

# Report and Financial Statements

For the year ended 31 July 2023

Registered Charity No: SC021188



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The financial statements were approved and authorised for issue by the Board of Management on 12 December 2023.

## OVERVIEW

### Overview summary

This section of our financial statements is designed to give an overview of high-level College performance and development during 2022/23. 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 continues to be 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.

Our 2022/23 Regional Outcome Agreements was completed in November 2022 and is published on the [Scottish Funding Council website](#). 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 May 2023 shows that Dundee & Angus College was Ranked 1<sup>st</sup> of 17 for HE Full Time, Ranked 2<sup>nd</sup> of 17 for FE Full Time and was Ranked 2<sup>nd</sup> for Disabled students and Care experienced students. Overall the D&A successful completion rate is higher than national in all categories bar one.

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 has remained consistently high during 2022/23, 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 an on-going impact of COVID-19 learning loss and mental health issues and further significant concerns regarding future funding whilst supporting and pursuing significant new opportunities within our region. These have been characterised through 2022/23 within our focus on creating a More Successful and Sustainable College, linking our 2025 strategy with the need to reorganise and position ourselves on a more sustainable financial footing.

The impact of COVID-19 learning loss remains evident in the preparedness of many learners for full-time education and in the decline in mental health wellbeing, resilience, and behaviours of a significant proportion of our students. As a result, we are yet to see a return to pre pandemic levels of learner retention which is likely to result in 2022/23 outcomes that are similar in level to those of 2021/22.

Work has continued to support the range of nationally significant strategic economic developments and opportunities taking place within the D&A region.

This includes commencement of the [Tay Cities Engineering Partnership \(TCEP\) Project](#) and investment of c£2 million in precision engineering training, development and facilities in Angus.

Following a delay in completion of the site, the Michelin Scotland Innovation Parc (MSIP) Skills Academy opened in October 2023, offering an industry focused curriculum to underpin the work of the MSIP facility as 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 lead skills partner delivering skills in low carbon, green energy, hydrogen, battery storage, offshore wind, remote control systems, and advanced manufacturing.

Work is progressing well 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.

## Performance Report (continued)

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 commencing in August 2023. Alongside this, the College is working with schools in the region to develop Esports provision and has created a specialist Esports facility within our Gardyne campus in partnership with multinational gaming developer and manufacturer [Corsair](#).

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 Development 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.

In response to the cost of living crisis that has unfolded since summer 2022, the College launched its Thrive with D&A initiative. Through this work we have provided access to free food, advice, support, and other opportunities to assist our students (and some staff) impacted by the effects of rising costs. Further details of this initiative are outlined under the 'social matters' heading.

During 2022/23 we have implemented our Community Partnerships strategy and expanded our College Community Collaborative of over forty active community and third sector partners that are jointly working to support 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.

## Performance Report (continued)

Our approaches to Strategic Employer Engagement and Strategic Community Engagement were identified as sector leading Effective Practice by Education Scotland as part of their Annual Engagement visit in November 2022.

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 'flat cash' funding settlement for colleges for 2023/24 at a time of high inflation and significant wage pressures has represented a further significant funding reduction for the sector as a whole.

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.

The College achieved £1.8million in cuts through a major savings plan implemented in April 2022 for the 2022/23 budget. This allowed us to achieve a breakeven budget during 2022/23 (prior to increased voluntary severance costs as part of the savings plan for 2023/24).

A further major savings plan was launched in April 2023 to reduce expenditure by a minimum of £2.5 million for financial year 2023/24 and return the College to a more sustainable financial position. This has been a further major and difficult exercise designed to reduce costs and also to better match the College curriculum and activities with the changing recruitment levels seen over recent years. This plan (A More Successful and Sustainable College) highlights areas of curriculum change aligned to the reduction in student activity (credits) of 10% alongside changes within a range of support services and a restructure of senior promoted posts. Combined, these changes will deliver annual savings of c£2.7million through a reduction of 34.93 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.

D&A College has continued to play a significant national 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. This has included working with the new Minister for HE, FE and Veterans to seek to inform response to the Skills Delivery Landscape Review, Review of Qualifications and Assessment, and the Post-school Education, Research and Skills purpose and Principals work. All of this input is focused on supporting greater clarity and consistency for D&A and the sector as a whole to better aid longer-term planning and outcomes.

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.

## Performance Report (continued)

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

The College continues to invest in our infrastructure prioritising capital backlog maintenance projects aligned to the Scottish Funding Council 2017 condition survey along with the upgrading of a range of learning facilities across our 3 campuses to enhance the learner experience.

Significant projects have included refurbishment of a number of classrooms on levels 4 and 5 of the Kingsway Campus along with significant upgrade to workshop facilities within Construction, Engineering and Building Services areas also within Kingsway.

As previously mentioned, we have created a new state of the art Esports teaching and gaming facility at our Gardyne Campus to underpin our curriculum plans and ambitions within the Esports curriculum, including the new Foundation Degree programme that commenced in August 2023.

There have been a number of significant improvement works carried out at our Arbroath Campus including the complete refurbishment of our Creative Studies Workshop (CSW) – building fabric improvements, mechanical and electrical infrastructure, flooring, decoration and new furniture. A new barber teaching salon facility has been created along with refurbishment of two of the hairdressing teaching salon spaces in the Esk building.

Additional Engineering and Construction workshops have been created within the Clova building. Extensive access road and carpark resurfacing works have also been beside the Esk and Isla buildings. To support our carbon management and recycling objectives, this work has been completed using a recycled plastic aggregate – this is the 5<sup>th</sup> resurfacing project that has been completed using this recycled plastic material.

Investment in digital infrastructure has been significant. Whilst much of the funding for digital infrastructure is moving from a capital expenditure model to an operational expenditure model as the College transitions towards a Cloud model for digital services, the physical network is still required to be maintained and secure. A replacement network was tendered and procured during session 2022/23 to replace the current network that had reached the end of its useable life at a cost of around £1m. Funded from capital backlog maintenance funds and the D&A College Foundation, the network was supplied by the IT supplier Circle-IT working alongside the D&A ICT network team. The network replacement project is currently being implemented and is expected to be complete by the end of the session 2023/24. Expected life span of this network will be seven years.

We are delivering a digital transformation programme which will look to replace all student administration systems (student applications, student funding, student records, and timetabling) with one service to consolidate services and streamline processes. Civica were chosen as our partners in delivering this solution and will be delivered over the next two years.

The College continues to make good progress with implementing its Climate Emergency Action Plan (CEAP) – Our Path to Net Zero which was launched in November 2021.

## Performance Report (continued)

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.

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 a range of objectives and targets for each one that forms the basis of our Climate Emergency Action Plan. This has in turn set out the College's strategy for reducing carbon emissions over the next 5 years and throughout our Path To Net Zero

One of the key objectives achieved was securing funding via the Green Public Sector Estates Decarbonisation Scheme for an LED lighting replacement project at our Gardyne Campus – this project will reduce electric consumption by 218,000kwh with a carbon reduction of 130tCO<sub>2</sub> and annual financial savings of approximately £60k.

Dundee & Angus College enjoys significant success across a wide range of activities and is regularly recognised nationally through a number of prestigious awards. This has included:

- Recognition through the Scottish Public Service Awards for our work to tackle the climate emergency and to embed sustainable practices within our curriculum and operations.
- NUS Scotland Awards for Staff Member of the Year for the work undertaken by Sarah Rennie, Students' Association Team Leader.
- Two Highly Commended placings at the annual College Development Network (CDN) awards (Innovation and Colleague of the Year).
- Achievement of the Scottish Union of Supported Employment (SUSE) Inclusive workplace award.
- First place for D&A students at the national Chartered Institute of Building Annual Challenge.
- Two national awards for Art Lecturer Ian Ritchie, the first in the Scottish Society of Artists 130th Annual Exhibition and the second award the RSW Annual Exhibition.
- Five first places, four second places and three third places at the national AHT Hair and Beauty Competition finals.



## 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).

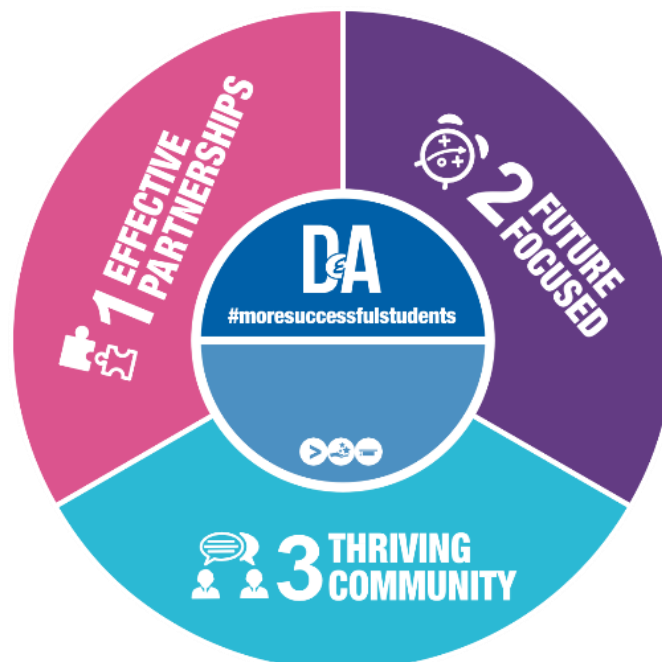
The College's mission is to generate regional economic growth and social well-being through the provision of skills and education for individuals, employers and the wider community. The College has an excellent reputation locally, nationally and internationally. Maintaining a quality brand is essential 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.



## Performance Report (continued)

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.

