



Report and Financial Statements

For the year ended 31 July 2022

Registered Charity No: SC021188



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The financial statements were approved and authorised for issue by the Board of Management on 13 December 2022.

OVERVIEW

Overview summary

This section of our financial statements is designed to give an overview of high-level College performance and development during 2021/22. This information should be considered alongside other sections of these statements in understanding how our financial management and performance supports the College in achieving its high level outcomes.

Statement from the Principal

Dundee & Angus College is recognised as a top performing college in Scotland and has delivered sector leading outcomes for our learners on a consistent annual basis since merger in 2013. It is these performance outcomes that underpin the D&A College 2025 More Successful Students strategy.

The College produces an annual Regional Outcome Agreement (ROA) that summarises the planned activities of the College in return for the public funds that it receives from the Scottish Funding Council. This Regional Outcome Agreement is supplemented by a Regional Outcome Agreement Self-Evaluation report submitted to the Scottish Funding Council (SFC) normally on an annual basis.

Publication of 2021/22 Regional Outcome Agreements was delayed by SFC, but our Regional Outcome Agreement was completed in November 2021. This includes the usual common national measurement plan that links together the key priorities of the College with overall national priorities and expresses these through a range of specific targets, measures and outputs. Progress in respect of all of this activity is summarised within the agreement document and is available on the College website.

Our academic performance remains sector leading for all ages and groups/ student types and is particularly strong for full-time further and higher education learners and care experienced learners. Our learner outcomes are also strong (and significantly above national average) for all learner groups, including younger learners and those from the most deprived communities.

SFC data published in spring 2022 shows that Dundee & Angus College was the top performing college in Scotland in almost all of the national performance indicator measures, and was above national average in all but one of the national performance statistics for 2020/21.

In each of these areas, this performance helps to address the attainment gap within our communities and supports a significantly higher percentage of students from D&A to progress and develop meaningful future careers compared with the national average.

The post course success of our students improved during 2021/22, increasing to 96.3% and showing an increase in the proportion of College leavers moving into full-time employment following completion of their course. This performance is supported by our excellent links with local schools and universities and our extensive network of links and partnerships with business.

Performance Report (continued)

These outcomes not only reflect the benefit gained from attendance at D&A for the individual students involved, but also highlight the very strong value for money that D&A as an organisation offers within our region and at a national level.

The excellent performance of D&A College has been set against a backdrop of continuing COVID-19 impacts, significant concerns regarding future funding whilst supporting and pursuing significant new opportunities within our region. These have been characterised through 2021/22 as on-going Opportunities and Challenges.

Despite the relaxation of COVID-19 regulations across most of the economy, colleges remained under significant restrictions through until mid-April 2022. This included a short period of enforced lockdown pre-Christmas 2021 as a result of the arrival of the Omicron variant. This shutdown coincided with what is a traditionally high point for learner withdrawals and has resulted in poorer retention for D&A this year. That said, we expect our overall retention and outcomes to continue to compare very favourably with national averages when these are published in spring 2023.

Through summer term 2022 the College has returned to more normal operations and has been piloting a number of different approaches to hybrid and online working as the COVID-19 regulations have reduced and as mitigations have allowed. Our New Ways of Working project kicked off with an all staff (virtual) event in January 2022 and work has progressed to create hybrid and online working and teaching spaces alongside development of hybrid and online pedagogy. This work will inform the future development and delivery of teaching and services and will play a significant role in the future design of our physical and ICT infrastructure.

The COVID-19 planning and response group established in 2020 has continued to meet, with this changing emphasis during the year to focus on the engagement and support of learners.

New appointments to the roles of Director of Curriculum during 2021/22, along with the appointment of a Senior Project Manager, have supported developments arising through the major strategic project developments taking place within the D&A region.

These include the Michelin Scotland Innovation Parc (MSIP), a major development of the former Michelin factory site in Dundee to create a manufacturing and assembly innovation site with a focus on sustainable energy and hybrid / green transport. The site is now operational, with major employers commencing operations. The College has been at the heart of this development and is the main skills partner working with MSIP to create an Advanced Skills Academy to deliver the skills needed to train the workforce in low carbon, green energy, hydrogen, battery storage, offshore wind, remote control systems, and advanced manufacturing. An Innovation Centre is also planned to allow research, prototyping and development with the College, Dundee and Abertay Universities and Industry partners.

Although impacted by COVID-19 restrictions, the Advanced Skills Academy space was completed in August 2022 with fit out underway to support the College in creating new opportunities and transitioning to delivery of new curriculum and services on the site over the coming months.

Despite initial delays arising through the Scottish and UK government arrangements, the Tay Cities Engineering Project (TCEP) was signed off in March 2022. The approval of this project has funded the major redevelopment of engineering facilities and services on the Arbroath campus and the commencement of procurement of state-of-the-art engineering equipment.

Performance Report (continued)

TCEP is a £4.3 million, 5-year, project which the College will lead, in partnership with Angus Council, Angus Training Group, Fife College and Perth UHI and a host of engineering companies.

Work is progressing through the Tay Cities infrastructure for approval of the c.£2 million BioMedical project with Fife, Perth UHI colleges, Universities of Dundee and Abertay, James Hutton Institute and Dundee Science Centre being key delivery partners. This project will see a significant increase in BioMedical jobs within the region, with D&A and partners providing the technical skills necessary for this workforce.

Similarly, the Small Medium Sized Enterprise (SME) project will support skills training and development across the Tayside area, with Dundee & Angus College hosting the staffing and with the key academic partners (Dundee & Angus, Fife and Perth UHI Colleges, Universities of Dundee and Abertay) delivering the wide range of training and skills development being offered.

In each case projects will include an element of funding to support the management, operational and delivery costs involved and will bring in c.£9 million additional income (with related expenditures) to 2030.

These are just some of the projects developing under the Tay Cities Deal, with other projects involving most of our key public sector partners in development up to 2030. This includes a significant 'skills pot' across the full range of other Tay Cities projects that will support a very wide range of education and skills development within the region.

The Tay Cities deal is just one of the major opportunities within our region, with other major developments also progressing.

Significant progress has been made in supporting the Esports developments in Dundee, with new curriculum and course provision under development. Alongside this, the College is working with schools in the region to develop Esports provision and working with a Pro Esports player to create specialist coaching and workshops.

Following the announcement of the [Eden Project plans for Dundee](#), the College has been involved in discussions on what our role could and should look like, and how we can become a key strategic partner throughout both the design and implementation phases.

As the design phase has developed, College representatives have been involved in subject specific discussions to help shape what the final offer and experience will look like. At a strategic level, the College is represented and kept up to date on progress through the Dundee Partnership.

The College continues to play a key role within our communities and is integrated fully within both of our local Community Planning Partnerships (CPPs) and economic development forums.

We continue to lead on the development of the school/college curriculum and infrastructure to deliver on the Developing the Young Workforce (DYW) strategy in our region and continue our senior phase and Foundation Apprenticeship activity with our regional schools. We make active use of all funding opportunities to support a diverse range of delivery to support both economic and social recovery. This includes the delivery of the Flexible Workforce

Performance Report (continued)

Development Fund, National Transitions Training Fund, Young Persons Guarantee and maximising Modern and Foundation apprenticeship numbers. The College has also been successful in attracting Trust and other funds to support the above developments and to allow continuation of our pioneering work to reduce child poverty.

During 2021/22 we have created a new Community Partnerships strategy and developed a College Community Collaborative of over thirty active community and third sector partners that are active in supporting young people.

These opportunities and developments, alongside our employer, community and local authority links have supported excellent partnership working to support current and potential learners through their chosen learning journey and into meaningful employment.

Despite the excellent outcomes that the College consistently achieves, and the fantastic opportunities developing within the D&A region, there are significant challenges to be faced. The funding settlement for colleges for 2022/23 represented a significant cash reduction for the sector as a whole. This has translated into a c£0.6 million cash cut for D&A, with the impact of this increased in real terms by significant inflationary pressures on both staff and consumable costs.

Given these cuts, the College implemented a major savings plan in April 2022, designed to reduce expenditure by a minimum of £1.5 million for financial year 2022/23 and return the College to a sustainable financial position over the next two years. This has been a major and difficult exercise, which will impact negatively on College operations in several areas through the reduction of c26.5 FTE of staffing.

With Scottish Government announcements highlighting that future funding settlements will be flat cash it is anticipated that further savings plans will be required to maintain financial security.

The reduction in funding has also coincided with a drop in demand for places across the college sector. This reduction is particularly evident in higher education provision as increased competition from universities impacts on college sector delivery. D&A College has not been immune to this national shift and the College is proactively revising and refreshing its curriculum offer to reflect this changing demand.

D&A College has played a significant role in lobbying the Scottish Government and SFC to modernise the funding methodology for the sector to reflect the changed recruitment picture and to better reflect student needs and actual cost inputs whilst improving the flexibility of operations. Some small changes in this have been welcomed, and the College will continue to push for more significant revision to better support the future operational needs and financial stability of the sector.

All of the outcomes reported through these financial statements are down to the commitment and hard work of our staff, which has continued throughout the pandemic and into the pandemic recovery phase. It is regrettable that this has now transitioned into a period of curriculum / service cuts and the need to significantly reduce expenditure. Staff engagement has no doubt suffered due to the impact of the cuts, although overall staff engagement has remained high.

Staff across the whole College have worked (and continue to work) tirelessly in the most challenging of times to ensure that our students continue to receive an excellent service. This is

Performance Report (continued)

reflected in the excellent student and staff outcomes reported below and throughout these statements.

The College continues to invest in our infrastructure, prioritising in backlog maintenance whilst completing the Kingsway Tower redevelopment project:

At the end of 2017, the Scottish Funding Council published a condition survey which set out the current levels of backlog maintenance and the potential cost of bringing estates up to an acceptable condition. The total cost identified for the three main campuses was £11.8m, excluding VAT and a range of costs including professional fees. If these are taken into account, the total would be expected to be in the region of £26m, just over 7% of the sector total of £363m.

The majority of the Capital Backlog Maintenance Grant for 2021/22 was allocated to the Kingsway Tower project, whilst continuing to tackle other backlog maintenance works.

The Kingsway Tower redevelopment project was completed and fully operational for the beginning of the 22/23 academic year, with only minor remedial work still being undertaken.

The project has enabled the College to create a range of inspirational facilities that have significantly enhanced the learning and social experience for our learners, staff and visitors to the College.

The project has been completed over a 3-year period and has provided –

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

The plan to refurbish the existing Lecture Theatre has been postponed until 2023.

The Estates project team have worked closely with Robertson Construction Tayside to successfully deliver this project on time and on budget. The works have been completed to a very high standard with almost all of the design team and sub-contractors based within the Dundee & Angus area. The use of local sub-contractors was a requirement of the SCAPE framework which was the procurement route for this project.

The project over the 3 years was split into 5 phases –

- Phase 1 – start of the creation of a new social space and frontline services
- Phase 2 – demolition of the existing old library block
- Phase 3 – completion of social spaces and creation of Café Bar and Training Restaurant
- Phase 4 – new build Hair, Beauty and Complementary Therapies facility
- Phase 5 – lecture theatre refurbishment – **not progressed**

Final accounts for phases 3 & 4 have still to be formally concluded. The table below details the costs and associated funding to July 2022 along with the anticipated final costs.

Performance Report (continued)

Project Element	Costs at July 2022	Anticipated Final Costs
	£000's	£000's
Social Spaces and Frontline Services (Phase 1&2)	1,706	1,706
Training restaurant & Social Space (Phase 3)	1,398	1,398
Hair and Beauty Facility New build (Phase 4)	4,781	4,824
Total Contractor Costs	7,885	7,928
Professional Fees, Furniture & Equipment	122	132
Total Costs	8,007	8,060

Financed	Funds at July 2022	Anticipated Final Funds
	£000's	£000's
College Preliminary Costs	100	100
SFC High Priority Maintenance Grants	3,060	3,113
SFC Additional funding 2020/21	514	514
SFC Additional support for Kingsway	1,033	1,033
Dundee & Angus Foundation	3,300	3,300
Total finance	8,007	8,060

In addition to the main Kingsway Tower works, other projects included Road Resurfacing works at Kingsway once again using a recycled plastic aggregate. This was the 4th resurfacing project that has been completed using this recycled plastic material.

A range of classroom refurbishments along with flooring replacement and painting and decoration of a number of areas across the College estate.

We also installed kitchen facilities in all 3 campuses that have provided our students with access to microwaves and free hot water. These works were progressed as part of our catering review and also in partnership with our Learner Engagement and Student Association colleagues who highlighted the impact of food poverty amongst many of our students. The kitchen facilities were installed adjacent the Student Association and Learner Engagement offices and students now have access to food larders where they can access free food offerings.

The College officially launched our Climate Emergency Action Plan – Our Path to Net Zero in November 2021.

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

Performance Report (continued)

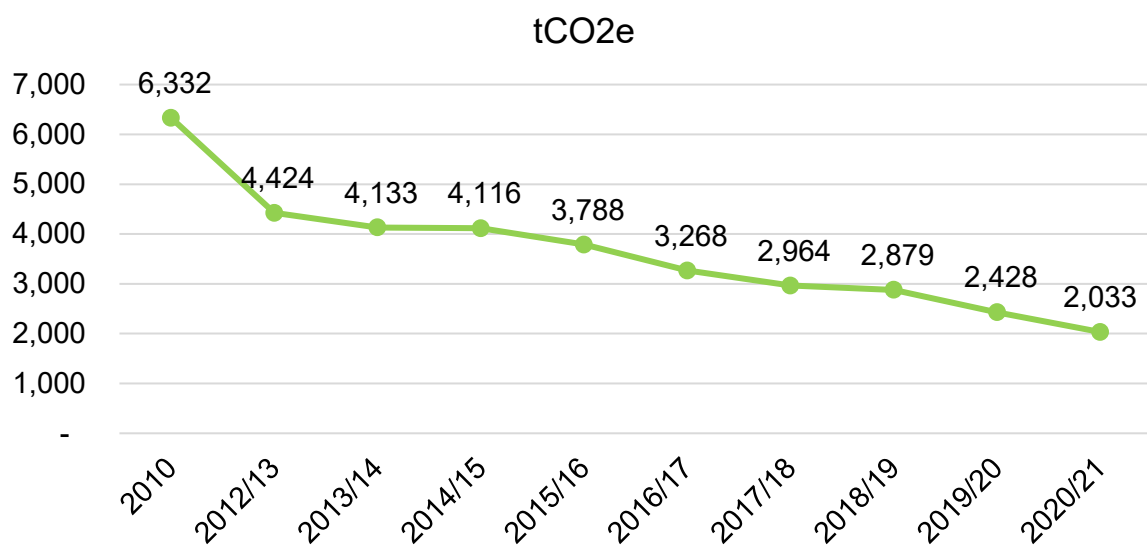
Our CEAP has been centred around the five roadmap elements of the Climate Commission and Nous Group's *Climate Action Roadmap for UK FE Colleges*:

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

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

We are determined to build on our significant successes since 2010, when we first signed up to the Universities and Colleges Climate Commitment for Scotland (UCCCFs). Back in 2010, our carbon emissions were calculated to be 6,332 tonnes of carbon dioxide equivalent (tCO₂e). Since then, we have consistently exceeded the carbon reduction targets we had set and by the end of 2020/21 session our emissions had been reduced by 68%, -4,299 tCO₂e.

The table below highlights the fall in carbon footprint for the period 2010-2021.



Dundee & Angus College enjoys significant success across a wide range of activities and is regularly recognised nationally through a number of prestigious awards. During 2021/22 these have included:

- College Development Network awards win in the Colleague of the Year Category for the incredible work undertaken by Sophy Mitchell, Food Services Supervisor to deliver on-line cooking and chat sessions (In the Kitchen with Sophy) to support students and staff during COVID-19 lockdowns.
- Scottish Public Services Award Winner in the Sustainability category for the work undertaken to reduce the College's carbon footprint and to embed sustainability within our curriculum and operations.

