

**Scottish Charity No. SC021189**

**DUMFRIES AND GALLOWAY COLLEGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD**

**1 AUGUST 2023 TO 31 JULY 2024**

**Dumfries and Galloway College**

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The financial statements were approved and authorised for issue on 9 December 2024.

**Professional Advisers**

**External Auditors:**

Azets Audit Services  
Quay 2  
139 Fountainbridge  
Edinburgh  
EH3 9QG

**Internal Auditors:**

RSM Risk Assurance Services LLP  
Fifth Floor  
Central Square  
29 Wellington Street  
Leeds

**Bankers:**

Royal Bank of Scotland  
2nd Floor  
62 Hamilton Road  
Motherwell

**Solicitors:**

Grieve, Grierson, Moodie and Walker  
14 Castle Street  
Dumfries

Morton Fraser MacRoberts, Solicitors  
152 Bath Street  
Glasgow

Thorntons Law  
Whitehall House  
33 Yeaman Shore  
Dundee

**Performance Report****Performance Overview**

The purpose of this Overview is to give a short summary, with sufficient information to provide an understanding of Dumfries and Galloway College, its purpose, key risks facing the College in achieving its objectives, and how the College has performed over the year ended 31 July 2024.

A detailed performance analysis is set out from Page 6.

This information should be considered alongside other sections of these financial statements in understanding how the financial management and performance supports the College in achieving its Strategic Priorities.

**Principal's Statement on Performance**

In academic year 2023-24, the College, due to the continued hard work of the College team, demonstrated resilience and adaptability in the face of various external challenges, and the continuation of a period of national industrial action.

In terms of financial sustainability, the college has managed to end the financial year with a modest Underlying Surplus through an increase in our commercial activities and by continuing to control our operating costs. Staffing costs continue to present a risk to long term financial sustainability along with inflationary pressures and increased utility costs.

Despite these pressures, the College had confidence in its mechanisms to enhance students' experience expressed in our most recent Education Scotland review which found the college to have "No Main Points for Action".

In line with the Regional Economic Strategy, our curriculum has been reviewed and adapted to respond to regional and national needs, providing increased opportunities for students and the communities we serve. However, challenges remain in being able to meet demand in areas such as Construction and Engineering with further investment.

The college has played a significant role in developing skills for employers in the region and continues to see growth in our apprenticeship offer. The reduction in Flexible Workforce Development Funding has had an impact on the ability to fully support employers within the region however we have been successful in leveraging other funding streams to support the ambitions of the region in Net Zero training.

The college continues to mitigate the impact of wider societal challenges that are impacting on students' mental health and wellbeing and continues to take proactive measures to address these issues, showing a commitment to the well-being of its students. This year we were able to benefit from funding from Sports Scotland and employ an Active Campus Co-ordinator which has made a positive impact on the range of activities being offered to our student community.

Once again we continue to increase organizational performance, we achieved the credit threshold within the acceptable range provided by the Scottish Funding Council. We have also demonstrated an upward trajectory in student outcomes over the past four years, surpassing the Scottish sector average in full and part time further and higher education and full time further education, demonstrating a commitment to academic excellence.

Our student retention and attainment, implementing key initiatives, such as a new observation system for teaching processes and a college wide self-evaluation system, has allowed us to enhance the quality of education and student outcomes. We achieved a remarkable increase in the student satisfaction rate, with a notable improvement in the overall college experience to 96%, reflecting the dedication of staff to student well-being and educational quality.

Our student performance further improved with more students achieving the qualification they set out to study, our full time further education success, in the latest published statistics, was 65.3% and our full time higher education was 73.9%. These PIs grew by 6.1% and 12.7% respectively.

In conclusion, I am delighted in the College's resilience, adaptability, and strong commitment to improving the educational experience and outcomes for its students while actively contributing to the region's economic and social development. This has enabled us to remain 'One Step Ahead'

Joanna Campbell

Principal and Chief Executive Officer

**Performance Report (continued)****Performance Overview (continued)****Purpose and Activities of Dumfries and Galloway College**

The Board of Management of Dumfries and Galloway College was established under The Further and Higher Education (Scotland) Act 1992 for the purpose of conducting Dumfries and Galloway College. The College is a registered charity (Scottish Charity Number SC021189) for the purposes of the Charities and Trustee Investment (Scotland) Act 2005, and is exempt from corporation tax and capital gains tax. The College receives no similar exemption in respect of Value Added Tax.

Dumfries and Galloway College is a single college in a single region. Dumfries and Galloway Council is the sole Local Authority for the region. The College is the only general further education college in the region and potential students and employers are dependent on it to deliver skills and training which meets their needs. The College delivers tertiary education across a broad range of curriculum areas from access level to SCQF level 8, to approximately 1,300 full-time and 3,000 part-time learners through its campus locations in Dumfries and 75 miles away in Stranraer.

Dumfries and Galloway College is a twin campus, multi award winning college set in the beautiful South-west Scotland. It is 77 miles from Glasgow and 79 miles from Edinburgh to the town of Dumfries, where the College's main campus is located. A smaller campus is located in Stranraer in the west of the region, 75 miles from Dumfries and offers a range of full and part-time programmes.

A detailed performance analysis of the College is set out on pages 6 to 19, but key achievements during 2023-24 included:

- Overall college student experience satisfaction rate of 97%
- Student success for 2023-24 improved for all modes and levels from previous years
- The Education Scotland Annual Engagement Visit during 2023-24 rated the College as satisfactory, with no main points for action.

The College's approach to education reflects our rural locality, the local economy and the changing patterns of lifestyles. As a major employer and a dynamic tertiary institution, we have strongly embraced the 'digital' revolution and its many forms and are fast becoming the basis of our organisation's operations and academic delivery.

We are moving into an exciting stage of our development, building on the successes of the past and driving forward to achieve our aspiration of being "one step ahead". We are on a transformation journey as set out in our strategic plan, and will soon launch our new Strategic Plan - Mission 2030 - which will recognise the work already completed and take account of changes in educational reform and the development of skills.

Due to challenging economic outlook and regional demographics, the College will remain financially challenged. Dumfries and Galloway College is undergoing a period of transformation to meet the challenges in academic, financial and resource, to ensure that the organisation is placed on a sustainable footing for the future.

The College's approach to learning is a reflection of the rural locality, the local economy and the changing patterns of lifestyles. As a major employer and a dynamic rural learning institution, the 'digital' revolution has been strongly embraced by us and its many forms are fast becoming the basis for the College's operations and delivery.

The College will continue to work with partnerships across the region. We are a College without walls - creating flexible learning opportunities to suit everyone. This means learning opportunities are varied and abundant - from full time courses to flexible, part time courses, learning in College and at home, work or elsewhere. The range of learning includes basic skill development to degree level, including articulation links with regional and national Universities.

**Strategic Outcomes**

Dumfries and Galloway College's current Strategic Plan, Ambition 2025, has four supporting college strategies which aim to be future focused, student focused and dynamic:

- 1 - Student Experience
- 2 - People & Culture
- 3 - Growth & Financial Sustainability
- 4 - Systems and Infrastructure

**Performance Report (continued)****Performance Overview (continued)**

As noted above, work has been undertaken to draft the new Strategic Plan, Mission 2030. The new strategy builds on the strengths of Ambition 2025, and is set against the College's improved student experience, and will emphasise some key elements:

- Our People
- Our Students
- Our Learning; and
- Our Partners

Critical to the College within the new strategy is growth and diversification of income, and work with partners to exploit opportunities where it is relevant to do so.

**Key issues and risks affecting Dumfries and Galloway College**

The College has a Risk Management Policy which outlines approaches and arrangements in respect of the management, oversight, control, mitigation, evaluation and reporting of risks associated with College operation and activities. The Policy ensures that significant risks are monitored and managed more closely and confirms roles and responsibilities of the Board of Management, Executive Leadership Team, and others in the effective management of risks. Risk Management processes have been strengthened during 2023-24 following an Internal Audit review, and a programme of training for managers and Board members has been undertaken.

Risk Management is an integral part of the overall governance arrangements of the College, and as such there are specific responsibilities for people and groups undertaking different roles in the organisation. The Board of Management has responsibility to:

- establish the overall culture and ethos in respect of risk and opportunity management within the College as a whole.
- approve major decisions affecting the College risk profile or exposure in accordance with appropriate financial strategy and procedures and agree delegation limits.
- annually review the College approach to risk management, risk appetite and approve changes or improvements as necessary.
- enable the College Executive to discharge their duties in the management of risk.

The Board of Management has delegated responsibility for Risk Management to the Audit Committee. The Audit Committee monitor and report to the Board on internal controls and alert Board Members to any significant emerging issues.

The following risks from the College Risk Register have been identified as key risks, where the Residual Risk has been scored as a Moderate or Major Risk:

- **Failure of College strategy to meet the needs of Dumfries and Galloway Region and/or national priorities** – possible consequences would include loss of credibility, unable to meet economic and societal needs of region, curriculum not fit for purpose, College will not meet funding targets and will not remain financially sustainable. Mitigation is in place including Operational Planning and Portfolio Reviews, staff PRD's, membership of the Regional Economic partnership, Self Evaluation and reportage to the Board of Management.
- **Failure to achieve institutional sustainability** – the current climate of public sector budget settlements including 'flat cash' core grant funding, and increasing costs have all impacted on the College's ability to maintain a balanced budget out-turn. Mitigation against those risks includes increasing commercial income, effective cost control, tracking of credits and forecasting, and approvals process for strategic and operational plans.
- **Business Continuity Incident - Fire, failure of emergency procedures, health** would all have a serious impact to the College's ability to operate and deliver education to students, safeguarding of staff and students, impact financial sustainability and reputation. Mitigations are in place to reduce the likelihood of the threat, including Business Continuity plans, staff CPD on business continuity themes, monitoring Public Health Advice, planning and careful phasing of processes, systems and equipment, asset registers, and effective management of GDPR.

**Performance Report (continued)****Performance Overview (continued)**

- **Failure to achieve and maintain systems and operable and secure ICT** - could have a serious impact to the college's ability to operate and deliver education to students, financial loss, loss of data and reputation. Mitigations in place include documented disaster recovery procedures, Cyber Incident Recovery plan, Firewalls and anti-virus software in place, staff CPD place, ICT systems linked to Business Continuity plans, Ethical Hacker training and Cyber Essentials qualifications.

**Health and Safety** - possible consequences would be loss of reputation, financial penalties, and criminal liability. Mitigations in place include reporting and review procedure including 'near miss', Health and Safety and IOSH training for staff, and regular communication on responsibilities.

The College, in alignment with Colleges Scotland, continues to highlight its concerns at a high level regarding risks arising from the SFC funding settlement. A number of key reports associated with Education Reform have recently been published. The College Executive Leadership Team are pro-actively engaged in identifying opportunities for Dumfries and Galloway College as the landscape changes, to ensure that they remain One Step Ahead.

During 2023-24 the College again we continue to increase organizational performance, with credits achieved within the acceptable range provided by the Scottish Funding Council, and an upward trajectory in student outcomes over the past four years.

In academic year 2023-24 the College had its Annual Engagement with Education Scotland inspectors who identified:

"The rates of successful completion for learners on all modes of study at the college have significantly increased in AY 2022-2023 with corresponding improvements in rates of learner withdrawal and partial success. Rates of successful completion for key groups of learners including those from a care experienced background and for learners who declare a disability have also increased."

The college KPIs for 2023-24 have improved from the previous year of 2022-23, which in turn was an improvement on the AY 2022-22. In 2022-23 the college KPI's were all above the Scottish sector average. At the time of writing sector average performance is not available for 2023-24.

In academic year 2023-24 the College delivered activity of 27,258 credits against a credit threshold of 27,800. The shortfall of 542 credits is within the 2% leeway allowed by SFC's credit guidance.

The student results in 2023-24 demonstrate an improved position in terms of student success in all level and modes of study. This improved position demonstrates the embedding of the College's self evaluation system which is designed to enable teaching teams develop enhancements to improve student success.

The college has managed to end the financial year with a modest Underlying Surplus through an increase in our commercial activities and by continuing to control our operating costs. Staffing costs continue to present a risk to long term financial sustainability along with inflationary pressures and increased utility costs.

In order to adapt to the challenging economic environment and financial position, the College is working through a Transformation Plan to help safeguard our financial sustainability in the context of the increasing financial pressures on the sector including inflationary pressures, as well as invest in staff and digital capabilities to enable the development of the College and its curriculum offer and to enhance outcomes for all learners. Challenges remain in being able to meet demand in curriculum, such as Construction and Engineering, and future sustainability will require further investment.

The College will continue to widen access to education in Dumfries and Galloway with our partners, which will include further developing degree pathways with the University of the West of Scotland, working with the Education Department partners to revise the Senior Phase offer, and re-examining access to our curriculum, and consider the key skills required to 2030.

**Performance Analysis**

The purpose of this Performance Analysis is to give a detailed view of the performance of Dumfries and Galloway College for the year ended 31 July 2024. A detailed analysis of the College's academic performance as well as performance against financial and non-financial indicators has been set out in this section.

**Academic Performance**

Student Success in 2023-24 and previous years:

Mode	2023/24 Student Success	2022/23	2021/22
FT FE	68.50%	65.30%	59.80%
PT FE	88.00%	85.60%	79.30%
FT HE	71.50%	73.90%	61.20%
PT HE	85.10%	82.30%	79.10%

Retention and attainment rates continued to be a priority area for the College in 2023-24.

**Performance Report (continued)****Performance Analysis (continued)**

A number of key actions have been implemented to help improve these figures:

- In order to support the improvement of the KPIs a new system for observation of Learning and Teaching processes is in its third year and order to support the improvement of the KPIs. All members of teaching staff have undergone observations during AY 2023-24 receiving appropriate feedback. In addition the College has introduced Advance Practitioners to assist members of staff further development their pedagogy. This measure is further supported by "How 2?" which is an online platform which provides approach to classroom practice to assist student engagement in learning and teaching.

- The College has showcased best practice based on techniques that were identified through self evaluation and observation of learning. This mechanism helped to disseminate practice within the College and enabled staff to further discuss successful pedagogical practice.

- The Self Evaluation system (DG-See) is also in its third year of implementation. There has been a strong uptake of this style of reflective analysis, and enabling more effective planning at curriculum level. This data is then used to shape different college areas, analyse for improvements and report on successes.

**Curriculum**

Portfolio reviews continue to be implemented twice annually. The college's offer is scrutinised and compared against the regional and national needs prior to the launch of applications.

This consistent approach enables the development of action plans to support improvement and updating.

- Portfolio review in 2 phases enables scrutiny of KPI's on an ongoing basis to test the robustness of action plans.

- Further expansion of induction into college during the summer. This activity promotes early engagement and offers students a welcome day during the summer vacation.

- The use of Purlis to speed up offers, acceptances and student information has been introduced which will be reviewed for effectiveness.

- The onboarding process was further refined with an information portal to support students.

- We have engaged with our care experienced students prior to their start to enable a more effective transition to College. The number of care-experienced students continues to increase. Our DG-Cares team support our most vulnerable groups including estranged students.

**Outcome Measures**

In all modes of attendance and levels - there were approximately 5,000 students in attendance during academic year 2023-24, of these 1,133 were full time students.

In academic year 2023-24 the College delivered activity of 27,258 credits against a credit threshold of 27,800. The shortfall of 542 credits is within the 2% leeway allowed by SFC's credit guidance.

The college works to enable access for all students who wish to study to attend college, with various initiative to attract and support students access relevant courses. During academic year 2023-24 we have developed the Sustained Access and Transition Routes which targets students who are far removed from college.

**Volume and proportion of Credits delivered to learners in the most deprived 10% postcode areas (SIMD10).**

	2023/24	2022/23	2021/22
Volume	2,681	2,670	3,039
Proportion	9.84%	8.68%	8.83%

Student success for those students from a SIMD 10 area increased from 65.9% to 68.1%

The college delivered 2,681 credits to students from SIMD10 postcodes, this equates to 9.84% of all credits. The attraction of students from SIMD 10 areas demonstrates the College's commitment to access.



