

Report and Financial Statements

For the year ended 31 July 2021

Registered Charity No: SC021188



Index

CONTENTS

	Page
Performance Report	
Overview	3 – 14
Performance Analysis	15 – 21
Accountability Report:	
Corporate Governance Report	
Directors' Report	22 – 24
Statement of the Board of Management's Responsibilities	25 – 27
Governance Statement	27 – 36
Remuneration and Staff Report	36 – 42
Independent Auditor's Report	43 – 46
Professional Advisers	47
Consolidated & College Statement of Comprehensive Income	48 – 49
Consolidated & College Statement of Changes in Reserves	50
Consolidated & College Statement of Financial Position	51
Consolidated Statement of Cash Flows	52
Notes to the Financial Statements	53 – 79
Appendix 1 – 2019-20 Accounts Direction for Scotland's colleges	80

The financial statements were approved and authorised for issue by the Board of Management on 14 December 2021.

PERFORMANCE REPORT

OVERVIEW

Overview summary

This section of our financial statements is designed to give an overview of high-level College performance and development during 2020/21. 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 and Angus College is recognised as a top performing college in Scotland and has delivered sector leading outcomes for our learners on a consistent annual basis since merger in 2013. It is these performance outcomes that underpin the D&A College 2025 More Successful Students strategy.

The College normally 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. Whilst these arrangements have been impacted by COVID-19 for 2020-2021, an interim Outcome Agreement was completed in January 2021. This includes the usual common national measurement plan that links together the key priorities of the College with overall national priorities and expresses these through a range of specific targets, measures and outputs. Progress in respect of all of this activity is summarised within the agreement document and is available on the College website.

Our academic performance remains strong for all ages and groups and is particularly strong for full-time further education learners and remains very strong for younger learners, care experienced learners and those from the most deprived communities.

Dundee and Angus College was the top performing college in Scotland for full-time further education learners (which account for the significant majority of all credit funding activity) and were in the top three in Scotland for young learners (age 24 or under), those with disabilities and those from care experienced backgrounds. The college remained in the top 5 for those from the most deprived postcode areas.

In each of these areas, this performance helps to address the attainment gap within our communities and supports more of our learners to progress and develop meaningful future careers.

The post course success of our learners is also strong, with c. 95% moving on to a positive destination (employment or further study) 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)

The College undertook a significant restructure of academic management roles in August 2019 and, despite the impact of both cyber-attack and COVID-19 in the early stages of the new structure, the revised structure has coped well with the demands placed on it during academic year 2020/21.

Senior leadership team arrangements have been more challenging, with the new Principal taking up their post on 1 August 2020 resulting in a vacancy for his previous role as Vice Principal Curriculum and Attainment. This post was filled by an internal candidate in November 2020, creating a vacancy for the role of Director of Curriculum. This gap was impacted significantly by the sad and sudden loss of Kevin Murphy, the other Director of Curriculum in early January 2021.

These two vacancies have put significant pressure on other senior leadership roles over recent months, resulting in some lower priority areas of activity and development being delayed.

This opportunity has, however, allowed for a review of senior roles to be progressed and a review of senior leadership roles is being undertaken to ensure that these reflect the key areas of development and demand required for the future success of the College. These arrangements will be completed around spring 2022.

As an interim support, input has been provided through the part-time secondment of the Director of the Energy Skills Partnership as Project Director in respect of the major economic development projects that the College is engaged in.

These include the Michelin Scotland Innovation Parc (MSIP), a major development taking shape on the former Michelin factory site in Dundee to create a manufacturing and assembly innovation site with a focus on sustainable energy and hybrid / green transport. The site is now operational, and work is progressing through MSIP and a number of national agencies to bring a range of national and international employers into our region. Information on the MSIP development is available [here](#).

The College has been at the heart of this development and is the main skills partner working with MSIP to create an Advanced Skills Academy on the site which will develop the skills needed to train the workforce in low carbon, green energy, hydrogen, battery storage, offshore wind, remote control systems, and advanced manufacturing. An Innovation Centre is also planned to allow research, prototyping and development with the College, Dundee and Abertay Universities and Industry partners.

Although impacted by COVID-19 restrictions, the Advanced Skills Academy space has been earmarked on the site and curriculum planning is well advanced. External funding has been secured by MSIP to support this development. Work to create a skills space to the College's specification will begin in the near future and it is anticipated that the first students will have an opportunity to learn alongside industry partners from late autumn 2021.

The College is also involved in three major Tay Cities Deal projects.

The first of these - The Tay Cities Engineering Project commenced in summer 2021 with a major redevelopment of engineering facilities and services on the Arbroath campus. This is a £4.3 million, 5-year, project which the College will lead, in partnership with Angus Council and a host of engineering companies.

Performance Report (continued)

We are also involved in a c.£2 million BioMedical project alongside the University of Dundee and other partners. This project will see a significant increase in BioMedical jobs within the region, with D&A 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 the College hosting the staffing and benefitting from input to 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) over the next 10 years.

A fourth project, to expand the work undertaken through the [Angus Shared Apprenticeship Scheme](#) across the rest of the Tay Cities area, is also being developed. The College would be a lead partner in this c.£2.5 million project alongside Angus Council.

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 over the next 10 years. 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 such as Michelin, E-Sports and The Eden Project all involving the College and providing skills development and employment opportunities in our region.

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.

During 2020/2021 we created the new role of Economic Partnerships Manager to enhance our engagement and partnership working with local employers and maximise the utilisation of COVID-19 economic recovery opportunities and funding. This includes the delivery of the Flexible Workforce Development Fund, Pathway Apprenticeships, National Transitions Training Fund, Young Persons Guarantee and maximising Modern and Foundation apprenticeship numbers.

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. These opportunities and developments have continued through lockdown, with the College and education authorities working closely and productively to support young people through their chosen learning journey.

Performance Report (continued)

All of the outcomes reported through these financial statements are down to the commitment and hard work of our staff.

Significant efforts have been put into the engagement and involvement of staff within our COVID-19 planning and arrangements through the operation of a series of workstreams and the use of service design methodologies.

A COVID-19 planning and response group was established to bring together senior College staff, trade unions and our Students' Association to review and feedback on COVID-19 plans and mitigations. This group has met regularly (initially daily) throughout 2020/2021 to inform COVID-19 safety arrangements. It is positive to report that no COVID-19 outbreaks were reported during the year, and there was no evidence of any on-site transmission for students or staff.

Staff across the whole College have worked 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, staff and financial outcomes reported below and throughout these statements.

College staff have also played a significant role in national developments and in the response to the COVID-19 pandemic. This has included input to the future and scenario planning arrangements that highlighted the potential for significant educational loss for college learners that resulted in substantial additional government investment in the sector and major inputs into the development of the Scottish Qualification Authority HNVQ Alternative Assessment Model.

The College continues to invest in our infrastructure, prioritising investment in backlog maintenance whilst continuing to progress options to regenerate the Kingsway campus.

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

The majority of the Capital Backlog Maintenance Grant for 2020/21 was allocated to the Kingsway Tower Project, whilst still pressing some of the other backlog maintenance works:

- Further mechanical infrastructure upgrades in our Arbroath Clova, Gardyne and Kingsway Tower buildings and electrical infrastructure upgrades in our Arbroath Clova and Kingsway Tower buildings
- Further internal fabric, decoration and flooring enhancements in Arbroath, Gardyne and Kingsway campuses
- Further road and car park resurfacing on our Kingsway campus.

In line with the Estates Strategy approved by the Board of Management in 2019, the College has progressed the projects associated with the transformation of the Kingsway Campus.

Performance Report (continued)

The creation of part of the new social space and frontline services was successfully completed in advance of the start of the 2020/21 academic term. As previously reported the creation of the Hair,

Beauty and Complementary Therapies facilities was delayed due to a significant defect in the existing building roof slab that resulted in the building having to be demolished. The College successfully secured additional funding from the Scottish Funding Council for the demolition of the existing building and design fees for a new build. SFC also made further funding available to assist with the new build facility. The 2021/22 Capital Backlog Maintenance grant allocation was also used to part-fund fund, with Dundee and Angus Foundation, the new build which formed part of the next stage of the Kingsway Tower project alongside:

- Completion of the new social space and frontline services
- Creation of the new training restaurant
- Creation of the new Learning and Digital Resources facility

While all of these projects have been successfully progressed during 2021, the construction industry in general has been affected by the lack of readily available materials to meet the project programmes they have in place. This was further compounded by an increase in both base commodity costs and final product pricing.

This volatility within the Construction industry and in particular the materials and services supply chain, created cost uncertainty for the Kingsway Tower Project. The College's independent Quantity Surveyors – Hardies – worked closely with Robertson Construction, to undertake a detailed review of the individual work packages for the project, to establish definitive costs for the Kingsway Tower Project.

Given the difficult market conditions including cost increases, material and sub-contractor availability, COVID-19 & Brexit, this resulted in an increase in the overall cost of the Kingsway Tower Project. The College's independent Quantity Surveyor and Project Management team from Hardies concluded that the level of pricing submitted by Robertson for the reviewed project was reasonably competitive.

The table below details the costs currently projected for the completion of the project, including the impact of the cost increases explained above, and summarises how this will be funded.

Project Element	Projected Costs
	£000's
Social Spaces	1,396
Hair & Beauty Demolition	305
Training Restaurant & Social Space	1,350
Hair & Beauty Facility New Build	4,798
Lecture Theatre Refurbishment	163
Total Contractor Costs	8,012
Professional fees, furniture & equipment	217
Total Costs	8,229

Performance Report (continued)

Financed	Funds
	£000's
College preliminary costs	100
SFC High Priority Maintenance FY20/21+21/22	3,336
SFC Additional capital FY20/21	514
SFC Additional support for Kingsway	979
Dundee & Angus Foundation	3,300
Total Finance	8,229

As part of the overall Estates Strategy for the Kingsway Campus the SFC funded an Outline Business Case for the development of a new build STEM Centre on the Kingsway Campus. This work progressed well however was also impacted, initially by the cyber-attack and thereafter by the pandemic, which required senior staff to reprioritise workload. SFC continue to be updated on the progress of this work.