1. To deliver on Scotland's National Strategy for Economic Transformation, operating as a key contributor to the economic growth opportunities created by the Michelin Scotland Innovation Parc, E-Sports, Eden Project Dundee, Montrose Ports, Dundee Waterfront, Tay Cities Deal 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 Green Skills & Hydrogen Energy, Digital, Advanced Manufacturing, Hospitality, Cultural Tourism, 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. Develop and enhance effective partnerships and regional / national collaborations that deliver on the needs of D&A strategies and deliver on the outcomes associated with key tertiary education reforms and developments including with schools, tertiary education, and skills partners.
5. Maintain a regional college that is sustainable in all its forms, delivering sound governance, wellbeing, and effective financial management, whilst directing the maximum level of resource towards learners and their learning. D&A will address the challenge of the climate emergency and promote the UN Sustainable Development Goals

## Performance Report (continued)

6. Progress our ambitious infrastructure ambitions to deliver on our Net Zero ambitions and create a high quality, technologically advanced and sustainable learning environment that meets the needs of learners and delivers on the high value technology needs of the D&A region.

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.

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.

### **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 2022/23, with Young Persons Guarantee and trust funding secured to continue this work through until March 2024. 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.40 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

## Performance Report (continued)

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.

In response to the emerging cost of living crisis in late summer 2022 the College launched its Thrive with D&A initiative, as previously mentioned, designed to provide students and staff with access to a range of support aimed at helping to offset the impact of rising costs.

Working to actively remove the stigma of seeking help or financial support, Thrive with D&A has provided a multi-faceted approach to encourage engagement with offers of free food, advice, financial support, clothing and toys, events, job opportunities and even Christmas movies.

This work has proven to be hugely beneficial, and over the course of last year we provided 27,383 free portions of soup and 3,043 free breakfasts from the catering outlets. This was supplemented by the work of our Students' Association to provide free food larders on each campus, to collect and distribute over 300 cozy coats for adults and children and to create free Thrive shops on each of our campuses.

We have worked in close partnership with our local authorities to signpost advice and support available through national and local funds and to create single referral arrangements so that students can be directly referred from the College without having to undergo further financial or eligibility assessments.

We have made good use of the discretionary student funds available to us to support those most at risk, whilst we also ran free Christmas movie nights attended by around 1,200 students and their children.

The Thrive work has been picked up by College Development Network Research and Enhancement Centre as an area of good practice with a [Case Study published on the work undertaken](#).

Details of the various offers and activities are included within a Thrive hub open to students and staff, with the work supported by payroll giving by staff and funding by the College.

Given the on-going impact of increased prices, the Thrive with D&A work will continue in 2023/24.

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. Despite the reduction in funding for this service (and anticipated removal of funding in 2023/24) the College has opted to maintain this counselling specialism and continue to offer support of this type to learners.

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.

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

## Performance Report (continued)

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 Equalities, 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 35 and 36.

Throughout the COVID-19 pandemic, and in line with Audit Scotland good practice, the College created a [COVID-19 Specific Risk Register](#). This specialist risk register was discontinued in September 2022, at the same time an additional risk was introduced to the Strategic Risk Register to reflect risks arising from pandemic illness.

The impact of the pandemic remains evident, particularly on an individual and social level for many of our learners 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.

The cuts to funding for 2022/23, and the flat cash settlement for 2023/24 (and anticipated 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 2023 report](#) highlights the precarious and worsening financial position that the sector faces and makes some clear recommendations in line with their finding that "the Scottish Government and the Scottish Funding Council urgently need to build on their ongoing work to help colleges plan for change now and make best use of available funding so that they are sustainable for the future".

It is hoped that the Scottish Government response to the recent range of post-school and skills reviews will assist with this short term support and create the clarity (and funding) necessary to deliver longer term 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 highlighted 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.

## Performance Report (continued)

Due to the 2023/24 'flat cash' funding settlement and the impact of SFC credit funding, inflationary increases, and salary settlements an early decision was made by the College to enact a minimum £2.5 million saving plan in April 2023. Progress of this savings plan (in addition to the £1.8 million savings achieved in 2022) has been challenging, but the required savings have been achieved. This has allowed the Board of Management to approve a breakeven budget for 2023/24 which provided for a small cash operating deficit of £15,000. 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 an operating deficit for 2022-23 of £2.4m. However, this includes non-cash items such as depreciation, pension adjustments and non-government capital grants, and if these are excluded there was a deficit of £0.5m after allocation of funding to loan repayments.

After working capital movements there was a net cash outflow from operating activities of -£0.1m, along with investing and financing cash outflows totalling -£0.6m. The total net cash outflow of £0.7m resulted in a closing position of £5.5m.

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.

During 2022/23 the College successfully delivered student activity of c105,200 credits, falling short of its overall credit target by c4,000 credits.

Failure to fully meet current activity targets is evident across almost all colleges at the current time and discussions remain on-going between Colleges Scotland, the Scottish Government, and the Scottish Funding Council around a range of sector wide flexibilities and rule changes to better support the sector.

The College provided a detailed response in respect of the impact of COVID-19 on activity levels during 2021/22 and it has been confirmed that clawback on activity for this period would be limited only to those additional funds (YPG, NTTF and Foundation Apprenticeships) that are out with SFC control. The value of any clawback would also be reduced by 20% to reflect 'sunk' costs arising for institutions. As a result, the College repaid c£61k of Foundation Apprenticeship funding in 2022/23 that related to unutilised credit activity during 2021/22. Alongside this clawback, the College also

## Performance Report (continued)

benefited from additional ESF credit funding of c£189k also paid in 2022/23 in respect of 2021/22 activity.

Arrangements in respect of 2022/23 activity levels and clawback risk remain uncertain. SFC has highlighted that it has no desire to act in a punitive way, or to destabilise sector finances, and has recently confirmed that it will accelerate the transition to additional flexibilities allowed for 2023/24. Certain mitigations will now be applied to 2022/23 and these should limit exposure to clawback. However, SFC's timetable will not provide indicative positions before January 2024 and these may not be finalised until April 2024. Prudent provision has therefore been adopted in these Accounts in respect of the value of potential clawback relating to 2022/23.

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

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 2022/23 Performance
1. Student Successful Completion Rate (pass rates)	See Summary below
2. Early Withdrawal Rate	+5% point improvement
3. Further Withdrawal Rate	+ 3.75% improvement
4. Post Course Destination Success rate	95.2% -1.2% point decrease
5. Overall satisfaction score from most recent student survey	88% (+2.3% improvement)
6. Overall satisfaction score from SFC national student survey	96.7% (+0.4% improvement and 12.5% above most recent national average)
7. Forecast credit out-turn	Overall out-turn -3.66% against target
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)	3.07%
11. Employee Turnover (non-forced)	6.67%
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	4 (8 in 2021/22)
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 2023, along with comparatives for the previous year.

<b>Metric</b>	<b>2022-23</b>	<b>2021-22 (restated)</b>
	<b>£000</b>	<b>£000</b>
Total comprehensive income	(11,630)	35,649
Consolidated (deficit)	(2,406)	(2,050)
Underlying operating (deficit), before loan repayment	(1,351)	(993)
Total net cash (outflow)/inflow	(715)	395
Cash balances	5,533	6,248
Accumulated reserves	47,506	59,136
Long-term loan outstanding	2,273	2,726
Pension liability/(asset)	2,292	(8,643)
Property, plant & equipment	74,713	76,493

The consolidated result for the year is a deficit of £2,406k. 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 (£1,351k) for the year, compared with a deficit of (£993k) 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 outflow of (£715k). The loan repayment has a net balance of £2,273k at 31 July 2023, there remains 5 cash repayments due before this liability is discharged, with a final repayment in June 2027.

Reserves at the year end are £47,506k, a decrease of £11,630k, being the value of Total Comprehensive Income. The prior year values have been restated for a retrospective valuation of property which is explained in Notes to the Financial Statements number 12.

The total net pension asset has decreased by £10,935k, and is now a net liability, as a result of changed assumptions together with unfunded payments made during the year, and now comprises a Funded asset reduced to £Nil, following the application of an asset ceiling by actuaries, and an Unfunded liability of £2,292k. These changes are described in more detail within the Notes to the Financial Statements numbers 1 and 16.

The net book value of fixed assets decreased during the year by £1,780k, following the restatement of asset valuation at July 2022. A depreciation charge of £3,770k is offset by additions of £674k and a revaluation increase of £1,316K. This was in addition to the revaluation increase retrospectively applied at July 2022 of £7,700K.

### Student Outcomes

The College works closely and positively with Education Scotland (EdS) and SFC under the national '[How Good is Our College](#)' quality arrangements and has been an active participant in the work to create a tertiary quality framework with both SFC and QAA. The College engaged with Education Scotland during 2022/23 through an Annual Engagement Visit in November 2022 and Modern Apprenticeship Review in April 2023. Both of these engagements confirmed that (more than) satisfactory progress was being achieved around quality engagements and the recruitment, retention, attainment, and progress of learners. This included identification of 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 engagement and the learner voice for MA candidates.
- Our strategic partnership approach with regional employers and the effectiveness of these in meeting regional skills needs and in influencing curriculum design and delivery.
- Our strategic partnership approach with community agencies and third sector organisations to support learners and create clear and supported pathways into learning for those disenfranchised from formal education.

Less positively, 2022/23 saw a further reduction in learner recruitment, which has impacted negatively on achievement of the overall credit target. The reduction in full-time learners has been particularly evident, with these reducing by c300 from the previous year (c800 in 2 years). 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, increased university competition (and lowering of entry criteria), and improving employment opportunities.

As overall recruitment has declined, the focus on learner retention has increased. Working in partnership with our Administrative team, our Students' Association (DASA) continued their innovative retention support project for learners. 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. Over 3,000 calls were again made in 2022/23, and hundreds of students were re-engaged and supported back into regular attendance and course success.

Outcomes across the full range of protected characteristics continue to be positive, with consistently high outcomes achieved for learners with a declared disability, those from identified BAME ethnicities, and those that are Care Experienced or estranged. Outcomes for SIMD10, Care Experienced Learners and Learners with Disabilities are consistently at or around the best in Scotland.