**Performance Report (continued)****Performance Analysis (continued)****Care Experienced Students**

In a 3-year trend the College is delivering to more students with experience of care, this is due to the definition for care experienced including students up to 26 years of age.

We saw a further increase in the number of credits delivered to students with experience of care and this remains a mainly upward trajectory trend.

	2023/24	2022/23	2021/22
Number	188	158	94
Success	59.60%	60.10%	54.30%

The success of care experienced students decreased by 0.5%. We have dedicated support for our care experienced student and our long term aim is to ensure their success matches the overall College success levels. We have noted that the number of care experienced students who did not achieve all of the units on their course has increased, we have introduced a new system which tracks student success through the year to minimise the risk of partial success.

**Senior Phase Pupils Studying in College**

Using SFC's calculation methodology saw 170 Senior Phase age pupils enrolling on programmes at the college. However, 510 Senior Phase students enrolled at College in 2023/24.

	2023/24	2022/23	2021/22
Number of senior phase students	170 *	174 *	217 *
Student Success	80.00%	61.00%	49.00%

\*Note SFC methodology

The success of College Academy programmes success in 2023/24 has improved by some 19% from 2022/23.

**Total number of Students by Mode and Level**

	FT FE	FT HE	PT HE	PT FE	Total Number
2023/24	821	312	208	3,029	<b>4,370</b>
2022/23	948	333	243	3,138	<b>4,662</b>
2021/22	848	379	273	2,383	<b>3,883</b>
2020/21	919	424	246	2,355	<b>3,944</b>

Note by SFC qualifiers

Due to SFC reducing the credit threshold we have seen a corresponding drop in overall student numbers in all modes and levels.

**Performance Report (continued)**

**Performance Analysis (continued)**

**Total number of Students by Mode and Level (continued)**

We recognise that parttime FE study continues to be popular as this enables those in jobs to upskill and also it enables students to study and enter employment more quickly.

During academic year 2023-24 the College worked as part of the Scottish Funding Council's Pathfinder programme and introduced degree pathways in Business and Cyber Security. It is expected that this activity will grow over the next few academic years.

**Student Satisfaction and Engagement Survey**

Student Satisfaction - for session 2023-24 the overall college experience satisfaction rate is 97%, this continues to demonstrate the high levels of satisfaction that students have at Dumfries and Galloway College. In the early experience survey student gave the College 4.5 out of 5 for the onboarding and their induction to College.

Overall participation in the survey was positive with 1079 responses in total. This represented a return of 56.4%. This represents an increase of 5.8% on comparison to the return for session 2022-23.

The results from the survey have been shared with relevant staff and feedback requested to note any actions taken in response to issues raised. The survey will form part of the planning for curriculum areas as part of the College self evaluation process.

During this academic year student satisfaction was measured using the Student Satisfaction and Engagement Survey (SSES). The most recent SSES in 2022-23 identified that 96.9% of full time FE students were satisfied, and 94.1% of full time HE students were satisfied.

In terms of the key question - Overall I am happy with my College experience - some 94.4% indicated positively, an increase of 3.9%.

94.1% of FT HE students and 96.9% of FE FT students were satisfied overall with their experience.

Therefore over 9 out of 10 FT students were satisfied with their college experience overall.

HE distance/flexible learning were 94.2% satisfied overall and FE distance/flexible learning resulted in 97.1% satisfied overall.

Regarding PT students: PT HE students were 94.3% satisfied overall and PT FE students were 97.9% satisfied overall.

The college is pleased with these strong student satisfaction results but will continue to look at the comments and the small percentage of students who had issues, to make improvements where possible.

**Performance Report (continued)****Performance Analysis (continued)****Student Satisfaction and Engagement Survey (continued)****SSSES Survey - The percentage of students Overall, satisfied with their college experience**

Mode	2022/23*	National Average
FT FE	94.70%	90.50%
PT FE	97.90%	92.90%
FT HE	91.60%	85.00%
PT HE	94.30%	89.20%

\*Note latest published results

**College Leaver Destinations**

A key College measure is post course student destinations, this measure is taken 6 months after a student has left the College and as a result there is a publication time lag.

**Confirmed/Unconfirmed Destinations (All qualifiers)**

	2021/22
No. of leavers	62
Confirmed destinations	95.30%
Further study	65.30%
Work	30.10%

The college has a high percentage of confirmed destinations of all leavers at 95.3% with a majority of students, some 65.3%, continuing to further study.

**Articulation**

Again, this ROA information has a time lag in publication. The most recent information for AY 2021-22 identifies –

	2021/22
Total number of students who have achieved HNC or HND qualifications articulating to degree level courses with advanced standing	45
The total number of students who have achieved HNC or HND qualifications progressing to degree level courses	123
The proportion of successful learners who have achieved HNC or HND qualifications articulating to degree level courses with advanced standing	39.85%

(P) - no credit for prior learning. Note students may be offered AS or AP but may choose to start at Year 1 at university.

**Performance Report (continued)**

**Performance Analysis (continued)**

**Student Achievements**

The College had a number of key student achievements during 2023-24:

- Dumfries and Galloway College (DGC) joinery student Oran Palmer put himself in the frame for the national SkillBuild final after taking top spot in a regional qualifier
- Dumfries and Galloway College (DGC) was honoured to host SECTT's Apprentice of the Year competition for all colleges in the West of Scotland.
- DGC as student Reece Irving was a prize-winners in the SECTT Apprentice of the Year.
- The Student Association held their Above and Beyond Awards at the college's Dumfries Campus, where 12 Students of the Year were given awards across a range of subject areas.
- Dumfries and Galloway College (DGC) won the Outstanding Business Engagement in Colleges prize at The Herald Higher Education Awards 2024. The Curriculum initiative Back Filling the NHS whilst training new Health Professionals at College took top spot in its category.
- Liam Smith was recognised by one of the UK's top builders merchants Jewson for his bricklaying skills.
- The Zest restaurant on our Stranraer campus has been awarded the prestigious Biosphere Certification Mark.
- At Stranraer campus 2 previous students worked with current students to provide an introduction to workplace salon skills.
- We provided upskilling courses in Heat pumps as part of our net zero provision.
- We welcomed BBC Scotland to speak with Creative industries students about their work.
- We launch a new course specifically tailored to help those looking to work or volunteer in the Community Learning and Development (CLD) sector. The course is delivered on a hybrid way and will include in-person reflection and collaboration sessions, synchronous online delivery and asynchronous independent digital learning.
- The Pathfinder projects in digital and degree were concluded with Scottish Funding Council. However the outcomes for this project continue to shape the experience of our students.
- We invited previous students to our Dumfries campus to speak around - Creatomatic's build and development studio, the Cyber and Fraud Centre Scotland and Browns Food Group.
- During the year we announced a special partnership with Natural Power – the leading renewable energy consultancy and service provider – as they launch the first graduate placement scheme in a bid to help tackle the industry skills gaps

**Performance Report (continued)**

**Quality Assurance and Enhancement**

We submitted an evaluation of performance, to Scottish Funding Council as part of the new quality arrangements for Universities and Colleges.

During 2023-24 we were visited by Education Scotland as part of their resumed programme of Annual Engagement Visits. The College was rated as satisfactory, with no main points for action.

We were visited by 11 Awarding Bodies for 60 Awarding Body visits throughout 23/24 to scrutinise assessment decisions. We were identified as being fully compliant on all visits. In addition, Scottish Qualification Authority verified our quality systems and identified we were fully compliant .

**Equality & Diversity**

Dumfries and Galloway College is committed to promoting equality and celebrating diversity in everything we do. Our recent work in defining and embedding our Values aims to further foster a welcoming culture for everyone across our College community.

The College's Equality and Diversity Report 2024 can be found on the College's website: <https://www.dumgal.ac.uk/wp-content/uploads/2024/03/Equality-and-Diversity-Report-2024.pdf>. The report shows that there is encouraging progress in reducing pay gaps, improving outcomes for students with disabilities, addressing harassment, and achieving staff and student profiles which reflect those of our community. Long term challenges remain in addressing gender segregation for some subjects for both staff and students, and in remaining vigilant for the emerging effects of the COVID and Cost of Living crises.

Projects are underway to embed our Values into our policies and procedures, to continue with our work as an SCQF Inclusive Employer, and to increase Manager confidence in conducting Equality Impact Assessments.

Our Equality and Diversity Framework sets out how we 'mainstream' equality and diversity. This ensures we have the governance, policy, operational, improvement and monitoring structures in place to identify inequalities, take action to address these, and track our progress.

**Curriculum Developments**

The College has been working over the last 3 years in partnership with D&G Council and other partners on the Advanced Manufacture in the South of Scotland (AIMS) project. We have now entered a new phase of this project where our students can develop their skills in advanced manufacturing engineering equipment.

Recognising our access role within the region we have developed the Sustained Access and Transition Routes which targets students who are far removed from college.

We won a College Development Network award for the work we do in backfilling the NHS to ensure that skills are developed with their workforce.

We have introduced degree routes in Business, Cyber security and Creative Practice.

We successfully launched our Net Zero Centre which looks to develop green skills in construction, energy and transport

We have piloted a number of different delivery methods to improve access to skills within our geographically dispersed curriculum.

The college has reviewed the curriculum with clear curriculum priority sectors for the next 5 years including emerging and declining sectors.

We have introduced Advanced Practitioners, associated with our observation of learning process and use of How 2s, to develop engagement in the classroom.

### **Quality Assurance and Enhancement**

Several CPD days offered as compulsory training for teaching staff including pedagogy, sharing best practice and self-evaluation.

We worked with College Development Network to enhance our curriculum through ideation workshops and also examining how we can be trauma informed.

We concluded the Student Experience Strategy in 2023-24 and have worked to set stretch targets for our new strategy Mission 2030 which will positively impact the student experience.

We will continue to work collaboratively with community partners to reduce barriers to entry to college education which has led to provision as part of the Local Employability Partnership, and develop degree pathways in association with the University of the West of Scotland.

We have revised our student policies and procedure to ensure that they are trauma informed and support the changing needs of students.

Dumfries and Galloway College is a key partner in Developing the Young Workforce and does this through offering Modern Apprenticeships in the South of Scotland and the delivery of Foundation Apprenticeships pathways. The development and delivery of Modern Apprenticeships is essential for effective workforce development, and the College is working with industry-bodies including SECTT, CITB, SNIPEF and SDS to achieve an increase in this activity. We currently have some circa 400 MAs in a broad range of subject areas.

### **Future Developments**

The College will continue to widen access to education in Dumfries and Galloway with our partners.

Priority outputs to be delivered in 2024-25 are:

- Achieving the student activity target of 27,800 credits;
- Maintain the high levels of student success.
- Work with our Education Department partners to revise the Senior Phase offer
- Continue developing degree pathways in association with the University of the West of Scotland;
- Introduce the requirements of the Tertiary Quality Enhancement Framework
- Continued numbers of students entering positive destinations particularly those from key groups
- Re examine access to our curriculum and consider the key skills required to 2030

We continue to demonstrate our relevance and contribution to the achievement of both Scottish Government and the Scottish Funding Council priorities. We are committed to regularly monitoring progress towards the delivery of the outcomes set out in this agreement.

### **Financial Performance**

#### **Financial Objectives**

The College's financial objectives following reclassification are:

- To operate a balance between operating income and expenditure, and achieve a break-even position;
- To manage the College's annual budget in line with the requirements of the Scottish Public Finance Manual, HM Treasury's Consolidated Budget Guidance and balance the budget in Resource and cash terms each year;
- To maintain cash balances throughout the year at a level that is compatible with the efficient operation of the College.

The College requires to manage its income and expenditure against Scottish Government budget control limits, and maintain broadly the same level of working capital year on year.

**Performance Report (continued)**

**How we measure performance**

The College Outcome Framework and Assurance Measures (OF&AM) with the Scottish Funding Council (SFC) sets out what the College plans to deliver in return for funding. The OF&AM reflects the College's commitment to responding to the educational and skills needs within the Dumfries and Galloway Region. The College Strategic Outcomes set out in the 2024-25 OF&AM supports the Scottish Funding Council's priority outcomes.

**Outcomes for 2024-25**

1. High quality coherent provision - we will continue to enable priority provision, and meet our volume targets and thresholds.
2. Good Governance - the college will continue to demonstrate good governance and accountability, including ownership our high performance.
3. Financial viability and sustainability - we continue to develop our plan to ensure we are financially sustainable.
4. Estates and infrastructure - we have developed a plan to ensure our estate matches the requirements of our curriculum towards 2030.
5. High quality learning and teaching - we have put in place plans to ensure we deliver high quality learning to enable us to engage students to succeed in their studies. We actively engage our students in enhancing their learning.
6. Student interests, access and success - we ensure our education offer is accessible to students from all backgrounds and protected characteristics and, with effective student partnership, students are supported through successful pathways and routes through their learner journey
7. Skills and work-based learning - we are enabling our students to be equipped with the skills and knowledge to find employment, flourish in their career, meet employer needs and make a positive contribution to society and the economy.
8. Net zero - we continue to ensure our curriculum meets the requirements required to respond to Scotland's net zero employment.
9. Equalities, diversity and inclusion - we have a plan to advance equality, diversity and inclusion to ensure fairness, opportunity and respect.

**Performance Report (continued)****Financial Out-turn for the period**

The College operating results are for a twelve month accounting period, from 1 August 2023 to 31 July 2024. The underlying results for the year, which exclude the non-cash adjustments and other material one-off or distorting items required by the SORP, show a net surplus of £7,000 as noted below.

The overall results in the Statement of Comprehensive Income for the year show an operating deficit of £2.151m (2022-23 deficit of £0.999m). The operating results include a total charge of £1,198k for a technical accounting adjustment to reflect a change in the accounting treatment of funds previously recognised as due from the Scottish Funding Council (SFC) for the Support staff and middle management job evaluation project for the period to date. Note 11 sets out this technical adjustment together with the other adjustments prescribed by SFC – a non-cash depreciation net of deferred grant release of £865,000, and a net charge of £95,000 for the pension valuation changes and unfunded pension provisions at 31 July 2024.

The Balance Sheet at 31 July 2024 shows total net assets of £17.656m (2022-23 – £19.758m). Due to the change in the accounting treatment of the Support Staff and Middle Management Job Evaluation project noted above, accrued income of £0.958m at 31 July 2023 has been removed from trade & other receivables as these funds have been returned from Scottish Funding Council (SFC) to Scottish Government (SG), and further costs relating to this project of £0.240m were provided during 2023-24. This change in accounting treatment of the Job Evaluation project removes the certainty of receiving government funding to cover the cost of the project and has increased the College's deficit position in 2023-24 by £1.198m. A provision has been recognised at 31 July 2024 to recognise the liability, as set out at Note 18.

Although the Scottish Government and Scottish Funding Council remain committed to the Job Evaluation Project, confirmation of funding is no longer included in funding allocation letters. The income accrued of £0.958m at July 2023 has therefore been removed from SFC Grant income on the Statement of Comprehensive Income, and no income has been recognised for the costs of £0.240m provided during 2023-24.

In order to adapt to the challenging economic environment and financial position, the College is working through a Transformation Plan to help safeguard our financial sustainability in the context of the increasing financial pressures on the sector including inflationary pressures, as well as invest in staff and digital capabilities to enable the development of the College and its curriculum offer and to enhance outcomes for all learners. Challenges remain in being able to meet demand in curriculum, such as Construction and Engineering, and future sustainability will require further investment.

Several changes have already been implemented to reduce staffing and other costs, including a recruitment freeze, re-alignment of non-staff budgets, and re-opening of the VS scheme during 2023-24.

We revised our communication strategy to support an increase in delivery of commercial courses and other training as well as work-based learning.

The College Balance Sheet at 31 July 2024 shows net current liabilities of £1,831,000. Included in creditors are deferred capital grants of £732,000 which do not represent a future outlay, and unspent student support funds of £515,000.



