assessment of risk and the outcomes of internal and external audit and other assessment activities in the intervening period.</p>

	Audit Assurance Sought	Audit & Risk Committee Response
8.	<p>Is the Committee aware of any related party relationships or transactions that could give rise to instances of fraud? Please provide details.</p> <ul style="list-style-type: none"> • How are the risks associated with fraud related to such relationships and transactions mitigated? 	<p>Clear procurement and budget management arrangements are in place to minimise risks of this type. Specific arrangements are also in place to manage line management and academic assessment/progression arrangements where a close relationship exists.</p> <p>Details of any significant related party transactions are published within the annual financial statements.</p>
9.	<p>Is the Committee aware of any entries made in the accounting records of the organisation that it believes or suspects are false or intentionally misleading? Please provide details.</p> <ul style="list-style-type: none"> • Are there particular balances where fraud is more likely to occur? Please provide details. • Is the Committee aware of any assets, liabilities or transactions that it believes were improperly included or omitted from the accounts of the organisation? Please provide details. • Could a false accounting entry escape detection? If so, how? • Are there any external fraud risk factors which are high risk of fraud? Please provide details. 	<p>Whilst risk is always possible and must be managed, the Committee does not have any specific concerns in respect of this.</p>

	Audit Assurance Sought	Audit & Risk Committee Response
10.	<p>Is the Committee aware of any organisational, or management pressure to meet financial or operating targets? Please provide details.</p> <ul style="list-style-type: none"> Is the Committee aware of any inappropriate organisational or management pressure being applied, or incentives offered, to you or colleagues to meet financial or operating targets? Please provide details. 	<p>Whilst risk is always possible and must be managed, the Committee does not have any concerns in respect of this.</p> <p>Audit and Risk and Finance and Property Committee members have opportunity to meet with internal and external auditors once a year without any management representatives present.</p>

International Standard for Auditing 250 – Consideration of laws and regulations in an audit of financial statements

	Audit Assurance Sought	Audit & Risk Committee Response
11	<p>How does the Committee gain assurance that all relevant laws and regulations have been complied with. For example:</p> <ul style="list-style-type: none"> • Is the Committee aware of the process management has in place for identifying and responding to changes in laws and regulations? Please provide details. • What arrangements are in place for the Committee to oversee this process? • Is the Committee aware of the arrangements management have in place, for communicating with employees, non-executive directors, partners and stakeholders regarding the relevant laws and regulations that need to be followed? Please provide details. • Does the Committee have knowledge of actual or suspected instances where appropriate laws and regulations have not been complied with, and if so is it aware of what actions management is taking to address it? Please provide details. 	<p>An extensive and well planned internal audit plan is in place alongside regular contact with internal and external auditors. All Board Committees receive regular updates in respect of compliance with appropriate academic, staffing, financial and governance requirements.</p> <p>Specific legal issues/challenges that may arise in respect of College operations are reported at the appropriate Committee and (where necessary) may be discussed at part of the role of the Chairs Committee, of which the Chair of Audit and Risk is a standing member.</p> <p>Appropriately qualified and experienced staff are available across all major functions and have access to relevant sources of information and networks. A comprehensive legal retainer contract is in place to provide immediate access to specialist legal information and support as necessary. This includes regular updates on changes to legislation and caselaw.</p>
12	<p>Is the Committee aware of any actual or potential litigation or claims that would affect the financial statements? Please provide details.</p>	<p>Specific legal issues/challenges that may arise in respect of College operations are reported at the appropriate Committee and (where necessary) may be discussed at part of the role of the Chairs Committee, or which the Chair of Audit and Risk is a standing member.</p> <p>Chairs have been briefed on the one current claim and information shared with the College auditors.</p>

International Standard for Auditing 570 – Consideration of the going concern assumption in an audit of financial statements

	Audit Assurance Sought	Audit & Risk Committee Response
13	How has the Committee assessed and satisfied itself that it is appropriate to adopt the going concern basis in preparing the financial statements?	<p>All Board members undertake extensive input to support and ensure the financial sustainability of the College. This includes recognition of the financial sustainability risk as major and review and engagement in budget management and future financial forecasting activities.</p> <p>Board members are actively engaged in the financial sustainability and savings plans that underpin the long term viability of the College.</p> <p>Audit Scotland guidance includes a presumption that colleges are seen as going concerns.</p>
14	Has the Committee identified any events or conditions since the assessment was undertaken which may cast significant doubt on the organisation’s ability to continue as a going concern? Please provide details	<p>Future financial forecasting returns are considered and approved at Board level and highlight the financial sustainability risks that may arise over time. The Board as a whole is actively engaged in the financial sustainability and savings plans that underpin the long term viability of the College. These plans are an active step underpinning the College as a going concern and preventing the financial sustainability risk from crystalising.</p>

Audit and Risk Committee
Dundee and Angus College
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16 August 2023

Dear Audit and Risk Committee

Dundee and Angus College (the College) – 2022/23: Audit and Risk Committee briefing note - ISA240 (Fraud), ISA250 (laws and regulations), ISA501 (litigation and claims) & ISA570 (going concern)
Introduction

This letter aims to summarise for the Audit and Risk Committee (the Committee) the requirements under International Auditing Standards, in respect of preventing fraud in the annual accounts, compliance with laws and regulations, litigation and claims, and going concern. This letter requests an update from the Committee in order to inform our continuous audit planning as we move into the final stage of our audit of the College's 2022/23 accounts.

International Standard for Auditing 240 - The auditor's responsibility to consider fraud in an audit of financial statements

Background

Under the ISA, the primary responsibility for preventing and detecting fraud rests with both management and 'those charged with governance', which for the College is the Audit and Risk Committee.

This includes fraud that could impact on the accuracy of the annual accounts.

The ISA requires us, as external auditors, to obtain an understanding of how the Committee exercises oversight of management's processes for identifying and responding to the risks of fraud and the internal controls established to mitigate them.

What is 'fraud' in the context of the ISA?

The ISA views fraud as either:

- the intentional misappropriation of the College's assets; or
- the intentional manipulation or misstatement of the financial statements.

What are auditors required to do?

We have to obtain evidence of how management and those charged with governance are discharging their responsibilities, if we are to properly discharge our responsibilities under ISA240. We are therefore making requests from the Committee and management on the following, or similar, issues:

- 1) How does the Committee, in its role as those charged with governance, exercise oversight of management's processes in relation to:

- undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments);
- identifying and responding to risks of fraud in the organisation, including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist;
- communicating to employees of views on business practice and ethical behaviour (for example by updating, communicating and monitoring against the organisation's code of conduct); and
- communicating to those charged with governance the processes for identifying and responding to fraud or error?

2) How does the Committee oversee management processes to identify and respond to the risk of fraud and possible breaches of internal control? Is the Committee aware of any breaches of internal control during 2022/23? Please provide details.

3) Has the Committee knowledge of any actual, suspected or alleged fraud during the period 1 August 2022 to 31 July 2023? Where appropriate please provide details.

4) Has the Committee any suspicion that fraud may be occurring within the organisation? Please provide details.

- Has the Committee identified any specific fraud risks within the organisation? Please provide details.
- Does the Committee have any concerns that there are areas within the organisation that are at risk of fraud? Please provide details.
- Are there particular locations within the organisation where fraud is more likely to occur? Please provide details.

5) Is the Committee satisfied that internal controls, including segregation of duties, exist and work effectively? Please provide details.

- If not, where are the risk areas?
- What other controls are in place to help prevent, deter or detect fraud?

6) Is the Committee satisfied that staff are encouraged to report their concerns about fraud, and the types of concerns they are expected to report? Please provide details.

7) From a fraud and corruption perspective, what are considered by the Committee to be high risk posts within the organisation? Please provide details.

- How are the risks relating to these posts identified, assessed and managed?

8) Is the Committee aware of any related party relationships or transactions that could give rise to instances of fraud? Please provide details.

- How are the risks associated with fraud related to such relationships and transactions mitigated?

9) Is the Committee aware of any entries made in the accounting records of the organisation that it believes or suspects are false or intentionally misleading? Please provide details.

- Are there particular balances where fraud is more likely to occur? Please provide details.
- Is the Committee aware of any assets, liabilities or transactions that it believes were improperly included or omitted from the accounts of the organisation? Please provide details.
- Could a false accounting entry escape detection? If so, how?
- Are there any external fraud risk factors which are high risk of fraud? Please provide details.

10) Is the Committee aware of any organisational, or management pressure to meet financial or operating targets? Please provide details.

- Is the Committee aware of any inappropriate organisational or management pressure being applied, or incentives offered, to you or colleagues to meet financial or operating targets? Please provide details.

International Standard for Auditing 250 – Consideration of laws and regulations in an audit of financial statements

Background

Under the ISA, in the UK and Ireland, the primary responsibility for ensuring that the entity's operations are conducted in accordance with laws and regulations and the responsibility for the prevention and detection of non-compliance rests with management and 'those charged with governance', which for the College is the Audit and Risk Committee. The ISA requires us, as external auditors, to obtain an understanding of how the Committee gains assurance that all relevant laws and regulations have been complied with.

What are auditors required to do?