Engagement with our twin learner satisfaction surveys has remained very strong, with almost 6,500 responses being received during 2022/23 (and increase of c500 on the previous year). Both surveys showed very positive results and both continued a 6-year unbroken run of improved learner satisfaction.

## Performance Analysis (continued)

At 88% in both surveys, satisfaction was consistent with the previous year. This high level of learner satisfaction is also reflected in the [Scottish Funding Council annual survey](#) which shows D&A College students participate more and with a total satisfaction score of 96.3% are significantly more satisfied compared with sector average.

Work to reduce gender segregation within the curriculum and to provide positive opportunities for non-traditional participation within subject areas has continued to be challenging due to the reduced recruitment. This does, however, remain a focus for the College with key developments such as MSIP and the Tay Cities Deal incorporating clear opportunities and enhancement targets for gender engagement within the Engineering and BioTech projects.

[Learner outcomes published in 2023](#) (academic year 2021/22) were lower than in previous years (as noted above) but remained strong on a comparative basis with the sector. 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.

A summary of D&A provisional performance indicator outcomes for 2022/2023 is noted below.

Mode	Day One Successful Outcome				
	18/19	19/20	20/21	21/22	22/23
All Modes	75.9%	76.9%	80.3%	72.3%	<b>68.8%</b>
Full Time – All	70.8%	73.8%	76.5%	72.9%	<b>69.1%</b>
Full Time – FE	70.2%	72.3%	73.6%	65.2%	<b>67.8%</b>
Full Time – HE	71.7%	76.5%	81.9%	76.4%	<b>72.5%</b>
Part Time – All	80.8%	80.3%	84.3%	77.3%	<b>68.2%</b>
Part Time – FE	81.4%	80.3%	85.2%	77.4%	<b>67.8%</b>
Part Time – HE	75.8%	80.0%	76.0%	69.9%	<b>74.3%</b>

NB, 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.

Within these outcomes (and despite an improvement in full-time retention from 23.3% in 2021/22 to 19.6% in 2022/23) there has been a negative trend in terms of learner attendance and subsequent withdrawals compared with pre-pandemic performance. This has reflected the poorer mental health, resilience, and motivation of many of the College population post pandemic, alongside a marked increase in the number of learners leaving for employment/economic reasons during the current cost of living crisis.

As deferral arrangements have been worked out of the system, there has been a corresponding increase in partial success, with these returning to a level slightly above pre-pandemic performance. Partial success levels have been negatively impacted by the need to focus significant staff and management time on major savings plans in both spring 2022 and spring 2023. These events have disrupted many elements of normal activity, including the provision of additional learning and assessment activities for those learners that are only a few outcomes short of full success.

## Performance Analysis (continued)

Post course progression and success remains strong, with 95.2% of full-time College learners achieving a positive destination (employment or further study) three to six months after completing their course.

The proportion of learners progressing with advanced standing (2020/21 cohort) has remained steady at c60%.

Despite the post-pandemic impacts, when considered together, the high levels of learner attainment and satisfaction outlined above, with the high levels of post course progression and articulation with advanced standing, identify D&A as a hugely successful College with outcomes for learners that are significantly and consistently above national averages.

### **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 40 – 44).

### **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)

<b>Table of cash budget for priorities spend</b>		
	<b>2022/23 £000</b>	<b>2021/22 £000</b>
<b>Revenue</b>		
2015-16 Pay award	473	473
Voluntary severance	582	125
<b>Total impact on operating position</b>	<b>1,055</b>	<b>598</b>

<b>Capital</b>		
Loan repayments	-	457
<b>Total Capital</b>	<b>-</b>	<b>457</b>
<b>Total cash budget for priorities spend</b>	<b>1,055</b>	<b>1,055</b>

**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.

<b>Adjusted operating position</b>		
<b>Revenue</b>	<b>2022/23 £000</b>	<b>2021/22 £000</b>
<b>Surplus/(deficit) before other gains and losses</b>	( 2,406)	(2,054)
Add back:		
Depreciation (Note12) (net of Deferred Capital Grant release (Note3+5))	1,659	573
Exceptional non-restructuring costs – Impairment	-	-
Non-cash pension adjustment – Net service cost (Note9)	1,110	3,517
Non-cash pension adjustment – Net interest cost	(321)	271
Non-cash pension adjustment – Early retirement provision	-	-

<b>Deduct:</b>		
Non-Government capital grants (Note 8)	(128)	(3,300)
Revenue funding allocated to loan repayments (Note15)	-	(457)
<b>Adjusted operating surplus/(deficit)</b>	<b>(86)</b>	<b>(1,450)</b>

## 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 2023, 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 2022/23 the average credit taken was 4 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 2022/23 is included on the page 24. 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 29 and 30.

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 2022 – 31 July 2023**

	<b>Appointed</b>	<b>Term Ends</b>	<b>Status of Appointment</b>	<b>Profession/Specialism</b>	<b>Chairs</b>
<b>Laurie O'Donnell</b> Regional Chair	July 2022	10/07/26	Scottish Government Appointment	Education, Management & Digital Technologies	Board of Management Chairs Committee
<b>George Robertson</b>	March 2015	31/03/23	Ordinary Member	Finance, Management	Vice Chair Finance & Property Committee
<b>Donna Fordyce</b>	April 2017	30/04/25	Ordinary Member	Economic Development, Enterprise, Fisheries, Retail Management	Finance & Property Committee
<b>Margo Williamson</b>	June 2021	31/05/25	Ordinary Member	Management, Education	Vice Chair (from June 2023) Learning, Teaching & Quality Committee (until June 2023)
<b>Helen Honeyman</b>	January 2019	31/12/26	Ordinary Member	Risk, Governance, HR Management	Audit & Risk Committee (March 2022 onwards)
<b>Donald Mackenzie</b>	January 2019	31/03/27	Ordinary Member	HR & OD, Corporate Communications Management	Human Resources & Development Committee
<b>Kirsty Key</b>	January 2019	Resigned 18/04/23	Ordinary Member	Commercial, Governance, Third Sector Management	
<b>Neil Lowden</b>	January 2019	31/12/26	Ordinary Member	Educational Management, Learning & Teaching, Educational Policy	Learning, Teaching & Quality Committee (from June 2023)
<b>Kevin Ditcham</b>	April 2021	31/03/25	Ordinary Member	Community Learning & Engagement, Management, Third Sector	
<b>Sally Middleton</b>	June 2021	31/05/25	Ordinary Member	HE Learning & Teaching, Management, Access and Articulation	



Accountability Report (continued)

	<b>Appointed</b>	<b>Term Ends</b>	<b>Status of Appointment</b>	<b>Profession/Specialism</b>	<b>Chairs</b>
<b>Brian Lawrie</b>	May 2022	30/04/26	Ordinary Member	Finance and Public Sector Management	
<b>Roy McLellan</b>	May 2022	30/04/26	Ordinary Member	Enterprise and Corporate Management	
<b>Jackie Buchanan</b>	February 2023	31/01/2027	Ordinary Member	Legal, Governance, Public Sector Management	
<b>Carri Cusick</b>	April 2023	30/04/2027	Ordinary Member	Economic Development, Commercial Management, Enterprise	
<b>Daniel Rosie</b>	May 2023	31/05/2027	Ordinary Member	Marketing, Promotions, PR, Enterprise, Management	
<b>Simon Hewitt</b>	August 2020	-	Principal	Principal	
<b>Barry Carmichael</b>	April 2019	31/03/23	Teaching Staff Member	Teaching Staff	
<b>Derek Smith</b>	April 2023	31/03/27	Teaching Staff Member	Teaching Staff	
<b>Sam Stirling</b>	August 2019	31/09/23	Non-Teaching Staff Member	Non-Teaching Staff	
<b>Amy Monks</b>	August 2019	31/07/23	Student Member	Student	
<b>Lenka Strukanova</b>	August 2022	31/07/23	Student Member	Student	
<b>Michael Thomson</b>	August 2018	30/06/23	Co-opted Member (Audit & Risk Committee)	Finance and Corporate Management	

## 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 10-11) 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. This strategy was updated in April 2022.

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 (FRoM) 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.
- 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

## Accountability Report (continued)

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 35)
- 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
- 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

## Accountability Report (continued)

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 34 and 35)

## 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 2023 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 2022 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 29 and 30), 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.

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.

## Accountability Report (continued)

In accordance with the requirements of the 2022 Code of Good Governance for Scottish Colleges, Board evaluation arrangements are supplemented every three to five 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 met four times per annum and during 2022/23 these were undertaken as a mix of online and in person meetings.

A list of Committee Members for 2022/23 is included on pages 24 and 25.

The **Chairs' Committee** met twice in 2022/23 to inform the future work and development of the Board, to undertake its role as Remuneration Committee, and to consider arrangements around matters of College strategy. 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 2022/23 the Committee has considered and monitored key actions arising from the Strategic Risk Register and a review of risks arising from a national fraud incident impacting on one college (not D&A). The Audit & Risk Committee also undertook 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. This committee also plays an important role in overseeing and approving procurement activities (within designated thresholds).

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.

## Accountability Report (continued)

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 2022/23, this has included a one year review of the 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 2022/23 the Committee has received detailed presentations on key aspects of College activity, including future curriculum planning priorities tied into the reduction in full-time recruitment and savings plan.

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. Given the financial challenges facing the sector and College, a copy of the quarterly management accounts included within each set of Board meeting papers for information. 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 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 2023 was used to monitor and update on progress towards the 2025 strategy and to begin initial discussions around the College strategy for 2025 – 2030 review midway performance against the strategy metrics adopted for 2025.

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 progression of the revised Financial Strategy and savings plans.

### Accountability Report (continued)

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 was a major change for the Board, with the new Chair adapting and developing into their role throughout 2022/23.

As part of this work, a detailed review was undertaken in respect of the Strategic Risk Register to reflect previous experience of the Board Chair.