**Performance Report (continued)**

<b><i>Financial Performance Indicators:</i></b>	<b><u>2023-24</u></b>	<b><u>2022-23</u></b>
Operating deficit (inclusive of IAS 19 adjustments)	<b>(£2,151)</b>	(£999)
Deficit as a % of total income	<b>15.62%</b>	6.54%
Deficit as a % of total expenditure	<b>13.51%</b>	6.14%
Staff costs (excluding fundamental restructuring costs) as a % of total expenditure	<b>65.38%</b>	68.0%
Ratio of current assets to current liabilities	<b>0.51</b>	0.68
Days cash to total expenditure excluding depreciation	<b>28</b>	50
Non SFC income as a % of total expenditure	<b>15.79%</b>	15.20%

**Performance Report (continued)****Financial Out-turn for the period (continued)****Adjusted operating position**

The Statement of Comprehensive Income presents the financial performance during the year in accordance with the 2019 Statement of Recommended Accounting Practice (SORP): 'Accounting in Further and Higher Education' and Financial Reporting Standards FRS 102. The adjusted operating position (as defined by SFC) is intended to reflect the financial performance of the College after allowing for non-cash adjustments and other material one-off or distorting items required by the SORP. The adjusted operating position is therefore designed to smooth any volatility in reported results arising from FRS 102 and also to recognise that some of the reported costs do not have an immediate cash impact on the College. This should give a better indication of the College's operational cash generative capacity.

An adjustment has been applied to reflect the costs for the Support staff and middle management Job Evaluation exercise of £1.198m as set out above, which are not matched by grant revenue in 2023-24.

	<b>2023-24</b>	2022-23
	<b>£000</b>	£000
<b>(Deficit) before other gains and losses (FE/ HE SORP basis)</b>	(2,151)	(999)
<b>Add back:</b>		
- Depreciation (net of deferred grant release) on both government funded and privately funded assets	865	668
- Non-cash pension adjustments - Net service cost	61	377
- Non-cash pension adjustments - Net interest cost	21	(38)
- Non-cash pension adjustments - early retirement provision	13	(1)
- Costs of Support staff and middle management job evaluation exercise not matched by revenue	1,198	
<b>Deduct:</b>		
- Non-government capital grants	0	0
<b>Underlying operating surplus</b>	<b>7</b>	<b>7</b>

**Payment Practice Code**

The College has implemented the 'Better Payment Practice Code'. As such, we aim to pay suppliers within the agreed credit terms and deal with all disputes and complaints as quickly as possible. The proportion of year-end creditors to the aggregate invoiced amounts during the academic year was 7.82% (2022-23 - 6.50%), with the increase due to the timing of invoices at the year end. The College did not pay any interest on late payments as defined under the Late Payment of Commercial Debts (Interest) Act 1998.

**Taxation Status**

The College has been entered into the Scottish Charity Register (Reference SC021189) and is entitled, in accordance with section 13 (1) of the Charities and Trustee Investment (Scotland) Act 2005, to refer to itself as a Charity registered in Scotland. The College is recognised by HM Revenue & Customs as a charity for the purposes of Section 505, Income and Corporation Taxes Act 1988 and is exempt from corporation tax on its charitable activities. The College receives no similar exemption in respect of Value Added Tax.

**Performance Report (continued)****Environmental Considerations and Sustainability Reporting**

Dumfries and Galloway College continues to actively monitor and report its carbon emissions in line with the Public Bodies Climate Change Reporting Duties, with active reporting to the Board and its Committees as well as to the Senior Leadership Team to ensure measures are considered as part of the College strategic decision making processes.

This year the College have been successful in the award of two funding grants, which will see work commence during the 2024/25 academic year, and help the College to achieve its Net Zero targets. These are:

- UK shared Prosperity Funding (UKSPF), this will provide additional teaching space at our Dumfries campus through the use of Eco friendly modular buildings
- Green Public Sector Decarbonisation Scheme (GPSEDS), this will provide a range of environmentally friendly improvements to the internal and external fabric of our Dumfries campus

The College continues to work in line with the Climate Change Action Plan 2020-25. The plan sets out how the College is taking action to help fight our carbon footprint, and focus on key areas to reduce carbon emissions. A copy can be found on the College website: <https://www.dumgal.ac.uk/climate-change-action-plan>

The College confirms that it complies with Scottish Government sustainability reporting in line with the requirements of the Climate Change (Scotland) Act 2009.

**Social Matters****Respect for Human Rights**

The College's Equality Impact Assessment template requires consideration of Human Rights as a mandatory step in the Policy Approval process. Assessments are completed for all new or reviewed policies, procedures, strategies or plans. This ensures that all our activities support the human rights of our staff, students and stakeholders. EIA findings are published as an Equality Impact Assessment Results Summary which is updated each year. We have found no detriment to Human Rights through College activity and recorded considerable positive impact in terms of strengthening rights to education, employment, privacy and family life.

**Anti-corruption and anti-bribery**

The College has an established Anti-Fraud and Corruption Policy, which is updated on a regular basis. Any instances of fraud or corruption by College employees, Board members or contractors will be treated as a serious breach of discipline and as potentially criminal acts. The overriding principle applied is to prevent any acts of fraud or corruption. Preventative measures adopted by the College are:

- Policies and procedures - to reduce as far as possible the risks from fraud or corruption, these measures include risk management processes, procurement, and the scheme of delegation;
- Systems - incorporating internal controls, and segregation of duties;
- Internal audit - the internal audit programme supports the systems and procedures in place;
- Culture - the College aims to maintain a culture of openness, honesty and accountability, which is also supported by a Whistleblowing Policy;
- Staff Recruitment, Induction and Training - references are taken up for all permanent and temporary staff, and part of the induction includes raising awareness of all policies and procedures pertinent to the post, including governance processes.

**Performance Report (continued)**

**Going Concern**

The financial statements have been prepared on the going concern basis, which provides that the organisation will continue in operational existence for the foreseeable future and there will be a continuation of the provision of further education services in Dumfries and Galloway. The Operating Deficit reported in the Statement of Comprehensive Income includes non-cash items including net depreciation costs of £865,000, a net charge of £95,000 to reflect the pension valuation changes for the Local Government Pension Scheme, and £1,198,000 of provisions not matched by grant income for the Support staff and middle management Job Evaluation exercise as set out in this report. Deferred government capital grants of £22,491,000 have been disclosed as long-term creditors in the financial statements in accordance with FRS 102, and the Scottish Funding Council have advised that The Scottish Government and Scottish Funding Council remain committed to the Job Evaluation project. The creditors relating to deferred capital grants do not represent future cash outflows for the College. These technical accounting adjustments are not considered to have an impact on the College's ongoing financial sustainability.

The College continues to have an ongoing dialogue with SFC. The budget for 2024-25 has been prepared on the basis that proactive actions continue to be taken to reduce costs and increase efficiencies, as well as increase commercial income. Work is ongoing to ensure the budget is sustainable for future years, and given the significant challenges the sector is likely to face for the medium term due to external factors and the national economic outlook, the College will continue to take proactive measures to maintain financial sustainability.



**Joanna Campbell**

Principal

10 December 2024

**Accountability Report**

The Accountability Report comprises the Corporate Governance Report and the Remuneration and Staff Report, and is signed by the Chair and the Principal.

**Corporate Governance Report**

The Corporate Governance Report comprises the following sections:

- Directors' Report
- Statement of the Board of Management's Responsibilities
- Governance Statement
  - Statement of Compliance
  - Governance Structure
  - Self Evaluation
  - Corporate Strategy
  - Risk Management and Internal Control
  - Going Concern

**Directors' Report****Composition of the Board of Management**

Caroline Stuart has acted as Chair throughout 2023-24.

The undernoted individuals are the current members of the Board of Management:

Gillian Brydson  
 David Burns (Staff Trade Union Member from March 2024)  
 Joanna Campbell (Principal and Chief Executive)  
 George Clark (from September 2024)  
 Will Dowson  
 Kirsty Duncan (from September 2024)  
 Honor Gibson (Student Member from August 2024)  
 Kate Glendye (Staff member)  
 Sharon Hodgson  
 Ann Hill  
 Alastair Irons (from September 2024)  
 Sue Irving  
 Claire McLean  
 Susan McLellan (Staff Member)  
 Inga McVicar (from September 2024)  
 Richard Nash  
 Jamie Ross  
 Caroline Stuart (Chair)  
 Shane Saunders (Student Member from August 2024)  
 Peter Woods (Staff Trade Union member from March 2024)

The following individuals were also Board members in the period from August 2023 up to 31 July 2024:

Eddie Black (resigned 1 August 2024)  
 Annette Cameron (Student Member from 22 August 2023 until 21 August 2024)  
 Adnan Dogrultan (Student Member from 22 August 2023 until 21 August 2024)  
 Danielle Hughes (Student member from 20 August 2021 until 21 August 2023)  
 Rebecca Plant (Student Member from 22 August 2022 until 21 August 2023)  
 Malcolm MacLeod (resigned 1 August 2024)

The Board Secretary maintains a register of financial and personal interests of the members of the Board of Management. A short biography of each Board member, together with their Register of Interests, can be accessed on our website using the following link: <https://board.dumgal.ac.uk/committees/board-of-management/>

Lorraine Grierson has acted as Board secretary throughout the year.

**Accountability Report**

**Corporate Governance Report**

**Directors' Report (continued)**

**Composition of Senior Management and Committees**

**Executive Leadership Team**

The Board of Management has delegated day to day responsibility for running the College to the Executive Leadership Team.

The undernoted individuals are the current members of the Executive Leadership Team:

Joanna Campbell (Principal and Chief Executive)

Douglas Dickson (Depute Principal)

Joe McGraw (Vice Principal People and Transformation – from August 2023)

**Committee Members**

The Board of Management has formally constituted several committees with terms of reference. These committees act with delegated authority. Information on the Board's committees and Committee Structure is set out in the Governance Statement on page 24.

Current Committee Members are as follows:

**Board Development Committee**

Caroline Stuart (Chair), Honor Gibson, Sharon Hodgson, Sue Irving, Claire McLean, Susan McLellan, Richard Nash, Jamie Ross.

**Remuneration Committee**

Sue Irving (Chair), Will Dowson, Sharon Hodgson, Ann Hill, Claire McLean, Richard Nash, Jamie Ross, Caroline Stuart

**Audit Committee**

Jamie Ross (Chair), Gillian Brydson, Will Dowson, Kirsty Duncan, Ann Hill, Alastair Irons, Sue Irving.

**Finance and General Purposes Committee**

Richard Nash (Chair), David Burns, Joanna Campbell, George Clark, Kate Glendye, Claire McLean, Inga McVicar, Caroline Stuart.

**HR Sub-Committee**

Claire McLean (Chair), George Clark, Ann Hill, Sue Irving, Kate Glendye, Susan McLellan

**Learning and Teaching Committee**

Sharon Hodgson (Chair), Gillian Brydson, Kirsty Duncan, Honor Gibson, Ann Hill, Alastair Irons, Susan McLellan, Inga McVicar, Shane Saunders, Caroline Stuart, Peter Woods.

**Grievance/ Appeals Committee**

Caroline Stuart (Chair), Ann Hill, Claire McLean, Jamie Ross

**Data Security**

No personal data-related incident were reported to the College Data Protection Officer during the year, and no incidents required to be reported to the Information Commissioners Office (ICO). The College took steps to increase security and staff training, with further measures introduced to prevent data breaches. No other personal data related incidents occurred during the 2023-24 financial period and up to the date of approval of the financial statements.

**Accountability Report****Corporate Governance Report****Statement of the Board of Management's Responsibilities**

The Board of Management is required to present audited financial statements for each year.

In accordance with the Further and Higher Education (Scotland) Act 1992, the Board of Management is responsible for the administration and management of the College's affairs, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year.

The Board of Management is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the College and enable it to ensure that the financial statements are prepared in accordance with the Further and Higher Education (Scotland) Act 1992, the 2019 Statement of Recommended Practice 'Accounting in Further and Higher Education', the 2023-24 Government Financial Reporting Manual (FRM) issued by the Scottish Government, and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Scottish Funding Council and the College's Board of Management, the Board of Management, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the College's state of affairs and of the surplus or deficit and cash flows for that year.

In preparing the financial statements, the Board of Management has ensured that:

- Suitable accounting policies are selected and applied consistently;
- Judgements and estimates are made that are reasonable and prudent;
- Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Financial statements are prepared on the going concern basis unless it is inappropriate to presume that the College will continue in operation and there will be a continued provision of further education services. The Board of Management is satisfied that it has adequate resources to continue in operation for the foreseeable future and for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Board of Management has taken reasonable steps to:

- Ensure that funds from the Scottish Funding Council are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- Safeguard the assets of the College and prevent and detect fraud;
- Secure the economical, efficient and effective management of the College's resources and expenditure.

The key elements of the College's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- Clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
- A comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- Regular reviews of key performance indicators and business risks and quarterly reviews of financial results involving variance reporting and updates of forecast outturns;

**Accountability Report**

**Corporate Governance Report**

**Statement of the Board of Management's Responsibilities (continued)**

- Clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board of Management;
- Comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and the Finance and General Purposes Committee;
- Professional internal audit team whose annual programme is approved by the Audit Committee and endorsed by the Board of Management and whose head provides the Board of Management with a report on internal audit activity within the College and an opinion on the adequacy and effectiveness of the College's system of internal control, including internal financial control.

Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

**Auditor**

The Auditor General for Scotland has appointed Azets Audit Services to undertake the audit for the year ended 31 July 2024.

**Disclosure of Information to Auditors**

The Board members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each Board member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Approved by order of the members of the Board on 9 December 2024 and signed on its behalf by:

*Caroline Stuart*

**Caroline Stuart**

Regional Chair

13 December 2024



**Accountability Report****Corporate Governance Report****Governance Statement**

Dumfries and Galloway College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes how the College has applied the Principles of the Code of Good Conduct for Members of the Board of Management and the 2022 Code of Good Governance for Scotland's Colleges. The Board also complies with the sector Board Development and Evaluation Framework.

This governance statement is designed to supplement the information provided in the financial statements by providing an overview of the College's governance structure, risk management and internal control processes for the year to 31 July 2024 and the Board's assessment of the effectiveness of those arrangements.

**Statement of full compliance with the Code of Good Governance for Scotland's Colleges**

In the opinion of the Board of Management, the College complies with all the principles of the 2022 Code of Good Governance for Scotland's Colleges, and it complied throughout the year ended 31 July 2024.

**Governance Structure****Board of Management**

Dumfries and Galloway College Board of Management was established under the provisions of the Further and Higher Education (Scotland) Act 1992, and became a regional college under the provisions of the 2013 Act. The College is also a charity registered in Scotland in terms of the Charities and Trustee Investment (Scotland) Act 2005 with registered number SC021189. The Constitution and Standing Orders of Dumfries and Galloway College Board of Management set out the Board's policy and practice on those issues which it has powers to determine.

The Board of Management comprises of representatives from industry, commerce and education, and benefits greatly from Members' extensive expertise of business and public life together with practical experience in education and training. The private and public sectors are represented, as is the College's Executive Management Team (by the Principal), teaching and support staff and the student body.

The Board's key duties are to:

- Set the strategic direction and priorities of the College;
- Promote commitment to the values and ethos of the organisation, including equality and diversity;
- Ensure satisfactory delivery of the organisation's performance and financial objectives, high quality learning and outcomes, and a good learning experience;
- Be accountable to and maintain the trust of key stakeholders;
- Comply with relevant legal and financial requirements, including the Scottish Public Finance Manual;
- Ensure identification and control of the main risks to the organisation's responsibilities and business objectives;
- Adhere to the sector's Code of Good Governance and the organisation's Financial Memorandum.

The Regional Board for Dumfries and Galloway College comprises of the Chair, the Principal, three student members, two staff members, two trade union members, and thirteen non-executive members, one of which is the Senior Independent Member. The College recognises the important role Board members have in acting as ambassadors for the College as well as providing a governance role.

**Accountability Report**

**Corporate Governance Report**

**Governance Statement**

**Governance Structure (continued)**

The College's Regional Board is responsible for bringing independent judgement to bear on issues concerning the College's strategic direction, performance, resources and standards of conduct. In addition the Board is responsible for systems of internal control. The Board reviews its effectiveness on an annual basis through a robust self evaluation process. The members who served on the Board of Management during the year and up to the date of signature of this report are set out below.