We have to obtain evidence of how management and those charged with governance are discharging their responsibilities, if we are to properly discharge our responsibilities under ISA250. We are therefore making requests from the Committee, and will be making similar enquiries of management:

11) How does the Committee gain assurance that all relevant laws and regulations have been complied with. For example:

- Is the Committee aware of the process management has in place for identifying and responding to changes in laws and regulations? Please provide details.
- What arrangements are in place for the Committee to oversee this process?
- Is the Committee aware of the arrangements management have in place, for communicating with employees, non-executive directors, partners and stakeholders regarding the relevant laws and regulations that need to be followed? Please provide details.
- Does the Committee have knowledge of actual or suspected instances where appropriate laws and regulations have not been complied with, and if so is it aware of what actions management is taking to address it? Please provide details.

International Standard for Auditing 501 – Specific consideration of the potential for, and actual, litigation and claims affecting the financial statements

Background

This ISA deals with specific considerations by the auditor in obtaining sufficient appropriate audit evidence, in this instance with respect to the completeness of litigation and claims involving the entity. The ISA requires us, as external auditors, to design and perform audit procedures in order to identify litigation and claims involving the entity which may give rise to a risk of material misstatement.

What are auditors required to do?

We have to obtain evidence of how management and those charged with governance are discharging their responsibilities, if we are to properly discharge our responsibilities under ISA501. We are therefore making requests from the Committee, and will be making similar enquiries of management:

12) Is the Committee aware of any actual or potential litigation or claims that would affect the financial statements? Please provide details.

International Standard for Auditing 570 – Consideration of the going concern assumption in an audit of financial statements

Background

Financial statements are generally prepared on the basis of the going concern assumption. Under the going concern assumption, an audited body is ordinarily viewed as continuing in operation for the foreseeable future. Accordingly, assets and liabilities are recorded in financial statements on the basis that the audited body will be able to realise its assets and discharge its liabilities in the normal course of its operations.

What are auditors required to do?

If used, we are required to consider the appropriateness of management's use of the going concern assumption in the preparation of the financial statements if we are to properly discharge our responsibilities under ISA570. We are therefore making the following request from the Committee:

13) How has the Committee assessed and satisfied itself that it is appropriate to adopt the going concern basis in preparing the financial statements?

14) Has the Committee identified any events or conditions since the assessment was undertaken which may cast significant doubt on the organisation's ability to continue as a going concern? Please provide details.

The way forward

The information you provide will help inform our understanding of the College and its business processes, prior to the start of the final stage of the audit of the 2022/23 financial statements.

I would be grateful for your responses, which should be formally considered and communicated to us on the Committee's behalf to cover the year to 31 July 2023. In the meantime, if you have any queries, please do not hesitate to contact me.

Yours sincerely

Michael Speight
Director

BOARD OF MANAGEMENT

Thursday 28 September 2023



GOVERNANCE ITEMS

MEMBERSHIP UPDATE

PAPER K

BOARD OF MANAGEMENT

Thursday 28 September 2023

Membership Update



Paper for approval

1. Introduction

This paper summarises arrangements and requirements in respect of the membership of the Board of Management of Dundee and Angus College as a Regional College under the terms of the Post-16 Education (Scotland) Act 2013.

2 Board of Management Membership

Under the terms of the Post-16 Education (Scotland) Act and the ministerial guidance on the recruitment of board members, the Board of Management must make appropriate arrangements for the recruitment of migrating and new members of the Board.

To operate within the terms of the legislation the Board of Management must include **a minimum of 15 members and a maximum of 18 members** (up to 12 of whom are classified as “ordinary members” recruited under the board arrangements). The College Board cannot operate legally with fewer than 15 members.

A list of current board members is included as Appendix A.

3 Support Staff Board Member

The period of office for Sam Stirling will expire with effect from 30 September 2023 and arrangements are progressing for the nomination (and election if required) of a Support staff Board Member from October 2023 onwards.

4 Union Nominated Board Members

As discussed at previous meeting, the Scottish Government has confirmed arrangements for the addition of two union nominated members of college boards with effect from January 2024. These members (one nominated by recognised academic union(s) and one nominated by support union(s)) will be confirmed through nationally approved nomination (and election if required) processes.

Arrangements for these nominations will commence in October 2023 and the government is currently amending the Post-16 Education (Scotland) Act to allow these changes.

5 Students' Association Nominees

Following the expiry of their tenure as Students' Association President and Vice President, the Board membership of Amy Monks and Lenka Strukanova will expired over the summer.

The new Students' Association President, Colin Ogilvie, joined the Board in August 2023 with Fatima Khan (Vice President for the Gardyne campus) nominated as the second Student Board member.

6 College Structure Changes

Following the changes to the senior structure of the College, attendance at Board and Committee meetings by senior leadership will be amended as follows.

- Learning, Teaching & Quality Committee – attendance by Vice Principals, Directors of Curriculum and Director of Student Experience.
- Finance & Property Committee - attendance by Vice Principals, Director of Finance and Director of Infrastructure, Head of Finance and Head of Estates.
- Human Resources & Development Committee – attendance by Vice Principals, Head of People & OD (replaced by HR Manager during current maternity leave) and Head of Estates.
- Audit & Risk - attendance by Vice Principal Support Services & Operations and Director of Finance.
- Board of Management attendance by Vice Principals and other Directors/Heads as appropriate to agenda items.

7 Approvals

In summary, approval is sought for the following:

- Endorsement of the appointment of the successful Support Staff Board member candidate and endorsement of the appointment of Fatima Khan as the second Student Board Member.
- Noting arrangements for the nomination of union nominated Board Members.
- Noting arrangements for senior staff attendance.

8 Link to Strategic Risk Register

Information in this report is intended to provide Board members with reassurance that actions and activities are being progressed and addressed that support the mitigation of a range of risks identified within the Strategic Risk Register namely:

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

Author and Executive Sponsor: Steve Taylor, Vice Principal

Board of Management Membership and Skills Mix as at September 2023

Name	Appointment	Member Until	Profession/Specialism
1. Laurie O'Donnell	Regional Chair July 2022	Scottish Government Appointment until 10/07/2026	Learning & Teaching, Digital, Management
2. Margo Williamson	Vice Chair June 2021	31/05/2025	Public Service Management, Education, Learning & Teaching
3. Donna Fordyce	April 2017	31/04/2025	Economic Development/ Enterprise, Fisheries, Retail Management
4. Helen Honeyman	January 2019	31/12/2026	Risk, Governance, HR Management
5. Donald Mackenzie	April 2019	31/03/2027	HR & OD, Corporate Communications, Management
6. Neil Lowden	January 2019	31/12/2026	Educational Management, Learning & Teaching, Educational Policy
7. Kevin Ditcham*	April 2021	31/03/2025	Community Learning & Engagement, Management, Third Sector
8. Sally Middleton*	June 2021	31/05/2025	HE Learning & Teaching, Management, Access & Articulation
9. Brian Lawrie*	May 2022	31/04/2026	Finance, Public Service Management
10. Roy McLellan*	May 2022	31/04/2026	Business, Management, Enterprise
11. Jackie Buchanan*	February 2023	31/01/2027	Public Service Management, Legal, Governance & Procurement
12. Carri Cusick*	April 2023	30/04/2027	Economic Development/ Enterprise, Digital, Management
13. Daniel Rosie*	May 2023	31/05/2027	Marketing, Promotions, PR, Enterprise, Management
14. Simon Hewitt	August 2020	--	Principal
15. Sam Stirling	September 2019	30/09/2023	Non-Teaching Staff Member
16. Derek Smith	April 2023	31/03/2027	Teaching Staff Member
17. Colin Ogilvie	August 2023	31/08/2024	Student Member
18. Fatima Khan	September 2023	31/08/2024	Student Member

* eligible for reappointment

BOARD OF MANAGEMENT

Thursday 28 September 2023



GOVERNANCE ITEMS

STRATEGIC RISK REGISTER

PAPER L

BOARD OF MANAGEMENT

Audit and Risk Committee

Tuesday 6 June 2023



Strategic Risk Register Update

Paper for approval

1. Strategic Risk Register

A copy of the June 2023 draft Strategic Risk Register is enclosed. This is noted for discussion and incorporates the range of risks that were reviewed in detail at the previous meeting and discussed further at the March 2023 Board meeting.

2. 'Brexit' Risk

The risk likelihood for the Brexit risk was reduced in March 2023 based on experience of the impact over the previous 12 months. At this time the potential removal of this risk was discussed and this was subject to further discussion at the subsequent Board meeting. Following reflection on these discussions and review of the impact that leaving the EU has had to date it is proposed that this risk be removed from the Strategic risk Register.

3. Credit Target Risks

Following on from previous updates in respect of the reduction in full-time student recruitment in 2021/22 and in 2022/23, discussions remain on-going between Colleges Scotland and the Scottish Funding Council around a range of sector wide flexibilities and rule changes to better support the sector.

Feedback from SFC remains supportive of the sector and that colleges should not be overly concerned around the risk of financial clawback for 2021/22 and 2022/23. This however has not yet been formally confirmed.

Wider discussions surrounding future funding and activity target arrangements have concluded, with almost all colleges receiving a 10% reduction in their activity (credit) target for 2023/2024. This reduction has been used to underpin the curriculum changes outlined within the current financial savings and sustainability plan. Details of the strategy and approach being adopted to shape curriculum discussions and future direction have been shared with the Learning, Teaching & Quality Committee.