**DUNDEE & ANGUS COLLEGE - BOM & Committee Attendance Record – 1 August 2022 – 31 July 2023**

<b>Member's Name</b>	<b>Board of Management</b>	<b>Audit &amp; Risk Committee</b>	<b>Finance &amp; Property Committee</b>	<b>HR &amp; Development Committee</b>	<b>Learning, Teaching &amp; Quality Committee</b>
Laurie O'Donnell	4 / 4		4 / 4		3 / 4
George Robertson	3 / 3		3 / 3	3 / 3	
Margo Williamson	4 / 4	4 / 4			4 / 4
Donna Fordyce	2 / 4		2 / 4		2 / 4
Helen Honeyman	3 / 4	3 / 4			2 / 4
Donald Mackenzie	2 / 4		1 / 4	4 / 4	
Neil Lowden	4 / 4			3 / 4	3 / 4
Kirsty Keay	2 / 3	2 / 3		2 / 3	
Kevin Ditcham	1 / 4	4 / 4			4 / 4
Sally Middleton	4 / 4	3 / 4			3 / 4
Brian Lawrie	4 / 4		4 / 4	4 / 4	
Roy McLellan	3 / 4	2 / 4	4 / 4		
Jackie Buchanan	1 / 2	1 / 2	1 / 2	0 / 2	
Carri Cusick	1 / 1		0 / 1		
Daniel Rosie	1 / 1				
Simon Hewitt	3 / 4		4 / 4	4 / 4	4 / 4
Amy Monks	4 / 4				4 / 4
Lenka Strukanova	4 / 4				3 / 4
Derek Smith	1 / 1		1 / 1	1 / 1	1 / 1
Barry Carmichael	2 / 3		2 / 3	2 / 3	3 / 3
Sam Stirling	3 / 4		4 / 4	4 / 4	3 / 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 2022/23, this event focused significantly on progress towards achievement of the 2025 strategy and planning for the 2025 – 2030 strategy 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 2022/23 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 2022/23 the Internal Auditors undertook the following reviews:

Audit Area	Report Grades	Number of Recommendations (& Priority Grades)			Recommendations Outstanding
		1	2	3	
Student Invoicing and Debt Management	Satisfactory	-	-	2	2
Data Protection	Good			1	
Publicity & Communications	Satisfactory			2	
Cash & Bank	Satisfactory			1	
Health & Safety	Good			1	
Partnership Working	Good			0	
Teaching Staff Utilisation	Good			0	
Student Activity Data (2022/23)	Audit opinion unqualified		1	2	
Student Support Funds (2022/23)	Audit opinion unqualified			0	
	<b>Total</b>	-	-	<b>9</b>	<b>2</b>

Due to staff absence a planned audit on Infrastructure/Capital projects was delayed until autumn 2023.

Good progress has been made in respect of the closing out of audit recommendations and there are no outstanding actions from previous years' audits. The College's Internal Auditors reported that "the College has made good progress in implementing the recommendations followed-up".

## Accountability Report (continued)

### \* Report Grades

- Good - System meets control objectives.
- Satisfactory - System meets control objectives with some weaknesses present.
- 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 2022/23 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 Strategic Risk Register has been subject to additional review during 2022/23 following feedback from the newly appointed Board Chair. This work was completed in March 2023 with a small number of amendments made to risk details and scoring.

The following table sets out the strategic risks for which the underlying risk has been scored as “Major” or “Fundamental”. It records the residual risk, with two 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 impact of ‘flat cash’ funding 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* * This risk was removed from the register in June 2023	Major	Minor
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

## Accountability Report (continued)

Risk	Before mitigation	After mitigation
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
Failure to plan for or respond adequately to future pandemic illness	Major	Minor
Disasters – e.g. Fire, MIS Failure, Failure of Emergency Procedures	Major	Minor

Risks are categorised based on the scale of 1 – 5 in terms of impact and likelihood pre and post mitigation as follows: Green (1-8) = Minor Risk; Amber (9-15) = Significant Risk; Red (16-20) = Major Risk; Purple, (>21 - 25) = Fundamental Risk

# 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.

The College participated in the in the National Fraud Initiative (NFI) during 2022/23 which is a data-matching exercise led by Audit Scotland to aid the detection of fraudulent payments. The exercise identified 3 minor errors resulting in recovery of £2,807 and no frauds.

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.

As an addition to these arrangements in 2022/23 the Audit and Risk Committee also prepared an Audit Assurance Response in respect of a standard series of questions and assurances requested by the College auditors. This assurance response was approved by the Board of Management and provides a summary of how the Board minimises risk and assures itself in respect of key elements of the international audit standards.

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 2023 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 Mazars LLP, external auditors. The other sections of the Remuneration Report were reviewed by Mazars 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 2022 to 31 August 2023 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 2023			year ended 31 July 2022		
	Salary Band £000	Pension Benefit £000	Band Total £000	Salary Band £000	Pension Benefit £000	Band Total £000
Laurie O’Donnell	25-30	0	25-30	0-5	-	0-5
Simon Hewitt	125-130	0	125-130	125-130	35-40	165-170
Steven Taylor	90-95	0	90-95	85-90	0	85-90
Jaki Carnegie	90-95	15-20	105-110	85-90	15-20	105-110
Julie Grace	90-95	0	90-95	85-90	40-45	130-135

*Post titles are provided on page 24.*

### 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 remuneration. The 2021-22 FReM has introduced new requirements around disclosures of 25<sup>th</sup> and 75<sup>th</sup> 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:

## Accountability Report (continued)

*Range of workforce remuneration:-	<u>2022-23</u>	<u>2021-22</u>	<u>Change</u>
	£	£	%
Staff Average (salary & allowances)	34,709	34,819	-0.3%
Highest paid official remuneration	125k-130k	125k-130k	0.0%
Median (total pay and benefits)	38,670	37,217	3.9%
Median (salary only)	38,670	37,217	3.9%
Ratio	3.3	3.4	-2.9%
25 <sup>th</sup> percentile (total pay and benefits)	23,628	24,006	-1.6%
25 <sup>th</sup> percentile (salary only)	23,628	24,006	-1.6%
Ratio*	5.4	5.3	1.9%
75 <sup>th</sup> percentile (total pay and benefits)	43,357	43,357	0.0%
75 <sup>th</sup> percentile (salary only)	43,357	43,357	0.0%
Ratio	2.9	2.9	0.0%

The banded remuneration of the highest paid official in the organisation in the financial year 2022-23 was £125,000-£130,000 (2021-22: £125,000-£130,000). This was 3.3 times (2021-22: 3.4 times) the median remuneration of the workforce which in the financial year 2022-23 was £38,670 (2021-22 £37,217). The lowest paid employee salary was £19,838 (2021-22 £18,018).

Changes from prior year mainly reflects the shift in posts selected due to reduced staffing levels rather than pay movements, since no pay awards were implemented during the year.

### 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 2022-23 issued by HM Treasury.

STSS is provided by the Scottish Public Pensions Agency. It remained a final salary (Legacy) pension scheme for protected members only and since 1 April 2015 has been a Career Average Revalued Earnings (CARE) scheme for the majority of members. However, from 1 April 2022 all members will retrospectively transfer to the 2015 CARE scheme and the intervening period becomes a Remedy period providing options for eligible members upon retirement.

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 2023	Accrued lump sum at pension age at 31 July 2023	Real increase in pension 1 August 2022 to 31 July 2023	Real increase in lump sum 1 August 2022 to 31 July 2023	CETV at 31 July 2023	CETV at 31 July 2022	Real increase in CETV
	£000	£000	£000	£000	£000	£000	£000
Simon Hewitt	30-35	0-5	0-2.5	0-2.5	356	358	-18
Steven Taylor	50-55	0-5	0-2.5	0-2.5	852	873	-31
Jaki Carnegie	5-10	0-5	0-2.5	0-2.5	101	81	9
Julie Grace	45-50	0-5	0-2.5	0-2.5	665	680	-26

**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 2023 the College employed 631 full-time equivalent staff. At 31 July 2023 the staff headcount was 994 comprising of 648 females and 346 males.

Full disclosure of staff costs of £33,383,000 is given in Note 9 to the Accounts.

Disclosure of Agency staff costs, of £284,000 is given in Note 11. Other than individuals 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 3.07%, following a significant reduction and then rapid increase during and just after the COVID pandemic the 2022/2023 rate has stabilised and reflects a level similar to that of pre-pandemic times. This remains around or below relevant national averages.

Staff Turnover (non-forced) during 2022/23 was 6.7% compared with the prior year figure of 6.6%. This change is not significant and overall staff turnover is low by sector and UK standards ([CIPD estimates](#) UK Education staff turnover at 16.1%).

Throughout the past year, the College has enacted the c£1.8 million savings achieved for our 2022/23 budget and has planned and progressed a further £2.7 million of savings for our 2023/24 budget. These have been very major exercises resulting in significant reduction in staffing and the need to review and revise almost all curriculum and support service activities.

Cumulatively this represents a reduction in our cost base of c£4.5 million in just over a year or c14% of D&A operating costs. All of this work has been progressed without the need for compulsory redundancy and has been developed to support sustainable budgets and curriculum / service plans for future years.

This work will continue in line with FFR and finance strategy projections to seek to maintain the College in a sustainable long-term financial position.

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.

D&A is committed to the Fair Work agenda and principles and (despite significant strain due to saving plan needs) has improved on the positive and productive relationships we have with our recognised unions. We are a Real Living Wage employer and have reduced our median gender pay gap over the past year to 5.4% (from 7.5%).

Good use continues to be made of the JISC Digital Elevation tool to evaluate progress on our digital transformation. This has identified significant strengths around our Digital Culture, Pre-arrival, Curriculum Staff, Cyber Security and Cloud elements, with these assessed to be operating at the 'elevate' level.