The Board is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against targets, capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. Agendas and papers of all meetings are updated on the College website: [www.dumgal.ac.uk](http://www.dumgal.ac.uk)

The Audit Committee considered a Whistleblowing investigation report as highlighted on page 21, and key areas have been actioned to improve procedures and staff training relating to cyber attacks.

The Board of Management has a strong and independent non-executive element and no individual or group dominates its decision making process. The Board of Management considers that each of its non-executive members is independent of management and free from any business or other relationship, which could materially interfere with the exercise of their independent judgement.

The Board of Management of Dumfries and Galloway College adopted the 'Code of Conduct for Members' in June 2014. This was reviewed by the Standards Commission in 2022 and adopted by the Board. The Board also adopted the code of Good Governance for Scotland's Colleges in January 2015, this too has been reviewed and updated by the Good Governance Steering Group. The Regional Board complies with the 'College Sector Board Appointments: 2014 Ministerial Guidance' when appointing all non-executive board members.

The Board of Management supports the work being done by the College Sector Good Governance Steering Group.

Dumfries and Galloway College Board of Management met four times during the 2023-24 financial period and conducts its business through a number of committees. All of these committees are formally constituted with terms of reference approved by the Board of Management. The committees comprise non-executive members of the Board of Management and are all chaired by a Member of the Board. These committees include a Finance and General Purposes Committee, a Board Development Committee (includes appointments), a Remuneration Committee, a Learning and Teaching Committee, Audit Committee and a Grievance/ Appeals Committee. In March 2023 the Board approved the formation of an HR Sub-Committee to the Finance and General Purposes Committee. All committees are required to report back to the Board on their activities.

The Board has considered the Risk Management Process. The Risk Register is considered by all Committees to ensure that their collective expertise is focused on specific risks. A summary of the current risks is set out on page 5.

**Accountability Report****Corporate Governance Report****Governance Statement****Governance Structure (continued)**

The Board of Management recognise that the most significant risk to the College relates to institutional sustainability. Work towards financial sustainability is continuing as the Executive Team implement the Transformation Plan, and are refreshing the Strategic plan, Mission 2030.

There is a clear division of responsibility in that the roles of the Regional Chair and Principal are separate.

All Board Members are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the College's Governance Professional, who is responsible for ensuring compliance with all applicable procedures and regulations. The appointment, evaluation and removal of the Governance Professional are matters for the Board of Management as a whole.

**Appointments to the Board of Management**

Following regionalisation of Scottish colleges and their designation as public bodies, Regional Chairs are appointed by the Scottish Ministers and are subject to the Public Appointments process.

Any new appointments to the Board of Management are a matter for consideration by the Board as a whole. The Board has a Board Development Committee, which is responsible for the selection and recommendation to appoint any new member for the Board's consideration. Any appointment is also subject to approval by the Cabinet Secretary for Education and Lifelong Learning.

As noted in the Director's Report at page 21, the Board of Management has formally constituted several committees to act with delegated authority and their own terms of reference. Current membership of the key committees is also set out in the Directors' Report.

The remit of each committee is set out below.

**Board Development Committee**

The Board Development Committee was previously the Selection and Appointments Committee. The remit of this committee was revised and strengthened during 2015-16 to ensure compliance with the Code of Good Governance for Scotland's Colleges and the Board Development Framework. The Board Development Committee now has responsibility for advising the Board of Management on matters relating to members of the Board of Management, including Board Member appointment, balance of skills and experience, induction and training, balance in relation to equality as well as Board evaluation and development. The Committee meets at least once per year.

**Remuneration Committee**

The Remuneration Committee is responsible for making recommendations to the Board on the remuneration, terms and conditions (and, where appropriate severance payments) of the Principal, members of the Executive Management Team, Directors, and the Secretary to the Board. The Committee meets at least once per year. Details of the remuneration of senior post-holders for the period ended 31 July 2024 are set out in note 7 to these financial statements.

**Audit Committee**

The Audit Committee comprises non-executive members of the Board of Management (excluding the Principal and Chair). The Committee operates in accordance with written terms of reference approved by the Board of Management.

The Audit Committee meets a minimum of four times a year, and provides a forum for reporting by the College's internal, regularity and financial statements auditors. The auditors have access to the Committee for independent discussion, without the presence of College management.

**Accountability Report****Corporate Governance Report****Governance Statement****Governance Structure (continued)****Audit Committee (continued)**

The College's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input, and report their findings to management and the Audit Committee. Management is responsible for the implementation of agreed audit recommendations and internal auditors undertake periodic follow-up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Board of Management on the appointment of internal, regularity and financial statements auditors and their remuneration for both audit and non-audit work.

**Finance and General Purposes Committee**

The Finance and General Purposes Committee is responsible for ensuring compliance with the Financial Memorandum and Financial Regulations. It recommends the annual budget to the Board and monitors actual performance against budget. The Committee also makes recommendations to the Board on matters relating to the development and management of its property, facilities, Human Resources, and Commercial and Marketing activity. The Committee meets four times per year.

**HR Sub-Committee**

The HR Sub Committee is responsible for the human resource and equality and diversity element of the Finance and General Purposes Committee remit in order to ensure full consideration is given to these important areas and ensure the College is operating within legal requirements relating to employment law. The Committee will meet four times a year and make recommendations to the Finance and General Purposes Committee.

**Learning and Teaching Committee**

The Learning and Teaching Committee has overall responsibility for monitoring the direction and performance of learning and teaching and the quality of the learners experience at the College. The Committee meets four times per year.

**Grievance/ Appeals Committee**

The Grievance and Appeals Committee's remit is to hear any grievance or appeal of decision made by the Principal in accordance with discipline, grievance and capability procedures.

**Self Evaluation**

The Chair meets with each member of the Board on an annual basis as part of the Board's process of evaluating the effectiveness of board members. The evaluation of the Regional Chair is undertaken by the Vice Chair or Senior Independent Member. The performance of the Regional Chair is also evaluated by the Scottish Government, as regional college chairs are appointed by the Scottish Ministers and are personally accountable to them.

In March 2021, the College underwent an External Effectiveness review conducted by College Development Network, in line with the requirements of the Code of Good Governance. The Code states that the relevant governing board must have in place a robust self-evaluation process, at para D. 23: 'The Board must keep its effectiveness under annual review and have in place a robust self-evaluation process. There should also be an externally facilitated evaluation of its effectiveness at least every three years'. The Board underwent its self evaluation in May 2024. In January 2024, a further Governance improvement review was conducted by CDN to review progress against the Embedding Best Practice Plan implemented in May 2022 and to comment on the impact of the governance of the College. The result of which acknowledged the transformational and positive impact on the governance of the College.

The Board is currently undergoing a full External Effectiveness Review which should be finalised in December 2024.

In March 2024 the Board recruited two staff trade union members to the Board in accordance with legislative requirements, and in September 2024, recruited for new non-executive members to the Board. All new Board members have completed induction training. The Board Development Committee reviewed the skills, knowledge and expertise of current members to ensure the recruitment of new members incorporated sets of skills to complement the Board and Committee membership has been changed to accommodate necessary skills required for each Committee.

**Accountability Report****Corporate Governance Report****Governance Statement****Self Evaluation (continued)**

The table below details the attendance of members at Board meetings during the period August 2023–June 2024:

Name	Board	Board Dev.	Rem. Com.	Audit	F&GP	L&T	HR Sub	Grievance/ Appeals
C Stuart	4/4	2/2	3/3		4/4			
E Black	0/4				0/4	0/4		
G Brydson	2/4	1/2		4/4		4/4		
D Burns*	1/4				1/4			
A Cameron	3/4					2/4		
J Campbell	4/4				4/4			
A Dogrultan	3/4	0/2				4/4		
W Dowson	3/4		2/3	4/4				
K Glendye	2/4				2/4	3/4	3/4	
S Hodgson	4/4	2/2	2/3			4/4		
A Hill	3/4		1/3	4/4		3/4	2/4	
S Irving	3/4	1/2	3/3	3/4			2/4	
M MacLeod	3/4			3/4		2/4		
C Mclean	3/4	0/2	1/3		3/4		4/4	
S McLellan	4/4	2/2			4/4	4/4	4/4	
R Nash	4/4	1/2	2/3		4/4			
J Ross	4/4		3/3	4/4	4/4			
P Woods*	0/4					0/4		

\*Appointment from March 2024

**Board Appraisal and Development**

All board members attended a Strategy day in May 2024, which was very successful allowing a team building opportunity for board members. Future strategy events are planned into the meeting schedules for May of each year.

The Board has recently conducted its annual self evaluation review of individual and committee performance. All board members have undergone a performance review, and development requirements are incorporated in the Board Development Plan and progress towards this will be monitored over the forthcoming year.

**Corporate Strategy**

The Board of Management receives recommendations from its committees, the Principal and Executive Management Team to inform strategic developments. In addition to the scheduled Board meetings, Board Development sessions are held each year to provide an opportunity to focus discussions on the strategic direction for the College.

The Board of Management adopted the Code of Good Governance for Scotland's Colleges in January 2015. The remit of the Board Development Committee includes Board Member induction and training as well as Board Evaluation. An annual self-evaluation process has been established which includes a review of performance over the last 12 months, and an assessment of external and internal changes which are likely to impact on the Board in the next 12 months. Areas for development are identified and a Development Plan produced which is monitored throughout the year. Progress against the Development Plan is assessed as part of the following year's performance review.

**Accountability Report****Corporate Governance Report****Governance Statement****Corporate Strategy (continued)**

The Board are overseeing the progress of the Strategic Plan, Ambition 2025, and development of the next phase – Mission 2030. The plan will help ensure that the student experience remains at the core of the College's values and will focus on continuous improvements, and making a positive contribution to local and national priorities.

As noted above, work has been undertaken to draft the new Strategic Plan, Mission 2030. The new strategy builds on the strengths of Ambition 2025, and is set against the College's improved student experience, and will focus on four key pillars:

- Our People
- Our Students
- Our Learning; and
- Our Partners

Each pillar represents a vital component of the College's mission to cultivate a thriving, inclusive and sustainable college. Mission 2030 will help ensure the College strategic direction is aligned with the wider Scottish Government priorities including the Scottish Funding Council's strategy, the National Strategy for Economic Transformation (NSET), the Regional Economic Strategy (RES) and Scotland's National Performance Framework (NPF) outcome, to deliver a positive and impactful contribution for our region and Scotland.

**Risk Management and Internal Control*****Scope of Responsibility***

The Board of Management is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. The Board determines the appropriate Risk Appetite for the College, sets the tone of risk management throughout the organisation, and approves Risk Management arrangements. However, such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The College maintains a corporate level Risk Register, which is under the ownership of the Secretary to the Board. The register is intended to cover wide risks which are so significant or pervasive that they pose a risk to strategic objectives.

The Board of Management has delegated the day-to-day responsibility to the Principal, as Accountable Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum between Dumfries and Galloway College and the SFC. She is also responsible for reporting to the Board of Management any material weaknesses or breakdowns in internal control.

***Purpose of the system of internal control***

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Dumfries and Galloway College for the period ended 31 July 2024 and up to the date of approval of the annual report and accounts.

**Accountability Report****Corporate Governance Report****Governance Statement****Risk Management and Internal Control (continued)*****Capacity to handle risk***

The Board of Management has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Management is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2024 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board of Management.

***Risk and control framework***

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance;
- clearly defined capital investment control guidelines;
- the adoption of formal project management disciplines, where appropriate.

The College manages the risks faced by adopting robust management practices. The planning processes, self-evaluation and sector review, and audit processes are designed to identify and manage risks. A detailed risk register is maintained and updated on a regular basis. The risk register is discussed at each meeting of the Audit Committee.

The Audit Committee has recently discussed the effectiveness of the current risk register within the College and asked that more scrutiny and attention should be paid to documenting individual risks and control measures assigned to them. In line with this, a new format to the register has been introduced. The main register provides an overview of the key risks, which are graded in terms of probability of occurrence and severity of impact. In addition to the main register, each risk has supporting documentation outlining in detail monitoring and mitigation processes, and the relevant risk appetite. The reporting of risks has been recently reviewed and strengthened to clearly show the 3 lines of defence. The supporting documentation for risks is presented to each meeting of the assigned committee for scrutiny and agreed further action is noted.

Each Audit Committee meeting also undertakes a 'deep dive' exercise on specifically selected risks through detailed risk discussion to assess the adequacy of controls and mitigations, and to receive assurance from risk owners that the process for mitigating and monitoring is clear, thorough and rigorously applied. Any concerns are highlighted to the full Board.

Dumfries and Galloway College has an internal audit service, the work of which is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Board of Management on the recommendation of the Audit Committee. On an annual basis, a report is provided to the Board of Management detailing internal audit activity in the College. The report includes the internal auditors' independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

The 2023-24 Internal Audit Annual Report gave a positive opinion based on the work undertaken during the year. Further enhancements to the framework of risk management, governance and internal control were identified which will ensure that it remains adequate and effective. The recommendations will be followed up and progress on implementation monitored by the Audit Committee during 2024-25.

**Accountability Report**

**Corporate Governance Report**

**Governance Statement**

**Risk Management and Internal Control (continued)**

The Audit Committee meets with internal and external auditors independently of College staff, to gain independent reassurance.

The College's Senior Leadership Team and Executive Management Team keep risk management under regular review, reporting into all Committee and the Board. Any urgent or escalating risks are also reported to the Chair in addition to this process.

Significant risks and management action that have been considered and agreed during 2023-24 are set out at page 5 of the Performance Report in these financial statements.

The Board of Management recognise that the most significant risk to the College is potential failure to achieve financial sustainability. The Strategic Risk Register reflects the ongoing mitigations being taken by the College to control costs and increase income, with pressure remaining on all public sector finances.

The Principal and Executive Leadership Team routinely review the Strategic Risk Register to reflect the risks the College is facing and mitigation applied to each risk. The risk management processes have been subject to internal audit review, and further steps have been introduced to update the Risk Management Policy and document the ownership framework for operational controls to increase the effectiveness of risk management.

**Review of effectiveness**

As described on Page 5 of the Performance Report, Risk Management is an integral part of the overall governance arrangements of the College, and as such there are specific responsibilities for people and groups undertaking different roles in the organisation.

As Accountable Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. Her review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors;
- the work of the senior managers within the College who have responsibility for the development and maintenance of the internal control framework;
- comments made by the College's financial statements auditors and the regularity auditors in their management letters and other reports.

The Principal has been advised on the implications of the results of her review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor, and a plan to address weaknesses and ensure continuous improvement of the system is in place.



**Accountability Report (continued)****Corporate Governance Report****Governance Statement*****Review of effectiveness (continued)***

The Executive Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Executive Leadership Team and the Audit Committee also receive regular reports from the internal auditor, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Board of Management's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Executive Leadership Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2024 meeting, the Board of Management carried out the annual assessment for the period ended 31 July 2024 by considering documentation from the Executive Leadership Team and internal audit, and taking account of events since 31 July 2024.

**Going Concern**

As noted on Page 19 of the Performance Statement, the College continues to prepare budget forecasts to ensure that adequate resources are available for the foreseeable future, and there will be a continued provision of further education services in the future. Medium-term financial forecasts and costs modelling have been prepared to inform strategies for future years, and proactive actions continue to be taken to reduce costs and increase efficiencies to help ensure the College is financially sustainable going forward. Given the significant challenges the sector is likely to face for the medium term due to external factors and the national economic outlook, robust workforce planning and financial planning will continue. After making appropriate enquiries, the Board of Management considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

**Conclusion**

In our opinion during 2023-24 the College has a framework of internal control that provided assurance regarding the effective and efficient deployment of resources to achieve the College aims.

Approved by order of the members of the Board on 9 December 2024 and signed on its behalf by:

**Caroline Stuart**

Regional Chair

13 December 2024

**Joanna Campbell**

Principal

10 December 2024

**Accountability Report****Remuneration and Staff Report****Introduction**

The College is required to prepare and publish within its financial statements an annual Remuneration Report under the 2023-24 Government Financial Reporting Manual (FRoM) issued by the Scottish Government, which is relevant for the financial period ended 31 July 2024.