4. Financial Sustainability Risk

College Risk Management practice requires that any strategic risks that remain as Major or Fundamental post mitigation will be reported to the Committee at each meeting.

Following the decision of the Board of Management in March 2022 to recommend increasing the post mitigation risk in respect of future financial sustainability, the post mitigation likelihood was increased from 3 to 4 and the overall risk rating increased to 16. This moved this risk into the Major Risk (**Red**) category, and it is unlikely that this risk will be reduced in the near future.

The need to address the impact of cuts in sector funding, and the need to support areas of future opportunity and development, have been the subject of on-going discussion and review with the Board and has underpinned the More Successful and Sustainable College plans shared with all Board members in April 2023.

The appropriate curriculum, HR and financial plans and approaches underpinning the paper and its proposals have been discussed at the recent Learning, Teaching and Quality; Human Resource & Development; and Finance & Property Committee meetings. A further update on progress through the savings plan will be discussed at the June 2023 Board meeting.

The activities developed to address the funding cuts and financial sustainability risk will cut across a range of areas, and arrangements are in place to support arrangements and minimise adverse risk in areas such as HR practice and industrial relations (Risks 3.3 and 3.7) and PR / publicity (Risk 3.5). These will remain under review, with the overall risk rolled into the high level Financial Sustainability risk measure.

5. Cost of Living Crisis

Significant activities have continued through the Thrive with D&A project to support students and staff with the challenges faced by the cost of living crisis. Updates on this work have been provided to the Learning, Teaching & Quality, and the Human Resource & Development Committees.

Whilst no change in risk ratings is proposed at this point in time, the risks associated with increased costs will continue to be monitored, particularly in respect of the impact of this on learner retention and staff salary costs/demands. The financial impacts of increasing costs for the College are subsumed within the financial sustainability risk outlined above.

6. Strategic Risk Register

No other changes have been proposed to the Strategic Risk register at this time.

7. Approvals

In respect of the above information approval for the following actions is sought.

- Approval of the Strategic Risk Register as amended

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

BOARD OF MANAGEMENT
Audit and Risk Committee
Tuesday 19 September 2023



Strategic Risk Register Update

Paper for approval

1. Strategic Risk Register

A copy of the September 2023 draft Strategic Risk Register is enclosed. This is noted for discussion and incorporates the changes arising from discussion at the June 2023 meeting.

2. 'Brexit' Risk

This risk has been removed from the Strategic Risk Register.

3. Credit Target Risks

Following on from previous updates in respect of the reduction in full-time student recruitment in 2021/22 and in 2022/23, discussions remains on-going between Colleges Scotland, the Scottish Government, and the Scottish Funding Council around a range of sector wide flexibilities and rule changes to better support the sector.

Feedback from SFC remains supportive of the sector and that colleges should not be overly concerned around the risk of significant financial clawback for 2021/22 and 2022/23.

The College provided a detailed response in respect of the impact of COVID-19 on activity levels during 2021/22 and it has been confirmed that clawback on activity for this period would be limited only to those additional funds (YPG, NTTf and Foundation Apprenticeships) that are out with SFC control. The value of any clawback would also be reduced by 20% to reflect 'sunk' costs arising for institutions. As a result, the College has repaid c£61k of Foundation Apprenticeship funding that was unutilised during 2021/22. This amount has been included within the most recent management accounts and forecast outturn considered by the Finance and Property Committee, alongside benefit to the College of additional ESF credit funding of c£189k.

Arrangements in respect of 2022/23 activity levels and clawback risk remain unclear, but SFC has highlighted that it has no desire to act in a punitive way, or to destabilise sector finances.

Wider discussions surrounding future funding and activity target arrangements for 2023/24 have concluded, with almost all colleges receiving a 10% reduction in their activity (credit) target. For D&A, this reduction has been used to underpin the curriculum changes outlined within the financial savings and sustainability plan, with 2023/24 recruitment progressed on a basis that will meet the new credit target.

4. Financial Sustainability Risk

College Risk Management practice requires that any strategic risks that remain as Major or Fundamental post mitigation will be reported to the Committee at each meeting.

Following the decision of the Board of Management in March 2022 to recommend increasing the post mitigation risk in respect of future financial sustainability, the post mitigation likelihood was increased from 3 to 4 and the overall risk rating increased to 16. This moved this risk into the Major Risk (**Red**) category, and it is unlikely that this risk will be reduced in the near future.

The need to address the impact of cuts in sector funding, and the need to support areas of future opportunity and development, have been the subject of on-going discussion and review with the Board and has underpinned the More Successful and Sustainable College plans and updates shared with all Board members since initial publication in April 2023.

The appropriate curriculum, HR and financial plans and approaches underpinning the paper and progress around the proposals it contained have been discussed at the recent Learning, Teaching and Quality; Human Resource & Development; and Finance & Property Committee meetings. A final update on progress through these savings plan will be discussed at the September 2023 Board meeting.

The activities developed to address the funding cuts and financial sustainability risk will cut across a range of areas, and arrangements are in place to support arrangements and minimise adverse risk in areas such as HR practice and industrial relations (Risks 3.3 and 3.7) and PR / publicity (Risk 3.5). These will remain under review, with the overall risk rolled into the high level Financial Sustainability risk measure.

5. Cost of Living Crisis

Significant activities were reported in respect of the Thrive with D&A project to support students and staff with the challenges faced by the cost of living crisis. Following review of the impact of this work it was agreed that this would continue into 2023/24, including provision of the free food offer for students and staff.

6. Risk Management Internal Audit

Given recent lengthy Board discussions around the Strategic Risk Register and approaches to risk management it is proposed that this feature within the 2023/24 internal audit plan. The proposed audit scope covers Risk Management practice and will also look at how this feeds into Business Continuity and Disaster Recovery planning.

7. Strategic Risk Register

No other changes have been proposed to the Strategic Risk register at this time.

8. Approvals

In respect of the above information approval for the following actions is sought.

- Approval of the Strategic Risk Register

Author and Executive Sponsor: Steve Taylor, Vice Principal



STRATEGIC RISK REGISTER

2023 - 2024

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	Lead Responsibility
1	Strategic and Structural									
1.1 LT&Q	Failure of College strategy to meet the needs of the D&A Region and/or national priorities (eg Employability, DYW, attainment, articulation)	4	4	16	<ul style="list-style-type: none"> Robust strategic planning Effective environmental scanning Strong partnerships Clear links between strategy and practice Concerted demands for increased activity levels 	4	2	8 ↔	<ul style="list-style-type: none"> Robust monitoring via ROA Clear performance metrics Amendment of strategic direction/plans Rolling curriculum review 	Principal & Chair
1.2 Board	College may be disadvantaged by changes to either UK or Scottish Government policies	4	3	12	<ul style="list-style-type: none"> Effective environmental scanning Negotiation/influence at national level 	4	3	12 ↔	<ul style="list-style-type: none"> Review of changes and amendment of strategic direction/plans Financial strategy sensitivities 	Principal & Chair

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
	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	Lead Responsibility
1	Strategic and Structural									

1.4 Board	Difficulties or over commitment arising within large scale/national College led initiatives or projects impact negatively on: <ul style="list-style-type: none"> Ability of the College to meet key regional strategies/objectives Financial loss or unmanageable financial risk Reputational loss 	4	3	12	<ul style="list-style-type: none"> Effective project/activity management in place Clear governance structures Project/initiative finances clearly incorporated within College financial strategy and plans End of project and exit/contingency planning 	3	2	6	<ul style="list-style-type: none"> Regular project updates at Executive/Board level Monitoring of project activities, plans and outcomes Clear project Management arrangements in place Budget reporting and management 	Principal, VPCP
1.5 Board	College disadvantaged as a result of changes arising from major national educational body reviews: SFC, SQA, EdS	4	4	16	<ul style="list-style-type: none"> Negotiation/influence at national level Review of activities/projects and response to new opportunities 	4	1	4	<ul style="list-style-type: none"> Robust monitoring via ROA Amendment of strategic direction/plans Rolling curriculum review 	Principal

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
	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	Lead Responsibility
1	Strategic and Structural									
1.6 Board	Failure of D&A plans and activities to deliver on required carbon reductions and sustainability actions necessary to meet national targets and achieve College climate emergency ambitions.	4	3	12	<ul style="list-style-type: none"> Robust CEAP in place Multiple strands of activity/action Embedding sustainable practices in normal activity and ways of working Clear links between strategy and practice Planned investment in carbon reduction Sustainable procurement 	4	2	8	<ul style="list-style-type: none"> Robust monitoring and reporting of CEAP at SLT and Board level Clear performance metrics Amendment of strategic direction/plans Monitoring of scope 3 emissions 	VPSO, HoE