Performance Report (continued)

- Scottish Apprenticeship Award for Learning Innovation for developments in Health and Social Care provision to increase opportunities and apprenticeship routes in areas of skills shortage.
- Shortlist placing for our Service Design Academy in the UK Digital Public Services Awards.
- Advance HE Collaborative Award for Teaching Practice (CATE Award) for our Academic Development Team's delivery of professional teaching qualifications.
- Award of the Community Learning and Development (CLD) Chartermark for the work of our Learner Engagement and Community Partnerships team (the only Scottish College to hold this charter mark).
- Shortlist placing for the work of our Learner Engagement and Community Partnerships team in the National Youth Work Awards.

Purpose and Activities of the College

Dundee & Angus College is a public body constituted under statute and a Scottish charity (SC021188). It was designated a Regional College in November 2013 under the Post-16 Education (Scotland) Act 2013. The constitution and proceedings of the Board of Management are determined by the Further and Higher Education (Scotland) Act 1992, as amended.

The core purpose of the College is the provision of further and higher education in the Dundee and Angus region. It delivers education programmes on a full-time and part-time basis to around 20,000 students annually across three main campuses, one in Arbroath and two in Dundee (Kingsway and Gardyne).

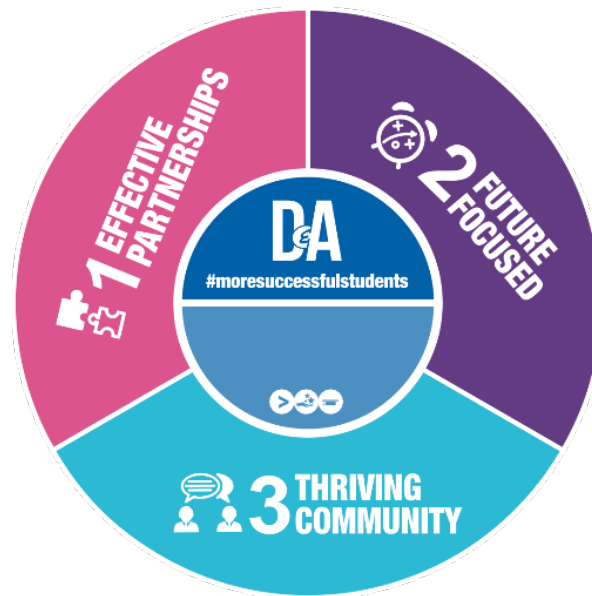
The College's mission is to generate regional economic growth and social well-being through the provision of skills and education for individuals, employers and the wider community. The College has an excellent reputation locally, nationally and internationally. Maintaining a quality brand is essential to its on-going success, ensuring it continues to attract students and grow external partnerships.

The Board of Management has adopted a 2025 'More Successful Students' strategy which is focused firmly on enhancing student opportunities, outcomes and success by working with others across our region.

2025 Vision



To create more successful students through effective partnerships that change lives and create thriving communities.



Our 2025 Strategy is based around 3 core pledges and is supported by seventeen detailed metrics. Further details are available on our website. This strategy was reviewed during 2020/21 to ensure that it remained relevant in respect of the post COVID-19 needs for economic and social recovery.

In order to ensure that it provides educational opportunities that meet the social and economic needs of the region, the College works closely with a number of regional partners, including Dundee City Council, Angus Council, NHS Tayside, Community Planning Partnerships in Dundee and Angus, Abertay University and the University of Dundee. We have a number of other key stakeholders, including national agencies, for instance the Scottish Funding Council, Scottish Enterprise and Skills Development Scotland, as well as local schools, employers, other colleges, and the local community. We also engage with a range of international partners in the spheres of education and business.

The primary source of funding for the College is its teaching grant from the Scottish Funding Council. Under the terms of the most recent Regional Outcome Agreement, the College has committed to delivering the following priority outcomes.

Performance Report (continued)

1. To be a key contributor to the economic growth opportunities created by the Dundee Waterfront, Tay Cities Deal, Michelin Scotland Innovation Parc, Northern Lights E-Sports, Eden Project Dundee, and other developments. Establishing the College as the main skills partner for major regional economic opportunities, working as an effective partner to deliver a skilled and work ready workforce to support jobs growth in areas such as digital, hospitality, cultural tourism, renewable energy, advanced manufacturing, and care sectors.
2. To deliver a comprehensive, innovative, and future focused curriculum that meets learner and economic needs, improves learner attainment and progression, and embeds essential learner attributes in enterprise, career management, wellbeing, sustainability, digital and metaskills at all levels.
3. Contribute to thriving and resilient regional communities by ensuring seamless access and inclusive learning opportunities and services, irrespective of background, for all members of our community. We will meet national ambitions for Care Experienced and other disadvantaged/under-represented groups and contribute fully to the achievement of the recommendations contained within A Blueprint for Fairness: The Final Report of the Commission on Widening Access.
4. Deliver the outcomes of Developing the Young Workforce – Scotland’s Youth Employment Strategy, working in close partnership with our local DYW Group, employers, schools, and the university sector to deliver streamlined learning and skills opportunities that shorten learner journeys and enhance employment and progression opportunities.
5. Maintain a regional college that is sustainable in all its forms, delivering sound governance, wellbeing, and effective financial management, whilst addressing the challenge of the climate emergency whilst promoting the international sustainable development goals, and directing the maximum level of resource towards learners and their learning.
6. Progress our ambitious estates strategy to meet regional curriculum needs, deliver on our Net Zero ambitions, and enhance the learning environment through the creation of a regional STEM centre, redevelopment of the Kingsway tower, and investment to meet regional skills needs.

The College actively mainstreams equality in accordance with the Equality Act 2010 and celebrates the diversity of all people who are directly and indirectly involved in the College. This commitment is reflected in the excellent sector leading outcomes achieved for learners irrespective of protected characteristic.

The College works hard to ensure that all staff, students and other stakeholders are treated equally, regardless of age, disability, family responsibility, marital status, race, colour, ethnicity, nationality, religion or belief, gender, sexual orientation, trade union activity, or unrelated criminal convictions.

The College produces a revised [Access and Inclusion Strategy as an integral part of our 2020/21 Regional Outcome Agreement](#), setting out a key range of activity and expectations in respect of access to College services and the outcomes achieved from these.

Performance Report (continued)

In addition to tackling discrimination, the College also supports and fosters good relations between individuals with different characteristics. This includes significant input to the equally safe campaign to eradicate gender-based violence and a focus on supporting good mental health and wellbeing for students and staff.

The College has been very active in addressing issues of period poverty and has played a leading role in developing and promoting the period positive message across the Tayside region.

Social Matters

One of our strategic pledges is to create thriving communities and this is supported by our focus on seamless access and inclusive learning with the provision of 'wraparound' support for the many students that require this intensive level of input.

The College operates a wide range of strategies, policies and approaches to underpin this commitment, including extensive work to address issues such as gender inequality within the curriculum. The College has clear strategies and targets to improve outcomes for carers, care experienced, military veterans and estranged students.

The College runs a wide range of services and provision to support current and potential students in their learning journey. Specialist project activity aimed at reducing and eradicating Child Poverty has continued into 2021/22, with further funding secured to continue this work through until March 2023. This project has engaged with hundreds of disengaged young people, providing a supported pathway through into formal education and has paved the way for the development of our new Community Partnerships Strategy and College Community Collaborative.

The College Community Collaborative is a grouping of c.30 organisations hosted and supported by the College to bring together a range of third sector and community organisations within the D&A region who support and work with young people and those in need across our communities. The objective of the CCC is to help to create better and more sustainable pathways for those that are disenfranchised by the usual routes into College and who need additional input and support to access mainstream education. The College and organisations work together to create touchpoints where people can have a 'soft' introduction into College life and learning experiences as part of a supported journey (out of poverty, drug use, offending, domestic violence etc) into more sustained learning. By working in partnership, more sustainable and supportive arrangements can be put in place, particularly given the short-term and sporadic nature of much of the funding and activities that can be supported through different partners.

Extensive services to promote and support good mental health and wellbeing are provided, including the provision of specialist counselling support and extensive wellbeing activities and advice. During 2021/22 the College created a new role of Mental Health Team Leader to coordinate the mental health support available to our students. This work has been supported by two detailed Service Design days led by our Students' Association to enhance the wellbeing support available to students.

Our governance codes, D&A Way Leadership Excellence framework and fraud, bribery and corruption policy have strong anti-corruption and anti-bribery provisions and detailed operating procedures provide the checks and controls necessary to ensure that these commitments are met and evidenced in day-to-day operations.

Performance Report (continued)

The College is a Living Wage Employer and provides a wide range of support and benefits for staff.

The College has an up-to-date Modern Slavery statement and procedures and has well established checks in place to avoid engaging with any organisation with serious organised crime connections. Guidance has been issued to staff on spotting and responding to human trafficking.

Guidance and regular CPD is provided to support the College's duty of care in respect of its Prevent and Safeguarding responsibilities and the College received positive endorsement of these approaches from Education Scotland through its recent safeguarding review.

Key Risks and Issues

The College identifies risks within its Strategic Risk Register as detailed below on pages 37 and 38.

Throughout the COVID-19 pandemic, and in line with Audit Scotland good practice, the College created a [COVID-19 Specific Risk Register](#) (pages 71-79) and has continued its use to support the identification and planning of the mitigations required with the aim of minimising the disruption caused by the pandemic. As the year has progressed, COVID-19 risks have aligned with the equivalent risks within the Strategic Risk Register and the specific COVID-19 Risk Register was discontinued from September 2022. This will, however, be reintroduced should COVID-19 (or other pandemic) developments require it. To support monitoring of mitigating actions, an additional risk was introduced to the strategic Risk register in September 2022 to reflect risks arising from pandemic illness.

The impact of the pandemic remains evident, both economically and socially and the work of the College within the D&A region will remain critical to mitigate the impact of the pandemic particularly for our students and the businesses that will need support to recover. These needs underpin our strategic focus on enhancing business engagement and community engagement to ensure that the College is a key player in the regeneration of our region.

The cuts to funding for 2022/23, and the anticipated flat cash settlements for future years, have created significant risks around the future financial sustainability of the college sector and D&A College. This has been clearly recognised within our Strategic Risk Register, with the Financial Strategy and the progress and impact of the resulting savings plans discussed in detail at each Board and Committee meeting.

[Audit Scotland's colleges 2022 report](#) highlights the precarious financial position that colleges face and makes some clear recommendations under the banner of "Change is needed within the college sector to improve outcomes and financial sustainability":

- The college sector needs clear strategic direction for the short and longer term
- The Scottish Government and the SFC need to provide clarity to support long-term plans for improvement
- The recommendations from the SFC review need to be implemented at the earliest opportunity.
- Climate change priorities will require greater capital investment

Performance Report (continued)

The report also states that "It is important that the Scottish Government and the SFC consider how best to support colleges to prepare and plan for change now, ahead of the longer-term role of the sector being set out in 2023. This should include supporting colleges to develop realistic medium-term financial plans and forecasts to help mitigate immediate risks to their financial sustainability."

The College has been proactive in engaging with Colleges Scotland and Scottish Funding Council in identifying funding flexibilities in 2021/22 and beyond that enables the Scottish Funding Council to deliver on its quantitative student numbers whilst supporting colleges' financial sustainability.

Whilst there are considerable risks, there are also opportunities for the College which are included above as part of the Principal's statement.

The Board of Management approved a revised Financial Strategy in March 2022. The strategy highlights the significant risks around achieving longer term financial stability, with difficult decisions and choices being necessary over the coming years which will impact the quality of the student and staff experience.

Due to the 2022/23 funding settlement and the impact of SFC credit funding, inflationary increases and salary settlements it was not possible to present a palatable budget for the Board to approve in June 2022. Following the outcomes from the major savings plan launched in April 2022, alongside reviewing budgets based on anticipated student recruitment, potential additional income and further savings, the Board of Management approved a revised College budget for 2022/23 which provided for a cash operating deficit of £586,000. Whilst this level of deficit can be absorbed in the short-term by cash reserves, management will continue its endeavours to further improve the situation, albeit this will be challenging given the current rate of inflation driving high pay demands to be negotiated nationally.

Going Concern

As set out in the Accountability Report which follows this Performance Report, the Board of Management considers that the College has adequate resources and arrangements to ensure the continuation of its functions within the public sector for the foreseeable future.

Performance Summary

The Statement of Comprehensive Income shows a deficit for 2021-22 of £2.1m. However, this includes non-cash items such as depreciation, pension adjustments and non-government capital grants, and if these are excluded there was a surplus of £1.5m after allocation of funding to loan repayments.

After working capital movements, this resulted in a net cash inflow from operating activities of £4.3m, along with investing and financing cash outflows totalling -£3.9m. The total net cash inflow of £0.4m resulted in a closing position of £6.2m.

Student credits are the measure of activity upon which College funding is based, with each credit representing 40 hours of learning for a student (irrespective of subject area, mode of delivery, etc.). Each College in Scotland has an annual credit target that equates to the funding it receives.

Performance Report (continued)

During 2021/22 the College successfully delivered student activity of 109,018 credits, exceeding the core target of 107,332. Credit delivery included 492 under the Young Person's Guarantee and National Transition Training Fund as the College responded to provide free participation in courses and reskilling opportunities. No additional funding has been recognised in accordance with current guidance. It is assumed that credit funding provided for Foundation Apprentices and Deferred Students can be retained in full as delivery of activity can be demonstrated by alternative measures.

The College's academic performance was once again outstanding and it is amongst the highest performing colleges in the sector for both further and higher education, and well above the national average.

PERFORMANCE ANALYSIS

Methodology

Over recent years the Board of Management has developed and refined a series of Board and Committee metrics that it uses to monitor performance, the following metrics are produced for consideration at each Board meeting. These metrics draw on the balanced scorecard methodology and link together a number of data sources into a single high level report which is submitted to each Board meeting. [Board papers can be accessed on our website](#) and are published in line with good governance practice. Where appropriate, this report includes comparison with benchmarks, for instance previous year or [Regional Outcome Agreements and Related Measurement Plans](#). A summary of performance on these measures is detailed below.

Measure	Comment on 2021/22 Performance
1. Student Successful Completion Rate (pass rates)	See Summary below
2. Early Withdrawal Rate	-2.8% point decline
3. Further Withdrawal Rate	-2.4% point decline
4. Post Course Destination Success rate	96.3% (+1.3% improvement)
5. Overall satisfaction score from most recent student survey	88% (+2.3% improvement)
6. Overall satisfaction score from SFC national student survey	96.3% (+4% improvement and 12.1% above most recent national average)
7. Forecast credit out-turn	Core Target achieved, additional targets not met
8. Student Recruitment figures, FT and PT	Core target achieved
9. Employee Engagement and Happiness Indices	Engagement 80% (+7% improvement) Happiness 76 % (+ 10% improvement)
10. Employee Absence Rate (Lost time rate)	3.13%
11. Employee Turnover (non-forced)	4.85%
12. Staff Headcount and FTE data	On target
13. Cash-backed surplus/deficit: year-end forecast v annual budget	See financial performance section
14. RIDDOR reportable accidents	8 (3 in 2020/21)
15. Audits completed vs Planned	All completed on target

The measures provide a high-level indication of College performance, with the detail resting with the relevant Board Committee: Audit & Risk; Finance & Property; Learning, Teaching & Quality; Human Resources & Development. At these individual Committees further metrics are reviewed to provide a robust overview of real-time College performance and to alert Board members to any potential areas of concern.

Financial Performance

The following table summarises the key performance metrics contained in the financial statements for the year to July 2022, along with comparatives for the previous year.

Metric	2021-22	2020-21
	£000	£000
Total comprehensive income	27,949	9,645
Consolidated surplus/(deficit)	(2,050)	(2,161)
Underlying operating surplus/(deficit), before loan repayment	(993)	2,625
Total net cash inflow/(outflow)	395	2,096
Cash balances	6,248	5,853
Accumulated reserves	51,436	23,487
Long-term loan outstanding	2,726	3,179
Pension liability/(asset)	(8,643)	17,954
Property, plant & equipment	68,793	67,648

The consolidated result for the year is a deficit of £2,050k. As explained below, this is effectively a “paper” loss, a consequence of the reclassification of colleges in Scotland as central government bodies. It reflects non-cash expenditure items as well as the cash expenditure supported by the funding related to these non-cash items. If the result is adjusted for non-cash and non-recurring items, the adjusted result shows a deficit of (£993) for the year, compared with a surplus of £2,625k the previous year.