The report sets out the remuneration and accrued pension benefits of the Senior College Executives, which comprises the Regional Chair, College Principal and Executive Leadership Team. The Regional Chair and College Principal are the only two members of the Regional Board who receive remuneration in respect of their post, and as Board members have responsibility for directing the major activities of the College during the period in accordance with the FRoM.

The report also provides information on the number of College employees, including Executive Leadership Team members, whose total actual remuneration was £60,000 or more, this information being disclosed in salary bandings of £10,000 above £60,000. The following report has been prepared in accordance with the aforementioned Regulations.

The College's External Auditor is required to audit certain parts of the remuneration report and give a separate opinion in their report on the Statement of Accounts as to whether the Remuneration Report has been properly prepared in accordance with the Regulations. All the tables in this report are subject to audit except those relating to gender composition, remuneration policy, staff turnover, sickness absence, Trade Union facilitation, staff members allowances and expenses disclosures.

**Remuneration Policy**

The remuneration of the Regional College Chair is set by the Scottish Government, and is a non-pensionable post.

The Remuneration Committee is responsible for making recommendations to the Board on the remuneration, terms and conditions (and, where appropriate severance payments) of the Principal, members of the Executive Leadership Team and the Secretary to the Board. The Committee meets at least once per year. Details of the remuneration of senior post-holders for the period ended 31 July 2024 are set out in note 7 to the financial statements.

**Remuneration including salary entitlements**

Remuneration of the Executive Leadership Team is set out in note 7 of the financial statements.

The College's employees receiving more than £60,000 remuneration during the period covered by the financial statements are shown below. This information is disclosed in salary bandings of £10,000 above £60,000 or more.

	<b>12 Month period ended 31</b>		12 Month period ended 31 July	
	<b>July 2024</b>		<b>2023</b>	
	<b>Number</b>		Number senior	Number
	<b>senior post-</b>	<b>Number</b>	post-holders	other staff
	<b>holders</b>	<b>other staff</b>		
£60,001 to £70,000	<b>0</b>	<b>1</b>	0	1
£70,001 to £80,000	<b>1</b>	<b>1</b>	1	0
£80,001 to £90,000	<b>0</b>	<b>0</b>	1	0
£90,001 to £100,000	<b>1</b>	<b>0</b>	0	0
£100,001 to £110,000	<b>0</b>	<b>0</b>	0	0
£110,001 to £120,000	<b>1</b>	<b>0</b>	1	0
£120,001 to £130,000	<b>0</b>	<b>0</b>	0	0
	<b>3</b>	<b>2</b>	<b>3</b>	<b>1</b>

## Accountability Report

## Remuneration and Staff Report (continued)

Pay Multiples and Median Remuneration	2023-24	2022-23	Change
	£	£	%
<b>Range of workforce remuneration</b>			
Highest paid official remuneration	112,000	110,000	1.81%
Median	34,785	33,326	4.38%
Ratio	3.31	3.39	-2.36%
25th percentile	30,874	29,374	5.11%
Ratio	3.72	3.83	-2.87%
75th percentile	48,357	46,857	3.20%
Ratio	2.38	2.40	-0.83%
Lowest paid official remuneration	24,856	23,356	6.42%

The banded remuneration of the highest paid official in the College in financial year 2023-24 was £112,000 (2022-23 £110,000). This was 3.3 times (2022-23 3.4 times) the median remuneration of the workforce which was £34,785 (£2022-23 £33,236).

The reduction in the ratio reflects the pay award for 2023-24 of £1,500 per FTE, which equates to 4.5% of the median salary for 2022-23.

The figures above are based on FTE/ total pay. No non-consolidated performance pay and benefits in kind/ non-cash benefits were payable during 2023-24 or 2022-23.

## Salary entitlements

The following table provides detail of the remuneration and pension interests of Senior Executives.

Name	12 months ended 31 July 2024			12 months ended 31 July 2023		
	Actual			Actual		
	Salary	Pension benefit *	Total	Salary	Pension benefit	Total
	£'000	£'000	£'000	£'000	£'000	£'000
J. Campbell	110-115	0-5	115-120	110-115	45,636	120-125
D. Dickson	95-100	55-60	150-155	80-85	0-5	85-90
J. McGraw	75-80	25-30	100-105	0	0	0
C. Stuart	20-25	0	20-25	20-25	0	20-25

\* Pension Benefits are calculated as real increase in pension multiplied by 20 plus the real increase in any lump sum less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decreases due to a transfer of pension rights.

The salary and pension benefits above are shown in bands of £5,000 in accordance with the 2023-24 Government Financial Reporting Manual.

Pension benefits for all College employees except the Regional Chair are provided through the Scottish Teacher's Superannuation Scheme (STSS), a defined benefit scheme which is externally funded and contracted-out of State Earnings-Related Pension Scheme or the Local Government Pension Scheme (LGPS) Dumfries and Galloway Pension Fund.

The Pension Benefits noted above include benefits from the Local Government Pension Scheme for one Senior Executive, and the Scottish Teachers Superannuation Scheme for two Senior Executives.

Contribution rates for both pension schemes are set annually for all employees, as set out at note 20.

## Accountability Report

## Remuneration and Staff Report (continued)

## Changes to the Local Government Pension Scheme

Changes were made to the LGPS scheme from 1 April 2015. The pension after that date for members will be calculated on a career average basis, and the pension age will align with the state retirement age.

Scheme members will be able to choose to leave the scheme and draw their pension from state retirement age, or choose to work longer. Pension benefits would be reduced if the member retires before the state retirement age, and increased if they choose to work longer.

There is no automatic entitlement to a lump sum for LGPS scheme members. Members may opt to give up (commute) a pension for lump sum up to the limit set up by the Finance Act 2004. The actual rate guarantees a pension based on the pensionable salary and years of pensionable service.

Pension benefits built up by members in the scheme up to 31 March 2015 are protected, and will still be based on their final salary on leaving and the state retirement age in the current scheme. Member benefits build up in the new way from April 2015.

## Senior Executives Pension

Pension benefits are provided to Senior Executives on the same basis as all other staff. The accrued pension benefits for senior officials are set out in the table below, together with pension contributions made by the College.

Name	Accrued pension at pension age at 31 July 2024	Accrued lump sum at pension age at 31 July 2024	Real increase in pension 1 August 2023 to 31 July 2024	Real increase in lump sum 1 August 2023 to 31 July 2024 *	CETV at 31 July 2024	CETV at 31 July 2023 *	Real increase in CETV *
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
J. Campbell	30-35	75-80	0-2.5	-2.5-5	665	608	2
D. Dickson	30-35	80-85	2.5-5	2.5-5	766	645	66
J. McGraw	0-5	0	0-2.5	0	26	0	20
C. Stuart	0	0	0	0	0	0	0

\* Opening CETV values have been updated to reflect the values unadjusted for inflation. Real increases to pension, lump sum and CETV updated to disclose real movement including where this is a negative value (if any negative values). Real increase in CETV also updated to reflect deduction of employee contributions.

## Cash Equivalent Transfer Value

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time.

The value of the accrued pension benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued as a consequence of their total service and not just their current appointment.

In considering the accrued pension benefits figures the following contextual information should be taken into account:

- The figures for pension and lump sum are illustrative only in light of the assumptions set out above and do not necessarily reflect the actual benefits that any individual may receive upon retirement:
- The accrued benefits figures are reflective of the pension contributions that both the employer and scheme member have made over a period of time.

**Accountability Report****Remuneration and Staff Report (continued)****Real increase in CETV**

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

**Compensation for loss of office**

7 employees left under voluntary exit/ early retirement terms during the year as part of the College Transformation Plan (2022-23 - 9 employees). The table below summarises the exit packages for those staff who left during 2023-24. It includes payments made to staff and the accrued pension cost of added years.

Exit package cost band	Year to 31 July 2024			2023
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total number of exit packages by cost band
< £10,000	0	4	4	2
£10,000-£25,000	0	1	1	5
£25,000-£50,000	0	2	2	2
<b>Total number of exit packages</b>	0	7	7	9
<b>Total cost (£)</b>	<b>0</b>	<b>£153,087</b>	<b>£153,087</b>	<b>£186,328</b>

**Exit packages**

No Board member or senior manager left under voluntary or compulsory exit schemes in 2023-24 (2022-23 - none)

**Staff Report**

The Staff Report contains information relating to staff costs and staff numbers.

**Staff Costs**

Staff costs for the year were as follows:

	Seconded		2023-24 Total £'000	Directly employed staff £'000	Seconded and agency staff £'000	2022-23 Total £'000
	Directly employed staff £'000	and agency staff £'000				
Wages and salaries	7,836	71	7,907	8,151	81	8,232
Social security costs	739		739	736	-	736
Other pension costs	1,684		1,684	2,053	-	2,053
<b>Total</b>	<b>10,259</b>	<b>71</b>	<b>10,330</b>	<b>10,940</b>	<b>81</b>	<b>11,021</b>
Average number of FTE	190	1.0	191.00	202	0.48	202.48

The College employee gender split is 64% female and 36% male as at 31 July 2024. Of the three College Senior Executives at July 2024, Two are male and one is female.

**Accountability Report****Remuneration and Staff Report (continued)****Staff Turnover**

Staff turnover during 2023-24, based on headcount, was 21.86% (2022-23 24.82%). The small decrease in staff turnover reflects continued Workforce Planning measures throughout the period.

**Sickness Absence**

The total number of days lost per full-time equivalent (FTE) to sickness absence during 2022-23 was 8 days, which was a decrease from 13 days per FTE in 2022-23.

**Social Matters, Respect for Human Rights**

The College's Equality Impact Assessment (EIA) requires consideration of Human Rights as a mandatory step in the policy approval process. Assessments are completed for all new or reviewed policies, procedures, strategies and plans. This ensures that our activities support the human rights of our staff, students and stakeholders. EIA findings are published as an Equality Impact Assessment Results Summary which is updated each year. We have found no detriment to Human Rights through College activity and recorded considerable positive impact in terms of strengthening rights to education, employment, privacy and family life.

**Equality, Diversity and Inclusion**

Dumfries and Galloway College is committed to promoting equality and celebrating diversity in everything we do. Our recent work in defining and embedding our Values aims to further foster a welcoming culture for everyone across our College community.

We aim to achieve equality for all regardless of age, disability, sex and gender, gender identity, marriage and civil partnership, pregnancy and maternity, race, religion or belief and sexual orientation. In addition, we recognise and prioritise equality for those who are carers, care experienced, suffer from mental health difficulties, are veterans of the armed services or those who are disadvantaged socio-economically. By fostering a culture of dignity and respect, we aim to ensure that everyone across our College family achieves their full potential

Our equality and diversity work is structured and tracked through a continuous improvement system, the Equality and Diversity Framework. This is underpinned by our Equality and Diversity Policy, and tracked through an annual Equality Report which meets the reporting requirements of the Equality Act (2010) Specific Duties (Scotland) (2012), the SFC and Scottish Government. A tabular action plan is used to track outputs. Accountability is assured through submission of these reports to the Board, College Leadership Team and cross-College Equality and Diversity Forum (which includes as members the President and Vice-Presidents of the Students' Association, and a cross section of staff and managers from different functions and levels).

**Accountability Report**

**Remuneration and Staff Report (continued)**

**Equality, Diversity and Inclusion (continued)**

**Disability**

We are a Disability Confident employer. We operate an Equality Impact Assessment system which ensures that every strategy, plan, policy and procedure we have is checked for barriers or negative impacts for people with disabilities. We look for opportunities to broaden our support. For example, as part of our recent co-location project with the University of the West of Scotland, an additional toilet with Changing Places functionality was added to our estate in Dumfries.

For students, we aim to create an environment which enables everyone to participate fully in their chosen subject and in College life. We design our curriculum to be as accessible as possible and to provide extra support where it is needed. This includes provision of alternative formats for curriculum material, physical access and financial assistance where students are eligible for additional support such as scribes or signers. We are currently investing in strong provision to support mental health across our student body, in anticipation that the aftermath of COVID may present ongoing challenges.

**Employment issues including employee consultation and or participation**

The College continues to be represented at College Employers Scotland (formerly the Employers Association). College Employers Scotland is the body through which the Scottish Government's policy of National Bargaining is delivered and implemented, in partnership with trade unions.

The national Job Evaluation project remains ongoing across the Scottish College sector, but timescales for the development of pay and grading options have been delayed.

Trade Union colleagues and College staff continued to meet on a regular basis throughout 2023-24 to help form policy changes.

All staff have access to an employee benefits portal through 'Vivup', which incorporates an Employee Assistance Programme (EAP) A Shared Cost AVC scheme for local government pension scheme members is available

**Accountability Report****Remuneration and Staff Report (continued)****Health & Safety at Work**

Dumfries and Galloway College is committed to continuous improvement in health, safety and safety performance. It recognises its duty of care to employees, students, members of the public and employees of sub-contractors in all college situations. A number of processes and procedures are in place in order to comply with statutory responsibilities, which are set out in our Health and Safety Policy which is reviewed and updated regularly. The College provides information, instruction, training and supervision for all individuals, as well as maintaining suitable reporting lines and implementing corrective measures where appropriate. Reporting on Health and Safety matters is a standard agenda item at Senior Leadership and Board of Management meetings.

**Trade Union Relationships**

Dumfries and Galloway College recognises the Trades Unions listed in the National Recognition Procedures Agreement (NRPA). Locally our staff are represented by EIS/FELA and Unison who attend our Local Joint Negotiating Committee (LJNC). Staff who are elected representatives of the trade unions are provided support through paid facility time, and those details are set out on page 40.

**Staff Development and Workforce Planning**

As our most valuable resource, the College recognises the importance of investing in and developing our staff to support the strategic objectives set out in our HR Strategy. The College believes that all employees have the potential to grow, both in their work role and personally, and endeavours to provide opportunities for this growth. A number of mechanisms are in place in order to help with this aim, including providing a broad range of development opportunities for staff. The College has processes and procedures in place to ensure that recruitment is carried out effectively and appropriate complaints processes are in place to encourage free communication between employees and their managers, and resolve any potential problems quickly and satisfactorily. Disciplinary, Attendance Management and Capability processes have been designed to help and encourage all employees to achieve and maintain standards of conduct, attendance and performance and consistent and fair treatment for all staff.

**Fair Work Practices**

The College is a Real Living Wage employer, and this year made this payment to applicable to staff prior to the required date to ease the burden on those staff affected due to the cost-of-living crisis.

This year we ran a staff engagement survey, which saw a healthy response rate of 70%.

The College does not use zero hours contracts and is opposed to the use of fire and rehire practice and works closely with our recognised trade unions on matters relating to staff.

We have regular meetings with our recognised trade unions through our Local Joint Negotiation Committee (LJNC) and trade union members play an active role in other committees within the college such as Values Ambassadors and Health and Safety Committee.

Our mean Gender Pay Gap dropped from 7.3% to 6.25% over the course of this year, the median Gender Pay Gap dropped from 28.8% to 26.33%.

Our staff profile has been updated this year following a request for staff to update sensitive information.

We continue to be a Disability Confident employer. This year in recruitment terms 7.2% of applicants declared a disability and 8.3% of candidates appointed had disclosed a disability

Our Board of Management is 62.5% female (or 56.3% female if executive members are excluded). The majority of our people – 68% are female and 63.93% of our highest paid quartile are women.

Our statistics suggest that women and men are treated fairly through their employment or learning journey with the College.

Our Performance Review Development (PRD) process has a high percentage of completion rate. Staff development applications are encouraged as part of our PRD process and a newly formed Staff Development Committee to oversee/approve requests.

Our HR process ensure that family friendly working practices are in line with employment law requirements and procedures are updates on a regular basis due to any change in legalisation.