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	HolCT	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	<ul style="list-style-type: none"> Negotiation/influence at national level Contingency plans for reduced funding 	3	3	9 ↔	<ul style="list-style-type: none"> Advance modelling of new funding methodologies and allocations Monitoring impact of changes Amendment of strategic or operational direction / plans Financial strategy sensitivities 	VPSO
2.2 F&P	Failure to achieve institutional sustainability	5	4	20	<ul style="list-style-type: none"> Protection of funding through dialogue with SFC Robust annual budget-setting and multi-year financial strategic planning Effective budgetary control Where required, swift action to implement savings 	4	4	16 ↔	<ul style="list-style-type: none"> Monthly monitoring of budgets Regular review of financial strategy and non-core income sensitivity Detailed monitoring of savings programmes 	VPSO
2.3 F&P	National outcomes on salaries and conditions of service outstrip ability to pay	4	4	16	<ul style="list-style-type: none"> Influence within Employers Association Management of staffing expenditures 	4	3	12 ↔	<ul style="list-style-type: none"> Expenditure modelling On-going discussions with staff Financial strategy sensitivities Workforce planning 	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	HolCT	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
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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)									
2.4 A&R	Financial Fraud	4	3	12	<ul style="list-style-type: none"> Strong financial controls: segregation of duties and review of transactions. Review of impact of any changes in structure or duties Whistleblowing arrangements 	3	2	6 ↔	<ul style="list-style-type: none"> Continuous review of financial controls Internal Audit programme 	VPSO
2.5 F&P	D&A Foundation refuses/withholds funding for key College priorities	5	3	15	<ul style="list-style-type: none"> On-going dialogue with Foundation Trustees Appropriate bid arrangements in place 	3	2	6 ↔	<ul style="list-style-type: none"> Monitor and advise Board of Management 	Prin & VPSO
2.6 F&P	Demands of capital developments / maintenance impacts on financial sustainability or delivery of learning and/or services	3	2	6	<ul style="list-style-type: none"> Multi-year estates strategy and capital planning Lobbying of SFC on capital and backlog maintenance funding Planning for D&A Foundation bids 	2	2	4 ↔	<ul style="list-style-type: none"> Monitoring of capital plans and expenditures Regular review of capital plans/timescales relative to funds 	VPSO

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	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Lead Responsibility
3	People and Performance									

3.1 LT&Q	Failure to reach aspirational standards in learning, teaching and service delivery	4	3	12	<ul style="list-style-type: none"> Clear quality arrangements and priority actions Continuous self-evaluation and action planning Rigorous CPD arrangements in place Regular classroom observation and learner feedback arrangements 	3	2	6 ↔	<ul style="list-style-type: none"> Comprehensive monitoring of key PIs and student/staff feedback Regular Stop and Review events External review and validation findings 	VPCP, VPSO, DirC&A
3.2 LT&Q	Failure to achieve/maintain compliance arrangements, e.g. contracts; awarding bodies; audit.	4	3	12	<ul style="list-style-type: none"> Robust strategic planning and monitoring Effective environmental scanning Strong partnerships Clear links between strategy and practice Concerted demands for increased activity levels 	2	2	4 ↔	<ul style="list-style-type: none"> Effective internal monitoring/review/verification arrangements External review findings 	VPCP, VPSO
3.3 A&R	Legal actions; serious accident; incident or civil/criminal breach	4	5	20	<ul style="list-style-type: none"> Adherence to legislative and good practice requirements Positive Union relations and staff communication Effective management development programmes 	3	2	6 ↔	<ul style="list-style-type: none"> Monitoring and reporting in key areas – eg H&S, equalities, employee engagement Continuous professional development Internal audit programme Staff surveys 	Prin, VPSO, HoE

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Risk Number & Committee	POTENTIAL CONTRIBUTING FACTORS			TREATMENT	POST MITIGATION EVALUATION					
	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Lead Responsibility
3	People and Performance (cont.)									

3.4 HR&D	Failure to meet the aspirational standards in respect of the health, safety, wellbeing and development of staff and students	3	4	12	<ul style="list-style-type: none"> Clear and proactive approaches to managing and promoting health, safety and wellbeing Continuous self-evaluation and action planning Rigorous CPD arrangements in place Regular staff and learner feedback arrangements 	3	2	6 ↔	<ul style="list-style-type: none"> Regular employee engagement monitoring Open communication with staff Comprehensive monitoring of key PIs and student/staff feedback Regular union/management dialogue 	VPSO
3.5 Board	Reputational Risk – Loss of reputation with key stakeholders	4	3	12	<ul style="list-style-type: none"> Marketing strategy Reputation plan Positive marketing approaches 	4	3	12 ↔	<ul style="list-style-type: none"> Stakeholder engagement Social media monitoring arrangements 	VPCP, DirC&A
3.6 HR&D	National bargaining outcomes impact adversely on College operations, activity and flexibility	4	4	16	<ul style="list-style-type: none"> Influence within Employers Association Management of bargaining outcomes and implementation 	4	3	12 ↔	<ul style="list-style-type: none"> Positive union relations and staff communication On-going discussions with staff Innovation in approaches 	VPSO, VPC&A

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3	People and Performance (cont.)									

3.7 HR&D	Industrial Relations Problems (including industrial action)	4	5	20	<ul style="list-style-type: none"> Adherence to legislative and good practice requirements Positive Union relations and staff communication Effective management development programmes Industrial action continuity planning 	4	2	8	<ul style="list-style-type: none"> Regular union/management dialogue Regular employee engagement monitoring Open communication with staff Industrial action continuity planning 	VPSO
3.8 A&R	Breach of data security / data protection	5	4	20	<ul style="list-style-type: none"> Effective management of GDPR compliance Mandatory staff CPD and awareness raising on data protection (relative to role) 	4	2	8	<ul style="list-style-type: none"> Active data protection monitoring and auditing Effective information and data security policies in operation Regular data security monitoring/testing GDPR Action Plan Staff CPD 	VPCP, HolCT
3.9 HR&D	Failure to meet Prevent and related obligations	5	3	15	<ul style="list-style-type: none"> Prevent training Staff awareness and contingency planning Engagement/practice sharing with local agencies 	5	1	5	<ul style="list-style-type: none"> Business Continuity Plan including scenario testing Information sharing with local agencies 	VPCP, VPP&P

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	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Lead Responsibility
3	People and Performance (cont.)									
3.10 HR&D	College arrangements do not minimise risk associated with Modern Slavery	4	3	12	<ul style="list-style-type: none"> Clear and compliant procurement arrangements and procedures Staff identity checking arrangements and use of PVG. 	4	1	4 ↔	<ul style="list-style-type: none"> Annual procurement monitoring/reporting Regular employee engagement monitoring Open communication with staff 	VPCP, VPSO
3.11 Board	Failure to plan or respond adequately to future pandemic illness.	5	4	20	<ul style="list-style-type: none"> Monitoring and rapid response to WHO and UK/Scottish Government information and alerts Maintenance of COVID-19 good practice approaches to inform future use Effective business continuity planning in place 	4	2	8 ↔	<ul style="list-style-type: none"> Pandemic readiness / response included in business continuity plan reviews and testing COVID/Pandemic Response Group in place Active monitoring and rapid adoption of pandemic guidance / control measures 	Principal

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
SLT	Senior Leadership Team	DirC&A	Directors of Curriculum & Attainment
Board	Board of Management	HoICT	Head of ICT
VPSO	Vice Principal Support & Operations	HoE	Head of Estates
VPCP	Vice Principal Curriculum & Partnerships	Chair	Chair of the Board of Management

Score	Impact	Likelihood
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Risk Number & Committee	POTENTIAL CONTRIBUTING FACTORS			TREATMENT	POST MITIGATION EVALUATION					
	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Responsibility
4	Infrastructure									
4.1 A&R	Major Disasters – eg Fire, MIS Failure, Failure of Emergency Procedures	5	4	20	<ul style="list-style-type: none"> Sound systems of administration Clear fire and disaster recovery arrangements Staff CPD 	5	1	5 ↔	<ul style="list-style-type: none"> Business Continuity Plan including scenario testing 	Principal & VPSO
4.2 F&P	Failure to achieve ambitions of Digital strategy; strategy and development is ineffective	4	3	12	<ul style="list-style-type: none"> Planning, careful phasing of changes to processes and systems Effective management of ICT arrangements Clear investment plan 	4	2	8 ↔	<ul style="list-style-type: none"> Regular review/reporting on milestones, systems effectiveness etc Regular CPD 	VPSO, HoICT
4.3 A&R	Significant breach of ICT/Cyber security resulting in loss of service sufficient to impact College student / staff outcomes	4	3	12	<ul style="list-style-type: none"> Effective management of ICT arrangements Active ICT/data security monitoring and cyber security policy 	4	2	8 ↔	<ul style="list-style-type: none"> Staff CPD on cyber security issues Regular security monitoring/testing Cyber resilience plan 	VPSO, HoICT
4.4 A&R	ICT infrastructure fails to support effective data security / data protection	5	3	15	<ul style="list-style-type: none"> Effective infrastructure and systems design and implementation Effective management of ICT arrangements and GDPR compliance 	4	2	8 ↔	<ul style="list-style-type: none"> Active data protection monitoring and auditing Effective information and data security policies in operation Regular data security monitoring/testing 	VPSO, HoICT

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BOARD OF MANAGEMENT

Thursday 28 September 2023



GOVERNANCE ITEMS

BOARD METRICS

PAPER M

BOARD OF MANAGEMENT

Thursday 28 September 2023

Board Metrics



Paper for information

1 Introduction

This paper outlines a series of standardised Board Metrics as discussed and agreed at previous meetings.

2 Board Metrics Report

To ensure that there is clear visibility of data and progress the following series of clear metrics is produced for consideration at each Board meeting. These metrics link together a number of data sources into a single high level Board report to provide high level indications of College performance. The further detail in each case should rest with the relevant Committee, or be part of the operational activities of the College. In this way, the metric report should supplement, rather than replace, the range of current information provided to the Board and its Committees.