Going forward, the College requires to generate an adjusted surplus of £457k in order to meet future annual capital loan repayments. As can be seen from the table, after loan repayment and working capital adjustments, there was a net cash inflow of £395k. The loan repayment has a net balance of £2,726k at 31 July 2022, there remains 6 cash repayments due before this liability is discharged, with a final repayment in June 2027.

Reserves at the year end are £51,436k, an increase of £27,949k, being the value of Total Comprehensive Income. The net pension asset has improved by £26,597k as a result of changed assumptions on life expectancy, investment returns, and pension increases, together with unfunded payments made during the year, and now comprises a Funded asset of £11,313k and an Unfunded liability of £2,670k.

The net book value of fixed assets increased during the year by £1,145k. A net depreciation charge of £2,258k is more than offset by additions of £3,403k, comprising of Assets under construction relating to the capitalised costs of the Kingsway campus development. The annual charge for depreciation was offset by a credit arising from the re-evaluation of the remaining economic life of certain items of equipment that had been fully depreciated. Assets, from which no further economic value can be derived, costing £604K but with a zero net book value have been removed. Disposals of fully depreciated vehicles yielded a gain of £4k.

Student Outcomes

The College works closely and positively with Education Scotland (EdS) and SFC under the national '[How Good is Our College](#)' quality arrangements. In normal years this includes the development and publication of biennial quality reports and enhancement plans that are validated and published by SFC and EdS. Copies of these documents are available through the Education Scotland website although (due to COVID-19 restrictions on EdS Review activities) it should be noted that these are now out of date. [Evaluative Report for 2017-18 and Enhancement Plan for 2018-2019](#).

The College engaged with Education Scotland through a Progress Visit in February 2022, with this confirming that satisfactory progress was being achieved. This visit highlighted a significant range of strengths in College operations alongside some minor areas for development. Three areas of College activity were also identified as Sector Leading Practice for wider dissemination, these were:

- Our partnership work with the D&A Students' Association to enhance learner retention;
- Innovative curriculum development in Health and Social Care to address workforce skills shortages;
- The operation and activities of our Learning and Digital Resources and Academic Development teams in supporting the transition to successful digital and on-line learning / working.

The Dundee & Angus Students' Association (DASA) support a range of feedback and quality improvement mechanisms directly through c300 trained class and lead representatives and operate highly innovative feedback systems to generate qualitative data to inform their work and improve student life. During 2021/2022 we have focused particularly on enhancing the engagement and involvement of apprentices and other part-time learners in the provision of feedback on their learning experience. This work has engaged with over 500 apprentices and other part-time learners, providing valuable feedback through focus groups and other engagement events.

Engagement with our learner satisfaction surveys has remained very strong, with a further c6000 responses being received during 2021/22. We survey learners during October / November each year to generate feedback on recruitment, induction and early experiences of learning. We then conduct a further survey in March to gain a fuller picture of learners' experience and feedback in respect of learning and teaching. Both of these surveys showed very positive results during 2021/22 and both continued a 5-year unbroken run of improved learner satisfaction. At 88% in both surveys, satisfaction has improved by a further 2.3% over the past year.

All survey outcomes are broken down by individual class groups, and Course Teams review and reflect on this feedback and identify and implement outcomes as a core part of our Stop & Reflect quality arrangements.

The Scottish Funding Council carries out a survey across all colleges which shows D&A College students participate more and are significantly more satisfied (+12.1%) compared with sector average.

Performance Analysis (continued)

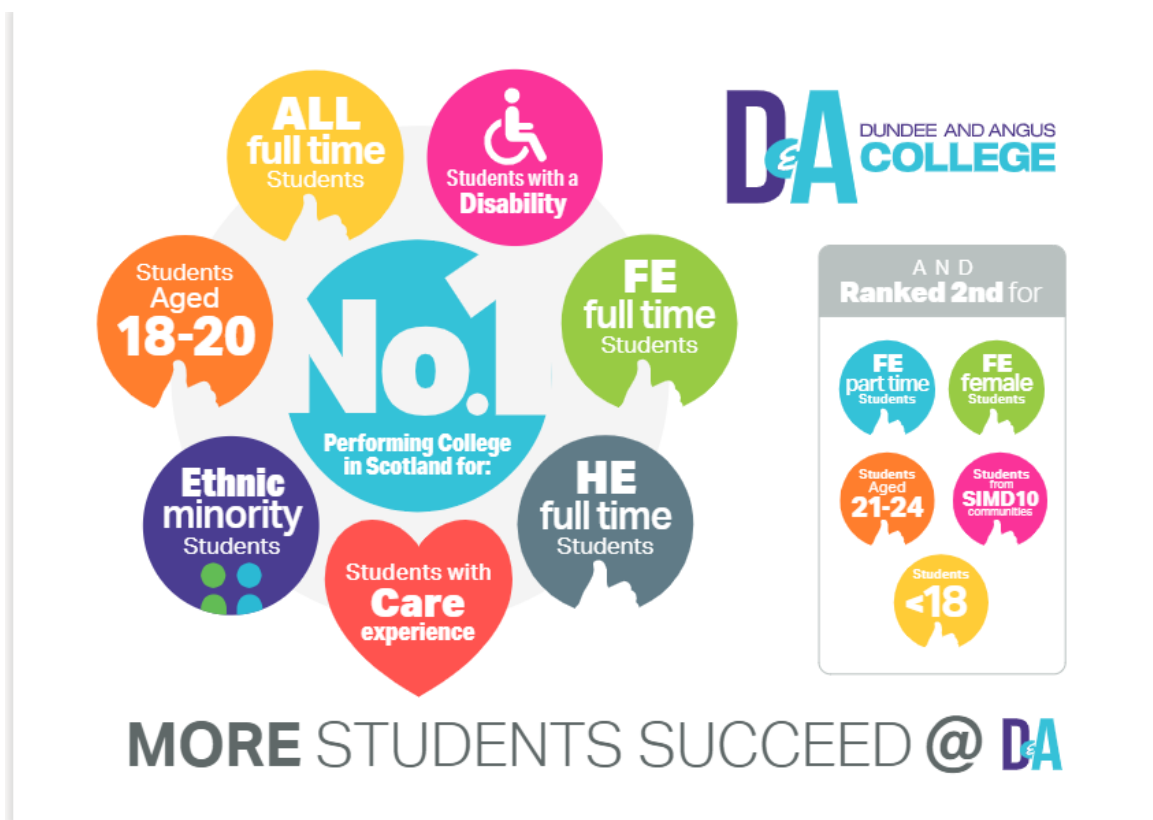
Less positively, 2021/22 saw a reduction in learner recruitment, which has impacted negatively on achievement of the overall College activity (Credit) target. The reduction in full-time learners has been particularly evident, with these reducing by c600 from the previous year. This has been a sector wide issue, impacted by a reduction in the number of young people, a reticence to return to study post-COVID and improving employment opportunities. The Scottish Funding Council has recognised the national impact of these changes and introduced a number of flexibilities to support colleges in achieving their overall activity targets. Dundee & Angus College has made good use of these flexibilities to maximise both core and ESF funded activity and mitigate the risk of any clawback of funds.

As overall recruitment has declined, the focus on learner retention has increased. Working in partnership with our Administrative team, DASA created a highly innovative retention support project for learners during 2021/2022. Through this work, individual peer-to-peer support calls were undertaken by DASA representatives, contacting learners that were flagged as at risk of withdrawing from their course due to poor attendance. DASA representatives supported and encouraged learners to return to College, identifying issues and support needs and liaising with college staff to help to create individual support needed to re-engage the learners in their studies. Through this project over 3,000 calls were made, and hundreds of students were re-engaged and supported back into regular attendance and course success. This pilot project was so successful that it has been continued and enhanced for 2022/2023 and was recognised by Education Scotland as sector leading positive practice.

The key student performance outcomes for all colleges are drawn from our [Further Education Statistics](#) (FES) data that is developed and shared nationally with the Scottish Funding Council. This data provides a clear outline of the proportion of learners that achieve a successful outcome based on all of those learners enrolling in college on 'day one'. This approach ensures that the outcomes for every learner is captured on a consistent and transparent basis across the sector.

Learner outcomes published in 2022 (academic year 2020/21) were very strong, with D&A learners performing at the highest level in the sector across almost all measures. This included Full-Time learners, Further Education and Higher Education learners, those with Disabilities, Younger Learners and those from a Care Experienced background. These performance metrics represent a very strong performance by the College and continue the sector leading trend of D&A performance every year since merger in 2013. An infographic showing the strength of this performance is noted below.

Outcomes for those with disabilities, those from care backgrounds and those with other additional needs are supported through our [Access and Inclusion Strategy as an integral part of our 2020/21 Regional Outcome Agreement](#), setting out a key range of activity and expectations in respect of access to College services and the outcomes achieved from these.



Despite the COVID pandemic and financial challenges faced during 2021/2022, D&A learner outcomes have remained very strong, despite dipping from the high point of 2020/21. Comparison with 2018/19 (the last ‘normal’ year of operation shows improvement across all measures).

This data shows continued strong performance from D&A in both full-time and part-time provision and across both further and higher education groups.

A summary of D&A provisional performance indicator outcomes for 2021/2022 is noted below.

Mode	Day One Successful Outcome			
	18/19	19/20	20/21	21/22
All Modes	75.9%	76.9%	80.3%	77.5%
Full Time – All	70.8%	73.8%	76.5%	74.5%
Full Time – FE	70.2%	72.3%	73.6%	71.0%
Full Time – HE	71.7%	76.5%	81.9%	78.7%
Part Time – All	80.8%	80.3%	84.2%	80.8%
Part Time – FE	81.4%	80.3%	85.2%	81.2%
Part Time – HE	75.8%	80.6%	76.0%	78.1%

Outcomes in 2019/20, 2020/21 and 2021/2022 were impacted by COVID-19 and final outcomes were developed under different assessment adaptations and requirements in each of these years. Overall, learner outcomes continue the strongly positive trend that D&A has sustained every year since merger and the 2021/2022 outcomes outlined above are anticipated to continue to be amongst the very best in Scotland.

Performance Analysis (continued)

Within these outcomes, there is a continuing negative trend in learner withdrawals, with this impacted significantly by the COVID pandemic and the short 'lockdown' arising as a result of government advice to return to online learning due to the prevalence of the Omicron variant in December 2021.

For the second year running, this increased level of withdrawals was balanced in some part by a reduction in partial success principally due to the effective utilisation of the SQA adapted assessment arrangements.

Student outcomes fluctuate during 'normal years', and the impact of COVID-19 has added to this. As a result, on-going trend analysis is used nationally to assess performance over time, and not just on a snapshot basis. Longer-term analysis shows that D&A outcomes are very positive and confirm the position of D&A as a sector leader.

Fair Work

Details of activities, arrangements and outcomes underpinning our commitment to the fair work agenda and principles are summarised within the staff report below (pages 42 – 47).

Climate Change (Scotland) Act 2009

The Climate Change (Scotland) Act 2009 set out measures adopted by the Scottish Government to reduce emissions in Scotland by at least 80% by 2050. In 2015, an Order was introduced requiring all designated Major Players (of which Dundee & Angus College is one) to submit an annual report to the Sustainable Scotland Network detailing compliance with the climate change duties imposed by the Act. The information returned by the College is compiled into a national analysis report, published annually and superseding the prior requirement for public bodies to publish individual sustainability reports.

Further information on the Act, along with copies of prior year national reports, [can be found here](#).

Cash Budget for Priorities

One consequence of reclassification of colleges as central government bodies is that, from 1 April 2014, while colleges continued to prepare accounts under the FE/HE Statement of Recommended Practice, they are now also required to comply with Central Government budgeting rules. This affects, amongst other things, the way in which non-cash depreciation charges are treated for budgeting purposes and how the colleges spend the cash funds (cash budget for priorities) which were previously earmarked for depreciation.

Spend of the College's cash budget for priorities, and impact on the operating position, is detailed below. Additionally, increased costs arising in previous years which are recurrent and not directly funded, contribute to the college deficit.

Performance Analysis (continued)

Table of cash budget for priorities spend		
	2021/22	2020/21
	£000	£000
Revenue		
2015-16 Pay award	473	473
Voluntary severance	125	125
Total impact on operating position	598	598

Capital		
Loan repayments	457	457
Total Capital	457	457
Total cash budget for priorities spend	1,055	1,055

Adjusted Operating Position

To enable a clearer understanding of the College's financial performance, the consolidated deficit is adjusted below for certain specified items. These adjustments are prescriptive, and include non-cash charges, capital grants recognised as income, and other commitments funded from revenue but which are excluded from the Consolidated Statement of Comprehensive Income.

Adjusted operating position		
Revenue	2021/22	2020/21
	£000	£000
Surplus/(deficit) before other gains and losses	(2,054)	(2,172)
Add back:		
Depreciation (Note12) (net of Deferred Capital Grant release (Note3+5))	573	1,345
Exceptional non-restructuring costs – Impairment	-	-
Non-cash pension adjustment – Net service cost (Note9)	3,517	3,105
Non-cash pension adjustment – Net interest cost (Note16+17)	271	347
Non-cash pension adjustment – Early retirement provision (Note17)	-	-
Deduct:		
Non-Government capital grants (Note 8)	(3,300)	-
Revenue funding allocated to loan repayments (Note15)	(457)	(457)
Adjusted operating surplus/(deficit)	(1,450)	2,168

Performance Analysis (continued)

Creditor Payment Policy

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires the College, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. During the financial year to 31 July 2022, the College incurred no interest charges in respect of late payment for this period.

The Scottish Government is committed to supporting business by paying bills more quickly, with the intention to achieve payment of all undisputed invoices within 10 working days.

The College is committed to the principles of The Better Payment Practice Code by processing suppliers' invoices for payment without unnecessary delay and by settling them in a timely manner. Consequently, in the absence of any alternative arrangements, all suppliers are placed on immediate payment terms. In 2021/22 the average credit taken was 3 days.

Simon Hewitt

Principal

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
 - Corporate Strategy
 - Board's Statement on Internal Control
 - Going Concern

Directors' Report

Dundee & Angus College's Board of Management is constituted in accordance with the requirements of the Further and Higher Education (Scotland) Act, 1992 and complies with further requirements as set out in the Further and Higher Education (Scotland) Act 2005 and the Post-16 Education (Scotland) Act 2013.

The Board comprises lay members, employees and two student representatives. The roles of the Board Chair and Vice Chair are separated from the role of the College Principal, who (as Chief Executive) holds the only executive role on the Board. In line with good governance practice, the Board has appointed one of its members as 'Senior Independent Member' to whom any member of the board can refer to seek advice or to raise any matters of concern.

A list of Board Members for 2021/22 is included on the page 26. Board Members' Register of Interests is available via the [enclosed link on our website](#). The Board has five standing committees, the roles of which are explained at pages 31 and 32.