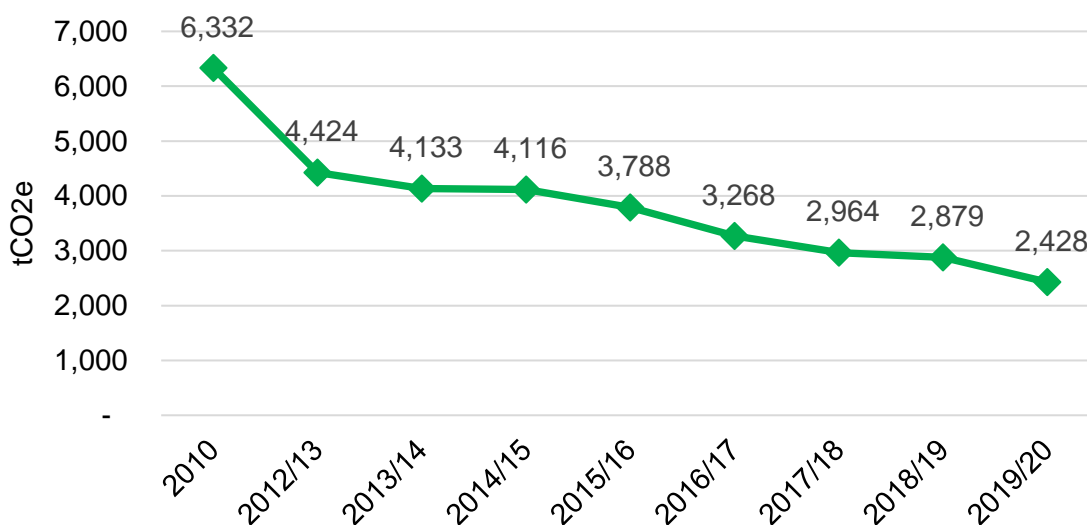
The impact of the COVID-19 pandemic, and subsequent periods of lockdown has resulted in a quieter year for the Environment team in terms of meeting carbon reduction targets, but also in terms of raising awareness to influence students and staff to become more socially responsible and environmentally aware.

The periods of lockdown resulted in a reduction in our utilities consumption and ultimately a reduction in our carbon emissions for the 11th consecutive year.

We have however progressed a number of capital projects as we develop our campus estate. A key objective of our Estates Strategy is the introduction of sustainable technologies as opposed to relying on the use of natural gas to provide heating and hot water.

This was reported in the College's 2019/20 mandatory [Climate Change](#) report.

The table below highlights the fall in carbon footprint for the period 2010 -2020.



Performance Report (continued)

Dundee and Angus College enjoys significant success across a wide range of activities and has been recognised nationally through a number of prestigious awards. Whilst awards opportunities and events have reduced during 2020/21 due to COVID-19 these have included:

- Shortlist finalist in the Cherries HR Awards in the Exemplary Employer of Choice category for the College response to both cyber-attack and the COVID-19 pandemic
- College Development Network awards win in the Equality category for the pioneering work undertaken through the Child Poverty Project (Find Your Future). This work is continuing and has informed the colleges revised approach to community partnerships and engagement.
- UK wide Times Ed FE Awards winner in the Professional Service Category for our Quality Team for the work they have undertaken in the College and also nationally to develop and implement revised assessment arrangements.

Purpose and Activities of the College

Dundee and 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 over 15,000 students annually across three main campuses, one in Arbroath and two in Dundee (Kingsway and Gardyne).

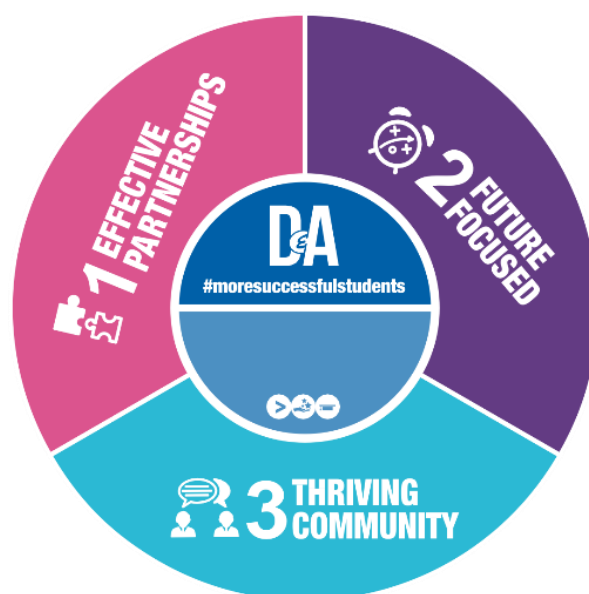
The College's mission is to generate regional economic growth and social well-being through the provision of skills and education for individuals, employers and the wider community. The College has an excellent reputation locally, nationally and internationally. Maintaining a quality brand is essential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

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

2025 Vision



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



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

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

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

Performance Report (continued)

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

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

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

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

Performance Report (continued)

In addition to tackling discrimination, the College also supports and fosters good relations between individuals with different characteristics. This includes significant input to the equally safe campaign to eradicate gender based violence and a focus on supporting good mental health and wellbeing for students and staff. The College has been very active in addressing issues of period poverty, contributing to a number of national events and developments as part of our Period Positive project.

Social Matters

One of our strategic pledges is to create thriving communities and this is supported by our outcome focus on seamless access and inclusive learning. 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 2020/21, with further funding secured to continue this work through until March 2022. This project has engaged with hundreds of disengaged young people, providing a supported pathway through into formal education. This work has continued through lockdown and the COVID-19 restrictions, supporting some of our most vulnerable young people during this critical period. A summary of the work undertaken through this project is [available here](#).

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. These are services that have been subject to particularly high demand during the pandemic and the College has expanded the support available as a result.

Project work to reduce period poverty have proven to be very successful, particularly in respect of the partnership around period poverty and environmental sustainability, aimed at reducing (and eventually eradicating) the c35 tonnes of period product landfill waste created by College students and staff each year. This work is expanding for 2021/22 in partnership with the Angus Community Planning Partnership.

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.

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 has also been adopted to support the College's duty of care in respect of its Prevent responsibilities.

Key Risks and Issues

The College identifies risks within its Strategic Risk Register as detailed below on pages 34 and 35.

Throughout the COVID-19 pandemic, and in line with Audit Scotland good practice, the College created a COVID-19 Specific Risk Register and is continuing to use this to support the identification and planning of the mitigations required with the aim of minimising the disruption caused by the pandemic.

At a National level the Scottish Government December 2020 report on [Scotland's Wellbeing: The Impact of COVID-19](#) highlighted that "...the pandemic is likely to have significant and wide-ranging impacts, right across the National Outcomes. Impacts will be largely negative, with considerable uncertainty about the long-term impacts. The pandemic has produced disproportionate impacts across a range of outcomes for a number of groups, including households on **low incomes** or in **poverty**, **low-paid workers**, children and **young** people, older people, disabled people, minority ethnic groups and women".

The report went on to suggest "that **health, economy, fair work and business and culture** outcomes have been **deeply negatively affected so far**, and when the labour market impacts fully emerge, this is likely to also have a negative impact on the **poverty** outcome. **Education** and children outcomes are also likely to be impacted negatively, but the evidence on the scale of the impact so far is limited and these impacts are likely to take longer to emerge."

The work of the College within the Tayside Region community will be critical to mitigate the impact of the pandemic particularly for our students and the businesses that will need support to recover. The investment that the College continues to make in supporting staff and student mental wellbeing, enhancing digital access and capability, alongside the establishment of the Business Engagement Team to support businesses to access the Flexible Workforce Development Fund, National Transition Training Fund and Young Persons Guarantee will help to reduce the negative impacts on National Outcomes in the Tayside Region.

The 2020 [Audit Scotland's](#) report on Scotland's colleges highlighted that "the full financial effects of COVID-19 were not felt during academic year 2019-20." The report went on to say "The effects of the COVID-19 pandemic are likely to be felt in colleges for years to come. This includes longer-term implications for colleges' financial sustainability, the experience of students and staff, the college estate and the role of the sector in supporting Scotland's recovery and renewal. Responding to this will be challenging, but also offers opportunities to learn from what is working well to enable future change."

As highlighted by Audit Scotland, the College is predicting that the longer term impact of COVID-19 will exacerbate the pre-pandemic challenging financial and operating environment.

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

Performance Report (continued)

In June 2021 the Board of Management approved a College budget for 2021-22 which provided for a cash surplus of £215K, along with a Risk and Opportunity Assessment which noted many of the issues highlighted within the Risk Register described below. This was deemed acceptable given the favourable outturn anticipated for the year to 31 July 2021, predicated upon planned expenditure being incurred. The delivery issues that were nevertheless experienced, leading to a stronger cash outturn, will consequently adversely impact upon the current year and will result in an operating cash deficit for 2021-22. The College is confident that this position can be adequately managed.

Going Concern

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

Performance Summary

The Statement of Comprehensive Income shows a deficit for 2020-21 of £2.2m. However, this includes non-cash items such as depreciation and pension adjustments and, if these are excluded, there was a surplus of £2.2m.

After working capital movements, this resulted in a net cash inflow from operating activities of £2.2m, along with investing and financing cash outflows totalling -£0.1m. The total net cash inflow of £2.1m resulted in a closing position of £5.8m.

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 must be achieved relative to the funding it receives. During 2020/21 the College successfully delivered student activity of 109,591 credits, against the core target of 107,405. Credit delivery included 1,521 under the in-year Youth Programme Guarantee and National Transitional Training Fund as the College responded to these government initiatives to provide free participation in courses and reskilling opportunities.

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, 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 2020/21 Performance
1. Student Successful Completion Rate (pass rates)	See Summary below
2. Early Withdrawal Rate	-3.5% decline
3. Further Withdrawal Rate	+0.7% Improvement
4. Post Course Destination Success rate	Static at 95%
5. Overall satisfaction score from most recent student survey	+3.6% improvement
6. Overall satisfaction score from SFC national student survey	92.3% (+1% improvement)
7. Forecast credit out-turn	Target exceeded
8. Student Recruitment figures, FT and PT	Targets achieved
9. Employee Engagement and Happiness Indices	Not measured in 2020/21
10. Employee Absence Rate (Lost time rate)	1.2%
11. Employee Turnover (non-forced)	6.6%
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	3 (NB no COVID-19 RIDDOR reports required)
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 2021, along with comparatives for the previous year.