## Accountability Report (continued)

We are progressing rapidly with our cloud first strategy and have invested significantly (c£950k) in our network infrastructure. We are progressing our use of data to inform and transform analysis and decision making (including work nationally with the DataLab project) and will further enhance this in 2022/23.

The College completed work in early 2022/23 around our post pandemic new Ways of Working (FutureWoW) project in partnership with staff and have embedded practical guidance for staff on blended and online learning, teaching, and working. This work has empowered staff to adopt the hybrid mix that best meets the needs of the learners or service users, rather than working on a formulaic or centrally determined basis.

Excellent progress is being made in respect of our Climate Emergency Action Plan, with D&A reducing its scope 1 and 2 emissions by over 68% since 2009. Whilst there was a small increase in CO<sub>2</sub> emissions (following the return from lockdown into on campus operations) our overall emissions have reduced by 25.6% since the last full pre-pandemic year (2018/19).

Work is progressing to create and delivery carbon literacy training at SCQF levels 3 – 8 for our College learners, whilst partnership with Dundee University is progressing to expand delivery of this training on an open basis to all those living within the D&A region. These steps will significantly improve climate emergency awareness and engagement with sustainable living in all aspects of our day-to-day lives.

Our curriculum sustainability mapping project commenced in January 2023, with our Academic Development Team working in partnership with curriculum teams to identify and create opportunities to promote and embed the UN Sustainable Development Goals within curriculum content and teaching practice.

All of these activities reflect our commitment to take a mixture of practical, cultural, and pedagogical action to address the climate emergency and meet our ambitious net zero ambitions.

Regular biennial staff engagement surveys are undertaken independently using the 'Peachy Mondays' platform and utilise a common format and questions to support comparison. Outcomes from the last survey (spring 2022) were strongly positive and were reported fully in the 2021/22 financial statements. It is planned that a follow up survey will be undertaken in early 2024.

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.

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):

## Accountability Report (continued)

- 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](#) and our [Equalities Mainstreaming Report](#) and [Gender Pay Gap reporting](#)

**\*Compensation for loss of office**

The table below summarises the exit packages by cost band.

	2023	2023	2023	2022
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	-	4	4	8
£10,000 - £25,000	-	35	35	19
£25,000 - £50,000	-	14	14	8
£50,000 - £100,000	-	3	3	5
£100,000 - £150,000	-	1	1	2
Total number of exit packages	-	57	57	42
<b>Total cost (£)</b>	-	<b>1,501,227</b>	<b>1,501,227</b>	<b>1,286,403</b>

**\*Salaries and Related costs**

	2023	2023	2023	2022
	Directly employed staff on permanent UK contracts £000s	Other staff including short-term contract, seconded and agency staff £000s	Total	Total
Wages and salaries	23,132	3,200	26,332	27,302
Social security costs	2,219	293	2,512	2,577
Other pension costs	4,777	632	5,409	8,557
<b>Total</b>	<b>30,128</b>	<b>4,125</b>	<b>34,253</b>	<b>38,436</b>
Average number of FTE	<b>555</b>	<b>78</b>	<b>633</b>	<b>719</b>

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 2023.

**Relevant Union Officials**

Number of Employees who were relevant union officials during the relevant period:	Full-time equivalent employee number:
9	9

**Percentage of time spent on facility time**

<b>Percentage:</b>	<b>Number of Employees:</b>
0%	0
1%-50%	9
51%-99%	0
100%	0

**Percentage of pay bill spent on facility time**

Total cost of facility time:	£56,152
Total bill pay:	£35,293,000
Percentage of the total pay bill spent on facility time:	0.16%

**Paid trade union activities**

Time spent on trade union activities as a percentage of total paid facility time hours:	13%
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**Signed on Behalf of the Board of Management on 12 December 2023.**

**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

We have audited the financial statements in the annual report and accounts of Dundee and Angus College (the College) for the year ended 31 July 2023 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 Statement of Comprehensive Income, Statement of Changes in Reserves, Balance Sheet, and Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accompanying financial statements:

- give a true and fair view 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 college's affairs as at 31 July 2023 and for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

#### Basis for opinion

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

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

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

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

## Independent Auditor's Report (continued)

These conclusions are not intended to, nor do they, provide assurance on the college's current or future financial sustainability. However, we report on the college's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

### Risks of material misstatement

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

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

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

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

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

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

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

- using our understanding of the college sector to identify that the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 are significant in the context of the college;
- inquiring of the College Principal as to other laws or regulations that may be expected to have a fundamental effect on the operations of the college;
- inquiring of the College Principal concerning the college's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussion among our team on 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.

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

## Independent Auditor's Report (continued)

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

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

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

#### **Opinion on regularity**

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

#### **Responsibilities for regularity**

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

### **Reporting on other requirements**

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

We have audited the parts of the Remuneration and Staff Report described as audited. In our opinion, the audited 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.

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

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

## Independent Auditor's Report (continued)

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

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

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

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

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

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

We have nothing to report in respect of these matters.

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

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

### **Use of our report**

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Michael Speight,

For and on behalf of Mazars LLP

5<sup>th</sup> Floor  
3 Wellington Place  
Leeds  
LS1 4AP

Date:



# PROFESSIONAL ADVISERS

## **External Auditor**

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LS1 4AP

## **Internal Auditor**

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## **Banking**

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G2 5HN

## **Solicitors**

Thorntons Law LLP  
Whitehall House,  
33 Yeaman Shore  
Dundee  
DD1 4BJ

# CONSOLIDATED AND COLLEGE STATEMENTS

Consolidated & College Statement of Comprehensive Income For the year ended 31 July 2023

		Consolidated		College	
	Note	2023 £000	2022 (restated) £000	2023 £000	2022 (restated) £000
<b>Income</b>					
Funding body grants	3	39,403	38,299	39,403	38,299
Tuition fees and education contracts	4	5,048	5,210	5,048	5,210
Other grants and contracts	5	1,114	1,977	1,084	1,911
Other income	6	2,266	1,484	2,103	1,405
Investment income	7	53	3	53	3
Donations and endowments	8	128	3,300	128	3,300
<b>Total income</b>		<b>48,012</b>	<b>50,273</b>	<b>47,819</b>	<b>50,128</b>
<b>Expenditure</b>					
Staff costs	9	34,882	38,154	34,766	38,065
Exceptional restructuring costs	9	1,501	1,287	1,501	1,287
Other operating expenses	11a	10,494	10,232	10,396	10,174
Depreciation	12	3,770	2,258	3,770	2,258
Interest and other finance costs	11b	(229)	396	(229)	396
<b>Total expenditure</b>		<b>50,418</b>	<b>52,327</b>	<b>50,204</b>	<b>52,180</b>
<b>(Deficit) before other gains/ (losses)</b>		<b>(2,406)</b>	<b>(2,054)</b>	<b>(2,385)</b>	<b>(2,052)</b>
Gain on disposal of assets		-	4	-	4
<b>(Deficit) for the year</b>		<b>(2,406)</b>	<b>(2,050)</b>	<b>(2,385)</b>	<b>(2,048)</b>
Actuarial (loss)/gain in respect of pension scheme		(10,540)	29,999	(10,540)	29,999
Unrealised surplus on revaluation of tangible fixed assets		1,316	7,700	1,316	7,700
<b>Total comprehensive income for the year</b>		<b>(11,630)</b>	<b>35,649</b>	<b>(11,609)</b>	<b>35,651</b>

For the year ended 31 July 2023

	Note	Consolidated		College	
		2023 £000	2022 (restated) £000	2023 £000	2022 (restated) £000
<b>Represented by:</b>					
Unrestricted comprehensive income for the year		(11,630)	35,649	(11,609)	35,651
		<u>(11,630)</u>	<u>35,649</u>	<u>(11,609)</u>	<u>35,651</u>
<b>(Deficit) for the year attributable to:</b>					
College		(2,406)	(2,050)	(2,385)	(2,048)
		<u>(2,406)</u>	<u>(2,050)</u>	<u>(2,385)</u>	<u>(2,048)</u>
<b>Total comprehensive (expenditure)/income for the year attributable to:</b>					
Group/College		(11,630)	35,649	(11,609)	35,651
		<u>(11,630)</u>	<u>35,649</u>	<u>(11,609)</u>	<u>35,651</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 2023**

	<b>Income Expenditure Reserve £000</b>	<b>Revaluation Reserve £000</b>	<b>Total £000</b>
<b>Consolidated</b>			
<b>Balance at 1 August 2021</b>	<b>(2,370)</b>	<b>25,857</b>	<b>23,487</b>
Surplus/(Deficit) from the Consolidated Statement of Comprehensive Income	(2,050)	-	(2,050)
Actuarial Gain/(Loss)	29,999	-	29,999
Revaluation surplus(restated)	-	7,700	7,700
Transfers between revaluation and income and expenditure reserve	695	(695)	-
<b>Total comprehensive income for the year(restated)</b>	<b>28,644</b>	<b>7,005</b>	<b>35,649</b>
<b>Balance at 1 August 2022(restated)</b>	<b>26,274</b>	<b>32,862</b>	<b>59,136</b>
Surplus/(Deficit) from the Consolidated Statement of Comprehensive Income	(2,406)	-	(2,406)
Actuarial Gain/(Loss)	(10,540)	-	(10,540)
Revaluation surplus	-	1,316	1,316
Transfers between revaluation and income and expenditure reserve	838	(838)	-
<b>Total comprehensive income for the year</b>	<b>(12,108)</b>	<b>478</b>	<b>(11,630)</b>
<b>Balance at 31 July 2023</b>	<b>14,166</b>	<b>33,340</b>	<b>47,506</b>
<b>College</b>			
<b>Balance at 1 August 2021</b>	<b>(2,415)</b>	<b>25,857</b>	<b>23,442</b>
Surplus/(Deficit) from the College Statement of Comprehensive Income	(2,048)	-	(2,048)
Actuarial Gain/(Loss)	29,999	-	29,999
Revaluation surplus(restated)	-	7,700	7,700
Transfers between revaluation and income and expenditure reserve	695	(695)	-
<b>Total comprehensive income for the year(restated)</b>	<b>28,646</b>	<b>7,005</b>	<b>35,651</b>
<b>Balance at 1 August 2022(restated)</b>	<b>26,231</b>	<b>32,862</b>	<b>59,093</b>
Surplus/(Deficit) from the College Statement of Comprehensive Income	(2,385)	-	(2,385)
Actuarial Gain/(Loss)	(10,540)	-	(10,540)
Revaluation surplus	-	1,316	1,316
Transfers between revaluation and income and expenditure reserve	838	(838)	-
<b>Total comprehensive income for the year</b>	<b>(12,087)</b>	<b>478</b>	<b>(11,609)</b>
<b>Balance at 31 July 2023</b>	<b>14,144</b>	<b>33,340</b>	<b>47,484</b>

There are no endowment or restricted reserves.