## Accountability Report

## Remuneration and Staff Report (continued)

## Facility Time

In accordance with the Trade Union (Time Facility Publication Requirements) Regulations 2017, the College provided the following support through paid facility time for union officials working at the College during the period April 2023 to March 2024:

## Relevant Union Officials

Number of employees who were relevant union officials during the relevant period:	Full-time equivalent employee number:
4	0.2173

## Percentage of time spent on facility time

Percentage of time	Number of employees
0%	0
1-50%	4
51-99%	0
100%	0

## Percentage of pay bill spent on facility time

Total cost of facility time:	£17,334.35
Total pay bill:	£10,259,000
Percentage of total pay bill spent on facility time:	0.16%

## Paid trade union activities

Time spent on trade union activities as a percentage of total paid facility hours:	74%
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Approved by order of the members of the Board on 9 December 2024 and signed on its behalf by:

*Caroline Stuart*

**Caroline Stuart**

Regional Chair

13 December 2024

*Joanna Campbell*

**Joanna Campbell**

Principal

10 December 2024

## **Independent auditor's report to the Board of Management of Dumfries and Galloway College, the Auditor General for Scotland and the Scottish Parliament**

### **Reporting on the audit of the financial statements**

#### **Opinion on financial statements**

We have audited the financial statements in the annual report and accounts of Dumfries and Galloway College for the year ended 31 July 2024 under the Further and Higher Education (Scotland) Act 1992 and section 44(1) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Balance Sheet, Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accompanying financial statements:

- give a true and fair view of the state of the college's affairs as at 31 July 2024 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

#### **Basis for opinion**

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We were independent of the college in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the college. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern basis of accounting**

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the college's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the college's current or future financial sustainability. However, we report on the college's arrangements for financial sustainability in a separate Annual Audit Report available from the Audit Scotland website. <https://audit.scot/annual-audits>

#### **Risks of material misstatement**

We report in our separate Annual Audit Report, the most significant assessed risks of material misstatement that we identified and our judgements thereon.

#### **Responsibilities of the Board of Management for the financial statements**

As explained more fully in the Statement of the Board of Management's Responsibilities, the Board of Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Board of Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Management is responsible for assessing the college's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the college's operations.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- Enquiry of management, internal audit, and those charged with governance concerning the College's operations, the key policies and procedures, and the establishment of internal controls to mitigate risks related to fraud and non-compliance with laws and regulations, together with their knowledge of any actual or potential litigation and claims and actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the College's financial statements and the operations of the College through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of high-risk journal entries and other adjustments for appropriateness, including high value year end close down journals and journals with no identified user ID, evaluating the rationale of any significant transactions outside the normal course of business and reviewing key accounting estimates including valuation of land and buildings and pension asset/liability;
- Other audit procedures responsive to the risk of fraud, non-compliance with laws and regulation or irregularity including testing the occurrence and accuracy of income, assessing the completeness of non-pay expenditure and testing the completeness of year end accruals; and
- Assessing whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the college's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Reporting on regularity of expenditure and income**

#### **Opinion on regularity**

In our opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

#### **Responsibilities for regularity**

The Board of Management is responsible for ensuring the regularity of expenditure and income. In addition to our responsibilities in respect of irregularities explained in the audit of the financial statements section of our report, we are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

### **Reporting on other requirements**

#### **Opinion prescribed by the Auditor General for Scotland on the audited parts of the Remuneration and Staff Report**

We have audited the parts of the Remuneration and Staff Report described as audited. In our opinion, the audited parts of the Remuneration and Staff Report have been properly prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council.

#### **Other information**

The Board of Management is responsible for the other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited parts of the Remuneration and Staff Report.

Our responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

#### **Opinions prescribed by the Auditor General for Scotland on the Performance Report and Governance Statement**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council.

#### **Matters on which we are required to report by exception**

We are required by the Auditor General for Scotland to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the Remuneration and Staff Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

#### **Conclusions on wider scope responsibilities**

In addition to our responsibilities for the annual report and accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in our Annual Audit Report.

#### **Use of our report**

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

*Andrew Reid*

Andrew Reid, (for and on behalf of Azets Audit Services)

Quay 2

139 Fountainbridge

Edinburgh

EH3 9QG

DATE 13 December 2024

Andrew Reid is eligible to act as an auditor in terms of section 21 of the Public Finance and Accountability (Scotland) Act 2000.

## Statement of Comprehensive Income

	Note	Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
<b>INCOME</b>			
SFC grants	2	12,214	12,802
Support staff & middle management Job Evaluation write-off	2	(958)	0
Tuition fees and education contracts	3	1,879	1,818
Other grant income	4	216	131
Other operating income	5	413	486
Endowment and investment income	6	6	38
<b>Total Income</b>		<b>13,770</b>	<b>15,275</b>
<b>EXPENDITURE</b>			
Staff costs excluding exceptional costs	7	10,410	11,058
Fundamental restructuring costs	7	153	189
Other operating expenses	9	3,745	3,613
Depreciation	13	1,592	1,414
Interest and other finance costs	12	21	0
<b>Total Expenditure</b>		<b>15,921</b>	<b>16,274</b>
<b>(Deficit)/ Surplus before other gains and losses</b>		<b>(2,151)</b>	<b>(999)</b>
Gain/ (Loss) on disposal of fixed assets		0	2
<b>(Deficit)/ Surplus for the year</b>		<b>(2,151)</b>	<b>(997)</b>
Unrealised surplus on revaluation of land and buildings	13	0	8,259
Actuarial gain/ (loss) in respect of pension schemes	20	5,643	3,629
Asset ceiling adjustment	20	(5,594)	(5,006)
<b>Total comprehensive income for the year</b>		<b>(2,102)</b>	<b>5,885</b>
<b>Represented by:</b>			
Unrestricted comprehensive income for the year		<b>(2,102)</b>	<b>5,885</b>

All items of income and expenditure relate to continuing activities.

The Statement of Comprehensive Income is prepared under the FE/ HE SORP. The SORP does not permit colleges to reflect the non-cash budget for depreciation in the Statement of Comprehensive Income. Note 10 provides details of the adjusted operating position on a Central Government accounting basis.

## Statement of Changes in Reserves for the year ended 31 July 2024

	Income and expenditure reserve £000	Revaluation reserve £000	Total £000
<b>Balance at 1 August 2022</b>	<b>6,750</b>	<b>7,123</b>	<b>13,873</b>
Surplus/ (Deficit) from the income and expenditure statement	(997)	0	<b>(997)</b>
Other comprehensive income	3,629	0	<b>3,629</b>
Asset ceiling adjustment	(5,006)	0	<b>(5,006)</b>
Transfers between revaluation and income and expenditure reserve	0	8,259	<b>8,259</b>
	<u>(2,374)</u>	<u>8,259</u>	<u>5,885</u>
<b>Balance at 1 August 2023</b>	<b>4,376</b>	<b>15,382</b>	<b>19,758</b>
Surplus/ (Deficit) from the income and expenditure statement	(2,151)	0	<b>(2,151)</b>
Other comprehensive income	5,643	0	<b>5,643</b>
Asset ceiling adjustment	(5,594)	0	<b>(5,594)</b>
Transfers between revaluation and income and expenditure reserve	214	(214)	<b>0</b>
<b>Total comprehensive income for the year</b>	<u>(1,888)</u>	<u>(214)</u>	<u>(2,102)</u>
<b>Balance at 31 July 2024</b>	<u><b>2,488</b></u>	<u><b>15,168</b></u>	<u><b>17,656</b></u>

## Balance Sheet as at 31 July 2024

	Note	Year ended 31 July 2024	Year ended 31 July 2023
		£000	£000
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	13	<b>43,613</b>	44,809
Pension asset	18	<b>0</b>	0
		<b>43,613</b>	44,809
<b>Current Assets</b>			
Trade and other receivables	14	<b>772</b>	1,637
Cash and cash equivalents	15	<b>1,120</b>	2,053
Total current assets		<b>1,892</b>	3,690
<b>Less: Creditors - amounts falling due within one year</b>	16	<b>(3,723)</b>	(5,435)
<b>Net Current Assets/ (Liabilities)</b>		<b>(1,831)</b>	(1,745)
<b>Total Assets less Current Liabilities</b>		<b>41,782</b>	43,064
Less: Creditors - amounts falling due after more than one year	17	<b>(22,522)</b>	(22,881)
<b>Provisions</b>			
Other provisions	18	<b>(1,604)</b>	(425)
<b>Total net assets</b>		<b>17,656</b>	19,758
<b>Unrestricted Reserves</b>			
Income and expenditure reserve - unrestricted		<b>2,488</b>	4,376
Revaluation reserve		<b>15,168</b>	15,382
<b>Total reserves</b>		<b>17,656</b>	19,758

The financial statements on pages 44 to 66 were approved by the Board of Management on 9 December 2024 and were signed on its behalf by:

*Caroline Stuart*

**Caroline Stuart**  
Regional Chair  
13 December 2024

*Joanna Campbell*

**Joanna Campbell**  
Principal  
10 December 2024

## Statement of Cash Flows for the year ended 31 July 2024

	Year ended 31 July 2024	Year ended 31 July (Restated *) 2023
Note	£000	£000
<b>Cash flow from operating activities</b>		
(Deficit)/ Surplus for the period	<b>(2,151)</b>	(997)
<b>Adjustment for non-cash items</b>		
Depreciation	13 <b>1,592</b>	1,414
Decrease/ (increase) in debtors	<b>(333)</b>	(513)
(Decrease)/ increase in creditors	16,17 <b>(1,227)</b>	(270)
Increase/ (decrease) in pension provision	18 <b>30</b>	291
Increase/ (decrease) in other provisions	<b>1,198</b>	0
<b>Adjustment for investing or financing activities</b>		
Interest Payable (pension liability)	12 <b>0</b>	0
(Gain)/ loss on sale of fixed assets	12 <b>0</b>	0
<b>Net cash (Outflow)/ inflow from operating activities</b>	<b>(891)</b>	(75)
<b>Cash flows from investing activities</b>		
Proceeds from sales of fixed assets	12 <b>0</b>	0
Payments to acquire fixed assets	13 <b>(396)</b>	(98)
Receipt of deferred capital grants	2,4,16,17 <b>396</b>	85
	<b>0</b>	(13)
<b>Cash flows from financing activities</b>		
Interest Paid	<b>0</b>	<b>0</b>
Repayment of leasing liabilities	<b>(42)</b>	<b>(28)</b>
	<b>(42)</b>	<b>(28)</b>
<b>(Decrease)/ increase in cash and cash equivalents in the period</b>	<b>(933)</b>	<b>(116)</b>
Cash and cash equivalents at beginning of the period	<b>2,053</b>	2,169
Cash and cash equivalents at end of the period	<b>1,120</b>	2,053

\* The 2022/23 figures have been updated to reflect lease payments as financing activities



**Notes to the Financial Statements****1. Statement of Accounting Policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

**1.1 Basis of preparation**

These financial statements have been prepared in accordance with the 2019 Statement of Recommended Accounting Practice (SORP): 'Accounting in Further and Higher Education'; the Financial Reporting Standards FRS 102 and the 2023-24 Government Financial Reporting Manual (FRoM) issued by the Scottish Government and in accordance with applicable Accounting Standards. They conform to the Accounts Direction and other guidance issued by the Scottish Funding Council.

The College is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102.

The financial statements are prepared under the historical cost convention, modified by the revaluation of certain fixed assets.

The accounting policies contained in the FRoM apply International Reporting Standards as adapted or interpreted for the public sector context. Where the FRoM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the College for the purposes of giving a true and fair view has been selected. The particular policies adopted by the College in dealing with items that are considered material to the financial statements are set out below.

**1.2 Basis of accounting**

In preparing the financial statements, the College is required to make estimates and assumptions which affect reported income, expenses, assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The accounting policies have been approved by the Board of Management, and are consistent with previous years. The key areas where judgement and estimation have been applied are as follows:

**Estimate****Basis of Estimation**

Valuation of buildings

College buildings are of a specialist nature and are valued on the depreciated replacement cost basis.

Useful economic lives of buildings and equipment

Buildings are depreciated over their useful economic lives as assessed by an independent, qualified valuer. The useful life of each item of equipment is assessed by appropriately experienced senior College staff, and is based on previous experience, taking into account changes in how the asset will be used and technological advancement where relevant.

Recoverable amount of trade debtors

Trade debtors are reviewed by appropriately experienced senior College staff, with appropriate provision for potential irrecoverable balances being charged to the financial statements as required.

Obligations under the Local Government Pension Scheme

The College has relied on the assumptions made by suitably qualified Pension Scheme Actuaries, which have been reviewed and are considered to be reasonable and appropriate.

**Notes to the Financial Statements (continued)****1. Statement of Accounting Policies (continued)****1.3 Recognition of income**

Income from the sale of goods or services is credited to the Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure which is not a discount and credited to the Statement of Comprehensive Income and Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount.

All income from short-term deposits and investment income is credited to the statement of income and expenditure on a receivable basis.

The College acts as paying agent on behalf of two funding bodies – the Scottish Funding Council and the Student Awards Agency for Scotland – in the collection and payment of certain Student Support Funds. Where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction, those funds are excluded from the income and expenditure of the College.

Where the College has more discretion in the manner in which specific funds are disbursed, and those funds do not meet the definition of agency funds, those funds are shown as College income and expenditure.

**Grant funding**

Government revenue grants including the recurrent grants from the Scottish Funding Council (SFC) are recognised in income over the periods in which the College recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants from non government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

**Donations and endowments**

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the College is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the College is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms of the restriction applied to the individual endowment fund.

Four main types of donations and endowments are identified within reserves:

1. Restricted donations – the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the College.
3. Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the College has the power to use the capital.
4. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

**Capital grants**

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

**Notes to the Financial Statements (continued)****1. Statement of Accounting Policies (continued)****1.4 Fixed assets**

In line with FReM all tangible assets must be carried at fair value. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

**Land and buildings**

Land and buildings are of a specialist nature and are valued on the depreciated replacement cost basis, using the revaluation model. The College has a policy of ensuring a full revaluation takes place at least every 5 years such that the value is not materially different to the current value. Depreciation and impairment losses are subsequently charged on the revalued amount.

Finance costs, which are directly attributable to the construction of land and buildings, are not capitalised as part of the cost of those assets.

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the College.

If a building is brought into use mid-way through a year the depreciation charge in the first year will be pro-rated to reflect the number of months that the asset was in use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2024. They are not depreciated until they are brought into use.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives.

The expected useful life of buildings can vary from 10 to 50 years as determined by professional opinion and valuation.

**Equipment**

Equipment, including computers and software, costing less than £10,000 per individual item, unless it is part of a group of items purchased as part of a discrete project, and motor vehicles costing less than £5,000 are recognised as expenditure. All other equipment is capitalised and depreciated in accordance with the depreciation policy.

Capitalised equipment is depreciated over its useful economic life as follows:

Buildings	10 to 50 years
Fixtures and fittings	10 years
Computer equipment	3 years
Other equipment	5 years
Motor vehicles	3 to 5 years

Where equipment is brought into use mid-way through a year the depreciation charge in the first year will be prorated to reflect the number of months that the asset was in use.

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

**Borrowing costs**

Borrowing costs are recognised as expenditure in the period in which they are incurred.

**Notes to the Financial Statements (continued)****1. Statement of Accounting Policies (continued)****1.5 Leased assets****New accounting standards**

The College adopted IFRS 16 'leases' during 2021-22. IFRS 16 'Leases' replaces IAS 17 'Leases' and its interpretations. The adoption of this new standard had resulted in the College recognising right-of-use assets which have been acquired from 2021-22 under lease agreements.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low value assets the College applied the optional exemptions to not recognise right-of-use assets but to account for the lease on a straight line over the remaining lease term.

Total operating lease commitments are disclosed at Note 18 to the financial statements.

For any new contracts entered into on or after 1 August 2021, the College considers whether a contract is, or contains a lease. A lease is defined as 'a contract for, or part of a contract, that conveys a right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the College assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the College
- the College has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the College has the right to direct the use of the identified asset throughout the period of use.

**Measurement and recognition of leases as a lessee**

At lease commencement date, the College recognises a right-of-use asset and a lease liability on the Balance Sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of lease liability, any initial direct costs incurred, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date.

The College depreciates the right-of-use assets on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The College also assesses the right-of-use asset for impairment when such indicators exist.

At lease commencement date, the College measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the College's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or gain / loss if the right-of-use asset is already reduced to zero.