Performance Analysis (continued)

Metric	2020-21	2019-20
	£000	£000
Total comprehensive income	9,645	(14,079)
Consolidated surplus/(deficit)	(2,161)	(3,777)
Underlying operating surplus/(deficit), before loan repayment	2,625	1,500
Total net cash inflow/(outflow)	2,096	1,607
Cash balances	5,853	3,757
Accumulated reserves	23,487	13,842
Long-term loan outstanding	3,179	3,632
Pension liability	17,954	26,704
Property, plant & equipment	67,648	69,786

The consolidated result for the year is a deficit of £2,161k. 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 surplus of £2,625k for the year, compared with a surplus of £1,500k the previous year.

During the year the College benefited from Coronavirus Job Retention Scheme claims of £1,163K (2020: £702K), as disclosed in Note 6, and received additional non-recurrent funding £898K for COVID-19 support as disclosed in Note 3 to the Financial Statements. SFC also provided a further £152K to support the provision of ICT equipment to students to tackle digital poverty.

Going forward, the College requires to generate an adjusted surplus of £457k in order to meet future annual capital loan repayments. As can be seen from the table, after loan repayment and working capital adjustments, there was a net cash inflow of £2,096. The loan repayment deferred in August 2020 was reinstated in June 2021 and, with a net balance of £3,179k at 31 July 2021, there remains 7 cash repayments due before this liability is discharged, with a final repayment in June 2027.

Reserves at the year end are £23,487k, an increase of £9,645k, being the value of Total Comprehensive Income. The net pension liability has decreased by £8,750k as a result of changed assumptions on life expectancy, investment returns, and pension increases, together with unfunded payments made during the year.

The net book value of fixed assets decreased during the year by £2,138k. A depreciation charge of £3,706k is partially offset by additions of £1,568k. This included Assets under construction relating to the capitalised costs of the Kingsway campus development of £1,379k. Other additions included both equipment and vehicles.

Student Outcomes

The College works closely and positively with Education Scotland (EdS) and SFC under the national '[How Good is Our College](#)' quality arrangements. In normal years this includes the development and publication of biennial quality reports and enhancement plans that are validated

and published by SFC and EdS. Copies of these documents are available through the Education Scotland website although (due to COVID-19 restrictions on EdS Review activities) it should be noted that these are now out of date. [Evaluative Report for 2017-18 and Enhancement Plan for 2018-2019](#).

The College was engaged in EdS activity to support the review arrangements for remote and online learning, teaching and service delivery. This work informed the [National Overview of Remote Learning in Scotland's Colleges](#) published in June 2020 and D&A College received strongly positive feedback on the approaches adopted and quality of learning, teaching and services provided to learners.

We place a high level of importance on learner satisfaction and engagement in improving and enhancing our services and outcomes. This includes the direct involvement of hundreds of learners each year through a series of service design events and engagement opportunities designed to inform future service and curriculum approaches. This approach has increased during periods of lockdown and remote learning, with online approaches to engagement proving very successful. This has included sector leading service design activity to support joint engagement between the Students' Association and Board of management to co-create the College of the Future.

Two major learner satisfaction surveys are undertaken each year, receiving c6,000 annual responses. Following the cancellation of one survey in 2019/20 due to the initial lockdown we returned to two full surveys in 2020/21 and have seen similar levels of engagement with these as previously.

We survey learners during October each year to generate feedback on recruitment, induction and early experiences of learning. We conduct a further survey in March to gain a fuller picture of learners' experience and feedback in respect of learning and teaching. Both of these surveys showed very positive results during 2020/21 and both continued a 4-year unbroken run of improved learner satisfaction. At 86%, this has improved by almost 5% over this period.

All survey outcomes are broken down by individual class groups, and Course Teams review and reflect on this feedback and identify and implement outcomes as a core part of our quality arrangements. Each survey is also discussed in detail and actions agreed at joint meetings between the senior leadership team and students' association.

The Scottish Funding Council carries out a survey across all colleges which has shown that a significantly higher proportion of participating students from Dundee and Angus College were either satisfied or very satisfied with their overall experience, compared with sector averages. This survey also showed a further increase in student satisfaction at D&A during 2020-21, increasing by 1% to 92.3% satisfaction.

The Dundee and Angus Students' Association (DASA) support a range of feedback and quality improvement mechanisms directly through c300 trained class and lead representatives and

Performance Analysis (continued)

operate highly innovative feedback systems to generate qualitative data to inform their work and improve student life. This work has continued and expanded despite periods of lockdown, with the Students' Association making extensive use of on-line feedback mechanisms (such as Padlet and Miro boards) and playing a key role in providing student input into all of our 'Project 2020' and 'Project 2021' reopening plans and COVID-19 adaptations and guidance.

DASA has played a significant and important part in informing and communicating the range of COVID-19 requirements throughout the year and have been shortlisted for a College Development Network (CDN) Award for this work. This is in addition to an award from NUS/SPARQs for their use of Service Design to engage learners and Board members.

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

Day One successful outcome data is usually published nationally by SFC in January/February of each year. This has been impacted by COVID-19, and national data for session 2019/20 was published in May 2021. This data showed very strong performance by D&A, including the top results for full-time further education learners (which account for c.60% of all College activity). Performance for other groups, including HE learners, Young Learners and Care Experienced learners were all very positive. D&A outcomes for all published learner groups were above Scottish averages.

A summary of D&A performance indicator outcomes is noted below.

Mode	Day One Successful Outcome			
	17/18	18/19	19/20	20/21
All Modes	76.5%	75.9%	76.5%	80.3%
Full Time – All	74.9%	70.8%	73.8%	76.5%
Full Time – FE	75.4%	70.2%	72.3%	73.6%
Full Time – HE	76.2%	71.7%	76.5%	81.9%
Part Time – All	79.0%	80.8%	80.3%	84.2%
Part Time – FE	78.4%	81.4%	80.3%	85.2%
Part Time – HE	76.9%	75.8%	80.6%	76.0%

Outcomes in 2019/20 and 2020/21 were impacted by COVID-19 and final outcomes were developed under different assessment adaptations and requirements. Figures for 2020/21 also include c.770 deferrals which make direct year-to-year comparisons more difficult.

Overall, however learner outcomes remain very strong and are anticipated to continue to be amongst the very best in Scotland. 2020/21 did see a significant increase in withdrawals up from 14.4% to 19.8% (+5.4%). This increase was not unexpected, with a significant spike arising during the second period of lockdown (January – April 2021).

The increase in withdrawals was, however, balanced by a reduction in partial success principally due to the provision of additional learning input for c 250 class groups and the utilisation of the

SQA Decision Tree 'Branch 4' arrangements for learners whose learning and assessment was impacted due to COVID-19.

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



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 and 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.

Table of cash budget for priorities spend		
	2020/21	2019/20
	£000	£000
Revenue		
2015-16 Pay award	473	473
Voluntary severance	125	96
Total impact on operating position	598	569
Capital		
Loan repayments	457	486
Total Capital	457	486
Total cash budget for priorities spend	1,055	1,055

Adjusted Operating Position

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

Performance Analysis (continued)

Adjusted operating position		
Revenue	2020/21 £000	2019/20 £000
Surplus/(deficit) before other gains and losses	(2,172)	(3,777)
Add back:		
Depreciation (Note12) (net of Deferred Capital Grant release (Note3+5))	1,345	3,010
Exceptional non-restructuring costs – Impairment	-	-
Non-cash pension adjustment – Net service cost (Note9)	3,105	1,993
Non-cash pension adjustment – Net interest cost (Note16+17)	347	274
Non-cash pension adjustment – Early retirement provision (Note17)	-	-
Deduct:		
Non-Government capital grants	-	-
Revenue funding allocated to loan repayments (Note15)	(457)	(486)
Adjusted operating surplus/(deficit)	2,168	1,014

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 2021, 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 2020/21 the average credit taken was 3 days.

Simon Hewitt
Principal

ACCOUNTABILITY REPORT

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

Corporate Governance Report

The Corporate Governance Report comprises the following sections:

- Directors’ Report
- Statement of the Board of Management’s Responsibilities
- Governance Statement
 - Statement of Compliance
 - Governance Structure
 - Corporate Strategy
 - Board’s Statement on Internal Control
 - Going Concern

Directors’ Report

Dundee and 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 2020/21 is included on the page 23. 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 28 and 29.