## Consolidated &amp; College Statement of Financial Position as at 31 July 2023

		Consolidated		College	
	Note	2023 £000	2022 (restated) £000	2023 £000	2022 (restated) £000
<b>Non-current assets</b>					
Fixed assets	12	74,713	76,493	74,714	76,493
Trade & other receivables	13	452	552	452	552
		<u>75,165</u>	<u>77,045</u>	<u>75,166</u>	<u>77,045</u>
<b>Current assets</b>					
Stocks		12	10	9	7
Trade & other receivables	13	4,804	4,062	4,800	4,043
Cash and cash equivalents		5,533	6,248	5,504	6,188
		<u>10,349</u>	<u>10,320</u>	<u>10,313</u>	<u>10,238</u>
Creditors: amounts falling due within one year	14	12,306	11,019	12,293	10,980
<b>Net current (liabilities)</b>		<b>(1,957)</b>	<b>(699)</b>	<b>(1,980)</b>	<b>(742)</b>
<b>Total assets less current liabilities</b>		<b>73,208</b>	<b>76,346</b>	<b>73,186</b>	<b>76,303</b>
Less: Creditors falling due after more than one year	15	23,410	25,853	23,410	25,853
<b>Net assets</b> excluding pension (asset)/liability		<b>49,798</b>	<b>50,493</b>	<b>49,776</b>	<b>50,450</b>
Funded pension (asset)/liability	16	-	(11,313)	-	(11,313)
Unfunded pension (asset)/liability	17	2,292	2,670	2,292	2,670
<b>Total net assets</b>		<b>47,506</b>	<b>59,136</b>	<b>47,484</b>	<b>59,093</b>
<b>Unrestricted reserves</b>					
Income and expenditure reserve – unrestricted		14,166	26,274	14,144	26,231
Revaluation reserve		33,340	32,862	33,340	32,862
<b>Total reserves</b>		<b>47,506</b>	<b>59,136</b>	<b>47,484</b>	<b>59,093</b>

The financial statements were approved and authorised for issue by the Board of Management on 12 December 2023 and signed on its behalf by:

Laurie O'Donnell - Chair

Simon Hewitt – Principal

Consolidated & College Statement (continued)

**Consolidated Statement of Cash Flows For the year ended 31 July 2023**

	Note	2023 £000	2022 £000
<b>Cash flow from operating activities</b>			
(Deficit) for the year		(2,406)	(2,050)
<b>Adjustment for non-cash items</b>			
Depreciation	12	3,770	2,258
Impairment reversal			-
(Increase) in stocks		(2)	(4)
(Increase) in debtors		(618)	(370)
Increase in creditors		837	2,980
Pension costs less contributions payable		395	3,402
<b>Adjustment for investing or financing activities</b>			
Investment income	7	(53)	(3)
Interest payable	11b	92	125
Gain on the sale of fixed assets		-	(4)
Release of deferred capital grants		(2,111)	(1,685)
<b>Net cash inflow from operating activities</b>		<b>(96)</b>	<b>4,649</b>
<b>Cash flow from investing activities</b>			
Proceeds from sale of fixed assets		-	4
Investment income		53	3
Deferred capital grants received		548	102
Non-government capital grants			
Payments made to acquire fixed assets		(675)	(3,785)
<b>Net cash outflow from investing activities</b>		<b>(74)</b>	<b>(3,676)</b>
<b>Cash flow from financing activities</b>			
Interest paid		(92)	(125)
Repayments of amounts borrowed		(453)	(453)
<b>Net cash outflow from financing activities</b>		<b>(545)</b>	<b>(578)</b>
<b>(Decrease)/Increase in cash and cash equivalents in the period</b>		<b>(715)</b>	<b>395</b>
Cash and cash equivalents at beginning of the period		<b>6,248</b>	<b>5,853</b>
Cash and cash equivalents at end of the period		<b>5,533</b>	<b>6,248</b>

# 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 2022-23 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 and the balance sheet position is dependent upon several factors. The key variables are Asset Returns, Discount Rate, Inflation and Mortality. Overall, it was the significant increase in the Discount Rate that was chiefly responsible for the improvement in the funded surplus, initially increasing the net funded asset from £11.313m last year to £25.469m at 31 July 2023. However, an Asset Ceiling has been applied by the scheme actuaries this year. The asset ceiling is the present value of any economic benefit available to the Employer in the form of refunds or reduced future employer contributions. Whilst it is potentially possible for employers to receive such benefit it is assumed that there is no prospect of an unconditional right to this as it is at the discretion of the fund. Furthermore, it is assumed that the employer will participate in the fund indefinitely and the present value of future accruals and primary contributions far exceed the value of the Asset Ceiling and consequently the economic benefit of future contribution reductions is nil. We have reviewed these assumptions and consider them reasonable and appropriate. A provision continues to be made for unfunded pension liabilities.

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.



## Notes to the Financial Statements (continued)

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 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.

## Notes to the Financial Statements (continued)

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 either 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 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:

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. They are not depreciated until they are brought into use.

(b) Property Revaluation

In accordance with the 2022-23 Government Financial Reporting Manual (FReM) issued by the Scottish Government, the tangible fixed assets are required to be valued on the current value basis. As a minimum, quinquennial valuations are undertaken with interim valuations in year three by qualified surveyors. Fair value will however be considered annually, and this exercise will be supplemented by further interim valuations using either surveyor values or building price indexation.

(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

## Notes to the Financial Statements (continued)

- 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.

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.

## Notes to the Financial Statements (continued)

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.

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

## Notes to the Financial Statements (continued)

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. 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	2023 £000	2022 (restated) £000	2023 £000	2022 (restated) £000
Government Non-cash allocation for depreciation				
Deficit before other gains and losses (FE/HE SORP basis)	(2,406)	(2,050)	(2,385)	(2,048)
Add back: Non-cash allocation for depreciation (net of deferred capital grant)	1,055	1,055	1,055	1,055
Operating (deficit) on Central Government accounting basis	<b>(1,351)</b>	<b>(995)</b>	<b>(1,330)</b>	<b>(993)</b>

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 continued legacy 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 £2,406,000 for the year ended 31 July 2023. After taking account of the Government non-cash budget, the college shows an "adjusted" consolidated deficit of £1,351,000 on a Central Government accounting basis.

Notes to the Financial Statements (continued)

	Consolidated		College	
	2023 £000	2022 £000	2023 £000	2022 £000
<b>3 Scottish Funding Council grants</b>				
SFC recurrent grant	31,853	33,011	31,853	33,011
SFC childcare funds	469	592	469	592
Release of deferred capital grants	1,917	1,581	1,917	1,581
Capital grants	3,055	1,746	3,055	1,746
Other SFC grants	2,109	1,369	2,109	1,369
	<b>39,403</b>	<b>38,299</b>	<b>39,403</b>	<b>38,299</b>

	Consolidated		College	
	2023 £000	2022 £000	2023 £000	2022 £000
<b>4 Tuition Fees and Education Contracts</b>				
FE fees - UK & EU	760	474	760	474
FE fees – non-EU	162	188	162	188
HE fees	2,320	2,574	2,320	2,574
Education contracts	1,797	1,968	1,797	1,968
Other contracts	9	6	9	6
	<b>5,048</b>	<b>5,210</b>	<b>5,048</b>	<b>5,210</b>

	Consolidated		College	
	2023 £000	2022 £000	2023 £000	2022 £000
<b>5 Other Grants and Contracts</b>				
European funds	48	55	48	55
Releases of deferred capital grants (non SFC)	194	104	194	104
Other grant income	872	1,818	842	1,752
	<b>1,114</b>	<b>1,977</b>	<b>1,084</b>	<b>1,911</b>

Notes to the Financial Statements (continued)

		Consolidated		College	
		2023	2022	2023	2022
6	Other Income	£000	£000	£000	£000
	Residences, catering and conferences	981	600	940	581
	Other income-generating activities	1,048	682	926	622
	Coronavirus Job Retention Scheme grant	-	37	-	165
	Other income	237	165	237	37
		<b>2,266</b>	<b>1,484</b>	<b>2,103</b>	<b>1,405</b>

		Consolidated		College	
		2023	2022	2023	2022
7	Investment Income	£000	£000	£000	£000
	Interest receivable	53	3	53	3
		<b>53</b>	<b>3</b>	<b>53</b>	<b>3</b>

		Consolidated		College	
		2023	2022	2023	2022
8	Donations and Endowment	£000	£000	£000	£000
	Donations	128	3,300	128	3,300
		<b>128</b>	<b>3,300</b>	<b>128</b>	<b>3,300</b>

A donation of £128,000 was received from Matthew Trust to fund capital equipment for the Skills Academy located within the Michelin Scotland Innovation Parc (2022: £3,300,000 was received from the Dundee and Angus Foundation towards the capital costs of the Kingsway development project).