Board of Management				
Audit & Risk	Finance & Property	Human Resources and Development	Learning, Teaching and Quality	Chairs

The Executive Leadership Team is responsible for the day-to-day management of Dundee & Angus College's activities and operations. A list of Executive Team members is included below:

Name	Designation
Simon Hewitt	Principal
Steven Taylor	Vice Principal People and Performance
Jaki Carnegie	Vice Principal Corporate Services
Julie Grace	Vice Principal Curriculum and Attainment

Accountability Report (continued)

DUNDEE & ANGUS COLLEGE - Board of Management Membership – 1 August 2021 – 31 July 2022

	Appointed	Term Ends	Status of Appointment	Profession/Specialism	Chairs
Laurie O'Donnell Regional Chair	July 2022	10/07/26	Scottish Government Appointment	Education, Management & Digital Technologies	Board of Management Chairs Committee
Angela McCusker Regional Chair	July 2014	03/07/22	Scottish Government Appointment	Business, Management, Finance	Board of Management Chairs Committee
George Robertson	March 2015	31/03/23	Ordinary Member	Finance, Management	Vice Chair Audit & Risk Committee (until March 2022)
Donna Fordyce	April 2017	30/04/25	Ordinary Member	Economic Development, Enterprise, Fisheries, Retail Management	Finance & Property Committee (March 2022 onwards)
Steven Mill	June 2021	Resigned 22/06/22	Ordinary Member	Finance, Management	Finance & Property Committee (until March 2022)
Margo Williamson	June 2021	31/05/25	Ordinary Member	Management, Education	Learning, Teaching & Quality Committee
Helen Honeyman	January 2019	31/12/22	Ordinary Member	Risk, Governance, HR Management	Audit & Risk Committee (March 2022 onwards)
Donald Mackenzie	January 2019	31/12/23	Ordinary Member	HR & OD, Corporate Communications Management	Human Resources & Development Committee
Kirsty Keay	January 2019	31/12/22	Ordinary Member	Commercial, Governance, Third Sector Management	
Neil Lowden	January 2019	31/12/22	Ordinary Member	Educational Management, Learning & Teaching, Educational Policy	
Trish Pirie	April 2017	Resigned 15/12/21	Ordinary Member	Economic Development, Commercial Management, Enterprise	

Accountability Report (continued)

	Appointed	Term Ends	Status of Appointment	Profession/Specialism	Chairs
Kevin Ditcham	April 2021	31/03/25	Ordinary Member	Community Learning & Engagement, Management, Third Sector	
Sally Middleton	June 2021	31/05/25	Ordinary Member	HE Learning & Teaching, Management, Access and Articulation	
Brian Lawrie	May 2022	30/04/26	Ordinary Member	Finance and Public Sector Management	
Roy McLellan	May 2022	30/04/26	Ordinary Member	Enterprise and Corporate Management	
Simon Hewitt	August 2020	-	Principal	Principal	
Barry Carmichael	April 2019	31/03/23	Teaching Staff Member	Teaching Staff	
Sam Stirling	August 2019	31/07/23	Non-Teaching Staff Member	Non-Teaching Staff	
Amy Monks	August 2019	31/07/23	Student Member	Student	
Nicola Dowie	August 2021	31/07/22	Student Member	Student	
Michael Thomson	August 2018	31/12/22	Co-opted Member (Audit & Risk Committee)	Finance and Corporate Management	
M-C McNally	August 2021	01/07/22	Co-opted Member (Learning, Teaching & Quality Committee)	Education	

Statement of the Board of Management's Responsibilities

In accordance with the Further and Higher Education (Scotland) Act, 1992 the Board of Management is responsible for the development and operational oversight of College strategy and outcomes. This includes the creation of future strategy, the educational character of the College and administration and management of the College's affairs, including approving the Regional Outcome Agreement (Priority Outcomes are referenced on pages 7-8) and ensuring an effective system of internal control in respect of activities, expenditures and outcomes. As a part of these requirements, the Board of Management is required to present audited financial statements for each financial year.

In understanding these financial statements, the following Board of Management responsibilities in respect of the proper use of College funds is important.

The Board of Management maintains a rolling five-year financial strategy that aids decision making and oversight in respect of financial sustainability, whilst informing short and medium term financial planning and control. It is recognised that this strategy was developed prior to the social and economic impact of COVID-19 and work will be progressed during 2021-22 to undertake a full refresh and update of this.

The Board of Management is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the College. This ensures that financial statements are fully accurate and meet the requirements of the Further and Higher Education (Scotland) Acts (1992 and 2005), the Statement of Recommended Practice on Accounting for Further and Higher Education, the 2021-22 Government Financial Reporting Manual (FReM) issued by HM Treasury and other relevant accounting standards.

Within the terms and conditions of the Financial Memorandum agreed between the College and the Scottish Funding Council, the Board of Management approves financial statements for each financial year that 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.

The Principal provides a signed Certificate of Assurance each year, confirming that a review of the internal control arrangements of the College has been undertaken and that these controls have been, and are, working well. This Certificate of Assurance supports the Accountable Officer for the college sector (the Scottish Funding Council Chief Executive) to provide a governance certificate of assurance covering all colleges to the Principal Accountable Officer of the Scottish Government.

In approving the annual 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

Accountability Report (continued)

- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the College will continue in operation. 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
- Establish that the auditors are aware of all relevant information, and that there is no relevant audit information of which the auditors are unaware
- 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 that discharge the responsibilities set out above include the following:

- a comprehensive medium and short-term financial planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets, reviewed and approved annually by the Board of Management and monitored regularly by the Finance & Property Committee
- a suite of reporting that involves regular reviews of key performance indicators monitored by the appropriate Board Committee
- a Strategic Risk Register that is monitored and reviewed regularly by the Board and the Audit & Risk Committee (more detail on the Risk Register is provided on page 37)
- clear definitions of the responsibilities of, and the authority delegated to senior staff which is reviewed periodically by the Board of Management
- 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

Accountability Report (continued)

- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit & Risk Committee and Finance & Property Committee
- the College has appointed Internal Auditors 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 (more detail on the work and opinion of the Internal Auditors is provided on pages 36 and 37)

Governance Statement

Introduction

Dundee & Angus College is committed to maintaining and delivering good practice in all aspects of corporate governance. This governance statement is written to assist the reader of the financial statements understand how these principles have been applied.

This governance statement supplements the information provided in the financial statements. It sets out the governance structures, risk management and internal control processes that have been operating in the College in the year to 31 July 2022 and reports the Board's assessment of the effectiveness of these arrangements.

Statement of Compliance

The College complies in full with all the principles and requirements of the 2016 Code of Governance for Scottish Colleges with the exception of the role of the Secretary to the Board. The Code of Good Governance states: "The board secretary may be a member of the senior management team in their board secretary capacity, but they cannot hold any other senior management team position at the same time."

The Board of Management have appointed the Vice Principal People and Performance as Secretary to the Board, who reports directly to the Chair in relation to their Board Secretary duties, in order to prevent any conflicts of interest. The Board is satisfied with this arrangement, and the independence and appropriateness of the governance role fulfilled by the Board Secretary. The Board of Management have no current plans to change this arrangement.

Governing Body and Governance Structure

The Board of Management operates a formal structure of Board and Committee meetings (referenced on pages 28 and 29), supported by clear agendas, minutes and supporting papers, reports and information, all of which supports good planning, decision making and governance. Agendas and cycles of reporting have been developed over time to ensure that the Board and Committees can review and monitor the College's effectiveness, progress and performance against key priorities.

Accountability Report (continued)

The Board actively evaluates its own effectiveness and contribution to the College through a series of indicators that reflect its impact on the College as a whole. Each evaluation is supported by a development plan of improvement actions that are recorded and closed out on an annual rolling basis.

In accordance with the requirements of the 2016 Code of Good Governance for Scottish Colleges, Board evaluation arrangements are supplemented every three years by a comprehensive [Externally Facilitated Evaluation of Board Effectiveness](#) with a resulting development plan. An external evaluation was undertaken in 2020 and approved by the Board at its Board meeting in December 2020. In accordance with governance guidance, a copy of this review was provided to the Scottish Funding Council in advance of the April 2021 deadline.

The Board has five Standing Committees, all of which are formally constituted with Terms of Reference, as delegated by the Board of Management.

A lay member of the Board chairs all the Committees, with each also appointing a Vice Chair to support in the effective operation of Committee business. The Board and Committees normally meet four times per annum and during 2021/22 these were undertaken as a mix of online and in person meetings.

Since March 2020 all Board and Committee meetings have included updates on College responses to the COVID-19 pandemic as a standing item.

A list of Committee Members for 2021/22 is included on pages 26 and 27.

The **Chairs' Committee** met once in 2021/22 to inform the future work and development of the Board, to undertake its role as Remuneration Committee, and to consider arrangements around College input to the recruitment of the new Board Chair. As a part of its remit, this Committee also operates as 'Nominations Committee' undertaking all steps necessary to identify high quality candidates to fill board vacancies in line with the Ministerial Code for Appointments. The Chairs' Committee has delegated authority from the Board to consider and determine salaries and conditions of service for members of the College Executive and Senior Leadership Team and has an agreed remuneration strategy in place for the consideration of senior post holder salaries. When operating as Remuneration Committee the Committee is chaired by the Vice Chair or other Committee chair.

The **Audit & Risk Committee** meets with the College's external and internal auditors in attendance. The Committee considers detailed reports together with recommendations for the improvement of the College's systems of internal control and management's responses and implementation plans. It also receives and considers reports from the Scottish Funding Council as they affect the College's business and monitors adherence to the regulatory requirements. During 2021/22 the Committee has considered and monitored key actions arising from the COVID-19 Risk Register and took oversight of risk arrangements arising from the 'red' financial security risk arising as a result of funding cuts.

The **Finance & Property Committee** oversees the preparation of a multi-year financial strategy for approval by the Board and informs and approves actions required to ensure financial sustainability.

Accountability Report (continued)

In consultation with other Committees, it recommends to the Board of Management the College's annual revenue and capital budgets and monitors performance in relation to the approved budgets. It reviews the effectiveness of financial management and monitors financial controls, ensuring appropriateness of and compliance with the Financial Regulations.

The **Human Resources & Development Committee** has overall responsibility for the direction and oversight of all Human Resources matters relating to the function of the Board of Management as employer of the College's staff. It oversees the development and implementation of the Human Resources Strategy, ensures compliance with employment legislation, considers a suite of staff-related metrics, and oversees Health & Safety matters on behalf of the Board. During 2021/22, this has included consideration of the staffing and wellbeing impacts of the COVID-19 pandemic, approval of a new Workforce Plan, input to future workforce planning needs in respect of new ways of working post pandemic, and consideration of the staffing impacts and good practice approaches around the savings plans.

The **Learning, Teaching & Quality Committee** has overall responsibility for monitoring the direction and performance of learning and teaching, and the quality of the learners' experience at the College. It oversees significant developments in the College curriculum and plays a key role in promoting the student voice, ensuring that the Board's legal responsibilities with regard to the Students Association are met. During 2021/22 the Committee has received detailed presentations on key aspects of College activity, including future curriculum and the impact of improvement actions on learner outcomes in Engineering.

In line with good governance practice, details of discussions held, alongside feedback from the relevant Committee Chair on the activities of each Committee are shared with all Board members and are discussed as a standing item at each full meeting of the Board of Management. Board and Committee agendas, minutes and papers are [published on the College website](#) and Board Members receive a copy of the most recent Management Accounts at each meeting.

All Board Committees monitor the strategic and COVID-19 risks allocated to them on an on-going basis, reporting on any matters or proposed developments through the Audit & Risk Committee.

All current Board members have received clear induction into their roles from the Chair and Board Secretary and have attended comprehensive Board member induction development session provided by the College. In addition, all Board members attend Board member induction and/or specialist training provided on a sector basis by College Development Network.

All Board members engage in an annual appraisal process conducted by the Chair of the Board. The Chair receives two appraisals, one conducted by the Vice Chair and one conducted by a senior official from the Scottish Government. Board member feedback provides clear information to inform individual and collective evaluation and action planning.

A strategic planning event in May 2022 was used to monitor and update on progress towards the 2025 strategy and to review midway performance against the strategy metrics adopted for 2025. This review highlighted good progress towards achievement of these metrics (despite the impact of COVID-19) alongside areas where update to the underpinning metrics would be required.

Accountability Report (continued)

Significant Board input has been focused on the development of the range of strategic opportunities arising through Tay Cities, MSIP etc, whilst recent focus has been on the governance requirements surrounding the adoption of the revised Financial Strategy and savings plans.

Following the expiry of their term of office, a new Chair of the Board of Management was appointed by the Scottish Government in July 2022. This is a major change for the Board and significant input was given to the government appointments panel to seek to ensure that the candidate appointed was a good organisational and cultural fit for the College. This process included input from the Board Vice Chair and direct engagement in the selection and interview process by the College Students' Association. This input was particularly welcomed and is seen as good practice for appointment to a role of this type.

Accountability Report (continued)

DUNDEE & ANGUS COLLEGE - BOM & Committee Attendance Record – 1 August 2021 – 31 July 2022

Member's Name	Board of Management	Audit & Risk Committee	Finance & Property Committee	HR & Development Committee	Learning, Teaching & Quality Committee
Laurie O'Donnell (appointed 11/07/22)					
Angela McCusker (left 03/07/22)	4 / 4		4 / 4		4 / 4
George Robertson	4 / 4	3 / 3	0 / 1		3 / 4
Donna Fordyce	2 / 4		4 / 4	3 / 4	
Helen Honeyman	3 / 4	4 / 4			3 / 4
Donald Mackenzie	2 / 4		2 / 4	4 / 4	
Steven Mill	4 / 4		3 / 4		2 / 4
Margo Williamson	3 / 4	2 / 4			3 / 4
Simon Hewitt	4 / 4		4 / 4	4 / 4	4 / 4
Barry Carmichael	2 / 4		3 / 4	4 / 4	3 / 4
Kevin Ditcham	4 / 4	1 / 1	2 / 3		4 / 4
Nicola Dowie	3 / 4				3 / 4
Kirsty Keay	4 / 4	2 / 4		4 / 4	
Brian Lawrie	1 / 1		1 / 1	1 / 1	
Neil Lowden	3 / 4		2 / 3	1 / 1	4 / 4
Roy McLellan	1 / 1	1 / 1	1 / 1		
Sally Middleton	4 / 4	4 / 4			4 / 4
Amy Monks	4 / 4				4 / 4
Trisha Pirie	1 / 2	0 / 2	1 / 2	1 / 2	
Sam Stirling	3 / 4		4 / 4	4 / 4	4 / 4
M-C McNally (co-opt)	-				4 / 4
Michael Thomson (co-opt)	-	3 / 4			

Corporate Strategy

The Board of Management has responsibility for the on-going strategic direction of the College, for the approval of major developments and for the receipt of regular reports from members of the College Executive on the day-to-day operations of its business.

In respect of its strategic and development responsibilities, each year the Board of Management holds strategic development events jointly with the College Executive Leadership and Senior Leadership teams. These events also draw regularly on senior input from Scottish Government, educational and economic development agencies and other expertise. Where possible, the timing of events is arranged to facilitate Board Members' input to the College's Regional Outcome Agreement.

During 2021/22, this event focused significantly on progress towards achievement of the 2025 strategy and has supported the Board and senior leadership team in future planning as outlined above.

Board's Statement on Internal Control

The Board of Management takes its responsibilities for internal control and for reviewing its effectiveness very seriously. These systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board of Management provides strong leadership within a framework of effective controls that enable risk to be assessed and managed. Through the operation of the Board and each Board Committee, Board members monitor, challenge and oversee risk management within the College as a whole. Within all of these arrangements it is the responsibility of the Board of Management to:

- Establish the overall culture and ethos in respect of risk and opportunity management within the College.
- Determine the appropriate risk appetite (the level of exposure with which the Board is comfortable) for the College that balances risk with opportunity.
- Approve major decisions affecting the College risk profile or exposure in accordance with appropriate financial strategy and procedures and agreed delegation limits.
- Ensure that risk management is integrated in strategic planning activities and regional outcome agreements.
- Monitor the management of key risks (those rated in excess of the risk appetite) to reduce their probability and impact.
- Satisfy itself that the less significant risks are managed, and that risk controls are in place and working effectively.
- Annually review the College approach to risk management and approve changes or improvements as necessary.

Accountability Report (continued)

The Board of Management has delegated day-to-day responsibility to the Principal (Chief Executive) for maintaining a sound system of internal control that reflects the needs of good risk management and supports the achievement of the Colleges policies, aims and objectives.

The Board operates a clear scheme of delegation and financial procedures that strengthen and inform internal control arrangements. These are reviewed annually, and work has continued during 2021/22 to embed Board visibility and oversight of major procurement spend and contracts. Financial Regulations were revised during 2021/22 to better align financial responsibilities and delegated thresholds with day-to-day management and leadership responsibilities.

The Board of Management and each of the Committees actively monitors key areas of risk, seeking updates through the Executive Leadership Team and the Audit & Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting on exceptions or issues.