The College has elected to account for short term leases and leases of low value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in the Income and Expenditure account on a straight line basis over the lease term.

In the Balance Sheet, right-of-use assets have been included in Fittings and Equipment and Motor Vehicles and lease liabilities have been included in Creditors.

**1.6 Cash and cash equivalents**

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

**Notes to the Financial Statements (continued)****1. Statement of Accounting Policies (continued)****1.7 Taxation**

The College is an exempt charity within the meaning of the Trustee Investment and Charities (Scotland) Act 2005 and as such, is a charity within the meaning of Section 506 (1) of the Income and Corporation Taxes Act 1988. The College is recognised as a charity by HM Revenue and Customs and is recorded on the index of charities maintained by the Office of Scottish Charity Regulator. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The College receives no similar exemption in respect of Value Added Tax (VAT). Irrecoverable VAT on inputs is included in costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

**1.8 Accounting for retirement benefits**

All new College employees have the option of joining a pension scheme. The schemes currently open to new members are the Scottish Teachers' Superannuation Scheme and the Dumfries and Galloway Council Pension Fund. Both of the schemes are defined benefit schemes, which are externally funded and contracted out of the State Second Pension (S2P).

**Scottish Teachers' Superannuation Scheme**

The Scottish Teachers' Superannuation Scheme (STSS) pension scheme provides benefits based on career average salaries. The assets of the scheme are held separately from those of the College. The STSS is a multi-employer scheme for which it is not possible to identify the assets and liabilities to College members due to the mutual nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme.

**Dumfries and Galloway Council Pension Fund**

The Dumfries and Galloway Council Pension Fund is a pension scheme providing benefits based on career average salaries. The assets and liabilities of the scheme are held separately from those of the College.

**Defined Contribution Plan**

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

**Defined Benefit Plan**

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the College's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the College. The College should recognise a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the College is able to recover the surplus either through reduced contributions in the future or through refunds to the extent to which the College is able to recover the surplus either through reduced contributions in the future or through refunds.

**1.9 Employment benefits**

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

**1.10 Provisions, contingent liabilities and contingent assets**

Provisions are recognised in the financial statements when:

- (a) the College has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

**Notes to the Financial Statements (continued)****1. Statement of Accounting Policies (continued)****1.10 Provisions, contingent liabilities and contingent assets (continued)**

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the College a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

**1.11 Reserves**

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the College, are held as a permanently restricted fund which the college must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the college is restricted in the use of these funds.

	Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
<b>2 SFC Grants</b>		
SFC FE recurrent grant (including fee waiver)	10,808	11,023
Support staff & middle management Job Evaluation write-off	(958)	0
FE childcare funds	49	124
SFC Capital grants received	230	190
Release of deferred capital grants	670	685
Digital capacity grant	52	52
Foundation Apprenticeship grants	0	274
Other SFC grants - FE provision	405	454
<b>Total</b>	<b>11,256</b>	<b>12,802</b>

Scottish Funding Council have advised in their Accounts Direction for 2023-24 that the funds previously held by them for the Support staff and middle management job evaluation project have been returned to Scottish Government, and although the Scottish Government remains clear that responsibility for job evaluation funding commitments now rests with it until the process is complete, the recognition of revenue previously recognised now requires to be derecognised. The income write-off is £958k for the period to July 2023, and the additional provision for £240k for 2023-24 which is not matched by revenue income, is shown as an adjusting item in the Adjusted Operating Position at note 11.

**3 Tuition Fees and education contracts**

FE fees - UK	660	447
HE fees	519	547
SDS contracts	327	441
Education contracts	373	383
Other contracts	0	0
<b>Total</b>	<b>1,879</b>	<b>1,818</b>

**4 Other grant income**

Release of deferred capital grants	57	61
Other grants	159	70
<b>Total</b>	<b>216</b>	<b>131</b>

## Notes to the Financial Statements (continued)

	Year ended 31 July 2024	Year ended 31 July 2023
	£000	£000
<b>5 Other operating income</b>		
Residences and catering	354	364
Other income-generating activities	34	15
Other income	25	107
<b>Total</b>	<b>413</b>	<b>486</b>
<b>6 Endowment and investment income</b>		
Net interest income on pension liability (note 18)	0	38
Other interest	6	0
	<b>6</b>	<b>38</b>
	<b>£000</b>	<b>£000</b>
<b>7 Staff costs</b>		
Wages and salaries	7,836	8,151
Social security costs	739	736
Other pension costs (including IAS 19 adjustments of £61k (2023 - £377k) note 20)	1,684	2,053
Total pay costs	<b>10,259</b>	<b>10,940</b>
Other employee related non-pay costs	151	118
Total staff costs excluding exceptional costs	<b>10,410</b>	<b>11,058</b>
Exceptional costs - severance costs	153	189
<b>Staff costs including exceptional costs</b>	<b>10,563</b>	<b>11,247</b>
Academic/ Teaching departments	5,117	5,507
Academic/ Teaching services	1,736	1,997
Administration and central services	2,515	2,536
Premises	640	663
Other expenditure	251	237
Catering and residences	0	0
	<b>10,259</b>	<b>10,940</b>
Exceptional costs - severance costs	153	189
Other employee related non-pay costs	151	118
<b>Total</b>	<b>10,563</b>	<b>11,247</b>

The average number of full-time equivalent employees, including higher paid employees, during the year was:

	No.	No.
Academic/ Teaching departments	77	82
Academic/ Teaching services	12	13
Administration and central services	80	87
Premises	16	16
Other expenditure	5	4
Catering and residences	0	0
<b>Total</b>	<b>190</b>	<b>202</b>

## Notes to the Financial Statements (continued)

## 7 Staff costs (continued)

The number of staff, including senior post-holders and the Principal, who received total annual emoluments (excluding pension contributions and compensation for loss of office) in the following ranges were:

	Year ended 31 July 2024		Year ended 31 July 2023	
	Number senior post-holders	Number other staff	Number senior post-holders	Number other staff
£60,001 to £70,000 per annum	0	1	0	1
£70,001 to £80,000 per annum	1	1	1	0
£80,001 to £90,000 per annum	0	0	1	0
£90,001 to £100,000 per annum	1	0	0	0
£100,001 to £110,000 per annum	0	0	1	0
£110,001 to £120,000 per annum	1	0	0	0
	<b>3</b>	<b>2</b>	<b>3</b>	<b>1</b>

## 8 Senior post-holders' emoluments

The number of senior post-holders, including the Principal was:

2024 No.	2023 No.
<b>3</b>	<b>3</b>

Senior post-holders' emoluments are made up as follows:

	Year ended 31 July 2024 £	Year ended 31 July 2023 £
Salaries	<b>309,937</b>	271,133
Pension contributions	<b>66,441</b>	62,137
Total emoluments	<b>376,378</b>	333,270

The above emoluments include amounts payable to the Principal who was also the highest paid senior post-holder, of:

	£	£
Salary (including holiday pay)	<b>114,961</b>	109,070
Pension contributions	<b>27,633</b>	25,735

The Principal and one other senior post-holder were members of the Scottish Teachers' Superannuation Scheme. One senior post-holder was a member of the Local Government Pension Scheme. All pension contributions were paid at the same rate as for other members of staff.

The members of the Board of Management, other than the Principal, Regional Chair, and staff members, did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties. Travel expenses reimbursed to two members of the Board of Management during the year amounted to £357.



## Notes to the Financial Statements (continued)

	Year ended 31 July 2024	Year ended 31 July 2023
	£000	£000
<b>9 Other operating expenses</b>		
Teaching departments	619	681
Administration and central services	1,497	1,259
Premises costs	904	1,056
Planned maintenance	219	123
Agency Staff Costs	72	81
Residences and catering	434	413
	<b>3,745</b>	<b>3,613</b>
Transfer to Arms Length Foundation	0	0
<b>Total</b>	<b>3,745</b>	<b>3,613</b>
Other operating costs include:		
Auditors' remuneration		
- external audit of these financial statements	28	27
- internal audit services *	57	47
- other services	7	4
Hire of plant and machinery - operating leases (note 19)	1	9

\* External and Internal Audit services are provided by different professional firms.

**10 Impact of Depreciation Budget on Statement of Comprehensive Income**

Following reclassification, colleges received a non-cash budget to cover depreciation but this additional budget is not recognised under the FE/HE SORP accounting rules. Colleges may show a deficit equivalent to net depreciation as a result of having to meet Government accounting rules and the requirement to spend the cash allocation.

Under the FE/ HE SORP, the College recorded an operating deficit of £953,000 for the year ended 31 July 2024. After taking account of the Government non-cash budget and non-cash pension adjustments, the College shows an 'adjusted' deficit of £390,000 on a Central Government accounting basis.

This deficit is attributable to other factors reflected in the adjusted operating table as explained in the Performance Report at Page 17 and the Adjusted Operating Position at note 11.

	Year ended 31 July 2024	Year ended 31 July 2023
	£000	£000
(Deficit) before other gains and losses (FE/ HE SORP basis) for academic year	(2,151)	(999)
Add: Depreciation budget for government funded assets (net of deferred capital grant) for academic year	390	390
Operating (deficit) on Central Government accounting basis for academic year	<b>(1,761)</b>	<b>(609)</b>

**11 Adjusted Operating Position**

The Statement of Comprehensive Income presents the financial performance during the accounting period in accordance with the SORP. The AOP is intended to reflect the financial performance after allowing for material one-off or distorting items required by the SORP or other items out with the control of there College. The AOP is therefore designed to smooth any volatility in reported results arising from FRS 102 and also to recognise that some of the reported costs do not have an immediate cash impact on the College.

## Notes to the Financial Statements (continued)

## 11 Adjusted Operating Position (continued)

	Year ended 31 July 2024	Year ended 31 July 2023
	£000	£000
<b>(Deficit) before other gains and losses</b>	<b>(2,151)</b>	<b>(999)</b>
<b>Add Back:</b>		
- Depreciation (net of deferred grant release) on both government funded and privately funded assets (1)	<b>865</b>	668
- Pension adjustments - Net service cost (2)	<b>61</b>	377
- Pension adjustments - Net interest cost (3)	<b>21</b>	(38)
- Pension adjustments - early retirement provision (4)	<b>13</b>	(1)
- Costs of Support staff and middle management job evaluation exercise not matched by revenue (5)	<b>1,198</b>	0
<b>Deduct:</b>		
- Non-government capital grant (6)	<b>0</b>	0
<b>Adjusted operating surplus</b>	<b><u>7</u></b>	<b><u>7</u></b>

(1) Depreciation is a non-cash item and is therefore excluded when calculating the adjusted operating position.

(2) The adjustments to the pensions charge represents the non-cash element of service cost (i.e. including the present value of projected benefits resulting from employee service in the current year) less cash contributions paid.

(3) The net interest cost is the interest accumulated on the pension liability and this is offset against the current year's interest earned on pension assets. These are non-cash adjustments.

(4) The adjustment for early retirement provision represents the non-cash movement in the provision for unfunded pensions for the year.

(5) The provision of costs for the Support staff and middle management job evaluation project are not matched by revenue income to date, as set out at Note 18.

(6) Where grants have been received from non-government sources for equipment, the income is not matched by expenditure as it has been used to fund capital assets which will be depreciated over the life of the asset.

	Year ended 31 July 2024	Year ended 31 July 2023
	£000	£000
<b>12 Interest payable</b>		
Net interest cost on pension liability (note 18)	<b><u>21</u></b>	<b><u>0</u></b>

## Notes to the Financial Statements (continued)

## 13 Tangible Fixed Assets

	Land and Buildings £000	Fittings and Equipment £000	Motor Vehicles £000	Assets in the Course of Construction £000	Total £000
<b>Cost or valuation</b>					
At 1 August 2023	44,793	1,292	83	0	46,168
Additions	0	45	0	351	396
Gain / (Deficit) on revaluation	0	0	0	0	0
<b>At 31 July 2024</b>	<b>44,793</b>	<b>1,337</b>	<b>83</b>	<b>351</b>	<b>46,564</b>
<b>Depreciation</b>					
At 1 August 2023	661	675	23	0	1,359
Provided during period	1,412	155	25	0	1,592
<b>At 31 July 2024</b>	<b>2,073</b>	<b>830</b>	<b>48</b>	<b>0</b>	<b>2,951</b>
NBV at 1 August 2023	44,132	617	60	0	44,809
<b>NBV at 31 July 2024</b>	<b>42,720</b>	<b>507</b>	<b>35</b>	<b>351</b>	<b>43,613</b>
Inherited	3,523	0	0	0	3,523
Financed by capital grant	39,197	474	0	0	39,671
Other – Right of use assets	0	33	35	0	68
<b>At 31 July 2024</b>	<b>42,720</b>	<b>507</b>	<b>35</b>	<b>0</b>	<b>43,262</b>

Land and buildings were subject to a full revaluation exercise at 31st July 2023 by DM Hall, Chartered Surveyors in the capacity of independent valuer, with a desktop valuation performed at July 2024. The basis of valuation adopted was depreciated replacement cost and the valuation was made in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual.

Inherited Land and Buildings with a net book value of £3,523,000 have been partially financed by exchequer funds. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the Council, to surrender the proceeds.

## Notes to the Financial Statements (continued)

**14 Debtors: Amounts falling due within one year**

	<b>Year ended 31 July 2024</b>	Year ended 31 July 2023
	<b>£000</b>	£000
Trade debtors - net of provision for doubtful debts	<b>166</b>	60
Prepayments and accrued income	<b>606</b>	1,577
	<b>772</b>	1,637

Scottish Funding Council have advised in their Accounts Direction for 2023-24 that the funds previously held by them for the Support staff and middle management job evaluation project have been returned to Scottish Government, and although the Scottish Government remains clear that responsibility for job evaluation funding commitments now rests with it until the process is complete, the recognition of revenue previously recognised now requires to be derecognised. The income write-off is £958k for the period to July 2023 per Note 2 has been removed from accrued income at 31 July 2024.

As the College was unaware of the return of the funding when the 2022-23 Accounts were signed, no prior year adjustment has been required for the comparative figures

**15 Cash and cash equivalents**

	<b>31 July 2024</b>	31 July 2023
	<b>£000</b>	£000
Cash and cash equivalents	<b>1,120</b>	2,053

The College receives certain Scottish Funding Council grants on an agency basis. The funds are available solely for students and the College acts only as paying agent. The funds held in trust are reflected on the balance sheet as both cash and a current liability.

Agency funds relating to student support of £685,000 are included in the cash and cash equivalents at the year end.

**16 Creditors: Amounts falling due within one year**

	<b>Year ended 31 July 2024</b>	Year ended 31 July 2023
	<b>£000</b>	£000
Trade creditors	<b>293</b>	228
VAT	<b>3</b>	1
Other taxation and social security	<b>153</b>	153
Pension	<b>165</b>	168
Accruals and deferred income	<b>1,822</b>	3,418
Lease liabilities	<b>40</b>	42
Deferred capital grants	<b>732</b>	740
Bursaries and Access funds for future disbursement (note 15)	<b>515</b>	685
	<b>3,723</b>	5,435

## Notes to the Financial Statements (continued)

## 17 Creditors: Amounts falling due after more than one year

	Year ended 31 July 2024	Year ended 31 July 2023
	£000	£000
Lease liabilities	31	71
Deferred capital grants	22,491	22,810
	<b>22,522</b>	<b>22,881</b>

Deferred capital grants to be released within one year are included within current creditors, and the balance of deferred capital grants within long term creditors at note 15 in accordance with the requirements of FRS 102 and the 2019 SORP.

## 18 Provisions for liabilities and charges

	Support staff job evaluation exercise £000	Early Retirement pension costs £000	Defined Pension obligations £000	2023-24 Total £000	2022-23 Total £000
At 1 August 2023	0	425	0	425	(1,243)
Expenditure in the period	0	(52)	(812)	(864)	(888)
Transfer to provision from accruals	958	0	0	958	0
Additional provision required in period	240	0	873	1,113	1,217
Revaluation adjustment		13	(5,656)	(5,643)	(3,629)
Interest charged/ (income)	0	20	1	21	(38)
Asset celling adjustment	0	0	5,594	5,594	5,006
<b>At 31 July 2024</b>	<b>1,198</b>	<b>406</b>	<b>0</b>	<b>1,604</b>	<b>425</b>

In accordance with the SFC Accounts Direction and technical guidance issued by Audit Scotland, the estimated costs for the Support staff and middle management job evaluation exercise has now been recognised as provision during 2023-24. Costs of £958k which were accrued at 31 July 2023 have been transferred to the provision as at July 2024 together with costs relating to 2023-24 of £240k.