3 Link to Strategic Risk Register

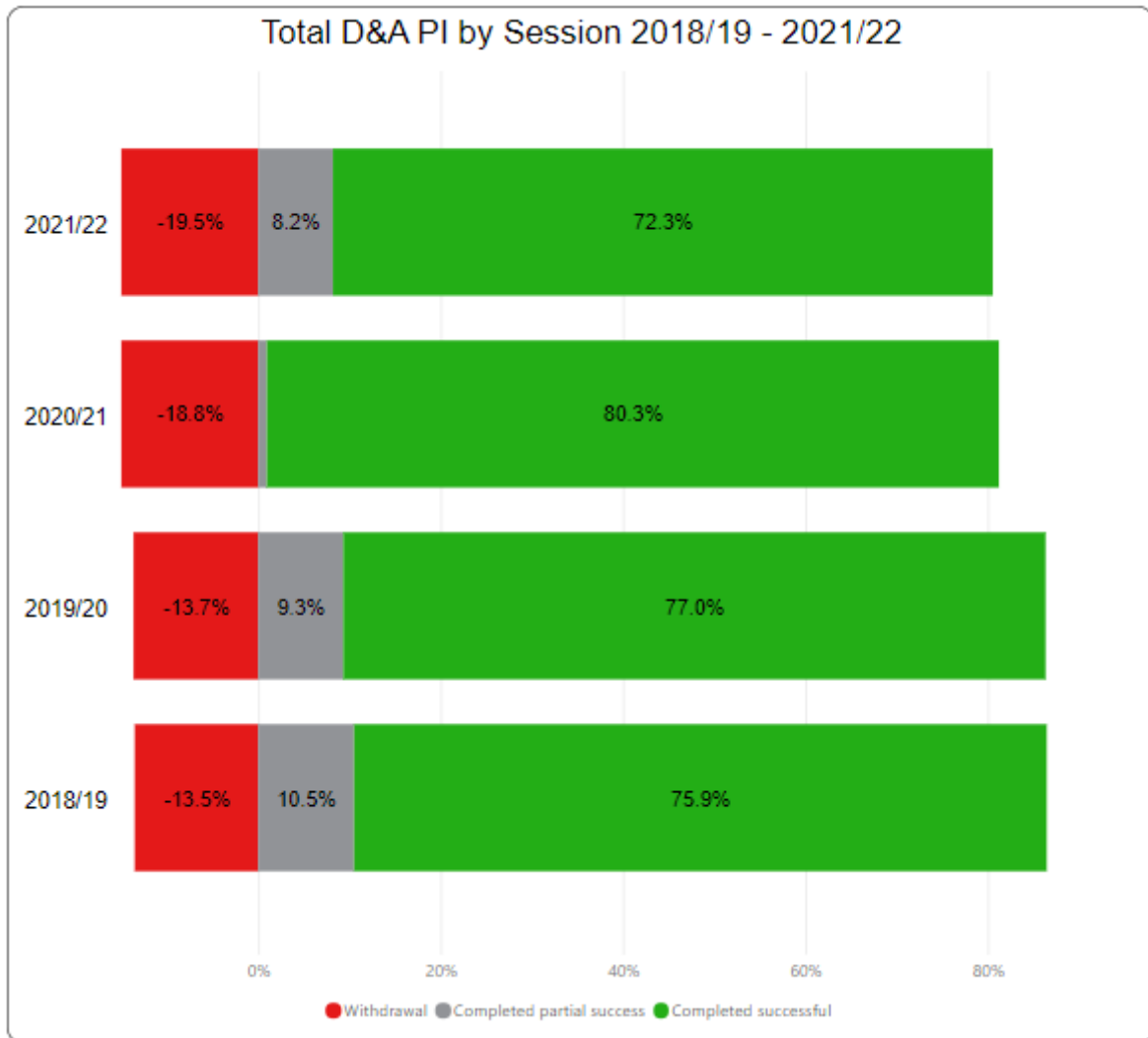
Information in this report is intended to provide Board members with reassurance that actions and activities are being progressed and addressed that support the mitigation of a range of risks identified within the Strategic Risk Register namely;

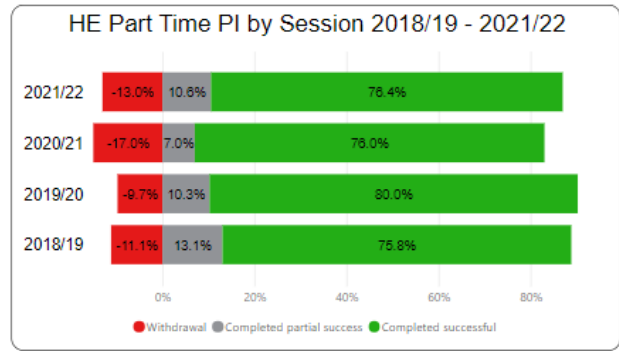
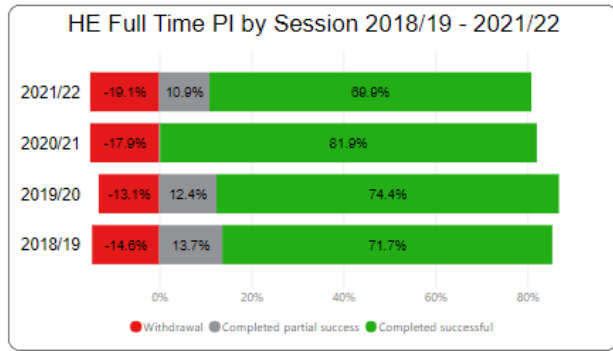
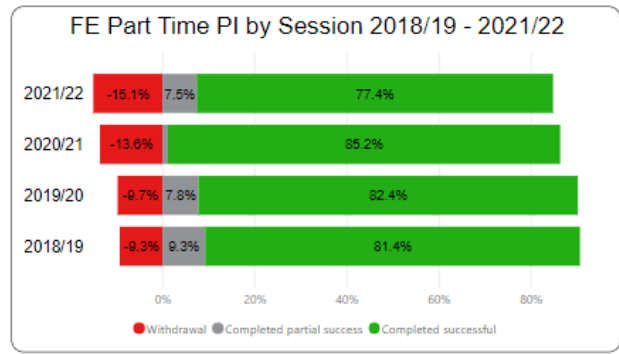
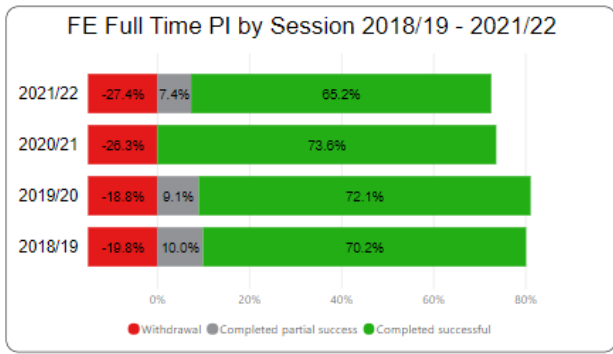
- 1.1 – Failure of College strategy to meet the needs of the D&A Region and/or national priorities (eg Employability, DYW, attainment, articulation)
- 2.2 – Failure to achieve institutional sustainability
- 3.1 – Failure to reach aspirational standards in learning, teaching and service delivery
- 3.3 – Legal actions; serious accident; incident or civil/criminal breach
- 3.4 – failure to meet aspirational standards in respect of the health, safety, wellbeing and development of staff and students

Author Colin Lynagh, Business Intelligence Officer
Executive Sponsor: Steve Taylor, Vice Principal People and Performance

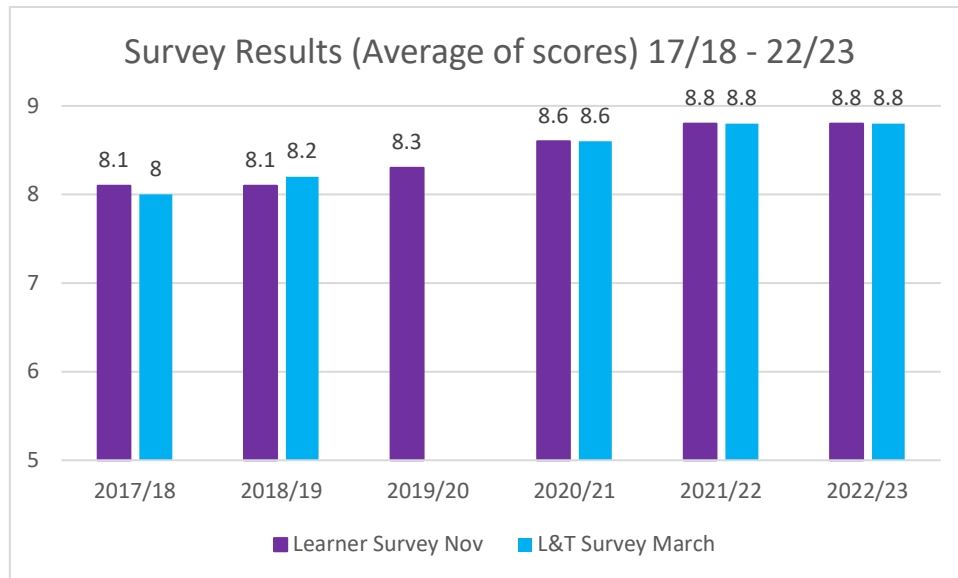
Performance Indicators

All data outlined below is up to date and final.