Henderson loggie were reappointed for a period of 5 years as the College's Internal Auditors following a procurement exercise. The new appointment took effect from 1 October 2020.

The Audit & Risk Committee also receive regular reports from the College's Internal and External Auditors. During 2021/22 the Internal Auditors undertook the following reviews:

Audit Area	Report Grades *	Number of Recommendations (& Action Grades**)			Recommendations Outstanding
		1	2	3	
Cyber Security	Good	-	-	1	-
Student Invoicing and Debt Management	Satisfactory	-	-	3	3
Publicity and Communications	Good	-	-	2	2
Data Protection	Good	-	-	3	2
Student Activity Data (2020/21)	Audit opinion unqualified	-	-	2	-
Student Support Funds (2020/21)	Audit opinion unqualified	-	-	-	n/a
Total		-	-	11	7

There is one partially completed outstanding recommendation from an 2019/20 internal audit.

Audit Area	Report Grades *	Number of Actions Outstanding (& Action Grades**)		
		1	2	3
Network Arrangements / IT Strategy	Satisfactory	-	-	1

The College's Internal Auditors reported that "the College has made good progress in implementing the recommendations followed-up".

* Report Grades

- Good - System meets control objectives.
- Satisfactory - System meets control objectives with some weaknesses present.

Accountability Report (continued)

- Requires improvement - System has weaknesses that could prevent it achieving control objectives.
- Unacceptable - System cannot meet control objectives.

** Action Grades

Priority 1	Issue subjecting the College to material risk and which requires to be brought to the attention of management and the Audit & Risk Committee.
Priority 2	Issue subjecting the College to significant risk and which should be addressed by management
Priority 3	Matters subjecting the College to minor risk or which, if addressed, will enhance efficiency and effectiveness.

The Internal Audit opinion for the work undertaken in 2021/22 is that the College has adequate and effective arrangements for risk management, control and governance. Proper arrangements are in place to promote and secure Value for Money.

The College operates a Strategic Risk Register, which identifies the most significant risks to the College. Specific risks are allocated to Committees for regular review and consideration with any proposed changes presented to the Audit & Risk Committee for approval. This Strategic Risk Register is discussed and approved at every meeting of the Audit & Risk Committee and is discussed bi-annually at the Board of Management.

The following table sets out the strategic risks for which the underlying risk has been scored as “Major”. It records the residual risk, with three risks shown as “Significant”, following the mitigating actions that have been taken. One risk (Financial Sustainability) remains as “Major” post mitigation, reflecting the risk arising as a result of the long-term funding cuts anticipated for the sector.

Where any post-mitigation risk remains as “Major” or above, a specific report on actions being taken is presented to each meeting of the Audit and Risk Committee.

Risk	Before mitigation	After mitigation
Failure of College strategy to meet the needs of the D&A Region and/or national priorities	Major	Minor
College disadvantaged by changes arising from UK leaving European Union	Major	Significant
New: College disadvantaged as a result of changes arising from major national educational body reviews: SFC, SQA, EdS	Major	Minor
Failure to achieve institutional sustainability	Major	Major
National outcomes on salaries and conditions of service outstrip ability to pay	Major	Significant
Legal actions; serious accident; incident or civil/criminal breach	Major	Minor
National bargaining outcomes impact adversely on College operations, activity and flexibility	Major	Significant
Industrial Relations Problems	Major	Minor
Breach of data security / data protection*	Major	Minor

Accountability Report (continued)

Risk	Before mitigation	After mitigation
Disasters – e.g. Fire, MIS Failure, Failure of Emergency Procedures	Major	Minor

*There have been no significant lapses of data security and no personal data-related incidents reported to the Information Commissioner’s Office during the reporting period.

In addition to this, the following COVID-19 specific risks are also highlighted. This notes the residual risk, with the Financial Security risk remaining as “Major” (as above) and all others shown as “Minor” following the mitigating actions that have been taken.

Risk	Before mitigation	After mitigation
Failure of College strategy to meet the needs of the D&A Region and/or national priorities	Major	Minor
Failure to achieve institutional sustainability	Major	Major
Industrial Relations Problems	Major	Minor
Breach of data security / data protection*	Major	Minor

As was reported in the 2019/20 accounts, the College was subject to a large-scale cyber-attack in January 2020, which impacted significantly on most of the major College housed ICT systems and resulted in the loss of a wide range of staff and student files. Full ICT access to College housed systems was restored within a short period of time, with a number of these moved to cloud hosted/on-line services in line with our longer-term Digital strategy.

As reported in 2020/21, good progress has been made implementing the recommendations from the independent JISC CSIRT (Computer Security Incident Response Team) report with one recommendation; the progression of the College’s ‘Cloud First’ strategy, being implemented over a period of a few years.

2022 will see the College participating in the National Fraud Initiative (NFI) which is a data-matching exercise led by Audit Scotland to aid the detection of fraudulent payments. The exercise in 2020 identified one error, which was corrected, and no frauds. The 2020 NFI Audit report provided us with a “Good” level of assurance.

As a key step in assuring the appropriate oversight of College systems and risks, the Audit & Risk Committee produces a draft annual report that is discussed and approved by the Audit & Risk Committee prior to further discussion and approval by full Board. This report summarises work reviewed by the Committee and confirms internal and external audit assurances in respect of the adequacy and effectiveness of internal control, the effectiveness of financial controls and the delivery of internal audit plans in line with relevant internal audit standards. In line with other Board papers, this report is publicly available on the College website.

Internal and external audit representatives meet annually with members of the Audit Committee without senior members of College staff present. This allows an opportunity for any concerns or issues to be raised and for Audit Committee members to seek appropriate assurances.

Significant Control Issues/Weaknesses

In completing this governance statement there have been no exceptions or issues raised for inclusion by internal or external auditors in respect of significant control issues/weaknesses.

Going Concern

The Board of Management considers that the College has adequate resources and arrangements to ensure the continuation of its functions within the public sector for the foreseeable future.

Conclusion

The Board of Management is of the view that there is an ongoing process for identifying, evaluating and managing the institution's significant risks that have been in place for the period ended 31 July 2022 up to the date of approval of the annual reports and accounts. This process is regularly reviewed by the Board of Management and accords with the internal control guidance as applicable to the further education sector.

Remuneration and Staff Report

The sections marked * in this Remuneration Report have been audited by Audit Scotland. The other sections of the Remuneration Report were reviewed by Audit Scotland to ensure that they were consistent with the financial statements.

Remuneration Policy

Annually the remuneration of the Principal and Executive Team is the subject of a discussion at the Chairs' Committee – which serves as a Remuneration Committee. A pay award from 1 September 2021 to 31 August 2022 is still to be agreed by the Board Chairs Committee.

*Remuneration including salary and pension entitlements

The following tables provide detail of the remuneration and pension interests of senior management:

Name	year ended 31 July 2022			year ended 31 July 2021		
	Salary Band £000	Pension Benefit £000	Band Total £000	Salary Band £000	Pension Benefit £000	Band Total £000
Laurie O'Donnell	0-5	0	0-5	-	-	-
Angela McCusker	10-15	0	10-15	15-20	-	15-20
Simon Hewitt	125-130	35-40	165-170	120-125	90-95	210-215
Steven Taylor	85-90	0	75-80	85-90	15-20	105-110
Jaki Carnegie	85-90	15-20	105-110	85-90	20-25	110-115
Julie Grace	85-90	40-45	130-135	80-85	140-145	225-230

Post titles are provided on page 25.

Median Remuneration

Colleges have been required by the FReM to disclose the relationships between the remuneration of the highest paid official and the median remuneration of their workforce and the range of staff

Accountability Report (continued)

remuneration. The 2021-22 FReM has introduced new requirements around disclosures of 25th and 75th percentile pay ratios, their comparison to the remuneration of the College's highest paid official, percentage changes from previous year and explanation of any changes:

Range of workforce remuneration:-	<u>2021-22</u>	<u>2020-21</u>	<u>Change</u>
	£	£	%
Highest paid official remuneration	125k-130k	120k-125k	8.3%
Median (total pay and benefits)	37,217	36,217	2.8%
Median (salary only)	37,217	36,217	2.8%
Ratio	3.4	3.4	0.0%
25 th percentile (total pay and benefits)	24,006	23,004	4.4%
25 th percentile (salary only)	24,006	23,004	4.4%
Ratio*	5.3	5.3	0.0%
75 th percentile (total pay and benefits)	43,357	42,357	2.4%
75 th percentile (salary only)	43,357	42,357	2.4%
Ratio	2.9	2.9	0.0%

The increase in Highest paid official remuneration was in accordance with the terms of the engagement of the Principal.

The banded remuneration of the highest paid official in the organisation in the financial year 2021-22 was £125,000-£130,000 (2020-21: £120,000-£125,000). This was 3.4 times (2020-21: 3.4 times) the median remuneration of the workforce which in the financial year 2021-22 was £37,217 (2020-21 £36,217). The lowest paid employee salary was £18,018 (2020-21 £17,290).

Accrued Pension Benefits

Pension benefits for teaching staff are provided through the Scottish Teacher's Superannuation Scheme (STSS), a defined benefit scheme, which is notionally funded and contracted out of State Earnings-Related Pension Scheme. The Pension Benefit in the above tables does not represent the cash value of pension contributions made in the year. It is calculated as the real increase in pension multiplied by 20, plus the real increase in any lump sum, less contributions made by the member, as required by The Financial Reporting Manual 2021-22 issued by HM Treasury.

STSS is provided by the Scottish Public Pensions Agency. It remains a final salary pension scheme for protected members only and, since 1 April 2015, is now a Career Average Revalued Earnings (CARE) scheme for the majority of members.

Non-teaching staff are enrolled into the Local Government Pension Scheme (LGPS). Benefits for all members of this scheme are now provided under CARE arrangements since transition on 1 April 2016. Contribution rates for both schemes are set annually for all employees and can be found in Note 16.

There is no longer any automatic entitlement to a lump sum. STSS members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. LGPS members can access pension under new pension release rules introduced in April 2015.

***Senior Officials Pension**

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

Name	Accrued pension at pension age at 31 July 2022	Accrued lump sum at pension age at 31 July 2022	Real increase in pension 1 August 2021 to 31 July 2022	Real increase in lump sum 1 August 2021 to 31 July 2022	CETV at 31 July 2022	CETV at 31 July 2021	Real increase in CETV
	£000	£000	£000	£000	£000	£000	£000
Simon Hewitt	25-30	0-5	2.5-5	0-2.5	275	244	16
Steven Taylor	50-55	0-5	0	0-2.5	798	782	5
Jaki Carnegie	5-10	0-5	0-2.5	0-2.5	73	51	11
Julie Grace	45-50	0-5	2.5-5	0-2.5	588	543	35

Cash Equivalent Transfer Value (CETV)

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 Local Government service and not just their current appointment.

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

- (i) 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.
- (ii) the accrued benefits figures are reflective of the pension contributions that both the employer and the scheme member have made over a period of time.

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.

Staff Report

During the year to 31 July 2022 the College employed 714 full-time equivalent staff. At 31 July 2022 the staff headcount was 1055 comprising of 690 females and 365 males.

Full disclosure of staff costs of £39,441,000 is given in Note 9 to the Accounts.

Disclosure of Agency staff costs, of £432,000 is given in Note 11. Other than one individual engaged under a shared service agreement with Advanced Procurement for Universities and Colleges, all amounts are paid for temporary staff on an ad hoc basis to cover staff absence or to obtain specialisms not available from permanent staff.

Working time lost through sickness was 2.68%, following a significant reduction during periods of lockdown and furlough in 2020/21 (1.2%), the 2021/2022 rate again reflects a level similar to that of pre-pandemic times and remains below relevant national averages.

Staff Turnover (non-forced) during 2021/22 was 4.85%, compared with the prior year figure of 6.6%, although this change is not considered to be significant and overall staff turnover is low by sector and UK standards ([CIPD estimates](#) UK Education staff turnover at 16.1%).

The COVID-19 response and changing regulations and adaptations have continued to impact on both staff and students throughout 2021/22. This has included the need to implement amended timetables to reduce class capacities and facilitate social distancing along with the need to continually reinforce the wearing of face coverings and adherence to COVID-19 mitigations. In a number of curriculum areas delivery has remained online, or on a blended basis to reduce footfall on our campuses.

Whilst important from a health point of view, the constant reinforcement of COVID-19 mitigations (particularly face coverings) has proven to be a source of conflict between students and staff and has impacted negatively on relationships and behavioural incidents in some areas. As a result, the College strengthened behaviour management policies and has enhanced the behaviour management support available for staff.

Student and staff isolation and absence requirements related to COVID-19 has also been evident, with changing attendance patterns requiring significant flexibility and change from staff to ensure that curriculum and services could still be delivered and students still able to achieve. Work undertaken by D&A staff to ensure the continuation of adapted assessment arrangements during 2021/22 (and 2022/23) have been pivotal in assisting these arrangements.

The reduction in COVID-19 restrictions in April 2022 has assisted the College to return to more normal operations and it is anticipated that timetabling and other arrangements for students will operate restriction free during 2022/23.

All of these arrangements have been supported by the operation of the joint College, union and Students' Association COVID-19 recovery group, which continued to meet during 2021/22 to consider COVID-19 impacts and seek solutions to issues as they arise, with a particular focus on how to better engage students given the impact of COVID-19 disruptions on their learning. This group will continue to monitor COVID-19 arrangements in 2022/23 and will step up activities if required.

Accountability Report (continued)

As noted above, it is clear that the COVID-19 pandemic has impacted negatively on student outcomes particularly in terms of retention around December 2021 and January 2022. Clear impacts are also evident in terms of learning loss and socialisation for many students and additional COVID Mental Health Support Funds available has been used to good effect to enhance the support and wellbeing opportunities available for students. This has included an expansion of wellbeing support for students leaving lockdown and commencing College in 2021, and a significant increase in mental health support throughout the year. Our Students' Association also developed a highly effective contact service for any student whose attendance had slipped. Through this project over 3,000 calls were made by Students' Association Officers and staff to offer support, develop re-engagement plans, or simply to chat. This project has had a significantly positive effect on both attendance and retention, with hundreds of students being re-engaged in their studies as a result.

As pandemic restrictions have eased, the College has progressed with elements of its New Ways of Working (New WoW) project to support learning from the shift to online and hybrid working implemented during the pandemic and engage staff and students in future ways of working. This work was kicked off with an all-staff Service Design event in January 2022, which generated over 15,000 staff ideas and suggestions around future work. Similar work will also be progressed with students.

As part of the New WoW project, investments have been made in hybrid teaching technologies and spaces, with these being piloted and supported by our Academic Development team. Investment has also been made in creating hybrid working spaces to support staff working at home and on-campus. Feedback from the use of these teaching and working spaces will inform future ways of working and infrastructure investments.

In August 2021 the College and our joint unions (EIS, Unison and GMB) agreed a joint ways of working document to outline how we could better work together in the interest of all staff and students. This document has supported effective engagement between each party and, despite positive local relationships, has become more strained as the extent of the cuts faced by the College has become evident and as the resulting savings plan has been implemented.

This savings plan was developed to support a return to financial sustainability for the College by reducing staffing expenditures (with some modest increases in income) to save a minimum of £1.5 million from the 2022/23 budget. This has been a challenging process and the level of cuts, and the speed with which these had to be implemented, will impact on operations during 2022/23. Arrangements will progress to further adjust activities and operations to minimise this negative impact as far as possible.

The savings plan will support the College to return to a more financially sustainable position over the next two years and will allow longer-term change to be implemented to address the anticipated further real terms budget cuts anticipated for the foreseeable future. Importantly, the plan also identified several areas for further investment by the College to ensure that it is well positioned to benefit from the significant economic and skills development opportunities within our region.

The need to balance future investment, staff skills and savings are summarised within the D&A Workforce Plan which was updated in February 2022. This document creates a framework within which specific workforce developments can be planned and progressed and sets out the key aspects impacting on future workforce needs for the College. Developments arising from the plan will be reported to the Human Resource and Development Committee of the Board on an annual basis.

Accountability Report (continued)

As the College returned to more normal operations, a staff engagement survey was undertaken (March 2022). This was undertaken independently using the 'Peachy Mondays' platform and utilised a format and questions common to the staff survey (2018).