The Early Retirement pension costs provision has been revalued by Hymans Robertson LLP.

Hymans Robertson LLP have provided the College with guidance and professional support in understanding the net asset position for the financial statements. In accordance with Audit Scotland guidance, and based on the actuary's assessment, an Asset Ceiling Adjustment has been applied to the pension obligations as at 31 July 2024 and 2023 as detailed at Note 20.

## 19 Leases

The College has leases for some vehicles and equipment. With the exception of short term leases and leases of low value underlying assets, each asset is reflected on the balance sheet as a right-of-use asset and a lease liability. The College classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Leases of vehicles are for 3 years and equipment 5 years, and lease payments are fixed.

Additional information on the right-of-use assets is as follows:

Assets:	Fittings and Equipment £000	Motor Vehicles £000	Total £000
At 1 August 2023	50	63	113
Additions	0	0	0
Depreciation charge in year	(17)	(25)	(42)
At 31 July 2024	<b>33</b>	<b>38</b>	<b>71</b>

  

	Year ended 31 July 2024	Year ended 31 July 2023
	£000	£000
<b>Lease liabilities:</b>		
<b>Maturity analysis - contractual undiscounted cash flows</b>		
Less than one year	40	42
One to five years	31	71
More than five years	0	0
<b>Total undiscounted lease liabilities at 31 July included in the balance sheet</b>	<b>71</b>	<b>113</b>

## Notes to the Financial Statements (continued)

## 19 Leases (continued)

	Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
<b>Amounts recognised in Income and Expenditure account</b>		
Expenses relating to short-term leases	<u>1</u>	<u>9</u>
<b>Amounts recognised in the statement of cash flows</b>		
Total cash outflow for leases	<u>42</u>	<u>36</u>

## 20 Pensions and similar obligations

The College's employees belong to two principal pension schemes, the Scottish Teachers Superannuation Scheme (STSS) which is administered by the Scottish Public Pensions Agency and the Local Government Pension Scheme (LGPS) – The Dumfries and Galloway Council Pension Fund.

The total pension costs for the institution was :

	12 months to July 2024 £000	12 months to July 2023 £000
Contribution to STSS	855	867
Contribution to LGPS	768	809
Pension costs as a result of implementing FRS 102	(62)	(324)
Total pension cost	<u>1,561</u>	<u>1,352</u>

Employer contribution rates during the period were:

STSS – 23% from 1 September 2019 to 31 March 2024

– 26% from 1 April 2024

LGPS – 21.2% from April 2018 to April 2024

– from 1 April 2024 – 16.6%

## The Scottish Teachers Superannuation Scheme

(a) Dumfries and Galloway College participates in the Scottish Teachers' Pension Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The 2016 valuation set employer contribution rates at 23.0% from 1 September 2019 until 31 March 2023, although the UK Government has since stated that the rates would continue until 31 March 2024. Member contributions continued at the same rates within a range of 7.2% to 11.9% and are anticipated to deliver a yield of 9.4%.

(b) Dumfries and Galloway College has no liability for other employers' obligations to the multi-employer scheme.

(c) As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

(d)

(i) The scheme is an unfunded multi-employer defined benefit scheme.

(ii) It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where Dumfries and Galloway College is unable to identify its share of the underlying assets and liabilities of the scheme.

(iii) The employer contribution rate for the period from 1 April 2022 is 23% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.4% of pensionable pay.

**Notes to the Financial Statements (continued)****20 Pensions and similar obligations (continued)****The Scottish Teachers Superannuation Scheme (continued)**

(iv) While a valuation was carried out as at 31 March 2016, it is not possible to say what deficit or surplus may affect future contributions. Work on the valuation was suspended by the UK Government pending the decision from the Court of Appeal (McCloud (Judiciary scheme)/ Sargeant (Firefighters scheme) cases) that held that the transitional protections provided as part of the 2015 reforms was unlawfully discriminated on the grounds of age. Following consultation and an announcement in February 2021 on proposals to remedy the discrimination, the UK Government confirmed that the cost control element of the 2016 valuations could be completed. The UK Government has also asked the Government Actuary to review whether, and to what extent, the cost control mechanism is meeting its original objectives. The 2020 actuarial valuations will take the report's findings into account. The interim report is complete (restricted) and is currently being finalised with a consultation. Alongside these announcements, the UK Government confirmed that current employer contribution rates would stay in force until 1 April 2024.

(v) Dumfries and Galloway College's level of participation in the scheme is 0.12% based on the proportion of employers' contributions paid in 2022-23.

Further information on the Scottish teachers' Pension Scheme is available on the relevant section of the SPPA website: <https://pensions.gov.scot/teachers>

**The Local Government Pension Scheme (LGPS)**

The LGPS is a defined benefit scheme, with the assets held in separate trustee administered funds.

The triennial valuation of the main Dumfries and Galloway Council Pension Fund was carried out as at 31 March 2023 by Hymans Robertson LLP.

The Actuary has highlighted 3 key messages in the valuation report at 31.07.24:

- Assets have increased due to stronger than anticipated investment returns
- Overall assumption changes are positive this year in lowering the value placed on the obligations
- The April 2024 6.7% increase to accrued LGPS benefits is factored into the accounting balance sheet and increases the obligations

Following the revaluation of the whole Dumfries and Galloway Council Pension Fund at 31 March 2020, the actuary determined that the funding level for Dumfries and Galloway College's element of the fund has increased from 102% as at 31 March 2017 to 103% as at 31 March 2020. The proposed employer rate has been derived using a risk based approach, taking into account the employers' perceived risk to the Fund and the time horizon over which funding takes place as well as the cost of the build up of pension by current active members and the actuarially calculated funding level. For the years ending 31 March 2024 to 31 March 2027 the actuary has proposed an employer contribution rate for Dumfries and Galloway College of 16.6% of pensionable pay.

Employer contribution rates applied previously were as follows:

2017-18 - 20.3% of pensionable pay plus £25,000  
 2018-19 to 2020-21 - 21.2% of pensionable pay  
 2018-19 to 2020-21 - 21.2% of pensionable pay  
 2021-22 to 2022-23 - 22.7%

And from 2023-24 - 16.6% as noted above.

**Assumptions**

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	<b>As at 31/07/24</b>	As at 31/07/23
	%	%
Discount rate	<b>4.95%</b>	5.05%
Future salary increases	<b>3.45%</b>	4.80%
Inflation/ pension rate increase	<b>2.75%</b>	3.00%

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2022 model, with a 25% weighting of 2022 data, a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25%, and a long term improvement of 1.5% p.a.

All other demographic assumptions are as per the latest funding valuation of the D&G Council pension fund.

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits.

**Scheme assets and expected rate of return for LGPS**

The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

## Notes to the Financial Statements (continued)

## 20 Pensions and similar obligations (continued)

The fair value of the plan assets and return on those assets were as follows:

	Year ended 31 July 2024 Fair value £000	Year ended 31 July 2023 Fair value £000	Year ended 31 July 2022 Fair value £000
Equities	15,127	16,141	20,207
Corporate bonds	9,570	7,236	3,649
Property	5,557	4,453	4,210
Other	618	0	0
	<b>30,872</b>	<b>27,830</b>	<b>28,066</b>
Actual return on plan assets	<b>1,505</b>	<b>(1,644)</b>	<b>61</b>

The analysis of the amounts charged to the Statement of Comprehensive Income (SOCl) is as follows:

	Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
<b>Charged to staff costs:</b>		
Current service cost	(795)	(1,177)
Past service costs	(78)	(40)
<b>Total charged to staff costs</b>	<b>(873)</b>	<b>(1,217)</b>
<b>Credit/ charge for net return on pension scheme:</b>		
Interest income	1,413	989
Interest cost	(1,161)	(936)
Interest on the effect of the Asset Ceiling	(253)	0
<b>Net interest charged</b>	<b>(1)</b>	<b>53</b>
<b>Credit/ charge to other comprehensive income:</b>		
Return on assets	1,505	(1,644)
Other experience	(2,501)	(1,531)
Gains and losses on changes in financial assumptions	894	6,453
Changes in demographic assumptions	499	350
Changes in the effect of the Asset Ceiling	5,259	0
<b>Actuarial Gain/ (Loss)</b>	<b>5,656</b>	<b>3,628</b>
<b>Total charge to the SOCl</b>	<b>4,782</b>	<b>2,464</b>
<b>Analysis of the movement in deficit during the year:</b>		
Surplus/ (Deficit) in scheme at start of year	0	1,702
Service costs	(873)	(1,217)
Employers contributions	812	840
Net interest costs	(1)	53
Actuarial gain/ (loss)	5,656	3,628
<b>Surplus/ (Deficit) in scheme at end of year</b>	<b>5,594</b>	<b>5,006</b>
<b>Asset capping cap applied to valuation at 31.07.24</b>	<b>(5,594)</b>	<b>(5,006)</b>
<b>Surplus/ (Deficit) in scheme as disclosed in financial statements</b>	<b>0</b>	<b>0</b>

Hymans Robertson LLP have provided the College with guidance and professional support in understanding the net asset position for the financial statements. In accordance with Audit Scotland guidance, and based on the actuary's assessment, an Asset Ceiling Adjustment has been applied to the pension obligations as at 31 July 2024 and July 2023.



**Notes to the Financial Statements (continued)****21 Related Party Transactions**

The Board of Management of Dumfries and Galloway College is a body incorporated under the Further and Higher Education (Scotland) Act 1992 and is funded by the Scottish Funding Council (SFC).

SFC and the Scottish Executive Enterprise and Lifelong Learning Department (SEELLD) are regarded as related parties. During the year Dumfries and Galloway College had various material transactions with these bodies and with other entities for which they are either the Funding Council or are regarded as the sponsor Department, e.g. Student Awards Agency for Scotland, and a number of other colleges and higher education institutions including the Local Authority, Dumfries and Galloway Council.

Due to the nature of the College's operations and the composition of its Board of Management being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Management may have an interest. All transactions involving organisations in which a member of the Board of Management may have a material interest are conducted at arm's length and in accordance with normal project and procurement procedures.

During the year under review, the College had no transactions with non-public bodies in which a member of the Board of Management has an interest and which, in aggregate, exceeded £5,000 except as disclosed below.

The College had transactions during the year, or worked in partnership with, the following publicly funded or representative bodies or companies in which members of the Board of Management hold, or held, official positions.

<b>Member</b>	<b>Organisation</b>	<b>Position</b>
G. Brydson	Dumfries and Galloway Council	Executive Director Education, Skills and Community Wellbeing
S. Irving	Loreburn Housing Group	Director of Housing Services
C. McLean	Realise HR Ltd	Director
J Campbell	Jisc	Board Member

The College provided training for and had some staff secondments to Dumfries and Galloway Council during the year ended 31 July 2024, as well as claiming grant funding for the UK Shared Prosperity Fund. Invoices to Dumfries and Galloway Council amounted to £103,971. £85,309 was due to the College from Dumfries and Galloway Council at 31 July 2024.

The College purchased goods and services amounting to £60,530 from Dumfries and Galloway Council during the year ended 31 July 2024 in addition to rates payments of £139,306. No balances were due to Dumfries and Galloway Council from the College at 31 July 2024.

Payments to the Dumfries and Galloway Council Pension Fund are detailed in note 20, and amount to £768,806 for the year ended 31 July 2024. In addition, strain on funds for the VS leavers amounted to £42,004.

The College provided training for Loreburn Housing Group during the year ended 31 July 2024. Invoices to Loreburn Housing Group amounted to £1,398. No balances were due to the College from Loreburn Housing Group at 31 July 2024.

The College used recruitment services amounting to £3,780 from Realise HR during the year ended 31 July 2024. No balances were due from the College to Realise HR at 31 July 2024.

The College purchased services amounting to £1,752 from Jisc during the year ended 31 July 2024. No balances were due by the College to Jisc at 31 July 2024. Sales invoices amounting to £663 were issued to Jisc during the year ended 31 July 2024, and no balances were outstanding to the College from Jisc at 31 July 2024.

## Notes to the Financial Statements (continued)

## 21 Related Party Transactions (continued)

The members of the Board of Management, other than the Principal, Regional College Chair, and staff members, did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties. Travel expenses reimbursed to two members of the Board of Management during the year amounted to £357.

Remuneration of the Executive Leadership Team is set out in note 7.

## 22 FE Bursaries and other Student Support Funds

	FE			Year ended 31	Year ended
	Bursary	EMA's	Other	July 2024	31 July 2023
	£000	£000	£000	£000	£000
<b>Balance brought forward</b>	463	0	6	<b>469</b>	479
Allocation received in year	2,247	130	155	<b>2,532</b>	2,659
	2,710	130	161	<b>3,001</b>	3,138
Expenditure	(1,817)	(130)	(403)	<b>(2,350)</b>	(2,229)
Repaid to SFC as clawback	(411)	0	(12)	<b>(423)</b>	(465)
College Contribution to funds	0	0	4	<b>4</b>	0
Virements	(250)	0	250	<b>0</b>	25
<b>Balance Carried forward</b>	<b>232</b>	<b>0</b>	<b>0</b>	<b>232</b>	469
<b>Represented by:</b>					
Repayable to SFC as clawback	232	0	0	<b>232</b>	463
Retained by College for Students	0	0	0	<b>0</b>	6
	<b>232</b>	<b>0</b>	<b>0</b>	<b>232</b>	469

The student support grants detailed above are available solely for students, the College acting only as paying agent. The grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

## 23 FE and HE Childcare Funds

	Year ended 31		Year ended
	July 2024	£000	31 July 2023
		£000	£000
<b>Balance brought forward</b>		<b>49</b>	0
Allocation received in year		<b>200</b>	200
		<b>249</b>	200
Expenditure		<b>(49)</b>	(124)
Repaid to SFC as clawback		<b>(79)</b>	0
Virements		<b>0</b>	(27)
<b>Balance Carried forward</b>		<b>121</b>	49

23 FE and HE Childcare Funds (continued)

	Year ended 31 July 2024	Year ended 31 July 2023
	£000	£000
<b>Represented by:</b>		
Repayable to SFC as clawback	121	49
Retained by College for Students	0	0
	<u>121</u>	<u>49</u>

Childcare Fund transactions are included within College Income & Expenditure in accordance with accounts direction from SFC, as the College has more discretion in the manner in which these funds are disbursed.

**Accounts direction for Scotland's colleges 2023-24**

- 1 It is the Scottish Funding Council's direction that institutions (1) comply with the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) in preparing their annual report and accounts (2).
- 2 Institutions must comply with the accounts direction in the preparation of their annual report and accounts in accordance with the Financial Memorandum with the Scottish Funding Council (SFC) or the Regional Strategic Body (RSB) (for assigned colleges).
- 3 Incorporated colleges and Glasgow Colleges' Regional Board are also required to comply with the Government Financial Reporting Manual 2023-24 (FReM) where applicable. In cases where there is a conflict between the FReM and the SORP, the latter will take precedence.
- 4 Incorporated colleges and Glasgow Colleges' Regional Board must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2024.
- 5 The annual report and accounts should be signed by the chief executive officer / Executive Director and by the chair, or one other member of the governing body.
- 6 Incorporated colleges and Glasgow Colleges' Regional Board should reproduce this Direction as an appendix to the annual report and accounts.

Scottish Funding Council  
18 September 2024

(1) The term "institutions" includes colleges and Glasgow Colleges' Regional Board

(2) Glasgow Colleges' Regional Board's accounts are prepared on a consolidated basis, incorporating the results of City of Glasgow College, Glasgow Clyde College and Glasgow Kelvin College. New College Lanarkshire's accounts are also prepared on a consolidated basis, incorporating the results of South Lanarkshire College.