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 and Angus College’s activities and operations. A list of Executive Team members is included below:

Name	Designation	Note
Simon Hewitt	Principal	Started 01/08/21
Steven Taylor	Vice Principal People and Performance	
Jaki Carnegie	Vice Principal Corporate Services	
Julie Grace	Director of Curriculum and Attainment	Up to 08/11/20
	Vice Principal Curriculum and Attainment	Started 09/11/20
Kevin Murphy	Director of Curriculum and Attainment	Up to 15/01/21

Accountability Report (continued)

DUNDEE AND ANGUS COLLEGE - Board of Management Membership – 1 August 2020 – 31 July 2021

	Appointed	Term Ends	Status of Appointment	Profession/Specialism	Chairs
Angela McCusker Regional Chair	July 2014	03/07/22	Scottish Government Appointment	Business, Management, Finance	Board of Management Chairs Committee
George Robertson Vice Chair	March 2015	31/03/23	Ordinary Member	Finance, Management	Audit & Risk Committee
Simon Hewitt	August 2020	-	Principal		
Gary Bissett	June 2014	31/05/21	Ordinary Member	HR, Management, Manufacturing	
Donna Fordyce	April 2017	30/04/25	Ordinary Member	Economic Development, Enterprise, Fisheries, Retail Management	
Steven Mill	June 2021	31/05/25	Ordinary Member	Finance, Management	Finance & Property Committee
Pamela Milne	March 2015	31/03/21	Ordinary Member	HR, Management	Human Resources and Development Committee
Trisha Pirie	April 2017	30/04/25	Ordinary Member	Economic Development, Commercial Management, Enterprise	
Margo Williamson	June 2021	31/05/25	Ordinary Member	Management, Education	Learning, Teaching & Quality Committee
Michael Thomson	August 2018	31/05/21	Co-opted Member		
Kirsty Key	January 2019	31/12/22	Ordinary Member	Commercial, Governance, Third Sector Management	
Helen Honeyman	January 2019	31/12/22	Ordinary Member	Risk, Governance, HR Management	
Donald Mackenzie	January 2019	31/12/23	Ordinary Member	HR & OD, Corporate Communications Management	Human Resources and Development Committee
Neil Lowden	January 2019	31/12/22	Ordinary Member	Educational Management, Learning & Teaching, Educational Policy	

Accountability Report (continued)

Angela Wilson	December 2020	Resigned 15/09/21	Ordinary Member	Leadership, Management, Governance, Third Sector	
Kevin Ditcham	April 2021	31/03/25	Ordinary Member	Community Learning & Engagement, Management, Third Sector	
Sally Middleton	June 2021	31/05/25	Ordinary member	HE Learning & Teaching, Management, Access and Articulation	
Barry Carmichael	April 2019	31/03/23	Teaching Staff Member	Teaching Staff	
Sam Stirling	August 2019	31/07/23	Non-Teaching Staff Member	Non-Teaching Staff	
Cher Meldrum	August 2019	31/07/21	Student Member	Student	
Amy Monks	August 2019	31/07/22	Student Member	Student	
Nicola Dowie	August 2021	31/07/22	Student Member	Student	

Statement of the Board of Management's Responsibilities

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

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

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

The Board of Management is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the College. This ensures that financial statements are fully accurate and meet the requirements of the Further and Higher Education (Scotland) Acts (1992 and 2005), the Statement of Recommended Practice on Accounting for Further and Higher Education, the 2020-21 Government Financial Reporting Manual (FReM) issued by HM Treasury and other relevant accounting standards.

Within the terms and conditions of the Financial Memorandum agreed between the College and the Scottish Funding Council, the Board of Management approves financial statements for each financial year that give a true and fair view of the College's state of affairs and of the surplus or deficit and cash flows for that year.

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

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

- suitable accounting policies are selected and applied consistently
- judgements and estimates are made that are reasonable and prudent
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements

Accountability Report (continued)

- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the College will continue in operation. The Board of Management is satisfied that it has adequate resources to continue in operation for the foreseeable future and for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Board of Management has taken reasonable steps to:

- ensure that funds from the Scottish Funding Council are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe
- Establish that the auditors are aware of all relevant information, and that there is no relevant audit information of which the auditors are unaware
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources
- safeguard the assets of the College and prevent and detect fraud
- secure the economical, efficient and effective management of the College's resources and expenditure

The key elements of the College's system of internal financial control that discharge the responsibilities set out above include the following:

- a comprehensive medium and short-term financial planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets, reviewed and approved annually by the Board of Management and monitored regularly by the Finance & Property Committee
- a suite of reporting that involves regular reviews of key performance indicators monitored by the appropriate Board Committee
- a Strategic Risk Register that is monitored and reviewed regularly by the Board and the Audit & Risk Committee (more detail on the Risk Register is provided on page 34)
- clear definitions of the responsibilities of, and the authority delegated to senior staff which is reviewed periodically by the Board of Management
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board of Management

Accountability Report (continued)

- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit & Risk Committee and Finance & Property Committee
- the College has appointed Internal Auditors whose annual programme is approved by the Audit Committee and endorsed by the Board of Management and whose head provides the Board of Management with a report on internal audit activity within the College and an opinion on the adequacy and effectiveness of the College's system of internal control, including internal financial control (more detail on the work and opinion of the Internal Auditors is provided on pages 33 and 34)

Governance Statement

Introduction

Dundee and 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 2021 and reports the Board's assessment of the effectiveness of these arrangements.

Statement of Compliance

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

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

Governing Body and Governance Structure

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

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

Accountability Report (continued)

supported by a development plan of improvement actions that are recorded and closed out on an annual rolling basis.

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

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

A lay member of the Board chairs all the Committees, with each also appointing a Vice Chair to support in the effective operation of Committee business. The Board and Committees normally meet four times per annum. All meetings have been successfully transferred on-line and a Microsoft team site created for the Board and Committees.

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

A list of Committee Members for 2020/21 is included on pages 23 and 24.

The **Chairs' Committee** met three times in 2020-21 to inform the future work and development of the Board, to undertake its role as Remuneration Committee, and to monitor and support arrangements as a result of the COVID-19 pandemic. 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 2020-21 the Committee has considered and monitored key actions arising from the COVID-19 Risk Register (including College responses to the Audit Scotland COVID-19 Guide for Audit & Risk Committees).

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.

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

Accountability Report (continued)

approved budgets. It reviews the effectiveness of financial management and monitors financial controls, ensuring appropriateness of and compliance with the Financial Regulations.

Significant work was progressed during 2020-21 on the redevelopment of the Kingsway campus. This has included rapid response to the need to demolish the former library building on the Kingsway site (due to structural faults) and progression of alternative new build plans to replace accommodation within the Kingsway site. This work was supported by the Scottish Funding Council and the College is grateful for the rapid response and support provided.

The **Human Resources and 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. This has included consideration of the staffing and wellbeing impacts of the COVID-19 pandemic and input to future workforce planning needs in respect of new ways of working post pandemic.

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.

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

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

All current Board members have received clear induction into their roles from the Chair and Board Secretary and have attended comprehensive Board member induction development session provided by the College. In addition, all Board members have attended 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 questionnaires provide clear information to inform individual and collective evaluation and action planning.

Three strategic development sessions have been held during 2020-21. This has included update, discussion and input in respect of the [SFC Review of Coherent Provision and Sustainability](#) and innovative service design work in partnership with the Students' Association to inform and co-create the 'College of the Future'.

To support the effectiveness of Board operations, the Board is one of a select number of colleges participating in a four nations study. "Processes and practices of governing in further

Accountability Report (continued)

education colleges in the UK: How do governing boards realise the strategic aims of the organisation?” is a University of Stirling Economic & Social Research Council funded research project. The main focus of the study was to observe and video meetings of the College Board of Management held between January and December 2019. This work was completed during 2020-21 with work developed in respect of the approach of Boards in determining strategy, and how Boards are operating on a remote/on-line basis. It is anticipated that the outcomes of the research project was published in October 2021.

DUNDEE & ANGUS COLLEGE - BOM & Committee Attendance Record – 1 August 2020 – 31 July 2021

Member's Name	Board of Management	Audit & Risk Committee	Finance & Property Committee	HR & Development Committee	Learning, Teaching & Quality Committee
Angela McCusker	4 / 4		4 / 4		4 / 4
Margo Williamson	2 / 4	4 / 4			4 / 4
Gary Bissett	0 / 3		0 / 3	0 / 3	
Steven Mill	4 / 4		4 / 4		4 / 4
Pamela Milne	4 / 4	4 / 4		3 / 3	
George Robertson	4 / 4	4 / 4			4 / 4
Simon Hewitt	4 / 4		4 / 4	4 / 4	4 / 4
Michael Thomson	4 / 4	4 / 4			3 / 4
Donna Fordyce	4 / 4		4 / 4	4 / 4	
Trisha Pirie	3 / 4	2 / 3		3 / 4	
Kirsty Keay	4 / 4	3 / 4		4 / 4	
Helen Honeyman	3 / 4	4 / 4			3 / 4
Donald Mackenzie	4 / 4		3 / 4	4 / 4	
Neil Lowden	4 / 4		3 / 4		2 / 4
Barry Carmichael	4 / 4		4 / 4	4 / 4	4 / 4
Sam Stirling	4 / 4		4 / 4	4 / 4	4 / 4
Cher Meldrum	4 / 4				4 / 4
Amy Monks	4 / 4				4 / 4
Kevin Ditcham	3 / 3		1 / 2		2 / 2
Angela Wilson	3 / 3	2 / 3		2 / 2	

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. The timing of events is arranged to facilitate Board Members' input to the College's Regional Outcome Agreement.

During 2020-21 these events have been successfully transferred on-line and have supported the Board and senior leadership team in future planning as outlined above.

Board's Statement on Internal Control

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

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

- Establish the overall culture and ethos in respect of risk and opportunity management within the College.
- Determine the appropriate risk appetite (the level of exposure with which the Board is comfortable) for the College that balances risk with opportunity.
- Approve major decisions affecting the College risk profile or exposure in accordance with appropriate financial strategy and procedures and agreed delegation limits.
- Ensure that risk management is integrated in strategic planning activities and 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.

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.

Accountability Report (continued)

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 2020/21 to embed Board visibility and oversight of major procurement spend and contracts. Financial Regulations were revised during 2021 to better align financial responsibilities 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 2020/21 the Internal Auditors undertook the following reviews:

Audit Area	Report Grades *	Number of Actions Outstanding (& Action Grades**)		
		1	2	3
Health, Safety & Wellbeing	Good	No recommendations		
Finance – Budgetary Control	Satisfactory	-	-	1
Economic Recovery	Good	-	-	1
National Fraud Initiative	Good	No recommendations		
Systems Development / Implementation	Good	No recommendations		
Student Activity Data	Audit opinion unqualified	-	-	-
Student Support Funds	Audit opinion unqualified	-	-	-
	Total	-	-	2

There are two partially completed outstanding recommendations from 2019/20 internal audits.

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

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

*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.

Accountability Report (continued)

** 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 2020/21 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. To support management of ongoing additional risks as a result of COVID-19 a further specific Risk Register is also in operation.

The following table sets out the strategic risks for which the underlying risk has been scored as “major”. It records the residual risk, with no risks shown as “major” and four as “significant”, following the mitigating actions that have been taken.