Student Survey Results

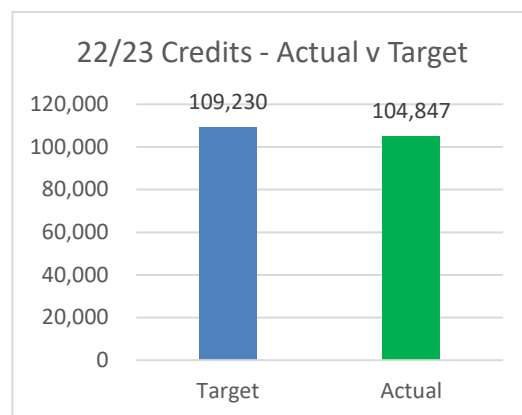
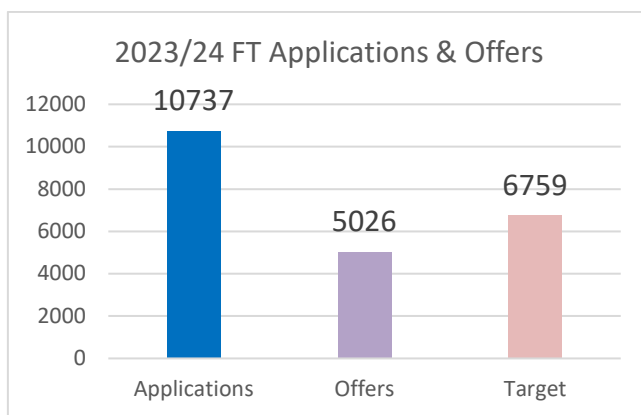


Note: The 2019/20 L&T Survey was not completed. The Learner Survey is now scored out of 5 but the results are scaled up to be consistent with prior years. The overall 2022/23 Spring survey score was 8.8 (4.4 out of 5).

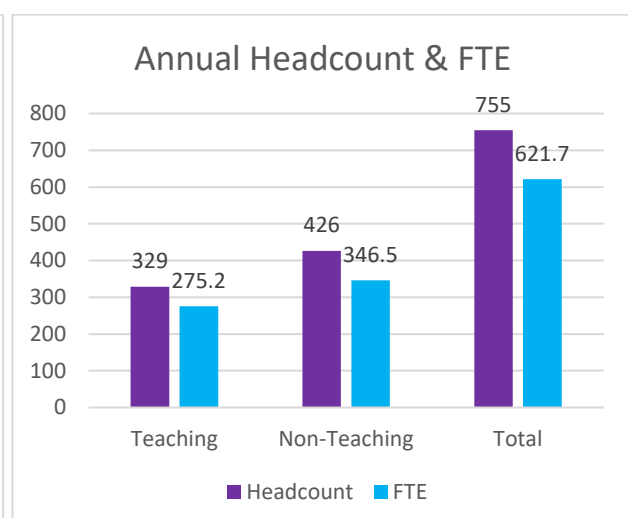
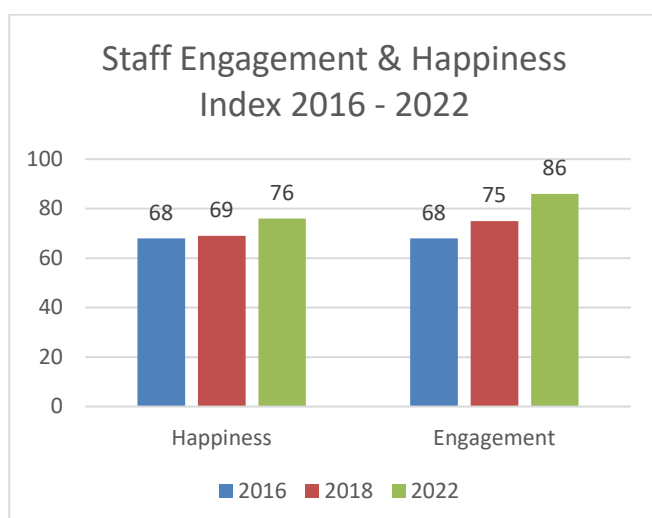
SFC Student Satisfaction & Engagement Survey – Positive response rate

	D&A	National
Overall Satisfaction 2020/21	92.4%	85.9%
Overall Satisfaction 2021/22	96.3%	90.2%
Overall Satisfaction 2022/23	96.7%*	TBC

- 2022/23 Overall Satisfaction rate is provisional

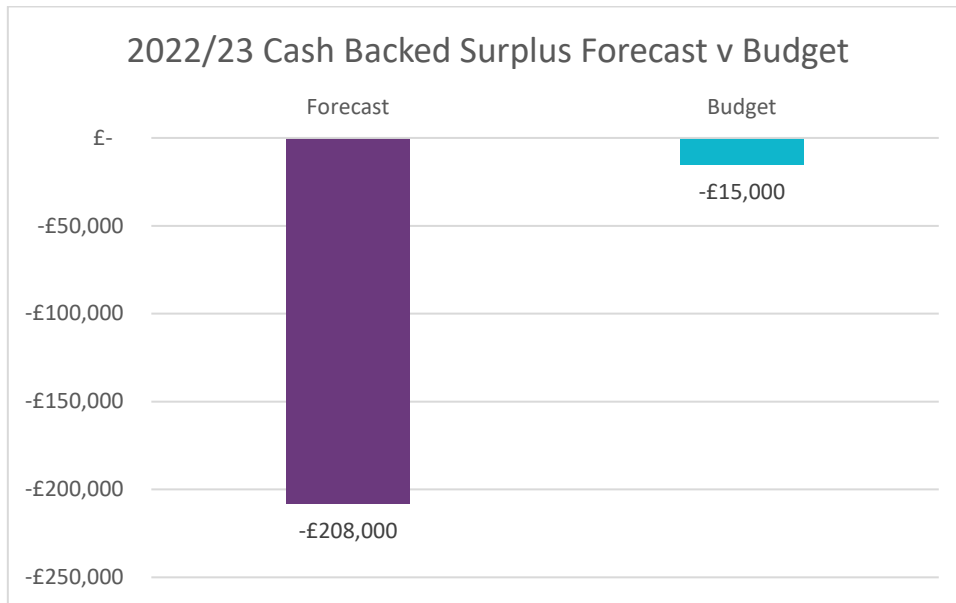


Staff – Engagement and Happiness Index, FTE & Headcount and Absence



	Staff Absence Rolling Year to 17/04/23	Staff Absence Rolling Year to 17/04/23
Average working days lost per headcount	7.98 days	8.19 days
Working time lost	3.07%	3.15%
Comparison with sector/national rates UK All Sector rate (CIPD 2016) UK Public Sector rate (Unison 2016)	3.3% (2.6% CIPD 2020) 3.4%	

Finance – Surplus/Deficit v Planned Budget out-turn



	2022/23	2021/22
RIDDOR – Reportable Accidents	4	8

2022/23	Completed	Planned
Audits Completed v Planned	4	7

BOARD OF MANAGEMENT

Thursday 28 September 2023



MINUTES OF COMMITTEE MEETINGS

PAPER N

12.1 LEARNING, TEACHING & QUALITY- 13 SEPTEMBER 2023

12.2 HUMAN RESOURCES & DEVELOPMENT- 7 SEPTEMBER 2023

12.3 FINANCE & PROPERTY- 5 SEPTEMBER 2023

12.4 AUDIT AND RISK- VERBAL UPDATE

BOARD OF MANAGEMENT

Finance & Property Committee

Tuesday 5 September 2023 at 5.00pm in Room A625 Kingsway
Campus and on Microsoft Teams



Draft

PRESENT:

D Fordyce (Chair)	S Hewitt
L O'Donnell	S Stirling
B Lawrie	D Smith
D Rosie	C Cusick
D Mackenzie	

IN ATTENDANCE:

J Grace (Vice Principal)	A Ross (Head of IT)
S Taylor (Vice Principal)	B Ferguson (Head of Finance)
P Muir (Board Administrator)	

1. WELCOME

D Fordyce welcomed everyone to the meeting.

2. APOLOGIES

Apologies were received from R McLellan, J Carnegie, and B Grace.

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 30 May 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 progress in respect of the financial sustainability papers, with the College proactively managing the financial situation to seek to provide financial stability and sustainability going forward. S Hewitt stated it remained a challenging time for the College, however it is in a better financial position than before with a solid foundation to work from.

S Hewitt highlighted that work and discussions had progressed significantly in terms of the savings needed, with the total savings achieved sitting at £2.7 million relative to the £2.5 million target through a combination of savings and additional income.

This represented a c10% savings taken out over the two years, without any compulsory redundancies being required.

S Hewitt noted that engagement with Trade Unions remains positive, with good working relationships to support staff through a difficult and challenging situation.

S Hewitt noted the financial challenges still being faced with no pay awards settled resulting in strike action taking place. In addition, some national funding pots had not yet been agreed, with HN discretionary funds still needing to be allocated. This had the potential to impact significantly on those most in need.