Despite the many challenges faced by the College, Engagement Surveys have continued to show a generally positive trend since first undertaken in 2015, with the March 2022 survey showing an improvement in both staff Engagement and Happiness.

Key: Score Up on Previous Year ↑ Score Down on Previous Year ↓ Score Same as Previous Year ↔

2015	Engagement	Happiness
	68	70

2016	Engagement	Happiness	Inspiration	Innovation	Trust	Respect	Success
	↔ 68	↓ 68	70	66	62	65	75

2018	Engagement	Happiness	Inspiration	Innovation	Trust ↓	Respect	Success
	↑ 75	↑ 69	↔ 70	↔ 66	59	↓ 62	↓ 74

↓

2022	Engagement	Happiness
	↑ 80	↑ 76

Question Comparison

Question	+ve 2018	+ve 2022	
I enjoy working in my team.	84	85	Up 1
I feel I can be myself at work.	80	83	Up 3
I am proud to tell others I work for D&A.	68	77	Up 9
I am satisfied with my learning and development opportunities.	64	63	Down 1
I would recommend Dundee & Angus College as a great place to work.	48	67	Up 19
(2022 only) I feel optimistic about the future of D&A	NA	63	

These are very positive outcomes, but the College is not complacent, and the data gathered at individual team level is being used to inform improvements in respect of management, communication and operational approaches as appropriate.

A wide range of 'normal' tasks and projects continue to be progressed. This includes on-going work to support and promote equality, including significant awareness raising around gender based violence and extensive work to eradicate period poverty. Monitoring, reporting and action planning in respect of equality related metrics is outlined within our biennial [Equalities Mainstreaming Report](#) and related reporting.

Accountability Report (continued)

The College continues to work hard to ensure that all staff, students and other stakeholders are treated equally, regardless of age, disability, family responsibility, marital status, race, colour, ethnicity, nationality, religion or belief, gender, sexual orientation, trade union activity, or unrelated criminal convictions. In addition to tackling discrimination, the College also supports and fosters good relations between individuals with different characteristics and undertakes a significant amount of work in this area through its RESPECT brand and specific work in areas including (but not exclusively):

- work locally and nationally on eradicating gender based violence (Gbv);
- supporting carers and care experienced students and staff under our WeCare@D&A banner;
- work on eradicating child poverty through our Find Your Future project and campaigns; and
- focused support and awareness raising on period poverty.
- Significant focus on enhancing mental health wellbeing and specialised support.

The College Equality and Diversity policy frames our commitment to positive equality practice as follows:

Dundee & Angus College is committed to a comprehensive policy of equal opportunities for staff, students and all stakeholders and seriously undertakes the duty to adhere to all relevant legislation.

Through our Equality and Diversity Policy and related procedures, we set clear objectives and approaches to ensure we encourage and support all individuals, irrespective of protected characteristic, to develop and fulfil their individual potential. As a result, our students and staff are given equal opportunity to engage with, and benefit from, the services we offer. This maximises their contribution to College life and to the future economic success of Angus, Dundee and beyond.

We ensure all staff, students and other stakeholders are treated equally, regardless of age, disability, gender, gender reassignment, pregnancy and maternity, race, religion or belief, sexual orientation and marriage and civil partnership.

We strive to eliminate all forms of discrimination and to celebrate the diversity of people who are directly and indirectly involved with the College

This commitment is underpinned by a series of clear policies and practices in employment and our service delivery in areas including (but not limited to):

Discipline & Grievance	Student Recruitment and Admissions
Public Interest Disclosure (Whistleblowing)	Data Protection
Complaint Handling & Monitoring	Substance Misuse
Equality & Diversity	Eradicating Period Poverty
Dignity at Work	Positive Behaviour Management
ICT Use, Social Media and Electronic Comms	Student Guidance
Protecting Vulnerable Groups	Protection of Children & Adults at Risk
Special Leave	Eradicating Gender Based Violence
Family Matters	Corporate Parenting Plan
Professional Learning	Student Mental Health Agreement
Recruitment & Selection	Carers
Anti-Bullying	Modern Slavery
Cyber Security	
Partnership Agreements and protocols with a wide range of third sector and other support agencies	

All of these activities are supported by mandatory training on positive equalities practice and our culture and approaches to foster good relations across the range of equalities protected characteristics.

Outcomes in respect of monitoring of equalities data and activities are reported through the [Regional Outcome Agreement measurement plans](#) and our [Equalities Mainstreaming Report](#) and [Gender Pay Gap reporting](#)

Work is continuing in relation to the national Job Evaluation and Transfer to Permanency requirements. Significant progress has also been made in the implementation of an integrated HR-Payroll solution, including the extension of employee and manager self-service functionality.

*Compensation for loss of office

The table below summarises the exit packages by cost band.

	2022	2022	2022	2021
Exit package cost band	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	-	8	8	3
£10,000 - £25,000	-	18	19	8
£25,000 - £50,000	-	9	8	1
£50,000 - £100,000	-	5	5	1
£100,000 - £150,000	-	2	2	-
Total number of exit packages	-	42	42	13
Total cost (£)	-	1,286,403	1,286,403	255,084

*Salaries and Related costs

	2022	2022	2022	2021
	Directly employed staff on permanent UK contracts £000s	Other staff including short-term contract, seconded and agency staff £000s	Total	Total
Wages and salaries	22,919	4,383	27,302	25,320
Social security costs	2,194	383	2,577	2,312
Other pension costs	7,281	1,276	8,557	7,851
Total	32,394	6,042	38,436	35,483
Average number of FTE	602	117	719	703

The total number of higher paid staff, including senior post-holders, above a threshold of total emoluments of £60,000, are tabled in Note 9. The total remuneration of the Principal is given in Note 10 along with the total emoluments of all senior post holders.

Facility Time

In accordance with the Trade Union (Facility Time Publication Requirements: Regulations 2017, the College provided the following support through paid facility time for union officials working at the College during the year ended 31 July 2022.

Relevant Union Officials

Number of Employees who were relevant union officials during the relevant period:	Full-time equivalent employee number:
13	13

Percentage of time spent on facility time

Percentage:	Number of Employees:
0%	0
1%-50%	13
51%-99%	0
100%	0

Percentage of pay bill spent on facility time

Total cost of facility time:	£44,955
Total bill pay:	£34,678,000
Percentage of the total pay bill spent on facility time:	0.13%

Paid trade union activities

Time spent on trade union activities as a percentage of total paid facility time hours:	42%
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Signed on Behalf of the Board of Management on 13 December 2022.

**Simon Hewitt
Principal**

INDEPENDENT AUDITORS REPORT

Independent auditor's report to the Board of Management of Dundee and Angus College, the Auditor General for Scotland and the Scottish Parliament

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of Dundee and Angus College and its group for the year ended 31 July 2022 under the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Consolidated & College Statement of Comprehensive Income, Consolidated & College Statement of Changes in Reserves, Consolidated & College Statement of Financial Position, Consolidated 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 my opinion the accompanying financial statements:

- give a true and fair view in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council of the state of the affairs of the college and its group as at 31 July 2022 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

I conducted my 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. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 7 June 2021. The period of total uninterrupted appointment is 2 years. I am independent of the college and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the college. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

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

Independent Auditor's Report (continued)

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ability of the college and its group 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 current or future financial sustainability of the college and its group. However, I report on the college's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my 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 ability of the college and its group 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 operations of the college and its group.

Auditor's responsibilities for the audit of the financial statements

My 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 my 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. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the college is complying with that framework;
- identifying which laws and regulations are significant in the context of the college;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

Independent Auditor's Report (continued)

The extent to which my 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. This description forms part of my auditor's report.

Reporting on regularity of expenditure and income

Opinion on regularity

In my 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 my responsibilities in respect of irregularities explained in the audit of the financial statements section of my report, I am 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 part of the Remuneration and Staff Report

I have audited the parts of the Remuneration and Staff Report described as audited. In my opinion, the audited part of the Remuneration and Staff Report has 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 other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited part of the Remuneration and Staff Report.

My 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 my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this

Independent Auditor's Report (continued)

gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I 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 my 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 I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Independent Auditor's Report (continued)

Use of my 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 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Andrew Kerr CA
Senior Audit Manager
Audit Scotland
4th Floor South Side
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

13 December 2022

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

PROFESSIONAL ADVISERS

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Solicitors

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DD1 4BJ

CONSOLIDATED AND COLLEGE STATEMENTS

Consolidated & College Statement of Comprehensive Income For the year ended 31 July 2022

		Consolidated		College	
	Note	2022 £000	2021 £000	2022 £000	2021 £000
Income					
Funding body grants	3	38,299	37,831	38,299	37,831
Tuition fees and education contracts	4	5,210	5,532	5,210	5,532
Other grants and contracts	5	1,977	1,564	1,911	1,523
Other income	6	1,484	1,741	1,405	1,739
Investment income	7	3	1	3	1
Donations and endowments	8	3,300	-	3,300	-
Total income		50,273	46,669	50,128	46,626
Expenditure					
Staff costs	9	38,154	35,190	38,065	35,174
Exceptional restructuring costs	9	1,287	255	1,287	255
Other operating expenses	11a	10,232	9,201	10,174	9,175
Depreciation	12	2,258	3,706	2,258	3,706
Interest and other finance costs	11b	396	489	396	489
Total expenditure		52,327	48,841	52,180	48,799
(Deficit)/Surplus before other gains/ (losses) and share of operating surplus/ (deficit) of associates		(2,054)	(2,172)	(2,052)	(2,173)
Gain/(Loss) on disposal of assets		4	11	4	11
Surplus/(Deficit) for the year		(2,050)	(2,161)	(2,048)	(2,162)
Actuarial gain/(loss) in respect of pension scheme		29,999	11,806	29,999	11,806
Unrealised surplus on revaluation of tangible fixed assets		-	-	-	-
Total comprehensive income for the year		27,949	9,645	27,951	9,644
		27,949	9,645	27,951	9,644

For the year ended 31 July 2022

	Note	Consolidated		College	
		2022 £000	2021 £000	2022 £000	2021 £000
Represented by:					
Unrestricted comprehensive income for the year		27,949	9,645	27,951	9,644
		<u>27,949</u>	<u>9,645</u>	<u>27,951</u>	<u>9,644</u>
(Deficit)/Surplus for the year attributable to:					
College		(2,050)	(2,161)	(2,048)	(2,162)
		<u>(2,050)</u>	<u>(2,161)</u>	<u>(2,048)</u>	<u>(2,162)</u>
Total comprehensive (expenditure)/income for the year attributable to:					
Group/College		27,949	9,645	27,951	9,644
		<u>27,949</u>	<u>9,645</u>	<u>27,951</u>	<u>9,644</u>

The Statement of Comprehensive Income is in respect of continuing activities.

The Statement of Comprehensive Income is prepared under the FE/HE SORP. Colleges are also subject to Central Government accounting rules but the FE/HE SORP does not permit colleges to include Government non-cash allocations for depreciation in the Statement of Comprehensive Income. Note 2 provides details of the adjusted operating position on a Central Government accounting basis.

The accompanying notes form part of these financial statements.

Consolidated & College Statement of Changes in Reserves For the year ended 31 July 2022

	Income Expenditure Reserve £000	Revaluation Reserve £000	Total £000
Consolidated			
Balance at 1 August 2020	(12,709)	26,551	13,842
Surplus/(Deficit) from the Consolidated Statement of Comprehensive Income	(2,161)	-	(2,161)
Actuarial Gain/(Loss)	11,806	-	11,806
Revaluation surplus	-	-	-
Transfers between revaluation and income and expenditure reserve	694	(694)	-
Total comprehensive income for the year	10,339	(694)	9,645
Balance at 1 August 2021	(2,370)	25,857	23,487
Surplus/(Deficit) from the Consolidated Statement of Comprehensive Income	(2,050)	-	(2,050)
Actuarial Gain/(Loss)	29,999	-	29,999
Revaluation surplus	-	-	-
Transfers between revaluation and income and expenditure reserve	695	(695)	-
Total comprehensive income for the year	28,644	(695)	27,949
Balance at 31 July 2022	26,274	25,162	51,436
College			
Balance at 1 August 2020	(12,753)	26,551	13,798
Surplus/(Deficit) from the College Statement of Comprehensive Income	(2,162)	-	(2,162)
Actuarial Gain/(Loss)	11,806	-	11,806
Revaluation	-	-	-
Transfers between revaluation and income and expenditure reserve	694	(694)	-
Total comprehensive income for the year	10,338	(694)	9,644
Balance at 1 August 2021	(2,415)	25,857	23,442
Surplus/(Deficit) from the College Statement of Comprehensive Income	(2,048)	-	(2,048)
Actuarial Gain/(Loss)	29,999	-	29,999
Revaluation surplus	-	-	-
Transfers between revaluation and income and expenditure reserve	695	(695)	-
Total comprehensive income for the year	28,646	(695)	27,951
Balance at 31 July 2022	26,231	25,162	51,393

There are no endowment or restricted reserves.

Consolidated & College Statement (continued)

Consolidated & College Statement of Financial Position as at 31 July 2022

		Consolidated		College	
	Note	2022 £000	2021 £000	2022 £000	2021 £000
Non-current assets					
Fixed assets	12	68,793	67,648	68,793	67,648
Trade & other receivables	13	552	603	552	603
		69,345	68,251	69,345	68,251
Current assets					
Stocks		10	6	7	4
Trade & other receivables	13	4,062	3,640	4,043	3,633
Cash and cash equivalents		6,248	5,853	6,188	5,806
		10,320	9,499	10,238	9,443
Creditors: amounts falling due within one year	14	11,019	9,096	10,980	9,085
Net current assets/(liabilities)		(699)	403	(742)	358
Total assets less current liabilities		68,646	68,654	68,603	68,609
Less: Creditors falling due after more than one year	15	25,853	27,213	25,853	27,213
Net assets excluding pension (asset)/liability		42,793	41,441	42,750	41,396
Funded pension (asset)/liability	16	(11,313)	14,552	(11,313)	14,552
Unfunded pension (asset)/liability	17	2,670	3,402	2,670	3,402
Total net assets		51,436	23,487	51,393	23,442
Unrestricted reserves					
Income and expenditure reserve – unrestricted		26,274	(2,370)	26,231	(2,415)
Revaluation reserve		25,162	25,857	25,162	25,857
Total reserves		51,436	23,487	51,393	23,442

The financial statements were approved and authorised for issue by the Board of Management on 13 December 2022 and signed on its behalf by:

Laurie O'Donnell - Chair

Simon Hewitt – Principal

Consolidated Statement of Cash Flows For the year ended 31 July 2022

	Note	2022 £000	2021 £000
Cash flow from operating activities			
(Deficit) for the year		(2,050)	(2,161)
Adjustment for non-cash items			
Depreciation	12	2,258	3,706
Impairment reversal		-	-
(Increase)/Decrease in stocks		(4)	11
(Increase)/Decrease in debtors		(370)	(436)
Increase/(Decrease) in creditors		2,980	259
Pension costs less contributions payable		3,402	3,056
Adjustment for investing or financing activities			
Investment income	7	(3)	(1)
Interest payable	11b	125	142
Gain on the sale of fixed assets		(4)	(11)
Release of deferred capital grants		(1,685)	(2,361)
Net cash inflow from operating activities		4,649	2,204
Cash flow from investing activities			
Proceeds from sale of fixed assets		4	11
Proceeds from sale of assets held for disposal		-	-
Investment income		3	1
Deferred capital grants received		102	1,642
Non-government capital grants			
Payments made to acquire fixed assets		(3,785)	(1,167)
Net cash outflow from investing activities		(3,676)	487
Cash flow from financing activities			
Interest paid		(125)	(142)
Repayments of amounts borrowed		(453)	(453)
Net cash outflow from financing activities		(578)	(595)
(Decrease)/Increase in cash and cash equivalents in the period		395	2,096
Cash and cash equivalents at beginning of the period		5,853	3,757
Cash and cash equivalents at end of the period		6,248	5,853

NOTES TO THE FINANCIAL STATEMENTS

Note 1 Statement of Principal Accounting Policies

Charity Information The College was established under the Further and Higher Education Act 1992. The College is a registered charity (Scottish charity Number: SC021188) for the purposes of the Law Reform (Miscellaneous Provision) (Scotland) Act 2005. The registered office is Old Glamis Road, Dundee, DD3 8LE.