Risk	Before mitigation	After mitigation
Failure of College strategy to meet the needs of the D&A Region and/or national priorities	Major	Minor
College disadvantaged by changes arising from UK leaving European Union	Major	Significant
New: College disadvantaged as a result of changes arising from major national educational body reviews: SFC, SQA, EdS	Major	Minor
Failure to achieve institutional sustainability	Major	Significant
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
Disasters – e.g. Fire, MIS Failure, Failure of Emergency Procedures	Major	Minor

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

Accountability Report (continued)

In addition to this, the following COVID-19 specific risks are also highlighted. This notes the residual risk, with no risks shown as “major” and one as “significant”, following the mitigating actions that have been taken.

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

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

A full independent review into the attack, how it occurred, and lessons learned was undertaken by the JISC CSIRT (Computer Security Incident Response Team) in the weeks after the incident and a report prepared for the Board of Management. The Audit & Risk Committee monitored progress to effect the 12 recommendations made in the report and all have been implemented with the exception of one; the progression of the College’s ‘Cloud First’ strategy, which will be progressed over a period of a few years and progress reported to the Finance & Property Committee.

2020 saw the second time that the College has participated in the National Fraud Initiative (NFI) which is a data-matching exercise led by Audit Scotland to aid the detection of fraudulent payments. NFI allows public bodies to investigate matches and, if fraud or error has taken place, to stop payments and attempt to recover the amounts involved. It also allows auditors to assess the arrangements that bodies have put in place to prevent and detect fraud, including how they approach the NFI exercise itself. The investigative work did not identify any frauds. There was one error which was corrected. The NFI Audit report provided us with a “Good” level of assurance.

The Internal Audit on the National Fraud Initiative was scheduled with the aim of coinciding with the investigation matches becoming available. As reported above, the Internal Audit report provided a “Good” report grade, with no recommendations made.

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 all Board papers, this report is publicly available on the College website.

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

Significant Control Issues/Weaknesses

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

Going Concern

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

Conclusion

The Board of Management is of the view that there is an ongoing process for identifying, evaluating and managing the institution's significant risks that have been in place for the period ended 31 July 2021 up to the date of approval of the annual reports and accounts. This process is regularly reviewed by the Board of Management and accords with the internal control guidance as applicable to the further education sector.

Remuneration and Staff Report

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

Remuneration Policy

Annually the remuneration of the Principal and Executive Team is the subject of a discussion at the Chairs' Committee – which serves as a Remuneration Committee. A pay award from 1 September 2020 to 31 August 2021 was approved by the Board Chairs Committee based on 2% capped at £2,000.

*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 2021			year ended 31 July 2020		
	Salary Band £000	Pension Benefit £000	Band Total £000	Salary Band £000	Pension Benefit £000	Band Total £000
Ms A McCusker	15-20	-	15-20	10-15	0	10-15
Mr S Hewitt	120-125	90-95	210-215	85-90	25-30	115-120
Mr S Taylor	85-90	15-20	105-110	85-90	55-60	140-145
Ms J Carnegie	85-90	20-25	110-115	85-90	20-25	105-110
Mrs J Grace	80-85	140-145	225-230	65-70	40-45	105-110
Mr K Murphy	30-35(FYE65-70)	0-5	35-40	65-70	35-40	100-105

Post titles are provided on page 22.

Median Remuneration

Colleges are 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 banded remuneration of the highest paid official in the organisation in the financial year 2020-21 was £120,000-£125,000 (2019-20 £135,000-£140,000). This was 3.4 times (2019-20: 3.6 times) the median remuneration of the workforce which in the financial year 2020-21 was £36,217 (2019-20 £37,514). The lowest paid employee salary was £17,290 (2019-20 £16,926).

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 2020-21 issued by HM Treasury.

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

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

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

*Senior Officials Pension

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

Name	Accrued pension at pension age at 31 July 2021	Accrued lump sum at pension age at 31 July 2021	Real increase in pension 1 August 2020 to 31 July 2021	Real increase in lump sum 1 August 2020 to 31 July 2021	CETV at 31 July 2021	CETV at 31 July 2020	Real increase in CETV
	£000	£000	£000	£000	£000	£000	£000
Mr S Hewitt	20-25	0-5	5-7.5	0-2.5	232	174	43
Mr S Taylor	50-55	0-5	0-2.5	0-2.5	752	719	23
Ms J Carnegie	0-5	0-5	0-2.5	0-2.5	48	26	11
Mrs J Grace	40-45	0-5	7.5-10	0-2.5	523	418	95
Mr K Murphy	20-25	45-50	0-2.5	-2.5-0	419	407	8

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.

Accountability Report (continued)

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 2021 the College employed 698 full-time equivalent staff. At 31 July 2021 the staff headcount was 949 comprising of 602 females and 347 males.

Full disclosure of staff costs of £35,445,000 is given in Note 9 to the Accounts.

Disclosure of Agency staff costs, of £349,000 is given in Note 11. Other than one individual engaged under a shared service agreement, with Advanced Procurement for Universities and Colleges, all amounts are paid for temporary staff on an ad hoc basis to cover staff absence or to obtain specialisms not available from permanent staff.

Working time lost through sickness was 1.2%, which is reduced from 2.48% in 2019/20. It is felt that the periods of lockdown and working from home have impacted significantly on this figure.

Staff Turnover (non-forced) during 2020/21 was 6.6%.

Like all organisations, 2020/21 has been a significant challenge as a result of the COVID-19 pandemic and the January - April 2021 lockdown.

This prolonged period of lockdown, following on from the first lockdown period and the limitations on much of the College's face to face delivery at the start of the academic year has proven difficult for students and staff alike.

Accountability Report (continued)

Significant input was put into supporting staff, including revising budget arrangements to focus additional funding to support academic teams to cope with the prolonged period of remote and on-line learning. This included reallocating c £200k of funds in December 2020 to support additional remission and to provide additional time input for student support plus the utilisation of the £879k funding allocated by SFC in March 2021.

These funds have supported the College to minimise the level of deferrals (reduced from an initial estimate of 2,658 to an actual of 770) whilst also reducing the level of learning activity that needed to be deferred (from an estimate of c31% to an actual of c4.8%)

Throughout 2020/2021 D&A staff played a significant role in supporting the identification of key needs for students to offset the impact and learning loss associated with the second lockdown. This included input to the revised 'Branch 4' assessment arrangements with the Scottish Qualifications Authority and detailed national planning to reduce the likely number of students needing to defer outcomes into 2021/22.

Regular meetings and discussions continued with our trade unions throughout the year, and briefings for managers were held to update on local and national developments.

Building on our People Strategy and the creation of 'The D&A Way' leadership principles, the challenges of 2020/21 have been faced in a positive and purposeful way, and managers, staff, unions and our students' association have worked together to overcome the challenges faced in the best way that we can.

This has included the development of a series of workstreams to take forward the key tasks required post cyber-attack and as a result of the COVID-19 pandemic. These workstreams have engaged staff, union and students' association membership in these critical activities and work tasks. All of this work has been completed to a very high standard to support the continuation of College services whilst maintaining all health and safety requirements and mitigations.

All COVID-19 developments have been supported by the following overarching principles.

1. The Health, Safety and Wellbeing of staff, students and visitors is of paramount importance at all times.
2. Ongoing reference will be made to the most up to date Scottish Government endorsed scientific advice and guidance. Guidance from the [Scottish Government four phase approach](#) will inform specific timescales and this national guidance will underpin, and be used to inform, clear decisions making.
3. Personal Protective Equipment (PPE) required for college educational settings through Scottish Government or Health and Safety Executive guidance (and for specific vocational activities where appropriate) will be available.
4. Plans and arrangements will take due account of required approaches for social distancing, shielding and engagement with the [Scottish Government Test and Protect Strategy](#).

This has also been supported by a joint statement reinforcing the necessary health and safety requirements and signed by the College, our academic and support unions and our Students' Association.

Accountability Report (continued)

To help to reduce concerns, encourage awareness, and ensure that COVID-19 related issues or points were picked up quickly, a COVID-19 response group was created to bring together senior leadership, operational management, union and DASA representatives (initially on a daily basis) to share experiences around the implementation of COVID-19 mitigations and pick up any issues or areas of concern. This group met throughout the year (and continues to do so) and is an important part of the College approach to positive communication and sharing of experience to support both students and staff.

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):

- 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 and 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

Accountability Report (continued)

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):

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

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

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

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

*Compensation for loss of office

The table below summarises the exit packages by cost band.

	2021	2021	2021	2020
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	-	3	3	-
£10,000 - £25,000	-	8	8	1
£25,000 - £50,000	-	1	1	3
£50,000 - £100,000	-	1	1	1
Total number of exit packages	-	13	13	5
Total cost (£)	-	255,084	255,084	169,950

***Salaries and Related costs**

	2021	2021	2021	2020
	Directly employed staff on permanent UK contracts £000s	Other staff including short-term contract, seconded and agency staff £000s	Total	Total
Wages and salaries	21,468	3,852	25,320	24,372
Social security costs	1,986	326	2,312	2,226
Other pension costs	6,744	1,107	7,851	6,540
Total	30,198	5,285	35,483	33,138
Average number of FTE	586	117	703	716

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 2021.

Relevant Union Officials

Number of Employees who were relevant union officials during the relevant period:	Full-time equivalent employee number:
10	9

Percentage of time spent on facility time

Percentage:	Number of Employees:
0%	0
1%-50%	10
51%-99%	0
100%	0

Percentage of pay bill spent on facility time

Total cost of facility time:	£63,359
Total bill pay:	£32,085,000
Percentage of the total pay bill spent on facility time:	0.20%

Paid trade union activities

Time spent on trade union activities as a percentage of total paid facility time hours:	5%
---	----

Signed on Behalf of the Board of Management on 14 December 2021.

**Simon Hewitt
Principal**

INDEPENDENT AUDITORS REPORT

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

Report on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of Dundee and Angus College and its group for the year ended 31 July 2021 under the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Consolidated and College Statement of Comprehensive Income, Consolidated and College Statement of Changes in Reserves, Consolidated and College Statement of Financial Position, Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council of the state of the affairs of the college and its group as at 31 July 2021 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 7 June 2021. This is my first year of appointment. I am independent of the college and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the college. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

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

Independent Auditor's Report (continued)

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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.