S Hewitt noted that national discussions are on-going, with negotiations taking place with the Scottish Funding Council (SFC) to minimise the risk of financial clawback if credit targets are not met. S Hewitt reassured Board members that they are working proactively with the SFC and Scottish Government to minimise any potential risks and to look for solutions as a sector.

D Mackenzie praised the challenging work of the College community- the communication around this and acknowledging the work needing to be recognised.

S Hewitt noted the recognition of staff members picking up new and existing work, engaging, and working together as a team was important and noted that staff remained concerned about this year's budget and the need for future savings.

B Lawrie highlighted a concern regarding the government stepping in to help those colleges that hadn't been proactive around savings. S Hewitt recognised this risk but noted the significant benefit of being in control of our own destiny, being consistent and managing our way out of this.

D Fordyce stated we should benefit from this in the long term, with C Cusick acknowledging the hard work of everyone involved.

6.2 Management Accounts & Forecast Outturn

B Ferguson summarised the papers stated that the underlying forecast position remains the same with no underlying changes to the figures produced. B Ferguson reiterated that 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.

B Ferguson acknowledged that despite certain adverse movements, the outturn represents a significant improvement, amounting to circa £0.9M despite increasing provisions for both pay award and voluntary severance (VS) costs.

B Ferguson highlighted the pay award for 2022/23 is still unresolved. The provision of the college has increased by £100K for this outturn only to match the cost of the current offer of a flat £2,000 + £1500 which has been rejected by unions.

B Ferguson noted the Voluntary Severance (VS) costs were not completely finalised (and may be impacted by the final pay settlement), with payments spilling over into the current year and decisions still pending on a few applications.

B Ferguson stated the cash position was better than anticipated.

B Lawrie queried when the audit is due for the College, with B Ferguson stating the audit will commence on 25th of September 2023.

The improvement in outturn and details of the report were welcomed.

6.3 Financial Forecast Return

B Ferguson noted the Scottish Funding Council required all colleges to complete a medium-term financial forecast return (FFR) for the period of 2022-23 to 2025-26. This is an established requirement of the SFC's financial planning of institutions. B Ferguson highlighted that this form was completed in July 2023, with approval by the Chair and Chair of Finance & Property through delegated authority from the Board.

B Ferguson noted the budget for 2023/24 forecast a consolidated cash deficit of (£-15K). 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 any additional staff reductions for future years.

B Lawrie questioned the element of the Tay City Deal projects and if this was a successful net contributor to the College, or a strain on the resources. B Ferguson noted this was a positive contributor with the College being the lead partner of a small number of projects.

B Ferguson stated that the College will update its Financial Strategy and plans and will continue to model 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.

The update and paper was welcomed by the Board.

7. INFRASTRUCTURE

7.1 Estates Update

S Taylor highlighted the paper was for information only and noted that it had been an extremely busy summer period for the Estates Team and a considerable number of projects had been completed across all 3 campuses with some work still in progress.

S Taylor highlighted the Scottish Funding Council (SFC) recently contacted the University and College sector in Scotland to raise awareness around the presence of RAAC (Reinforced Autoclave Aerated Concrete) in estate buildings. This was present in the roof structures of the Kingsway construction and Engineering buildings, but had been assessed and was in good condition. A further inspection would be carried out to inform on-going monitoring and maintenance needs and further update provided to the Committee.

S Taylor highlighted that staff and students had been made aware of the presence of RAAC areas within Campus - although not specific areas mentioned to minimise any potential scare or concern. S Taylor noted that there had been some interest within the media, however, this was minimal compared to some other universities and colleges.

S Taylor highlighted the LED lighting replacement project for Gardyne is now progressing with an estimated installation start date of 25th September.

Additional funds of up to £250K had been sought through a SFC fund to support the upgrade of fire alarm systems within the College. S Taylor stated discussions are still ongoing for this matter.

D Mackenzie praised the challenging work from the Estates team during the summer.

D Fordyce highlighted her concern regarding the RAAC and questioned if this should be highlighted on the Risk Register S Taylor reassured the board, this matter was being dealt with as part of the maintenance and backlog maintenance arrangements and would not be considered as a strategic risk.

B Lawrie highlighted the Isla building window price differ within the report and that noted within the procurement paper. B Ferguson stated that this was likely to be a difference from estimated cost to the actual tender price. S Taylor will investigate this and confirm with the board. **S Taylor to progress**

D Fordyce noted that it would be beneficial to see the Estates list in order of what work has been completed, and what is still to be finished/in progress. This change would be made. **B Grace to progress.**

8. PROCUREMENT

B Ferguson provided an update on procurement, confirming recent awards made and highlighting awards requiring Committee approval. Approval is needed for 8 contracts exceeding £100k. This was welcomed from the committee and the awards approved.

B Ferguson discussed changing the reporting date on on-going awards to align with the annual procurement report and the Committee noted that they were happy with this approach.

9. STRATEGIC RISK REGISTER

S Taylor summarised the risk register for consideration. 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 for information only and key developments since last meeting.

Recruitment continues to be the focus, with all areas actively recruiting candidates- over 90% of full-time students completed registration. Although recruitment has been initially challenging, the student numbers have steadily increased.

S Taylor highlighted and updated the Service Design Academy, various progress has been made with the secondment of additional staffing to support their work.

S Taylor highlighted the decision to continue with the Audit of GTL. He noted the Theatres hire fees had been raised to match the rise in Real Living Wage for casual staff- this was met with no resistance from regular or new clients.

The Corporate Services report was noted.

11. DATE OF NEXT MEETING – Tuesday 12 December 2023 at 5.00pm – Room A605 Kingsway Campus plus hybrid on Teams

Action Point Summary

Action

Update Committee members on difference in price between Estates and Procurement reports

Responsibility

S Taylor

Date

22 September
2023

BOARD OF MANAGEMENT

Human Resources and Development Committee



Thursday 7 September 2023

Draft

Minute of the Human Resources and Development Committee meeting held on Thursday 7 September 2023 at 5.00pm, in Room A625, Kingsway Campus.

PRESENT:

D Mackenzie	D Smith
B Lawrie	K Buchan
S Hewitt	D Rosie
C Cusick	

IN ATTENDANCE:

S Taylor (Vice Principal)	P Muir (Board Administrator)
A Mawhirt (Head of People & OD)	J Grace (Vice Principal)
K Buchan (HR Manager)	

1. WELCOME

D Mackenzie welcomed Committee members.

2. APOLOGIES

Apologies were received from J Buchanan, N Lowden, S Stirling, J Carnegie, and B Grace

3. DECLARATIONS OF CONNECTION & INTEREST

There were no declarations of interest or connection.

4. MINUTE OF THE PREVIOUS MEETING

The minute of the meeting held on Thursday 4 May 2023 was approved as an accurate record.

5. MATTERS ARISING

There were no matters arising.

6. 2023/24 KEY PRIORITIES FOR STAFF

S Hewitt highlighted the success of the two all staff development days at the start of session. This included the College's 'traditional' welcome back to the new academic year at Gardyne campus with operational updates from a range of teams.

S Hewitt had welcomed staff to the event and set out the priorities for the year ahead- the importance of sustainability, stability, and support. C.400 staff had attended the session, with around 250 in person and 150 online viewing the live stream. The afternoon saw a range of sessions available to staff, with academic staff engaging with the Quality team and support staff able to choose from a range of inputs.

S Hewitt stated the feedback on the format and organisation has generally been positive with staff enjoying the opportunity to get back on campus in larger groups, catch up on what is happening and reconnect with colleagues.

The key messages for the year were summarised and S Hewitt noted that he was keen that there was a consistency around the use of these to inform priorities and developments.

J Grace highlighted the sustainability for staff- she expressed that this sustainability is translated into meetings, with managers providing clear, concise, and calm leadership which is filtering through their staff and reflecting onto their hard work as teams.

C Cusick praised and recognised the openness and transparent culture that the college provides to staff and students.

The report was welcomed by the Committee.

7. MORE SUSTAINABLE COLLEGE SAVINGS PLAN OUTCOMES

S Hewitt summarised progress in respect of the financial sustainability papers, with the College proactively managing the financial situation to seek to provide financial stability and sustainability going forward. S Hewitt stated it remained a challenging time for the College, however it is in a better financial position than before with a solid foundation to work from.

S Hewitt highlighted that work and discussions had progressed significantly in terms of the savings needed, with the total savings achieved sitting at £2.7 million relative to the £2.5 million target through a combination of savings and additional income. This represented a c10% savings taken out over the two years, without any compulsory redundancies being required.

S Hewitt noted that engagement with Trade Unions remains positive, with good working relationships to support staff through a difficult and challenging situation.

Recruitment continued to be a focus, with all areas actively recruiting students and although recruitment had been initially challenging, student numbers have increased.

S Taylor highlighted as the savings plan has progressed, an increased number of Voluntary Severance (VS) applications have been received and approved. This has supported the savings plan outcomes and assisted the College to match staffing needs against revised curriculum and operating plans and needs.

C Cusick raised a suggestion with regards to the College savings plan and suggested a four-working week may be beneficial. S Taylor stated this idea had already been considered with ongoing discussion and consultations however, as J Grace explained this was challenging as the College was committed to providing a full five-day working week to apprentices and schools.