Notes to the Financial Statements (continued)

9	Staff Costs	Consolidated		College	
		2023 £000	2022 £000	2023 £000	2022 £000
	Wages and salaries	26,245	27,019	26,142	26,942
	Social security costs	2,512	2,578	2,505	2,571
	Other pension costs	6,125	8,557	6,119	8,552
	Exceptional restructuring costs	1,501	1,287	1,501	1,287
		<b>36,383</b>	<b>39,441</b>	<b>36,267</b>	<b>39,352</b>
	Staff Costs (continued)	Consolidated		College	
		2023 £000	2022 £000	2023 £000	2022 £000
	Academic/Teaching departments	21,973	22,141	21,973	22,141
	Academic/Teaching services	680	743	680	743
	Administrative and central services	9,942	12,881	9,826	12,792
	Premises	1,657	1,688	1,657	1,688
	Catering and Residences	630	701	630	701
	Sub-total	34,882	38,154	34,766	38,065
	Exceptional restructuring costs	1,501	1,287	1,501	1,287
		<b>36,383</b>	<b>39,441</b>	<b>36,267</b>	<b>39,352</b>

The Exceptional restructuring costs relate to a Voluntary Severance Scheme.

Pension liabilities to present and former staff of £1,110,000 (2022: £3,517,000) and the Apprenticeship Levy of £102,000 (2022: £110,000) 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	
	2023 Number	2022 Number	2023 Number	2022 Number
Academic/teaching departments	352	398	352	398
Academic/teaching services	16	20	16	20
Administrative and central services	191	215	187	212
Premises	51	54	51	54
Catering and residences	20	27	20	27
<b>Total</b>	<b>630</b>	<b>714</b>	<b>626</b>	<b>711</b>

Pay awards are negotiated nationally for most staff. Both academic and support staff pay awards for the period 1 September 2022 to 31 August 2023 have yet to be settled. In the absence of agreement, provision has been based upon the latest offer of £2,000 per FTE.

The Board Chairs Committee have yet to agree the pay award for members of the Executive and Senior Leadership Team. Provision is currently made based upon the offer to all other staff as described above.

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	
	2023	2022	2023	2022
£60,001 - £70,000	7	6	-	-
£70,001 - £80,000	-	-	-	-
£80,001 - £90,000	-	3	1	1
£90,001 - £100,000	3	-	-	-
£120,001 - £130,000	1	1	-	-
	<b>11</b>	<b>10</b>	<b>1</b>	<b>1</b>

Notes to the Financial Statements (continued)

<b>10 Senior Post-Holders' Emoluments</b>	<b>Year to 31 July 2023 Number</b>	<b>Year to 31 July 2022 Number</b>
The number of senior post-holders including the Principal was:	11	11
	<b>£000</b>	<b>£000</b>
Salaries	855	804
Pension contributions	181	170
Total emoluments	<u>1,036</u>	<u>974</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:

	<b>Year to 31 July 2023 £000</b>	<b>Year to 31 July 2022 £000</b>
Salary	130	130
Pension contributions	<u>30</u>	<u>30</u>
	<u>160</u>	<u>160</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:

	<b>Year to 31 July 2023 £000</b>	<b>Year to 31 July 2022 £000</b>
Compensation for the loss of office paid to senior post holders	88	-

Notes to the Financial Statements (continued)

11a	Other Operating Expenses	Consolidated		College	
		2023 £000	2022 £000	2023 £000	2022 £000
	Academic/teaching departments	1,111	994	1,111	994
	Academic/teaching services	131	130	131	130
	Administration and central services	3,516	3,884	3,516	3,884
	Premises costs	4,335	3,824	4,335	3,824
	Catering and residence operations	570	325	550	318
	Other Income Generating Activities	78	51	-	-
	SFC Childcare funds	469	592	469	592
	Agency staff costs	284	432	284	432
	<b>Total</b>	<b>10,494</b>	<b>10,232</b>	<b>10,396</b>	<b>10,174</b>

	Consolidated		College	
	2023 £000	2022 £000	2023 £000	2022 £000
Other operating expenses include:				
External Auditor's remuneration				
- in respect of these financial statements	50	28	41	25
Internal Auditor's remuneration				
- internal audit	12	10	12	10
- other services	7	12	7	12

Notes to the Financial Statements (continued)

11b	Interest and Other Finance Costs	Consolidated		College	
		2023 £000	2022 £000	2023 £000	2022 £000
	Loan	92	125	92	125
	Pension	(321)	271	(321)	271
		<b>(229)</b>	<b>396</b>	<b>(229)</b>	<b>396</b>

12	Property, Plant and Equipment	Consolidated		College	
		Land and Buildings £000	Assets under construction £000	Equipment £000	Total £000
	<b>Valuation/Cost</b>				
	At 31 July 2022	98,837	4,782	6,849	110,468
	Disposals	-	-	(3,043)	(3,043)
	Additions	-	32	642	674
	Transfers	4,814	(4,814)	-	-
	Revaluation Movement	100	-	-	100
	<b>At 31 July 2023</b>	<b>103,751</b>	<b>-</b>	<b>4,448</b>	<b>108,199</b>
	<b>Depreciation</b>				
	At 31 July 2022(restated)	28,195	-	5,780	33,975
	Disposals	-	-	(3,043)	(3,043)
	Charge for year	3,117	-	653	3,770
	Revaluation Movement	(1,216)	-	-	(1,216)
	<b>At 31 July 2023</b>	<b>30,096</b>	<b>-</b>	<b>3,390</b>	<b>33,486</b>
	<b>Net Book Value</b>				
	At 31 July 2022(restated)	70,642	4,782	1,069	76,493
	<b>At 31 July 2023</b>	<b>73,655</b>	<b>-</b>	<b>1,058</b>	<b>74,713</b>

Land and Buildings with a net book value of £46,979,000 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.

## Notes to the Financial Statements (continued)

Land and Buildings were revalued at 31 July 2023 at depreciated replacement cost by Graham & Sibbald, a firm of independent chartered surveyors regulated by RICS. This valuation produced a substantial unrealised gain which suggested that the value at July 2022 may have been inadvertently understated by £7,700,000. This adjustment does not alter the net book values at July 2023. Valuations have been restricted for two buildings where Reinforced Autoclave Aerated Concrete has been found to reflect the potential reduction in remaining economic life.

### Prior year adjustment

An indexation exercise confirmed that a significant proportion of the gain applied to the previous year and, in order to correct a material misstatement, prior year values have been restated. This increased both the net book value and revaluation reserve by £7,700,000. All areas impacted in 2022 are designated "restated" throughout, including the Statement of Comprehensive Income and Statement of Changes in Reserves. This adjustment does not alter the net book values at July 2023.

Unoccupied properties, being former outreach centres at Kirriemuir and Montrose, were valued at market value. The property at Montrose is being actively marketed and Kirriemuir is being prepared for sale.

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

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Cost	86,158	81,345
Aggregate depreciation based upon cost	(43,937)	(41,660)
Net book value	<u><b>42,221</b></u>	<u><b>39,685</b></u>

<b>13 Debtors</b>	<b>Consolidated</b>		<b>College</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Amounts falling due within one year:</b>				
Trade Debtors	302	325	303	317
Prepayments / Accrued Income	4,502	3,737	4,497	3,726
	<u><b>4,804</b></u>	<u>4,062</u>	<u><b>4,800</b></u>	<u>4,043</u>
<b>Amounts falling due after more than one year:</b>				
Prepayments / Accrued Income	452	552	452	552
	<u><b>452</b></u>	<u>552</u>	<u><b>452</b></u>	<u>552</u>

## Notes to the Financial Statements (continued)

Debtors include £3,914,000 (2022: £3,045,000) due from the Scottish Funding Council, which includes non-cash allocations for the implementation of Job Evaluation for support staff amounting to £3,325,000. An equivalent amount is accrued within Creditors.

Notes to the Financial Statements (continued)

14 Creditors: amounts falling due within 1 year	Consolidated		College	
	2023 £000	2022 £000	2023 £000	2022 £000
Deferred income and payments received in advance	1,431	2,391	1,429	2,375
Trade creditors	522	483	534	489
Other creditors	38	37	25	30
Other tax and Social Security	666	986	672	984
Accruals	6,619	4,489	6,603	4,469
Bursaries and Access Funds for future disbursement	466	495	466	495
Bank Term Loan	453	453	453	453
Deferred Capital Grant	2,111	1,685	2,111	1,685
	<b>12,306</b>	<b>11,019</b>	<b>12,293</b>	<b>10,980</b>

Creditors includes £934,000 (2022: £1,544,000) 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 £444,000 (2022: £730,000). 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	
	2023 £000	2022 £000	2023 £000	2022 £000
Deferred Capital Grant	21,590	23,580	21,590	23,580
Bank Term Loan	1,820	2,273	1,820	2,273
	<b>23,410</b>	<b>25,853</b>	<b>23,410</b>	<b>25,853</b>



**Analysis of borrowings**

Bank loans are repayable as follows:	<b>2023</b> <b>£000</b>	<b>2022</b> <b>£000</b>
Between one and two years	453	453
Between two and five years	1,359	1,359
In five years or more	461	914

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 £5,009,000 (2022: £5,035,000).

	<b>2023</b> <b>£000</b>	<b>2022</b> <b>£000</b>
STSS: contributions paid	3,241	3,242
LGPS: contributions paid	1,768	1,793
<b>Total pension contributions paid for the year</b>	<b>5,009</b>	<b>5,035</b>

**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 previous 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.

The results of the actuarial valuation as at 31 March 2020 has recently been published and increase employer contribution to 26% from 1 April 2024 to 31 March 2027. The anticipated average yield employee's contribution is 9.6%. The level of contributions depends upon many factors but the change in financial assumptions and cost of future pension benefits has had the greatest impact upon the increase in employer contributions.

Notes to the Financial Statements (continued)

(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.