Risks of material misstatement

I report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Board of Management for the financial statements

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

In preparing the financial statements, the Board of Management is responsible for assessing the 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 deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of

Independent Auditor's Report (continued)

manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

The Board of Management is responsible for ensuring the regularity of expenditure and income. In addition to my responsibilities to detect material misstatements in the financial statements in respect of irregularities, I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

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

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

Statutory other information

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

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

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

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

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

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the

Independent Auditor's Report (continued)

financial statements and that report has been prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council; and

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

Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

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

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

14 December 2021

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

PROFESSIONAL ADVISERS

External Auditor

Audit Scotland
4th Floor, South Suite
8 Nelson Mandela Place
Glasgow
G2 1BT

Internal Auditor

MHA Henderson Loggie
20 Greenmarket
Dundee
DD1 4QB

Banking

The Royal Bank of Scotland
277 Strathmartine Road
Dundee
DD3 8NS

Santander UK PLC
301 St Vincent St
Glasgow
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 2021

		Consolidated		College	
	Note	2021 £000	2020 £000	2021 £000	2020 £000
Income					
Funding body grants	3	37,831	36,204	37,831	36,204
Tuition fees and education contracts	4	5,532	5,376	5,532	5,376
Other grants and contracts	5	1,564	1,247	1,523	1,247
Other income	6	1,741	2,236	1,739	2,108
Investment income	7	1	7	1	7
Donations and endowments	8	-	248	-	248
Total income		46,669	45,318	46,626	45,190
Expenditure					
Staff costs	9	35,190	32,990	35,174	32,918
Exceptional restructuring costs	9	255	170	255	170
Other operating expenses	11a	9,201	9,788	9,175	9,731
Depreciation	12	3,706	5,727	3,706	5,727
Interest and other finance costs	11b	489	420	489	420
Total expenditure		48,841	49,095	48,799	48,966
(Deficit)/Surplus before other gains/ (losses) and share of operating surplus/ (deficit) of associates		(2,172)	(3,777)	(2,173)	(3,776)
Gain/(Loss) on disposal of assets		11	-	11	-
Surplus/(Deficit) for the year		(2,161)	(3,777)	(2,162)	(3,776)
Actuarial (loss)/gain in respect of pension scheme		11,806	(11,196)	11,806	(11,196)
Unrealised surplus on revaluation of tangible fixed assets		-	894	-	894
Total comprehensive income for the year		9,645	(14,079)	9,644	(14,078)
		9,645	(14,079)	9,644	(14,078)

Consolidated and College Statements (continued)

For the year ended 31 July 2021

	Consolidated		College	
Note	2021 £000	2020 £000	2021 £000	2020 £000
Represented by:				
Unrestricted comprehensive income for the year	9,645	(14,079)	9,644	(14,078)
	<u>9,645</u>	<u>(14,079)</u>	<u>9,644</u>	<u>(14,078)</u>
(Deficit)/Surplus for the year attributable to:				
College	(2,161)	(3,777)	(2,162)	(3,776)
	<u>(2,161)</u>	<u>(3,777)</u>	<u>(2,162)</u>	<u>(3,776)</u>
Total comprehensive (expenditure)/income for the year attributable to:				
Group/College	9,645	(14,079)	9,644	(14,078)
	<u>9,645</u>	<u>(14,079)</u>	<u>9,644</u>	<u>(14,078)</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 (continued)

Consolidated & College Statement of Changes in Reserves For the year ended 31 July 2021

	Income Expenditure Reserve	Revaluation Reserve	Total
Consolidated	£000	£000	£000
Balance at 1 August 2019	11	27,910	27,921
Surplus/(Deficit) from the Consolidated Statement of Comprehensive Income	(3,777)	-	(3,777)
Actuarial Gain/(Loss)	(11,196)	-	(11,196)
Revaluation surplus	-	894	894
Transfers between revaluation and income and expenditure reserve	2,253	(2,253)	-
Total comprehensive income for the year	(12,720)	(1,359)	(14,079)
Balance at 1 August 2020	(12,709)	26,551	13,842
Surplus/(Deficit) from the Consolidated Statement of Comprehensive Income	(2,161)	-	(2,161)
Actuarial Gain/(Loss)	11,806	-	11,806
Revaluation surplus	-	-	-
Transfers between revaluation and income and expenditure reserve	694	(694)	-
Total comprehensive income for the year	10,339	(694)	9,645
Balance at 31 July 2021	(2,370)	25,857	23,487
College			
Balance at 1 August 2019	(34)	27,910	27,876
Surplus/(Deficit) from the College Statement of Comprehensive Income	(3,776)	-	(3,776)
Actuarial Gain/(Loss)	(11,196)	-	(11,196)
Revaluation	-	894	894
Transfers between revaluation and income and expenditure reserve	2,253	(2,253)	-
Total comprehensive income for the year	(12,719)	(1,359)	(14,078)
Balance at 1 August 2020	(12,753)	26,551	13,798
Surplus/(Deficit) from the College Statement of Comprehensive Income	(2,162)	-	(2,162)
Actuarial Gain/(Loss)	11,806	-	11,806
Revaluation surplus	-	-	-
Transfers between revaluation and income and expenditure reserve	694	(694)	-
Total comprehensive income for the year	10,338	(694)	9,644
Balance at 31 July 2021	(2,415)	25,857	23,442

There are no endowment or restricted reserves.

Consolidated & College Statement (continued)

Consolidated & College Statement of Financial Position as at 31 July 2021

		Consolidated		College	
	Note	2021 £000	2020 £000	2021 £000	2020 £000
Non-current assets					
Fixed assets	12	67,648	69,786	67,648	69,786
Trade & other receivables	13	603	554	603	554
		68,251	70,340	68,251	70,340
Current assets					
Stocks		6	17	4	14
Trade & other receivables	13	3,640	3,253	3,633	3,247
Cash and cash equivalents		5,853	3,757	5,806	3,712
		9,499	7,027	9,443	6,973
Creditors: amounts falling due within one year	14	9,096	8,341	9,085	8,331
Net current assets/(liabilities)		403	(1,314)	358	(1,358)
Total assets less current liabilities		68,654	69,026	68,609	68,982
Less: Creditors falling due after more than one year	15	27,213	28,480	27,213	28,480
Net assets excluding pension liability		41,441	40,546	41,396	40,502
Funded pension liability	16	14,552	22,509	14,552	22,509
Unfunded pension liability	17	3,402	4,195	3,402	4,195
Total net assets		23,487	13,842	23,442	13,798
Unrestricted reserves					
Income and expenditure reserve – unrestricted		(2,370)	(12,709)	(2,415)	(12,753)
Revaluation reserve		25,857	26,551	25,857	26,551
Total reserves		23,487	13,842	23,442	13,798

The financial statements were approved and authorised for issue by the Board of Management on 14 December 2021 and signed on its behalf by:

Angela McCusker– Chair

Simon Hewitt – Principal

Consolidated Statement of Cash Flows For the year ended 31 July 2021

	Note	2021 £000	2020 £000
Cash flow from operating activities			
(Deficit) for the year		(2,161)	(3,777)
Adjustment for non-cash items			
Depreciation	12	3,706	5,727
Impairment reversal		-	-
(Increase)/Decrease in stocks		11	2
(Increase)/Decrease in debtors		(436)	(701)
Increase/(Decrease) in creditors		259	1,632
Pension costs less contributions payable		3,056	1,867
Adjustment for investing or financing activities			
Investment income	7	(1)	(7)
Interest payable	11b	142	146
Gain on the sale of fixed assets		(11)	-
Release of deferred capital grants		(2,361)	(2,717)
Net cash inflow from operating activities		2,204	2,172
Cash flow from investing activities			
Proceeds from sale of fixed assets		11	-
Proceeds from sale of assets held for disposal		-	-
Investment income		1	7
Deferred capital grants received		1,642	92
Non-government capital grants		-	-
Payments made to acquire fixed assets		(1,167)	(36)
Net cash outflow from investing activities		487	63
Cash flow from financing activities			
Interest paid		(142)	(146)
Repayments of amounts borrowed		(453)	(482)
Net cash outflow from financing activities		(595)	(628)
(Decrease)/Increase in cash and cash equivalents in the period		2,096	1,607
Cash and cash equivalents at beginning of the period		3,757	2,150
Cash and cash equivalents at end of the period		5,853	3,757

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 2020-21 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 which have been reviewed and are considered reasonable and appropriate.

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

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

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

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

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

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

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

All income from short-term deposits and investments is credited to the Consolidated Statement of Comprehensive Income on a receivable basis.

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

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

Notes to the Financial Statements (continued)

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

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

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

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

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms of the restriction applied to the individual endowment fund. There are four main types of donations and endowments identified within reserves:

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

Capital Grants Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met. The funds will be held in deferred income under creditors until conditions are met.

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

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

Notes to the Financial Statements (continued)

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.

Notes to the Financial Statements (continued)

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.

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

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

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July 2021. They are not depreciated until they are brought into use.

(b) Property Revaluation

In accordance with the 2020-21 Government Financial Reporting Manual (FReM) issued by the Scottish Government, the tangible fixed assets are required to be valued on the current value basis. Quinquennial valuations are undertaken with interim valuations in year three.

(c) Subsequent Expenditure on Existing Fixed Assets

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

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

(d) Equipment

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

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

Notes to the Financial Statements (continued)

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

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

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

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

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

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

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

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

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

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.

Notes to the Financial Statements (continued)

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

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

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

Creditors Short Term Creditors are measured at transaction price.

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

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

Agency Arrangements The College acts as an agent in the collection and payment of certain Student Support Funds. These funds are excluded from the Consolidated Statement of Comprehensive Income, and movements have been disclosed in the notes to the financial statements. Where the College has more discretion in the manner in which specific funds are disbursed, and those funds do not meet the definition of agency funds, the income and expenditure related to those funds are shown in the Consolidated Statement of Comprehensive Income.

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

The College is partially exempt from VAT.