Overall substantial progress had been made across all points of the savings plan, with the key elements outlined within the June 2023 implementation paper almost complete. The combination of voluntary severance, natural vacancies, non-pay savings and increased income has allowed the College to meet the minimum £2.5million target outlined within the plan and, importantly, allowed the College to remove the risk of compulsory redundancy in respect of this.

S Taylor discussed the Audit Scotland Report that had recently been published. This report identified the risks to the college sector's financial sustainability, stating they have increased since their previous report in 2022, in which they reported that change was needed to ensure the sector's financial sustainability in the long term.

The impact of the savings plan were discussed and J Grace noted that student numbers had only declined by 4% despite a reduction in 9% of courses offered. This was welcomed as an increase in efficiency and also as evidence of more limited impact on student opportunities whilst still supporting financial sustainability.

Progress in respect of the savings plans and the information provided around the related changes was welcomed.

8. VP PEOPLE AND PERFORMANCE REPORT (INC NATIONAL BARGAINING UPDATE)

S Taylor noted the feedback from the Voluntary Severance (VS) scheme, with an increased number of VS applications received and approved. Applications started early last year, saving almost 40 FTE, with some applications still to be finalised. This has supported the savings plan outcomes and assisted the College to match staffing needs against revised curriculum and operating plans and needs.

Developments around national bargaining were noted. S Taylor highlighted the ongoing negotiations for both academic and support staff. Negotiations for the 2022/23 and 2003/24 academic staff salary settlements remain difficult, with a final offer of £2000 for 2022/23 and £1500 for 2023/24 on all salary points being rejected and a ballot on industrial action returning a majority vote.

Both EIS/FELA and Unison had commenced strike action, with the first day taking place on 7 September. Around 39% of academic staff and 225 of support staff had taken part in the action at D&A.

S Taylor highlighted that the College was pleased to confirm a local union representative for Unison. Richard Gordon (IT Technician) has been appointed to this role and is currently completing the national training required to become a fully approved representative.

Unison officers have attended the College in recent weeks to seek to encourage further representation, and the College has worked with representatives from the national Unison FE branch in respect of the savings plan.

S Taylor stated the Scottish Government is in the process of amending legislation to create the roles of Trade Union Nominated Board Members for Colleges. This new legislation is planned to come into effect from January 2024 with elections and appointment of these new Board members planned to take place in October/November 2023.

S Taylor highlighted the importance of the Thrive with D&A project. A significant and valuable support for our students and many staff. Following consideration by the Executive team, and reflection / evaluation from the Students' Association, it has been confirmed that the Thrive initiative and work will continue throughout 2023/24.

D Mackenzie asked about the impact of VS in terms of courses and activity and S Taylor stated that every Voluntary Severance (VS) application is considered on a case-by-case basis, matching the applications against the changes in the course portfolio and looking at the organisation impact and financial benefits.

A Mawhirt summarised development in respect of lecturer registration arrangements with the General Teaching Council of Scotland (GTCS) highlighting that this would now allow almost all college staff to progress with their GTCS membership.

Changes to the structure of the People Team, progress around the iTrent project and maternity leave arrangements for A Mawhirt were noted.

The report was welcomed and the Committee passed on their best wishes to Abi.

9. STRATEGIC RISK REGISTER

S Taylor noted the review being undertaken of the Risk Register but highlighted that no changes were proposed in respect of the risks allocated to the Human Resource and Development Committee.

The paper was approved.

10. HR METRICS

HR Metrics were noted by the Committee.

11. MEETING MINUTES/UPDATES

The Joint Consultative Committee (JCF) and Health, Safety and Wellbeing (HS&W) minutes were noted.

12. DATE OF NEXT MEETING

Thursday 9 November 2023, 5pm, Room A625, Kingsway Campus

Action Point Summary

	Action	Responsibility	Date
No action points noted			

BOARD OF MANAGEMENT

Thursday 28 September 2023



CORRESPONDENCE

PAPER O

BOARD OF MANAGEMENT
Thursday 28 September 2023



Correspondence – SFC Communications

Paper for information

Reports and Publications Listing	
<p><u>Student Support Funding Audit Guidance AY 2022-23</u> Publication Type: Guidance, Reports and publications SFC/GD/28/2023 Date: 30/08/2023</p>	<p>This guidance document describes SFC's audit arrangements for student support funds for Academic Year 2022-23.</p>
<p><u>FES Return and Audit Guidance 2022-23</u> Publication Type: Guidance, Reports and publications SFC/GD/27/2023 Date: 30/08/2023</p>	<p>Guidance to colleges on the completion of their student activity data for Academic Year 2022-23 (FES return) and audit guidance for that year.</p>
<p><u>EMA Audit Guidance 2022-23</u> Publication Type: Guidance, Reports and publications SFC/GD/26/2023 Date: 30/08/2023</p>	<p>This publication gives guidance to colleges on the audit requirements for the operation of the Education Maintenance Allowance (EMA) programme for the period 1 August 2022 to 31 July 2023.</p>
<p><u>SFC Guidance on Quality 2022-23 and 2023-24: Refresh</u> Publication Type: Guidance, Reports and publications SFC/GD/25/2023 Date: 17/08/2023</p>	<p>This guidance is to inform Scotland's colleges and universities of refreshed quality arrangements for AY 2022-23 and AY 2023-24.</p>
<p><u>HE Students and Qualifiers at Scottish Institutions 2021-22</u> Publication Type: Reports and publications, Statistical publications SFC/ST/06/2023 Date: 08/08/2023</p>	<p>This release contains information on HE provision and attainment in higher education institutions (HEIs) and colleges in Scotland from 2012-13 to 2021-22.</p>
<p><u>Report on Widening Access 2021-22</u> Publication Type: Reports and publications, Statistical publications SFC/ST/05/2023 Date: 25/07/2023</p>	<p>This report presents data relating to the Commission on Widening Access targets, and on Scottish-domiciled entrants to higher and further education in Scotland by socio-economic deprivation, gender, ethnicity, disability, care experience and age.</p>

<p><u>Education Maintenance Allowance Return 2022-23</u> Publication Type: Guidance, Reports and publications SFC/GD/23/2023 Date: 20/07/2023</p>	<p>Guidance notes for the completion of the Education Maintenance Allowance (EMA) 2022-23</p>
<p><u>Accounts Direction for Scotland's Colleges 2022-23</u> Publication Type: Guidance, Reports and publications SFC/GD/22/2023 Date: 20/07/2023</p>	<p>To provide SFC's 2022-23 accounts direction for Scotland's colleges and Glasgow Colleges' Regional Board.</p>
<p><u>Capital Funding to support digital poverty 2023-24</u> Publication Type: Guidance, Reports and publications SFC/GD/20/2023 Date: 13/07/2023</p>	<p>Guidance on the allocation of capital funding for colleges and universities in FY 2023-24 to support digital poverty.</p>
<p><u>College Staffing Return Guidance 2022-23</u> Publication Type: Guidance, Reports and publications SFC/GD/19/2023 Date: 06/07/2023</p>	<p>Guidance notes for the completion of the aggregate Staffing Return: Academic Year 2022-23</p>
<p><u>Fee Waiver Policy AY 2023-24</u> Publication Type: Guidance, Reports and publications SFC/GD/15/2023 Date: 29/06/2023</p>	<p>Description of the categories of students for which a college may use an SFC fee waiver in Academic Year (AY) 2023-24.</p>
<p><u>FE Discretionary Fund AY 2023-24</u> Publication Type: Guidance, Reports and publications SFC/GD/14/2023 Date: 29/06/2023</p>	<p>The conditions for use by colleges of SFC's Further Education Discretionary funding for Academic Year (AY) 2023-24.</p>
<p><u>National Policy for Further Education Bursaries AY 2023-24</u> Publication Type: Guidance, Reports and publications SFC/GD/13/2023 Date: 29/06/2023</p>	<p>Explanation of the conditions for use of SFC Further Education bursary funds allocated to colleges for Academic Year (AY) 2023-24.</p>
<p><u>The National Student Survey 2023 Publication of data</u> Publication Type: Guidance, Reports and publications SFC/GD/11/2023 Date: 27/06/2023</p>	<p>This publication provides information on the plans for the publication of the National Student Survey (NSS) 2023 results.</p>

<p><u>College Capital Maintenance Guidance FY 2023-24</u> Publication Type: Guidance, Reports and publications SFC/GD/17/2023 Date: 22/06/2023</p>	<p>This guidance outlines the principles and process for colleges to access the ringfenced capital maintenance fund of £4.7m for Financial Year (FY) 2023-24.</p>
<p><u>Access to Free Period Products FY 2023-24</u> Publication Type: Announcements, Reports and publications SFC/AN/16/2023 Date: 21/06/2023</p>	<p>Announcement of continued additional funding in FY 2023-24 for access to free period products at colleges and universities.</p>

Further details on the above Communications can be accessed via:

<http://www.sfc.ac.uk/publications-statistics/sector-communications.aspx>

Author: Penny Muir (Board Administrator)
Executive Sponsor: Steve Taylor, Vice Principal People and Performance

BOARD OF MANAGEMENT

Thursday 28 September 2023



DATE OF NEXT MEETING

NOTE PROPOSED CHANGE OF ARRANGEMENTS:

Proposed for Tuesday 12 December 2023 at 10.00AM, **Seminar Room 5, Arbroath Campus** and hybrid via Teams, followed by Board Christmas Lunch