(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 2022 is 23% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.4% of pensionable pay. As described above, these rates increase to 26% and 9.6% from April 2024.

(iv) The College's level of participation in the scheme is 0.48% based on the proportion of employer contributions paid in 2022-23"

£3.241/ £667.7 million = 0.48% (per SPPA 2021-22 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 results available from a valuation carried out as at 31 March 2020. The employer contribution was maintained at 17% until 31 March 2024. The results of the valuation as at 31 March 2023 are not yet known.

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

	<b>2023</b>	<b>%</b>	<b>2022</b>	<b>%</b>
	<b>£000</b>		<b>£000</b>	
Equities	58,300	73	54,583	70
Gilts	1,715	2	1,961	3
Other Bonds	9,759	12	10,253	13
Property	7,545	9	9,295	12
Cash	2,136	3	1,549	2
Alternatives	136	0	52	0
<b>Total</b>	<b>79,591</b>	<b>100</b>	<b>77,693</b>	<b>100</b>

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

	<b>2023</b>	<b>2022</b>
Discount rate at 31 July	5.15%	3.40%
Future salary increases	3.80%	3.75%
Future pension increases	2.80%	2.75%

Life expectancy from age 65 years:

## Notes to the Financial Statements (continued)

Retiring today:		
Male	18.8	19.0
Female	21.6	22.3

Retiring in 20 years:		
Male	20.2	20.4
Female	23.1	23.9

<b>Statement of Financial Position</b>	<b>2023</b>	<b>2022</b>
Net Pension Asset as at:	<b>£000</b>	<b>£000</b>
Present value of the defined benefit obligation	(54,122)	(66,380)
Fair value of Fund assets (bid value)	<u>79,591</u>	<u>77,693</u>
Notional Surplus	25,469	11,313
Unrecognised past service cost	-	-
Impact of actuarial asset ceiling cap calculation	<u>(25,469)</u>	<u>-</u>
Net defined benefit asset/(liability)	<u>-</u>	<u>11,313</u>

The application of an Asset Ceiling at 31 July 2023 is disclosed within Note 1. The scheme actuaries have determined that an Asset Ceiling was not appropriate for 2022.

### Employer membership statistics

The table below summarises the membership data at 31 March 2020 for members receiving funded benefits, and as at 31 July 2021 for any members receiving unfunded benefits.

Member data summary	Number	Salaries/Pensions £000s	Average age
Actives	486	8,334	46
Deferred pensioners	445	649	44
Pensioners	216	985	70
Unfunded pensioners	102	396	80

This includes membership under the following employers in the Fund: (236) Dundee and Angus College, (402) Angus College, and (202) Dundee College.

Notes to the Financial Statements (continued)

<b>Amounts recognised in the Consolidated Statement of Comprehensive Income</b>	<b>2023 £000</b>	<b>2022 £000</b>
Service cost	3,378	5,342
Net interest on the defined (liability) / asset	(405)	221
Administration expenses	31	27
<b>Total cost</b>	<b>3,004</b>	<b>5,590</b>

**Asset and benefit obligation reconciliation**

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

	<b>2023 £000</b>	<b>2022 £000</b>
Opening defined benefit obligation	66,380	94,001
Current service cost	2,716	5,213
Interest cost	2,244	1,497
Change in financial assumptions	(19,971)	(33,417)
Change in demographic assumptions	(1,754)	-
Experience loss/(gain) on defined benefit obligation	5,687	208
Liabilities assumed / (extinguished) on settlements	-	-
Estimated benefits paid net of transfers in	(2,447)	(1,858)
Past service cost, including curtailments	662	129
Contributions by scheme participants and other employers	605	607
<b>Closing defined benefit obligation</b>	<b>54,122</b>	<b>66,380</b>

**Changes in the fair value of scheme assets**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Reconciliation of opening and closing balances of the fair value of scheme assets		
Opening fair value of scheme Assets	77,693	79,508
Interest on assets	2,649	1,276
Return on assets less interest	(1,177)	(3,606)
Other actuarial (losses)	-	-
Administration expenses	(31)	(27)
Contributions by employer included unfunded	2,693	2,179
Contributions by scheme participants and other employers	605	607
Estimated benefits paid unfunded net of transfers in	(2,841)	(2,244)
<b>Fair value of scheme assets at end of period</b>	<b>79,591</b>	<b>77,693</b>

The total return on the fund assets for the year to 31 July 2022 is £1,472,000

**Re-measurements in other comprehensive income**

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

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Return on Fund assets in excess of interest	(1,177)	(3,606)
Other actuarial gains/(losses) on assets	-	-
Change in financial assumptions	19,971	33,417
Change in demographic assumptions	1,754	-
Experience gain/(loss) on defined benefit obligation	(5,687)	(208)
Changes in effect of asset ceiling	(25,469)	-
<b>Re-measurement of the (defined liability)/net assets</b>	<b>(10,608)</b>	<b>29,603</b>

Notes to the Financial Statements (continued)

<b>17 Provisions for Liabilities and Charges</b>	<b>Unfunded Pension £000</b>	<b>2023 Total £000</b>	<b>2022 Total £000</b>
Balance at 1 August	(2,670)	(2,670)	(3,402)
Payments made in period	394	394	386
Provision adjustment required in period	(16)	(16)	346
Balance at end of period	<u>(2,292)</u>	<u>(2,292)</u>	<u>(2,670)</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.

<b>Amounts recognised in the Income and Expenditure Account</b>	<b>2023 £000</b>	<b>2022 £000</b>
Interest cost	84	50
<b>Total cost</b>	<u>84</u>	<u>50</u>

**Benefit obligation reconciliation**

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

	<b>2023 £000</b>	<b>2022 £000</b>
Opening defined benefit obligation	2,670	3,402
Interest cost	84	50
Change in financial assumptions	(242)	(405)
Change in demographic assumptions	(80)	-
Experience loss/(gain) on defined benefit obligation	254	9
Unfunded pension payments	(394)	(386)
<b>Closing defined benefit obligation</b>	<u>2,292</u>	<u>2,670</u>

Notes to the Financial Statements (continued)

**Re-measurements in other comprehensive income**

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

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Change in financial assumptions	242	346
Change in demographic assumptions	80	-
Experience gain/(loss) on defined benefit obligation	(254)	(9)
<b>Re-measurement of the (defined liability)/net assets</b>	<b>68</b>	<b>337</b>
	<b>2023</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
<b>18 Capital Commitments</b>		
Commitments contracted for at period end	-	81
	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>19 Financial Commitments</b>		

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

**Payable During the year**

Land and Buildings	106	94
Others	37	48
	<b>143</b>	<b>142</b>

**Land and Buildings**

Not later than 1 year	119	79
Later than 1 year and not later than 5 years	303	257
Later than 5 years	458	515
	<b>880</b>	<b>851</b>

**Others**

No later than 1 year	20	35
Later than 1 year and not later than 5 years	-	20
Later than 5 years	-	-
	<b>20</b>	<b>55</b>

Land and Buildings includes £32,000 payable during the year and £439,000 within future year's commitments in respect of leasehold construction costs paid previously and amortised over 30 years.

## **20 Post Balance Sheet Events**

No events have occurred, since 31 July 2023 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. Whilst the government have confirmed that a remedy will be required for all public sector pension schemes, this change is not reflected in the valuation of pension liabilities at 31 July 2023. Insufficient data is available to precisely ascertain the impact, however the scheme actuaries believe that the impact of this decision is likely to be minimal for LGPS schemes.

## **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.

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 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
				£	£	£
Michael Thomson	DC Thomson	Chief Financial Analyst and Planner	Advertising, Sponsorship		7,247	-
Margo Williamson	Angus Council	Chief Executive	Grant income and service charges	180,352	65,384	85
Jackie Buchanan	Angus Council	Director of Legal & Democratic Services	Grant income and service charges	180,352	65,384	85
Simon Hewitt	SAAS	Principal (D&A College)	Student Course Fees	1,562,010		17,990
Sam Stirling	College Development Network	Board Member	Staff CPD, Training	47,880	6,740	-
George Robertson	Gardyne Theatre Ltd	Director	Staff Salaries, Licence to Operate and Service Level Agreement yearly charges	80,946	-	-
Jaki Carnegie	Gardyne Theatre Ltd	Director	Staff Salaries, Licence to Operate and Service Level Agreement yearly charges	80,946	-	-
Simon Hewitt	Gardyne Theatre Ltd	Director	Staff Salaries, Licence to Operate and Service Level Agreement yearly charges	80,946	-	-

**Other Related Parties:**

Dundee & Angus Foundation. The Foundation is a registered charity, and its objective is to advance education and in particular the enhancement of the learning experience of students in Dundee and Angus. Its trustees include representatives of the College serving alongside independent trustees. Details of donations received from the Foundation is provided in note 8.

23 Bursaries and other student support funds	Year ended 31 July 2023			Year ended 31 July 2022	
	FE Bursary £000	EMA's £000	Other £000	Total £000	Total £000
Balance b/fwd	3	12	463	478	565
Allocation received	5,563	338	1,304	7,205	7,853
Expenditure	(5,553)	(338)	(889)	(6,780)	(7,557)
Repaid to Funding body as Clawback	-	-	(452)	(452)	(383)
Virements	-	-	-	-	-
<b>Balance c/fwd</b>	<b>13</b>	<b>12</b>	<b>426</b>	<b>451</b>	<b>478</b>
Represented by :					
Repayable to Funding body as clawback	13	-	426	439	458
Retained by College for students	-	12	-	-	20

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 2022/23 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 2023 £000	Year Ended 31 July 2022 £000
Balance b/fwd	-	-
Allocation received	469	592
Expenditure	(469)	(592)
Repaid to Funding Body as Clawback	-	-
Virements	-	-
<b>Balance c/fwd</b>	<b>-</b>	<b>-</b>
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 2022-23**

- 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 2022-23 (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 2023.
- 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  
20 July 2023