Basis of Preparation The financial statements are prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992, the Statement of Recommended Practice (SORP) 2019: Accounting in Further and Higher Education, and the Financial Reporting Manual 2021-22 issued by HM Treasury and in accordance with applicable Accounting Standards, including Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102"), the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006. 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.

Basis of Accounting The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

The accounting policies contained in the FReM apply International Reporting Standards as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy the accounting policy which is judged to be most appropriate to the College for the purpose 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.

The financial statements are presented in Sterling (£).

Significant judgements and estimates In the application of the Group's accounting policies, the Board of Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the Financial Statements (continued)

Key sources of estimation have been applied as follows:

Non-Current Assets valuations and useful economic lives - College buildings are of a specialist nature and are valued on the depreciated replacement cost basis. Buildings are depreciated over their expected remaining useful economic life as assessed by an independent, qualified valuer.

Obligations under the LGPS - The Board has relied on the actuarial assumptions of independent, qualified actuaries. The assumptions interact in complex ways. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £1.462m. During 2021/2022, the college's actuaries advised that the net funded pension liability had decreased by £25.865m resulting in a net funded asset position of £11.313m as at 31 July 2022. We have reviewed these assumptions and consider them reasonable and appropriate.

Continuing Activities The results reported in the financial statements are derived from the continuing activities of Dundee & Angus College.

Basis of Consolidation The consolidated financial statements for the Group bring together the financial statements of the College and its wholly owned subsidiary 'Gardyne Theatre Limited'.

Investment in Subsidiaries The consolidated financial statements incorporate the financial statements of the college and entities controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Recognition of Income Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income 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 Consolidated Statement of Comprehensive Income 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 investments is credited to the Consolidated Statement of Comprehensive Income on a receivable basis.

Funds the College receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure account

Grant Funding Government revenue grants including the recurrent grants from the Scottish

Notes to the Financial Statements (continued)

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 statement of financial position 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. There are four main types of donations and endowments 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. The funds will be held in deferred income under creditors until conditions are met.

European Funded Projects Advances received in respect of European Funded projects, along with any relevant provisions against non-payment of claims or claw back of claims paid, are offset against the total European funding debtor in the Statement of Financial Position.

Foreign Currency Translation Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year end rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

Maintenance of Premises Property maintenance is carried out as a result of surveys, ongoing inspections and in accordance with the College Estates Strategy. The cost of the maintenance is

Notes to the Financial Statements (continued)

charged to the Consolidated Statement of Comprehensive Income in the year in which it is incurred.

Pension Schemes The College participates in two multi-employer defined benefit pension schemes.

Teaching staff may join the Scottish Teachers' Superannuation Scheme (STSS), which is administered by the Scottish Public Pensions Agency. The College is unable to identify its share of the underlying assets and liabilities of the STSS and therefore, as required by FRS 102, accounts for its participation in the STSS as if it were a defined contribution scheme. Contributions are charged to the income and expenditure account as they arise. This is expected to result in the pension cost being a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of periodic valuations using the projected unit basis.

Non-teaching staff may join the Tayside Superannuation Scheme which is administered by Dundee City Council and which requires contributions to be made to its number 1 fund. The Fund is a defined benefit pension scheme, contracted out of the State Earnings-Related Pension Fund. Benefits are provided based on length of service, together with final pensionable pay to 31 March 2015 and Career Average Revalued Earnings thereafter. Assets and Liabilities of the Fund are held separately from those of the College. Fund assets are measured using market values. Fund liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

Contributions to the Fund are calculated so as to spread the cost of pensions over employees' working lives with the College. The contributions are determined by an actuary on the basis of triennial valuations using the Age Attained Method. The actuaries also review the progress of the scheme in each of the intervening years. Variations from regular costs are spread over the expected average remaining working lifetime of members of the Fund, after making allowances for future withdrawals. The expected cost of providing staff pensions to employees contributing to the Fund is recognised in the Consolidated Statement of Comprehensive Income on a systematic basis over the expected average remaining lives of members of the Fund in accordance with FRS 102 and recognises retirement benefits as the benefits are earned and not when they are due to be paid.

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.

Property, Plant & Equipment

(a) Land and Buildings

Land and buildings inherited from the local education authority, inherited but not in use for education purposes and other acquired land and buildings since incorporation are stated in the statement of financial position at valuation. Land is not depreciated.

Buildings are depreciated over their expected useful economic life within the following major components:

Notes to the Financial Statements (continued)

Buildings and main sub-structure	50 years
Internal structure/Mechanical & Electrical	25 years
Internal Fixtures & Property Improvements	10 years
Information & Communications Infrastructure	5 years

Property improvements are depreciated on a straight line basis over ten years.

Depreciation is revised to amortise building components over remaining economic life when this has been identified as part of the revaluation process described below.

Assets may continue in use beyond their initial estimated useful life. Where this is the case an estimation of the remaining useful life will be made along with a subsequent adjustment to recognise the remaining value in use.

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

Where land and buildings are acquired with the aid of specific Government grants, the related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July 2022. They are not depreciated until they are brought into use.

(b) Property Revaluation

In accordance with the 2021-22 Government Financial Reporting Manual (FReM) issued by the Scottish Government, the tangible fixed assets are required to be valued on the current value basis. Quinquennial valuations are undertaken with interim valuations in year three.

(c) Subsequent Expenditure on Existing Fixed Assets

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- Market value of the fixed asset has subsequently improved
- Asset capacity increases
- Substantial improvement in the quality of output or the reduction in operating costs
- Significant extension of the asset's life beyond that conferred by repairs and maintenance

(d) Equipment

Equipment costing less than £25,000 (inclusive of VAT) per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

Notes to the Financial Statements (continued)

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

Heavy plant	10 years
Light plant and equipment	5 years
Motor vehicles	4 years
Computer equipment	3 years

Assets may continue in use beyond their initial estimated useful life. Where this is the case an estimation of the remaining useful life will be made along with a subsequent adjustment to recognise the remaining value in use.

Where equipment is acquired with the aid of specific Government grants, the related grant is credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

Equipment acquired by Non-Government Grants is carried at depreciated historical cost, which is used as a proxy for fair value. Depreciated historical cost is deemed to be more appropriate than revaluing for equipment as it is common for such assets to reduce in value, rather than increase, as they are utilised by the College.

Contracts providing a license to use software for a specific period are not capitalised where no ownership is acquired. The cost is charged to revenue and spread evenly over the term of the license with any prepayment included in Debtors.

Leased Assets Leases in which the College assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. Assets held under finance leases are depreciated over their useful life.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

The lease rentals are treated as consisting of capital and interest. The capital element is applied to reduce the outstanding obligation and the interest element is charged to the Consolidated Statement of Comprehensive Income in proportion to the reducing capital element outstanding. Leases not meeting the criteria of a finance lease are treated as an operating lease. Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

Notes to the Financial Statements (continued)

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Cash and cash equivalents Cash includes cash in hand and deposits repayable on demand. 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.

The College is obliged to use the Scottish Government Banking Scheme and consequently utilises only current and special interest bearing accounts repayable on demand.

Debtors are measured at transaction price, less any impairment, unless the arrangement represents a financing transaction. If the arrangement constitutes a financing transaction, the college measures the financial asset at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Loan receivables are measured initially at the present value of cash receivable, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Financial assets identified as non-basic will be measured at fair value.

Creditors Short Term Creditors are measured at transaction price.

Other financial liabilities, including bank loans are measured initially at the present value of cash payable, and are measured subsequently at amortised cost using the effective interest method.

Financial liabilities identified as non-basic will be measured at fair value.

Agency Arrangements The College acts as an agent in the collection and payment of certain Student Support Funds. These funds are excluded from the Consolidated Statement of Comprehensive Income, and movements have been disclosed in the notes to the financial statements. 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, the income and expenditure related to those funds are shown in the Consolidated Statement of Comprehensive Income.

Taxation The College is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable organisation for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt from VAT.

The College's subsidiary company is subject to corporation tax and VAT in the same way as any commercial organisation, although where profits are transferred by gift aid corporation tax will not be liable.

Notes to the Financial Statements (continued)

Provisions are recognised when the College has a present, legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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.

	Consolidated		College	
2	2022	2021	2022	2021
Government Non-cash allocation for depreciation	£000	£000	£000	£000
Surplus/(deficit) before other gains and losses (FE/HE SORP basis)	(2,050)	(2,161)	(2,048)	(2,162)
Add back: Non-cash allocation for depreciation (net of deferred capital grant)	1,055	1,055	1,055	1,055
Operating surplus/(deficit) on Central Government accounting basis	(995)	(1,106)	(993)	(1,107)

Following reclassification, colleges received additional non-cash budget to cover depreciation but this additional budget is not recognised under the FE/HE SORP accounting rules. As a result, colleges show a deficit equivalent to net depreciation (where funds are spent on revenue items) in order to meet Government accounting rules and the requirement to spend the entire cash allocation.

The deficit is attributable to other factors reflected in the adjusted operating table and also the impact of COVID-19 as explained in the performance report on pages 3 to 22.

Under the FE/HE SORP, the college recorded a consolidated operating deficit of £2,050,000 for the year ended 31 July 2022. After taking account of the Government non-cash budget, the college shows an “adjusted” consolidated deficit of £995,000 on a Central Government accounting basis.

Notes to the Financial Statements (continued)

	Consolidated		College	
	2022 £000	2021 £000	2022 £000	2021 £000
3 Scottish Funding Council grants				
SFC recurrent grant	33,011	30,731	33,011	30,731
SFC childcare funds	592	669	592	669
Release of deferred capital grants	1,581	2,257	1,581	2,257
Capital grants	1,746	2,297	1,746	2,297
Funding for COVID-19	-	898	-	898
Other SFC grants	1,369	979	1,369	979
	38,299	37,831	38,299	37,831

	Consolidated		College	
	2022 £000	2021 £000	2022 £000	2021 £000
4 Tuition Fees and Education Contracts				
FE fees - UK & EU	474	365	474	365
FE fees – non-EU	188	66	188	66
HE fees	2,574	2,976	2,574	2,976
Education contracts	1,968	2,117	1,968	2,117
Other contracts	6	8	6	8
	5,210	5,532	5,210	5,532

	Consolidated		College	
	2022 £000	2021 £000	2022 £000	2021 £000
5 Other Grants and Contracts				
European funds	55	149	55	149
Releases of deferred capital grants (non SFC)	104	104	104	104
Other grant income	1,818	1,311	1,752	1,270
	1,977	1,564	1,911	1,523

Notes to the Financial Statements (continued)

		Consolidated		College	
		2022	2021	2022	2021
6	Other Income	£000	£000	£000	£000
	Residences, catering and conferences	600	102	581	102
	Other income-generating activities	682	383	622	381
	Coronavirus Job Retention Scheme grant	165	1,163	165	1,163
	Other income	37	93	37	93
		<u>1,484</u>	<u>1,741</u>	<u>1,405</u>	<u>1,739</u>

The College furloughed staff who were unable to work from home, from areas such as catering etc. The funding received of £37,000, (2021 £1,163,000) relates to staff costs which are included in the costs reported within Note 9 below.

		Consolidated		College	
		2022	2021	2022	2021
7	Investment Income	£000	£000	£000	£000
	Interest receivable	3	1	3	1
		<u>3</u>	<u>1</u>	<u>3</u>	<u>1</u>

		Consolidated		College	
		2022	2021	2022	2021
8	Donations and Endowment	£000	£000	£000	£000
	Donations	3,300	-	3,300	-
		<u>3,300</u>	<u>-</u>	<u>3,300</u>	<u>-</u>

A donation of £3,300,000 (2021 nil) was received from Dundee and Angus Foundation following a successful bid for funding for the Kingsway development project.

Notes to the Financial Statements (continued)

9	Staff Costs	Consolidated		College	
		2022 £000	2021 £000	2022 £000	2021 £000
	Wages and salaries	27,019	25,027	26,942	25,012
	Social security costs	2,578	2,312	2,571	2,312
	Other pension costs	8,557	7,851	8,552	7,850
	Exceptional restructuring costs	1,287	255	1,287	255
		39,441	35,445	39,352	35,429
		Consolidated		College	
	Staff Costs (continued)	2022 £000	2021 £000	2022 £000	2021 £000
	Academic/Teaching departments	22,141	20,674	22,141	20,674
	Academic/Teaching services	743	694	743	694
	Administrative and central services	12,881	11,566	12,792	11,550
	Premises	1,688	1,575	1,688	1,575
	Catering and Residences	701	681	701	681
	Sub-total	38,154	35,190	38,065	35,174
	Exceptional restructuring costs	1,287	255	1,287	255
		39,441	35,445	39,352	35,429

The Exceptional restructuring costs relate to a Voluntary Severance Scheme.

Pension liabilities to present and former staff of £3,517,000 (2021: £3,105,000) and the Apprenticeship Levy of £110,000 (2021: £103,000) have been included within the category of Administrative and central services.

Notes to the Financial Statements (continued)

The average number of full-time equivalent employees (including higher paid employees) during the period was:

	Consolidated		College	
	2022 Number	2021 Number	2022 Number	2021 Number
Academic/teaching departments	398	402	398	402
Academic/teaching services	20	19	20	19
Administrative and central services	215	197	212	196
Premises	54	53	54	53
Catering and residences	27	27	27	27
Total	714	698	711	697

The Principal's salary increased by £10,000 from 1 August 2021 in accordance with the terms of the original appointment.

Pay awards are negotiated nationally for most staff. Both academic and support staff received a consolidated increase of £1,000 per FTE for the period 1 September 2021 to 31 August 2022.

The Board Chairs Committee approved an identical award for members of the Executive and Senior Leadership Team with the exception of the Principal who declined any further increase.

The number of staff, including the Principal, who received emoluments in the following ranges (above a threshold of £60,000) was:

	Senior Staff		Other Staff	
	2022	2021	2022	2021
£60,001 - £70,000	6	4	-	-
£70,001 - £80,000	-	-	-	-
£80,001 - £90,000	3	3	1	1
£120,001 - £130,000	1	1	-	-
	10	8	1	1

Notes to the Financial Statements (continued)

10 Senior Post-Holders' Emoluments	Year to 31 July 2022 Number	Year to 31 July 2021 Number
The number of senior post-holders including the Principal was:	11	10
	£000	£000
Salaries	804	718
Pension contributions	170	148
Total emoluments	<u>974</u>	<u>866</u>

The above emoluments are for Key Management Personnel and include amounts payable to the Principal (who was the highest paid senior post-holders) of:

	Year to 31 July 2022 £000	Year to 31 July 2021 £000
Salary	130	120
Pension contributions	<u>30</u>	<u>27</u>
	<u>160</u>	<u>147</u>

The pension contributions in respect of the Principal and senior post-holders are in respect of employer's contributions to the Scottish Teachers' Superannuation Scheme or Local Government Superannuation Scheme, and are paid at the same rate as for other employees.