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

Notes to the Financial Statements (continued)

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

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

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

	Consolidated		College	
	2021	2020	2021	2020
2	£000	£000	£000	£000
Government Non-cash allocation for depreciation				
Surplus/(deficit) before other gains and losses (FE/HE SORP basis)	(2,161)	(3,777)	(2,162)	(3,776)
Add back: Non-cash allocation for depreciation (net of deferred capital grant)	1,055	1,055	1,055	1,055
Operating surplus/(deficit) on Central Government accounting basis	(1,106)	(2,722)	(1,107)	(2,721)

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

The deficit is attributable to other factors reflected in the adjusted operating table and also the impact of COVID-19 as explained in the performance report on pages 3 to 21.

Under the FE/HE SORP, the college recorded a consolidated operating deficit of £2,161,000 for the year ended 31 July 2021. After taking account of the Government non-cash budget, the college shows an “adjusted” consolidated deficit of £1,106,000 on a Central Government accounting basis.

Notes to the Financial Statements (continued)

	Consolidated		College	
	2021 £000	2020 £000	2021 £000	2020 £000
3 Scottish Funding Council grants				
SFC recurrent grant	30,731	28,911	30,731	28,911
SFC childcare funds	669	998	669	998
Release of deferred capital grants	2,257	2,508	2,257	2,508
Capital grants	2,297	2,243	2,297	2,243
Additional funding for COVID-19	898	-	898	-
Other SFC grants	979	1,544	979	1,544
	37,831	36,204	37,831	36,204

SFC recurrent grant has been restated for 2020 from £27,840 previously reported, to include grant income from delivery of ESF Credits. The corresponding adjustment is against Other SFC grants.

	Consolidated		College	
	2021 £000	2020 £000	2021 £000	2020 £000
4 Tuition Fees and Education Contracts				
FE fees - UK & EU	365	419	365	419
FE fees – non EU	66	100	66	100
HE fees	2,976	2,961	2,976	2,961
Education contracts	2,117	1,889	2,117	1,889
Other contracts	8	7	8	7
	5,532	5,376	5,532	5,376

	Consolidated		College	
	2021 £000	2020 £000	2021 £000	2020 £000
5 Other Grants and Contracts				
European funds	149	89	149	89
Releases of deferred capital grants (non SFC)	104	209	104	209
Other grant income	1,311	949	1,270	949
	1,564	1,247	1,523	1,247

Notes to the Financial Statements (continued)

	Consolidated		College	
	2021 £000	2020 £000	2021 £000	2020 £000
6 Other Income				
Residences, catering and conferences	102	864	102	835
Other income-generating activities	383	600	381	501
Coronavirus Job Retention Scheme grant	1,163	702	1,163	702
Other income	93	70	93	70
	1,741	2,236	1,739	2,108

The College furloughed staff who were unable to work from home, from areas such as catering etc. The funding received of £1,163,000, (2020 £702,000) relates to staff costs which are included in the costs reported within Note 9 below.

	Consolidated		College	
	2021 £000	2020 £000	2021 £000	2020 £000
7 Investment Income				
Interest receivable	1	7	1	7
	1	7	1	7

	Consolidated		College	
	2021 £000	2020 £000	2021 £000	2020 £000
8 Donations and Endowment				
Donations	-	248	-	248
	-	248	-	248

A donation of nil (2020 £248,000) was received from Dundee and Angus Foundation.

Notes to the Financial Statements (continued)

9	Staff Costs	Consolidated		College	
		2021 £000	2020 £000	2021 £000	2020 £000
	Wages and salaries	25,027	24,224	25,012	24,162
	Social security costs	2,312	2,226	2,312	2,219
	Other pension costs	7,851	6,540	7,850	6,537
	Exceptional restructuring costs	255	170	255	170
		35,445	33,160	35,429	33,088

Staff Costs (continued)	Consolidated		College	
	2021 £000	2020 £000	2021 £000	2020 £000
Academic/Teaching departments	20,674	19,663	20,674	19,663
Academic/Teaching services	694	627	694	627
Administrative and central services	11,566	10,461	11,550	10,389
Premises	1,575	1,575	1,575	1,575
Catering and Residences	681	664	681	664
Sub-total	35,190	32,990	35,174	32,918
Exceptional restructuring costs	255	170	255	170
	35,445	33,160	35,429	33,088

The Exceptional restructuring costs relate to a Voluntary Severance Scheme.

Pension liabilities to present and former staff of £3,105,000 (2020: £1,993,000) and the Apprenticeship Levy of £103,000 (2020: £98,000) 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	
	2021 Number	2020 Number	2021 Number	2020 Number
Academic/teaching departments	402	410	402	410
Academic/teaching services	19	20	19	20
Administrative and central services	197	199	196	197
Premises	53	55	53	55
Catering and residences	27	27	27	27
Total	698	711	697	709

Through National Pay Bargaining, both academic and support annual pay award settlements have rationalised from September 2020.

Support Staff received a consolidated pay award for 1 September 2020 to 31 August 2021 of Public Sector Pay Policy of 2% on all salary points (as at 1st April 2020). There was a minimum payment of £750 (FTE) and a maximum payment of £2,000.

Lecturing staff also received a consolidated pay award for 1 September 2020 to 31 August 2021 of 2% for all unpromoted and promoted scale points.

Members of the College Executive and Senior Leadership Team's pay award from 1 September 2020 to 31 August 2021, approved by the Board Chairs Committee was also 2% capped at £2,000.

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	
	2021	2020	2021	2020
£60,001 - £70,000	4	2	-	-
£70,001 - £80,000	-	-	-	1
£80,001 - £90,000	3	3	1	-
£120,001 - £130,000	1	-	-	-
£130,001 - £140,000	-	1	-	-
	8	6	1	1

Notes to the Financial Statements (continued)

10 Senior Post-Holders' Emoluments	Year to 31 July 2021 Number	Year to 31 July 2020 Number
The number of senior post-holders including the Principal was:	10	10
	000	£000
Salaries	718	762
Pension contributions	148	159
Total emoluments	<u>866</u>	<u>921</u>

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

	Year to 31 July 2021 £000	Year to 31 July 2020 £000
Salary	120	136
Pension contributions	<u>27</u>	<u>30</u>
	<u>147</u>	<u>166</u>

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

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

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

	Year to 31 July 2021 £000	Year to 31 July 2020 £000
Compensation for the loss of office paid to senior post holders	-	-

Notes to the Financial Statements (continued)

11a	Other Operating Expenses	Consolidated		College	
		2021 £000	2020 £000	2021 £000	2020 £000
	Academic/teaching departments	860	895	860	895
	Academic/teaching services	114	119	114	119
	Administration and central services	3,272	3,154	3,272	3,154
	Premises costs	3,832	3,946	3,832	3,946
	Catering and residence operations	80	420	79	409
	Other Income Generating Activities	25	46	-	-
	SFC Childcare funds	669	998	669	998
	Agency staff costs	349	210	349	210
	Total	9,201	9,788	9,175	9,731

	Consolidated		College	
	2021 £000	2020 £000	2021 £000	2020 £000
Other operating expenses include:				
External Auditor's remuneration				
- in respect of these financial statements	28	26	25	24
Internal Auditor's remuneration				
- internal audit	10	11	10	11
- other services	7	8	7	8

Notes to the Financial Statements (continued)

		Consolidated		College	
11b	Interest and Other Finance Costs	2021	2020	2021	2020
		£000	£000	£000	£000
	Loan	142	146	142	146
	Pension	347	274	347	274
		<u>489</u>	<u>420</u>	<u>489</u>	<u>420</u>
		<u><u>489</u></u>	<u><u>420</u></u>	<u><u>489</u></u>	<u><u>420</u></u>
12	Property, Plant and Equipment	Consolidated		College	
		Land and Buildings	Assets under construction	Equipment	Total
		£000	£000	£000	£000
	Valuation/Cost				
	At 31 July 2020	99,010	77	7,294	106,381
	Disposals	-	-	(234)	(234)
	Additions		1,402	166	1,568
	Transfers	100	(100)	-	-
	At 31 July 2021	<u>99,110</u>	<u>1,379</u>	<u>7,226</u>	<u>107,715</u>
	Depreciation				
	At 31 July 2020	29,932	-	6,663	36,595
	Disposals	-	-	(234)	(234)
	Charge for year	3,402	-	304	3,706
	At 31 July 2021	<u>33,334</u>	<u>-</u>	<u>6,733</u>	<u>40,067</u>
	Net Book Value				
	At 31 July 2020	69,078	77	631	69,786
	At 31 July 2021	<u>65,776</u>	<u>1,379</u>	<u>493</u>	<u>67,648</u>

Land and Buildings with a net book value of £39,148,000 have been financed by exchequer funds.

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

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

Notes to the Financial Statements (continued)

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

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

	2021 £000	2020 £000
Cost	81,618	79,435
Aggregate depreciation based upon cost	<u>(39,797)</u>	<u>(37,092)</u>
Net book value	<u>41,821</u>	<u>42,343</u>

13 Debtors	Consolidated		College	
	2021 £000	2020 £000	2021 £000	2020 £000
Amounts falling due within one year:				
Trade Debtors	330	261	330	259
Prepayments / Accrued Income	3,310	2,992	3,303	2,988
	<u>3,640</u>	<u>3,253</u>	<u>3,633</u>	<u>3,247</u>
Amounts falling due after more than one year:				
Prepayments / Accrued Income	603	554	603	554
	<u>603</u>	<u>554</u>	<u>603</u>	<u>554</u>

Debtors include £2,480,000 (2020: £2,112,000) due from the Scottish Funding Council.