Other than as stated above, no member of staff received any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

Compensation for the loss of office paid to senior post holders:

	Year to 31 July 2022 £000	Year to 31 July 2021 £000
Compensation for the loss of office paid to senior post holders	-	-

Notes to the Financial Statements (continued)

11a	Other Operating Expenses	Consolidated		College	
		2022 £000	2021 £000	2022 £000	2021 £000
	Academic/teaching departments	994	860	994	860
	Academic/teaching services	130	114	130	114
	Administration and central services	3,884	3,272	3,884	3,272
	Premises costs	3,824	3,832	3,824	3,832
	Catering and residence operations	325	80	318	79
	Other Income Generating Activities	51	25	-	-
	SFC Childcare funds	592	669	592	669
	Agency staff costs	432	349	432	349
	Total	10,232	9,201	10,174	9,175

	Consolidated		College	
	2022 £000	2021 £000	2022 £000	2021 £000
Other operating expenses include:				
External Auditor's remuneration				
- in respect of these financial statements	28	28	25	25
Internal Auditor's remuneration				
- internal audit	10	10	10	10
- other services	12	7	12	7

Notes to the Financial Statements (continued)

		Consolidated		College	
11b	Interest and Other Finance Costs	2022	2021	2022	2021
		£000	£000	£000	£000
	Loan	125	142	125	142
	Pension	271	347	271	347
		396	489	396	489
12	Property, Plant and Equipment	Consolidated		College	
		Land and Buildings	Assets under construction	Equipment	Total
		£000	£000	£000	£000
	Valuation/Cost				
	At 31 July 2021	99,110	1,379	7,226	107,715
	Disposals	(273)	-	(377)	(650)
	Additions	-	3,403	-	3,403
	Transfers	-	-	-	-
	At 31 July 2022	98,837	4,782	6,849	110,468
	Depreciation				
	At 31 July 2021	33,334	-	6,733	40,067
	Disposals	(273)	-	(377)	(650)
	Charge for year	2,834	-	(576)	2,258
	At 31 July 2022	35,895	-	5,780	41,675
	Net Book Value				
	At 31 July 2021	65,776	1,379	493	67,648
	At 31 July 2022	62,942	4,782	1,069	68,793

Land and Buildings with a net book value of £37,589,000 have been financed by exchequer funds.

These assets can only be sold in accordance with the terms of the Procedure Notes for the Disposal of Exchequer-Funded Assets and the Retention of Proceeds by FE Colleges.

Land and Buildings were revalued at 31 July 2020 at depreciated replacement cost by Graham & Sibbald, a firm of independent chartered surveyors regulated by RICS.

Notes to the Financial Statements (continued)

An unoccupied property was valued at market value by J&E Shepherd, a firm of independent chartered surveyors regulated by RICS, at 31 July 2020.

The carrying value of the revalued assets, had they not been revalued, would have been:

	2022	2021
	£000	£000
Cost	81,345	81,618
Aggregate depreciation based upon cost	(41,660)	(39,797)
Net book value	<u>39,685</u>	<u>41,821</u>

13 Debtors	Consolidated		College	
	2022	2021	2022	2021
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade Debtors	325	330	317	330
Prepayments / Accrued Income	3,737	3,310	3,726	3,303
	<u>4,062</u>	<u>3,640</u>	<u>4,043</u>	<u>3,633</u>
Amounts falling due after more than one year:				
Prepayments / Accrued Income	552	603	552	603
	<u>552</u>	<u>603</u>	<u>552</u>	<u>603</u>

Debtors include £3,045,000 (2021: £2,480,000) due from the Scottish Funding Council.

Notes to the Financial Statements (continued)

14 Creditors: amounts falling due within 1 year	Consolidated		College	
	2022 £000	2021 £000	2022 £000	2021 £000
Deferred income and payments received in advance	2,391	1,315	2,375	1,313
Trade creditors	483	1,060	489	1,055
Other creditors	37	27	30	27
Other tax and Social Security	986	679	984	679
Accruals	4,489	2,619	4,469	2,615
Bursaries and Access Funds for future disbursement	495	582	495	582
Bank Term Loan	453	453	453	453
Deferred Capital Grant	1,685	2,361	1,685	2,361
	11,019	9,096	10,980	9,085

Creditors includes £1,544,000 (2021: £605,000) relating to Scottish Funding Council grants.

Creditors include funds held for Energy Skills Partnership, an independent strategic partnership established by the Scottish Funding Council, of £730,000 (2021: £665,000). At 31 July the College has no beneficial interest and acts as host for the partnership's activities disbursing these funds to third parties. This is matched by corresponding Cash and cash equivalent balance, resulting in a net Nil impact upon the College's financial statements.

15 Creditors: amounts falling due after 1 year	Consolidated		College	
	2022 £000	2021 £000	2022 £000	2021 £000
Deferred Capital Grant	23,580	24,487	23,580	24,487
Bank Term Loan	2,273	2,726	2,273	2,726
	25,853	27,213	25,853	27,213

Analysis of borrowings

Bank loans are repayable as follows:	2022 £000	2021 £000
Between one and two years	453	453
Between two and five years	1,359	1,359
In five years or more	914	1,367

Initially borrowed as a revolving credit facility, on 29th June 2012 this sum transferred to a term loan repayable over 15 years commencing July 2014. Amount repayable within one year is shown within Creditors: amounts falling due within one year.

16 Pension and Similar Obligations

The College's employees belong to two principal pension schemes; the Scottish Teachers' Superannuation Scheme (STSS) and the Local Government Pension Scheme (LGPS).

The total pension contributions paid for the period was £ 5,035,000 (2021: £4,750,000).

	2022 £000	2021 £000
STSS: contributions paid	3,242	3,153
LGPS: contributions paid	1,793	1,597
Total pension contributions paid for the year	5,035	4,750

Scottish Teachers' Superannuation Scheme –

a) Dundee & Angus College participates in the Scottish Teachers' Superannuation 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 last four-yearly valuation was based on scheme data as at March 2016. This valuation informed an increase in the employer contribution rate from 17.2% to 23.0% of pensionable pay from September 2019 and an anticipated yield of 9.4% employees' contributions.

(b) The 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.

Notes to the Financial Statements (continued)

- (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 Dundee & Angus 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 2021 is 23% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.4% of pensionable pay.
- (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)/Sergeant (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) The College's level of participation in the scheme is 0.47% based on the proportion of employer contributions paid in 2021-22."

£3.242/ £654.6 million = 0.49% (per SPPA 2020-21 accounts)

Local Government Pension Scheme - The LGPS is a defined benefit statutory scheme, with the assets held in separate trustee administered funds. It currently provides benefits based on career average revalued earnings. The scheme is subject to triennial valuations by independent actuaries, with the most recent valuation being carried out as at 31 March 2020. The employer contribution was maintained at 17% until 31 March 2024.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2022	%	2021	%
	£000		£000	
Equities	54,583	70	56,946	72
Gilts	1,961	3	4,086	5
Other Bonds	10,253	13	9,547	12
Property	9,295	12	7,117	9
Cash	1,549	2	1,760	2
Alternatives	52	0	52	0
Total	77,693	100	79,508	100

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	2022	2021
Discount rate at 31 July	3.40%	1.60%
Future salary increases	3.75%	3.80%

Notes to the Financial Statements (continued)

Future pension increases 2.75% 2.80%

Life expectancy from age 65 years:

Retiring today:

Male 19.0 18.9
Female 22.3 22.2

Retiring in 20 years:

Male 20.4 20.3
Female 23.9 23.8

Statement of Financial Position **2022** **2021**
£000 **£000**

Net Pension Asset as at:

Present value of the defined benefit obligation (66,380) (94,060)

Fair value of Fund assets (bid value) 77,693 79,508

Deficit / (Surplus) 11,313 (14,552)

Unrecognised past service cost - -

Impact of asset ceiling - -

Net defined benefit asset/(liability) **11,313** **(14,552)**

Notes to the Financial Statements (continued)

Amounts recognised in the Consolidated Statement of Comprehensive Income	2022 £000	2021 £000
Service cost	5,342	4,599
Net interest on the defined (liability) / asset	221	293
Administration expenses	27	25
Total cost	5,590	4,917

Asset and benefit obligation reconciliation

Reconciliation of opening and closing balances of the present value of the defined benefit obligation

	2022 £000	2021 £000
Opening defined benefit obligation	94,001	86,647
Current service cost	5,213	4,599
Interest cost	1,497	1,165
Change in financial assumptions	(33,417)	5,646
Change in demographic assumptions	-	(2,313)
Experience loss/(gain) on defined benefit obligation	208	(1,085)
Liabilities assumed / (extinguished) on settlements	-	-
Estimated benefits paid net of transfers in	(1,858)	(1,209)
Past service cost, including curtailments	129	-
Contributions by scheme participants and other employers	607	551
Closing defined benefit obligation	66,380	94,001

Changes in the fair value of scheme assets

	2022	2021
	£000	£000
Reconciliation of opening and closing balances of the fair value of scheme assets		
Opening fair value of scheme Assets	79,508	64,138
Interest on assets	1,276	872
Return on assets less interest	(3,606)	10,123
Other actuarial (losses)	-	3,480
Administration expenses	(27)	(25)
Contributions by employer included unfunded	2,179	1,974
Contributions by scheme participants and other employers	607	551
Estimated benefits paid unfunded net of transfers in	(2,244)	(1,605)
Fair value of scheme assets at end of period	77,693	79,508

The total return on the fund assets for the year to 31 July 2022 is (£2,330,000)

Re-measurements in other comprehensive income

Re-measurement of the net assets / (defined liability):

	2022	2021
	£000	£000
Return on Fund assets in excess of interest	(3,606)	10,123
Other actuarial gains/(losses) on assets	-	3,480
Change in financial assumptions	33,417	(5,646)
Change in demographic assumptions	-	2,313
Experience gain/(loss) on defined benefit obligation	(208)	1,085
Changes in effect of asset ceiling	-	-
Re-measurement of the (defined liability)/net assets	29,603	11,355

Notes to the Financial Statements (continued)

17 Provisions for Liabilities and Charges	Unfunded Pension £000	2022 Total £000	2021 Total £000
Balance at 1 August	(3,402)	(3,402)	(4,195)
Payments made in period	386	386	396
Provision adjustment required in period	346	346	397
Balance at end of period	<u>(2,670)</u>	<u>(2,670)</u>	<u>(3,402)</u>

The unfunded pension liability is in respect of future pension liabilities arising from early retirees. The valuation of the College's liabilities has been undertaken by independent actuaries.

Amounts recognised in the Income and Expenditure Account	2022 £000	2021 £000
Interest cost	50	54
Total cost	<u>50</u>	<u>54</u>

Benefit obligation reconciliation

Reconciliation of opening and closing balances of the present value of the defined benefit obligation

	2022 £000	2021 £000
Opening defined benefit obligation	3,402	4,195
Interest cost	50	54
Change in financial assumptions	(405)	66
Change in demographic assumptions		81
Experience loss/(gain) on defined benefit obligation	9	(598)
Unfunded pension payments	(386)	(396)
Closing defined benefit obligation	<u>2,670</u>	<u>3,402</u>

Notes to the Financial Statements (continued)

Re-measurements in other comprehensive income

Re-measurement of the net assets / (defined liability):

	2022	2021
	£000	£000
Change in financial assumptions	(346)	(66)
Change in demographic assumptions	-	(81)
Experience gain/(loss) on defined benefit obligation	9	598
Re-measurement of the (defined liability)/net assets	(337)	451

	2022	2021
	£000	£000
18 Capital Commitments		
Commitments contracted for at period end	81	3,419

	2022	2021
	£000	£000
19 Financial Commitments		

At period end the College had annual commitments under operating leases as follows:

Payable During the year

Land and Buildings	94	97
Others	48	66
	142	163

Land and Buildings

Not later than 1 year	79	92
Later than 1 year and not later than 5 years	257	255
Later than 5 years	515	573
	851	920

Others

No later than 1 year	35	46
Later than 1 year and not later than 5 years	20	71
Later than 5 years	-	-
	55	117

20 Post Balance Sheet Events

No events have occurred, since 31 July 2022 and the date of signing the Financial Statements, that would materially affect the information provided.

21 Contingent Liability

Full provision has been made for all known liabilities.

A contingent liability requires to be noted but cannot be estimated with sufficient accuracy. It affects future employer pension liabilities to LGPS members following a recent employment tribunal (the Goodwin Tribunal) changing the pension entitlement of male survivors in opposite sex marriages to take account of the female member's service from 6 April 1978 rather than 6 April 1999. This change is not reflected in the valuation of pension liabilities at 31 July 2022 however preliminary estimations by the actuaries has given them confidence that the impact of this decision is unlikely to be material.

22 Related Party Transactions

The Board of Management of Dundee & Angus College is a body incorporated under the Further and Higher Education (Scotland) Act 1992 sponsored by the Scottish Funding Council (SFC), who in turn are sponsored by the Scottish Government Learning Directorate.

SGESLLD is regarded as a related party. During the period the College had various material transactions with other entities for which SGESLLD is regarded as the sponsor Department, viz; Students Awards Agency for Scotland and Scottish Enterprise Tayside and Scottish Funding Council. Of all these public bodies, transactions with SFC are the most significant to the College, and all income from SFC is disclosed in Note 3.

In addition, Dundee & Angus College has had a number of material transactions with other Government Departments and other central government bodies.

Due to the nature of the College's operations and the composition of the 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 College's Board of Management or key Managers of the College may have an interest.

All transactions involving organisations in which a member of the Board of Management or a key manager of the College may have a material interest are conducted at arm's length in accordance with normal project and procurement procedures, and their involvement is recorded in the published Register of Members' Interests.

During the period under review, transactions with bodies in which a member of the Board of Management or key managers of the College had an interest and which in aggregate exceeded £5,000 are noted below:

Notes to the Financial Statements (continued)

Member	Organisation	Position in Organisation	Nature of Transaction	College Income	College Expenditure	Balance as at 31st July
				£	£	£
Margo Williamson	Angus Council	Chief Executive	Various	129,703	136,019	13,780
Laurie O'Donnell	Abertay University	Part-time Development Director (Future Learning)	Student Course Fees	372,232	500	69
Simon Hewitt	SAAS	Principal (D&A College)	Student Course Fees	1,880,780		5,140
George Robertson Jaki Carnegie Simon Hewitt	Gardyne Theatre Ltd	Directors	Staff Salaries, Licence to Operate and Service Level Agreement yearly charges	59,252	-	12,000

Other Related Parties:

Dundee & Angus Foundation. Details of this relationship are noted in note 8.

Local Government Pension Scheme (LGPS) and Scottish Teachers' Superannuation Scheme (STTS). Details of these relationships are noted in Note 16.

Gardyne Theatre Limited, a subsidiary of Dundee & Angus College. Details of this relationship are noted in Note 25.

23 Bursaries and other student support funds	Year ended 31 July 2022			Year ended 31 July 2021	
	FE Bursary £000	EMA's £000	Other £000	Total £000	Total £000
Balance b/fwd	66	8	491	565	140
Allocation received	6,037	341	1,475	7,853	8,555
Expenditure	(6,036)	(337)	(1,184)	(7,557)	(8,129)
Repaid to Funding body as Clawback	(64)		(319)	(383)	-
Virements					-
Balance c/fwd	3	12	463	478	566
Represented by :					
Repayable to Funding body as clawback	3		455	458	386
Retained by College for students		12	8	20	180

Repayments to Funding body as clawback within the year relate to a surplus of funds available from the prior year.

Grants and bursary funds received from both SFC and the Students Award Agency for Scotland are available solely for students; the College acts only as paying agent. The funds and related disbursements are therefore excluded from the Consolidated Statement of Comprehensive Income, with the exception noted below.

In accordance with Accounts Direction for 2021/22 issued by the SFC, Further Education Childcare Funds have been included in the Consolidated Statement of Comprehensive Income. The Childcare funds reported in Note 24 below now incorporate both Higher and Further Education funds.

24 FE & HE Childcare Funds	Year Ended 31 July 2022 £000	Year Ended 31 July 2021 £000
Balance b/fwd	-	222
Allocation received	592	669
Expenditure	(592)	(669)
Repaid to Funding Body as Clawback	-	(222)
Virements	-	-
Balance c/fwd	-	-
Represented by:		
Repayable to Funding body as clawback	-	-
Retained by College for students	-	-

25 Subsidiary Undertakings

Details of the subsidiary company, which is registered in Scotland and 100% owned by the College, is as follows:

Company	Principal Activity
Gardyne Theatre Limited	Promotion of performing arts

The company has no share capital but is limited by guarantee. The ultimate controlling party is Dundee & Angus College, the only member, and control is exercised by virtue of the provisions of the Memorandum and Articles of Association.

The trading results of the subsidiary have been included in the consolidated results.

Appendix – 1 Accounts direction for Scotland’s colleges 2021-22

- 1 It is the Scottish Funding Council's direction that institutions comply with the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) in preparing their annual report and accounts.
- 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 2021-22 (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 are reminded that they must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2022.
- 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 July 2022