Notes to the Financial Statements (continued)

14 Creditors: amounts falling due within 1 year	Consolidated		College	
	2021 £000	2020 £000	2021 £000	2020 £000
Deferred income and payments received in advance	1,315	1,273	1,313	1,271
Trade creditors	1,060	1,139	1,055	1,139
Other creditors	27	22	27	22
Other tax and Social Security	679	571	679	567
Accruals	2,619	2,241	2,615	2,237
Bursaries and Access Funds for future disbursement	582	378	582	378
Bank Term Loan	453	-	453	-
Deferred Capital Grant	2,361	2,717	2,361	2,717
	9,096	8,341	9,085	8,331

Creditors includes £605,000 (2020: £593,000) 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 £665,000 (2020: £492,000). 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	
	2021 £000	2020 £000	2021 £000	2020 £000
Deferred Capital Grant	24,487	24,848	24,487	24,848
Bank Term Loan	2,726	3,632	2,726	3,632
	27,213	28,480	27,213	28,480

Analysis of borrowings

Bank loans are repayable as follows:

Between one and two years	453	453
Between two and five years	1,359	1,359
In five years or more	1,367	1,820

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 £ 4,750,000 (2020: £4,547,000).

	2021	2020
	£000	£000
STSS: contributions paid	3,153	3,064
LGPS: contributions paid	1,597	1,483
Total pension contributions paid for the year	4,750	4,547

Scottish Teachers' Superannuation Scheme –

a) Dundee and Angus College participates in the Scottish Teachers' Superannuation Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2016. This valuation informed an increase in the employer contribution rate from 17.2% to 23.0% of pensionable pay from September 2019 and an anticipated yield of 9.4% employees contributions.

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

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

Notes to the Financial Statements (continued)

- (d) (i) The scheme is an unfunded multi-employer defined benefit scheme.
- (ii) It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where Dundee and 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 2020 is 23% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.4% of pensionable pay.
- (iv) While a valuation was carried out as at 31 March 2016, it is not possible to say what deficit or surplus may affect future contributions. Work on the valuation was suspended by the UK Government pending the decision from the Court of Appeal (McCloud (Judiciary scheme)/Sargeant (Firefighters' Scheme) cases) that held that the transitional protections provided as part of the 2015 reforms was unlawfully discriminated on the grounds of age. Following consultation and an announcement in February 2021 on proposals to remedy the discrimination, the UK Government confirmed that the cost control element of the 2016 valuations could be completed. The UK Government has also asked the Government Actuary to review whether, and to what extent, the cost control mechanism is meeting its original objectives. The 2020 actuarial valuations will take the report's findings into account. The interim report is complete (restricted) and is currently being finalised with a consultation. Alongside these announcements, the UK Government confirmed that current employer contribution rates would stay in force until 1 April 2024.
- (v) The College's level of participation in the scheme is 0.47% based on the proportion of employer contributions paid in 2020-21."

£3.064/ £654.6 million = 0.47% (per unaudited SPPA accounts)

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

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

	2021	%	2020	%
	£000		£000	
Equities	56,946	72	44,844	70
Gilts	4,086	5	3,358	5
Other Bonds	9,547	12	8,282	13
Property	7,117	9	6,565	10
Cash	1,760	2	1,045	2
Alternatives	52	0	44	0
Total	79,508	100	64,138	100

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

	2021	2020
Discount rate at 31 July	1.60%	1.35%

Notes to the Financial Statements (continued)

Future salary increases	3.80%	3.25%
Future pension increases	2.80%	2.25%

Life expectancy from age 65 years:

(CMI_2020update)

Retiring today:

Male	18.9	19.7
Female	22.2	21.7

Retiring in 20 years:

Male	20.3	21.4
Female	23.8	23.6

Statement of Financial Position

Net Pension Asset as at:

	2021	2020
	£000	£000
Present value of the defined benefit obligation	(94,060)	(86,647)
Fair value of Fund assets (bid value)	79,508	64,138
Deficit	(14,552)	(22,509)
Unrecognised past service cost	-	-
Impact of asset ceiling	-	-
Net defined benefit liability	<u>(14,552)</u>	<u>(22,509)</u>

Notes to the Financial Statements (continued)

Amounts recognised in the Consolidated Statement of Comprehensive Income	2021 £000	2020 £000
Service cost	4,599	3,560
Net interest on the defined (liability) / asset	293	186
Administration expenses	25	22
Total cost	4,917	3,768

Asset and benefit obligation reconciliation

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

	2021 £000	2020 £000
Opening defined benefit obligation	86,647	69,807
Current service cost	4,599	3,464
Interest cost	1,165	1,487
Change in financial assumptions	5,646	13,224
Change in demographic assumptions	(2,313)	-
Experience loss/(gain) on defined benefit obligation	(1,085)	-
Liabilities assumed / (extinguished) on settlements	-	-
Estimated benefits paid net of transfers in	(1,209)	(1,945)
Past service cost, including curtailments	-	96
Contributions by scheme participants and other employers	551	514
Closing defined benefit obligation	94,001	86,647

Changes in the fair value of scheme assets

	2021	2020
	£000	£000
Reconciliation of opening and closing balances of the fair value of scheme assets		
Opening fair value of scheme Assets	64,138	60,437
Interest on assets	872	1,301
Return on assets less interest	10,123	2,264
Other actuarial (losses)	3,480	-
Administration expenses	(25)	(22)
Contributions by employer included unfunded	1,974	1,989
Contributions by scheme participants and other employers	551	514
Estimated benefits paid unfunded net of transfers in	(1,605)	(2,345)
Fair value of scheme assets at end of period	79,508	64,138

The total return on the fund assets for the year to 31 July 2021 is £10,995,000

Re-measurements in other comprehensive income

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

	2021	2020
	£000	£000
Return on Fund assets in excess of interest	10,123	2,264
Other actuarial gains/(losses) on assets	3,480	-
Change in financial assumptions	(5,646)	(13,224)
Change in demographic assumptions	2,313	-
Experience gain/(loss) on defined benefit obligation	1,085	-
Changes in effect of asset ceiling		-
Re-measurement of the (defined liability)/net assets	11,355	(10,960)

Notes to the Financial Statements (continued)

17 Provisions for Liabilities and Charges	Unfunded Pension £000	2021 Total £000	2020 Total £000
Balance at 1 August	(4,195)	(4,195)	(4,271)
Payments made in period	396	396	400
Provision adjustment required in period	397	397	(324)
Balance at end of period	<u>(3,402)</u>	<u>(3,402)</u>	<u>(4,195)</u>

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

Amounts recognised in the Income and Expenditure Account	2021 £000	2020 £000
Interest cost	54	88
Total cost	<u>54</u>	<u>88</u>

Benefit obligation reconciliation

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

	2021 £000	2020 £000
Opening defined benefit obligation	4,195	4,271
Interest cost	54	88
Change in financial assumptions	66	236
Change in demographic assumptions	81	-
Experience loss/(gain) on defined benefit obligation	(598)	-
Unfunded pension payments	(396)	(400)
Closing defined benefit obligation	<u>3,402</u>	<u>4,195</u>

Notes to the Financial Statements (continued)

Re-measurements in other comprehensive income

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

	2021	2020
	£000	£000
Change in financial assumptions	(66)	(236)
Change in demographic assumptions	(81)	-
Experience gain/(loss) on defined benefit obligation	598	-
Re-measurement of the (defined liability)/net assets	451	(236)
	2021	2020
	£000	£000
18 Capital Commitments		
Commitments contracted for at period end	3,419	23
	2021	2020
	£000	£000
19 Financial Commitments		

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

Payable During the year

Land and Buildings	97	91
Others	66	75
	163	166
Land and Buildings		
Not later than 1 year	92	92
Later than 1 year and not later than 5 years	255	288
Later than 5 years	573	630
	920	1010
Others		
No later than 1 year	46	72
Later than 1 year and not later than 5 years	71	160
Later than 5 years	-	-
	117	232

20 Post Balance Sheet Events

No events have occurred, since 31 July 2021 and the date of signing the Financial Statements, that would materially affect the information provided.

21 Contingent Liability

Full provision has been made for all known liabilities.

A contingent liability requires to be noted but cannot be estimated with sufficient accuracy. It affects future employer pension liabilities to LGPS members following a recent employment tribunal (the Goodwin Tribunal) changing the pension entitlement of male survivors in opposite sex marriages to take account of the female member’s service from 6 April 1978 rather than 6 April 1999. This change is not reflected in the valuation of pension liabilities at 31 July 2021 however preliminary estimations by the actuaries has given them confidence that the impact of this decision is unlikely to be material.

22 Related Party Transactions

The Board of Management of Dundee and 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 SFC.

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

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

<u>Member</u>	<u>Organisation</u>
Neil Louden	Dundee City Council
Pamela Milne	University of Dundee
Margo Williamson	Angus Council
Steven Mill	Angus Council
Sally Middleton	University of Aberdeen

Due to the nature of the College’s operations and the composition of the Board of Management (being drawn from local public and private sector organisations), it is inevitable that transactions will take place with organisations in which a member of the College’s Board of Management or key Managers of the College may have an interest.

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

Notes to the Financial Statements (continued)

With the listed exceptions below, there were no transactions during the year ended 31 July 2021 with non-public bodies in which any member of the Board of Management or key Manager of the College has an interest and which in aggregate exceeded £5,000.

Exception:	DC Thomson
Volume of Activity:	£6,797
Balance at 31 July:	Nil
Nature:	Advertising

23 Bursaries and other student support funds	Year ended 31 July 2021			Year ended 31 July 2020	
	FE Bursary £000	EMA's £000	Other £000	Total £000	Total £000
Balance b/fwd	-	11	129	140	314
Allocation received	6,867	332	1,356	8,555	7,816
Expenditure	(6,800)	(335)	(994)	(8,129)	(7,816)
Repaid to Funding body as Clawback	-	-	-	-	(303)
Virements	-	-	-	-	129
Balance c/fwd	67	8	491	566	140
Represented by :					
Repayable to Funding body as clawback	67	-	319	386	-
Retained by College for students	-	8	172	180	140

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 2020/21 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.

Notes to the Financial Statements (continued)

24 FE & HE Childcare Funds	Year Ended 31 July 2021 £000	Year Ended 31 July 2020 £000
Balance b/fwd	222	-
Allocation received	669	1,349
Expenditure	(669)	(998)
Repaid to Funding Body as Clawback	(222)	-
Virements	-	(129)
Balance c/fwd	-	222
Represented by:		
Repayable to Funding body as clawback	-	(222)
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 and 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 2020-21

- 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 2020-21 (FReM) where applicable.
- 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 2021.
- 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
3 June 2021